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## Senate

The Senate met at 9:30 a.m. and was called to order by the Honorable SAM BROWNBAC, a Senator from the State of Kansas.

### PRAYER

The Chaplain, Dr. Barry C. Black, offered the following prayer:

Let us pray.

Eternal God, our Father, high above all yet in all, the burdens of our world are great and our hands often seem so small. Keep us from becoming weary in doing well and use us as Your instruments in these challenging times. Forgive us when we have failed to reach out to the lost, the lonely, and the least.

Empower us to bring Your freedom to those shackled by the manacles of fear. Help us to lift some burden that is too heavy for our neighbors to carry. Renew our strength and enable us to bring light to the growing darkness. As we seek to lead by example, may others praise You because we have stood firm against evil.

We pray for the Members of our Senate. Lengthen their sight that they may see beyond today and make decisions that will have an impact for eternity. Prepare our hearts to respond to You and to live for Your glory. Help each of us to find the special purpose You have in mind for our life.

Sustain our military in the heat of its challenges.

We pray this in Your holy Name. Amen.

### PLEDGE OF ALLEGIANCE

The Honorable SAM BROWNBAC, a Senator from the State of Kansas, led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

### APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. STEVENS).

The legislative clerk read the following letter:

U.S. SENATE,  
PRESIDENT PRO TEMPORE,  
Washington, DC, May 5, 2004.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable SAM BROWNBAC, a Senator from the State of Kansas, to perform the duties of the Chair.

TED STEVENS,  
President pro tempore.

Mr. BROWNBAC thereupon assumed the Chair as Acting President pro tempore.

### LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period of leader time under the standing order.

### MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will be a period for the transaction of morning business for 60 minutes with the first 30 minutes under the control of the Democratic leader or his designee, and the second 30 minutes under the control of the majority leader or his designee.

### RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. The Democratic leader is recognized.

### RISING GASOLINE PRICES

Mr. DASCHLE. Mr. President, I intend to use my leader time this morn-

ing and comment, if I may, on gasoline prices. They continue to hit record highs.

According to the Department of Energy, the average retail price of a gallon of gasoline in America is more than \$1.84, up 23 cents in the last two months, 33 cents in the last year, and 37 cents in the past 36 months.

In my State of South Dakota, the average price of gasoline is \$1.80 per gallon, with many communities seeing much higher prices than that. Even more troubling, the Department of Energy expects prices to remain high through the summer. This is of particular concern for rural States such as South Dakota, where many people have no choice but to drive long distances daily to get to their jobs, to receive health care, or just to shop for essentials. Americans are increasingly frustrated with skyrocketing gas prices and want to know what the Federal Government is going to do about it. And they want action now.

In March, I sent a letter to the President recommending that he take several initiatives that could curb gasoline prices at home. First, I suggested that he use the prestige of his office and his relationships with foreign leaders to press the Organization of Petroleum Exporting Countries—OPEC—to increase production, thereby relieving some of the pressure on gas prices in the United States in the long term. This is not a radical idea. In fact, on more than one occasion in the fall of 2000, then-candidate Bush put the challenge directly to the President. His message was clear:

What I think the President ought to do is he ought to get on the phone with the OPEC cartel and say, "We expect you to open the spigots."

If that was good advice then, it is certainly sound counsel now. Unfortunately, President Bush has not followed his own advice.

Secretary of Energy Abraham announced earlier this year that the Bush

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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administration would not call on OPEC to roll back their scheduled production cuts. Secretary Abraham said, "The United States is not going to go around the world begging for oil." On April 1, OPEC went ahead with the production cuts.

In my March letter, I also asked the President to follow the Senate's advice and stop diverting oil from the marketplace to fill the Strategic Petroleum Reserve. On March 11, the Senate voted 52 to 43 for an amendment that would stop the diversions of oil. Simply put, it is illogical to be taking oil out of the marketplace when gasoline prices are so high. If anything, we should be doing just the opposite. The President has ignored the Senate's advice, and gasoline prices continue to rise.

To add insult to injury, we now know that the large oil companies are reaping record profits as a result of the volatility in the gasoline market, while consumers are struggling with higher prices at the pump. Over the past year, the "Big Four" oil companies have seen an average increase in their U.S. profits of 157 percent. Chevron-Texaco has seen a 294 percent increase in its U.S. refining and marketing profits. BP has seen a 165 percent increase. ExxonMobil has seen a 125 percent increase. And Conoco-Phillips has seen a 44 percent increase.

Consumers have reason to be upset. While the big oil companies are raking in record profits, President Bush remains reluctant to take steps that could reduce the costs consumers face. It is time to reconsider this posture.

In the short term, I hope that President Bush will take another look at the value of encouraging OPEC to increase production now.

Senator WYDEN, who is on the floor this morning, has introduced a resolution calling on the President to do just that. I hope the Senate would ratify it and would encourage, on a bipartisan basis, the President to take this action with the passage of the resolution. This resolution contains the same language as the resolution the Senate passed unanimously in 2000, when then-Senators Ashcroft and Abraham joined others in offering it. I hope that the Senate will act on the Wyden resolution soon.

I also encourage the President to reconsider his decision to continue filling the Strategic Petroleum Reserve. But short-term fixes are not the answer to our longer-term energy supply problem. The Nation needs a balanced, national energy policy. This Congress has considered comprehensive energy legislation. I have voted for the conference version of this legislation twice—once in November when it contained the controversial MTBE liability relief provision, and again last week when Senator DOMENICI offered a slimmed down version with the MTBE rider as an amendment to the Internet tax bill. It was defeated both times by bipartisan votes.

It is no secret that I strongly support the renewable fuels standard provision

of the comprehensive energy bill. That section would double the amount of ethanol produced in the United States over the next 10 years. In the process, it would boost rural income, improve air quality, and extend domestic gasoline supply.

The use of domestically produced, renewable ethanol has effectively lowered gasoline prices to motorists whenever it has been made available during its 25-year history. This is because high-octane, clean-burning renewable fuels, especially ethanol, increase available volume of finished gasoline by more than 10 percent today and give gasoline markets more supply options.

In addition, the reduced tax that is imposed on renewable fuel also saved consumers millions of dollars each year as ethanol blends are nearly always priced lower than conventional gasoline.

Reenactment of the renewable fuel standard would result in more than 500,000 barrels per day of high-octane, refined ethanol for blending with gasoline, saving the United States \$4 billion in imported oil each year because we would double the use of renewable fuels.

Unlike the comprehensive Energy bill which remains stalled by bipartisan opposition to specific provisions, the renewable fuel standard enjoys strong bipartisan support. It has been reported out of the Environment and Public Works Committee twice and passed by the Senate twice, both times by more than a two-thirds vote. It is still pending in the Senate today. Last June, 68 Senators voted in favor of RFS when then-Majority Leader FRIST and I offered it as an amendment to the Energy bill. The renewable fuel standard will help blunt rising gasoline prices. If Congress is not able to pass the RFS as part of a comprehensive energy bill, it should pass it on its own. It is the right thing to do for consumers.

Beyond that, we have to recognize this country cannot sustain its current consumption of gasoline and of transportation fuels. We have to find ways in a comprehensive energy policy to deal with an issue that many on the other side are unwilling to deal with, and that is conservation. We have the capacity to improve conservation, to reduce per capita demand. We have a capacity now to use the technological innovation, the extraordinary research that has been offered in the last 20 years to bring down consumption in both comprehensive as well as in individual and specific ways. I have absolutely every confidence that if our Members would continue to work on comprehensive energy legislation with an understanding of the importance of conservation, of reduction of our insatiable appetite for more and more energy, we could do it. It must be a part of any long-term energy policy if, indeed, we are going to bring this country to a balanced and a pragmatic appreciation of the extraordinary implications of current energy policy and demand in this country today.

Again, I hope we all recognize the volatility and the extraordinary danger economically and financially we put our country and all Americans in if we are not prepared to address energy prices, gasoline prices, more effectively than we have so far at the Federal level.

Mr. REID. Will the Senator yield?

Mr. DASCHLE. I am happy to yield.

Mr. REID. We worked yesterday at great length on the FSC bill and were able to get the amendment we have been trying to get a vote on for several months dealing with overtime. The amendment, of course, passed. That is out of the way.

The Democrats are offering lots of amendments. We have amendments that are pending that have been offered by a number of Democratic Senators, amendments we have in the queue, and other Democrats have indicated they are willing to offer their amendments.

I say to my friend, the distinguished Democratic leader, on our side we feel this bill is doable and we can do it quite quickly. I want the record to be spread with a statement from the Democratic leader that we want the bill to pass. If it does not pass, it is not going to be anything that has been done by the minority. The FSC bill is important. We realize it has been important for some time and have done everything we can to get it passed.

Would the Democratic leader indicate his feelings about this most important piece of legislation.

Mr. DASCHLE. Mr. President, I respond to the distinguished assistant Democratic leader by first thanking him for again clarifying our circumstances with regard to the FSC bill. I said in the Senate yesterday, and I know he has reiterated our commitment, that we will pass the bill this week if we can get the cooperation of Senators on both sides.

Working with the distinguished assistant Democratic leader, we have winnowed down the number of amendments on our side to a handful. We are very confident we can finish the consideration of the pending Democratic amendments, certainly within the next couple of days. I have yet to hear from our Republican colleagues as to the status of the 55 amendments that were offered on their side. I have no information that would lead me to believe they have had similar success. I hope that is not the case. I hope they have been able to convince Republican Senators that 55 amendments, as prolific as that sounds, would make it impossible to finish the bill this week.

We are prepared to continue to work to see we bring our debate on this bill to closure. I am confident we can do that, at least on our side, and I appreciate very much the Senator from Nevada working so diligently with the managers of the bill to accommodate our optimism about our success in completing the bill this week.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Oregon.

## STRATEGIC PETROLEUM RESERVE

Mr. WYDEN. Mr. President, at a time when there are record gasoline prices for the American consumer and record oil company profits, the Bush administration is filling our Strategic Petroleum Reserve at 2½ times the average fill rate. Over the last 2 years, the average fill rate has been about 120,000 barrels a day. Recently, it has been hovering around 300,000 barrels a day. Using the figures provided by the administration's Energy Information Administration Office, these policies would raise the price of oil per barrel about \$1.50.

I come to the Senate today to say I believe the Bush administration's policies with respect to the Strategic Petroleum Reserve are hitting the American people with a double whammy. For the American people, more of their tax dollars are now being spent for filling the Strategic Petroleum Reserve and more of their take-home dollars are being spent on gasoline at the pump.

I come today to say if the Bush administration is not willing to at least reduce the fill rate of the Strategic Petroleum Reserve, I ask the Bush administration to stop filling the Strategic Petroleum Reserve with a fire-hose. It is that simple.

Over the course of the year, the administration may say, we reach an average fill rate of 120,000 barrels a day. There is a great amount of oil in some months and no oil in other months.

To that, I say the months before the peak driving season, when gasoline is already at record prices, are not the months to go whole hog in filling the Strategic Petroleum Reserve. This is not the time to pour in the maximum amount of oil. One reason is because oil prices are already so high that American taxpayers are spending top dollar for the oil being put into the reserve. Anyone who has ever had to run their own family finances knows when prices are high, sometimes you wait until the price comes down to buy what you want.

There is another, more compelling reason to slow the rate of fill in the Strategic Petroleum Reserve. It is because this administration's policy is actually contributing to the high gas prices shellacking working Americans' pocketbooks every day from coast to coast.

I am of the view the American consumer is about to get hit by a perfect storm with respect to these gasoline prices. The combination of OPEC cutbacks, the fact the Federal Trade Commission—the agency that is supposed to protect our consumers—is sitting on its hands, the fact you actually get a tax break for closing a profitable oil refinery, these Strategic Petroleum Reserve policies, is going to create a perfect storm that is going to be devastating for American consumers across our country.

I know my colleagues are here and want to talk about this issue, as well, so I will abbreviate my statement.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from the great State of New Jersey.

Mr. CORZINE. Thank you, Mr. President.

Mr. REID. Mr. President, will the Senator yield in order for me to make a unanimous consent request.

Mr. CORZINE. Certainly.

## ORDER OF PROCEDURE

Mr. REID. Mr. President, on the Democratic side, how much time do we have?

The ACTING PRESIDENT pro tempore. Twenty-five and a half minutes.

Mr. REID. Mr. President, we would, on this side, yield 7½ minutes to Senator CORZINE, 7½ minutes to Senator SCHUMER, and 7½ minutes to Senator BREAUX. I ask unanimous consent that be the order.

The ACTING PRESIDENT pro tempore. Is there objection?

Without objection, it is so ordered.

The Senator from New Jersey.

## GAS PRICES

Mr. CORZINE. Mr. President, first of all, let me go back and compliment my colleague from Oregon, who I think has analyzed a problem that fits into a pattern of economic pressure that we see building on the middle class in America.

There is nothing more fundamental today in life than filling the car with gasoline and using it for commuting and taking the kids to school and doing all the normal tasks that we have going on. We see the same problem, by the way, with health care costs, tuition costs, and with property taxes across this country.

While there may be some good economic statistics out there, middle-class Americans are being hit unbelievably hard on the fundamentals that drive their basic budgets. Nothing—nothing—more clearly demonstrates this than these rising gasoline prices we have been experiencing this year. There has been a 23-cent increase in the price of gasoline. Nationally, the average price for gasoline is \$1.84 a gallon. Many places in the country it is over \$2 a gallon.

This comes from flawed simple economics 101, supply and demand. This administration is doing everything that you can imagine to hold back supply by filling the petroleum reserve at accelerated rates, when it is already about 95 percent full. It does not need to be in this position.

As we go into the summer season, the "perfect storm" the Senator from Oregon talks about is also being implemented with regard to other policies. It is counter to any basic economic analysis that you would want, to be taking supply off the market that would run down prices. I don't know what people are thinking when they implement policies that are going to restrict sup-

ply, and when they are unwilling to confront OPEC as they are cutting back supply. What we are getting is the natural result of rising prices, which is coming right out of the pocketbook of middle-class Americans. It is just absolutely wrong.

If you are cynical, you can also say, well, maybe it is because some people benefit from these higher prices. Being someone who worked in the private sector for 25 years of my life, I don't think profits are a bad thing. But when the American people are suffering from this erosion of their quality of life—because of the rise in property taxes, health care costs, tuition costs, and now gas prices—you wonder why it is so appropriate that Exxon-Mobil's profits were up 125 percent in the first quarter of this year; BP's profits were up 165 percent; and Chevron-Texaco's profits were up 294 percent. Is that economic fairness, in any context, particularly when you put it into the perspective that what the Bush administration is doing is restricting supply?

This is just wrong. It is out of the context of what is best for the American economy and for growth and the quality of life of Americans. It needs to be addressed. We are creating a windfall for American business at the expense of middle-class Americans. And it is happening day after day after day.

I do not begrudge profits, but I don't think it ought to be done on the backs of the American middle class because of the general macroeconomic policies of the President. And that is exactly what we have right now. It is wrong and needs to be pushed back, just as we need to confront Saudi Arabia with regard to its leadership in OPEC. If they are our ally, as they claim to be, then we ought to be speaking to them about increasing the production of oil out of OPEC as opposed to the restrictions we have seen.

From what we understand from all news reports and actually the Saudi Foreign Minister has said, there has not been one word of contact from this administration to the Saudis about OPEC production.

So now we have two of those very large ingredients into the supply and demand equation. That is why we are getting high prices. That is why gas is \$1.84 a gallon, on average, in the country. And that is why it is \$2 a gallon on the coast and most of the places where our larger population segments work.

It is really troubling we cannot put together a response to something that is eroding the quality of life in the aftertax base of middle-class Americans to actually operate in a sound way. So I hope we will all follow Senator WYDEN's lead. He has done a terrific job of bringing focus to it, as has the Senator from New York, talking about pushing back against OPEC on production cutbacks. We really need to take a stand for the American people, not for the oil companies and the profitability we are seeing brought forth.

At a time when we still have not recovered those 2.6 million private sector

job losses, when 8.5 million Americans are unemployed, why we are putting more pressure on middle-class Americans and their quality of life is just hard to believe. It is time for a change. Supporting the proposition of the Senator from Oregon is one that I think we all ought to get out and get to work on.

Mr. President, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Nevada.

#### ORDER OF PROCEDURE

Mr. REID. Mr. President, of the time allocated to the Democrats, I would yield 4 minutes to the Senator from Illinois, Mr. DURBIN. Do we have the ability to do that, allocating the 4 minutes? If the Senator from New Jersey used all his time, we do not.

The ACTING PRESIDENT pro tempore. There are 4 minutes for you to be able to yield.

Mr. REID. I yield the 4 minutes to Senator DURBIN.

The ACTING PRESIDENT pro tempore. The Senator from Illinois.

Mr. DURBIN. Mr. President, I thank the Senator from Nevada. And I thank my colleague from New York, who will follow me.

#### ABUSE OF IRAQI PRISONERS

Mr. DURBIN. Mr. President, there is not an American today who woke up and did not hear the lead news story, a story which has, frankly, brought us to a position of embarrassment with the abuses that have been sadly documented and have been spread across the world relating to the treatment of Iraqi prisoners.

The word is that the President of the United States is going to address the Arab nations through their own television network to talk about his disappointment, and I hope with an apology for what has occurred.

But we have a responsibility on Capitol Hill. We have a responsibility in the Senate. I believe we should move, and move decisively, No. 1, to entertain and pass a resolution on this floor that makes it clear that what happened in that Iraqi prison is not what America is all about, and that those responsible for it—from those whose photographs were taken, all the way up the chain of command—need to be held accountable for their actions. Nothing less than that should be tolerated.

Secondly, the Secretary of Defense, Don Rumsfeld, should be appearing before a committee on Capitol Hill, on a timely basis, as quickly as possible, to explain exactly what happened. It is absolutely incredible that the Secretary of Defense had no knowledge of this event, nor of the investigation that followed.

Finally, let me say this. Many of us believe what happened last week with the appearance of the Secretary of Defense on Capitol Hill was extremely troubling. Last Thursday, Secretary of Defense Don Rumsfeld appeared in a

classified briefing on Capitol Hill, telling the Senate membership the state of affairs in Iraq. It was the same day that this story was to be aired on "60 Minutes II," the story relating to Iraqi prisoners.

The fact is, the Secretary testified without even indicating to the Members of the Senate that this story existed or was about to be disclosed to the American people. That is unacceptable.

The Secretary of Defense needs to return to Capitol Hill tomorrow to give another classified briefing to the Members of the Senate, to tell us exactly what transpired, why he did not disclose this to Members of the Senate, and why there is this veil of secrecy in this administration when it comes to one of the most troubling stories that has emerged since our invasion of Iraq.

I have spoken to our Democratic leader, Tom Daschle. He has been in conversation and dialogue with Senator FRIST, the Republican leader, and has an agreement that all three things that I have just outlined will occur: a resolution on the floor relative to the Iraqi prison scandal; secondly, an appearance by Secretary Rumsfeld in open hearing before a committee as soon as possible; and, third, a request that the Secretary come to Congress, on a classified basis, and meet with us tomorrow, before this week ends, before this Senate leaves, to explain to us what has happened in this terrible episode.

Those who are responsible for this need to be held accountable—whether they are the soldiers involved in it and right up the chain of command to the leadership that failed. If we do not do this, frankly, we are jeopardizing the security of this country and the safety of our men and women in uniform, who still continue to struggle in Iraq to find peace and stability in that country.

We need to move now. We need to move decisively. We need to show the leadership on Capitol Hill which has failed to this point. The way to do it is through these three approaches.

The ACTING PRESIDENT pro tempore. The Senator from Nevada.

Mr. REID. Mr. President, through the Chair to my friend from Illinois, I appreciate very much his statement. I am hopeful and confident that agreement on those strategies will be reached today. I am terribly disappointed, and not only in what we did not hear from the Secretary of Defense.

Mr. SCHUMER. Mr. President, I think I have 6½ minutes. I yield a minute of my time to the Senator from Nevada.

Mr. REID. Mr. President, there was more brass in 407 last Thursday than would make up a band, four stars all over the place, including the Chairman of the Joint Chiefs of Staff. Not a single one of those people in the chain of command even breathed a word of the impending scandal that they knew about as they briefed us. It is a terrible

situation when we meet in secret up in room 407 and something as scandalous as American troops killing—we now have confirmed two homicides—prisoners of war in addition to humiliating them through sexual pictures and doing other things that speak so poorly of our military that I am sickened to my stomach.

Mr. President, we will take 1 minute from Senator BREAUX.

Mr. DURBIN. I ask unanimous consent for 1 additional minute through Senator BREAUX's time.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. DURBIN. I agree completely with the Senator from Nevada. I have a feeling of embarrassment and also sadness, sadness for the thousands of men and women in uniform risking their lives today, serving us so nobly in Iraq, who are going to be swept into this vortex. We have to make certain the soldiers who are responsible for this as well as their leaders in command are brought out and held accountable so that our fine men and women who are fighting in the military in Iraq do not have to bear this burden. They are our best and brightest. We owe them the greatest respect. But let us be honest; what happened here is not typical of America, certainly not typical of our military. Unless we are forthright and open in accountability, it is going to sweep all of them into this veil of blame. That would be unfortunate.

The ACTING PRESIDENT pro tempore. The Senator from New York is recognized for 6 minutes.

Mr. SCHUMER. I thank my colleagues from Nevada and Illinois for what they have said. The bottom line is, of course, very little could be more counterproductive to this war effort than what has happened. The best way to deal with it is to come clean and come clean quickly, to find out how often it happened, where it happened, how high up the chain of command, and exorcise it. Because to the overwhelming majority of our troops and our military leadership this is abhorrent. The sooner we can exorcise this cancer, the better off we will all be. Keeping this secret is not going to work. It is going to come out. It has come out. I join my colleagues. I hope we can get Secretary Rumsfeld to come back before us very quickly and give us a full and complete briefing on what has happened. That should happen this week, because last week he gave a briefing in room 407 and didn't even mention this, even though it was going to appear on TV that night.

All of us who care so much about our troops, who are risking their lives with bravery, hate to see any stain upon them. The quicker we deal with this, the better it will be for everybody. Don't hide it. Don't underplay it. Just get it out, exorcise it, and go forward. That is what we have to do. I hope Mr. Rumsfeld will come before us quickly.

## OIL PRICES

Mr. SCHUMER. Mr. President, I rise to discuss oil prices, another problem vexing America. Everywhere I go in my State, people are just amazed that gasoline prices are through the roof. It is hurting everybody. There was a report last week that people were buying a little less food. You know you are getting down to the bare bones. Costs of everything could go up. Inflation, thankfully, has stayed low, but if energy prices stay this high for this long, they are going to get higher. What is so troubling is that we have the tools to bring the prices back down. The administration is fiddling while high-priced gasoline burns, if you will.

The No. 1 culprit is not the lack of refineries. Let me make clear: We do have a shortage of refineries. We have had a shortage for 15 years. The price has not been this high for 15 years. The price was a lot lower a year ago with the same number of refineries.

The problem is OPEC. OPEC has gotten together, led by the Saudis, and decided that the old ceiling of \$28 a barrel is no longer the ceiling. It is approaching \$40 a barrel. That is danger for our people, our economy. Senator CORZINE mentioned before, you see the great economic numbers and then you talk to average folks and they are having as much trouble paying the bills and making ends meet as they ever did before. My view of my role as Senator is to help those folks with their daily lives, not to just look at numbers in the newspaper and say, the numbers are good but, rather, to talk to average people and say: How are you doing? When I ask that, they say: Well, I would be doing a lot better if gasoline prices were lower.

We have a weapon. We have the Strategic Petroleum Reserve. The Strategic Petroleum Reserve's first and foremost purpose is to be there in an emergency. But we changed the law. I helped change it. It can be used when gasoline prices are too high as a temporary way of bringing them down. That is what we should be doing.

The bottom line is, instead of actually putting more oil on the market to lower the price, we are increasing the reserve as we speak, raising the price even further, even though the reserve is over 90 percent full.

I have a resolution I hope to introduce on some bill soon enough that asks the President to confront OPEC, not to play footsie with them, not to just tell the Saudis we understand.

I understand there has been a close relationship between many in this administration and the Saudis and the oil companies. It is sort of a Bermuda Triangle into which oil prices just go. But enough is enough. We should be putting a million barrels of oil out into the market for 30 or 60 days and watch, the price will come down.

I don't regard this as a partisan activity. I pushed President Clinton to do this for 8 months. He did it in October of 2002. The price went down and stayed

down. Do you know why it stayed down? Not just the new oil on the market, although oil prices are decided at the margin, but because OPEC knew they couldn't play around with us. When Spence Abraham, the Secretary of Energy, says we are not using the SPR, it gives a green light to OPEC that says: Raise prices as high as you want.

Is that leadership? Is that what the average American needs? Again, the average American is not looking at the newspaper and saying: Gee, the economy is great. They are sitting down at the dinner table Friday night and tearing out their hair about how they are going to pay their bills. The high price of gasoline makes it much worse. We have a way to combat it, to tell the Saudis and OPEC, the heck with you. And we are sitting there. This administration just sits and twiddles its thumbs as the price goes up and up and up. In fact, we send them little signals that it is perfectly OK.

The resolution I will be drafting—and I know my colleagues from California and Oregon are interested because we have talked about this—asks that we immediately, for 30 days, and then with the option for another 30 days, put a million barrels of oil out there. The price will come down.

I ask my fellow New Yorkers and Americans, don't think there is nothing we can do about high oil prices. As my good colleague from Oregon who led this debate said and as my colleague from New Jersey said, if we would simply use the SPR to reduce prices instead of now having it raise prices, the price would come down.

Again, our job as Senator is not to just look at these macrostatistics—that is part of the job—it is to figure out what the average family needs. And they need lower prices.

We can do it. I urge the administration, I urge this body to stop ignoring this problem, to get working on this problem, and bring those prices down in a variety of ways. What I have been pushing is the SPR, release some oil from the SPR. Prices will come down. It happened when President Clinton did it.

I hope this body will act quickly. Just because there is big oil, because there are Saudis, does not mean we should have to roll over. The President should be standing up for the average American, not standing up for the oil companies and not patting the Saudis on the back.

I yield the floor.

The PRESIDING OFFICER. The minority leader.

Mr. DASCHLE. Mr. President, how much time remains on the Democratic side?

The PRESIDING OFFICER. Four minutes 45 seconds.

Mr. DASCHLE. Mr. President, I will use part or all of that time. I know Senator BREAUX was planning to come to the floor but has now changed his plans.

## RESPONSE TO PRISONER ABUSE

Mr. DASCHLE. Mr. President, I had hoped to come to the floor when Senator DURBIN spoke with regard to the need for a Senate response on the matter of prisoner abuse. Senator DURBIN related, as I understand it, some conversations I have had with the distinguished majority leader, and I confirm I have had some very good conversations with the majority leader about some of the actions Senator DURBIN outlined.

The majority leader shares my view, and I know he will want to speak to the matter himself, that the Senate needs to address this matter, asking Secretary Rumsfeld to come to room S-407 this week so we can ask questions directly and clarify why it was when they met with us last week we were not told of this information, and share with us as much as he and the Pentagon know about the degree of abuse, what other circumstances may be involved, and whatever has been learned so far through the investigation, and a full airing of the report.

He also indicated his view that the Secretary ought to come before the appropriate committees and testify with regard to these actions so the American people have a better understanding of what we know and what actions are being taken to address this circumstance so we can say without equivocation it will not happen again, and that we can reiterate to the world community this is not the practice, not the policy, and certainly not in keeping with the character of the American people.

Finally, Senator FRIST and I have talked extensively about the importance of passing a resolution this week denouncing this abuse and expressing our abhorrence on a bipartisan basis and sending as clear a message as we can to all the world community that this is unacceptable behavior, it is not in keeping with our practice, with our philosophy, with our character, and we want as much as possible to rectify what damage has been done and to assure those who would in some way make any effort to use this for their own purposes as an anti-American propaganda tool that that will not be tolerated.

This is not America. This is not the practice of our country. This is not the practice of 99.9 percent of the military serving so admirably in Iraq today. They deserve better than that. And to tarnish their reputation and the contributions they have made is abhorrent as well.

We need to make sure those points are made, but, first and foremost, we need to have a better understanding. We are shooting in the dark. We have no information other than what we have read in the newspaper, and that is not acceptable. Secretary Rumsfeld ought to be here, he ought to explain himself and the Pentagon, and we ought to say, after having acquired that information, as unequivocally and

with whatever authority we have, this will not happen again.

I yield the floor.

Mr. WARNER. Mr. President, before the distinguished minority leader departs, I join, as does the majority leader, in his request. As he may know, yesterday the Armed Services Committee had a 2-hour briefing with the top military leaders from the Department of the Army. Senator LEVIN and I felt it important to proceed very quickly. Following that, we had a press conference in which both Senator LEVIN and I spoke of the need for the Secretary of Defense, Mr. Rumsfeld, to come up.

I have been working on that steadily, and I can assure the leader, having talked to my leader last night, Senator FRIST—presumably shortly after the two leaders had discussed it—that Senator FRIST has joined with Senator DASCHLE and others to get that done.

I anticipate, however—and I think it is probably wise—that the President of the United States is going to address this issue, and I think immediately following that, I will presume, say, Thursday morning, tomorrow morning, that we could hope to have the Secretary before the Armed Services Committee. And then subject to the leadership, perhaps he could work with other Senators in another forum later sometime tomorrow. That would be my advice.

I commend the leader, my good friend, for his incorporation in his remarks the need for every Senator as they address this issue to reflect on the, as he said, 99.99 percent of extraordinary professionalism and courage rendered by the men and women in the Armed Forces, not just in Iraq, not just in Afghanistan, but all over the world. No one should have their wonderful works and sacrifices and those of their families in any way tarnished by these serious allegations.

I thank my good friend and leader.

Mr. DASCHLE. Mr. President, if I can respond, I thank the distinguished chairman of the Armed Services Committee for his comments and for the work he has already undertaken to ensure many of these issues can be addressed. He has shown real leadership. I applaud that and look forward to working with him in the days ahead.

I yield the floor.

Mr. WARNER. Mr. President, I thank my good friend and colleague of many years.

I should now like to proceed, if the Chair will kindly advise this Senator the amount of time under the control of this side of the aisle.

The PRESIDING OFFICER. There are 30 minutes in morning business under the control of the majority leader or his designee.

Mr. WARNER. I should like to take approximately 10 minutes of that time.

The PRESIDING OFFICER. The Senator from Virginia is recognized.

#### SUPPORT FOR OUR MEN AND WOMEN IN UNIFORM

Mr. WARNER. Mr. President, in my colloquy with the distinguished Democratic leader, I reviewed my great concern that as Senators—indeed, as people all over the United States and, indeed, the world—wish to address the extraordinary, tragic information flowing about alleged atrocities perpetrated by U.S. forces and perhaps others that they incorporate in every statement a reference to the courage, the sacrifice, of the men and women in the Armed Forces of our Nation, of the coalition forces who are fighting with us in Iraq, as well as Afghanistan and elsewhere around the world, and, indeed, the impact of this tragic series of revelations on their families back here at home, and to be ever mindful that in the United States and in the homes of the coalition forces in other nations are the wives, the children, mothers, fathers, and others who are in strong support of their loved one beyond the shores, and how ever so hard this story hits home with them.

I do hope my colleagues and others, as they address this issue, take the time to include reference to the valiant work being done by uniformed people of the armed forces of many nations and their families.

The allegations of mistreatment of the prisoners by some members of the Armed Forces, if proven, represent an appalling and totally unacceptable breach of military regulations and conduct that could—and I repeat—could undermine much of the greatest works and sacrifices of our forces in Iraq and around the world in the war on terror.

The vast majority of our men and women—as the Democratic leader said, 99.99 percent—fully understand their obligations to conduct themselves in accordance with military, national, and international standards, most particularly the standards of professional conduct that are taught each soldier, sailor, airman, and marine of our forces.

The mistreatment of prisoners, no matter what their reason for incarceration, is not what the uniform of the United States stands for. It is not what the United States stands for as a Nation. It is not the way for anyone who wears that uniform to conduct themselves.

The Armed Services Committee received a briefing from senior Army officials yesterday. We did receive a considerable amount of information that is not freely in the press today. I think in due course that information will be and should be shared publicly. Nevertheless, we have begun our probe of this particular case. I commend the committee for its actions so far. We had three-quarters of the members of the committee in attendance yesterday. There was a very vigorous questioning of the Army witness. While informative, the briefing revealed the need for more extensive public hearings from civilian and military offi-

cials. I made a request for such hearings immediately following our hearing yesterday. I was joined by Senator LEVIN, the ranking member.

We must always remember that under our Constitution, it is very clear in the long traditions of this country that civilians control the U.S. military. They have the ultimate responsibility of the actions of the men and women in uniform. They are the ones who promulgate the orders from the Commander in Chief, the President, to the unit commanders. Consequently, the civilians must accept that responsibility.

Secretary Rumsfeld, in a press conference yesterday, addressed the Nation. As I said, I have been in consultation with him and his office about an appearance, which I anticipate will take place very shortly following the public statements to be issued, I believe, today by the President of the United States.

I fully believe the most constructive course of action at this point is to fully understand the extent of this problem, no matter how much time it requires to gather all of the facts, no matter how difficult it is to get all of those facts, no matter how embarrassing those facts may be—get the facts out and the story, so that not only the Congress of the United States can reach its judgment but, indeed, the American public and others around the world, because this is an around-the-world story at this point in time.

Our great Nation has had a symbol of freedom and hope for its entire existence. The world looks to us as the standard bearer of how best to bring about freedom for others, how best to protect those values which we hold so dearly and for which men and women have gone forth for generations from these shores not to conquer or take land, but they have gone forth in the cause of freedom.

I believe in due course, once this story is fully understood, we will have the ability as a Nation to apologize to our Chief Executive, the President, through others, through this humble Senator, for the actions taken and, most importantly, give the assurances to the world that we will not ever again see a repeat.

I have had the privilege to have had association with the men and women of uniform for over 50 years. When I was a young sailor in the closing year of World War II, I began my career in the training commands of the U.S. Navy. I have had many opportunities in the ensuing years to work with the men and women of the U.S. military. During the war in Korea, I served as a marine. During the Vietnam war, I was privileged to serve over 5 years as the Navy Secretary. We had our problems during that conflict, but I doubt if any of those problems parallel the seriousness and consequences of this framework of allegations today.

Therefore, it is a duty upon us to leave no stone unturned, to reveal all

of the facts, to give the assurance that it will not happen again, and to place into the military such authorities as they need. I doubt if there is anything under statute law that needs to be added, but the authorities need to uphold those laws and regulations, and training should follow so that this will never be repeated.

Again, as we proceed over the next days and weeks, we must be mindful of the millions of men and women in uniform, past and present, who have honorably, with great sacrifice, defended the laws, rules, traditions, and values enshrined in the U.S. Constitution and in the American way of life. The actions of a few must not be allowed to tarnish that image.

Of course, I am very mindful of the fact that Memorial Day is in a few weeks, and we will dedicate a magnificent set of structures on our Mall to the men and women who served during World War II—some 16 million. I had the privilege of going down the other day with Senator Dole, a former colleague, whose wisdom and energies have contributed greatly to this magnificent memorial. As we walked there together with other Senators from this Chamber—totaling 7, who served in World War II—Senator Dole said that, yes, the monument stands as a symbol for the sacrifices of those in uniform, some 16 million, but he said it also stands as a monument and testimony of the homefront. Those of us who have memories of that period remember how well this country was unified. We had rationing; we had war production; we worked around the clock not only to supply and equip our troops but to provide equipment for our Allied forces. It was a magnificent chapter in American history. That cannot be tarnished by the actions of a few here.

There is clearly room for a constructive debate on how best to proceed in Iraq, but we must not allow recent events to obscure the overall stakes for our Nation and the world in this region. We must be unified in overall purpose that success in Iraq is essential and that we, the Congress, stand squarely behind our men and women in uniform.

Our troops in Iraq deserve this. They deserve the best support we can give them. To appear divided while our sons and daughters are in harm's way runs counter to the traditions of this Chamber. There should be debate, but let it be reasoned and measured, and focused on the way forward in this war on terrorism.

The brave young men and women of the U.S. Armed Forces have answered their Nation's call to service. They deserve nothing less than our absolute, unwavering commitment to their success. Nothing less.

I yield the floor.

Mrs. HUTCHISON. Mr. President, I thank the Senator from Virginia for helping to explain to the world how sad all of us are about the developments in Iraq with the prisoners. I appreciate

the distinguished Senator, the chairman of the Armed Services Committee, moving forward and asking Secretary Rumsfeld to come and testify in public. It is our hope that Secretary Rumsfeld will also brief the entire Senate, along with the distinguished committee. I appreciate the leadership of the Senator from Virginia very much.

Mr. WARNER. Mr. President, I thank our colleague from Texas. Let me assure all that I have been in contact with Secretary Rumsfeld. There is no reluctance whatsoever on his part to come forward. He desires to do so, but I believe it should be following the Commander in Chief, the President, when he addresses indeed the Nation and the world in a short time.

Mrs. HUTCHISON. I thank the Senator from Virginia and also agree that would be proper. The President should have the ability to represent the American people and the world. I know that he is going to do that in a very effective way. Thank you, Mr. President.

Mr. President, I ask the Senator from Iowa to take the next 10 minutes.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

#### MEDICARE DISCOUNT CARD

Mr. GRASSLEY. Mr. President, I am going to address issues about the Medicare discount card, and I particularly want to respond to criticism that we heard yesterday from the other side.

Listening yesterday, as I did, and then listening today to the criticism about the high price of gasoline, I have come to the conclusion that over the last several days members of the other party have a guilt complex about some of the votes they have cast in recent months. For instance, only 13 out of 49 Democrats voted to break the filibuster on the national energy policy. If we had a national energy policy, they would not have any worry about high gasoline prices.

Then, of course, all but about 12 of them voted against the drug discount card to give seniors reasonably priced prescription drugs. So they come in and trash the bill we passed in a bipartisan way. I hope they realize they made big mistakes on some of their votes last year and suck it up and move on.

In regard to what was said yesterday about Medicare, first, yesterday was a very historic day for Medicare beneficiaries in my home State of Iowa and all the other 49 States. Before then, many beneficiaries paid some of the highest prices for drugs. Now they can begin shopping for a Medicare-approved discount card that will help them pay less, a lot less.

With discounts taking effect June 1, this program will provide Medicare beneficiaries with immediate savings on their medicines until the comprehensive Medicare drug benefit begins in 2006. According to the Centers for Medicare and Medicaid Services, beneficiaries will save \$4 billion to \$5

billion over the next year and a half on drugs. That is not chickenfeed. That is saving a lot of money for our seniors.

Older Americans and individuals with disabilities can choose a card that gets them the lowest prices on drugs they need.

Finding the best card could not be simpler. Contrary to what one of the Senators told us yesterday about how complicated this process is, they are hoping the seniors, whom they consider their political property, will believe them that it is complicated and they will not bother to look at it because it is too complicated. Do the seniors of America need to have Democrats scare them more?

This is how simple it is: Call 1-800-MEDICARE any time, 24 hours a day. They can call their State Health Insurance Information Program, SHIP as it is called, and get counselors at the local level. Most of them are very well-trained volunteers to help seniors decide. They can go online themselves if they want to, or with a family member, to compare prices offered by different cards.

They can find low or no-cost cards that include their neighborhood pharmacies, all by making one telephone call any time in a 24-hour day to a 1-800-MEDICARE number.

Using their Medicare-approved drug discount card, beneficiaries will save at least 10 to 25 percent on the cost of their drugs.

Like the drug benefit itself, the Medicare-approved drug discount card targets assistance to those most in need. Beneficiaries with low incomes, that is less than \$12,600 for an individual and \$16,900 for a married couple, will qualify for a \$600 credit this year, another new \$600 credit next year. If there are two in the family, that is \$1,200 this year and \$1,200 next year. If they do not carry it all this year, it can carry over to next year. If they do not use it all up before the new insurance program for prescription drugs is put in place, they can carry it over into 2006 until it is used up.

Some people have said these cards will not offer good discounts. That is what we heard yesterday. So I did some checking. To give an example, let us take a woman enrolled in Medicare in the largest city close to my farm, in Iowa, with an income of \$12,000 a year. Let us call her Helen, to be short. Helen needs to fill prescriptions for Celebrex, Norvasc, and Zocor. With no discounts, she would pay \$7,297 at her local pharmacies for these drugs from June of this year until the end of 2005. Helen goes to this pharmacy because she knows and trusts this pharmacy. She does not want to order her drugs through the mail.

With a basic discount card offered by this legislation, she would save \$1,213—that is 17 percent—off of her drugs. Now the \$1,200 by itself is a pretty big savings, but that is like giving her the drugstore.com price at her local pharmacy.



Helen has a fixed income of \$1,000 a month. This means she also qualifies for the transitional assistance and does not have to pay an enrollment fee. By applying for the card and qualifying for the \$600 credit, she also learns she is eligible for other assistance programs, such as those offered by drug manufacturers. With the \$600 on her card in both 2004 and 2005, combined with these additional discounts, she will save \$6,894.

I will repeat that because that is very significant. She will be saving almost \$6,900 off of her drug bill. That is a 95-percent savings for her.

I ask the people who were criticizing this program yesterday if they consider that chickenfeed. For someone living on a fixed income, what a relief that is going to be. About a third of her income will be freed up for other priorities.

Since enrollment began Monday, May 3, we have heard some Members come to this Chamber to criticize the drug discount card. That is a shame. The discount card program will mean real savings for beneficiaries, especially with low incomes. Seniors have been waiting a long time to get relief from high prescription drug costs. This legislation delivers that relief.

I know this is an election year, but this is not the time or the issue to play politics at their expense and to scare the seniors of America. More than 300 organizations—I wish these people on the other side of the aisle would put this in their pipe and smoke it—endorse this legislation. They will say this drug discount card is a first step toward making drugs more affordable for all Medicare beneficiaries.

The president of the National Council on Aging described the new Medicare law as the single most important opportunity to help low-income Medicare beneficiaries to have emerged in the past 35 years.

This is what the president, Robert Hayes, said:

(Low-income) people should run—not walk to sign up.

This is especially true for the estimated 4.3 million low-income beneficiaries who will see immediate relief with a combined \$1,200 this year and the next which they can use to buy their lifesaving prescription drugs.

What I find alarming is that some would try to score political points rather than help low-income beneficiaries get some much needed help with their drugs. So my colleagues voted against this bill last year. Suck it up and move on.

I was personally involved in the negotiations last year. I can tell my colleagues that during the Medicare conference, both Republicans and Democrats—that is bipartisan—strongly supported the creation of a drug discount card.

While some would like people to believe otherwise, this Medicare-approved drug discount card is a good deal. Since January of this year, I have

held 39 town meetings throughout Iowa to tell my constituents about this drug discount card program and what it does. As Members of Congress, we should use this opportunity to educate beneficiaries and to tell them about the \$600 credit. I am concerned about a political environment that confuses and misleads Medicare beneficiaries and that in the end causes more harm than good. They deserve better than that.

I want to address a couple of criticisms that people have been making. First, some have said that prices are going to change every week. Drug card sponsors can only increase the price if there is a change in the sponsor's cost. Card sponsors can lower prices at any time, which will have a positive impact.

I have been assured that CMS will aggressively monitor the prices charged by card sponsors to make sure that they treat beneficiaries fairly.

CMS will track any changes made in drug prices and complaints received by 1-800-MEDICARE and other sources. They also will "mystery shop" to make sure that sponsors are not falsely advertising.

If CMS finds that a card sponsor is taking advantage of seniors, they can freeze enrollment, impose fines or kick the sponsor out of the program entirely.

Lastly, some have been saying that prices on the Medicare Web site are inaccurate. CMS has assured me that the prices are the right ones. Prices on the Web site are the best prices that the cards can guarantee. So they cannot be higher, but they could be lower.

I said this last week and I will say it again: We should move on and not lose sight of what really matters. And that is helping beneficiaries like Helen from Waterloo and the millions like her get drugs at lower prices. The bottom line is that the discount card program is a really good deal for our Nation's Medicare beneficiaries.

The PRESIDING OFFICER. The Senator from Texas.

Mrs. HUTCHISON. How much time do we have remaining?

The PRESIDING OFFICER. Seven minutes 40 seconds.

Mrs. HUTCHISON. Mr. President, I would like to be notified when I have used 2 minutes and 40 seconds, after which I am going to yield the final 5 minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator has that right.

Mrs. HUTCHISON. I thank the Senator from Iowa for talking about the Medicare discount drug card. I think it is so important that seniors know they can easily compare prices; they can determine which is the best card for them. This is going to help anyone who does not have other coverage.

I hope our seniors know they can call 1-800-MEDICARE and get further information. If they call their local Medicare office, the Medicare people are

going to be very accommodating. I am appreciative that the Senator from Iowa clarified that because all the rhetoric we are hearing could scare our seniors.

#### PASSING THE ENERGY BILL

Mrs. HUTCHISON. I want to address the energy issue. I heard Senators on the floor earlier today talking about the high price of gasoline, as if it is the President's fault. I would remind everyone we have an energy bill we are two votes short of having cloture to pass. We passed it in the Senate. We passed it in the House. We have 58 votes to move it forward and we can't get the 60 votes it takes to break a filibuster. I ask the Senators who are concerned about high energy prices if they would consider voting to get the energy conference report agreed to so the President can sign it because it is a bill that will provide incentives for exploring, incentives for creating new energy resources, incentives for bringing Alaska gas down—which will be a huge help toward self-sufficiency in our country. It has incentives for renewable fuel, for the kind of fuel that will be burning clean, such as nuclear powerplants, and to have clean coal-burning and other new technologies.

There is so much in the Energy bill that would bring our country into self-sufficiency and we can't get the Energy bill passed. I think Congress should take the responsibility to see this bill goes through. We have tried to pass an energy bill for 10 years and we need to do it. We need to take control ourselves. It is time for us to do this for the American people. The high price of gasoline is set at our feet, and we can do something about it.

I yield the floor.

The PRESIDING OFFICER. The Senator from Minnesota.

#### PRISONERS IN IRAQ

Mr. COLEMAN. Mr. President, the world has witnessed something in the last few weeks about the treatment of prisoners in Iraq that does not represent what America is all about. It doesn't represent our cause. It doesn't represent our mission. It doesn't represent our hopes and dreams for the Iraqi people and for all of us—ultimately for democracy in Iraq.

I applaud the President of the United States for his speaking out, condemning without qualification what has occurred. He, as I understand it, went forth to speak to the Arab world, face to face, the leader of the free world speaking to the Arab world to let them know this is not what America is all about. I think that is important. We all, at every level, have to reject it. Those who are responsible at every level have to be held to account. I know the Commander in Chief will do that.

As we deal with this terrible situation, I hope we do not lose focus on our



mission. Our men and women are in harm's way and our mission is freedom and security in Iraq. The critics of this war, do they want us to cut and run? Do they want to create a place of instability, a haven for terrorism? I can't believe that.

Someone once said a critic is someone who thinks he knows the way but doesn't know how to drive the car. It is not a time for critics. Let us deal with this terrible incident. Let us show America has standards and America is there for a reason. The reason is one of hope. The reason is one of freedom. What occurred is something that will never occur again. I am confident our President will make sure of that.

At the same time, we have to stand with our President, stand with our troops. Teddy Roosevelt once said it is not the critic who counts, but it is the person in the arena. It is a tough arena right now. But the cause is just. We have lost life and it is a sacrifice, but the cause is just. We have seen that with Qadhafi giving up his nuclear weapons programs, Iran understanding the serious consequences of their action.

Let us be true to the cause. Let us ferret out those who committed these reprehensible acts. Let us support the President going forth to the world, to the Arab community, to say this is wrong. Let us continue to stay true to the course, to understand that the lives that have been sacrificed have not been sacrificed in vain, that the world is safer today. It is safer with Saddam gone. It will be safer with peace and stability and democracy in the Middle East.

I yield the floor.

#### CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there any further morning business? If not, morning business is closed.

#### JUMPSTART OUR BUSINESS STRENGTH (JOBS) ACT

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of S. 1637, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1637) to amend the Internal Revenue Code of 1986 to comply with the World Trade Organization findings on the FSC/ETI benefit in a manner that preserves jobs and production activities in the United States, to reform and simplify the international taxation rules of the United States, and for other purposes.

Pending:

Dorgan amendment No. 3110, to provide for the taxation of income of controlled foreign corporations attributable to imported property.

Graham (FL) amendment No. 3112, to strike the deduction relating to income attributable to United States production activities and the international tax provisions and allow a credit for manufacturing wages.

Cantwell/Voinovich amendment No. 3114, to extend the Temporary Extended Unemployment Compensation Act of 2002.

The PRESIDING OFFICER. The Senator from Louisiana.

AMENDMENT NO. 3117

Mr. BREAUX. Mr. President, I call up an amendment that is at the desk, No. 3117, Breaux-Feinstein.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Louisiana [Mr. BREAUX] proposes an amendment numbered 3117.

Mr. BREAUX. I ask unanimous consent the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To limit the amount of deferred foreign income that can be repatriated at a lower rate)

On page 88, between lines 17 and 18, insert:“(4) DOLLAR LIMITATION.—

“(A) IN GENERAL.—Notwithstanding paragraph (1), the excess qualified foreign distribution amount shall not exceed the lesser of—

“(i) the amount shown on the applicable financial statement as earnings permanently reinvested outside the United States, or

“(ii) the excess (if any) of—

“(I) the estimated aggregate qualified expenditures of the corporation for taxable years ending in 2005, 2006, and 2007, over

“(II) the aggregate qualified expenditures of the corporation for taxable years ending in 2001, 2002, and 2003.

“(B) EARNINGS PERMANENTLY REINVESTED OUTSIDE THE UNITED STATES.—

“(i) IN GENERAL.—If an amount on an applicable financial statement is shown as Federal income taxes not required to be reserved by reason of the permanent reinvestment of earnings outside the United States, subparagraph (A)(i) shall be applied by reference to the earnings to which such taxes relate.

“(ii) NO STATEMENT OR STATED AMOUNT.—If there is no applicable financial statement or such a statement fails to show a specific amount described in subparagraph (A)(i) or clause (i), such amount shall be treated as being zero.

“(iii) APPLICABLE FINANCIAL STATEMENT.—For purposes of this paragraph, the term ‘applicable financial statement’ means the most recently audited financial statement (including notes and other documents which accompany such statement)—

“(I) which is certified on or before March 31, 2004, as being prepared in accordance with generally accepted accounting principles, and

“(II) which is used for the purposes of a statement or report to creditors, to shareholders, or for any other substantial nontax purpose.

In the case of a corporation required to file a financial statement with the Securities and Exchange Commission, such term means the most recent such statement filed on or before March 31, 2004.

“(C) QUALIFIED EXPENDITURES.—For purposes of this paragraph, the term ‘qualified expenditures’ means—

“(i) wages (as defined in section 3121(a)),

“(ii) additions to capital accounts for property located within the United States (including any amount which would be so added but for a provision of this title providing for the expensing of such amount),

“(iii) qualified research expenses (as defined in section 41(b)) and basic research payments (as defined in section 41(e)(2)), and

“(iv) irrevocable contributions to a qualified employer plan (as defined in section 72(p)(4)) but only if no deduction is allowed under this chapter with respect to such contributions.

“(D) RECAPTURE.—If the taxpayer's estimate of qualified expenditures under subparagraph (A)(ii)(I) is greater than the actual expenditures, then the tax imposed by this chapter for the taxpayer's last taxable year ending in 2007 shall be increased by the sum of—

“(i) the increase (if any) in tax which would have resulted in the taxable year for which the deduction under this section was allowed if the actual expenditures were used in lieu of the estimated expenditures, plus

“(ii) interest at the underpayment rate, determined as if the increase in tax described in clause (i) were an underpayment for the taxable year of the deduction.

“(5) LIMITATION ON CONTROLLED FOREIGN CORPORATIONS IN POSSESSIONS.—In computing the excess qualified foreign distribution amount under paragraph (1) and the base dividend amount under paragraph (2), there shall not be taken into account dividends received from any controlled foreign corporation created or organized under the laws of any possession of the United States.

Mr. BREAUX. Mr. President, this is a jobs bill. That is the title of the bill. Presumably a jobs bill is intended to create jobs and hopefully is created to create jobs in America. That is the legislation that is before us. It is absolutely essential that this legislation be adopted.

But one of the provisions in the legislation gives me great concern. I offered an amendment in the Finance Committee. It was unanimously supported by every single Democrat in the Finance Committee and it lost by a partisan vote because our Republican colleagues at that time did not feel they could support the amendment I offered. It was unanimously supported by every single Democrat member of the Finance Committee.

The question deals with how we treat companies that have earnings they have stashed away in foreign countries. These amounts of money, many of them, are in fact earned overseas. Companies know if they bring those earnings back to the United States, the United States, on a worldwide tax basis, will tax those earnings with a deduction for the amount of tax they have paid in the country in which they earned those revenues. They pay the regular corporate rate minus the tax credit they get for having paid taxes on those earnings in the foreign country. However, there is no tax consequence to those companies if the money in fact stays in the foreign country. That is called deferral. We defer any U.S. tax on foreign earnings as long as the earnings stay in the foreign country in which they are earned.

The legislation before this body now says we are going to give a very special break to U.S. companies that have money overseas, in many cases in tax havens. We are going to let you bring that money back, not as other companies in the past have brought it back,

paying U.S. tax minus what they paid overseas, but we are going to cut you a special sweetheart deal. We are going to give you a sweetheart deal of an 85-percent tax credit by reducing the amount of taxes you would pay if you bring it back to the United States—not to pay what every other corporation pays, 35 percent—we are going to ask you to pay 5 percent, 5.25 percent. That is an 85-percent tax reward to companies that have stashed money in tax havens, in many cases overseas, for the sole purpose of avoiding U.S. taxation.

The IRS has recently cited a number of companies that have these types of tax shelters and overseas tax havens, such as in The Netherlands, Barbados, the Cayman Islands and Bermuda—you name the tax havens. Companies that earn money in one country will bring it over to a tax haven and keep it there, avoiding U.S. taxes. But some now say that is such a great idea, we are going to give them a real tax break and ask them to please bring it back over to the United States. If you do so, we are only going to tax you at about a 5-percent rate.

That is what the legislation says. The legislation says bring it back, you get a huge tax reward for keeping money overseas and now bringing it back to the United States, unlike what other companies have had to do.

Every person we have talked to says we are going to bring it back to create jobs. I say, All right, if that is what you are going to do, bring it back to create jobs in the United States of America, we will let you do the 5-percent tax break. We will allow you to do it.

My amendment simply says two things are different from the bill before the Senate. No. 1, it says you can bring it back for job creation, for hiring more people. If you want to use it for that purpose, OK. If you want to use it for research and development—pharmaceutical industry or other electronic types of industry—OK, we will let you use it for that. If you want to use it for capital expending, you want to build another plant, OK, we will let you use it for that. If you want to use it for your underfunded pension funds, OK, we will let you use it for that.

But we will not let you use it for something as nebulous as financial stabilization of the company, which is in the bill but not defined. What does that mean? Buy another Gulfstream? Yes, that might financially stabilize the company. Stock buybacks? Yes, that might be a good idea for a few people, but it does not create a lot of jobs, if any.

Second, there has to be an enforcement mechanism, more than filing a plan; and there is no responsibility if you do not follow it.

My amendment says: All right, companies, if you bring it back for those purposes, we want proof you actually use it for those purposes. You can use the next 3 years to take these billions of dollars and use it for legitimate pur-

poses, but we would like some proof. We know it by seeing you have actually spent more in the next 3 years in these areas than in the previous 3 years. That is very important.

Here is an interesting statistic from the Joint Committee on Tax. Where is the money like this coming from? From tax havens: Bermuda, Cayman Islands, Hong Kong, Ireland, Luxembourg, Switzerland. How much money are we going to let flow into the United States at a 5-percent rate when it should come in at the regular corporate rate minus what they pay in the foreign country?

Our legislation, the Breaux-Feinstein amendment, is about responsibility and accountability, about creating jobs in this country, not stock buybacks that enrich a few at the expense of jobs in this country.

There is a legitimate argument we ought to look at the whole tax system and see whether we should go to a territorial system or not, but that is not before the Senate at this time.

This legislation is absolutely essential if we are going to maintain any credibility on creating jobs instead of enforcing or creating tax havens. We have enough tax havens. We should not encourage more. This amendment helps stop that.

How much time remains?

The PRESIDING OFFICER. There are 23 minutes.

Mr. BREAUX. We have an hour equally divided?

The PRESIDING OFFICER. Exactly.

Mr. BREAUX. I yield 10 minutes to the distinguished Senator, the cosponsor of the amendment.

The PRESIDING OFFICER. The Senator from California is recognized.

Mrs. FEINSTEIN. Mr. President, I will try and be brief. I thank the Senator from Louisiana for his leadership on this, particularly since this is the last year that he will be in the Senate. I have had the great privilege of working with him now for 12 years on the centrist coalition and in other endeavors. He has always strived to bring parties together and to work across the aisle. Frankly, it is something that I admire and I want him to know that.

The underlying bill, as I understand it, allows companies to bring foreign-earned profits back at a greatly reduced rate. The Senator from Louisiana spelled that out. That is a rate of 5.25 percent. Remember, the minimum income tax bracket for individuals in this country is 10 percent. So it is at a rate half of what the poorest Americans pay in Federal income taxes.

Under this amendment, companies could bring foreign-earned profits back to the U.S. at this reduced rate provided these repatriated profits promote job growth and benefit employees.

Our amendment is specific. It allows for spending on R&D, acquiring plants and equipment, deducting increases in wages or the cost of creating a new job—capped at the Social Security

wage limit of \$87,900—and fully funding employee retirement plans.

Why is it necessary to be so specific? It is necessary because J.P. Morgan, which has conducted a survey of companies that would repatriate money, determined that most corporations will reuse the repatriated profits for buying back debt, for increasing levels of liquid assets, or even retiring equity. This is what a study of the very companies that are involved have shown. None of these items necessarily produces new jobs.

One of the things the Senate, as well as Americans, should understand is that there are a large number of American companies that take advantage of loopholes in U.S. tax law and pay no taxes. I recently took a look at a GAO study entitled "Comparison of the Reported Tax Liabilities of Foreign and United States Controlled Corporations." It covers the period from 1996 to 2000. Let me give you an idea of what they find: 61 percent of U.S.-controlled corporations pay no taxes; 71 percent of foreign-owned corporations operating in the United States reported no tax liability from 1996 to 2000.

This is stunning. I had no idea. So I began to look a little bit at the history. Let me tell you a little bit about what it was like in 1945. In 1945, income taxes from corporations accounted for 35 percent of Federal receipts. In 1970, these income taxes accounted for only 17 percent of Federal revenue. So between 1945 and 1970 there was a dramatic decline. Today, corporate income taxes account for only 7.8 percent of Federal revenues.

We are giving companies that have sequestered profits abroad the ability to bring those profits back at one-half the tax rate the poorest American pays, and we have a specific study that shows that for the most part, these corporations will not use these moneys for areas that produce jobs.

What Senator BREAUX and I have tried to do is to narrow the language that describes what companies may spend repatriated profits on. We have narrowed the language to specific spending categories—categories which produce jobs. I don't think that is too much to ask.

How much will be repatriated? There are various estimates. J.P. Morgan estimates \$300 billion be repatriated. The U.S. Treasury estimates it will be between \$200 and \$300 billion. The Homeland Investment Act Coalition, a coalition of major corporations, estimates \$500 billion will come back to the United States.

Without this amendment, it is likely that corporations will take advantage of the reduced corporation tax rate and use the repatriated profits to shore up their finances. The items I have read from the J.P. Morgan study indicate just that. I will summarize the section of this J.P. Morgan study.

These were 28 firms in the study. They indicated that 46 percent of them would pay down outstanding debt with

the money, 39 percent would finance capital spending, 39 percent would fund R&D venture capital or acquisition, 18 percent would buy back stock, 11 percent would use cash for working capital, 11 percent might pay dividends if double taxation ends, and 4 percent would fund underfunded pension funds.

I have been told many of these companies would like to use the money for mergers and acquisitions, which very clearly could result in a reduction in jobs. I would not like to see this Senate have egg on its face by giving some of the largest and most profitable corporations in America the ability to repatriate funds at one-half the tax rate the poorest Americans pay and have those funds used for mergers and acquisitions which would result in employees being fired for so-called efficiency reasons. I think without this language that narrows the use of this money, that is exactly what could happen.

So I thank the Senator from Louisiana for his leadership. I want to indicate my strong support for this amendment. I hope Members will vote for this amendment.

Mr. President, I yield back the remainder of my time to the Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. SMITH. Mr. President, I believe on our side we have 30 minutes; is that correct?

The PRESIDING OFFICER. That is correct.

Mr. SMITH. Mr. President, I am going to speak for hopefully less than 5 minutes and then allow my colleague from California to speak. Senator ENSIGN and, I believe, Senator ALLEN may wish to speak to this as well.

Mr. President, this is ultimately about whether we want the dollars of these American multinational corporations to be brought back to America or left in places like this. We can either put these dollars to work here or we can leave them over there.

If you are interested in creating jobs, I think it is important to remind folks what we are talking about is a minimum of \$400 billion coming back into this country within the 1-year window that is allowed by this legislation. It has been estimated, on a conservative basis, that it will create 660,000 jobs. It will reduce the Federal deficit, over the next 5 years, by \$75 billion. If ever there were a win-win, this amendment on the JOBS bill is a win-win.

As I listen to my colleagues, both of whom I esteem as friends, I am astounded so much emphasis is put into the dislike of business and what they might do with this money. I, frankly, have to wonder what is wrong with companies bringing money back here and being allowed to shore up the strength of their business. What is wrong with that? That is exactly what we want them to do. I do not believe, as a former businessman myself, that it is in this country's interest to micromanage how they will reinvest it in this country.

Specifically excluded by this legislation is executive compensation. Executive compensation cannot be the target; but plant and equipment, shoring up pension plans, buying back stock, these kinds of things that improve the values of corporations and their competitiveness are exactly what we ought to be doing if we are actually interested in creating jobs.

I think it is also very important to point out that our American companies that compete overseas are competing against German and French and other companies in those countries that also have foreign earnings. In these countries—competitor countries—they allow their earnings abroad to have what they call a free walk back. We are not allowing them a free walk back. We are saying, for 1 year, the corporate tax rate will fall from 35 percent to 5.25 percent. The effect will be immediate. It will be beneficial. It will help our economy. It will create jobs. But, moreover, it will, for 1 year, create a level playing field for American corporations as against German or French or Japanese corporations whose countries have tax codes that allow them to take their foreign earnings back to their native lands to be put into their local economies, to strengthen them when they need the strength.

Right now, our economy could use \$400 billion. If our deficit could be reduced by \$75 billion, that would be wonderful. If we could create 660,000 jobs on a short-term basis—we hope that money then stays here—then we have done a tremendous thing for the American worker and the American economy, and we have done it in a way that does not try to micromanage every business decision made in the corporate boardrooms of America.

Mr. BREAUX. Will the Senator from Oregon yield for a question?

Mr. SMITH. I am happy to yield for a question.

Mr. BREAUX. Mr. President, would the Senator point out anything in the legislation before this body now that would take any action against any companies if they did not abide by what they said they were going to use it for? Do they lose their tax deduction? Is there anything in the legislation, without my amendment, that would say what would happen to companies if they use it for something totally different from what their plans say they are going to use it for?

Suppose they decided to use it for something totally unrelated to job creation. Is there anything, without my amendment, that says what would happen to those companies?

Mr. SMITH. The Senator, I guess, does not trust they will use it for what they say they will use it for.

Mr. BREAUX. Trust but verify.

Mr. SMITH. I believe when they establish a plan and get the approval for their plan they will follow through on that.

Mr. BREAUX. Suppose you have somebody who may not do that. Is

there any provision in the bill that says what will happen to the company that does not abide by the plan? I believe in trust but verify. If you don't do what you say you are going to do, you should have consequences. Is there anything in the bill that says they would lose their deduction?

Mr. SMITH. I don't think there is a penalty, I say to the Senator. I am happy to admit that because, frankly, I believe what companies are trying to do is get their money back here on a basis that allows them to be competitive with other multinational companies from other countries. I think what they are interested in doing is a return on investment to their investors. When they give a return on investment to their investors, what they are also doing is creating jobs. They are investing in plant and equipment. And I, for one, do not think it is in the interest of this country to micromanage the Tax Code any more than we already do.

So, Mr. President, with that, I will turn the time to my colleague from California.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER. Mr. President, I ask the Senator, may I have 10 minutes?

Mr. SMITH. Yes, you may.

Mrs. BOXER. I thank the Senator.

Mr. President, first of all, let's get matters straight from the get-go. Senator BREAUX never liked this in the first place. And I have tremendous respect for him. We just do not agree on this tax provision. As a matter of fact, he voted to strip it out completely when actually we tried—Senator ENSIGN and I—to get this in before. We won this 75-25. Only 25 colleagues voted against us. Senator BREAUX was leading the charge.

Now he says he is just making a correction. Well, I have read his correction. It is a poison pill for many reasons, which I will go into. But I think we ought to get it straight. We are being offered an amendment and told it is enhancing our bill, but it is offered by Senator BREAUX, who never liked it in the first place. I think he would be the first one to admit it because he was quite open on the point before.

Now, I am proud to stand with my colleagues today to stop this amendment. I think it is very important. I am going to call on the 75 Senators from both sides of the aisle who supported us the last time. I particularly thank Senator SMITH because he took the Ensign-Boxer bill into the committee and he got it into this bill, which was most important for us. Now we are here to protect that work.

I will say this from the get-go. You could say all you want that we are building trust into this. Well, there is a little more than trust. We are not saying in this bill anywhere that I have seen that the IRS cannot prosecute someone who is not telling the truth. This is not some plan that is done in the dead of night at the accountant's office. There is a committee that has

to put together the plan and they have to show how they plan to use the funds. If they lie in that, under an audit, as any of us might have, they have to show that in fact they deserve the deduction. If the IRS says, no, they did not follow the plan, then they will not get those deductions, just like all of us. There is nothing in our bill that absolves these corporations of the usual procedure when you pay your taxes. So I would like to get that out of the way.

I want to talk about jobs, because, God knows, in my State we have lost a lot. I want to put up what the various experts are saying, from liberal to conservative, about this Invest in the USA Act that I am so proud to coauthor with my friend, Senator ENSIGN.

What is the potential impact on the U.S. economy? J.P. Morgan says, as a result of enacting the Invest in the USA Act, U.S. companies will increase investment profits earned abroad in the United States by \$300 billion. Bank of America forecasts the increase will be \$400 billion. Dr. Allen Sinai of Decision Economics estimates that this additional investment in the U.S. economy will generate 660,000 jobs.

Finally, we are doing something. The highway bill is stalled. A lot of us are upset about that on both sides of the aisle. That will create 800,000 jobs.

Here we will create 660,000 jobs, and Allen Sinai says that is a conservative estimate of how many jobs would be created. And guess what. The Treasury is getting money because these profits are sitting abroad. They are not coming home. They are not being taxed. And we are going to tax them at a 5-percent rate, and that is going to bring funds into the Treasury. There are some estimates that we will receive as much as \$4 billion into the Treasury because of this Invest in the USA Act.

So how could we take such a good idea and mess it up? That is what we would do if this amendment passes. We know those funds are not going to be brought back.

Under the Breaux amendment, let me read to you examples of spending that is not permitted, and you tell me if you agree with this.

You cannot use the money that you bring back for job training for workers. You cannot use it for many unemployment benefits. You cannot use it for worker health, dental and hospital expenses. You cannot use it for most employee childcare. You cannot use it to reimburse employees for injuries and accidents. You cannot use it for workers compensation and black lung benefits. You cannot use it for most employee meals and lodging. You cannot use it for worker relocation reimbursement. You cannot use it for employee tuition assistance. You cannot use it for an environmental cleanup and impact analysis. You cannot use it for employee travel reimbursement.

You can buy jets with it under the Breaux amendment, but you can't use it for employee travel reimbursements. You can buy limousines with it, but

you can't reimburse for the rental of parking spaces for your employees.

Here we have an amendment that we have crafted that is actually a bill that is incorporated into the underlying bill, which gives the business community a chance for 1 year to bring these funds home that are parked outside our shores, funds that are sitting out there and not being brought back. We are going to see what happens. We are told by economists from the left to the right it is going to mean job creation. We want to make sure it is used for the things that these corporations need.

Instead, you have the Breaux amendment which is micromanaging this deal in such a way that it will affect things as important as job training for workers. Let's just say a business is changing its work product and they have a new way to deal with their workers. They have to teach them how to use new computers and new programming, machinery. They cannot use the money they bring back to job train.

Senator FEINSTEIN called this a perfecting amendment. It is not perfecting. It is a poison pill.

I am very proud to be part of this group in the Senate that has been pushing for this for all this time. Any statement that we are not going to go after cheaters is ridiculous because we have highlighted in our bill the fact that the company has to set up a committee. They have to print a plan. They have to say how they are spending their money. And if they undergo an audit, they are going to have to stand behind it.

The question is whether you want accumulated foreign earnings invested here or abroad. The answer that we get from our colleagues is going to be very important. We can send a wonderful message today if we stand with this underlying language that we are serious about job creation. We are serious about getting this capital back. I believe we are doing a very wise thing.

I yield the rest of my time to the Senator from Oregon, Mr. SMITH.

Mr. SMITH. Mr. President, I emphasize the point that Senator BOXER made in answering Senator BREAUX. We did not include special penalties in this bill, but the truth is, when you file your tax returns, you have to own up to what the plan is. You have to live up to that. If you don't, you lose the deduction.

Can the IRS impose other penalties? Of course it can. But it then has to make the case against the person. When people file their tax returns, they know they are shooting with real bullets on this stuff.

I have every confidence that people will be honest about this and utilize the revenues for the purposes intended in creating jobs.

Mr. President, how much time remains?

The PRESIDING OFFICER. Fourteen minutes 45 seconds.

Mr. SMITH. I would like to yield 9 minutes to Senator ENSIGN and 4 or 5

minutes to Senator ALLEN and, if I could, have 30 seconds to wrap up.

Mr. BREAUX. How much time do I have remaining?

The PRESIDING OFFICER. Fourteen minutes 44 seconds.

Mr. BREAUX. Are we going to rotate? Are we just going to hear one side?

Mr. SMITH. It would be fine with us to let the Senator speak.

Mr. BREAUX. Mr. President, I will take 2 minutes off the time.

I wonder if anybody in this body remembers Enron. Let's trust that they are going to do right. They are a U.S. corporation that created more tax shelters than the IRS could count. It took a group of Philadelphia lawyers 2 months to even add up the number of tax shelters they had around the world. They had so many the IRS couldn't even follow it.

If you are going to give people who have tax shelters and a stash in income in foreign tax havens a huge benefit to bring the money back into this country, we ought to make sure they are going to use it for job creation. Without my amendment, they have to file a plan that says this is what they are going to spend it on. Suppose they don't spend one nickel more than they did last year on job creation. Suppose they don't spend one nickel more on capital expenditures than they did last year. Suppose they don't spend one more nickel on pensions for the workers than they did last year, but they comply with what they said they were going to do in their little plan. They are fine. They don't have to spend one nickel more under the committee bill, with all this money they are going to bring back at a 5-percent tax rate, in terms of creating jobs than they did before.

The Breaux-Feinstein amendment says: If you want to bring it back for that purpose, you have to show us that is what you are using it for. That, in fact, you have spent more money in the next 3 years than you would have the previous year on job creation. That is not too much to ask.

When we are giving a multinational corporation an enormous tax gift of having to pay not 35 percent but only 5 percent, at least get a requirement that they are using it for something to do with job creation and that they spend at least something more than they did the year before. Without the Breaux-Feinstein amendment, there is no requirement that they spend one nickel more on job creation than they did previously after bringing this money back.

Guess what. You talk about an incentive to locate overseas. There will be a whole group of people saying: We did it for 1 year. Let's do it next year, a third year; let's continue this. How about making this 5 percent permanent so we can put all the jobs overseas, knowing Congress is going to take care of us every time there is a downturn in the economy and there is another amendment to extend the 5-percent tax break

1 more year. We will just move everything over to the Caymen Islands. We will move everything ever over to a Third World country. Because, guess what, Congress is going to let us bring it back at 5 percent because the pressure will be there, because the economy is not doing well, and all the jobs go overseas. The only thing the Breaux-Feinstein amendment says is, if you are going to bring it back for job creation, prove it, tell us you spent a little bit more than you would have ordinarily. Without Breaux-Feinstein, there is no requirement that they spend one nickel more than they did before. That is a big difference in what we are trying to accomplish.

I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Virginia is recognized.

Mr. ALLEN. Mr. President, I rise today to join with Senators SMITH, ENSIGN, and BOXER in opposition to the Breaux-Feinstein amendment. In the midst of this JOBS bill, we are trying to make sure manufacturers in this country can compete internationally. I am one who is always arguing, whether it is tax policy, regulatory policy, our laws in the United States ought to make America more desirable and conducive toward investment and job creation.

The underlying provision—the idea of repatriation or reinvesting in the United States helps make the United States more conducive and more attractive for investment and jobs. Let's use some common sense. If you are a company that does business overseas, and you have profits overseas, whatever country you are in you are going to have to pay taxes. If you bring that money back into this country, you are going to be paying 35 percent in taxes. You are going to pay one way or another, whether to that country or to the United States.

However, if you take those profits and keep investing them in China, in South Korea, in Malaysia, or in the Philippines, or wherever else it may be, you are going to continue investing them over there if you are going to be subjected to this 35-percent tax.

The idea is, for 1 year, reduce that tax burden to 5.25 percent, bring those profits back into this country, invest them in the United States in a variety of ways that actually helps your business; thus, it creates more jobs. This is a law that I certainly think ought to be passed, not diminished or micro-managed or pestered with this amendment.

Studies, for example, by the Joint Committee on Taxation have determined that the provision we are supporting in the bill would inject approximately \$135 billion into our economy for jobs, capital, investment, and economic growth. The Joint Committee on Taxation also said it would bring in an additional \$4 billion in tax revenues to the U.S. Treasury. Of course, the profits are coming back; therefore, they are going to be taxed.

Whereas, if you do not change this law, that money will stay overseas.

J.P. Morgan economists talked about job creation—660,000 new jobs created, \$75 billion in debt reduction, and an increase in capital spending of up to \$78 billion, by bringing approximately \$300 billion in foreign earnings back into this country.

The Breaux amendment has several problems. One, it is a poison pill—as was said by other speakers—limiting benefits in such a way that it makes it impracticable. Two, it requires that money be spent for narrow purposes only; third, it requires companies to spend it in 3 years; fourth, it excludes amounts brought back from Puerto Rico and other possessions. That last one would treat Puerto Rico and our possessions worse than investments made in the rest of the world.

Senator BOXER brought up examples of what would not be permitted with the Breaux amendment. In addition to the job training, they could not spend it on job training to upgrade the skills and capabilities and productivity of their workers in the United States. They could not fund startup businesses. Why would we not want them to fund startup businesses? Why would we want to prohibit the injection of new capital into cash-starved projects?

Mr. President, the point is that the amendment would limit the job creation incentive and, unfortunately, not have the full potential to make this country more desirable for jobs and investment. I respectfully urge my colleagues to defeat the Breaux amendment, support Senator SMITH in his efforts, and those of Senator ENSIGN and others, who have fought gallantly and wisely for more jobs and investment in the United States of America.

I yield the floor.

Mr. BREAUX. Mr. President, how much time remains?

The PRESIDING OFFICER. There are 11 minutes 47 seconds.

Mr. BREAUX. I thank the Chair. I will take 2 additional minutes.

Again, I don't have any basic argument with those who say we ought to let the money come back that has been sitting in tax savings into this country. I will even go along with saying you can bring it back at 5 percent, if you are going to use it for job creation or research and development, for capital expenditures. And if you are going to use it to rebuild your pension fund for workers, OK, let's do it for 1 year at 5 percent. But, by gosh, can't we at least have some standards to be able to enforce it?

Under the committee bill, without the Breaux-Feinstein amendment, there is no obligation that they spend one nickel more on job creation than they did last year or the year before. The only thing they have to do is say, if last year we spent \$10 billion on capital expenditures, guess what. We will spend \$10 billion this year. They don't have to spend one nickel, one penny more on capital expenditures or job

creation or research and development in order to get this huge break. They can spend exactly what they spent last year—no requirement, zip, zero. Yet we are going to give them one of the biggest tax breaks.

We already passed tax cuts of \$3 trillion for job creation. Are we much better off today after all of that, some of which I supported? That is a debatable issue. Let's not make the same mistake and say we are going to give them an 85-percent tax cut if they are doing business overseas and if they bring some of that money back and spend it on job creation. And by the way, there is no requirement that you do anything more than you did last year. What kind of nonsense is that, as far as trying to create more jobs in this country, instead of providing a huge incentive to locate overseas, bring workers overseas, and we are going to have Congress let us bring it all back at 5 percent? How unfair is that to the people who play by the rules, to other companies who do business and hire people in this country.

There is no requirement, without the Breaux-Feinstein amendment, that companies that bring this money back at a 5-percent rate spend one dime more than they have in the past on the creation of jobs. They can spend what they spent last year. In fact, they can spend less than they spent last year. The only thing they have to show is they have a plan—no enforcement, nothing.

The Senator from Nevada has a sign up that says 660,000 jobs. Suppose they decide not to create one more job than they did last year. They will still get the 5-percent tax break. There is no requirement that they create six jobs. If they created six last year, they can do that this year. They only have to show that the money is used for job creation. They can take all the money they spent on capital expenditures last year and not spend any of it next year. They can just use this overseas money and not do one thing more than they did the year before. There is no enforcement that they do what the plan says. There is no penalty if they don't. They don't lose their tax deduction. They still get it and they do not have to spend one nickel more in any category without the Breaux-Feinstein amendment.

We say: Look what you did in the last 3 years, and what you are going to do in the future 3 years, and see if you did more than you did in the past. If you did, you get the 5-percent break. But, by golly, if you don't, you don't get it. I think that is fair. I withhold the remainder of my time.

The PRESIDING OFFICER. The Senator from Nevada is recognized.

Mr. ENSIGN. Mr. President, I want to first talk about the underlying legislation and then talk about the Breaux-Feinstein amendment.

Allen Sinai is one of the most respected economists in the United

States—not a Republican or a Democratic economist—a bipartisan economist. These 660,000 jobs he said this underlying bill will create is based on our language. He is not saying what Senator BREAUX just said, that they are not guaranteed to bring the jobs back. He is doing an independent analysis based on the money coming back into the United States and based on that determining how many jobs it will create, and this is a very conservative number.

What else will this underlying bill do? It will reduce the deficit, according to his study, also by \$75 billion over 5 years because of the economic stimulus that will occur in the United States. The money that will come back—there have been studies—the first J.P. Morgan study was around \$300 billion. They have updated their numbers. It is expected to be around \$500 billion. Allen Sinai's numbers, once again, an independent economist, was based on the \$300 billion figure. We heard \$300 billion all the way up to \$600 billion will come back to the United States. That is more money than all of the IPOs, initial public offerings, on the stock market from 1996 to 2002. That is a lot of economic activity.

We hear a lot today about outsourcing. Lou Dobbs talks about it almost every night—outsourcing, outsourcing, outsourcing. This bill is insourcing. This insources jobs to the United States. Mr. President, \$500 billion will create a lot of jobs in the United States.

Here is the language, by the way, Senator BREAUX is talking about in our bill when he says there really is not any kind of enforcement mechanism:

... described in domestic reinvestment plan approved by the taxpayers, president, CEO or comparable official before the payment of such dividends and subsequently approved by the taxpayers board of directors, management committee, executive committee, or similar body, which plan shall provide for the reinvestment of such dividends in the United States, including as a source of funding of worker hiring and training, infrastructure, research and development, capital investments or for the financial stabilization of the corporation for purposes of job retention or creation.

Why is that language important in our bill and how is that enforced today? We are in a post-Enron environment. The markets look at the governance of corporations. The IRS certainly looks at it. With Sarbanes-Oxley on the books, CEOs are very sensitive to complying with federal laws such as this. Companies are required to develop a plan, and they have to stick with the plan, otherwise the stock markets will punish their stocks if they are not doing this. That is one of the ways the markets actually enforce what is going on.

I want to point out some of the other items that other countries do on a comparative basis. These are just corporate tax rate comparisons. The United States has the highest of all of these countries, and these are coun-

tries with which we deal and compete. The United States has the highest corporate tax rate of any of the countries—Korea, Indonesia, Japan, EU, average, Ireland, 12.5 percent. That makes a little more sense in terms of why they are competing a little better than we are.

In fact, in Ireland, they call it the Celtic Tiger because their success has been so incredible as a result of lowering their tax rates to attract capital.

The money right stranded overseas now will not come back in the United States without our bill. That is the bottom line. People say it is not fair to allow the money to come back in at lower tax rates than American companies are paying today in the United States. The bottom line is, fine, if it is not fair, then do we just want to leave this money overseas? The money is not going to come back to the United States to create jobs without our bill.

How do other countries treat this money that comes back into their countries compared to what the United States does currently? The United States is up to a 35-percent tax. France, Germany, Canada, Australia, the United Kingdom—zero, and they have no restrictions on how the money can be spent. It just comes back and gets reinvested in their countries. That is why we are saying let's bring it back within that 1-year period of time, and we will charge you 5.25 percent, which is still higher than all of these countries. The companies want to bring that money back to invest in the United States.

By the way, paying down debt is not allowed under the Breaux-Feinstein amendment. If you are a company and you are burdened with debt and now you have to lay off people, doesn't it make sense to allow them to pay the debt down instead of laying off people? That just makes common sense to anybody who has ever been in business. If you are in tough financial times, having money from overseas come back and reducing your balance sheet debt for the companies located in the United States makes sense. It makes them more financially solvent.

Mr. SMITH. Mr. President, will the Senator yield for a question?

Mr. ENSIGN. Yes, I will yield.

Mr. SMITH. Mr. President, we talk about 660,000 jobs for the whole country. Isn't it also true that California stands to gain 75,000 new jobs, and Louisiana stands to gain nearly 10,000 new jobs; Nevada, over 5,000 new jobs; Oregon, nearly 30,000 jobs; and Virginia, nearly 14,000 new jobs that can be created in a very short period of time. Doesn't it really go to our individual States to show just how dramatic a benefit this brings to America and our States?

Mr. ENSIGN. Mr. President, I say to the Senator, I think those are very conservative estimates at a time when we are talking about jobs. The rest of the economy is doing well, and the job numbers are picking up. This can be

the extra boost the U.S. job market needs.

These are the items not allowed under the Breaux amendment when it comes back: debt reduction I just talked about, job training, and tuition reimbursement, better health care benefits for workers, childcare for employees getting back to work, and materials for new manufacturing.

There are a lot of items the money would not be allowed to be used for under the Breaux amendment. This really is a poison pill. The companies are telling us if the Breaux-Feinstein amendment is adopted, it basically kills their incentive to bring the money back.

Let's have some common sense here. If money is overseas and it is being invested over there because tax rates are too high to bring it back to the U.S., let's lower the tax rates so the capital comes back to the United States to create jobs. That is the bottom line; it will create jobs in the United States. It will make American business more competitive in this global marketplace.

If my colleagues are worried about outsourcing, defeat the Breaux amendment and keep the provision in the bill. The Invest in the USA Act is a great piece of legislation. That is why on the floor of the Senate last year it received 75 votes to 25 votes against it. With 75 votes, in a bipartisan manner, we adopted our bill last year. We need to keep this provision intact in the underlying bill.

I encourage all Senators who voted last year with us to stay with us on this point and defeat the poison pill of the Breaux-Feinstein amendment.

I reserve the remainder of our time.

Mr. BREAUX. Mr. President, how much time do we have?

The PRESIDING OFFICER. Eight minutes four seconds.

Mr. BREAUX. I yield myself 3 minutes.

It is interesting that they said Louisiana would gain 10,000 jobs if this passed. We probably lost 50,000 jobs with people moving overseas. So with this legislation, we are still 40,000 jobs short.

What we are doing in this legislation is rewarding companies that operate overseas. We say, if you operate overseas and you hire foreign workers in foreign countries and put your money in a tax haven, somehow that is good policy, and we are going to let you take those earnings and only pay 5-percent tax on that. What kind of logic is that? That is a huge incentive to continue to hire workers overseas knowing Congress is going to let you bring earnings back, not at 35 percent, which every other company that hires U.S. workers in my State or any other State has to pay. No, if you do it overseas, you are only going to have to pay 5 percent if you give us a plan that tells us you will use the money for the financial stabilization of the corporation, whatever the heck that means.

If we are going to create so many jobs and if we are going to reduce the deficit, when you look at this and score it impartially, why does the Joint Committee on Taxation say this is going to cost the Treasury \$3.7 billion? If we are going to create so many more jobs and so many more people are going to pay taxes, why does this provision in the current bill cost the U.S. taxpayers \$3.7 billion? That is the score from the Joint Committee on Taxation when they looked at this provision. It is not going to reduce the deficit. It is going to cost the taxpayers almost \$4 billion.

When someone makes the point that the IRS will audit these companies, audits are down on corporate America by over 60 percent. They are doing 60 percent fewer corporate audits. One wonders why Enron got away with everything? Because the Treasury does not have the wherewithal to do the audits they need.

The principal argument I have with the Breaux-Feinstein amendment is simply this: If people say they are going to bring it back at a 5-percent rate and they are going to use it to create more jobs, I say, OK, let them do it, but let's have some mechanism to ensure they really do create more jobs than they created in the past. That is all the Breaux-Feinstein amendment really says. It says: Show us, Mr. Corporate America, that, in fact, you are creating more jobs than you did before. And if you did, fine, you are off the hook; you get a 5-percent tax rate, but if you do not create any more than you did in previous years or you create less, then something is wrong with this proposition, and we are not going to let you pay only 5-percent taxes.

It is an enforcement mechanism. I agree, use it for pensions, use it for research and development, use it for capital expenditures, use it for job creation, but please show us that it was used for that purpose.

The PRESIDING OFFICER. The Senator has used 3 minutes.

Mr. BREAUX. I reserve the remainder of my time.

Mr. SMITH. The time remaining on our side is 1 minute 40 seconds?

The PRESIDING OFFICER. One minute forty-eight seconds.

Mr. SMITH. I yield 1 minute to the Senator from California, and I will use the remainder.

The PRESIDING OFFICER. The Senator from California is recognized for 1 minute.

Mrs. BOXER. As we wind down this debate, I thank Senators SMITH, ENSIGN, and ALLEN. I think we have had a good debate. I want to thank Senator BREAUX for his passion. My colleague, Senator FEINSTEIN, and I do not see this eye to eye.

Here is how I would sum it up: On May 15, 2003, the Senate voted 75 to 25 for the Ensign-Boxer-Smith Invest in the USA Act. It was a very clear statement that we want to see job creation. What we are proposing is a 1-year only

chance for corporations that have parked their foreign earnings abroad, and that have no intention of bringing them back, to bring it back at a lower tax rate. It would infuse our Treasury with about \$4 billion in revenue, and Allen Sinai, a respected economist, says it will create 660,000 jobs.

The PRESIDING OFFICER. The Senator's time has expired.

Mrs. BOXER. I hope we will vote against the Breaux-Feinstein amendment and once and for all make this important bill the law of the land.

Mr. BREAUX. Parliamentary inquiry: What is the status on remaining time?

The PRESIDING OFFICER. Thirty-nine seconds for Senator SMITH and four minutes fifty-four seconds for Senator BREAUX.

Mr. BREAUX. I will close on my amendment.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. Mr. President, I close on this amendment with the following comments: In this legislation, we are giving U.S. companies that hire foreign workers in foreign countries and putting their money that they earned in tax savings the opportunity, the gift, to bring back to this country those earnings and not pay what every other U.S. corporation pays in taxes but to give them an 85-percent tax cut because they operated overseas and hired foreign workers and made products in foreign countries. We are going to give them an 85-percent tax cut over current law if they bring the money back over here.

The argument is that somehow that is going to create more jobs over here. But there is no requirement that a single additional job be created. They do not have to create one more job or spend one more dollar on research and development than they did last year under the current bill without the Breaux-Feinstein amendment.

The Breaux-Feinstein amendment seeks to install responsibility that says: All right, if corporations want to bring it back for those purposes, even though it is going to cost the taxpayer \$3.7 billion—some people outside of Washington may think that is a lot of money; I think it is a lot of money—\$3.7 billion is the cost of this legislation without the Breaux-Feinstein amendment. The bottom line is there is no guarantee that they will spend one dollar more on creating a job, capital expenditures, or research and development than they did last year. The Breaux-Feinstein amendment says, yes, corporations can do this and we will give them this huge tax break if they spend more on job creation and create more jobs than they did in the past. That is our only requirement, and that is not too much of a requirement.

They already say that is what they are going to do. The only thing our amendment says is, yes, they have to do that, and if they do not they are not going to get the break.

Without the Breaux-Feinstein amendment, they do not have to create one single additional job more than they did in previous years. We have an enforcement mechanism that says: Look, if they do not spend it for what they say they are going to spend it, then they are not going to get the tax break. They are going to have to give it back. They are going to have to be treated as any other company that does business in this country.

They call this a poison pill. I think it is more a vitamin pill to a deficient bill to try and help improve it to give it some strength, to give it some credibility, to say, yes, we agree, let's do it for this purpose, but please have a requirement that it is actually used for that purpose.

The legislation does not have that. The only thing they have to do is come up with a description, a domestic reinvestment plan that does not require it be spent. It certainly does not require that they spend more in the future than they did in the past. But if the corporations put what they are thinking about doing in a domestic investment plan, then they are OK, but there is no requirement that they spend a nickel more than they did in the past. That is the real principle that we are trying to address with the Breaux-Feinstein amendment. I think it makes sense.

It still allows money to come back, but it only requires that they, in fact, use those dollars for what they said they were going to use them. If they do that, if they create more jobs, do research and development, make capital expenditures, do things that they say they are going to do with it, let's please have some mechanism in the legislation that really requires them to do what they say they are going to do.

The history of this country with regard to recent scandals in corporate America show that we have to be vigilant and diligent, and we have to have some pretty clear parameters about what people can and cannot do. This legislation, without the Breaux-Feinstein amendment, falls short in that particular provision.

I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. SMITH. Mr. President, if Senator BREAUX were offering a perfecting amendment, I would take it. But he is offering a poisonous amendment. What his amendment would effectively do is limit the ways that these dollars can be used in America to create American jobs.

The more it is limited, the more jobs will be limited. So if my colleagues vote for his amendment, they are voting against job creation in their State.

The Senator says he wants a guarantee. My mother used to say the only guarantees in life are death and taxes. What is in this bill are penalties to the Tax Code. If my colleagues want to make sure these things are spent the way they are described, then these



companies have to follow the plan they lay out before the IRS. If they do not, they lose the deduction and the penalties attached in the Tax Code will attach to them as well.

I urge my colleagues to vote against the Breaux-Feinstein amendment. This bill is important to create American jobs.

Mr. BREAUX. How much time remains?

The PRESIDING OFFICER. Fifty seconds.

Mr. BREAUX. Mr. President, we are saying if corporate America wants to get this huge tax gift, OK, let's do it. But let's make sure they use it for the right purpose. Let's make sure they actually use it for job creation. Breaux-Feinstein simply says they have to show that they spend more in future years, the next year, and the next year than they did in the previous years in terms of job creation and doing what they said they were going to do.

Without the Breaux-Feinstein amendment, the only thing a company has to do is file a plan. If they do not follow the plan, well, too bad; they do not get audited, too bad. There is no requirement that more money is spent to create jobs, and we are talking about a jobs bill that creates jobs in this country, I thought, not in a foreign country.

I do not think we can go back home to our constituents and say we are going to give corporate America an 85-percent break for money they earned overseas. If they want to bring it back for job creation, OK, but let's make sure that is what it is used for.

The PRESIDING OFFICER. The Senator's time has expired. All time has expired. The amendment is set aside.

The Senator from Nevada.

Mr. REID. I know the Senator from New Mexico wishes to speak as in morning business for 5 minutes, and certainly we would have no objection to that. I just want to lay out for Members what is going to transpire in the next few hours. The two managers are necessarily absent this morning but they have instructed us what should be done on this legislation. We have completed debate on the Breaux amendment. We are next going to move to the amendment that has been filed by the Senator from North Dakota, Mr. DORGAN.

Following that, unless the majority decides they want to offer an amendment, we are going to finish debate on the Graham amendment, which is also laid down.

We had an agreed-upon time on the Dorgan amendment, but as a result of the fact that we have been told a Senator may offer a second-degree amendment to his amendment, it would be difficult for us to agree to a limit on that. So debate will go forward on the Dorgan amendment, and those who are trying to determine whether they are going to offer an amendment can do so and at that time perhaps we can work out a time agreement. If they don't

offer a second-degree amendment, that will be easier.

On the amendment of the Senator from Florida, Mr. GRAHAM, he needs a half hour himself on that amendment, which we understand. There may be a few others who wish to take some time. We could agree to 45 minutes, maybe, to an hour, on our side. I doubt if the full hour will be used.

So it is my understanding that the leadership, when debate is completed on those amendments, would set a time for voting on all three amendments or maybe even four would be pending.

That is where we are. I think it indicates we are moving on this bill fairly rapidly. As Senator DASCHLE and I indicated this morning, on our side we are winding down our amendments. We have a few others that will be offered, not many. We hope the majority will also make a decision in the near future as to whether they want to finish this bill. We want to finish this bill. We hope the majority does also.

Mr. SMITH. Point of clarification?

Mr. REID. Yes.

Mr. SMITH. It was my understanding that it was 70 minutes on the Dorgan amendment and my request is that that include the debate, equally divided, on the Republican substitute?

Mr. REID. It would include debate on the substitute?

Mr. SMITH. On what will be offered on this side.

Mr. REID. Mr. President, I, first, didn't ask unanimous consent that that would be the case. During the time Senator DOMENICI is speaking, we will take a look at that. I just wanted to notify Senators what we were trying to accomplish. Senator DORGAN is on the floor and we will make a decision.

Mr. SMITH. That is fine.

Mr. REID. I ask unanimous consent that Senator DOMENICI be recognized for 5 minutes as in morning business and sometime during the day the Democrats be allotted the same privilege, 5 minutes as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from New Mexico is recognized.

#### ENERGY

Mr. DOMENICI. Mr. President, I wish I could have come to the floor earlier but sometimes you are surprised to hear arguments that you never expected. All Senators on that side of the aisle who have come down here to rail against President Bush about high gasoline prices need to take a look in the mirror and blame themselves. I have been down here for months trying to get a comprehensive energy bill passed that will promote a policy of greater energy security and independence. Some of these very Senators are blocking these efforts.

The Energy bill is not a silver bullet to lower prices for gasoline or for natural gas. No such thing exists. There is no silver bullet. It is disingenuous for Democrats to imply that one exists. They know better.

Our bill is long term, to deal with our supply and manage our demand. That is the only responsible strategy. We need more domestic oil and more natural gas production. The Energy bill provides the open door for that to occur. We need alternative fuel sources. The Energy bill promotes for sources such as wind and solar. It promotes clean coal technology, and, yes, eventually, nuclear power. We need this broader portfolio to reduce risks of overdependence on one source. The occupant of the chair knows that as well as anyone. One source of energy is disaster for this great country. Natural gas, as the sole energy to produce electricity, is a disaster.

Senator SCHUMER said: "Don't think there is nothing we can do about high oil prices."

He is right. He suggests remedies—stop filling the SPR. That is wrong. But I do agree we can do something about oil, natural gas, and gasoline prices. Changes to our Strategic Petroleum Reserve, the SPR, are short term, shortsighted, and bad policy.

The SPR is a national security asset. It is there to serve for an emergency, in an emergency situation, when there is a severe energy disruption. It is not a price control mechanism. If we alter the SPR practices, then we can assume that OPEC will alter their production output. This leads to more volatility in the market and a disastrous result.

President Clinton tried to use SPR to deal with high oil prices. He failed. Gasoline prices—believe this—dropped by one penny. That is all, a single penny. Risking our national security by depleting or playing around with the SPR got us a total impact of one penny.

I know we are all concerned about high gasoline prices. On average, gasoline demand in the United States is about 9 million barrels a day. That is roughly 378 million gallons of gasoline a day. Some parts of the country are experiencing \$2-a-gallon price, and others have prices in the \$1.70 range.

According to the Energy Information Administration, the national monthly average regular gasoline pump prices are expected to peak at about \$1.87. One of the reported reasons that we hear for high gasoline prices is the high oil price demanded by OPEC. In 2003, we imported 42 percent of our total petroleum imports from OPEC countries. Supplies from OPEC provides about 26 percent of our domestic crude oil.

Senator WYDEN introduced a resolution about OPEC. I agree with some points of his resolution. The resolution says the President should communicate with members of OPEC and maintain strong relations. Of course, that is a given. We need to work together in a cohesive fashion in our relations with exporting countries and send a strong message that we want reliable supplies at fair prices.

Senator WYDEN's resolution also says that Congress should take short-term and long-term approaches to reducing

and stabilizing oil prices. If we pass the Energy bill now, in the short term, then in the long term we will see the benefits of lower oil prices.

The last part of Senator WYDEN's resolution lists some things that can be done to lower oil prices. I particularly agree that we consider lifting regulations that interfere with the ability of the U.S. domestic oil and coal, hydroelectric, biomass, and other alternative fuels to supply a greater percentage of the energy needs of the United States. That is an excellent description of the Energy bill pending before the Senate. Isn't it interesting, instead of passing the bill, we recommend resolutions that do the same thing but the resolution will not accomplish the same thing. We all know that.

If Senator WYDEN is serious that he wants these things, he should be voting to pass the Energy bill that includes the very list contained in his resolution.

I thank the Senate for listening. I am ready at any time to come down and debate the Energy bill and its content, because it is time we quit talking and start doing. It is time those on the other side look in the mirror. In the mirror, they will see they are responsible for what is happening because they will not help us pass an energy bill.

I yield the floor.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, after consideration during the speech of Senator DOMENICI, we believe the action of the Senate will be as follows: Senator DORGAN will speak on behalf of his amendment. Senator MIKULSKI will speak on behalf of that amendment. It will take probably a half hour for them to do it, but that is not in the form of a unanimous consent request.

Following that debate, we will move off that amendment because the majority is finding what vehicle they are going to use for a second-degree amendment. When they finish, when Senators DORGAN and MIKULSKI finish, we will move immediately to the Graham amendment. At that time, we will lock in a 2-hour time agreement. It is probably likely that each side will not use its full hour.

Following that, it will be the desire of the majority to have a vote on the Breaux amendment and then on the amendment of the Senator from Florida. We will have two amendments and then go back to the amendment by the Senator from North Dakota.

I ask that we go to the Dorgan amendment. The Senator is on the floor. Following debate on that, I ask unanimous consent that we go to the Graham amendment.

The PRESIDING OFFICER (Ms. MURKOWSKI). Without objection, it is so ordered.

Mr. REID. And that there be 2 hours equally divided on the Graham amendment, with no second-degree amendments in order.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from North Dakota.

Mr. DORGAN. Madam President, tempted as I am to respond to the last comments just offered by the Senator from New Mexico, I will refrain and do that at a later time. Suffice it to say it provides little benefit to come to the Senate and say, they are responsible for us not having an energy bill. We all understand why we do not have an energy bill. I was one who signed the conference report, worked on the bill, voted for the bill in the Senate. We do not have an energy bill because it failed by two votes. It failed by two votes because the majority leader of the other body insisted on a retroactive waiver for liability of MTBE. He was told it would kill the bill, and it killed the bill.

I don't have much patience with Members who point to one side or the other and say they killed the Energy bill. The Energy bill should be in the Senate right now and should have been in the Senate last week. We ought to do an energy bill. I said I would refrain from commenting. I just commented.

There is no Republican or Democrat way to pay inflated gas prices. The way you pay inflated gas prices is stick the hose in the tank and you have to fork over a bunch of bills when you are done filling the tank. We ought to get a bill through here. My colleagues on both sides of the aisle believe that. In my judgment, it ought to be a priority.

AMENDMENT NO. 3110

Having said that, I have come to the Senate floor to speak to an amendment I offered yesterday on behalf of myself and Senator MIKULSKI. The amendment is supported and cosponsored by other Members of the Senate.

Senator MIKULSKI and I offer an amendment that deals with the issue of the embedded tax incentive in our Tax Code that actually incentivizes companies to shut down their U.S. operation, move jobs overseas, and then send the product from those jobs back into the United States. Let me describe the amendment and let me describe why I believe it is important. The amendment offered by myself and Senator MIKULSKI is also cosponsored by Senator HARKIN, Senator FEINGOLD, Senator KENNEDY, and Senator EDWARDS.

This amendment partially repeals a tax subsidy called deferral. This subsidy is only partially repealed because it is repealed for those U.S. companies that move their operation to a foreign subsidiary, produce the same product, and ship the product back into this country. They lose deferral on that kind of economic activity.

The amendment has several other provisions that require notification of communities, agencies, and workers when jobs are going to be lost and jobs are going to be offshored. It requires the Department of Labor to supply statistics on jobs sent overseas.

The key part is to shut down the perverse provision in tax law that

incentivizes the movement of jobs overseas. If you look at this Tax Code, which itself is a Byzantine set of complexities, there is not a section that says: In this part of the Tax Code, this chapter is entitled "Incentive for Sending U.S. Jobs Overseas." There is no such part of the Tax Code. There is no chapter, title or provision that says this is the benefit you get from sending jobs overseas. But that benefit does exist in the Tax Code, and I intend to describe how and why it exists.

Mr. REID. Will the Senator yield?

Mr. DORGAN. I am happy to yield.

Mr. REID. We now have agreement that we can have those two votes. I have already indicated that following the remarks of Senator DORGAN and Senator MIKULSKI, we would move to the Graham amendment No. 3112 and the time would be equally divided, 2 hours equally divided. Following the debate on that, I ask we move to vote in relation to the Graham amendment No. 3112. Prior to that, we vote on the Breaux amendment No. 3117. There will be 2 minutes equally divided prior to each of the votes.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from North Dakota.

Mr. DORGAN. Madam President, this is a picture of a little red wagon. On the side of this little red wagon it says "Radio Flyer." Most of us understand what this little red wagon is because we have actually had one of these red wagons. I had one. My guess is the person now occupying the Chair has had a little red wagon. Even in Nevada they have little red wagons. Senator REID, no doubt, has ridden in one of these. I didn't know until recently much about the red wagons, but that they were wonderful and fun, and if you turn the front wheels too sharp, sometimes they tip over.

This little red wagon is enjoyed by these two young children as it has been enjoyed for decades and decades. This wagon is called the Radio Flyer. It comes from a company created in 1917 by an Italian immigrant woodworker named Antonio Pasin. He had a one-room workshop in New York City where he made wooden wagons by hand. He called them Liberty Coasters, after the Statue of Liberty. He later renamed them "Radio Flyers" because he always had an admiration for airplanes. That is how Radio Flyers came on the side of little red wagons sold all over the country.

The company was inherited by Antonio's children and then inherited by his grandchildren located in Chicago, IL. For almost a century, they turned out these marvelous little red metal wagons made here in this country by working men and women who are proud to make them—that is, until earlier last month. They announced these little red wagons would now be made in China. These American Flyers, these red wagons, will now be sent to our country to be enjoyed by our children, but they will no longer be made in America;

they will be made in the country of China. That is an American icon, moving to China.

Huffy bicycles. Huffy bicycles have 20 percent of the American marketplace. Everybody knows about Huffy bicycles. Buy them at Sears, Kmart, Wal-Mart. In fact, for many years, Huffy bicycles had a little decal between the handle bars and the front fender. That decal was of the American flag, made by proud men and women working in a manufacturing plant in Ohio. Those men and women made \$11 an hour, but they don't work there anymore. They lost their jobs. They came to work one day to find out they were fired. Why? Because Huffy bicycles were moving to China. Why were they moving to China? Because \$11 an hour was too much to pay an American worker when you could hire a worker in China for 33 cents an hour.

By the way, when you move the little red wagon to China and you move Huffy bicycles to China, you also get a tax break. By the way, if you just close your manufacturing plant in the United States and move it to China, you get a tax break.

Huffy bicycles are not here anymore. They are in China. They are made by people who make 33 cents an hour. They work 7 days a week, 12 to 14 hours a day. Both of these companies get a tax cut for going to China. How does that work? How do they get a tax cut for doing that? We have something in our Tax Code called deferral. It is a foreign language to most people unless you are an accountant who works in all these areas. Deferral. It says: Tell you what, if you have two bicycle manufacturers side by side in the same town competing for the same marketplace, they pay the same wage; they hire the same number of workers; they produce the same number of bicycles, one of them decides to move to China or just move overseas, the bicycle manufacturer that stays in your hometown in this country will pay higher taxes than the bicycle manufacturer that leaves because the bicycle manufacturer that leaves to go produce in China is not going to have to pay U.S. income taxes on its income until and unless it is repatriated into this country. That is called deferral. So it will earn income that is untaxed under something called deferral.

We are told from the latest estimates we received recently that this deferral benefit for companies that move overseas to produce the same product and ship it back into our marketplace in the U.S. is over \$6 billion in 10 years.

Now I am not talking about an American company, for example, that is in the suburbs of Toledo, OH, and it decides: I am going to move a manufacturing operation to Sri Lanka or Indonesia so I can, less expensively, produce a product to market in Japan or South Korea. That is not what I am talking about. That is not what this amendment Senator MIKULSKI and I are offering is talking about. We are talk-

ing about an American company that decides it should be benefited with rewards from our tax system for producing a product overseas that is going to come back into our marketplace to be sold in this country.

It is unfair to U.S. domestic companies to compete against another company that decides to send its production overseas, get rid of its American workers, and then end up competing against its former competitors that stayed in this country, but compete in a way that provides this company that left this tremendous advantage because they now pay lower taxes. They got a tax incentive for leaving.

We are going to hear, I think, a lot of obfuscation about this issue and huffing and puffing and blue smoke in the air over all this. But I think there is a simple proposition to understand. If two companies that make bicycles exist in the same city, and one goes to China to make bicycles to ship back to the United States, the one that left gets a tax break. That is in current law. You can either vote to support current law and say, "I support continuing to give this insidious tax break to those who want to move offshore to ship back into this marketplace," or you can decide this is wrong.

Those companies that stay here, those companies that produce here, ought not to have to compete against others that now have a lower tax rate because they left. That is a simple proposition. There is a lot more we should do, but we don't do it in this bill. I will give you some examples.

Companies that want to run subsidiaries through tax havens, what we ought to do is decide if you don't have a business operation, you just want to run your business accounting through a tax-haven country, we are going to treat you as if you never left this country. That is what we ought to do.

And this last goofy provision that is in the underlying bill says to companies, Oh, by the way, you left, and you now have deferred income, for which you have never paid a tax; why don't you bring it back here and pay a 5-percent tax on it. What an incredibly goofy idea. You think there would be some embarrassment about putting that in the bill, but there is not. There is no embarrassment, apparently. But Tom Paxon, many years ago, wrote this song "I'm Changing My Name to Poland." That is when Poland got some sort of bailout loan from the United States. "I'm Changing My Name to Poland." Maybe the American people ought to get the same benefit that is being proposed in this bill of a 5-percent income tax rate. If it is good enough for people who have \$10 billion in deferred income overseas, to repatriate it and pay a 5-percent rate, why shouldn't every single American working family pay the same 5-percent rate? Are they unworthy? Are they less worthy? Why not give them the same opportunity?

There are a dozen things we ought to do to this Tax Code to make it fair.

With respect to this issue of international provisions in the Tax Code, we do one, narrow thing. It is very simple. In my judgment, no one here will be able to say I did not understand it. It is very simple. If you are an American corporation and you decide to produce overseas for the purpose of selling into our country, we are not going to give you a tax break any longer for continuing to do it. We are not going to give you a tax break.

Now let me just go through a couple of things that describe the circumstances that exist in this country. Imports from foreign affiliates of U.S. corporations have doubled since 1993. Is a lot of this happening? You bet. Is it happening in a much more accelerated way? Of course. And the perverse thing is, we have a Tax Code that incentivizes this to happen.

Here is employment in U.S. manufacturing. It has fallen by 2.7 million jobs since the year 2000. You see what is happening to the manufacturing sector in this country. No country is going to long remain a world economic power without a robust, healthy manufacturing sector.

I used Radio Flyer wagons—and Huffy bicycles. I could have used any number of products to describe what is happening to the manufacturing base of the country. And our Tax Code subsidizes it. It says: If you have a plant, shut it down and move. We will give you a tax cut.

Employment in foreign affiliates as a percent of U.S. manufacturing has gone from 23 percent to 34 percent. I do not need to make the case any more than this, except to say when we do this—and I often come to the floor to talk about trade issues—it relates to a whole myriad of issues. I mentioned Radio Flyers and Huffy bicycles going to China. I have not visited the plants where they are made.

I regret, and am enormously disappointed, after a century of making little red wagons in our country, the company that makes them has decided to make them elsewhere. I regret bicycles that were made here are made in China. But let me describe the circumstance of all of these issues. And I have talked about this before. This is a Washington Post article. It is about labor provisions in China. This gets to the issue of fair trade. But this is not just fair trade. It is also the perverse tax incentive that says: Oh, by the way, ship your jobs overseas.

It says:

On the night she died, Li Chunmei must have been exhausted.

Co-workers said she had been on her feet for nearly 16 hours, running back and forth inside the Banain Toy Factory, carrying toy parts from machine to machine.

This was the busy season, before Christmas. They worked 7 days a week. The exact cause of her death remains unknown. They found her after the lights went out:

Her roommates had already fallen asleep when she started coughing up blood. They

found her in the bathroom a few hours later, curled up on the floor, moaning softly in the dark, bleeding from her nose and mouth. Someone called an ambulance, but she died before it arrived.

The exact cause of [her] death remains unknown. But what happened in this industrial town in southeastern Guangdong province is described by family, friends and co-workers as an example of what [Chinese] newspapers call "guolaosi." The phrase means "over-work death"....

They actually have a term for it in China.

So these people, who used to make Radio Flyers, the people who used to make Huffy bicycles are supposed to compete with that? We are supposed to believe this is the way competition works in the world? I do not think so.

But aside from that, aside from the perversity of setting up a competition in circumstances where kids are worked to death, and paid pennies, and live 12 to a room, work 7 days a week, 12 hours a day, aside from that, we, in this Tax Code, have an incentive that says: If you do this, you pay less in taxes. If you do this, move your jobs elsewhere, you actually get a tax break. My colleague Senator MIKULSKI and I think that is perverse, as I have said.

This proposal is very carefully targeted. It ends tax deferral only where U.S. multinationals produce goods abroad and ship those goods back into the U.S. marketplace. For others who might be surprised by this amendment, let me say to them, it is not new. President John F. Kennedy tried to shut down deferral—a much larger proposition than ours in this amendment. Richard Nixon supported shutting down deferral. The House of Representatives actually voted in the 1980s to shut this down. This is not new.

I might also say, the Senate has previously voted on an amendment very similar to this about 8 years ago. But if we are dealing with international taxation—and we certainly are with respect to the underlying bill brought to the floor by the Finance Committee; and we are doing it in some ways that are quite disappointing, some ways that are fine—if we are dealing with that subject, we cannot fail to deal with the subject of incentives that now exist for companies to eliminate U.S. jobs and shipping those U.S. jobs overseas.

I am not someone who believes our country ought to put up walls. We have a global economy; I understand that. I don't think the rules for globalization have nearly kept pace with globalization. That is why you can't hold discussions on trade anywhere where there is a population center these days, so they take them to Qatar, someplace where there are no hotel rooms.

The fact is, we are now increasingly a global economy. But as we globalize, the rules must keep pace. As we globalize this country, this world economic power needs to be concerned about its future, its job base, and its

manufacturing base. Precious little attention is paid to it. We will have Members come to the floor this afternoon aggressively supporting the proposition that deferral is good for our country, good for our taxpayers, good for our job base. Nonsense. Sheer nonsense. It is not good under any set of circumstances for us to say if you have two companies, one that stays in America, and one that leaves our country, both to produce products to sell in our marketplace, that we will advantage the company that left. We will give an advantage to the company that fired its workers and left to take its jobs to Sri Lanka or to Indonesia or Taiwan or China or Bangladesh. It makes no sense. It never has. And it makes no sense today to decide that we will provide significant financial incentives to those who make the decision to shut down American jobs, shut down manufacturing plants, move them overseas, and reward them for doing so.

This country ought to stand up for its economic interests, not to the detriment of others but for its economic interests. That is what this amendment does. It is about jobs. It is about economic strength. It is about a manufacturing base that needs to be strong and vibrant and growing. And it is about fairness. Finally and most importantly, it is about common sense.

I come to this Chamber from a very small town, 300 people in southwestern North Dakota, a sparsely populated State. One heavy dose of common sense here would be that we would pass this amendment and say that this defies logic. Go to the cafe in my hometown and ask folks: Do you think it makes sense for us to have an embedded provision in the American Tax Code that rewards a company that leaves and puts the company that stays at a competitive disadvantage? Try defending that. If you will defend that in any cafe, any city in this country, let me be there while you do it so I can tell the other side of this story.

There will come a point when this Congress—perhaps it is today when we start down this road—has to decide to stand up for the economic interests at home, take care of matters at home. This is a first step.

Let me end where I began, with bicycles and wagons, just as a symbol. Both have now decided that they will not produce in the United States. They will produce instead in China. Those jobs, these wheels, these pedals, those handlebars, and this red paint used to be applied by American workers. They are not any longer. I am not saying we ought to keep every job here. I am not saying it is not a global economy. But I am saying we can take the first commonsense step to say we will no longer have an embedded perverse incentive to reward companies to move their jobs overseas. If we can't take that step, this is going to be a mighty short journey for this country's economy.

At a time when we worry about jobs, people worry about security; they sit

around the supper table at night and talk about their lives "What kind of job do I have? Do I have job security? Does it pay well?" At a time when we discuss these things and know we have lost 2.7 million manufacturing jobs in a few recent years, the question for this Congress is: Will you decide to end the perverse incentive in the Tax Code that actually ships jobs elsewhere? Yes or no. There is not "maybe" as a potential answer. It is yes or no. That is what we will vote on this afternoon.

My colleague, Senator MIKULSKI, comes from a wonderful State, a different State than mine. She comes from more of an industrial State, the State of Maryland. But she has worked with me tirelessly in creating this amendment. I know she has a lot to say as well on behalf of American workers. Let me yield the floor to my colleague from Maryland.

The PRESIDING OFFICER. The Senator from Maryland.

Ms. MIKULSKI. Madam President, I ask unanimous consent to print in the RECORD letters in support of the Dorgan-Mikulski amendment from the boilermakers and the shipbuilders, from the electrical workers, from the U.A.W., and from the AFL-CIO.

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

INTERNATIONAL BROTHERHOOD OF  
BOILERMAKERS, IRON SHIP BUILD-  
ERS, BLACKSMITHS, FORGERS &  
HELPERS,

Fairfax, VA, May 4, 2004.

DEAR SENATOR: Today, the Senate is expected to vote on the Dorgan-Mikulski amendments to S. 1637, which would end tax deferral for U.S. companies that outsource manufacturing facilities and jobs to foreign countries, only to ship foreign made goods back to the United States. On behalf of the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers, I strongly urge you to support the Dorgan-Mikulski amendment and end the "Runaway Plant/U.S. Job Export" subsidy.

The Dorgan-Mikulski amendment will help stop the flow of good-paying manufacturing jobs out of the United States. In the last 3 years, 2.7 million jobs that could support the typical American family have disappeared. Part of this decline is due to tax incentives that encourage companies to shift their operations abroad. Under current law, a U.S. company that shifts a manufacturing operation to a foreign based subsidiary can indefinitely defer paying U.S. taxes on its profits until it sends those profits back to the U.S. as dividends.

U.S. taxpayers should not subsidize manufacturing expatriates. This unfair and arcane tax provision rewards U.S. companies that move American jobs offshore and puts tax-paying domestic companies at a severe disadvantage, while costing American taxpayers \$6.5 billion over 10 years. Multinational companies should not be encouraged to move jobs abroad and avoid paying their fair share of taxes on income gained from the U.S. market.

Repealing the jobs exports tax subsidy will allow American manufacturers to compete fairly. This amendment not only repeals this ill-advised job export subsidy, but it uses those savings to accelerate the tax cuts provided in S. 1637 for domestic manufacturing.

Corporations will be held accountable to the communities they leave behind. Workers

and their families deserve to know when their jobs are being sent abroad. This amendment will shed new light on corporate practices by requiring companies to disclose to workers and the public whenever they lay off more than 15 workers to send jobs overseas.

Once again, I urge you to remedy the unfair tax incentive that sends American jobs overseas by supporting the Dorgan-Mikulski amendment to S. 1637. Thank you for your attention to this important matter.

Sincerely,

BRIDGET P. MARTIN,  
*Assistant to the International President,  
Director of Government Affairs.*

INTERNATIONAL BROTHERHOOD  
OF ELECTRICAL WORKERS  
*Washington, DC, May 4, 2004.*

Hon. DANIEL K. AKAKA,  
*U.S. Senate, Hart Office Building,  
Washington, DC.*

DEAR SENATOR AKAKA: Today, the Senate is expected to vote on the Dorgan-Mikulski amendment to S. 1637, which would end tax deferral for U.S. companies that outsource manufacturing facilities and jobs to foreign countries, only to ship foreign made goods back to the United States. On behalf of the 780,000 members of the International Brotherhood of Electrical Workers (IBEW), I strongly urge you to support the Dorgan-Mikulski amendment and end the "Runaway Plant/U.S. Job Export" subsidy.

The Dorgan-Mikulski amendment will help stop the flow of good-paying manufacturing jobs out of the United States. In the last 3 years, 2.7 million jobs that could support the typical American family have disappeared. Part of this decline is due to tax incentives that encourage companies to shift their operations abroad. Under current law, a U.S. company that shifts a manufacturing operation to a foreign based subsidiary can indefinitely defer paying U.S. taxes on its profits until it sends those profits back to the U.S. as dividends.

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Corporations will be held accountable to the communities they leave behind. Workers and their families deserve to know when their jobs are being sent abroad. This amendment will shed new light on corporate practices by requiring companies to disclose to workers and the public whenever they lay off more than 15 workers to send jobs overseas.

Once again, I urge you to remedy the unfair tax incentives that sends American jobs overseas by supporting the Dorgan-Mikulski amendment to S. 1637. Thank you for your attention to this important matter.

Sincerely,

EDWIN D. HILL,  
*International President.*

*Washington, DC, May 4, 2004.*

DEAR SENATOR. The AFL-CIO urges to support the Dorgan-Mikulski amendment to S. 1637. The amendment would eliminate foreign tax deferral for companies that export jobs.

Under current tax law, companies that manufacture in the United States must pay

corporate taxes, but American companies that manufacture abroad can indefinitely defer their taxes on that income. The Dorgan-Mikulski amendment would eliminate deferral so companies are taxed the same whether they produce and invest in the United States, or invest abroad and export back to the United States. This change would save taxpayers nearly \$7 billion and eliminate a major incentive in the tax code to ship jobs overseas.

The amendment comes at a critical time for American workers. More than 2.8 million manufacturing jobs have been destroyed since President Bush took office. According to a recent survey of American CEOs, 47 percent of them plan to ship more manufacturing jobs overseas this year. The US tax code should not encourage companies to export jobs, which is why the Senate should adopt the Dorgan-Mikulski amendment.

Thank you for considering our views on this important issue.

Sincerely,

WILLIAM SAMUEL,  
*Director, Department of Legislation.*

INTERNATIONAL UNION, UNITED  
AUTOMOBILE, AEROSPACE & AGRICULTURAL  
IMPLEMENT WORKERS  
OF AMERICA-UAW  
*Washington, DC, May 4, 2004.*

DEAR SENATOR: This week the Senate will be considering amendments to the FSC/ETI tax replacement legislation. The UAW wishes to share with you our views on this important measure.

The UAW strongly supports the Specter-Bayh manufacturer's tax equity amendment. As currently structured, the FSC/ETI bill provides a deduction that only certain U.S. manufacturers are able to utilize. Unfortunately, this deduction does not provide any benefit to many capital-intensive industries—including major auto and steel companies—because they do not have sufficient "manufacturing" income due to their extremely high "legacy" health care and pension costs. The net result is that domestic portion of the FSC/ETI bill fails to provide any assistance to a major portion of our manufacturing base that is crucial to maintaining thousands of good paying jobs.

To correct this deficiency, the Specter-Bayh amendment would allow manufacturers to elect either to take the deduction currently in the bill, or in lieu of that to receive a tax credit equal to 10 percent of their health care expenditures for active and retired workers aged 55-64. This election would effectively allow auto and steel companies to receive a tax benefit equivalent to that received by other domestic manufacturers. In addition, it would provide significant relief for their "legacy" costs, and enable them to increase investments and create additional jobs for American workers. The UAW urges you vote for the Specter-Bayh amendment and to insist that it be incorporated into the FSC/ETI bill.

The UAW also urges you to support amendments to reduce or eliminate tax breaks for the overseas operations of multinational corporations. This includes the Dorgan-Mikulski amendment on runaway shops, the Harkin amendment disallowing deductions for outsourcing, and the Hollings amendment striking the international provisions in the bill. These amendments would eliminate tax breaks that are exacerbating the loss of manufacturing jobs in this country. Instead of subsidizing companies that ship jobs overseas, the UAW believes Congress should target assistance to domestic manufacturers who create jobs for American workers.

Thank you for considering our views on these important issues.

Sincerely,

ALAN REUTHER,  
*Legislative Director.*

Ms. MIKULSKI. Madam President, I want to thank the Senator from North Dakota for his passion and vigor in presenting this amendment. I also thank him for his story about the Red Ryder, a good old wagon. I had a Red Ryder wagon. Growing up in a blue-collar neighborhood in Baltimore during World War II, my father had a little neighborhood grocery store. And one of the ways the groceries got delivered was in this good old red wagon we had. I could use the wagon for a couple things.

Dad would sometimes say: Barb, take the wagon down to Mrs. Smith or Yankowski or Coalino. It was a very ethnic neighborhood. They called in and ordered late. Run down those oranges and take the wagon.

I loved that red wagon. I was also a Girl Scout during World War II. Dad would let me use the wagon to go around the neighborhood to collect newspapers because we were recycling a variety of things for the war effort. I felt like a little soldier on the move with my red wagon and my little Girl Scout uniform, along with other kids from the troop. I was the kid with the wagon. I loved that wagon. I loved that neighborhood so much because in that neighborhood there were men sent off to World War II, saving Western civilization, saving the world.

We were the neighborhood of factories. We made liberty ships. We turned out a liberty ship, one ship every 3 weeks. We put out turbo steel to make the tanks. Glenn L. Martin made the seaplanes that helped win the battle of the Pacific. We were in the manufacturing business. We were in the war effort business. And this little girl in her Girl Scout uniform with the little red wagon made in the USA felt she was doing her bit.

Guess what. Those jobs now are leaving. Our shipyard jobs have left. Our steel mills have shrunk to minuscule levels. We don't make ships. We don't make steel. We don't make clothing. We are really down. The blue-collar Baltimore of World War II and Korea and Vietnam just isn't what it used to be.

Where did those jobs go? Those jobs are on a slow boat to China. They are on a fast track to Mexico. And other jobs are in a dial 1-800 anywhere. And why did they go? They went because there were tax breaks that rewarded those corporations to move not only the red wagons but so much of this manufacturing overseas.

Today, as we know, if you are in business and in the good old United States of America, you get a tax break if you move those jobs overseas. I think it is wrong to give companies incentives to send millions of jobs to other countries when millions of Americans are losing their jobs. It is wrong to put companies

who stay in America at a competitive disadvantage because they have their business and hire their workers at home, pay their share of taxes, and provide health care to their employees.

We should be rewarding these companies with good guy tax breaks for hiring and building their businesses right here in the United States. We should be giving good guy bonuses to American corporations who are providing health care to their workers and to their retirees. But, no, we give tax breaks to those people who want to take their jobs and evacuate to another country.

It is time we look at our Tax Code and call for a patriotic Tax Code. I want a patriotic Tax Code. We walk around the floor of the Senate, we go to rallies. We love to be in parades. We wear our flags because we want to stand up for our troops—and stand up for our troops we should—but we have to stand up for America.

We have to stand up for America by having a strong economy. That is why I want a patriotic Tax Code. This amendment we are proposing is about patriotism. It is about economic patriotism. We have to start putting our might and our muscle and our votes behind this in the Senate.

What does a patriotic Tax Code do? I think it would focus on bringing our jobs back home and bringing our money back home. That is what a patriotic Tax Code would do. The Dorgan-Mikulski amendment is step one. It ends these huge tax breaks for manufacturing companies that send jobs overseas, only to sell the products they make right here in the United States of America. The current Tax Code lets these companies move the jobs and not pay taxes on the profits, even though they earn the profits by their sales of those products in the United States.

Our amendment tells these companies if you want to export jobs out of America, you need to pay the taxes on your profits. Our amendment says the Tax Code can no longer be used to boost corporate rewards at the expense of American workers. I have watched those jobs I have talked about leave. A couple months ago, we were hard hit on the eastern shore. There is a company headquartered in Maryland called Black and Decker. It makes many of the wonderful tools you use in your home. It was started by a Maryland family. The jobs were in America. Now the headquarters is in America, but the jobs are not here. The eastern shore jobs at that major manufacturing facility have left. Over a thousand people were laid off; 1,000 people in a little community like Talbot County. That is a tremendous impact. The impact has been felt by the whole community. People lost their jobs, and people had to cut back in terms of their homes, the way they shop at their grocery store; and there is great shrinkage in the United Fund. I could go on about that. Those jobs left this country.

At the same time, there are other examples. Take Maytag. Oh, gosh, every

woman in America loves Maytag and that friendly guy who comes to service them. Well, I hope he speaks a foreign language to try to read the manual, because those Maytags are made somewhere else. By the way, they used to be made in Illinois. So those 1,500 jobs left. They were washed out, if you will, in this country.

Then there is Levi Strauss, which closed six U.S. plants, cutting over 5,000 jobs. So the jeans that made America famous are now being made in other countries.

We could go on to furniture that used to be made in our Southern States, like Virginia and North Carolina. Many of you might have read in the paper over the weekend what is happening in Roanoke, VA, where many people have lost their jobs in manufacturing, in metal working, in furniture, and in other materials. Their divorce rate is so high that almost 50 percent of the people in Roanoke, VA, are now divorced. It is becoming the divorce capital, with the highest divorce rate in the Nation. Why did that happen? You can look at the divorce rate and chart it along with the decline in those manufacturing jobs. We have seen it in manufacturing. There is the exit of the service jobs now. A lot of people in manufacturing who lost their jobs busted their backs and their butts to send their kids to higher education, community college, or college. They said go to college, kids, learn technology; it is the new field. You are not going to be laid off like me. You are going to have a future. America will be the tech country of the world. Well, guess what happened. Now the tech jobs are going. In the next few years, the IT sector will move over 500,000 jobs overseas. People are saying train—you have to be kidding. Even our State governments are outsourcing jobs by hiring companies to do call centers overseas. I joined with Senator DODD to stop the outsourcing of Federal jobs overseas to call centers.

That is why I stand here today with my colleague from North Dakota to call on us to think about economic patriotism, think about a patriotic Tax Code that, first of all, gives rewards to American companies that keep jobs here, and also a tax code that gives good bonuses to those companies that provide health insurance to their workers and also look out for their retirees.

Then the other thing is to end the despicable process and breaks and rewarding those companies who move not only the little red wagons, but very big manufacturing items overseas. That is why I want to stand up today for what I believe is the right thing to do. I call upon my colleagues to think about where America is going in the 21st century. Where are we going to be? Are we going to create more opportunity? Are we going to create more jobs that pay living wages, that have a benefit structure you can reward? Or are we going to resemble the economy of a third world country?

I really want to have a tax code that brings our jobs back home, brings our money back home, stands up for America. So pass the Dorgan-Mikulski amendment and take your first step toward economic patriotism.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. DORGAN. Madam President, thanks to the Senator from Maryland for her comments and her hard work on this amendment. I hope we will be able to pass this amendment. I expect we will vote on it later today. I wanted to make a couple of additional points.

First of all, on this broader issue of deferring tax, Presidents Kennedy, Nixon, and Carter all tried in vain to actually end deferral. In 1975, the Senate voted to end it. In 1987, the House voted to end it. But in each case, of course, it never got to the President's desk for signature. So we have this thing called deferral. That sounds less ominous than it really is.

With respect to the products manufactured abroad to be sold in our marketplace by U.S. corporations, this deferral is a title that says there is a tax break for U.S. companies to move jobs overseas in order to sell back into our marketplace. There is now \$640 billion in foreign earnings that have not been repatriated. Many of them, of course, are parked in tax havens indefinitely—\$640 billion.

My colleague also talked about some products. What is more American than Levis? Well, Levis are gone. Before, when you put on a pair of pants, you were putting on an American pair of pants. Not anymore. You are putting on Mexican or Chinese pants.

Then there is Fruit of the Loom. It is one thing to lose your shirt, but Fruit of the Loom is gone. They used to be manufactured here. They are manufacturing them in Mexico and, I believe, some in China. By the way, if you want to order up Mexican food, order Fig Newtons. We all grew up with them. Fig Newton cookies used to be American. Now this cookie is made in Mexico. Next time you order Mexican food, ask whether they will bring you some Fig Newtons.

The point is, we are not only shifting these jobs out of our country for the purpose of manufacturing to sell back into our country, our Tax Code says please do this and we will give you a \$6.5 billion benefit over the coming 10 years.

If the Congress cannot take this baby step in addressing this perversion, then the Congress cannot find its way through public policy in a way that reflects any modicum of common sense.

I wanted to mention that while I think there is much to criticize in the underlying bill, there is a provision in the underlying bill that addresses so-called "inversion." I commend the committee, Senator GRASSLEY, and Senator BAUCUS for that position. The inversion is a circumstance where a U.S. corporation says I want to renounce my American citizenship for



the purpose of saving tax money. Well, we have seen some of that. My colleague from Maryland asks, where is the economic patriotism? The committee, in my judgment, did the right thing with respect to this issue of inversions in the underlying bill. I congratulate them for that.

My hope is we will this afternoon have some additional debate on this amendment. I don't know what is going to be offered as a substitute, but, hopefully, we will have votes on both, and we will be able to continue and complete this debate this afternoon. I hope when the dust settles Congress will have done something that meets some basic commonsense test.

My understanding is Senator GRAHAM of Florida is going to be involved in the coming 2 hours. He is in the Chamber. Let me at this point yield the floor with the understanding I will continue this discussion this afternoon when we return to this amendment.

I yield the floor.

AMENDMENT NO. 3112

The PRESIDING OFFICER (Mr. HAGEL). Under the previous order, there will now be 2 hours of debate equally divided on the Graham amendment No. 3112.

The Senator from Florida.

Mr. GRAHAM of Florida. Mr. President, I first thank my colleagues, Senator DORGAN and Senator MIKULSKI, who have raised the issue of will it be American jobs the JOBS bill will create. That is a core question which is raised by the amendment I have brought to the Senate. We are about to spend \$170 billion over the next 10 years with the stated objective being to create jobs for American men and women. The question is: How effective will this legislation be in achieving that goal? Is it worth \$170 billion under these conditions to be spent or is there not a better way to allocate that same amount of money that will have a greater likelihood of actually creating jobs in the United States?

I would like to put this into some context. The context is where have we been in the recent past and where are we today in terms of jobs for American men and women.

The manufacturing sector of the American economy has lost 2.8 million jobs since January of 2001. It may well be this administration will end up as the first administration in 70 years, since the administration of President Herbert Hoover, to preside over a net decline in private sector employment in the United States.

The unemployment rate has increased 36 percent since January of 2001. The number of long-term unemployed has increased 175 percent. There have been policies and expectations advanced to reverse that situation. The President said, for instance, in his 2003 Economic Report that based on the steps Congress had taken since his administration commenced, in the year 2003 there would be 1.9 million new jobs created in America. The actual increase in jobs in America was 100,000.

The administration has stated the weak employment situation is the result of a dramatic increase in productivity. They argue this increased productivity has raised our standard of living. There are a lot of Americans out there who have not seen this rising tide of standard of living.

Since this administration took office, real earnings growth has slowed dramatically, particularly for those at the lower income scale. Real earnings at the middle of the income distribution rose only two-tenths of 1 percent per year in 2000, 2001, 2002, and 2003.

To put this in comparison, this is a marked deterioration from the successes of the 1990s. Between 1996 and 2000, real earnings growth for those in the middle income was 1.7 percent per year.

We also find ourselves with another growing deficit, and that is a growing trade deficit. The U.S. trade deficit, the excess of goods and services we buy from others over the amount of goods and services we sell to others, has varied over the years, generally in tandem with the economy. For example, in 1981, we had a slight trade surplus. In 1986, the trade deficit had risen to a then record of 2.8 percent of gross domestic product. Remember that number, in 1986, a record historic trade deficit in the United States of 2.8 percent of gross domestic product.

In 1991, our trade deficit had fallen back to a mere two-tenths of 1 percent of our gross domestic product. We see in the last several years, as there has been deterioration in jobs within America, there has also been a deterioration in our international trade balance. For 2003, our trade deficit reached a new record of 5.5 percent of GDP. Compare that with the record of 1986 of 2.8 percent of gross domestic product.

I present this information as the context within which to consider the legislation which is before us and the amendment I have offered—the need for strategic, energetic, and efficient stimulation to our economy, particularly our manufacturing economy and particularly to that part of the manufacturing economy which has been so damaged by the deterioration of our international trade.

The current impasse on this JOBS bill which has caused several weeks delay may turn out to be a blessing in disguise. The delay has provided the Senate with an opportunity to reassess the fundamental merits of this legislation and then to consider what might be better alternatives for working men and women in this country.

I see this bill, the JOBS Act, as having five goals.

The first goal is to meet our obligation under the World Trade Organization by repealing the existing laws, rules, and regulations and, therefore, reverse the retaliatory sanctions which are being imposed by European countries on products of the United States, many of which have nothing to do with

the underlying current international tax incentives for American manufacturers. That is goal No. 1.

Goal No. 2 is to avoid enacting a provision that makes it more advantageous than it is today for U.S. companies to move jobs abroad.

Goal No. 3 is to enact provisions that encourage job creation in the United States of America.

Goal No. 4 is to simplify the Tax Code.

Goal No. 5 is to minimize extraneous tax matters that detract from the purpose of this legislation—jobs in America.

Let me review the degree to which this legislation achieves these five very important goals.

Goal No. 1, comply with the adverse WTO ruling. The World Trade Organization, of which the United States is a charter member, has ruled the extraterritorial income tax incentive enacted in 2000 violates the WTO prohibition against export subsidies. The extraterritorial income tax incentive, acronymed ETI, was enacted to replace a similar export-related tax benefit, the foreign sales corporation regime, which also came under fire by the WTO.

Under the ETI regime, a taxpayer can exclude a portion of its income related to goods sold, leased, or rented for direct use or consumption or disposition outside the United States. The amount excluded under the ETI law is 15 percent of the net income derived from the transaction.

The WTO's ruling is unfortunate because it perpetuates an unfair advantage which the European businesses have in relation to the United States firms selling into that market.

Nevertheless, because we rely on the WTO to make sure other countries adhere to international trade rules, we must abide by its decision. It is the rule of trade law.

In addition to meeting our trade obligations, we need to enact this bill to rescue those companies and their employees from the punitive tariffs which are currently being imposed on U.S. exports into the European Union. Currently, those tariffs equal 7 percent of the price of a product being exported to Europe. That tariff will increase 1 percent per month for each month we delay in repealing these offending provisions.

What is most unfortunate is the companies that had benefited from the ETI provisions which have now been ruled illegal often do not make the products which are now the subject of European sanction and retaliation. Innocent businesses and their employees are caught in this crossfire. The JOBS Act meets this first goal by repealing the ETI provisions in our Tax Code. Repealing these provisions will increase Federal income tax receipts by \$45 billion over the next 10 years.

Goal No. 2: Avoid exacerbating the current tax incentives for further outsourcing of jobs by U.S. corporations. The JOBS Act does a poor job in



meeting this objective. The provisions in title II of the bill, by definition, are designed to lower the tax burden on U.S. companies' foreign operations. The effect of that: To make it even more attractive to move operations and jobs outside the United States to a foreign base of operation.

The total cost of the changes we are making in this underlying law, which will have the effect of increasing the incentives to leave the United States, is \$37 billion over the next 10 years. As stunning as it is, we are about to spend \$37 billion to give additional incentives for firms to move jobs out of the United States.

I will provide a couple of examples of how specific provisions will affect U.S. multinational investment decisions. First I will say to anyone who is listening that if they would like to take a nap, this would be a good time to do it because it gets real tough going at this point.

Example one, there is a provision in this bill that changes the tax treatment of payments between affiliated foreign companies. The law today is that the U.S. tax on income earned by a foreign subsidiary of a U.S. multinational is deferred until that income is paid to the U.S. parent in the form of a dividend. Dividends paid by one foreign subsidiary to another foreign subsidiary are treated as though they were paid to the U.S. parent and are therefore subject to U.S. tax.

The JOBS Act changes this treatment by continuing the deferral of U.S. tax on dividends paid by one foreign subsidiary to another located in a different country. The effect of this legislation will be to make it more attractive for a U.S. multinational to invest excess cash in a foreign subsidiary in any country except the United States of America. Payment to the U.S. parent would trigger the tax, but payment to an affiliated foreign subsidiary would remain tax deferred.

An example: If an American firm operating businesses in several foreign countries—let's say one of those was India and another was China—if the Indian subsidiary earned substantial profits and the company was making the decision will I use those profits to reinvest in India, will I use those profits by bringing them back to the United States in the form of a dividend to invest in the United States, or will I move those profits to China, today the last two choices have the same tax implications. U.S. tax will be paid if the money was brought back home or if the money was sent to China. Under this legislation, the only time the tax will be paid is when it comes back to the United States. If the exact same dollars go in the form of a dividend from India to China, there is no tax.

We are creating a very substantial new incentive for American companies to use their income earned outside the United States frequently, as Senators DORGAN and MIKULSKI have just said, to create a platform to export back

into the United States. We are increasing the incentive to do so.

This bill includes a "temporary period" during which dividend payments from foreign affiliates to a U.S. parent receive a substantial reduction in their tax rate. The regular corporate tax rate is 35 percent. It would be reduced for an American corporation which has set up a subsidiary in a foreign country, has earned a profit in that foreign country, is going to send that profit back to the United States. Instead of being subject to the normal tax of 35 percent, they would only be subject to a tax of 5.75 percent.

This provision reduces Federal revenues by \$3.8 billion over the next 10 years. What are American working men and women going to get for their \$3.8 billion? The rationale for this proposal is that reducing the tax rate will encourage U.S. multinational companies to expatriate income held offshore in order to make investments in the United States that will create jobs.

Let me just point out one little practical fact. In order to take advantage of this; that is, for a U.S. firm operating outside the United States to be able to repatriate a substantial amount of funds during a narrow window of opportunity, it has to be a firm that has a substantial amount of cash on hand in order to be able to take advantage of that. If they have been investing the profits they have earned offshore to expand their offshore operations, they will have limited means by which to avail themselves of this opportunity.

My concern is that what we are really creating is a tax incentive for tax shelters because it is those tax shelters, as opposed to companies that are actively engaged in the production of goods and services, that are the most likely firms to take advantage of this window. They are the least likely firms to create jobs in the United States.

Another concern about this temporary window proposal is it will not be very temporary. How many times have we heard in the Senate, when a tax cut has been passed but might not go into effect for several years in the future, and then today someone says, let's reconsider: was that really a wise thing to do, to cut the tax rates beginning in the year 2009? Should we not re-evaluate that in the context of our current deficit situation and the war and the other challenges America faces?

What is the response to that reasonable question? The response is, of course we should not consider it because if a tax is precluded that is already on the books from staying on the books or going into effect at a future date, do my colleagues know what has just happened? They have raised taxes, and that is the ultimate charge that can be made against an American politician.

Imagine what it is going to be like when this temporary window is ready to expire and the same argument is made; if one does not vote for extending this window, preferably if they do

not vote for making this window permanent, as the President is urging that we do, taxes have been raised.

Now, this is not a fanciful suggestion. In fact, this very bill includes 21 tax provisions which when they were enacted were for a specific time period, which has long since passed. Every year, as we get close to these tax provisions that are about to expire, we pass legislation to extend them for yet a few more years.

For instance, in this bill we have a number of items that were intended to be for a specific duration that we are now going to extend substantially into the future. These include items such as the deduction for electric vehicles, deduction for teachers' school expenses—other items which may in and of themselves be worthy. But they are illustrative of the difficulty of ever saying that something which was supposed to be temporary is, in fact, temporary.

If extended, the effect of this repatriation proposal will be to create a permanent reduced tax rate for U.S. multinationals' foreign investment, a tax rate which is 85-percent less than the tax rate that same corporation would pay on income earned inside the United States. So we have a dismal failure on goal No. 2, which is to avoid giving any further incentives to U.S. multinationals outsourcing jobs.

Goal No. 3 is to encourage the creation of jobs in the United States. The primary provision for this encouragement is the creation of a U.S. job provision in the form of a manufacturers' deduction. As currently constituted, this manufacturers' deduction, which is in this legislation, will reduce Federal revenues by \$65 billion over the next 10 years. What are we getting for our \$65 billion? The deduction is computed as a percentage of the employer's income from production activities located within the United States.

The fact the deduction is based on income, however, creates the perverse effect of rewarding manufacturers that locate at least a portion of their operations in a low-cost jurisdiction outside the United States. When fully phased in, the deduction equals 9 percent of the profit earned from production activities conducted in the United States. To qualify for the deduction, the item must be produced, in whole or a significant part, within the United States. The deduction has some limitations. It is limited to an amount that equals 50 percent of the wages paid by the employer. To the extent that the taxpayer has manufacturing operations outside the United States, the deduction is further reduced by the fraction representing the ratio of the firm's U.S. activity to its worldwide activities. These limitations, which are frequently referred to as haircuts, are supposed to assure that the incentive is targeted at U.S. production.

However, they do not always work in that manner. Let me show a couple of charts as to how this provision, the 9-percent manufacturers' deduction, is likely to work in real life.

The first chart is a simple explanation of how the deduction is computed. In this example, the firm has all of its production operations located inside the United States. It earns \$100 in sales for its products. It incurs costs totaling \$70 to produce them. The costs, \$70, are distributed as follows: materials cost \$40, wages inside the United States cost \$27, other wages, \$3. That is a total of \$70.

The company's profit is \$30. Its manufacturers' deduction is computed as a percentage of that income. At the fully phased-in rate of 9 percent, the deduction would equal \$2.70 to that firm.

Let's look at how the manufacturers' deduction is computed if the taxpayer outsources a share of its manufacturing in order to reduce labor costs. Chart No. 2 illustrates the effect of this change.

In this example, 80 percent of the firm's manufacturing occurs offshore, which results in a 90-percent reduction in its manufacturing wages. The firm still earns the \$100 that it did in the first example; that is \$100 on the sale of its product, but its costs are substantially lower than the \$70 in the first example. In this case, the materials continue to cost \$40, manufacturing wages in the United States have dropped to \$5 since a substantial amount of the cost of production, not including materials, has now moved outside the United States to a low-wage area. Foreign manufacturing wages are \$7. So what this firm used to pay \$27 to get—the manufacturing labor to assemble its products—is now getting it for \$12. The other wages in the United States continue at \$3.

The firm's profit, therefore, is dramatically improved by moving its operation or a substantial portion of its operation outside the United States. It now earns a profit, instead of \$30, of \$45.

Under the general rule, the manufacturers' deduction would be 9 percent of \$45, which would be \$4.05. However, there is this separate limitation that you cannot have a deduction that is more than half your U.S. wages. In this instance, U.S. wages for manufacturing are \$5, other wages paid in the United States are \$3, for a total of \$8; 50 percent of \$8 is \$4. So the firm would get a \$4 tax deduction as a result of this procedure.

The result is this: As a result of moving significant parts of its operation outside the United States, this firm was able to qualify for a greater tax incentive under this bill than they would if they had kept their operation in the United States. They get a \$2.70 deduction by keeping the operation in the United States; they get a \$4 deduction by moving it offshore.

Some of the sponsors of this legislation may argue there is another haircut in these limitations and that is because a firm cannot qualify for the deduction unless the goods are produced "in whole or in significant part by the taxpayer within the United States."

They will argue that a firm that utilizes foreign sources to provide 80 percent of the production activity will not meet that standard.

We cannot be assured of that because nowhere in this legislation is the term "in significant part" defined for most products. In fact, a firm doesn't have to move anything near 80 percent of its production offshore to get the benefit of this deduction. In my example, using the same numbers but modified to reflect one-quarter of production being moved offshore, this would still yield a greater tax incentive than keeping 100 percent of the production in the United States.

Let me repeat that. If a firm keeps 75 percent of its production in the United States, moves 25 percent abroad, under this calculation it will get a \$3.15 deduction against its U.S. income tax versus if it keeps 100 percent in the United States it will get a \$2.70 deduction.

Does that make common sense? It was certainly contemplated that some portion of the final product's production could occur outside the United States. Otherwise, the statute would have been drafted without the reference to "significant part." It would have required that all the production be in the United States in order to qualify. It would have been drafted so it applies only to goods solely produced in the United States.

My concern is the new deduction created by this legislation will provide U.S. employers with a positive incentive to move a larger amount of their production offshore. The sponsors will also argue the extent of offshore production activity is conducted by a subsidiary of the U.S. taxpayer. The deduction will be reduced proportionately as a result of the haircut. My example, however, does not assume an affiliate of the taxpayer is conducting the offshore activity. In fact, it assumes what is the predominant reality, that manufacturing businesses inside the United States contract with manufacturers outside the United States to provide component parts. So there is no affiliated relationship other than a contract between the U.S. manufacturer and the foreign producer of the products. The haircut—although it is widely cited as a means by which these kinds of abuses will be restrained—does nothing to protect the job of unaffiliated U.S. suppliers.

As I mentioned earlier, this new incentive will reduce the revenues of the Federal Government by \$65 billion over the next 10 years and will have the perverse effect of actually creating yet another incentive to move jobs out of the United States.

As my examples indicate, I don't think this is a piece of legislation that can be defended as spending American taxpayers' dollars in the most efficient manner possible to create jobs in America. There is a better approach. To provide the most effective tax incentive for job creation, we should link

the benefits more specifically to the title of this bill, JOBS. Our proposal is to exchange the bill's incentive based on profits with an incentive based on jobs. Our proposal would redirect the \$60 billion raised by repealing the ETI and the \$37 billion currently directed to the international tax changes and use those funds to create an income tax credit. That credit would be used to partially offset the payroll taxes paid by U.S. manufacturing employers.

One of the true disincentives imposed by the Federal Government on job maintenance and creation in the United States is the fact we impose a 7.6 percent tax on the employer for his employees which then becomes the payroll tax that then supports Social Security and Medicare. I am not proposing we do anything to the payments that are made into the Social Security and Medicare trust fund. Rather, what I am suggesting is we take the now almost \$100 billion we will have over 10 years, and use it in the form of a credit whereby it incorporates for all of its employees the first \$35,000 of earnings, and will be able to deduct a credit which would amount to approximately 20 percent of the payroll taxes paid by the employer, or a 1.66 percentage point against their corporate income tax.

The employers who qualify for this new incentive are the same ones who would have benefited under the manufacturers' deduction. The difference is our proposal bases the incentive on American jobs, not on profits. The difference is our proposal does not create the incentive. As this chart indicates, we are creating additional outsourcing of American jobs if we use the almost \$100 billion in the manner the underlying legislation directs.

It seems to me to be a much better approach to link the benefit to jobs rather than to link the benefit to profits, and one which has a much greater likelihood of achieving the goal of creating jobs in the United States.

A fourth goal of this legislation, and one I have been very interested in, is the simplification of the Tax Code. Several years ago I suggested to the Finance Committee attempting to simplify the United States Tax Code, all 17,000 pages of it, at one time is a task no one has the life expectancy, nor do their children nor probably their grandchildren, to see through to accomplishment. Therefore, we ought to break down the Tax Code into its constituent parts and try to simplify each part at a time, in a rational, sequenced basis. I further suggested these international tax rules would be a good place to start.

I am pleased to say under the leadership of Chairman GRASSLEY and Ranking Member BAUCUS, we started on that path. The Finance Committee has established a working group to study our international tax rules with the goal of simplifying. This product is one of the results of that effort at simplification. However, I suggest this legislation

misses the mark by a wide range in terms of simplifying the income tax law. In fact, it would add another 378 pages to the income tax law. We are starting with the goal of simplification and we are substantially increasing the quantity and the complexity of the income tax code.

Goal No. 5 is to minimize extraneous tax matters that detract from the purpose of this legislation. We are going to spend \$170 billion over 10 years to create jobs in America. We ought to be concerned we are spending that \$170 billion for that purpose and spending it as effectively as possible.

In an effort to conclude action on this legislation and secure the maximum number of votes, there has been an open encouragement to Senators to file amendments to this bill on smaller tax changes they would like to see adopted. I am confident many of these are worthy and could be supported on their merits. But we are never going to have a discussion of their merits because now they are buried in two so-called managers' amendments inside this legislation. Many of them have relatively little or zero relationship to creating jobs in the United States.

Let me mention a few of those. There is a tax break for Oldsmobile dealers. I am certain they are facing some distress as General Motors canceled that line of Oldsmobiles. Does it deserve to be in a JOBS bill and carry a cost of \$189 million over 10 years?

There is capital gains relief for owners of horses. I assume that is good for the owners, and may be good for the horses. It costs \$64 million over 10 years.

There is a tax break for the makers of distilled spirits. That might make some of our people happier, but whether it will get them a job is less certain. That costs us \$484 million over 10 years.

There is a tax-exempt bond proposal for purchase of forest land. I happen to think purchase of forest land is probably a good idea, but is it the place to spend \$252 million over 10 years to create jobs in America?

There are tax credits for costs incurred for railroad track maintenance. Again, it may be a good idea, but it is questionable as to whether \$492 million we will spend over the next 10 years will create a requisite number of American jobs.

Then there are tax breaks for amounts received under the Student Loan Repayment Program for the National Health Service Corps. That is \$54 million over 10 years.

In the spirit of full disclosure, the bill includes proposals which myself and my staff have worked with the Finance Committee to include in this legislation. One such proposal delays the implementation of regulations governing the exclusion of income from the international operation of ships and aircraft. That has an \$8 million cost over 10 years.

Another provision is the extension of the credit for producing electricity

from biomass. That lowers Federal tax revenues by \$4.2 billion over 10 years.

These additional provisions have obviously expanded the cost of the bill and the purpose of the bill. So the amendment I have offered would do essentially the following:

One, it would repeal ETI. That is the issue that brought us here in the first place. Second, it would repeal the changes in international tax law, many of which will give further incentives to moving jobs offshore. Third, it will repeal most of the targeted tax cuts. It will then take the money that has been saved from the ETI, from not adopting the 9-percent corporate tax deduction, and from the individual items, and use it to finance a serious effort at reducing the payroll tax cost to the employer and, thereby, reducing a significant disincentive to maintaining and hiring people in jobs in America.

I close by describing the choices we are making in this legislation. We are going to spend \$170 billion over 10 years, or rounded to \$17 billion per year. What could we do with \$17 billion if we did not use it in a targeted and effective means to create jobs for U.S. men and women?

Well, \$17 billion would reduce this year's projected Federal deficit by about 4 percent, not an insignificant amount. The \$17 billion would fully fund No Child Left Behind, plus it would fund veterans health care and the FIRE and SAFER grant programs that provide critical assistance to our Nation's first responders. All of those could be purchased for \$17 billion.

Mr. President, \$17 billion would be more than we spend annually on Pell grants, to assure access to higher education for our young people.

Now more than ever, we need to make sure the money we spend will achieve the results we seek. I have set forth the reasons why I do not believe the incentives in the underlying bill will protect or will promote U.S. jobs. The proposals in the underlying bill target profits in the hopes that profits will trickle down and create jobs.

The amendment Senator DAYTON and I have offered is a better approach because it specifically targets U.S. jobs. Firms will get a bigger tax break to the extent they employ more U.S. workers. Since U.S. jobs are the goal of this legislation—U.S. JOBS is the title of this legislation—our approach should be adopted. The working men and women of America will appreciate this action by the Senate.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, how much time is left under Senator GRAHAM's amendment on this side?

The PRESIDING OFFICER. On your side, 16 minutes 40 seconds.

Mr. REID. Mr. President, I will claim the 5 minutes we have under morning business. It is all part of the order of the Senate already. Then I will yield to my friend from Minnesota.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Nevada.

CHAIN OF COMMAND

Mr. REID. Mr. President, the Presiding Officer stands for many things, but, in my mind, one of the things you stand for is what is good about the United States military: A person who put himself in harm's way, with his brother, and has created a story that is intriguing and interesting and shows the bravery of the Presiding Officer in a time of crisis.

Mr. President, you are the role model for the troops we have in Iraq today. Our men and women there are fighting valiantly, and each day find themselves in harm's way, in many different avenues.

I came to the Senate floor this morning and talked about how I felt—this Senator—on last Thursday I had been misled and not treated fairly. We had a briefing up in 407, and we had the Secretary of Defense there. As I indicated this morning, we had enough brass to fill a brass band. We had four-star generals. We had the Chairman of the Joint Chiefs of Staff. I do not want all the blame focused on Secretary Rumsfeld. I feel those military officers should have told Democratic and Republican Senators last Thursday what was going to break on "60 Minutes" that night. I feel terribly misled and disappointed in their not doing that.

I say that because by their not telling us what was going to come out—certainly all or most of them knew something was going to come out; and if they did not know, they should have known—each Senator was blindsided.

Now, Mr. President, the reason I mentioned you as a role model for the troops in Iraq, Afghanistan, and around the rest of the world is virtually every man and woman serving in the military does the right thing. Obviously, from the photographs and information we have, some of them did not. But I do not want just the enlisted men, so to speak, to be the scapegoats for what has obviously transpired. There is a chain of command, and there is responsibility in that chain of command.

I am terribly disappointed what went on in 407 with the chain of command, and so I do not want my remarks at all to reflect adversely on the fighting men and women of this country—the Pat Tillmans of our country. There are lots of Pat Tillmans. We admire and respect him so much because he gave up a multimillion-dollar contract to go fight in the war. But lots of other people gave up lots of things to go fight in these wars, and there are lots of Pat Tillmans. I admire him and his family and his brother, who went in with him, as your brother went in with you.

So, Mr. President, I hope the chain of command understands their responsibility and does not try to pass the buck off on these people who needed, obviously, supervision and control.

I think also we have to take a look at what is going on in Iraq today with the so-called security guards who are being hired, because it is obvious some wrong

took place there as a result of what they did.

I appreciate my friend from Minnesota allowing me to speak prior to him. The Senator now has 16 minutes under the order.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. DAYTON. Mr. President, I certainly support the statement of the distinguished Senator from Nevada.

AMENDMENT NO. 3112

Mr. President, we are referring to the JOBS Act, and to Senator GRAHAM's excellent amendment. I am very proud to be a cosponsor and to have this opportunity to speak on behalf of the Graham-Dayton amendment. As Senator GRAHAM pointed out to our colleagues, this bill is called the JOBS Act. In fact, in the House, they call it the American JOBS Act because, as we all know, we are missing a lot of jobs in America today. Over 8 million Americans are out of work. Many have exhausted their unemployment benefits because they cannot find work anywhere.

This amendment offered by Senator GRAHAM would make the bill live up to its name. You could call it the "Put the Jobs Into the JOBS Act" amendment. It also would put the truth into that title. Because the truth now is most of this bill has nothing to do with providing jobs—at least not American jobs. It provides additional tax cuts to already profitable corporations, whether they provide jobs or not.

According to a recent Washington Post article on the bill, it is:

One of the most complex, special-interest riddled corporate tax bills in years, lawmakers, Senate aides, and tax lobbyists say. The 930 page epic is packed with \$170 billion in tax cuts aimed at cruise ship operators, foreign dog-race gamblers, NASCAR track owners, bow-and-arrow makers, and Oldsmobile dealers, to name a few.

Continuing on to quote the article:

Even one of the tax lobbyists involved in drafting it conceded that the bill "has risen to a new level of sleaze."

I think that is quite instructive in its statement: "even one of the tax lobbyists involved in drafting it." I am not on the Senate Finance Committee. I am told that committee, as the Appropriations Committee, requires many years of seniority before someone can gain access to it, so I don't know what goes on in the drafting of legislation. But when the article says tax lobbyists were involved in drafting the bill that is before us or, as my colleague Senator GRAHAM said, drafting the additions to this bill that are not before us, that are in the so-called managers' amendments which are not disclosed to those of us voting, which are not disclosed to the American people, then there is something pretty putrid in that process.

In fact, the provisions the article mentions, questionable as they are, are not even the worst provisions in the legislation. This bill contains over \$39 billion worth of tax advantages to

American businesses and investors for their foreign operations. At a time when we say we are concerned about losing American jobs to foreign businesses,—and we should be concerned; we should be alarmed—this bill would make it more profitable and thus more appealing to expand foreign businesses instead of ones in the United States. Why in the world would we want to do that? Most of these provisions are rich man's tax avoidance games and gimmicks.

For example, U.S. businesses or individuals can claim a tax credit under U.S. taxes equal to any foreign taxes they have paid. A tax credit is a dollar-for-dollar reduction in the amount of the tax that is owed. So this arrangement means the U.S. Treasury gets paid last. If some company here owes the French Government \$100 in taxes and the U.S. Government \$150 in taxes, the company pays the French Government the \$100 it owes and it only pays the U.S. Government \$50. If foreign taxes were treated as a business expense, like any other cost of doing business, the loss to the U.S. Treasury would be far less severe. But this bill goes even further in the other direction. This would allow the company or business or the individual to be able to use those foreign tax credits for 20 years into the future in order to reduce their future U.S. taxes owed.

Most U.S. citizens can't do that. A farmer with additional revenues, profits in a good year, a salesman with high sales and, therefore, high commissions has to pay higher taxes on his or her income for that year. They can't finagle their incomes and expenses over the next 20 years to lower their tax liabilities. As I said, these are rich man's games and gimmicks.

The other foreign tax breaks are pretty much the same. They are just more ways to avoid paying U.S. taxes owed on U.S. profits or income, more special treatment for businesses in other countries, employing workers in those other countries, jobs, many of which used to be here in this country for American workers. We are going to reward those actions even more than we have already, at a cost of \$39 billion to the U.S. Treasury over the next 10 years, at a time when the Federal Government is running annual deficits of over \$500 billion.

This bill purports to be revenue neutral. In other words, the tax increases equal or offset the tax reductions. Well, yes and no. As usual around here, with all the smart Members and staffs, and I guess the tax lobbyists who write their special interest tax cuts into the bill, some curious revenue increases are cited. Some are actually good public policy—the elimination of tax shelters, offshore and domestic—some are questionable. Some of the so-called revenue gains are simply downright curious.

For example, over \$17 billion of revenue gains is cited from extending customs user fees over the next 10 years.

That is something we obviously should do and will do. There are existing fees now, and we will extend them over the life of the 10 years that this is scored for budget purposes. We haven't done it yet. But that is a continuation of the status quo; yet that is being counted as if it were new tax revenue for the purposes of this bill to offset some of these new tax breaks for foreign subsidiaries and operations.

We are adding vaccines for hepatitis A to the list of taxable vaccines, \$87 million over 10 years. I don't myself understand the reason for that.

We are limiting charitable contributions of "patents or similar property" to their cost basis to the donor. "Similar property" is open to interpretation, but it requires some kind of fairly broad interpretation because the revenue gains expected over the decade are \$4 billion. These are charitable contributions. So if an artist, for example, paints a painting, a well-known artist, the cost basis of that actual picture—the materials, the canvas and the paints and the like—the actual cost of it is quite low. The value of it might be worth tens of thousands, hundreds of thousands, even millions of dollars. The cost basis, if it is just the materials, is going to be a huge disincentive for people who are in that situation to donate their creations, patents to non-profit charitable organizations. We are going to gain \$4 billion from doing that.

Another of the revenue gains repeats the 10 percent rehabilitation credit for nonhistoric buildings. That is going to generate \$1 billion in revenues. In Minnesota, there aren't many buildings old enough to be "historic," but rehabilitation of other buildings that are dilapidated is certainly a worthwhile public purpose. Yet we are incorporating these kinds of tax increases to offset tax breaks we are providing for foreign business operations. That doesn't make any sense to me at all.

Senator GRAHAM has discussed very well—and I won't repeat his comments—the advantages of this amendment over the existing bill for creating American jobs, jobs in the United States for American workers. That is what we need. That is what the bill purports to be. That is what we ought to be doing.

This bill, as it relates to domestic manufacturers, is a general tax reduction. It requires them to do nothing in return. That is a lot better than providing tax breaks to foreign operations and subsidiaries and the investors in them, but it is not good enough. American businesses reported record profits in the fourth quarter of last year, \$76 billion in the quarter, above the previous record profits of \$70 billion in the third quarter of last year. Overall corporate profits were up 20 percent last year from the year before. Now we are coming out of a recession.

That is great news for America. That is not uniform across the board, but that shows a very healthy profit picture for most American businesses and

one that, unfortunately, has not translated into the job increases we would expect to see, given that kind of profitability and coming out of a recession and employment contraction. That is what this bill should be focused on.

That is what the Graham amendment does, which is why I am glad to be a cosponsor. It provides incentive and a reward for providing American jobs. If you do that, you get the benefit. If you don't do that, you don't get the benefit because you don't need it right now.

Between 1996 and 2000, 71 percent of the foreign companies doing business in the United States reported no U.S. tax liability at all. Sixty-one percent of U.S.-controlled corporations during that time, those 5 years from 1996 to 2000, also reported no U.S. tax liability.

In the year 2000, 82 percent of large U.S. corporations reported a U.S. tax liability of less than 5 percent of their income; 76 percent of large foreign-controlled companies reported U.S. tax liability of less than 5 percent of their income. These large corporations are not overtaxed. Some of them are not taxed at all. Now, with these foreign credits that extend forward for 20 years, not only will they not pay taxes, they will be owed rebates.

This has to be the theater of the absurd. We are giving away tax revenues for outyears—especially from 2008 to 2013, which is where this bill is backloaded—that we don't have, that we are going to be short of to do the things we have committed to do, that will add up and extend beyond that to a point in time that it will add to the crisis we are going to face in the following decade fiscally. We are doing all that for no reason whatsoever, except that someone said the tax lobbyists have had their field day and they got this riddled into the bill.

We are trying to get it out so it can be put to use for the American workers, and especially those who want to be American workers, who don't have jobs and have paid taxes on what they have earned, whatever amount that may be, and are looking for a job and will pay taxes on that. We should not be getting into more tax avoidance schemes to send jobs overseas. That is what the Graham amendment would prevent.

I yield the floor.

Mr. GRAHAM of Florida. How much time do I have remaining?

The PRESIDING OFFICER (Mr. COLEMAN). The Senator has 3 minutes 20 seconds.

Mr. GRAHAM of Florida. First, I want to clarify a statement I made at the conclusion of my remarks. The individual tax items I referred to are included in a managers' amendment. They are not part of the amendment that I have offered as a replacement essentially for the legislation. They are not dealt with.

Mr. President, we have a very serious issue. I see that we have been joined by the chairman of the Finance Committee, Senator GRASSLEY. I got to

know a lot about highways last year. I visited on two or three occasions Ottumwa, IA, which is in the southeast corner of the State. Senator GRASSLEY knows the statistics a lot better than I do. If I misstate them, he can correct me.

By the end of World War II, Ottumwa had a population of more than 30,000 people, which was a combination of a strong agricultural economy and a growing number of industrial plants, many of which provided parts for other industries, such as a company that provides parts for Deere Tractor, another Iowa firm. In 2003, the population had slipped to below 25,000, and much of that job loss was due to the fact those plants of 150 to 500 people had picked up and left. Maybe they left for Mexico or for China, but they were not in Ottumwa, IA, anymore.

When you talked to people in that town, whether it was the clerk registering you into the motel or the person who was bringing you your dinner, you heard a lot about the pain that was coming from that loss of a job base, the loss of the future, and the loss of the children of Ottumwa, as they began to question whether they had a future there.

I don't believe it is the role of the Government to stand up and hold back the tide of normal economic flows. The fact is, capitalism is a very aggressive form of economy. Companies go out of business; companies come into business; companies make decisions as to where they can be the most successful. I don't believe we should socialize our economy in an attempt to avoid that. We are not talking about affirmative socialization. We are talking about, through the Tax Code, what I would call incentivized socialization. We are trying to affect the decision that company in Ottumwa makes by saying it will be more profitable for them to take these 250 jobs and move them out of the United States.

This legislation, I am sad to say, adds to those incentives. I don't think that is what we should do in a bill that has as its title "JOBS."

The PRESIDING OFFICER. Who yields time?

Mr. GRASSLEY. Mr. President, before I respond in a specific way to the amendment before us, everything Senator GRAHAM said about Ottumwa, IA, is accurate, I believe. Obviously, when anyone in America loses a job, it is a very personal hurt to that individual, particularly if they liked their job and if they had been in that job for a long period of time, and particularly if they were older people and not looking to retrain or even spend the time and investment in retraining.

So considering those personal hurts, and not without proper regard for the economic consequences of people hurt by being laid off, it is a simple matter, not only in the United States but all over the world, that there are less jobs in manufacturing than previously. It is mostly because of the enhanced pro-

ductivity in manufacturing. When people can get machines to do work that individuals do, obviously, that enhances productivity and it is done for the sole purpose of being more accurate and cutting down on the number of jobs—also, not to denigrate productivity, because productivity being enhanced is the only way in America or anyplace else in the world you are going to increase the standard of living of Americans.

When you increase productivity, people become more productive, they earn more money, and their standard of living goes up. We want that for everybody. So enhancing productivity is very basic to the increasing of the standard of living.

Now, there are fewer jobs in manufacturing today than there have ever been. But manufacturing is still a very major component of our economy. It is still around 15, 16 percent of our economy, I believe. If you go back 40 or 50 years, it was probably 20 or 21 percent of the economy. But there was a period of time when we lost 2 million jobs in manufacturing during the 1980s, and we still had manufacturing as 20 percent of the economy. So manufacturing is very important, but it is maintaining its importance with less jobs doing the work that needs to be done to manufacture whatever we want in America.

Now, several times on this issue I have quoted former Secretary of Labor Reich from the Clinton administration. He is now a professor at Harvard, I believe. He wrote on December 26 of last year in the Wall Street Journal about the problems of manufacturing and declining employment in manufacturing. Secretary Reich pointed out that, yes, America has 10-percent fewer jobs in manufacturing now than they did in the previous benchmark. But he also pointed out during that same period of time, whereas the United States lost 10 percent of their manufacturing jobs, China had lost 15 percent of their jobs in manufacturing. So you see, even though we are legitimately concerned about outsourcing of manufacturing going to China, we are also seeing China finding ways to be more efficient in their manufacturing.

It is quite obvious, if you look at this historically, that this is progress: enhancing productivity to raise wages to raise the standard of living.

This is not the era of Luddites, when people are going to go into factories and smash machinery because they think it is taking jobs away from people. If the Luddite philosophy were legitimate, we would still be making the common pin by hand.

We are producing by machine so we can enhance productivity to enhance wages to enhance the standard of living. The American people would not be satisfied today with 96 percent of the American population being on farms, as it was in 1790 when this country was a brand new country. Today about 2 percent of the people in the United States are producing the food for the

other 98 percent, and each farmer produces for 145 people. The United States exports about 40 percent of its food and farm products, because we cannot consume it domestically.

Whether it is in manufacturing or whether it is in farming, if 5 percent of the market is the American people, then we are not going to have a very high standard of living. The other 95 percent of the market are the people outside the United States of America. If we still had 96 percent of the people in America involved in farming, we would have a subsistence level of livelihood.

We have to accept the fact that every month in America, 7 million jobs go out of existence and 7 million new jobs come into existence. In that process, people are more productive, make higher wages, and have a higher standard of living, and not just for some of our people but for all of our people.

The only people in America who might not have a higher standard of living are those we have kept down, and this Congress is responsible for keeping welfare recipients down, keeping them out of mind, out of sight to the edge of society. But we established a principle of welfare reform in 1996 to move people from the edge of society in welfare to the world of work, to the mainstream of American society, because it is in the world of work where they have opportunities for enhanced productivity, for enhanced wages that will raise their standard of living. Except for welfare recipients, people in the world of work are producing more now than before to enhance their standard of living.

It seems to me that when we have 7 million jobs going out of existence 1 month and 7 million new jobs coming into existence in the same month, it says better than anything I can say about how rapidly our economy is changing, much more rapidly today than ever in the history of our country. It might even change more rapidly in the future.

For people who abhor the fact that we are losing manufacturing jobs, then you have to ask, what do we do to maintain those manufacturing jobs? The basic bill we are dealing with, the jobs and manufacturing bill, tries to do it two ways: one, to staunch the bleeding in jobs leaving manufacturing. It is enhanced now because we have a European tax on our exports to Europe so that our manufacturers cannot be competitive in Europe and, hence, people are being laid off.

That European tax on our exports is legal and started in March. We started debating this bill in March. We could have had this bill passed in March. We could have had the European tax behind us because once we pass this legislation, there is no legal basis for their putting the tax on our exports to their country.

In the same vein, the jobs a manufacturing bill will reduce the level of taxation on corporations from 35 percent

down to 32 percent. One of the reasons we lose jobs in manufacturing to the global competition is that our cost to capital is very high in relationship to our global competition. So in reducing the corporate tax by 3 percent and doing it in a revenue-neutral way so it does not worsen the deficit, we have an opportunity to create jobs in manufacturing, make what jobs we have more secure, and continue to enhance the productivity of workers in America.

I hope we remember that we do have a rapidly changing society. Our people welcome an enhanced standard of living that comes from increased wages, which comes from increased productivity. And they want that to continue. That is why I am concerned about the amendment of the Senator from Florida that is before us. That is why I am going to ask my colleagues to consider my views on this amendment and, hopefully, disagree with Senator GRAHAM and defeat the amendment and move on and get this bill passed. That 5-percent tax put on in March, increased to 6 percent in April, and it is 7 percent now in May. It is going to be 12 percent by election time. Are we going to continue to have an environment where people can be laid off?

Senator GRAHAM may have an idea that is legitimate to discuss, but right now in the environment we are in, in which there is an increasing burden put on our exports to Europe, it seems to me we ought to forgo this discussion, which ought to come at another time when Senator GRAHAM's amendment could fit in. We need to get this legislation passed. This legislation is a bipartisan bill. Not often do we get this bipartisan cooperation in the Senate. We ought to take it and run with it.

His amendment proposes to enact a new wage tax credit and pay for it by striking the manufacturing rate cut—that cut from 35 percent down to 32 percent about which I just spoke—and he would also strike all of the international provisions that are in this bill, international provisions to which we try to bring a more rational approach to the taxation of American business in international trade.

Evidently, the Senator from Florida believes a payroll tax credit that reduces employer contributions to the Social Security trust fund will create more jobs than a manufacturing rate cut. Payroll tax credits have long been controversial. I always thought market demand and the ability to compete in that market is what created jobs. If an employer sees an opportunity and goes after that opportunity, then they will add employees to meet demand, but I do not see how a tax credit creates market opportunity.

I thought that tax relief, tax reductions, and the lower burden imposed by having the Government as a silent business partner is what enhances a company's competitiveness, which then in turn would lead to more opportunity.

This JOBS bill before us now contains a 3-point reduction in corporate

tax for manufacturing, not across the board. The chart behind me shows the corporate tax rates on manufacturing income for the European Union and for the United States. I thought this chart would be interesting for comparison since the United States and the European Union are both highly developed wage and skilled countries.

This chart shows that on average the European Union tax rate on manufacturing is 21 percent, while that in the United States is 24 percent. That is averages. So do not get that confused with the 35 down to the 32 I am talking about.

It is necessary to pass this 3-point reduction in corporate tax rates which is in this JOBS bill to keep the United States even with these European countries. So being a believer that competitiveness breeds job growth, I fail to see how a wage credit in lieu of a tax cut can produce more jobs if U.S. manufacturers remain burdened with a significantly higher rate of tax than their main competitors.

After arriving on the Senate floor, I received a copy of a "dear colleague" letter from Senator GRAHAM of Florida and Senator DAYTON of Minnesota. That letter says production outsourced to a foreign country qualifies for manufacturing deduction.

That is not right. Our bill does not do that. The 3-point rate cut only applies to income from U.S.-based manufacturing. It does not apply to foreign manufacturing of any type. So the fundamental premise of the Graham amendment is in error.

Senator GRAHAM also implies contract manufacturing qualifies for the manufacturing deduction. This is not correct. We specifically rejected allowing a company to take a deduction for manufacturing that someone else does for them, regardless of whether the contract manufacturer is located in the United States or offshore.

If we allowed contract manufacturing to qualify, it would be a double dip. We were lobbied on this and we rejected that. So, again, a fundamental assumption of the amendment is in error.

The Senator from Florida also criticizes the wage limitation. This limit is there to ensure manufacturing jobs are created. If they do not grow jobs, then their manufacturing deduction is diminished. If their assembly lines are filled with robots instead of people, then the deduction is limited. So if one wants more hiring, this is the way to get it done. That is what the wage limit accomplishes.

All of the fundamentals underlying his amendment are in error. I think they are a mischaracterization of the underlying bill.

There is, however, an even more disturbing aspect of the amendment before us. Senators have heard me come to the floor many times to talk about the bipartisan development of the JOBS bill. Its construction began when Senator BAUCUS was chairman of the Senate Finance Committee. Senator

BAUCUS held hearings in July 2002 to address the FSC/ETI controversy within the World Trade Organization.

During this hearing, Senator GRAHAM of Florida, now on the Senate floor with us, and Senator HATCH as well, expressed concern about how our international tax laws were impairing the competitiveness of U.S. companies. After some discussion on forming a blue ribbon commission to study this problem, we all decided decisive action was more important than setting up a commission.

During that hearing, Chairman BAUCUS formed an international tax working group that was joined by Senator GRAHAM, Senator HATCH, and this Senator. This bipartisan Finance Committee working group formed the basis for the bill that is now before us.

There is not one provision in this JOBS bill that was not agreed to by both Republicans and Democrats, not one. But today a member of that bipartisan working group offers an amendment that would destroy this bipartisan consensus on the provisions of the JOBS bill.

Why? The JOBS bill includes the international tax simplification measures that were recommended in the Joint Committee on Taxation April 2001 report on tax simplification. There was no constituency for these simplifications. No governmental affairs representative came to our office to advocate for them.

No, the person who asked for them was the Senator from Florida. Senator GRAHAM emphasized the desire to include these simplification measures in the bill, and we did that. The Senator from Florida preferred simplification over restructuring and wanted the emphasis of our bill to be on foreign tax credit reforms. We honored his views because that is what our bill does in the bipartisan spirit of this legislation.

That Senator expressed concern about the 90-percent foreign tax credit limit on AMT, the alternative minimum tax, and he wanted the 10-50 basket problems solved. We did both of these things in this bill.

The Senator from Florida even sought reductions on a number of foreign tax credit baskets, but the working group decided that was too significant of an international change to be accepted by the full Senate. I hope when we vote on this amendment the Senator will back up our decision on that because this bill was reported out of committee on a bipartisan 19-to-2 vote. The Senator from Florida voted for this bill in the Finance Committee.

Today, these priorities are no longer important. To me, this is very confusing and it is quite a difficult development for me to understand.

As I have said before, we acted in the best of faith to produce a bill that protects American manufacturing jobs and ensures our companies remain the global competitors we want them to be. We did this in a fully bipartisan manner. That is what the American people

expect us to do on such an important issue as manufacturing jobs and our national economic health.

As a practical matter, the only way to get a bill through this Senate is to do it in a bipartisan way. But these efforts are apparently not enough or we would not have this amendment before us.

I hope we can defeat this amendment and move on because Senator BAUCUS and I have a real sense of optimism that this week there is very definitely an optimistic point of view, particularly from the other side, that this legislation needs to be passed and that considering the fact we spent considerable time on it in March, and some time on it in April, and we have had these European taxes going on our exports, growing 1 percent a month. It is a bad situation.

We hope the optimism we sensed yesterday will be repeated today, and one way to help us along is to help us defeat this amendment.

I yield the floor.

The PRESIDING OFFICER (Mr. SUNUNU). Who yields time? Does the Senator from Iowa yield time to the Senator from Montana?

Mr. GRASSLEY. I yield to the Senator from Montana whatever time he might consume. I have not asked other people on my side if they want time.

Mr. BAUCUS. I will not consume it all.

Mr. GRASSLEY. I yield whatever time the Senator may consume.

Mr. BAUCUS. I appreciate that.

Mr. President, I have a couple of points. I very much appreciate the efforts of the Senator from Florida in the amendment he has offered. He clearly is trying to address a problem that is very acute in this country, which is job loss. He is also attempting to address it in a way a good number of Senators and a good number of people think is a way to do it, and that is by making the cost of employment to an employer less expensive.

In our country, it is regrettable, but we have come to the point where very often payroll taxes are the greatest expense an employee has. They pay more in payroll taxes, because the employer's half is imputed to the employee, than income taxes.

We have to work hard to try to find ways so the cost of employment to employers is a little less expensive than at present. The Senator from Florida is trying to address that.

I might say, though, his amendment strikes over 60 percent of the bill. This is a large bill. We don't have many tax bills that come around.

I remember years ago we used to have a tax bill at the end of the year. Senator Long was then chairman of the Finance Committee. He would wait until the end of the year. There would be a lot of provisions and there would be a good tax bill. I don't think that is going to happen this year. This is becoming the major bill, and the reason for that is very clear.

There was no World Trade Organization back 20 years ago. Times have changed so much. But the World Trade Organization has ruled that our tax regime, which gives our American companies that export a bit of a break, is illegal. Other countries have their tax regimes which give their companies breaks for their exports, and they are legal. But we set up ours in a way that, regrettably, does not pass muster with the WTO.

There are a lot of reasons that is the case. Frankly, I think we Americans were a little naive. A number of years ago we agreed to a tax regime where companies in other countries could rebate their value-added tax for exports; whereas because we have a different tax system, because we did not have a value-added tax system and we tried to set up a different way to help our companies export, it turned out our way became illegal under the general rules of WTO. That happened a long time ago. We cannot recreate history. But basically that is why we are here today. Our tax regime which gives our companies a bit of a tax break has been declared illegal under WTO.

We have an obligation now. We can't wait until the end of the year. We have an obligation now to replace that illegal regime with something that is legal. We have an obligation now because, as has been stated, the European Union, pursuant to rules under the WTO, has begun to tax American exports to Europe. With each passing month that tax becomes greater and greater. It gets up to 17 percent and that gets pretty severe after a while. So that is why we are here.

The Finance Committee spent a lot of time trying to figure out what the basic replacement legislation should be—what is the best way to do this; what is the best way to help American companies produce jobs, make products, and also produce jobs in a way that is legal under the WTO regime.

We worked hard at it, as I said. We talked to lots of different people around the country. We had several meetings in the Finance Committee about this issue. We had a big, long, open markup. We came up with a way which we think, by and large, helps American companies quite well. What is it? It is very simple. It is a 9-percent deduction for production by U.S. companies—in the United States, that is. If they produce the product in the United States, they get a 9-percent cost of production benefit for that production. It not only applies to big corporations, standard C corporations, it applies to smaller corporations generally known as S corporations, partnerships, sole proprietorships, as well as to any organization that produces some product in the United States.

That is far better than the old regime we are going to displace because the old regime, which gave benefits for exports, was not available to a lot of farmers and ranchers and small businesspeople.



So it is a good idea. Effectively, it lowers the top corporate rate—if you are paying 35 percent—by 3 percentage points, down to about 32 percent as your income taxes, corporate income taxes. But if you are a partnership or if you are some other organization, your taxes are also lowered because of the 9-percent deduction for domestic manufacturing. So it does help provide jobs.

What else does it do? It gives the employer who gets the benefit of this a choice. What is the best way for that company to meet competition? What is the best way for that company to do well? Whether it is a big company or small company, what is the best way? Generally, most believe the management of that company should have the choice of what works best for them. That is why we said you don't have to use the money this way or have to use the money that way. But in order to comply with the World Trade Organization rules, the only restriction, basically, is it has to be produced in the United States, whether the product is sold in the United States or whether it is sold overseas. That was the one restriction we had to apply to stay within the WTO rules.

We also took the opportunity to address a growing concern that many American companies face, particularly the larger American companies, and that is international competition. Other countries do a pretty good job of taking care of their companies in the sense that they want to make sure their companies are competitive in the world. They do a pretty good job. So we have to ask ourselves: Americans, OK, what do we do so as not to handicap our American companies in international operations and also in a way that is fair to small business, is fair to the budget, is fair to lots of other interests in our country; that is, other considerations in addition to making sure our companies are as competitive as possible in the international arena.

I don't need to tell you how globalized our economy has become. It is incredible how, each passing year, we are so much more interconnected than we were in previous years.

Let me give one small example, the entrance of a good number of eastern countries into the European Union. Half of the world's population now is in a buying consumer market. That is a major change. That is a profound change. Companies worldwide, certainly American companies, are going to have to compete in that market, as well as the American market.

In addition, Mr. President, as you well know, various other countries—whether it is the European Union or even China—are entering into trade agreements with other countries which give a benefit to their companies and, by definition, to the detriment of American companies. It is an extremely competitive world and becoming even more so. It is more so because of the additional markets, as I mentioned, more so because of increased

advances in technology, particularly communications technology. With so much information now digitized, so much information now able to be sent over a broadband communications system, that is bringing us so much closer together.

We in the committee believed that in addition to helping domestic manufacturers, as described, we should also simplify a lot of the international provisions, especially those where American companies are double taxed. The theory of our system, our worldwide system as opposed to—well, it is the same theory as other countries' territorial systems. But the theory of our system is basically avoid double taxation of American companies. If an American company does business overseas, clearly that other country—take Germany, for example—wants to tax the American company's production in Germany. But then that is an American company, so the American taxpayers have a right to think that company should pay income taxes to Uncle Sam, too. But we also want to avoid double taxation.

Basically, the idea in America is to give companies a tax credit on American taxes for the amount of the taxes they paid in the other country. That is basically what we do. It is a complicated system, but it is one that by and large works pretty well.

Then there are some other provisions in this bill. There are energy tax provisions; also, a minority tax credit. What is my main point? My main point is we have spent a lot of time in committee on this bill. It passed the committee 19 to 2. Frankly, the two dissenters were on the other side of the aisle. They had a different approach they thought made much more sense to them.

I suggest upfront, even though the amendment has some frailties, this was never debated in the committee. It was never brought up in committee. It was for very good reason, as the Senator from Florida was engaged in another endeavor. He probably still is engaged to some degree. I very much appreciate that. He was not available and it was not his fault this amendment was not brought up. He was unable to be present. It was not brought up in the Finance Committee. It was undebated in the Finance Committee.

His amendment is a huge change to the bill. It dramatically changes the bill. It changes the velocity of the bill. We have already addressed the issue generally but not all of the content of this amendment, which is drastically changing the bill. That is not an exaggeration. It is drastic.

For that reason, respectfully I say to my good friend from Florida, this is not the time for the Senate to proceed with this amendment. There is a time and place, in the committee, that we should address his approach. That is, helping reduce the company payroll tax or helping employers so they do not pay quite so much in wages. We want to help people get wages but we

do not want to burden the employers. Now is not the time, nor the forum. He should bring that up at a later time.

The PRESIDING OFFICER. The Senator from Iowa controls time. Only the Senator from Iowa controls time.

Mr. GRASSLEY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAUCUS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAUCUS. Mr. President, I ask consent all pending amendments be set aside so the Senator from Colorado can be recognized for the purpose of offering an amendment, and I also ask consent that the amendment of the Senator from South Carolina, Mr. HOLLINGS, also be the next amendment to be in order.

Mr. REID. Mr. President, it is my understanding Senator HOLLINGS would propose that amendment immediately following the votes on the two pending amendments; is that right?

Mr. BAUCUS. I have no problem with that. That is my understanding.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Colorado.

AMENDMENT NO. 3118

(Purpose: To provide for a brownfields demonstration program for qualified green building and sustainable design projects, and for other purposes)

Mr. ALLARD. I ask consent to send an amendment to the desk, which will take the slot reserved for the Miller-Schumer-Bond amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ALLARD. I ask consent that the pending amendment be temporarily laid aside, that I offer an amendment; following the reporting of my amendment, it be laid aside, and the Senate resume debate under the previous order.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ALLARD. I ask that the clerk report amendment No. 3118.

The legislative clerk read as follows:

The Senator from Colorado [Mr. ALLARD], for himself, Mr. SCHUMER, Mr. MILLER, Mrs. CLINTON, and Mr. CHAMBLISS, proposes an amendment numbered 3118.

Mr. ALLARD. I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The amendment is printed in today's RECORD under "Text of Amendment.")

Mr. ALLARD. I yield the floor.

AMENDMENT NO. 3112

The PRESIDING OFFICER. Who yields time on the preceding amendment?

Mr. BAUCUS. Will the Senator yield me an additional 5 minutes?

Mr. GRASSLEY. I yield the Senator from Montana whatever time he might consume.

Mr. BAUCUS. Mr. President, I have a couple more points about the Graham amendment.

It is advisable the Senate not adopt the amendment. His amendment would do two things. Basically, it strikes the deduction for domestic manufacturing and also strikes most of the international tax reform provisions. These are very important changes that will help Americans compete internationally.

As I mentioned, the international provisions in the bill that would be stricken by the Senator's amendment are designed to reduce double taxation of American companies. We want to do as much as we can to reduce double taxation of American companies.

Let me give an example. Under current law, an American corporation would have to pay more to borrow money to build a factory than foreign corporations would have to pay, even if the factory is in the United States. This is because of the way we treat interest expenses and so-called interest allocation. Essentially, we are changing the interest allocation provision so that a U.S. company with assets overseas is not penalized, so long as the borrowing is proportionate to the assets in each of the countries, which is now not the case. That is, right now, American companies are penalized even if all their borrowing in the United States is proportionate to worldwide borrowing. That is just not fair. It is something other country's companies do not have to put up with. That is one example of how our Tax Code currently puts American companies at a disadvantage compared to other countries.

The JOBS bill fixes a lot of these problems so Americans can compete on a level playing field, and it brings the Tax Code in compliance for the intent to avoid double taxation.

I say to my good friend from Florida and to my colleagues in the Senate, this is not the time, in my judgment, for that amendment. It has not been explored, debated, or brought up in committee. It is a huge change to a very thought through bill. It should not be approved at this time.

I take a couple of minutes while we have the time to talk about some of the international provisions generally in the JOBS bill. Let me state again why I think these provisions are good policy and they help American companies.

I will mention again the interest allocation provision. It is perhaps the most significant provision in the international tax title, both in terms of cost and the number of companies it would help. The interest allocation provision is one of the many in the JOBS bill that deals with foreign tax credits. Our foreign tax credit system is designed to prevent taxpayers from paying tax twice on the same income. When an American company earns money in France, the French tax that income and the United States also taxes that

income. That is two levels of tax on the same income. The total tax could be, say, 75 percent or more. Without adjustments such as the foreign tax credit which is in current U.S. law, these two levels of taxation would make U.S. companies completely uncompetitive abroad. There is no question about that.

Foreign tax credits, however, get the company back to a single level tax and make competition possible. Our foreign tax credit rules are not perfect and double taxation still sometimes occurs.

A prime example is the interest allocation provisions in the foreign tax credit rules.

Let me give you an example. Take an American company that pays \$100 in foreign taxes and \$100 in U.S. taxes on that same income. That American company would generally claim a \$100 foreign tax credit to get back down to a single layer of tax. But if that American company happened to take out a loan in the United States to finance a project here in the United States, it might be limited to an \$80 or \$90 foreign tax credit—not because it paid any less in foreign taxes, but because we treat it as if it were able to deduct some of the interest on that U.S. loan to reduce its taxable foreign income, even though it could not do so. That is not right.

The rules are complicated, but the effect is plain. If an American company wants to borrow money and build a plant in the United States, it faces an uphill battle. It will pay higher interest expenses than a comparable foreign company. Our interest allocation rules in current law are making it easier for its foreign competitors to build that plant. But our bill fixes that, and it fixes other problems with our foreign tax credit rules.

For example, companies that pay the alternative minimum tax—the so-called AMT—currently face limits on the use of the AMT with respect to foreign tax credits. Unlike non-alternative minimum tax taxpayers, they are subjected to an artificial, completely arbitrary cap on the use of their foreign tax credits. It is 90. Arbitrarily limiting their foreign tax credits just makes these AMT taxpayers pay double. The current AMT provisions essentially, in many cases, result in double taxation. The JOBS bill fixes that, too.

The JOBS bill also makes it less likely that a company's foreign tax credits will expire unused. It is another problem: The foreign tax credits expire unused, and then the U.S. company could often be placed, in effect, in a position where it is subjected to double taxation.

Currently, unused foreign tax credits can be carried over for 5 years. The original purpose of this carry-forward rule was to prevent taxpayers from suffering double taxation because of timing differences between U.S. and foreign tax laws. That purpose is not being served by our current law. Any

new tax laws in foreign countries have made the problem worse for American companies. The JOBS bill extends the carryforward to limit the double taxation that occurs upon the expiration of foreign tax credits; that is, we are making it less likely that a U.S. company will be subjected to double taxation.

Each of these provisions simply corrects features of our international tax laws that frustrate the original purpose of those laws. Again, the original purpose was to avoid double taxation. The JOBS bill puts us back on track with the original intent of our international tax system.

So, as we all know, the international provisions are a lot more complicated than I have even begun to allude to, but, very briefly, those are some of the provisions in the bill. They are corrections in the bill. They reduce double taxation, or eliminate it in many instances. It helps American companies compete with foreign companies. That means it is much more likely they will be able to keep jobs in the United States if they are able to compete more effectively.

Mr. President, for that reason, I urge we do not adopt this amendment.

I suggest the absence of a quorum, on behalf of the Senator from Iowa.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 3117

Mr. GRASSLEY. Mr. President, I yield 3 minutes of my time to the Senator from Nevada and 2 minutes to the Senator from California, Mrs. BOXER.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. ENSIGN. Mr. President, in a few minutes we are going to be voting on the Breaux-Feinstein amendment. In the underlying bill is an amendment that Senator BOXER and I worked on last year. It was voted on in the Senate and had 75 affirmative votes, 25 negative votes. Seventy-five Senators said, last year, it is a good idea for money that is sitting outside the country in bank accounts—in businesses' bank accounts outside the United States—to come back to the United States to create jobs and help the American economy.

Right now, if companies bring that money back, they will have to pay the difference between whatever that country charged and our 35-percent corporate tax rate. At the top rate, it is 35 percent they are paying. Therefore, those companies are leaving that money overseas.

Well, with our piece of legislation, it is estimated that somewhere between \$400 billion and \$600 billion will come back to the United States in the next

12 months. That is a huge amount of money and will be a huge boost to the American economy. Our economy is really starting to click on along, and we are really excited about that, but we can do more, and that is what we want to do. We can put more people to work with our bill.

Independent estimates by Allen Sinai, a well-respected economist, well respected by Democrats and Republicans, said this bill will create 660,000 jobs in the United States. Frankly, the amendment by Senator BREAUX and Senator FEINSTEIN will gut this amendment. It is a poison pill. So we are encouraging all of our Senators to vote against it.

There are some important uses of funds for job creation that Senator BREAUX's amendment would stop the money from being used for.

Those legitimate uses of funds include improving health insurance for employees and preventing investing in new small businesses. They could buy a new jet under the Breaux amendment, but they couldn't pay for employees' travel expenses. This amendment makes no sense, and that is why we should vote it down.

The Senator from Louisiana is against the underlying bill. He is against the approach we took last year. He voted against it. This is his effort to try to gut underlying legislation. That is why we are encouraging all Senators, the 75 who voted for our legislation last year, to vote against this amendment to make sure that \$400 to \$600 billion does come back to the United States and helps American workers get jobs.

Every night we hear on television about outsourcing. This underlying bill is about insourcing. We are bringing jobs back to the United States, and we should do that.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER. Mr. President, I thank my colleague from Nevada. He worked so hard and long on this underlying part of the JOBS bill, called the Invest in USA Act, because it is going to create, as my colleague said, according to independent analysts, 660,000 new jobs. Why would we want to ruin a provision people from all parts of the economic spectrum have told us is going to work? We want to try this for 1 year. We want to bring back monies that are parked overseas and tax them at 5.25 percent, because right now we are not getting any revenues. It is going to mean \$4 billion into the Treasury right away, something we desperately need. It is going to mean, as my colleague says, insourcing, creating jobs here.

Last year the Senate voted 75 to 25 for the Ensign-Boxer bill. At that time Senator BREAUX was very honest about it. He didn't like it then. He doesn't like it now. But instead of objecting to it flat out, he is offering an amendment that in essence kills the whole idea.

I urge my colleagues, if you care about job creation—and I know you all

do—please support us and defeat the Breaux amendment. In my State alone we are looking at 75,000 jobs.

Senator BREAUX is a very effective debater. He says: You are creating another Enron scandal. What is going to happen to this money? They are going to say they are using it for jobs, but there is no penalty in place.

The same penalty is in place as in the IRS Code. The CEO is going to sign the plan. And if they don't do the plan, they are in for trouble. That is clear. This is not some plan that is going to be hatched in some accountant's office. It is right out there above the CEO's signature.

I hope we defeat this and move on. It is a good underlying bill. Let's keep it as it is.

The PRESIDING OFFICER. Who yields time?

The Senator from Louisiana.

Mr. BREAUX. I understand there is 1 minute for the proponents of the Breaux-Feinstein amendment.

The PRESIDING OFFICER. There is 1½ minutes of debate time on the Graham amendment. Under the previous order, at the conclusion of debate on the Graham amendment, a vote will occur on the Breaux amendment, preceded by 2 minutes of debate equally divided.

Mr. BREAUX. Regular order, Mr. President.

The PRESIDING OFFICER. Is there objection to yielding back the remaining balance of 1 minute on the Graham amendment?

Without objection, time is yielded back.

Under the previous order, a vote will now occur on the Breaux amendment, preceded by 2 minutes of debate equally divided. The Senator from Louisiana.

Mr. BREAUX. Mr. President, it is interesting that the authors, the Senators who oppose the amendment, say the bill is going to create 660,000 jobs. If it is going to create 660,000 jobs, there is no problem. The people would be able to bring the money back and pay 5 percent. The Breaux-Feinstein amendment simply says if companies are going to get a huge, enormous tax break by bringing money out of tax shelters in foreign countries and saying they want to use it for job creation, fine. Let's make sure that is what it is used for. Let's have a standard by which if more jobs are created, they get 5 percent. But if they don't create more jobs, if they don't spend it for that purpose, they are not going to get the 5-percent tax break. That is all it says.

It says, if you spend the money to create more jobs, you can bring it back at a 5-percent tax rate, and we will allow that to happen. But if you use it for something else, you will not get a 5-percent tax rate. You will pay the regular corporate rate like any other American corporation. Without my amendment, this costs \$3.7 billion to the American taxpayer.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. SMITH. Mr. President, this is a simple choice for our colleagues. It is either vote for jobs or vote to limit the number of jobs we have the potential to create. By independent studies, this inclusion, repatriation in the JOBS bill, will create 660,000 jobs. It will reduce the deficit by \$75 billion over 5 years, and it will bring to each of our local economies new energy. The choice is to leave it offshore, doing little good for the American people, or to bring it here, to give companies for 1 year the chance that a walk-back with their capital will reemploy the American people and allow them to compete with other multinational companies from other nations, which nations allow them that kind of privilege. We are saying, let them do it for 1 year and we will create 660,000 jobs.

The PRESIDING OFFICER. Under the previous order, the question is on agreeing to amendment No. 3117.

Mr. BREAUX. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second. The clerk will call the roll.

The bill clerk called the roll.

Mr. REID. I announce that the Senator from Massachusetts (Mr. KERRY) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 31, nays 68, as follows:

[Rollcall Vote No. 81 Leg.]

#### YEAS—31

Akaka	Durbin	Leahy
Bingaman	Edwards	Levin
Breaux	Feingold	Lieberman
Byrd	Feinstein	Mikulski
Carper	Graham (FL)	Nelson (FL)
Clinton	Harkin	Nickles
Conrad	Inouye	Reed
Daschle	Johnson	Rockefeller
Dayton	Kennedy	Sarbanes
Dodd	Kohl	
Dorgan	Landrieu	

#### NAYS—68

Alexander	DeWine	Miller
Allard	Dole	Murkowski
Allen	Domenici	Murray
Baucus	Ensign	Nelson (NE)
Bayh	Enzi	Pryor
Bennett	Fitzgerald	Reid
Biden	Frist	Roberts
Bond	Graham (SC)	Santorum
Boxer	Grassley	Schumer
Brownback	Gregg	Sessions
Bunning	Hagel	Shelby
Burns	Hatch	Smith
Campbell	Hollings	Snowe
Cantwell	Hutchinson	Specter
Chafee	Inhofe	Stabenow
Chambliss	Jeffords	Stevens
Cochran	Kyl	Sununu
Coleman	Lautenberg	Talent
Collins	Lincoln	Thomas
Cornyn	Lott	Voinovich
Corzine	Lugar	Warner
Craig	McCain	Wyden
Crapo	McConnell	

NOT VOTING—1

Kerry

The amendment (No. 3117) was rejected.

Mrs. BOXER. Mr. President, I move to reconsider the vote.

Mr. BAUCUS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

## AMENDMENT NO. 3112

The PRESIDING OFFICER. Under the previous order, there will now be a vote on the Graham amendment preceded by 2 minutes equally divided.

Mr. GRAHAM of Florida. I ask for a recorded vote.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM of Florida. Mr. President, there are two basic issues addressed in this amendment.

First, there are substantial changes in the international tax provisions in this legislation. They are going to cost American taxpayers \$37 billion, and the reason is because we are adding to the already significant incentive for American firms to take their jobs overseas.

Second, we are going to spend \$65 billion to give a blank check to American manufacturing firms in the form of a tax deduction. The amendment would substitute and add \$35 billion so we would have \$100 billion to be given in the form of a credit against the payroll tax to reduce the form of tax, which is the greatest disincentive to the creation and maintenance of jobs in the United States.

This is an amendment which truly justifies the title of this bill, JOBS, and would add the phrase "in America."

The PRESIDING OFFICER. The Senator's time has expired.

Who yields time in opposition? Is there objection to time being yielded back?

Without objection, it is so ordered. All time is yielded back. The yeas and nays have been ordered.

The question is on agreeing to amendment No. 3112.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. REID. I announce that the Senator from Massachusetts (Mr. KERRY) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 22, nays 77, as follows:

## [Rollcall Vote No. 82 Leg.]

## YEAS—22

Akaka	Graham (FL)	Mikulski
Byrd	Harkin	Nelson (FL)
Clinton	Hollings	Reed
Dayton	Inouye	Reid
Dodd	Kennedy	Rockefeller
Durbin	Landrieu	Sarbanes
Edwards	Lautenberg	
Feingold	Levin	

## NAYS—77

Alexander	Baucus	Biden
Allard	Bayh	Bingaman
Allen	Bennett	Bond

Boxer	Ensign	Miller
Breaux	Enzi	Murkowski
Brownback	Feinstein	Murray
Bunning	Fitzgerald	Nelson (NE)
Burns	Frist	Nickles
Campbell	Graham (SC)	Pryor
Cantwell	Grassley	Roberts
Carper	Gregg	Santorum
Chafee	Hagel	Schumer
Chambliss	Hatch	Sessions
Cochran	Hutchison	Shelby
Coleman	Inhofe	Smith
Collins	Jeffords	Snowe
Conrad	Johnson	Specter
Cornyn	Kohl	Stabenow
Corzine	Kyl	Stevens
Craig	Leahy	Sununu
Crapo	Lieberman	Talent
Daschle	Lincoln	Thomas
DeWine	Lott	Voinovich
Dole	Lugar	Warner
Domenici	McCain	Wyden
Dorgan	McConnell	

## NOT VOTING—1

Kerry

The amendment (No. 3112) was rejected.

Mr. REID. I move to reconsider the vote.

Mr. DORGAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. MCCONNELL. Mr. President, I ask unanimous consent that there now be an hour equally divided between the two managers or their designees; provided further that following the use or yielding back of time, the Senate proceed to vote in relation to the Dorgan amendment No. 3110, to be followed by a vote in relation to the Allard amendment No. 3118, with no amendments in order to either amendment prior to the votes.

The PRESIDING OFFICER. Is there objection?

Mr. REID. Mr. President, reserving the right to object, and I will not object, I have spoken to the managers—well, not actually the managers of the bill—but I have spoken to the majority side. Prior to this kicking in, this unanimous consent agreement, I ask unanimous consent that the Senator from Vermont be recognized for 5 minutes as in morning business, and, of course, the same time accorded to the majority.

The PRESIDING OFFICER. Is there objection to that modification?

Without objection, the modified request is agreed to.

The Senator from Nevada.

Mr. REID. Mr. President, on the time we have, 20 minutes of that would go to Senator DORGAN.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from North Dakota is recognized.

Mr. DORGAN. Mr. President, parliamentary inquiry: How much time was required on the last recorded vote?

The PRESIDING OFFICER. Approximately 30 minutes.

Under the previous order, the Senator from Vermont is recognized for 5 minutes.

Mr. LEAHY. Mr. President, I thank my friends, the Senator from Kentucky

and the Senator from Nevada, for their courtesy.

## ABUSE OF PRISONERS IN U.S. MILITARY CUSTODY

Mr. President, as an American, as a former prosecutor, as a U.S. Senator who has spoken out in defense of human rights wherever they are violated, and as the ranking member of the Foreign Operations Subcommittee that has appropriated hundreds of millions of dollars to promote respect for the rule of law in countries around the world, I was outraged and disgusted by the reports of abuse of Iraqi prisoners by United State military personnel and the civilian contractors working with them.

Not only has this caused serious harm, both physical and psychological, to the individuals who were subjected to this mistreatment, it has tarnished the reputation of all Americans and our Nation as a whole.

I have listened as top officials at the Department of Defense, the National Security Advisor, the Secretary of State, and other administration officials, have said they were "shocked" and "stunned" by these reports. And I have heard them, in a coordinated attempt at damage control, say that these were isolated incidents involving only a handful of individuals whose conduct, while reprehensible, should not be seen as indicative of a larger failure.

I have no doubt that the vast majority of American men and women who are risking their lives in Iraq, Afghanistan, and elsewhere are as disgusted by these abhorrent acts as the rest of us. But I could not disagree more with those who would characterize these incidents as aberrations.

While President Bush, Secretary Rumsfeld, General Myers, Secretary Powell and Condoleezza Rice, may have been shocked by the photographs that have been on the front page of every newspaper in the world, they should not have been surprised by the revelations themselves. These types of abuses have been going on at U.S. military detention facilities for a long time, and the administration has known about the incidents in Iraq for 5 months. This fact signals a failure of leadership at several levels.

The mistreatment of prisoners by the U.S. military in Iraq was not limited to the crimes that have come to light at the Abu Ghraib prison. Rather, there was, in the words of the U.S. Army's own inquiry, a "systemic and illegal abuse of detainees."

It is revealing, and particularly disturbing, that the U.S. personnel involved conducted themselves so openly, even posing with the victims of their sadistic acts.

They obviously felt they had no reason to believe that their superiors would be upset with their conduct.

The brazenness of these acts, the reported role of U.S. intelligence officers in encouraging such treatment to "soften up" detainees for interrogations, combined with earlier reports of

similar abuses in Iraq and Afghanistan, suggests a much larger failure.

And let us be clear. We are not talking only about the individuals who engaged in these abusive acts.

We are talking about a failure of leadership by an administration that, well before this latest scandal, had already severely damaged this Nation's reputation and effectiveness in a war against terrorism that is increasingly perceived by Muslims around the world as a war against Islam itself.

The growing anger and hostility toward our troops has been exploited by Saddam loyalists and extremists who want to take the country backward. They have committed despicable acts of violence against Americans, including the desecration of corpses.

The acts described in the investigative report by MG Antonio Taguba, including beatings, repeated sexual abuse and humiliation, and threats and simulation of rape and of torture by electric shock, violate the Geneva Conventions.

They clearly contradict President Bush's pledge on June 26, 2003, that the United States will neither "torture" terrorist suspects, nor use "cruel and unusual" treatment to interrogate them. They also contradict the more detailed policy on interrogations outlined in a June 25, 2003, letter to me by Defense Department General Counsel William Haynes.

Frankly, I regret to say that I was not among those who were shocked by these revelations. Revolted, yes. Shocked, I was not. I have been concerned, as have others, about ongoing reports of physical and psychological abuse and the denial of rights of detainees in U.S. military custody since September 11, 2001, not only in Iraq but in Afghanistan and Guantanamo.

These abuses have been well documented by reputable human rights organizations, as well as by members of the press. Some of the cases involve allegations of torture or cruel, inhuman and degrading treatment by U.S. military and intelligence personnel.

Other cases involve allegations of the denial of due process, incommunicado detention without charge, and the refusal of access to attorneys.

So when I hear the National Security Advisor, or the Secretary of Defense, say they are determined to get to the bottom of this, I, frankly, have to wonder, especially as they have known about this for a long time.

I first wrote to National Security Advisor Rice a year ago about reports of cruel and degrading treatment of Afghan detainees.

I have written several times to the general counsel of the Department of Defense and to the Director of the CIA. I have sought answers to questions about policy, training, and accountability. Some of my questions have been answered; many have been ignored despite repeated requests.

Were Secretary Rumsfeld or Condoleezza Rice not aware of the

press reports, the inquiries by Members of Congress, or the reports of human rights organizations?

Or was the abuse of nameless, non-White Muslims suspected of being terrorists, regardless of whether they were guilty or innocent, simply a low priority until it became a public relations and foreign policy disaster?

Let me cite just a few, of many, examples:

On December 25, 2002, the Washington Post reported:

"If you don't violate someone's human rights some of the time, you probably aren't doing your job," said one official who has supervised the capture and transfer of accused terrorists. "I don't think we want to be promoting a view of zero tolerance on this."

Quote:

Bush Administration officials said the CIA, in practice, is using a narrow definition of what counts as "knowing" that a suspect has been tortured. "If we're not there in the room, who is to say?" said one official conversant with recent reports . . .

One can only wonder if anyone would have been punished, or if we would have even heard about it, if the photographs of the abuses at Abu Ghraib had not been published.

On March 4, 2003, the New York Times described the treatment of Afghan prisoners at the Bagram Air Base after two young prisoners died in U.S. military custody.

Their deaths were ruled homicides, but the investigations of those deaths have never been released. Other prisoners described being forced to stand naked in a cold room for 10 days without interruption, with their arms raised and chained to the ceiling and their swollen ankles shackled.

They also said they were denied sleep for days and forced to wear hoods that cut off the supply of oxygen.

That same day, the Wall Street Journal reported that a U.S. law enforcement official said:

because the [Convention Against Torture] has no enforcement mechanism, as a practical matter, "you're only limited by your imagination."

On March 9, 2003, the New York Times reported:

Intelligence officials . . . acknowledged that some suspects had been turned over to security services in countries known to employ torture.

On June 2, 2003, when allegations of possible breaches of the Convention Against Torture surfaced, I wrote to National Security Advisor Rice, asking for assurance that the United States is complying with its obligations under the convention. I received a response from General Counsel Haynes. His letter contained a welcome commitment by the administration that it is the policy of the United States to comply with all of its legal obligations under the convention.

Similarly, Senator SPECTER wrote to Dr. Rice asking for "clarification about numerous stories concerning alleged mistreatment of enemy combatants in U.S. custody," and to explain how the

administration ensures that torture does not occur when it sends detainees to countries that are known to practice torture.

On September 9, 2003, I wrote to Mr. Haynes again for clarification on a number of points, such as how the administration reconciled his statement of policy with reports that detainees were sent to countries where torture is practiced, and the reported use of interrogation techniques rising to or near the level of torture.

After 2 months with no response, another letter, this one not from Mr. Haynes himself but from a subordinate, was delivered late at night on the eve of Mr. Haynes' November 19, 2003, confirmation hearing for a seat on the Fourth Circuit Court of Appeals. That letter was totally unresponsive to my questions.

I also raised concerns when the case surfaced of a Canadian-Syrian citizen, Maher Arar, who was sent by U.S. authorities to Syria, where Arar says he was physically tortured. Syria has a well-documented history of torture. In fact, President Bush stated, on November 7, 2003, that Syria has left "a legacy of torture, oppression, misery, and ruin" to its people.

I wrote to FBI Director Mueller on November 17, 2003, for more information on the case. Later that week, I wrote to Attorney General Ashcroft with additional questions. Neither of these letters from last year has been answered.

On January 6, 2004, Human Rights Watch wrote to Secretary Rumsfeld to express concern about the detention by U.S. forces in Iraq of innocent, close relatives of a wanted person in order to compel the person to surrender, which amounts to hostage-taking, classified as a war crime under the Geneva Conventions.

On January 13, 2004, the Asian Wall Street Journal reported that a suspect detained by U.S. forces in Iraq said that "he was ordered to stand upright until he collapsed after 13 hours," and that interrogators, "burned his arm with a cigarette."

On January 18, 2004, the Sunday Times of London reported that a detainee held by coalition forces in Iraq said that during his 3 months in detention he was, "beaten frequently, given shocks with an electric cattle prod and had one of his toenails [torn] off."

Throughout this period there were not only continuous press reports of abuses of Afghan, Iraqi, and other detainees in U.S. military custody. There were also repeated requests by human rights organizations, myself, and others, for clarification of the policies and procedures used in interrogations. What we got, it seems, were, at best, reassuring statements by officials in Washington that were repeatedly ignored in the field.

Several things bother me beyond the reports themselves. Not only is there a long pattern of abuse that has been documented. But with respect to the

allegations at Abu Ghraib, Secretary Rumsfeld and General Myers knew of these incidents and for over a week they not only did not disclose them to the Congress or the American people, they urged CBS News not to broadcast the photographs.

Major General Taguba's report was written 3 months ago, and as of yesterday Secretary Rumsfeld said he still had not read it through.

There has been an appalling lack of appreciation or concern for the seriousness and frequency of these incidents.

None of us believes that prisoners of war, some of whom are suspected of having killed or attempted to kill Americans, should be rewarded with comforts. Harsh treatment may, at times, be justified. But we also know that many of the people who have been detained, who have been depicted as terrorists and whose rights have been violated, have turned out to be innocent of any crime.

The use of torture or the inhuman or degrading treatment of prisoners, whoever they are, is beneath this Nation. It is also illegal. That is the law whether U.S. military officers engage in such conduct themselves, or they turn over prisoners to the government agents of another country where torture is commonly used, in order to let others do the dirty work. It is also the law when contractors or subcontractors of the U.S. military are involved.

It undermines our reputation as a nation of laws, it hurts our credibility with other nations, and it invites others to use similar tactics against our troops and other Americans.

Torture is routinely used today in dozens of countries. In fact, some of those who have complained the loudest about the abuses at Abu Ghraib are among the world's worst violators of human rights. Their mistreatment of prisoners is flagrant, it is pervasive, and it is a matter of state policy.

So I am cognizant of the hypocrisy of some of those who have equated the U.S. military with Saddam Hussein's regime, which tortured and murdered hundreds of thousands of people. Nothing could be further from the truth. But that does not detract from the fact that the Bush administration's response to the pattern of reports of abuse of detainees has been woefully inadequate.

It has been negligent, and innocent people have suffered and some quite possibly have died as a result. This negligence is anything but benign in the damage it threatens to our national security and foreign policy interests, at a particularly dangerous time.

What should be done? Human rights groups have suggested a number of important actions which I believe are long overdue. The administration should undertake an investigation of the interrogation practices wherever detainees are held around the world, whether the facilities are run by the U.S. military or the Central Intel-

ligence Agency, and make the results public.

The administration should prosecute any military or intelligence personnel found to have engaged in or encouraged any acts amounting to torture or inhuman treatment. Administrative penalties are inadequate. There needs to be a clear signal that these abuses will not be tolerated.

The administration should ensure that all interrogators working for the United States, whether employees of the military, intelligence agencies, or private contractors, understand and abide by specific guidelines consistent with the policy outlined by General Counsel Haynes last year, which prohibited interrogation methods abroad that would be barred in the United States by the U.S. Constitution as well as by the Geneva Conventions. These guidelines should be publicly available.

The administration should grant the International Committee of the Red Cross access to all detainees held by the United States in the campaign against terrorism throughout the world, whether held in facilities run by the U.S. military or intelligence services, or held by other governments at the behest of the United States. The United States should not be operating undisclosed detention facilities to which no independent monitors have access.

The administration should make public information about who is detained by occupation forces in Iraq and Afghanistan, and why, and enable families of detainees to visit their relatives. Even with internal safeguards, incommunicado detention is an invitation to abuse.

The administration should videotape all interrogations and other interaction with detainees so responsible personnel know there will be a record of any abuses. These videotapes should be regularly reviewed by supervisory personnel to ensure full compliance with interrogation and detention standards in U.S. and international law.

The administration should release the results of the investigation the Defense Department conducted into deaths in custody of two detainees held at Bagram Air Base in Afghanistan.

The administration should ensure that private contractors working for the United States in military or intelligence roles operate under clear, legal procedures so they can be held criminally responsible for complicity in illegal acts. Under the Military Extraterritorial Jurisdiction Act, which I worked with Senators SESSIONS and DEWINE to enact in the 106th Congress, a contractor or subcontractor of the military can be prosecuted in Federal court if the crime of which he is accused is a felony when committed in the United States.

The administration should take responsibility and be accountable for the breakdown of civilian control and loss of lawful authority.

Mr. President, 2½ years ago, shortly after 2,986 people of some 60 nationalities died in the attacks on the World Trade Center, on the Pentagon, and in a lonely field in Pennsylvania, there were expressions of sympathy and good will toward our country unlike any we had experienced since the end of the Second World War.

I remember how the cover of the French newspaper, *Le Monde*, proclaimed "Today, We Are All Americans." The National Anthem was played at Buckingham Palace.

Today, that sympathy and good will, which offered such promise, has long since dissipated. In fact, it has been squandered. Squandered by an administration blinded by arrogance, steeped in condescension, prone to distortions of the truth, motivated by simplistic notions of "good versus evil," and having only the most rudimentary understanding of the Iraqi people, their culture, their faith and traditions.

While we are continually treated with rosy assertions that things are getting better, the number of U.S. casualties soars.

What was conceived as a campaign against terrorism, focused on al-Qaida, is increasingly perceived by many of the world's 1.2 billion Muslims as a war of aggression against Islam by the United States and our predominantly Christian allies.

I have no doubt that most Iraqis are relieved to be rid of Saddam Hussein and the horrors of his regime. Most Iraqis abhor violence and want to rebuild their country.

Nor should there be any doubt about our concern for the safety of the overwhelming majority of American soldiers and civilians whose motives are honorable and who are bravely risking their lives.

But the individuals at Abu Ghraib prison, at Bagram Air Base, and elsewhere who have violated the rights of prisoners, were not acting in a vacuum. There was a culture that encouraged or allowed it. Discipline was lacking. Accountability was lacking. And just as those who committed these crimes should be prosecuted, the civilian and military officials who failed in their responsibility to ensure that the law was respected should also be held accountable.

Mr. President, I ask unanimous consent that a May 4, 2004, op-ed in the *Washington Post* by Leonard S. Rubenstein, executive director of Physicians for Human Rights, entitled, "Stopping the Abuse of Detainees," be printed in the RECORD.

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

[From the *Washington Post*, May 4, 2004]

STOPPING THE ABUSE OF DETAINEES

(By Leonard S. Rubenstein)

Photographs of American soldiers laughing over naked Iraqi prisoners of war piled atop one another are a revolting disgrace, all the more so because evidence of torture and ill treatment of individuals detained by U.S.

forces in Afghanistan, Iraq and Guantanamo Bay, Cuba, is not new. The humiliating acts seen in photos may not have been predictable, but the abuse of detainees was, a product of the circumstances of detention and the administration's resistance to independent monitoring and accountability. Stopping it requires a great deal more than the prosecution of a handful of offenders.

The problem is that the main purpose of these military detentions is interrogation, a practice that always has potential for abuse. Preventing abuse requires compliance with rules for treatment of prisoners, as well as access for independent monitors and accountability for violators. But many detainees in Afghanistan and Iraq have been held virtually incommunicado, sometimes in undisclosed locations, under rules that have never been made public. As early as 2002, news reports of abuse or prisoners began to surface, and new allegations have continued to emerge.

The administration's response has been to stonewall. A year ago, in response to the first set of allegations of abuse of detainees, President Bush affirmed that the United States does not practice or condone torture or cruel, inhuman and degrading treatment, and that it investigates allegations of violations. But the actions needed to convert this from a statement to a commitment have been absent. For the past two years, human rights organizations have requested the guidelines used to govern interrogation, the results of investigations of alleged instances of torture or mistreatment, information on individuals transferred to third countries for interrogation, and—most important—access to the detainees and their medical records to ascertain whether they have been abused. The administration either denied or failed even to acknowledge many of these requests, including those concerning findings of the investigation of the case of two detainees who died in custody more than a year ago. As for combatants sent to third countries, among them countries with a record of torture, the administration claimed to have obtained assurances that the countries do not torture detained combatants.

An even deeper problem with the administration's approach has been its efforts to evade compliance with the Geneva Conventions, which protect detainees from torture, ill treatment and humiliation, as well as inhuman conditions of confinement. It has said that captured al Qaeda suspects in captivity at Guantanamo and Afghanistan are not subject to the conventions at all. And U.S. officials took a shockingly casual approach to the treatment of POWs by U.S. surrogates in Afghanistan, assuming no responsibility for the horrific conditions of imprisonment for thousands of Taliban fighters and washing U.S. hands of reports that allies killed possibly hundreds or thousands of detainees. Some of the holding centers are even off-limits to the International Committee of the Red Cross, which is internationally authorized to visit all security detainees.

The president, the director of the CIA and the secretary of defense must now do what should have been done 18 months ago. The message has to be clear that interrogators must be subject to rules, and if the rules are to be obeyed, the door to the interrogation room must never be shut. They should publicly pledge that the United States is bound by the Geneva Conventions and will be bound by them with respect to every single military detainee, whether or not it considers them official prisoners of war. They should immediately account for the whereabouts and condition of all in detention and offer the International Committee of the Red Cross, as well as independent human rights monitors and medical experts, full access to

all prisoners and all medical records that can reveal abuse. The president should provide to the American public a full accounting of interrogation practices, including all records and documents relating to the most recent violations and past allegations of abuse in Afghanistan, Iraq, Guantanamo, the United States and other countries where individuals have been sent.

When some Americans insulted and humiliated their Iraqi captives, they shamed every American as well. Moreover, they jeopardized the lives and well-being of U.S. soldiers and people in custody throughout the world. President Bush recoiled at the horror of it, but unless revulsion leads to more concerted action, the abuses will continue.

#### AMENDMENT NO. 3110

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. My understanding is that we are now turning to the amendment I have offered along with my colleague, Senator MIKULSKI; is that correct?

The PRESIDING OFFICER. Under the previous order, there is a period of 1 hour of debate, 30 minutes allocated to the majority, 30 minutes allocated to the minority, of which 20 minutes is controlled by the Senator from North Dakota.

Mr. DORGAN. Mr. President, that 20 minutes begins at this point. Let me yield myself 2 minutes. Then I will yield 5 minutes to the Senator from Maryland.

Let me just say, this is the easiest amendment to consider of all of the issues that we have dealt with on this legislation. It deals with the question of whether we should shut down the loophole that exists in current tax law that says to a company, shut your American manufacturing plant down, fire your workers, move your manufacturing plant overseas, manufacture the product, ship it back into the U.S. marketplace and, by the way, we will give you a big tax break. If we can't begin a baby step in the right direction of saying, we will no longer subsidize in the Tax Code the movement of U.S. jobs overseas, then we don't have a ghost of a chance of fixing what is wrong with this Tax Code.

You have two companies side by side. Both make bicycles. One decides it will move its plant to China. The other continues to live in Baltimore and make its bicycles in Baltimore. The difference? The company that moved overseas gets a tax break. The company that stays in Baltimore doesn't. It is an insidious, perverse tax incentive that makes no sense. We ought to end it.

That is what my colleague and I do with our amendment. I will explain it further at some later moment. I want to offer 5 minutes to the Senator from Maryland who has to go to the Intelligence Committee.

The PRESIDING OFFICER. The Senator from Maryland is recognized for 5 minutes.

Ms. MIKULSKI. Mr. President, I thank the Senator from North Dakota, the lead sponsor of this amendment, for yielding me such time. I also ac-

knowledge his outstanding leadership on trade. Trade is such an abstract word, but it is another word for jobs. The big question is, how are we going to keep jobs in the United States?

This, then, takes us to tax policy. Tax policy is more than just simply collecting revenue; tax policy is a statement of our principles. The Tax Code in the United States has, since the New Deal, stood for certain principles: That it should be fair, No. 1, and that the more wealthy you are, you would bear a little heavier responsibility. Part of the principle of fairness and of paying taxes is what is called citizenship. It is called shared responsibility. It is called, how do you make sure the U.S. Government functions to provide national security and domestic opportunity and a safety net for seniors. That is really what it is all about.

The Tax Code is the fundamental principle of how you collect revenue, and it is tied with citizenship, both individual citizenship and corporate citizenship. The way we see it is: If you are a good corporate citizen, you ought to stay in this country and keep your jobs here. Right now we have a tax code that rewards just the opposite. We have a tax code that rewards corporations for shipping jobs overseas.

I believe what the Dorgan-Mikulski amendment does is say that, No. 1, our Tax Code should be patriotic. Our Tax Code should stand up for America. It should stand up for keeping jobs here. It should stand up for rewarding good-guy companies that keep jobs here and provide health benefits to their employees. It should also close the loophole where people not only take jobs overseas but hide their income in the Bermuda Triangle or the Cayman Islands.

This deals with one aspect. The amendment Senator DORGAN and I offer, the economic patriotism amendment, says that right now what we would do is close the loophole for sending jobs overseas. The Dorgan-Mikulski amendment ends those huge tax breaks to manufacturing companies that send jobs overseas, that only sell the products they make back here in the United States. Right now this Tax Code lets these companies move the jobs and not pay the taxes on the profits they earn by sales back home.

Our amendment tells these companies: If you want to export jobs out of America, you can go, but you can't import these products back in the United States and be able to shelter your profits. Our amendment says: The Tax Code can no longer be used to boost corporate earnings at the expense of American workers. It is actually an amendment that makes good sense. Why should we reward people who move their jobs overseas and penalize in the Tax Code the people who keep their jobs here in the United States and who also tend to provide their employees with health insurance?

People in my State really cannot believe what is happening. We have lost



21,000 manufacturing jobs since 2001. What a bloodless statistic. Behind every one of those numbers are 21,000 families, 21,000 families that built ships, made steel, made garments and apparel, even made the kind of technology we use in high tech. Where did those jobs go? They went on a slow boat to China. They went on a fast track to Mexico and a dial 1-800 anywhere. Why are they going? Because the Federal Tax Code says it is OK.

The Federal Tax Code says, in fact, it is not only OK, we are going to give you a huge subsidy. I think we need to subsidize the good-guy corporations. That is what I want to do. I believe that the Dorgan-Mikulski amendment is a patriotic amendment. It is part of an economic patriotism that we have to start focusing on in this country. I don't want my country, in a few years, to have the economic profile of a Third World country.

Vote for America, vote for patriotic economics, and vote for Dorgan-Mikulski.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. DORGAN. Mr. President, I yield myself such time as may be necessary.

Again, this is not complicated. Levis used to be American. When you would slip on a pair of Levis in the morning, you were wearing a pair of American pants. Not any longer. The manufacturer of Levis has gone to Mexico and China.

Fig Newtons. If you want some Mexican food, you can get Fig Newtons from Mexico. That old all-American Fig Newton cookie has gone to Mexico.

Fruit of the Loom underwear has gone to Mexico.

I have mentioned previously Huff bicycles. They have gone to China.

Do you know that little red wagon, the Radio Flyer? This one has gone to China.

The perversity of all of this is, whether it is Fig Newtons, Levis, Radio Flyers, Huff bicycles, or Fruit of the Loom underwear, they were all rewarded for moving their jobs overseas because our Tax Code has embedded in it a special little deal: Move your jobs overseas and we will give you a special deal.

We want to change that. According to the Joint Tax Committee, U.S. taxpayers will pay \$6.5 billion between 2004 and 2013 as tax incentives to U.S. companies that set up offshore subsidiaries to manufacture merchandise and ship it back into this country. We have lost about 2.7 million manufacturing jobs in this country, and we have a perverse provision in the Tax Code that says let's even enhance that by incentivizing those who would close their American factories and move the jobs overseas.

This is not a new idea. This is a rather narrow amendment, by the way. We don't end deferral; we just end deferral with respect to U.S. companies that are manufacturing abroad and selling back into this country. President Ken-

nedy tried to end the entire deferral system. President Nixon tried to end it. President Carter tried to end it. The Senate voted to end it in 1975. The House of Representatives voted to end it in 1987. In each case, the big economic interests that get rewarded for shipping American jobs overseas have won. The question is, will they win today? We are losing jobs. We need to keep jobs in this country.

This amendment doesn't prevent a company that chooses to move Huff bicycles or the little red wagons to China. It doesn't prevent a company from moving Fig Newton cookies, Fruit of the Loom, or Levis to Mexico. But it does say if you are going to move those jobs, at least we are not going to help pay for it with incentives in the Tax Code. That is a simple enough proposition. This Senate should adopt this amendment.

I reserve my time.

The PRESIDING OFFICER (Mr. CORNYN). The Senator from Iowa is recognized.

Mr. GRASSLEY. Mr. President, I want to speak against the Dorgan amendment. I yield myself such time as I might consume. Before I speak specifically to the amendment, since I heard the Senator from North Dakota express his concerns—and legitimate concerns—about jobs going overseas, I think there might be some suggestion in this amendment that this bill doesn't deal with moving jobs overseas.

This amendment is all about preserving manufacturing jobs in America and creating more manufacturing jobs in America, because the basis for this legislation is that there is no benefit in this bill from the reduction of the corporate tax from 35 percent down to 32 percent for any organization that doesn't manufacture in the United States. So it applies to domestic manufacturers that are manufacturing in the United States, not domestic manufacturers that manufacture overseas. It also applies to companies overseas—foreign companies—that would come to the United States and invest here, create jobs here, and hire people in America to manufacture here.

There is a lot of concern expressed about moving jobs overseas. I don't denigrate any of those concerns. But that is what the debate on this legislation has been all about for 1 whole week during the month of March, a few days during April, and now again this week. During that period of time of stalling, we have had a 5-percent European tax put on our exports to Europe—a percent again in April, and now a third movement of 1 more percent. That is going to go on every month. Even if we pass this bill this very minute, this bill probably won't be signed by the President for another month or so. We are going to continue to have this terrible European tax put on our exports there.

I emphasize for listeners who ask, how can they do that? Well, it is legal under international trade agreements.

The reason it is legal is because we are trying to change our tax laws to conform with our international agreements—international agreements that this body has already adopted.

So we are dealing with these amendments—probably very legitimate ones—but we have had amendments put before this bill that have kept this bill long enough on the agenda so that we are already 77 percent less competitive than we used to be with our global competition doing business in Europe.

So why are we here? We are here with this underlying piece of legislation to preserve and create more jobs in America.

We have heard the Senator from North Dakota make a very impassioned case for American workers whose jobs have been lost when U.S. plants move overseas. We have all witnessed this heart-wrenching event. I know that my home State of Iowa has had plant closings or some parts of production move overseas. Unfortunately, this amendment will not do one dog-gone thing to bring those jobs back. In fact, it could very well cost even more U.S. jobs.

I will explain my concerns by first examining his amendment. This amendment repeals deferral for property imported into the U.S. by foreign subsidiaries of U.S. companies, even without regard to whether that property was ever previously produced, manufactured, or grown in the United States. This means the amendment doesn't focus on their primary complaint that U.S. companies are shutting their plants, moving production offshore, and selling back into the United States.

The bill does not focus on this scenario. Instead, it overshoots the mark by hitting all goods sold into the United States by U.S. companies, even if it is impossible for those goods to first be produced in the United States.

I will give an example. If a produce company sets up a banana farm in Costa Rica to import bananas into the United States and around the world, the income from sales to the United States are not eligible for deferral. I may be mistaken, but I am not aware of too many banana farmers in Texas or Florida. So I do not see how deferring taxes on a banana farm in Costa Rica is going to cost the United States jobs.

Similarly, if a U.S. company wanted to start a mining operation in some far away land to extract a new and exotic mineral that is not found here at home, they can sell that anywhere in the world, but they could not and cannot import that back into the United States without triggering this amendment.

How about coffee? The only place I know we grow coffee in the United States is in Hawaii, and that was 25 years ago. Maybe they do not even grow it there now. We have lots of coffee shops on our streets these days. If they set up their own coffee plantation

in Brazil, they would get hit under this amendment that is before us. I do not know whether we raise coffee anywhere else in the United States, but we sure do not raise it in Iowa.

It appears the amendment of Senator DORGAN and Senator MIKULSKI would allow a U.S. company to sell foreign goods to anyone in the world except to America. That does not make sense to me.

I have described how the bill would operate, but I do not think that is the intent of this legislation. What I believe is intended is that deferrals should be denied if a company closes a U.S. plant, produces the goods offshore, and then imports the goods back into the United States. This does not actually happen very often. The latest Department of Commerce data on U.S. multinationals shows that only 7 percent of foreign subsidiary sales were into the United States.

Nevertheless, this amendment insists that the rule of deferral in our tax law is somehow a tax benefit that moves jobs offshore and allows a company to not pay taxes on foreign income.

Of course, this is not true. Deferral has nothing to do with moving jobs, and it never forgives taxes that are owed on foreign products of U.S. companies. The rule of deferral exists to keep U.S. companies competitive in the global marketplace. Let me repeat. The rule of deferral exists to keep U.S. companies competitive in the global marketplace, and it has been that way in our tax laws since 1918. For 85 years it has been the law.

We are going to hear a great deal about deferrals this week. We will hear wild accusations about how this rule, which has been in place since 1918, spells doom for American workers. None of this is true. In fact, just the opposite is true. By enhancing the international competitiveness of U.S. companies, deferral ensures an ever-growing base of opportunity for U.S. companies and their employees at home and abroad.

U.S. multinationals are a critical component of our economy. These companies operate in virtually every industry and have investments of more than \$13 trillion in facilities located across our great country.

As employers, they provided 23 million jobs for Americans in 2001, nearly 18 percent of the payrolls in the country. With a payroll in excess of \$1.1 trillion, U.S. multinationals create more than 53 percent of the manufacturing jobs in America and employ more than two U.S. employees for every foreign worker.

During the 10 years between 1991 and 2001, U.S. multinationals increased domestic employment at a faster rate than the overall economy. We have a recent study confirming that U.S. multinationals are significant job creators, and those jobs are not created through exporting jobs to foreign nations with low labor and low tax costs, as the amendment infers.

The Department of Commerce data shows that the bulk of U.S. investment abroad occurred in high-income, high-wage countries. In the year 2001, 79 percent of the foreign assets and 67 percent of foreign employment of U.S. multinationals were located in high-income, developed nations, such as Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa, and the countries of the European Union.

We have to remind ourselves that corporations are comprised of people. People like good roads, safe water, reliable power grids, and stable societies. That is the only kind of environment where business can flourish. So it is only rational that if a U.S. corporation is going to make a foreign investment, it is going to make the safest investment possible. That means going to fully developed countries with thriving markets and highly paid workers.

We also have to remember a simple maxim for why companies go into foreign markets: You have to be there to sell there.

Today, fully 95 percent of the world's population and 80 percent of the purchasing power is located outside the United States. In other words, the United States is 5 percent of the world's population. But if we want to sell, we go where the people are. Ninety-five percent of the people are outside the United States. If you want to make sales, you go where the people are.

We have an instance in which foreign sales growth has outstripped domestic sales growth. So this increased growth requires increased foreign involvement. The good news is foreign growth also results in U.S. job growth.

A recent study confirmed that during the 10 years, 1991 through 2001, for every job U.S. multinationals created abroad, they created nearly two jobs in the United States in their parent corporation. That is why it is critical to our company that U.S. companies remain competitive in this international marketplace.

Let's review for a moment a more rational explanation for deferral and how it works to keep our U.S. companies competitive.

The United States taxes all of the worldwide income of its citizens and corporations. The U.S. income tax applies to all domestic and foreign earnings of U.S. companies. The United States fully taxes income earned overseas by foreign subsidiaries of U.S. companies. However, many foreign countries tax their companies on a territorial basis, meaning they only tax income earned within their country's borders and do not impose tax on the earnings of foreign subsidiaries.

Countries that use a territorial system, such as Australia, Belgium, Canada, Denmark, Finland, France, Germany, Luxembourg, the Netherlands, Sweden, and Switzerland, among other countries, have a great advantage over a U.S. company.

We have to take that into consideration. The tax system is the cost of op-

eration, and if we do not have a more level playing field for our companies, how do we expect to compete in this world marketplace?

I will give an example. A U.S. company with a Singapore subsidiary will pay U.S. tax and a Singapore tax on the subsidiary's income. A French company with a Singapore subsidiary will pay Singapore tax but not any tax in Paris. That means the U.S. company in Singapore has a higher tax burden than the French company in Singapore. Two basic tax rules answer this problem and seek to put U.S. companies on a level playing field with foreign competitors from territorial countries.

The first rule says when foreign income is brought home, the U.S. allows a reduction against U.S. tax for any foreign tax paid on that income. This foreign tax credit prevents the U.S. from double-taxing foreign earnings. Does anybody believe in double taxing?

In effect, that would make our companies noncompetitive in this international marketplace. Like deferral, this too has been on the tax laws of the United States since 1918. The foreign tax credit is limited. It may only offset up to 35 percent of the U.S. corporate tax. If the foreign tax rate is higher, the credit stops where we stop taxing corporations at 25 percent. If the credit is lower, say 10 percent, then an additional U.S. tax will be owed up to the full 35 percent. In this example, the additional 25 percent of taxes would be owed to the U.S., which is the difference between the 10 percent and our 35-percent top rate.

The second basic tax rule is U.S. companies are allowed to defer U.S. tax on income from the active business operation of a foreign subsidiary until that income is brought back to the United States, and that is usually brought back in the form of a dividend paid to the U.S. parent. This is referred to as the rule of deferral, meaning the U.S. tax is deferred until the earnings are brought back. This is the rule this amendment attacks.

It is important to note deferral is not a forgiveness of a tax. It simply means we impose full U.S. tax tomorrow instead of today. We do not forgive tax under deferral because we do not want to create incentives to move operations offshore. The reason we defer tax on active business operations is so U.S. companies can remain competitive with foreign companies, from those countries that have a territorial tax system.

We do not defer tax on passive activities such as setting up an offshore bank account. We tax passive activities yearly, and active operations are subject to competitive disadvantage. For example, if we impose U.S. tax today on the profits of a Singapore subsidiary, then a U.S. company will pay 35-percent U.S. taxes plus any Singapore taxes, but the French competitor located next door will only pay the Singapore tax and not the Paris tax.

If a Singapore tax rate is less than the 35-percent U.S. tax rate, then the

French competitor will have a tax advantage. This is because the U.S. allows the foreign tax credit offset against U.S. income tax imposed on those foreign earnings but only up to a 35-percent top corporate rate.

If the foreign rate is less than the U.S. 35-percent rate, then residual U.S. taxes are owed on the difference between the U.S. and foreign rates.

In another example, if the Singapore tax is 15 percent and the U.S. tax 35 percent, then the U.S. will impose an additional 20-percent tax on those Singapore earnings. The French company, however, will only pay 15 percent Singapore tax, no tax in Paris.

If we did not allow deferral of that additional 20-percent tax, then the U.S. company today would have to pay 20-percent tax compared to the French company. The question on repealing deferral is whether we want to hand over the world markets to companies from France and Germany.

This amendment is being offered presumably to save jobs in America, but when we have a tax system like they want, there is going to be an incentive for moving those jobs. Repealing deferral means we export our high U.S. tax rates to U.S. operations around the globe.

The U.S. has one of the highest corporate tax rates in the world. There are very few countries with higher marginal corporate rates. This means without deferral, U.S. companies will be at a continual worldwide disadvantage compared to their foreign competitors. That is why we defer U.S. tax on active business operations, to allow U.S. companies to be competitive in the global marketplace.

Some Senators today propose repealing deferral or cutting back. These proposals would export the high U.S. tax rate to U.S. operations around the world. That would be fine if all companies around the world were paying the high U.S. tax rate, but they are not. Companies of foreign countries are not subject to our tax laws and are usually taxed at a lower rate.

That brings us back then to the implications of the amendment before the Senate. Our focus in considering this amendment must be on the ability of American companies to compete within the United States. The issue is not whether we tax foreign earnings currently but whether we cede the U.S. market to foreign competition: You compete or you die.

The Dorgan-Mikulski amendment will increase taxes on U.S. companies, but their foreign competitors in the United States will not face a similar tax increase. This can lead to a loss of domestic market share, or even if market share is maintained losses may be incurred on domestic sales because of pricing pressures and uncompetitive margins created by the additional tax burden.

The best measure of an economic impact of their tax increase is the very concerns Senators DORGAN and MIKUL-

SKI cite in debating their amendment, whether U.S. employment levels of the U.S. companies will drop after this additional tax is imposed. This goes to the issue of whether salespeople, purchasing agents, line workers, or others could lose their jobs if the Dorgan-Mikulski tax increase is imposed on companies' imports.

Keep in mind their amendment would attack imports of bananas from Costa Rica and coffee from Brazil. That is going to cost U.S. jobs. The amendment will kill U.S. jobs and the amendment is defeating its own purpose and should not be supported in the Senate.

If the objective of Senators DORGAN and MIKULSKI is to ensure companies do not reduce U.S. employment by round-tripping production, then it is equally important to ensure their tax increase does not reduce U.S. employment.

Increasing taxes on U.S. companies will not bring those jobs back to America. A company will only pay taxes if the company is profitable, and they will only stay profitable if they remain competitive in their markets. But in the United States, taxes are a 35-percent cost to profit, and that is where a competitiveness disadvantage can occur when the U.S. company is competing against foreign companies that will not incur this tax increase.

Senator BAUCUS and I, in trying to develop this bipartisan bill that is before us, held hearings last July regarding the effects of international competition within the United States. So I think we have a right to believe we are very familiar with the domestic effects of these kinds of rate differentials.

I would like to close with a quote from Joseph Guttentag, International Tax Counsel for the Clinton administration. He gave this testimony before the Senate Finance Committee 9 years ago, July 21, 1995. He said this:

Current U.S. tax policy generally strikes a reasonable balance between deferral and current taxation in order to ensure that our tax laws do not interfere with the ability of our companies to be competitive with their foreign-based counterparts.

I hope a statement from another administration, particularly from a recent Democratic administration, the Clinton administration, will carry a lot of weight with both Republicans and Democrats in helping to defeat this amendment on which we will soon be voting.

I hope Senators will join me in voting against the job losses that will result from this amendment and this tax increase that comes on American business with this amendment.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, I was sitting here wondering how someone would actually support a tax provision that incentivizes the moving of U.S. jobs overseas. I thought: That is hard to support. I am going to call this defense the banana defense because my colleague talked a couple of times now

about bananas from, I believe, Costa Rica. So we will call that the banana defense.

I have great respect for my colleague from Iowa. I enjoy his work and I think he is a good legislator. But in my judgment, some of the statements that have just been made are not accurate, and I would like to at least give a response to them so people understand.

First of all, this is not a tax increase. What a bunch of nonsense. This eliminates a tax break for those companies who want to move jobs overseas. This is very simple. If we are going to shut down loopholes that incentivize the moving of jobs overseas and have people call it a tax increase, I am sorry; it is not. That is not the purpose of it, that is not the intention of it, and not the effect of it.

My colleague talks about the 35-percent corporate tax rate. I am sorry, he knows that is a statutory rate. He also knows very few corporations pay a 35-percent tax rate.

Mr. President, 61 percent of the U.S. domestic corporations in this country pay zero—not 5 percent, 20 percent, 30 percent, or 35 percent; they pay zero. That is according to a recent GAO report. The rest that do pay do not pay the 35-percent statutory rate. They pay substantially less than that.

About 40 to 50 years ago, corporations paid 40 percent of the total taxes paid in this country. They now pay less than 9 percent, and the American people, individuals, pick up the rest.

My colleague says this defers taxes; it doesn't mean we forgive taxes. Of course, it does. This very bill brings to the floor of the Senate the most generous provision I have ever heard of. It says repatriate all your earnings from overseas that have never been taxed, and we will let you be taxed at 5.25 percent. You repatriate it and we will reduce your taxes to 5.25 percent. I say how about my constituents in North Dakota? Why don't we give all those constituents—regular people, family farmers—an opportunity to pay a 5-percent tax rate? Why just the folks who decided to invest overseas? Why not everybody? If 5 percent is good enough for those who have over \$600 billion in unrepatriated income, and you say bring it back and we will cut your tax rate to 5 percent, let's do it for the folks from Iowa and North Dakota. Let me get their names and let's give them a 5-percent tax rate.

This notion we are not forgiving taxes is wrong. Of course we are forgiving taxes. This bill forgives taxes of those that are big enough to earn billions overseas, and says to them: If you want to repatriate it, we will give you a huge, big tax break.

Let me say with respect to the issue of a company that has never been located here with a manufacturing plant, deciding to manufacture in China versus here—my proposal, and the amendment we have introduced, deals only with sales back into this country. So the question that will be asked by

someone who is building a manufacturing plant for the purpose of producing the little red wagon called the Radio Flyer, for a company to decide where to manufacture this, what the underlying provision in law does is to say: Make a decision. Either build it here or build it there. By the way, if you decide to build it there—in this case China—we will give you a tax break.

My colleague says this bill closes all these things—not true. In fact, it produces a very generous, juicy, big tax break at 5.25 percent, and in addition it leaves untouched this tax break.

I can quote a good number of economists who say there is embedded in this tax law a provision that says build it here or build it there. Make a decision to build it there. Take it offshore. Take it outside this country.

In my judgment, it ought not be a significant choice for this Congress to change this. This is a loophole that ought to be closed.

With respect to competition, my colleague talked about competitiveness. Let me ask this question. Let's assume that you are the corporation that stays in this country to build a bicycle. Your manufacturing plant is here. Now you are competing with the Huffy bicycle company that moved to China. The difference? They pay less in taxes than you do because you stayed here and they left. What about that competitiveness? What about the competitive issue of the company that stayed and now pays higher taxes than the company that left? Incidentally, this company did leave. They fired the workers. Why? Because it cost too much at \$11 an hour to have them keep making bicycles in our country.

This cannot be obfuscated so much that we can't see what this question is before the Senate. Do you want to continue to have a Tax Code that incentivizes the movement of jobs overseas, or do you want to close the loophole? This is not an attack on all "deferral." This is a much narrower amendment. The Senate is going to vote on this, and it is not going to be able to waltz around and tap dance. This is not about having an American corporation with a foreign subsidiary in Bangladesh that is producing a product to ship to South Korea, and therefore it must be competitive with a company from France. That has nothing to do with this amendment. So in addition to the banana defense, we now have the French defense, I guess, or the U.S. corporation against French competition. I don't understand that. That is not what this amendment is about. We could debate that at some later point, but it is not what this amendment is about.

Mr. President, how much time is remaining?

The PRESIDING OFFICER. The Senator has 3 minutes remaining.

Mr. DORGAN. I respect those who disagree with me. They have a right to disagree. My colleague ended with a

quote from someone from the Clinton administration. Let me quote Will Rogers. He said:

It's not what they know that bothers me. It's what they say they know for sure that just ain't so.

In this case, this narrow question with respect to deferral simply asks whether we want to continue to make it beneficial for someone to close a plant here and move it elsewhere, or to answer the question, if requested: Should I build it here or build it there, to answer the question by saying let's build it there because our Tax Code provides a benefit for me if I build it there. Move a job to China and our tax bill rewards you. Keep a job here and you actually face unfair competition because of the provision that is now in law, the one I want to get rid of. This is very simple. I reserve the remainder of my time.

Mr. KOHL. Mr. President, I rise in support of the amendment of the Senators from North Dakota and Maryland. I supported this amendment because it repeals an unfair provision that pulls jobs away from the American manufacturing sector. I supported this amendment because it gives a tax break to companies who ship jobs overseas and then compete with domestic manufacturers. And I supported this amendment because Wisconsin has seen a steady decline in manufacturing jobs, with many of these jobs being sent offshore because the U.S. Government would not tax their profits.

Under current law, a U.S. company that moves its manufacturing operations overseas may defer paying U.S. taxes on the profits it makes abroad until those profits are sent back to the U.S. This process, known as deferral, clearly serves as a reward for foreign investment and for shifting jobs off American soil. This reward comes at the cost of American taxpayers; as much as \$2.2 billion over 7 years is lost for this misguided incentive. A tax policy that moves American jobs abroad at the expense of American taxpayers—clearly this is not something that Congress should continue to endorse.

In addition to providing an incentive to move overseas, current law puts domestic manufacturers who keep jobs in the U.S. at a competitive disadvantage. While foreign companies can reinvest profits abroad without paying any U.S. taxes, U.S.-based manufacturers investing in American jobs have their profits subject to U.S. taxes. Multinational companies should pay the same taxes that domestic companies pay, and companies keeping jobs in America should not be penalized for doing so.

This is especially true given the continuing job loss in the manufacturing sector. Wisconsin has been especially hard hit by the loss of manufacturing jobs to overseas competitors. My State is one where manufacturing jobs have historically made up the core of our economy. Due in part to tax incentives such as deferral, Wisconsin has lost one

out of every seven manufacturing jobs since 2000. The State's economy has not been able to absorb this increase in unemployed workers, resulting in a stagnant unemployment rate.

The Dorgan-Mikulski amendment would repeal the tax incentive for American companies to move overseas. Our Tax Code should not endorse the continued loss of American jobs to companies investing overseas. The Dorgan-Mikulski amendment is the first part of a prolonged solution to the continuing loss of American manufacturing jobs. The amendment would partially repeal deferral, and targets the repeal to apply only to firms that move production overseas but continue to sell those products in the U.S. Thus, the amendment would repeal the competitive advantage that companies moving their production facilities offshore currently receive.

At a time when the country's manufacturers are struggling, we cannot continue to give a benefit for those companies who send American jobs abroad. We must bring equity to the tax code, and bring jobs back to America.

The PRESIDING OFFICER. Who yields time?

Mr. GRASSLEY. Mr. President, I think I have about 3½ minutes. I am going to take 1½ minutes for myself, and then I hope Senator KYL will get over here. He asked me for 2 minutes. Then that would use up our time.

The first reaction to the response to my remarks that I have that I want to clear up is that the author of the amendment speaks to the point that it only hits imports coming into the United States if a company moved overseas. The fact is—it may be a flaw in the way it is written—this amendment hits all imports coming into the United States.

The second point is, it was stated that this was not a tax increase. This amendment raises \$6.5 billion. In my judgment, when you change tax law and you bring revenue in, that is a tax increase.

The second issue regarding Huffy moving overseas, the response to that is, their competition is in China and Taiwan. Companies have to do what they can to meet the competition. Would they rather have a Huffy company that existed as a U.S. corporation competing with China and Taiwan manufacturers or would they rather have the whole company go out of business? If you do not meet your competition, you do not compete you die.

Then there was reference to the fact the GAO report says 61 percent of companies did not pay taxes. That could be true. But that also includes new companies and it includes companies that maybe are dormant; in fact, it does include all of those.

Here is the significant thing about this GAO report: It says 96 percent of all large corporations in America pay tax.

We are back to the issue of what this amendment does or does not do. It does not do enough.

I have to ask the Presiding Officer if Senator KYL does not arrive and I have 1 or 2 minutes remaining, what do I do? I want to save the time for him, if I can, under the rules of the Senate.

I yield the floor and save my time for Senator KYL.

Mr. DORGAN. Senator KYL is here.

Mr. GRASSLEY. Mr. President, I don't have much time remaining, 2 minutes.

The PRESIDING OFFICER. The Senator has 30 seconds remaining.

Mr. GRASSLEY. Could the Senator be kind enough to give him an additional minute and a half for our side? That is infinitesimal. We will argue for a minute and a half over it.

Mr. DORGAN. I ask unanimous consent that a minute and a half be added to the Republican side and a minute and a half be added to our side.

Mr. GRASSLEY. I yield Senator KYL my remaining time.

Mr. KYL. I thank the Senator from Iowa and I thank the Senator from North Dakota.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Mr. President, it seems to me the amendment of the Senator from North Dakota does both too little and too much. A lot of thought went into crafting the bill before the Senate by staff and members on the Finance Committee. It is hard to get this exactly right. We have done that. This is very complicated.

What I mean by doing too little and too much is this: The amendment only affects about 7 percent of the products according to the Commerce Department; 7 percent of the goods and services these multinational corporations produce are imported back into the United States. That is the only part of the new deferral rule that would be affected.

In that sense, it probably does not do much to accomplish the purposes of the authors of the amendment. But it does too much in the sense that anything that impedes the competitive advantage of the U.S. corporations and the quality of their products is going to hurt their ability to do business.

What we have tried to do with the deferral rules is to even the balance between the European corporations, for example, and the American corporations, so our companies are not taxed more than their competitors. This would, to the extent it changes these deferral rules, impose a higher tax on American businesses than their European counterparts are required to pay. In that sense, it changes this competitive balance. It is exactly what we are trying to get away from.

I urge my colleagues to reject the amendment of the Senator from North Dakota, acknowledge the work of the Finance Committee which, as I said, very carefully tried to get this balance right and ensure American companies

would not be at a competitive disadvantage vis-a-vis their European competitors.

I urge my colleagues to defeat the amendment of the Senator from North Dakota and support the Finance Committee.

Mr. DORGAN. How much time remains?

The PRESIDING OFFICER. Fifteen minutes total on the minority side remains. The Senator from North Dakota has 2½ minutes.

Mr. DORGAN. Mr. President, let me consume the 2½ minutes. Does that include the 1½ minutes?

The PRESIDING OFFICER. It does not.

Mr. DORGAN. Mr. President, Senator BAUCUS has left the room. Let me consume 5 minutes, with Senator BAUCUS's consent, of the minority time after which I will yield back the time and I believe all time will have been yielded back on this issue. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Without objection, it is so ordered.

Mr. DORGAN. Let me make a couple of comments about the facts. First of all, the number of manufacturing jobs we have lost in this country. This chart shows the number of manufacturing jobs we have lost since the year 2000, a little over 2.7 million manufacturing jobs.

One cannot make the case this is not a problem. Of course, we are losing manufacturing jobs. The number of jobs in foreign manufacturing affiliates of U.S. firms has grown by a million in an 8-year period. So, of course, they are gaining jobs. We are losing manufacturing jobs and they are gaining jobs. It is hard to make the case there is not an issue here.

Now with respect to the issue of the corporations, 61 percent of whom pay no taxes according to the GAO, my colleague says, well, probably some of them are dormant. The U.S. corporations made \$2.7 trillion in gross income on which they paid zero in taxes. If that is dormancy, it is an interesting state of affairs, in my judgment.

Second, the issue of Huffy bicycles. I have used the issue of Huffy bicycles and the Radio Flyer wagon to make the point. The point is jobs are migrating overseas. This Radio Flyer red wagon was made here for a century and now it is being made in China. This Huffy bicycle was made here for a long time. Now it is gone. It is made in China. We saw the little red wagons and Huffy bicycles leave America and move to China.

With respect to Huffy, the workers here made \$11 an hour. The company said that is way too much; I will hire a Chinese worker at 33 cents an hour, 7 days a week, 12 hours a day.

As we did that, we said, We will give you a tax break. Move this plant to China and we will give you a tax break. That is what our amendment would shut down.

I was trying to think how would we construct a defense, or how will I hear

a defense about this, and it started out with trade. The Europeans are hitting us with these trade sanctions. Yes, well, we are really weak-kneed on trade. This country has a beef problem with Europe, so we slap them around. Do you know what we do with the Europeans? We slap them around with sanctions on truffles, goose liver, and Roquefort cheese. My God, that will send fear into an adversary.

If Members want to talk trade, spend time talking about trade and wonder why we do not have a spine and backbone and strong knees to stand up for this country for a change.

But this is not about trade. This is about an insidious, perverse little provision in the Tax Code that says, Move your jobs, decide to build overseas rather than here, and we will give you a little tax break.

If we cannot take a baby step in doing this, if we cannot close this loophole, what on Earth can we do?

With respect to the fact it is alleged this is a tax increase, my guess is almost everything will be alleged to be a tax increase in the future. It does not matter what you talk about, they will say it is a tax increase. Is closing a loophole that is fundamentally unfair, that incentivizes the moving of American jobs overseas, is that really a tax increase, or is it closing a loophole? Do you want to keep doing this?

Should we take taxpayers' money, incentivize it to say, let's pay these guys to move bicycles and red wagons overseas? Or, let's pay them to move Fig Newton cookies to Mexico, or pay them to move tennis shoes to Indonesia. Is that what we want to do, pay them to do that? That is what exists in our Tax Code.

This is the simplest possible amendment. If Members want to support American jobs and want to at least have a neutral Tax Code and want to stop the perversity of saying let's actually help finance and keep jobs from moving overseas, then vote for this. If you want to talk about competition between Bangladesh and France and Costa Rica, and construct all kinds of interesting theories that have nothing to do with this amendment, then vote against it. There is nothing wrong with that. I have lost before. I hope I will not lose today.

This amendment will come up again and again because this country should not be subsidizing the loss of jobs to other countries. Those jobs are going in part because they can buy 33 cent an hour labor and put 12 people in a room and work them 7 days a week and say, if you try to organize as a group of workers, you are fired. If you complain about an unsafe work plant, you are fired. So that is the incentive to move jobs overseas.

On top of that, we actually, in public policy, say we will buy you a little cherry on top of the sundae. The cherry on top of the sundae is you actually get a tax break here. The company you are competing against, that you left back

in the United States—tough luck for them. They are paying higher taxes than you are.

It seems to me if we cannot think our way through this short little maze, this Congress cannot think its way through anything. This is not organizing a two-car caravan. This is simple. This is easy. And the choice, when we cast this vote, is not going to be complicated at all. Either you believe this incentive should not be in the Tax Code or you believe we ought to continue to subsidize jobs that are moved overseas.

We have more to do. We have a debate on trade that has to come. I don't expect we will get to the debate on trade because of the Central American Free Trade Agreement. It should be brought to the floor and debated, but will not be before the election because, I am guessing, the President does not want to have that debate—I would love it. Let's get it here tomorrow, as far as I am concerned.

There is much more to discuss on this issue. With respect to this alone, the Senator from Maryland and I have offered an amendment that is painfully simple and I hope will be painless to vote for.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Mr. President, will the Chair advise the Senate with regard to the time agreements at this point?

The PRESIDING OFFICER. Time has expired on the majority side.

Mr. WARNER. Mr. President, can the Senator from Virginia ask for a period of 5 minutes to discuss a matter of importance to all Senators?

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Virginia.

#### NOTICE OF HEARING AND BRIEFING ON IRAQ

Mr. WARNER. Mr. President, this morning I had the privilege of engaging in a colloquy with the distinguished minority leader with regard to the desire of the Senate to have Secretary Rumsfeld come in open session and respond to questions from Senators with regard to the very serious situation of allegations about the mistreatment of prisoners in Iraq.

Senator DASCHLE, Senator FRIST, and I—Senator FRIST and I worked on it yesterday together; we worked on it again today—Senator MCCAIN, Senator LEVIN—I just left him—so there has been a group of us who have worked on this.

I just finished a conversation with Secretary Rumsfeld, and he has always been quite willing to come up. It is a question of the time and the ability to get together a team of witnesses to join him. That has now been concluded. So the distinguished majority leader and I have set the time for this to be 11:45 on Friday morning for a session of approximately 2 hours with the Senate Armed Services Committee. Following that, the respective leaders of the Senate will have the usual type of briefing in S-407, at which time other Senators

not members of the Armed Services Committee will have the opportunity to engage the Secretary in questions with regard to their individual concerns on this and such other topics as they may have.

I thank my colleagues. Many of you have come to me and spoken about that, and spoken to Senator LEVIN, and to our leaders. There is always a willingness on behalf of the Secretary to come forward. He will be joined by the Chairman of the Joint Chiefs, the Chief of Staff of the Army, the Acting Secretary of the Army, and perhaps others, because I was very insistent and he was quite willing to provide a full array of witnesses such that the entire spectrum of facts now known and available can be shared openly with the Senate and the general public.

I thank the Chair. I hope all colleagues can arrange their schedules to attend these very important meetings.

I yield the floor.

The PRESIDING OFFICER. The minority manager has 8½ minutes remaining.

The Senator from Montana.

Mr. BAUCUS. Mr. President, I yield back whatever time I can yield back. I also suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

All time has expired.

Mr. GRASSLEY. Mr. President, before we move on this amendment, I ask unanimous consent that there be 4 minutes of debate equally divided prior to the vote in relation to the Allard amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### VOTE ON AMENDMENT NO. 3110

The PRESIDING OFFICER. The question is on agreeing to the Dorgan amendment.

Mr. GRASSLEY. Mr. President, I move to table the Dorgan amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The question is on agreeing to the motion.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. REID. I announce that the Senator from Massachusetts (Mr. KERRY) is necessarily absent.

The PRESIDING OFFICER (Ms. MURKOWSKI). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 60, nays 39, as follows:

[Rollcall Vote No. 83 Leg.]

#### YEAS—60

Alexander Allard	Allen Baucus	Bennett Bond
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Breaux	Enzi	Murkowski
Brownback	Fitzgerald	Murray
Bunning	Frist	Nelson (NE)
Burns	Graham (SC)	Nickles
Campbell	Grassley	Pryor
Cantwell	Gregg	Roberts
Chafee	Hagel	Santorum
Chambliss	Hatch	Sessions
Cochran	Hutchison	Shelby
Coleman	Inhofe	Smith
Collins	Jeffords	Snowe
Cornyn	Kyl	Specter
Craig	Lieberman	Stevens
Crapo	Lott	Sununu
DeWine	Lugar	Talent
Dole	McCain	Thomas
Domenici	McConnell	Voinovich
Ensign	Miller	Warner

#### NAYS—39

Akaka	Dorgan	Lautenberg
Bayh	Dubin	Leahy
Biden	Edwards	Levin
Bingaman	Feingold	Lincoln
Boxer	Feinstein	Mikulski
Byrd	Graham (FL)	Nelson (FL)
Carper	Harkin	Reed
Clinton	Hollings	Reid
Conrad	Inouye	Rockefeller
Corzine	Johnson	Sarbanes
Daschle	Kennedy	Schumer
Dayton	Kohl	Stabenow
Dodd	Landrieu	Wyden

#### NOT VOTING—1

Kerry

The motion was agreed to.

#### AMENDMENT NO. 3118

The PRESIDING OFFICER. There are now 4 minutes of debate equally divided on the Allen amendment No. 3118.

The Senator from Colorado.

Mr. ALLARD. Mr. President, I rise to speak in behalf of amendment No. 3118. This amendment is important to nearly all States in this time of energy shortages. It provides for and encourages the use of renewable energy.

I am pleased to have cosponsorship from Senators MILLER, CLINTON, SCHUMER, and CHAMBLISS.

Passage of the green bonds provision is relevant to the JOBS bill. It is anticipated to create over 100,000 construction and permanent jobs.

It also promotes the large-scale development and deployment of renewable energy generation. This will stimulate the market for renewable technologies, such as solar, helping to bring down the cost of technology.

I also believe it is important to note that our amendment contains a provision which pays for its costs.

In closing, I urge all of my colleagues to vote for this amendment. It is limited only by the amount of total bonding authority and the fact that each State is allowed only one project. I think every State can work to take advantage of the benefits that this amendment will provide.

Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. I ask unanimous consent that this be a 10-minute vote.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ALLARD. I ask that we yield back time from both sides.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to amendment 3118. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. REID. I announce that the Senator from Massachusetts (Mr. KERRY) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 76, nays 23, as follows:

[Rollcall Vote No. 84 Leg.]

YEAS—76

Akaka	Crapo	Lincoln
Alexander	Daschle	Lugar
Allard	Dayton	McConnell
Allen	DeWine	Mikulski
Baucus	Dodd	Miller
Bennett	Dole	Murkowski
Biden	Durbin	Murray
Bingaman	Edwards	Nelson (FL)
Bond	Enzi	Nelson (NE)
Boxer	Feingold	Pryor
Breaux	Feinstein	Reid
Brownback	Frist	Roberts
Bunning	Graham (FL)	Rockefeller
Burns	Graham (SC)	Santorum
Byrd	Hatch	Sarbanes
Campbell	Hollings	Schumer
Carper	Hutchison	Smith
Chafee	Inouye	Specter
Chambliss	Johnson	Stabenow
Clinton	Kennedy	Kohl
Cochran	Kohl	Stevens
Coleman	Landrieu	Talent
Conrad	Lautenberg	Voinovich
Cornyn	Leahy	Warner
Corzine	Levin	Wyden
Craig	Lieberman	

NAYS—23

Bayh	Gregg	Nickles
Cantwell	Hagel	Reed
Collins	Harkin	Sessions
Domenici	Inhofe	Shelby
Dorgan	Jeffords	Snowe
Ensign	Kyl	Sununu
Fitzgerald	Lott	Thomas
Grassley	McCain	

NOT VOTING—1

Kerry

The amendment (No. 3118) was agreed to.

Mr. GRASSLEY. I move to lay that motion on the table.

Mr. REID. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. REID. Madam President, I have spoken to the Democratic leader, I have spoken to our manager. On our side we have six amendments remaining. I mention them by name: Feingold, 5 minutes on his side; Lautenberg, 30 minutes; Corzine, 30 minutes; Cantwell, 30 minutes; Hollings, 40 minutes; Landrieu, 30 minutes. This bill can be completed in a relatively short time. I understand the Members would rather not vote on some of these amendments, but I want the record to reflect we would agree to these very short time limits. There are no surprises in any of the amendments. Everyone knows what they are. Certainly on Hollings and Landrieu, we have agreed with the majority these could be next in order.

The problem we have, everyone should understand, is Senator CANT-

WELL will not let us do the unanimous consent agreement unless we have some way of disposing of her amendment. I have also been contacted by Senator CORZINE, Senator LAUTENBERG, and Senator FEINGOLD. They will agree to no more unanimous consent agreements unless they are included in the order in some way.

I repeat: Each of these Senators wants this bill passed. None of them is trying to stall. They understand the importance of this legislation. But add up all the time on our side, and it is about 2 hours 45 minutes. That is all that is remaining on debate time on our side. I hope we recognize and can figure out some way to get through these amendments and get this bill passed. I see no reason we could not do it tomorrow easily.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Madam President, first of all, there has been a very good working relationship between the two sides on this bill. That is very encouraging. I recognize that upfront.

In regard to the list of amendments, the fact that it is very short, with time agreements, is very good news. However, in that list of amendments, there are some that are nongermane, some that are very controversial, some on our side of the aisle we do not think are appropriate to be brought up on this legislation; and also a reminder that we have only dealt with two Republican amendments at this point and we have dealt with a lot of amendments on the other side. Now, there is nothing wrong with dealing with more amendments on one side than on the other, and we have been very fair in how we have approached this.

I don't have a response to the Senator from Nevada, the distinguished Democratic assistant leader. We intend to work very closely with him to see if we can get this bill to finality. In the same way we have gotten this far this week—we have made a great deal of progress—it is because we have had a good working relationship with the Senator from Nevada and the Senator from Montana.

I cannot state an agreement at this point. I yield the floor.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Madam President, parliamentary inquiry. Is the Cantwell amendment now the pending amendment?

The PRESIDING OFFICER. The Cantwell amendment is the pending amendment.

Mr. KENNEDY. I see the Senator from Washington on her feet and ready to address the Senate. As I understand, she would be willing to set a time for a vote on her amendment sometime in the morning. So we can give the Senate some idea what the program will be, I am just wondering now whether the floor managers would be willing to agree to a time limit on the amendment of the Senator from Washington,

for a vote on it in the late morning tomorrow, with the time to be divided.

Mr. GRASSLEY. Madam President, to respond to the Senator from Massachusetts, first of all, not involving me but other people that are interested—I am interested—I have asked other members to see what could be negotiated. There are talks ongoing now that range from, hopefully, we can establish a couple other amendments for votes before that. Part of that discussion is seeing if we can reach an agreement on bringing up the amendment. However, I don't have anything to report to Senator KENNEDY at this point.

Mr. KENNEDY. Again, I don't want to interfere with the Senator from Washington, but I know the Senator has attempted to get this amendment up, at my last count, some 14 times over the period of the last 7 or 8 months. Now it is before the Senate. She is entitled to have it considered.

It is an amendment of enormous importance to working families in this country. We have 85,000 workers who, each week, lose their unemployment insurance. This represents an extremely important issue to hard-pressed middle-income families that are trying to make ends meet and facing serious issues in terms of the increase in health care costs, increases in tuition, increases in terms of their utilities, their mortgage payments. This is a lifeline to hundreds of thousands of American families. This is a matter of enormous importance. It is not just a minor amendment. For many of us, it is the most important or perhaps the second most important outside of the overtime amendment on this bill.

I thank the Senator for Washington for her perseverance on behalf of the working families of this country, commend her for her diligence in protecting their interests, and look forward to following her leadership, hopefully getting the opportunity to have a reasonable period of time and then have the Senate express its will. I certainly hope we would not have the blind opposition to this amendment we have faced in the past when Members have tried to basically handcuff the Senate from being able to give consideration to this amendment.

I commend the Senator from Washington for her diligence and perseverance. This is a matter of enormous importance and enormous consequence to the people of my State, I know to the people in her State, and for people all over this country. I commend her for developing the bipartisanship she has with the Senator from Ohio and other Senators. This has been a bipartisan effort she has led. That is the way it should be because, obviously, the workers who need this help are from all parts of the country and represent all kinds of different viewpoints.

I thank her for her leadership and look forward to following this issue.



Ms. SNOWE. Mr. President, I would like to speak to one provision in the FSC/ETI tax legislation we are considering on the Senate floor which is very important—the broadband expensing provision. This provision would allow investments in broadband infrastructure, or high-speed Internet access, to be deducted for tax purposes in the year the investment was made rather than over several years. The simple point of this provision is to stimulate new technology investment.

We have worked on the bill since mid-2000, and it is time to see it enacted. I am particularly pleased to have worked with Senator ROCKEFELLER on this issue and to join him in sponsoring legislation to provide a broadband tax incentive. He and I go back quite a few years on technology matters. We worked side by side to ensure that all of our Nation's schools are wired for basic Internet service, and that has been a tremendous success. I also appreciate the effective work Senator BURNS has done to fight for broadband investment.

It is time to move beyond basic dial-up service. Dial-up is adequate for sending e-mail, and sharing short documents, and browsing the web slowly. But if you need to receive information quickly, or if you need something that is data-intensive like photographs or graphics or lengthy documents, then you need broadband.

Unfortunately, in rural States like mine, broadband deployment is not proceeding quickly enough. And that is what this provision is designated to address—the rural and low-income areas where broadband generally is not already or readily available. It is designed to help us move to the next generation of broadband that some countries are already rolling out. There are times when it makes sense to help the market deploy technology more quickly, and this is one of those times. Why? Because here we are talking about infrastructure, and the Government can help ensure that all our citizens have access to basic infrastructure so all Americans regardless of their zip code will have the chance to participate in—and succeed under—the tremendous benefits of new technologies.

It is critical we act quickly in this area. A report by the Organization for Economic Cooperation and Development finds that the United States has dropped to sixth in the world in percentage of broadband penetration. We must not sit idly by and allow the United States to fall further behind in this crucial area.

In addition to accelerating the deployment of broadband, the provision will also infuse immediate stimulus for the economy by encouraging firms to invest in high-speed telecom equipment. Furthermore, these new capital expenditures will create jobs—equipment manufacturers will expand their production capabilities to meet increased demand, and broadband providers with hire additional employees to install this new infrastructure.

We must engage on this issue and we must do it now. I thank Senator ROCKEFELLER for his leadership and partnership on this issue, and the Chairman and Ranking Member of the Finance Committee for their support, and I look forward to passing this provision and seeing it enacted this year.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Madam President, I ask unanimous consent that the Senate now proceed to a period of morning business with Senators permitted to speak for up to 10 minutes each.

Mr. BAUCUS. Madam President, will the Senator hold back for a second before making that request?

Mr. GRASSLEY. Yes, I will. Madam President, I withdraw my unanimous consent request.

Mr. BAUCUS. I thank the Senator.

The PRESIDING OFFICER. Does the Senator from Iowa yield the floor?

Mr. GRASSLEY. Madam President, I withdraw my unanimous consent request and yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Madam President, this is a good bill on which we have made a lot of progress. There are a lot of good amendments yet outstanding. It is amazing how much is in this bill that is so positive.

I say to my colleagues on both sides of the aisle, it is important for us to go the extra mile, to see if there is a way to compromise. I will say that again: both sides of the aisle.

Here we have the amendment offered by the Senator from Washington, and we are kind of at a little bump in the road. But this can be resolved. This is resolvable. I hope very much we are not in a situation where backs stiffen up and people dig their heels in the ground and pride becomes the overriding emotion. Rather, we are very close to resolving a very important issue. So I ask that cooler heads prevail over the evening, to sleep on it, and tomorrow morning—and/or tonight—find a way to resolve this issue; otherwise, people could see the Senate not at its best. There is an opportunity, a real opportunity, for Senators to show they can work together on both sides of the aisle on very important matters.

We know none of us can have everything. We also know for things that are important and worthwhile, generally it takes some give-and-take and compromise. We are almost there.

I thank the Senators for how far we have come thus far, and I urge us to work together to find a solution to these remaining amendments so we can get the bill passed very quickly.

I yield the floor.

The PRESIDING OFFICER (Mr. ENSIGN). The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Senate now proceed to a period of morning business, with Senators permitted to speak for up to 10 minutes each.

The PRESIDING OFFICER. Is there objection?

Mr. REID. Mr. President, reserving the right to object, will the distinguished chairman of the committee allow a modification to his request, that the Senator from Washington be allowed to speak for 10 minutes prior to us going into morning business?

Mr. GRASSLEY. Limited to speaking, and no requests or anything like that?

The PRESIDING OFFICER. Does the Senator so modify his request?

Mr. GRASSLEY. My request would be so modified.

The PRESIDING OFFICER. Is there objection?

Mr. NICKLES. Reserving the right to object, I want to make sure the Senator from Washington be allowed to speak and there be no unanimous consent requests made pertaining to her amendment.

Mr. REID. Mr. President, if I could respond, the Senator from Washington is protected. Her amendment is the next amendment. I mean, it is an amendment that is now before the Senate, and she understands nothing is going to happen on this bill until there is an agreement in some regard to her vote. She is not going to ask at this period of time for a unanimous consent. She does not need to be protected.

Mr. NICKLES. If the Senator will yield further, the unanimous consent request only limits time; is that correct?

I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Washington is recognized for 10 minutes.

Ms. CANTWELL. Mr. President, I remind my colleagues we are here talking about a JOBS bill. That is what we are talking about, how we keep jobs in America. So I think it is more than appropriate to be talking about one of the biggest problems in our country right now, the fact we have not created jobs. We have lost 2 million jobs since this administration began. It is more than appropriate to be discussing the unemployment benefits American workers need because they have lost jobs, through no fault of their own, since 9/11 and have been struggling to get recognition by this body and the other body on unemployment benefits.

We still have 1.5 million Americans who have exhausted State benefits and have not gotten assistance from this body, the Senate, which now wants to talk about a JOBS bill. Well, the most important jobs issue we are facing in America right now is that people who are trying to go back to work would love to be getting a paycheck instead of an unemployment check, and yet we are not giving them the option to have support in a program they have already paid into through their employer for unemployment benefits.

So what are people across the country saying? As the Senator from Massachusetts pointed out, we have had

something like 15 different attempts to get unemployment benefits for workers who are trying to find jobs but are not finding jobs available. They are certainly people who would rather work.

The Dayton Daily News recently said:

What's troubling . . . is how some Republican leaders are hoisting another "Mission Accomplished" banner, this one to hide the struggle for more than a million unemployed workers who have exhausted state benefits without finding another job.

That is not what this Senator is saying. That is what a newspaper in one of the hardest hit States is saying about this particular problem, the fact we cannot simply say on a certain day the economy is better and Americans are back to work, when, for the first part of this year, with last month's numbers, we only created somewhere between 300,000 and 400,000 new jobs. We have lost 2 million jobs since this administration has been in power.

We had an economic report by the administration that they were going to create all sorts of jobs in 2002. That did not come about. In 2003 there was another projection. That did not happen. Now we are in 2004. And even though the administration said they thought they were going to create, I think the number was 2.6 million jobs this year, the President's own economic advisers backed off of those numbers and said: We don't know how many jobs are going to be created.

Well, I can tell them, having been in the private sector, trying to determine whether a company is growing at a rate in which you can resume hiring is a tough question. So I get that this is a complicated issue, and we do not know how fast our economy is going to grow. But we know this: We are not going to find 2 million jobs in the next 6 months. We are not going to hire 2 million Americans who basically have lost their jobs, and in many cases through no fault of their own, and put them back to work in that short a period of time.

The question is whether we want to give the American worker who is unemployed an opportunity to receive the Federal benefit this program was created for, what they paid into through their employer so there could be assistance in tough economic times.

Well, if the last year and a half does not qualify for tough economic times, I don't know what would. Newspapers across the country are saying it is time we deal with this.

The Dayton Daily News again said early last month:

Maybe there are brighter days ahead. But that's no comfort now to the unprecedented number of laid-off workers, who have scrambled without success to find a job and . . . lost the little bit of help given under state unemployment benefits programs.

It cannot be any more plain than that. The President is on a bus driving through a State that is basically saying, as crisply and clearly as they possibly can: We need additional help and

support. The State program has expired. People are still unemployed, and they cannot find a job. These people would gladly go back to work, gladly go back to getting health benefits, gladly go back to getting the other benefits of being employed, but the jobs are not there. So the question is whether we are going to do the job we have said we were going to do.

In fact, you can take the economists who are also looking at this, because I think part of the other side of the aisle would like to say: Don't worry, it is all going to get better. But even if we double last month's numbers, even if in the next 2 months we created 500,000 or 600,000 jobs, it still isn't going to be enough jobs for the 2 million Americans who have lost their way. So why not put some stimulus into the economy.

That is why the Miami Herald said last month: Mixed messages, the White House gets a boost from strong job growth, but economists say unemployment will remain a problem.

That is because economists are looking at the numbers and they are saying: You are still going to have unemployment.

It is no surprise that Alan Greenspan came before a House committee and, when asked about whether we should expand Federal unemployment benefits, basically said: I think it is a good idea, largely due to the number of exhaustees that are out there in America. By that he means the number of people who have fallen off the State program and could qualify for Federal assistance.

I know some of my colleagues have said they want to cut this program off at some point in time: Why should we keep doing it; the economy is starting to pick up.

You do it because these exhaustees don't have a job. They can't pay mortgage payments, take care of health care. Their employer paid into this program for this very benefit. This is the best economic stimulus this country could get right now. Giving employees access to the assistance of the Federal program for the next 6 months would generate \$11 billion in economic stimulus. That is for every dollar spent on unemployment benefits, it generates \$2 of economic stimulus.

I think about the States that have been hard hit, such as Ohio, Pennsylvania, Missouri, Washington, Oregon, Alaska. Those are States that certainly could use the economic stimulus in their States to keep companies from not defaulting on mortgage payments, keep families in their home, and provide additional stimulus to those sagging economies.

People on the other side of the aisle say: At some point in time, the President's economic plan is going to kick in and work. But I don't think anybody can say it is going to kick in and work in the next 2 months to the degree necessary to take care of the number of unemployed. It is not going to take

care of 1.5 million. It is not going to take care of 2 million people who have lost their jobs and 1.5 million who have already exhausted State benefits.

The question is whether this body is going to stand up and do the right thing and come up with a program to expand unemployment benefits for the next several months so unemployed workers in America can have some certainty they are going to have a future where they can stay in their home.

I am having a tough time convincing the other side of the aisle. Maybe they haven't heard from their constituents on this issue. I think there are one or two States that may not have lost any manufacturing jobs. Maybe their constituents don't feel the same pain that we do in the Northwest. In 2002 alone, we lost 72,000 jobs in our State, mostly as a result of the downturn after 9/11 and its impact on the aviation industry, but certainly other industries as well. So we have had a lot of people who have continued to look for jobs. We have heard from a lot of these individuals. We have a Web site anybody can access at [cantwell.senate.gov](http://cantwell.senate.gov) that tells you the stories of these individuals in their own words.

What each person tells over and over is how much they would like to have a job, how many job interviews they have gone on, only to find people five and six times more qualified than they taking the minimal number of jobs that are actually being created. That is why one of the chief economists in the country, Alan Greenspan, has said the size of the exhaustees alone should drive us to expand unemployment benefits. It would, in and of itself, give us the stimulus that would help us return the economy.

We had a vote not that long ago. Fifty-eight Members in this body voted in support of unemployment benefits. There was a similar vote, not the exact same language, in the House of Representatives. They voted to basically give an extension of unemployment benefits through the Federal program. So basically majorities in both the House and the Senate have voted for unemployment benefits. Yet still we do not have a benefit package.

The administration was asked whether they thought we should do this. Secretary of the Treasury Snow basically said it was something the White House wasn't objecting to. We asked the White House in their communications shop. They said they thought it should get done.

Now the question remains, who wants to hold up this benefit package? The American workers have paid into this. They want the money they paid into the Federal program to give them economic support so we can give people an opportunity to go back to work when jobs are created and not penalize them for the economic situation they are in today.

## MORNING BUSINESS

The PRESIDING OFFICER. The Senator's time has expired.

Under the previous order, the Senate will now proceed to a period of morning business. The Senator may speak up to 10 minutes in morning business.

## EXTENSION OF UNEMPLOYMENT BENEFITS

Ms. CANTWELL. Mr. President, there are several other points I would like to make. I know some people are thinking, why not do this for a shorter program. Why not expand the program for maybe another 60 days. The point is, where are we going to be in 60 days? Even if, say, we get a report on Friday that says there are 300,000 jobs being created and the next month there are 300,000 jobs being created, you still have at that point 1.4 million Americans looking for work; that is, people who have completely exhausted their State benefits.

My constituents are making all sorts of choices. They are putting up their homes for sale. They are moving in with relatives. They are selling family possessions to pay mortgage payments. They are trying to hold on so this economy recovers. And they are hoping the next several months will bring good economic news, as I hope it does. I hope the next several months brings good economic news. But even if we have good economic news, we are not going to have the return of 1.4 million people or 2 million people back to work in the next several months. The question is, do we want to meet our obligation under the Federal program and help them.

In the 1990s we had a very similar situation. We had an economic downturn and the first Bush administration basically had to come up with a program for unemployment benefits. They actually had already had the program in place for more than a year and had good economic news. I think more than 600,000 jobs had been created. The administration still supported another 9-month extension to unemployment benefits.

Actually, they supported that 9-month extension, even with a richer program than what we are suggesting today. We are suggesting that the program ought to go for 13 weeks of Federal program and 13 weeks for very high unemployment States. At that point, the program was 20 weeks. So in the 1990s, the Bush administration decided, even though it had seen more than a half million in job growth—I think they had several million in job loss—even though they had seen the economy pick up, they made the decision that so many people had been impacted, laid off, and could not find work, that it was important to give them access to the Federal program. So they expanded the program for another 9 months.

Now, I know this administration is now, as I said, through various mem-

bers of its Cabinet, backing away from its economic numbers for the year, but it is also saying they would support an unemployment benefit package that would come out of the House and Senate. I say to the administration, obviously, we are not getting this bill done in the timely fashion that would benefit most Americans. Maybe they can come and help in this effort because the preceding Bush administration did a great job supporting the package, even though jobs were starting to be created, to stem the tide of job loss and negative impact on the economy, and still the economy started to pick up again. So we should do the same.

I think the administration should take some time, as it is riding around Ohio—and some of these middle America States have been hard hit with unemployment benefits—and listen to the people who have lost jobs. They will tell them this program is important to them, as I just outlined from several newspaper editorials that have been in the Dayton paper, specifically. I am sure there are editorials from other places throughout the Midwest as well. I know we had editorials from more than a dozen newspapers wondering why we were not moving forward on this legislation.

So the point is, we have a case study in the 1990s—and a good one—that this administration should follow. This administration should look at the success of that program, how jobs were being created, and still they expanded unemployment benefits because they knew it would take several months to put that many Americans back to work. That is what we are talking about today. We are talking about a jobs proposal that really is what we are going to do to incentivize or disincentivize corporations from moving overseas or doing business overseas. That is what the FCI/ETI bill is primarily about.

While we are debating what is good to massage the intention of corporations in America, we should be talking about what we are doing to support the American workers who lost their jobs through no fault of their own. Why try to mastermind and guess about corporate intentions and incentive in the tax policy but then leave American workers who have a program that is designed to help them out in the cold without an opportunity?

We have fought this battle a couple of times now. We fought it last year when the benefits expired and got it reinstated. We fought it when people actually lapsed off of benefits and we had to get them to understand that when we came back into session, the benefits were going to be restored. But now many Americans have lost hope. It has been since January 1 these people have been without benefits. Given that information, Americans have tried to make the best they can out of a tough situation. They have made those tough choices, and if you read the stories on my Web site, or talk to constituents, you will see very heartbreaking stories

of people who have struggled to make ends meet and would rather work.

I think it is very important that Congress act to move forward on this legislation. I know my colleagues would like to get the FSCI/ETI bill done. I know they would like to say they passed something that dealt with jobs. Let's be honest. There haven't been a lot of jobs created in the last 3 years. We are at a net negative jobs. We are at a net negative 2 million jobs lost in America. So let's not kid ourselves. Job creation will come back. It will come back slowly. It will start to pick up, but that pickup is not going to be at the pace to give people relief in America and relief that is due to them.

Mr. President, while I am not making a unanimous consent request, I hope that my colleagues understand how important this is, and that tomorrow we will find time to vote on this amendment. Not to vote on this amendment, again, is to say it is more important to deal with corporations and their tax incentives and tax breaks than it is to deal with the American workers who have lost their jobs. I don't want to send that message to these high-unemployment States, to those individuals who thought they supported this concept of a Federal program, and then tell them we have almost \$15 billion in a Federal fund that was paid into by their employers, but now they are not going to be able to access any of it. I would rather tell them this body decided to do the right thing; that while we are waiting for the private sector to return to a strong economic engine, we are going to do the right thing and give people access to the Federal dollars from the program they have already paid into; that we are going to help the American workers in their time of greatest need; that our body, this institution, and the other side, the House of Representatives, believe the American workers deserve to have support.

I hope tomorrow we can work out a time agreement so this amendment can be voted on, so we can move forward on not only getting the underlying bill done but getting this legislation moved, since both bodies have supported it and a majority of Members have supported the legislation.

I yield the floor and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. FRIST. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

## CINCO DE MAYO

Mr. FRIST. Mr. President, on the fifth of May, 1862, in Puebla, Mexico, a fighting force of 2,000 peasants confronted 6,000 well-equipped and expertly trained French troops. The French troops had come to conquer the

small town. Instead, the peasant army prevailed, and their historic victory is celebrated each year as Cinco de Mayo.

Today, millions across the Americas will celebrate the spirit of Cinco de Mayo. They will cheer the shared goals of independence, liberation, and freedom. Today, the people of North America are united in good will.

Indeed, the relationship between the United States and Mexico is closer than it has ever been. We are neighbors and we are friends.

Mr. President, 33 million Latinos live in the United States. The large majority, 66 percent, are of Mexican origin.

In my home state of Tennessee, the Hispanic population has grown by nearly 1 million people since 1990.

Hispanics are strongly represented in our Armed Forces and can claim more Congressional Medals of Honor for valor than any other group.

The U.S. and Mexico are partners in NAFTA. Mexico is our second largest trading partner.

The United States accounts for 60 percent of all foreign direct investment in Mexico.

Mexicans living in the United States send about \$9 billion a year home to their families.

And more than 500,000 American citizens live in Mexico.

So, today, I rise to recognize this historic day and join others in celebrating this day in this spirit. It teaches us a profound lesson: that freedom is a universal drive, and ultimately, freedom will out.

Mrs. CLINTON. Mr. President, I rise today in recognition of Cinco de Mayo, a holiday celebrated in Mexico and increasingly in the United States, that commemorates an important victory of the Mexican Army against the French at the Battle of Puebla. In my home State of New York and across the Nation, Hispanic communities—particularly the Mexican-American community—have embraced this holiday and transformed it into a day of recognition and celebration of the contributions Hispanics have made in the United States.

Among all cities across the Nation, New York ranks 11th in the size of its Mexican population, close to cities with long standing Mexican communities such as San Diego, Santa Ana, and San Jose, CA. The number of Mexican New Yorkers counted by the U.S. Census more than tripled in the 1990s, increasing from 61,772 in 1990 to 186,872 in 2000. Currently, Mexicans constitute the third largest Hispanic/Latino population in New York State after Puerto Ricans and Dominicans.

As the Nation's largest minority group, Hispanics are adding to our Nation's cultural richness and economic prosperity. Every day they are working and creating businesses in all sectors across the country. Today, one in nine workers in America is of Hispanic descent and there are currently 1.2 million Hispanic-owned businesses with annual revenues of \$200 billion.

Even as we celebrate these important contributions, Hispanics across the Nation continue to face unique challenges, including high unemployment, stagnant or declining wages, high school dropout rates, poverty, and lack of access to health insurance. The Bush administration's 2005 budget proposal fails to make adequate investments to help improve the quality of life for Hispanics. In fact, his budget proposal cuts funding for small businesses, fails to adequately fund the No Child Left Behind Act, eliminates funding for dropout prevention, and underfunds minority health care programs.

The President's budget also provides tax breaks that benefit the wealthy at the expense of working families. That is why I have joined my fellow Democrats in Congress in supporting an agenda that increases investments in key economic, educational, and health-related programs to make America even stronger for future generations and will continue to fight for these key programs in the 108th Congress.

I hope that today's Cinco de Mayo celebrations serve as an important reminder of the contributions of Hispanics and the need to support additional investments in programs and services that help them build a better future for their families and for our Nation.

Mrs. FEINSTEIN. Mr. President, I rise today to recognize Cinco de Mayo, an important day in both Mexican and American history as well as a symbolic day to honor Mexican heritage.

Cinco de Mayo pays tribute to the courage and strength of the people of Mexico and to the profound contributions Mexican Americans have made to our country's history and culture.

The U.S. Census Bureau estimates that there are nearly 10 million people of Mexican descent living in my home State of California alone. Every day, Mexican Americans make huge contributions to our communities in every sector of the economy, in every level of government, and in every aspect of society.

Mexican-American leaders such as the late Cesar Chavez, founder of the United Farm Workers Union, have left indelible footprints in our national memory.

Organizations such as the League of United Latin American Citizens, the National Council of La Raza, and the Mexican American Legal Defense and Education Fund collaborate with government, civic, community, and other organizations to improve economic, educational, and civil rights for Latinos.

Truly, a comprehensive snapshot of California would be grossly incomplete without full representation of the Mexican-American community.

Many celebrations with traditional food, music, and parades take place across the country and throughout California on Cinco de Mayo. Hundreds of thousands will gather to embrace and celebrate Mexican heritage.

Cinco de Mayo celebrations can be large festivals drawing thousands of people, such as those in San Diego, Los Angeles, Sacramento, San Francisco, and San Jose as well as small, more intimate events among neighbors.

It is very much the same as the way we observe the Fourth of July—both in the variety of ways people choose to celebrate and in that a specific historic event inspired the holiday, which has come to symbolize a much broader spirit.

No one would want to limit the meaning of the Fourth of July to a narrow celebration of American independence from Great Britain, nor would you reduce Cinco de Mayo to a commemoration of the Mexican military victory in Puebla by itself.

However, it is important to recall the bravery of the Mexican Army when France, under the rule of Napoleon III, sought to establish a political and economic foothold in Latin America by installing their own ruler in Mexico.

Napoleon's troops, who had not been defeated in battle for almost 50 years, entered Mexico with considerable technological advantages over the Mexican Army. The French Army moved west to attack Mexico City, mindful that if the Mexican capital fell, a complete takeover of Mexico was imminent.

On May 5, 1862, the Mexican Army defeated the invading French forces in the city of Puebla under the command of General Zaragoza and Colonel Porfirio Diaz. If not for the great courage of the Mexican Army, the course of history would be undoubtedly altered.

In my mind, Cinco de Mayo epitomizes what it means for immigrant communities to flourish, making their own unique additions to American culture.

One San Francisco family, the Ramirezes, who immigrated to the United States from Jalisco, Mexico, in 1955, are truly an American success story.

Ramon Ramirez and his wife Guadalupe worked several jobs before acquiring a San Francisco deli in 1967. Soon the space proved too small to accommodate their customers and in 1982, they expanded and opened Don Ramon's restaurant.

I used to frequent Don Ramon's when I was the Mayor of San Francisco and I was always sincerely impressed with the Ramirez family. Ramon and Guadalupe still work every day at Don Ramon's, arriving before dawn. Their three daughters remain involved in running the restaurant, though their youngest daughter, Nati, has also pursued another career as director of the San Francisco district attorney's subpoena unit.

This is only one of many examples of how Mexican Americans have helped our country to flourish.

Finally, I am pleased to join every American and every Mexican in celebrating this important day in Mexican history. On Cinco de Mayo we pay tribute not only to the bravery shown at

the Battle of Puebla, we also recognize the contributions of Mexican Americans to our country as well.

#### IRAQI PRISONERS

Mr. FRIST. Mr. President, over the past week we have become aware—indeed, the entire world has learned of the graphic evidence—of abuse against Iraqi prisoners at Abu Ghraib prison. We express shock; we express condemnation of these despicable acts. That has been expressed on the floor—indeed, throughout the Nation.

The persons who carried these acts out must face justice. The perpetrators have disgraced themselves and, in the process, have brought shame to all of us who cherish justice and decency and dignity.

Moreover, their behavior is deeply un-American. This country is founded on those universal principles of human rights and respect for each and every individual. Those disturbing pictures show men and women who have abandoned America's values and, in the process, jeopardized our efforts to bring democracy and the rule of law to Iraq.

Thousands of honorable men and women are working and sacrificing each and every day to bring peace and freedom to the Iraqi people. We cannot let these intolerable acts of a few undermine the noble work of the overwhelming majority of our troops.

The abusers of Abu Ghraib must face justice and they will face justice. In March, the Army charged 6 military police officers with physical and sexual abuse of 20 Iraqi prisoners. Three of the six cases have been referred to military trial. The criminal probe into allegations against four other soldiers is continuing. In total, our military has launched five separate investigations. An administrative review has resulted in notices of reprimand filed against seven officers and noncommissioned officers this week. The inspector general of the Army and the commander of the Army Reserve are also conducting their own investigations.

I commend President Bush for his efforts to reach out to the Arab world to address this matter. It is important that we address these reprehensible acts directly and fully and quickly and in a fully transparent manner.

Our men and women in uniform are respected around the world. They are respected for their professionalism and because they defend the highest of political ideals: individual rights, freedom, justice, and the rule of law. In Bosnia, Afghanistan, Kosovo, Iraq, and elsewhere, our troops are serving with honor, with courage, and with professionalism to advance democracy and to advance liberty.

As the Abu Ghraib investigations unfold, I do urge my colleagues and everyone watching and listening to keep that in mind. The vast majority of our men and women in uniform are serving ably and honorably, and through their heroic efforts, they are advancing our freedoms and values.

#### HONORING WOLFGANG PUCK

Mr. REID. Mr. President, the city of Las Vegas, in my native State of Nevada, is recognized as the entertainment capital of the world.

Our amazing resorts offer many options for fun, but one of their greatest attractions is world-class dining.

Over the last 12 years, many of our Nation's leading chefs have opened restaurants in Las Vegas, transforming our desert city into even more of a culinary oasis.

The man most responsible for this remarkable transformation is Wolfgang Puck.

Wolfgang Puck was born in Austria. He began his formal training at age 14, inspired by his mother, who was a hotel chef. By the time he came to this country at age 24, Wolfgang had prepared himself for success, but nobody could have predicted just how dramatic that success would be.

By combining classic French techniques with influences from Asia and California, and by using the finest ingredients from local purveyors, he has changed the way Americans think about food and the way chefs prepare it.

Along the way he has become America's most famous chef, and created an empire comprising a dozen fine dining restaurants and more than 50 casual and quick service establishments.

Four of his best restaurants are in Las Vegas: Spago and Chinois at the Forum Shops at Caesar's Palace; Trattoria Del Lupa at Mandalay Bay; and Postrio at the Venetian.

One thing all these places have in common is a remarkable attention to detail. Wolfgang Puck is a person who thinks about everything that could possibly affect the dining experience. Some would even call him a worrier. The story goes that before his first Spago restaurant opened, he couldn't sleep for two days because he was worried that nobody would show up. Well, people did show up, and they lined up to get in. So Wolfgang's reaction was to worry about how he would ever be able to feed such a crowd.

Wolfgang Puck has been influential because of his cooking techniques and his approach to food; almost every American chef has learned something from him. But you don't have to be a chef to learn from Wolfgang Puck. We can all learn from his willingness to take risks and try new ways of doing things. He has said that he learned more from his one restaurant that failed than he learned from the many that succeeded.

Wolfgang has a great partner in life and in business—his wife, Barbara Lazaroff. She is an acclaimed architectural designer who has created magnificent environments where diners can appreciate Wolfgang's food. I'm sure Wolfgang would be the first to acknowledge that he couldn't have accomplished what he has without Barbara by his side.

Wolfgang and Barbara and their two sons live in California, but we think of

them as part of our Las Vegas community. They are very active in charitable activities in Nevada, as well as California. Their Puck-Lazaroff Charitable Foundation was established in 1982, and has raised more than \$5 million for charity. It sponsors the annual American Food and Wine Festival, which raises money for Meals on Wheels.

Wolfgang and Barbara are also major supporters of the American Cancer Society, the American Heart Association, the Boys and Girls Clubs, Big Brothers and Big Sisters of California and Nevada, and the Alzheimer's Association.

In fact, on May 15, Wolfgang will be the honored guest at Keep Memory Alive, an annual dinner in Las Vegas that combats Alzheimer's by raising money and public awareness. This event began in 1996 as an intimate dinner party. It has been repeated each year since, thanks to Larry Ruvo and Bobby Baldwin. Last year, Keep Memory Alive had grown to a feast for 300 people at Postrio. Wolfgang and other chefs prepared a memorable dinner, and Muhammed Ali and other celebrities auctioned off some memorable items. The evening raised \$2.6 million to fight Alzheimer's.

It is entirely fitting that this year's event at the Mirage will honor Wolfgang Puck for his work to combat this horrible disease. Please join me today in saluting Wolfgang and Barbara for all their contributions to the southern Nevada community, and the entire country.

#### LOCAL LAW ENFORCEMENT ACT OF 2003

Mr. SMITH. Mr. President, I today speak about the need for hate crimes legislation. On May 1, 2003, Senator KENNEDY and I introduced the Local Law Enforcement Enhancement Act, a bill that would add new categories to current hate crimes law, sending a signal that violence of any kind is unacceptable in our society.

On August 9, 2000, police charged four men in Daly City, CA, for allegedly assaulting two gay men in a fast food restaurant.

I believe that Government's first duty is to defend its citizens, to defend them against the harms that come out of hate. The Local Law Enforcement Enhancement Act is a symbol that can become substance. By passing this legislation and changing current law, we can change hearts and minds as well.

#### HONORING OUR ARMED FORCES

PAT TILLMAN

Mrs. BOXER. Mr. President, I rise today to celebrate the life and mourn the death of Corporal Patrick D. Tillman, age 27, who was killed in action in Afghanistan on April 22, 2004. Pat Tillman was originally from San Jose, CA. He was a true hero.

Pat Tillman exuded greatness and humility throughout his short life. He

was a shining star on and off the football field. In high school at Leland High in San Jose, CA, Pat was named the Central Coast Co-Player of the Year for 1993 and earned a scholarship to Arizona State University. At Arizona State, he led the team to the Pacific-10 Conference Title and then to the Rose Bowl. In 1997, while at Arizona State, Pat was named Pac-10 Defensive Player of the Year. Pat also knew the value of a good education. He earned a degree in marketing at Arizona State University, while also maintaining a 3.84 GPA. The Arizona Cardinals selected Pat in the 1998 NFL draft where he played hard for the Cardinals as a safety. In 2000, the St. Louis Rams offered him a substantial increase in compensation to play for them. However, out of loyalty, Pat turned it down to stay in Phoenix.

It was Pat's deep loyalty and character that led him to his next career move. After the horrific attacks of 9/11, Pat, who was just returning from his honeymoon, announced that he was leaving the NFL to join the Army Rangers. Pat left behind his new bride Marie and a substantial contract from the Arizona Cardinals.

Pat Tillman was not about money or fame. He was a remarkable young man who put his country and its ideals ahead of himself. Pat's physical strength and talents were only overshadowed by his personal integrity. The United States Army posthumously awarded Pat the Purple Heart, the Meritorious Service Medal, the Silver Star, the Good Conduct Medal and the Combat Infantryman's Badge.

Pat Tillman was a loving husband, son, and brother. My heart goes out to his wife Marie, his parents, Patrick, Sr. and Mary; his two brothers, Kevin and Richard and the countless others whose lives he touched. I want his family to know that people across California and throughout our country share their grief as we also salute the gift of his life and service.

Pat Tillman was a man of great strength, courage and patriotism. His example will continue to inspire countless Americans for years to come. It is most appropriate that we honor him for his outstanding courage and his selfless devotion to others and to his country. A hero is gone, but he will not be forgotten.

#### HONORING ALASKA CORRECTIONAL OFFICER DANIEL BATES

Ms. MURKOWSKI. Mr. President, law enforcement officers from around the Nation—troopers, police officers, sheriff's deputies, professional corrections officers, conservation officers and rangers and federal law enforcement officers—are traveling to our Nation's Capital for the annual observance of National Police Week which begins on May 9 and continues through May 15.

National Police Week is a solemn period, during which law enforcement officers recognize their brothers and sis-

ters who died in the line of duty and provide support and comfort to the survivors.

Last year, during National Police Week, I had the sad duty of acknowledging the loss of Officer James C. Hesterberg, the first member of the Alaska Department of Corrections to lose his life in the line of duty. This year, I must sadly acknowledge the loss of Officer John Watson of the Kenai Police Department who was fatally shot while on duty on Christmas night 2003.

On May 11, as part of the National Police Week observance, Corrections U.S.A., an association of 90,000 publicly-employed professional corrections officers, will meet to honor their brothers and sisters who have performed acts above and beyond in the protection of public safety.

It gives me great pride to recognize Officer Daniel Bates, an employee of the Alaska Department of Corrections, presently assigned to the Hiland Mountain Correctional Center, who will receive the 2004 Silver Medal of Valor from Corrections U.S.A.

On December 31, 2000, Officer Bates, then assigned to the Ketchikan Correctional Center, reacted quickly and professionally to an incident involving an inmate who one month prior was convicted of twelve criminal counts stemming from the armed robbery of a liquor store and a convenience store. Two of those counts were for the crime of attempted murder. The prisoner in question was arrested after an all night manhunt during which he shot at police officers who tried to apprehend him at a motel.

The inmate was participating in outdoor recreation at the jail when he began to scale the first of two perimeter fences around the exercise area. He succeeded in scaling the inner fence, ignoring orders to stop, and failed to stop after being struck by a rubber projectile fired by Officer Bates. After the prisoner breached the outer fence, the final barrier, Officer Bates fired at him with live ammunition, bringing him down.

Given this inmate's history of violence toward law enforcement officers, it was critical to the public's safety that Officer Bates acted promptly and decisively to prevent the escape. His calm and professional actions may have been instrumental in keeping the names of one or more Alaska law enforcement officers off of the National Law Enforcement Officer's Memorial Wall in Judiciary Square. For this we are grateful.

Our Nation's professional correctional officers are said to walk the toughest beat in law enforcement. I am pleased to join with Corrections U.S.A. in recognizing one of America's finest officers, Daniel Bates, a veteran member of the Alaska Department of Corrections, whose actions personify the department's motto, "Vigilance Pride Dedication."

I thank the President and yield the floor.

#### ABUSE OF IRAQI PRISONERS

Mr. FEINGOLD. Mr. President, I share the sense of outrage and disgust that has been expressed by so many Americans since the allegations and horrifying pictures of deeply troubling abuses at the Abu Ghraib prison in Iraq have come to light.

I am particularly sickened by the damage that has been done to the brave men and women of the United States military. The depraved acts of a few risk tarnishing the reputation of hundreds of thousands of American servicemen and women who behave honorably every day, even in extraordinarily difficult circumstances. These acts also put our troops at risk, by casting them in the role of abusers, making it more difficult to gain the trust and cooperation of Iraqis. Anytime the Geneva Convention is violated, the framework of basic standards on which all military personnel and their families depend is weakened.

I am also troubled by the irreparable damage done to American power. Our power does not come only from military might or economic muscle. We also derive power from what we stand for. Our commitment to basic human rights, to human dignity, and to the rule of law gives us power to persuade and to lead and to inspire. When this commitment is called into question, American power is diminished, and this is a terrible loss.

Now that these appalling acts have been exposed and reported around the world, we must proceed to show the world something else—that our military, our political system, and our society do not condone this behavior, that we are capable of a full and transparent accounting for what has happened and how it has happened, that we will take action to correct the failures in the system, and that we are committed to addressing these abuses through the rule of law.

#### DISCLOSING GOVERNMENT WRONGDOING

Mr. AKAKA. Mr. President, today I rise to pay tribute to those public servants who step forward to disclose government waste, fraud, and abuse. Commonly called whistleblowers, these individuals alert Congress and the public to threats to health, waste of taxpayer money, and other information vital to running an effective and efficient government. While there are protections in place for Federal employees who disclose government wrongdoing, certain legal decisions prevent many from coming forward. To underscore the importance of whistleblowers, Time Magazine called 2002 the "Year of the Whistleblowers" because of the bravery of FBI Agent Colleen Rowley, who alerted Congress to serious institutional problems at the FBI, and Sherron Watkins and Cynthia Cooper, who blew the whistle on financial mismanagement at Enron and WorldCom, respectively.

Today, as in 2002, it is important that during Public Service Recognition Week we acknowledge those who disclose information without assurances of protection and pledge to do what we can to provide full protection for those trusted public servants.

Congress has a duty to taxpayers to make informed decisions when carrying out its legislative, appropriation, and oversight functions. Such decisions require access to timely and accurate information, and when access is restricted, we are unable to provide oversight and fulfill our constitutional responsibilities. Only through a credible, functioning statute can we protect the rights of Federal workers who wish to communicate with Congress. Guaranteeing freedom from retaliation or abuse when disclosing critical information to Congress is the underpinning of the Whistleblower Protection Act, WPA.

Congress has worked hard, and continues to work, to provide real whistleblower protection to Federal employees. Unfortunately, through a series of decisions contrary to both statutory language and congressional intent, the Federal Circuit Court of Appeals, which has sole appellate review for the WPA, has denied full whistleblower protections to Federal workers and harmed Congress's ability to do its job. In fact, of the 85 retaliation cases decided on the merits since 1994, the Federal circuit has ruled for the whistleblower only once.

To ensure continued whistleblower protection, I introduced S. 1358, the Federal Employee Protection of Disclosures Act, on June 26, 2003, with Senators GRASSLEY, LEVIN, LEAHY, and DURBIN. Since introduction, we have been joined by Senators Dayton, Pryor, and Johnson. Our bill would strengthen protections for Federal employees who report government waste, fraud, abuse, gross mismanagement, and substantial and specific dangers to public health and safety.

Congress has consistently supported the principle that Federal employees should not be subject to prior restraint from disclosing wrongdoing. For example, every year since 1988 Congress has included in every Transportation, Treasury, and General Government Appropriations bill an "anti-gag" provision which prohibits the use of Federal funds to implement nondisclosure policies that are inconsistent with several open government statutes, such as the WPA of 1989 as amended in 1994, the Military Whistleblower Protection Act of 1998, and the Lloyd Lafollette Act of 1912, which prohibits discrimination against government employees who communicate with Congress.

However, more must be done. Since we introduced our bill there have been several more public reports of Federal employees allegedly being fired or threatened with termination or other retaliation for communicating with Congress and disclosing government wrongdoing to the press. These reports include the controversy surrounding the U.S. Park Police and cost esti-

mates for the newly enacted Medicare prescription drug program. In order to aid these and other employees and provide full protection to Federal whistleblowers, S. 1358 would codify the "anti-gag" provision and allow employees to bring cases seeking remedial action for retaliation before the Merit Systems Protection Board, MSPB, an independent, quasi-judicial agency that adjudicates Federal employee appeals.

In addition, our bill, the Federal Employee Protection of Disclosures Act, would overturn certain Federal Circuit decisions which have denied protection to employees who made disclosures in the course of their job duties or reported initially to the wrongdoer or a coworker. S. 1358 would also suspend the Federal Circuit's exclusive jurisdiction over WPA reprisal cases for 5 years, and overturn the wrongly established "irrefragable proof" standard imposed by the Federal circuit for whistleblowers to qualify for protection.

Although much press has been given to recent whistleblower cases, it is important to remember those who have reported allegations of aircraft maintenance violations, water safety regulations, and lapses in our national security. Protecting Federal employees who blow the whistle allows us to protect taxpayers and, in recent notable instances, national security as well. That is why the WPA is often referred to as the Taxpayer Protection Act.

During Public Service Recognition Week, I urge my colleagues to remember public servants who have come forward and honor them by supporting S. 1358 and strengthening protections for whistleblowers.

#### ADDITIONAL STATEMENTS

##### THE BLACK SHIPS FESTIVAL

• Mr. CHAFEE. Mr. President, this year marks the 150th anniversary of the signing of the Treaty of Kanagawa, which opened trade between Japan and the United States. Rhode Islanders take great pride in the historic role played by Commodore Matthew C. Perry, USN, who was integral in the formation of the treaty.

In 1853, Japan had been almost completely closed to foreigners for over 200 years, denying trade, refusing shipwrecked sailors, and, most importantly, refusing to serve as a coaling station for the growing numbers of steamships slogging the long haul across the Pacific. Commodore Perry was dispatched to Japan with full diplomatic powers by President Millard Fillmore for the purpose of opening that nation's doors to foreign trade.

On Friday, July 8, 1853, Commodore Perry steamed four huge ships into what is now Tokyo Bay. The hulks breathed thick dark smoke, and were instantly dubbed the "Black Ships" by the shocked citizens of Japan. Their arrival set the city of Edo, inhabited by more than one million people, into commotion. The Japanese had not fought a single war for 256 years, but now they feared an invasion.

But Perry had not come to invade. Instead, he planned to deliver a letter to the Emperor, signed by President Fillmore, proposing "that the United States and Japan should live in friendship and have commercial intercourse with each other." When his peaceful intentions became clear, tension around Edo Bay soon gave way to curiosity as each people sought to learn more about the strange new other.

Commodore Perry gave the presidential letter to local officials shortly after his arrival, explaining that he would return the following spring to receive the Japanese reply. He arrived in Edo Bay slightly ahead of schedule, on February 13, 1854, this time with nine ships anchored near the city of Kanagawa. The cultural exchanges continued. After a stunning parade on land, Perry arranged a 21-gun salute to honor the Emperor, and then flew the Shogun's flag from the masthead of one of his ships. He presented his hosts with an array of gifts, including books, maps of America, whiskey, wine, clocks, rifles, perfumes, a miniature steam engine with railroad, and telegraph equipment—all of which aroused much awe in the growing crowds. The Japanese presented the Commodore and his officers with gifts from the Emperor, including scrolls, porcelain tea sets, silks, jars of soy sauce, umbrellas, swords, and ornate lacquer ware. They even treated the sailors to a Sumo wrestling show. When one Japanese commissioner left an American-hosted banquet, he gave Perry a crushing hug and exclaimed, "Japan and America, all the same heart."

On March 31, after weeks of delicate and complex negotiations, a treaty declaring "peace and friendship between the United States of America and the Empire of Japan" was signed. The treaty of Kanagawa opened the seaports of Shimoda and Hokodate to American ships, and granted shipwrecked sailors protection in Japan. After the signing, the Japanese held a great feast for the Americans, and there was much celebration. As author Rhoda Blumberg writes, "It is remarkable that people in the land of the Shogun could be so gracious and hospitable to unwanted visitors from the Black Ships and that the Americans could overcome their prejudice against a 'different' people and enjoy their company."

Americans and Japanese were gracious, hospitable, and did enjoy each other's company at their first encounter. And that relationship continues today. The Japan-America Society and Black Ships festival of Rhode Island have helped maintain the bonds of friendship between our two nations. This month, representatives from Rhode Island will be participating in a ceremony in Newport, Rhode Island's sister city, Shimoda, Japan, commemorating the 65th anniversary of



that city's Black Ships festival. I am proud to draw the Senate's attention to this historic occasion, and to express on behalf of my colleagues our deep congratulations to Mayor Naoki Ishii, members of the City Council, and the citizens of Shimoda, Japan as they host the celebration of the mutual friendship and shared values between our two nations, common bonds that will last for many years to come.●

#### TEACHER APPRECIATION DAY

● Mr. BURNS. Mr. President, I honor some of the greatest men and women in the Nation—Montana teachers. In my State we are blessed to have educators making a difference each day in the lives of our young people. This week is Teacher Appreciation Week and Montana educators should hold their heads high. Montana 8th graders have the second highest science scores in the world. Eighty-four percent of Montana public school teachers in core academic fields have full certification and a major in their field, ranking Montana as one of the top States—2nd out of 50—in teacher qualification. Montana is one of the top 11 States in the percentage of high school graduates going on to college.

Yes, our children are truly fortunate. Our highly qualified teachers not only work hard, but they care about each and every student that enters their classroom. I thank you, Montana teachers, for your sense of duty and compassion to our precious future generation.●

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

#### ANDREA SILBERT, CEO OF THE CENTER FOR WOMEN AND ENTERPRISE AND LEADER FOR WOMEN IN BUSINESS

● Mr. KERRY. Mr. President, I would like to take this opportunity to honor Andrea C. Silbert, founder of the Center for Women and Enterprise, CWE, for her dedicated and tireless work on behalf of women in business. On Friday, after 9 years of outstanding service, Andrea stepped down as chief executive officer for CWE. I am pleased to take this moment to reflect on Andrea's achievements and her contribution to the growing community of women entrepreneurs.

Andrea began her career working for Morgan Stanley in New York, but after only a few years, left the financial capital of the world to pursue her interest in community economic development. This led Andrea to spend several years helping the less fortunate in Costa Rica, Colombia and Brazil. While in Latin America, Andrea conducted research on nontraditional exports, taught seminars in financial planning of microloan programs for Women's World Banking, and in Brazil helped disadvantaged young girls with income-generating projects.

In 1994, with this invaluable experience and fresh perspective on economic development issues in the United States, Andrea returned to her hometown of Boston with the hope of starting a nonprofit for women entrepreneurs. Her idea was to create a launching pad for all women, regardless of background, to start a business. She was particularly concerned with helping disadvantaged women break the cycle of poverty and become financial self-sufficient. Her efforts led to the establishment of a community-based resource where aspiring women entrepreneurs learn from those who have the experience and knowledge to help others succeed. On October 23, 1995, with financial backing from the Small Business Administration, the Commonwealth of Massachusetts, the Bank of Boston, and the Ewing Marion Kauffman Foundation, Andrea started CWE.

Under Andrea's leadership and with a budget of \$350,000, three employees, and donated space at Northeastern University, CWE developed into a \$2.6 million nonprofit employing 25 full-time staff with centers in Boston, Worcester, MA, and Providence, RI assisting nearly 2,000 clients a year. Although CWE has quickly become the model for successful women's business centers, the importance of CWE to women entrepreneurs cannot be summed up with numbers.

As more women experience this dream of business ownership, there will continue to be a need for community leaders, like Andrea, who help facilitate the path from poverty to prosperity through entrepreneurship—leaders who can help these women start small businesses, lift themselves up, and give back to their communities.

As a past president of the Association of Women's Business Centers and former member of the National Women's Business Council, Andrea has been an advocate for women in business not only in Massachusetts, but across the country. Her testimony before the Senate Committee on Small Business and Entrepreneurship in February of 1997 helped develop the nationwide network of Women's Business Centers and helped build a record of support for continued and increased funding for women who want to start businesses.

When Andrea started CWE in 1995, there were only 28 centers in the Women's Business Center network. Today, with Andrea's support, assistance and outreach through the Association of Women's Business Centers, there are 88 centers in 47 States, the District of Columbia, American Samoa, and the Virgin Islands. Last year, these centers helped 106,000 clients, but without the devotion and vision of people like Andrea, many of the women entrepreneurs across the country would not have this invaluable resource.

Andrea Silbert has not only been a leader for women in business, but a resounding voice for social change. On behalf of myself and my colleagues on

the Senate Committee on Small Business and Entrepreneurship, I want to express my sincere gratitude and appreciation for Andrea's commitment to women entrepreneurs and for her many years of creating new opportunities for women and their communities. Her work through the Center for Women and Enterprise will be greatly missed, but I am confident that her successor, Donna Good, is well suited to continue Andrea's legacy of accomplishment. I want to wish Andrea success and good luck in whatever the future holds.●

#### DR. NORA KIZER BELL

● Mr. ALLEN. Mr. President, today I would like to commemorate the life of Dr. Nora Kizer Bell, who passed away on January 24, 2004, after a heroic fight against cancer. Throughout her distinguished life, Dr. Bell was a great champion of the liberal arts and women's education.

Among Dr. Bell's career highlights was her term as President of Wesleyan College. As the first female president of the college, she implemented numerous projects, including a major renovation and construction plan, and a new campus technology plan. She also helped increase enrollment, improve academic quality, and increase the endowment at Wesleyan.

In July 2002, Dr. Bell took office as president of Hollins University in Roanoke. During her tenure, she worked hard to make the school a Tier One university and twice saw Hollins take the top rank in "Quality of Life," according to the Princeton Review.

Dr. Bell, a magna cum laude graduate of Randolph-Macon Women's College, was an articulate advocate of single-gender education. Over the years, she wrote on the issue in several prestigious publications, including: USA Today, the Washington Post and the Christian Science Monitor. For her work, she was the recipient of numerous awards, including the Order of the Palmetto, the highest civilian award presented by the Governor of South Carolina.

Dr. Bell was the loving spouse of Dr. David A. Bell, President of Macon State College, and the devoted mother of three children. She leaves behind a wonderful legacy as a mother, a friend and a leader in women's education.●

#### ANTHONY FILIPPIS, SR. AND THE MICHIGAN ATHLETES WITH DISABILITIES HALL OF FAME

● Ms. STABENOW. Mr. President, I rise to recognize a remarkable man and his organization—Mr. Tony Filippis, Sr. and the Athletes with Disabilities Hall of Fame.

Winston Churchill once remarked, "We shall draw from the heart of suffering itself the means of inspiration and survival."

And that is exactly what Mr. Filippis did.

When tragedy struck in 1929, Mr. Filippis found inspiration not only for

himself, but also for the 1.7 million disabled persons living in my home State of Michigan. Seventy-five years ago, almost to the day, Mr. Filippis's legs were mangled in a train accident, forcing amputation.

Frustrated by the discrimination plaguing him in the years that followed, he sought change. And change he found.

Mr. Filippis accepted a position as the apprentice of Carl Wright, who worked for a company that made his prosthetic legs; 10 years later they founded their own company, Wright & Filippis.

Since its founding, Wright & Filippis has grown into one of the only companies in the United States that offers complete equipment services for the disabled, from state-of-the-art prosthetic limbs to public education about rehabilitation.

More remarkably, however, is what Mr. Filippis has done for the spirit of the disabled community in Michigan. In June 1999, he founded the Athletes with Disabilities Hall of Fame.

Annually, the Hall of Fame recognizes the top Male and Female Athletes of the Year, as well as identifying a Lifetime Achievement Award winner and other Hall of Fame inductees.

The Hall of Fame, however, does more than recognize the immense athletic achievement of Michiganians with disabilities. It also tells their stories so that other people with disabilities can draw strength and inspiration from them.

It tells stories of people like Cheryl Angelelli who, despite being confined to a wheelchair due to spinal cord damage, has proven herself a formidable opponent in a swimming pool.

Among other achievements, she claimed a national title with one gold and four silver medals at the 1999 U.S. National Disability Championships. Ranking 10th in the world and second in the U.S. in the 100-meter breast stroke and the 200-meter individual medley, she earned a spot on the paralympic swimming team for the 2000 Games in Sydney, Australia.

It tells stories of people who also give back to their community. Ms. Angelelli is a member of several advisory councils for people with disabilities and her expertise is sought by the management of concert halls and stadiums on how to make their venues more accessible to their disabled patrons.

In the manner that Churchill called for, Mr. Filippis took his painful experience of discrimination and used it as fuel to try to prevent those with disabilities today from feeling the same sense of alienation he had. Through his organization, others with disabilities can be honored for their achievement and be a source of motivation to others.

We appreciate his hard work and thank him.●

#### CARILION MEDICAL CENTER NURSES

● Mr. ALLEN. Mr. President, today I want to congratulate the wonderful nurses at Carilion Medical Center in Roanoke for recently achieving Magnet Recognition from the American Nurses Credentialing Center, ANCC, a division of the American Nurses Association.

The mission of the ANCC is to promote excellence in nursing and health care globally through credentialing programs and related services. Their designation of Magnet Recognition is the highest honor that can be bestowed upon hospital nurses. Currently, Carilion Medical Center is one of just 102 health care organizations in the U.S. to have received this recognition from the ANCC.

Last November, I had the opportunity to tour the Carilion Medical Center. During my visit, I got to see firsthand the outstanding dedication and commitment that the nurses provide their patients. I am pleased today to recognize the exceptional nurses at Carilion Health Center on their tremendous achievement and wish them continued success.●

#### HONORING D.L. EVANS BANK ON 100 YEARS OF SERVICE

● Mr. CRAPO. Mr. President, I today honor D.L. Evans Bank on reaching a tremendous milestone—100 years in business. D.L. Evans bank is a financial institution in the largest sense of that word. It is a significant, established organization with branches solely in my home State of Idaho, and widely recognized for quality, personalized banking services to the community. Today I honor the Evans family and their employees for their long, proud history of financial service to Idahoans and many others.

In 1904, D.L. Evans and a group of pioneer businessmen met and organized Cassia County's first bank. Despite the floods, fires, droughts, and even grasshoppers that have wreaked havoc on its customers, the bank has survived many tough economic times. As other banks around the country were closing their doors, D.L. Evans Bank was expanding—moving from its one-story frame building to a two-story stone headquarters in the early 1900s. From that original Albion branch, the bank has opened locations in Boise, Burley, Meridian, Ketchum, Jerome, Rupert, and Twin Falls. It is now the second largest community bank head quartered in southern Idaho with \$388 million in assets and \$345 million in deposits.

The Evans family's participation in the Idaho State Government has been no less impressive. The bank's founder, D.L. Evans, served in the Idaho Senate from 1903-1904 and 1923-1924. The current President, John V. Evans Sr., has served in numerous government capacities including as Governor of Idaho, Mayor of Malad City, State Senator and Majority and Minority Leader of

the Idaho Senate, and Lieutenant Governor. The Evans family and D.L. Evans Bank have made important contributions to both the private and public sector in Idaho.

Congratulations to the employees, friends, and family of D.L. Evans on the centennial anniversary. D.L. Evans is a bank with a proud history, impressive current achievements, and a promising future. I wish the bank and its employees the best as they continue to serve the communities and families of Idaho.●

#### PAGE COUNTY HIGH SCHOOL 2003 BOYS' CROSS COUNTRY AND CHEERLEADING TEAMS

● Mr. ALLEN. Mr. President, I am very pleased today to recognize the great achievements and dedication of the Page County High School Boys' Cross Country and Cheerleading teams. Both teams finished their outstanding 2003 seasons by winning State championship titles.

Throughout the season, the cross country and cheerleading teams showed the determination of a championship team. They worked continuously to develop needed skills, persevere as athletes and follow the leadership of their coaches.

This is the third State title in 4 years for the Panthers Boys' Cross Country Team. In addition, the Panthers have won the Shenandoah District regular season championship for six consecutive seasons and have now been crowned District Champions for 5 years in a row.

Congratulations to the members of the Page County High School Boys' Cross Country Team: Adam Atkins, Nathan Batman, Steve Beers, Wayne Beers, Zach Bouldin, Tommy Copeland, Jeff Frazier, Nathaniel Nelson, Ethan Price, Todd Somers, T.J. Stoneberger; and their Coach Stanley Price.

This is also the cheerleading team's third victory at the Virginia High School League Group A State cheerleading championship in 4 years. The Panthers have now won seven consecutive Shenandoah District Championships and five consecutive Region B cheerleading titles.

I would also like to congratulate the members of the Page County Cheerleading Team: Brittany Aldrige, Heather Alger, Casey Burke, Ashley Campbell, Caitlin Cave, Elizabeth Colopy, Tiffany Comer, Amanda Cabbage, Kara Greber, Stephanie Grimsley, Kendrick Harris, Preston Harris, Felicia Jenkins, Sara Maiden, Kayla McPherson, Clay Nevitt, Vanessa Prince, Tiara Rodgers, Holly Shifflett, Sean Stewart, Nicole Taylor, Kevin Tester, Aaron Williams, Whitney Williams, Megan Yager; and their Coaches, Barbara Hilliard, Brandy Strickler and Kevin Cabbage.

I am pleased to congratulate all of the athletes and the coaches on the Page County Boys' Cross Country and Cheerleading teams. They have made

Page County and the Commonwealth of Virginia proud of their great achievements. Keep winning.●

#### DISTINGUISHED MONTANANS

● Mr. BAUCUS. Mr. President, I rise today with great pride to honor a group of distinguished Montanans. Alyson Mike and Thomas Andres, Montana's 2004 Milken Educator Award recipients deserve recognition for their outstanding work and service to our State and to the children they teach every day.

Public service is the most noble thing a person can do. Whether it is service to one's church, community or government, there is nothing more honorable. Alyson and Thomas are at the top of a lengthy list of quality teachers in Montana to stand among their fellow American teachers to receive this national award.

The Milken Educator Award provides public recognition and a \$25,000 honorarium to teachers, principals and other educators who have a proven record of excellence in education. Alyson, a natural science teacher at East Valley Middle School, and Thomas, a science teacher at St. Labre Catholic Indian School, both have strong records of excellence. In fact, I was recently honored to recognize Alyson as Montana's 2004 Teacher of the Year.

In Montana, there is little difference between our schools and our communities. This award highlights the great quality of teachers we have in Montana and spotlights the good things happening in our schools.

Alyson and Thomas are two of Montana's high quality teachers that are helping to shape our State's future. They are creating an environment that encourages learning, instilling a curiosity and a desire to learn—all of which will produce a more educated workforce. A better educated work force will spur job creation and translate into a stronger economy with more good-paying jobs. The best way to ensure Montana's future is through a well-educated work force.

We in Montana are very fortunate to be able to claim teachers like Alyson Mike and Thomas Andres as our very own. They are playing a vital role in our State's future. I commend Alyson and Thomas for all they have done and I am confident they will continue to serve their students well.

I would also like to recognize Polson High School as Montana's 2004 winner of the 'We the People' Competition. By winning the State competition, nineteen of our State's brightest government students and their teacher qualified to represent Montana in the National Civics Competition on the United States Constitution.

The names of the 19 students who are receiving this honor are as follows: Charlie Cooper, Chance Dupuis, Sky Fredrickson, Ashley Gilchrist, Kasey Harwood, Rosanna Ho, Chad

Hunsucker, Bonnie Klein, Brandon McCurdy, Kdee Meidinger, Zach Morrow, Candace Myers, Andrew Ofstad, Kiel Rafter, Chris Rossmith, Kai Smith, Kate Taylor, and Christine Woitdtk.

Pat Danley is the teacher whose expertise, guidance, and encouragement that helped these students receive this honor. Pat Danley is a veteran government and political science teacher at Polson High School. I commend Pat on his ability to prepare these students for this competition.

These students have demonstrated a strong understanding of the U.S. Constitution and the Bill of Rights. Here in Congress, I think we can all recognize the value of fostering civic competence and responsibility. These students are Montana's future leaders, and I am proud to recognize their accomplishment.●

#### 50TH ANNIVERSARY OF THE FLORENCE WOMAN'S CLUB

● Mr. BUNNING. Mr. President, I rise to congratulate the Florence Woman's Club of Florence, KY on the recent celebration of its 50th anniversary.

The Florence Woman's Club was founded on April 20, 1954. Its goal was simply to make the city of Florence a better place to live. The causes that the club has lent its time to are almost too numerous to mention. They have been involved in raising money to fight cancer, working at local veterans' hospitals, and helping with the preservation of historic buildings in the area, to name just a few.

The citizens of northern Kentucky are fortunate to have the services of the Florence Woman's Club. This organization's example of dedication, hard work and compassion should be an inspiration to all throughout the Commonwealth of Kentucky.

They have my most sincere appreciation for this work, and I look forward to their continued service to Kentucky. I have no doubt that they will be just as productive in their next 50 years as they have been in their first 50. Congratulations.●

#### UNIVERSITY OF VIRGINIA SWIM AND DIVE TEAMS

● Mr. ALLEN. Mr. President, I am pleased today to recognize the 2003-2004 University of Virginia Men's and Women's Swimming and Diving teams for their hard work in winning the 2004 ACC Championship.

These athletes, under the strong coaching of Mark Bernadino, devoted a tremendous amount of time and energy to studying, training and competing. It was through their endless drive and dedication that they were able to become ACC Champions this season.

As a former student-athlete at UVA, I understand the impact that athletics play in the development of an individual's character and life. Sports teach us important lessons of self-discipline,

perseverance, teamwork and sportsmanship. The benefits of participating in athletics can prove valuable in the daily lives of student-athletes whether at school or at work in their communities. Each of these student-athletes is a leader and a winner, not just in the water but also in the classroom.

I congratulate Coach Bernadino and the University of Virginia Swim and Dive teams on their 2004 ACC Championship and wish them continued success in the future. Keep winning.●

#### SAMUEL HOPKINS SHRUM

● Mr. ALLEN. Mr. President, I am pleased today to recognize Mr. Samuel Hopkins Shrum, a native of Dayton, VA, who was honored this year for 55 years of perfect attendance by the Rotary Club of Harrisonburg, VA. Mr. Shrum's commitment to the Harrisonburg Rotary is just one example in a lifetime of dedication and hard work.

An architectural engineering graduate of the Virginia Polytechnic Institute, Mr. Shrum later attended Westminster Choir College in Princeton, NJ for post-graduate studies. He began his professional career with George E. Shrum & Son, eventually becoming a production engineer at Newport News Shipbuilding and Dry Dock Company. Hard work and dedication led him to become President of Nielson Construction Company in 1962 where he served until his retirement in 1976. The company grew from a small operation of seven employees to nearly 300 while Mr. Shrum served as executive vice-president, general manager, treasurer and director, before being named its president.

Today, I congratulate Mr. Shrum for his dedication and commitment to service in the Harrisonburg community and wish him continued success.●

#### H. ODELL "FUZZY" MINNIX

● Mr. ALLEN. Mr. President, I am pleased today to recognize Mr. H. Odell "Fuzzy" Minnix for his community service and leadership. Mr. Minnix recently retired after serving three terms on the Roanoke County Board of Supervisors, including several years as the board's chairman. During his 12 years on the Board of Supervisors, Roanoke County saw significant improvement in its quality of life; in recent years, the county was recognized as one of the best school systems in the Nation and the community's continued commitment to expansion and growth resulted in the creation of more jobs and opportunity in the region.

Throughout his life, Fuzzy Minnix has been a community leader and volunteer. He was the recipient of the Roanoke Valley Big Brother of the Year Award and has been an avid supporter of youth sports, having been Head Football Coach at Hidden Valley Junior High School. Mr. Minnix also served as Head Softball Coach, Assistant Varsity Football Coach and Assistant Varsity Track Coach at Cave Spring High

School. Over the years, he has remained active as a Virginia High School League Football and Basketball official.

A Roanoke native, Mr. Minnix began his distinguished career serving 4 years in the U.S. Air Force. After his military service, he entered a career in the air traffic control industry. A graduate of the FAA Air Traffic Control Academy in Oklahoma City, Mr. Minnix has worked as an Air Traffic Controller at airports in Norfolk, Dulles, Roanoke and Lynchburg.

Among his professional recognitions, Fuzzy Minnix was the winner of the Roanoke Federal Employee of the Year award and the FAA Education Facilitator of the Year award for the Eastern Region.

Mr. Minnix and his wife, Janet, have two sons. They are active members of the Ghent Grace Brethren Church, where Fuzzy has served as a Moderator and Sunday School Superintendent.

The Roanoke region will surely miss the leadership and talents that Mr. Minnix displayed on the county's Board of Supervisors. I congratulate him on his community service and wish him well in his retirement.●

#### DAVIS COINER ROSEN

● Mr. ALLEN. Mr. President, today I would like to commemorate the life of a respected leader and a great friend to the Commonwealth of Virginia, Mr. D. Coiner Rosen of New Market, who passed away on March 13, 2004.

Mr. Rosen's contributions have left an indelible mark on the Commonwealth of Virginia. The Soldiers Confederate Cemetery, Shenandoah County Historical Society and the Mount Jackson Museum are just a few of the projects that benefited from his generosity, vision and leadership. Throughout his life, Coiner Rosen demonstrated great dedication to the preservation of the natural beauty and historical significance of the Shenandoah Valley. Because of his tireless efforts and unwavering dedication, generations of Virginians and Americans will be able to visit and gain a greater understanding of our heritage.

Today we remember the remarkable life of Mr. D. Coiner Rosen and commend the positive contributions he made to Virginia. The dedicated and selfless service he provided throughout his years to preserve the history of our Commonwealth and our Nation will benefit Americans for years to come.●

#### MESSAGE FROM THE HOUSE

At 5:04 p.m., a message from the House of Representatives, delivered by Ms. Niland, one of its reading clerks, announced that the House has agreed to the following concurrent resolutions, in which it requests the concurrence of the Senate:

H. Con. Res. 3780. Concurrent resolution recognizing the benefits and importance of school-based music education.

H. Con. Res. 408. Concurrent resolution congratulating the University of Denver men's hockey team for winning the 2004 NCAA men's hockey national championship, and for other purposes.

The message also announced that pursuant to 22 U.S.C. 3003 note, and the order of the House of December 8, 2003, the Speaker appoints the following Member of the House of Representatives to the Commission on Security and Cooperation in Europe: Mr. MCINTYRE.

#### MEASURES REFERRED

The following concurrent resolutions were read, and referred as indicated:

H. Con. Res. 380. Concurrent resolution recognizing the benefits and importance of school-based music education; to the Committee on Health, Education, Labor, and Pensions.

H. Con. Res. 408. Concurrent resolution congratulating the University of Denver men's hockey team for winning the 2004 NCAA men's hockey national championship, and for other purposes; to the Committee on the Judiciary.

#### EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, and were referred as indicated:

EC-7325. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Airbus Model A319, A320, and A321 Airplanes Doc. No. 2002-NM-18" (RIN2120-AA64) received on May 3, 2004; to the Committee on Commerce, Science, and Transportation.

EC-7326. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Amendment of Class E Airspace: Lexington, TN" (RIN2120-AA66) received on May 3, 2004; to the Committee on Commerce, Science, and Transportation.

EC-7327. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Establishment of Class E Airspace: Kwigillingok, AK" (RIN2120-AA66) received on May 3, 2004; to the Committee on Commerce, Science, and Transportation.

EC-7328. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Establishment of Class E Airspace: Ruby, AK" (RIN2120-AA) received on May 3, 2004; to the Committee on Commerce, Science, and Transportation.

EC-7329. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Establishment of Class E Airspace: Jamestown, KY" (RIN2120-AA66) received on May 3, 2004; to the Committee on Commerce, Science, and Transportation.

EC-7330. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Establishment of Class E Airspace: Juneau, AK" (RIN2120-AA) re-

ceived on May 3, 2004; to the Committee on Commerce, Science, and Transportation.

EC-7331. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Modification of Class E Airspace: Hays, KS" (RIN2120-AA) received on May 3, 2004; to the Committee on Commerce, Science, and Transportation.

EC-7332. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Rolls Royce Deutschland (RRD) TAY 611-8, TAY 620-15, TAY 650-15, and TAY 651-54 Turboprop Engines" (RIN2120-AA64) received on May 3, 2004; to the Committee on Commerce, Science, and Transportation.

EC-7333. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Boeing Model 737-100, 200, 300, 400, and 500 Airplanes" (RIN2120-AA64) received on May 3, 2004; to the Committee on Commerce, Science, and Transportation.

EC-7334. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Revocation of Class D Airspace Area: Chicago, IL" (RIN2120-AA66) received on May 3, 2004; to the Committee on Commerce, Science, and Transportation.

EC-7335. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Sikorsky Aircraft Corporation Model S-76 A, B, and C Helicopters" (RIN2120-AA64) received on May 3, 2004; to the Committee on Commerce, Science, and Transportation.

EC-7336. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Airbus Model A319, A320, and A321 Airplanes" (RIN2120-AA64) received on May 3, 2004; to the Committee on Commerce, Science, and Transportation.

EC-7337. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Dornier Model 328-100 Airplanes" (RIN2120-AA64) received on May 3, 2004; to the Committee on Commerce, Science, and Transportation.

EC-7338. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Bombardier Model CL-600-2C10 (Regional Jet Series 700 & 701), and CL-600-2D24 (Regional Jet Series 900) Airplanes" (RIN2120-AA64) received on May 3, 2004; to the Committee on Commerce, Science, and Transportation.

EC-7339. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Empresa Brasileira de Aeronautica S.A. (EMBRAER) Model EMB-120 Airplanes" (RIN2120-AA64) received on May 3, 2004; to the Committee on Commerce, Science, and Transportation.

EC-7340. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of

a rule entitled "Airworthiness Directives: Bombardier Model DHC-8-401 and 402 Airplanes" (RIN2120-AA64) received on May 3, 2004; to the Committee on Commerce, Science, and Transportation.

EC-7341. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Airbus Model A330-301, 321, 322, 341, and 342 Airplanes Model A340-211, 212, 213-311, 312, and 313 Airplanes" (RIN2120-AA64) received on May 3, 2004; to the Committee on Commerce, Science, and Transportation.

EC-7342. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Boeing Model 747-400F Airplanes" (RIN2120-AA64) received on May 3, 2004; to the Committee on Commerce, Science, and Transportation.

EC-7343. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Pilatus Aircraft Ltd. Models PC-12 and PC-12/45 Airplanes" (RIN2120-AA64) received on May 3, 2004; to the Committee on Commerce, Science, and Transportation.

EC-7344. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Aerospace Technologies of Australia Pty Ltd Airplanes" (RIN2120-AA64) received on May 3, 2004; to the Committee on Commerce, Science, and Transportation.

EC-7345. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: McDonnell Douglas Model DC-9-14, 15, 15F, 31, 32, 32 (CD-9C), 32F (C-9A, C-9B), 33F, 34, and 34F Airplanes and Model DC-9-21, DC-9-41, and DC-9-51 Airplanes" (RIN2120-AA64) received on May 3, 2004; to the Committee on Commerce, Science, and Transportation.

EC-7346. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: McDonnell Douglas Model DC-9-15 Airplanes" (RIN2120-AA64) received on May 3, 2004; to the Committee on Commerce, Science, and Transportation.

EC-7347. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Airbus Model A310 and A320 Airplanes" (RIN2120-AA64) received on May 3, 2004; to the Committee on Commerce, Science, and Transportation.

EC-7348. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Saab Model SAAB 2000 Airplanes" (RIN2120-AA64) received on May 3, 2004; to the Committee on Commerce, Science, and Transportation.

EC-7349. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: McDonnell Douglas Model DC-9-10, 20, 30, 40, and 50 Airplanes" (RIN2120-AA64) received on May 3, 2004; to the Committee on Commerce, Science, and Transportation.

EC-7350. A communication from the Paralegal Specialist, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Boeing Model 757-200 and 200CB Airplanes" (RIN2120-AA64) received on May 3, 2004; to the Committee on Commerce, Science, and Transportation.

EC-7351. A communication from the Chief, Regulations and Administrative Law, Coast Guard, transmitting, pursuant to law, the report of a rule entitled "Safety/Security Zone Regulations: [Including 95 Regulations]" (RIN1625-AA00) received on May 3, 2004; to the Committee on Commerce, Science, and Transportation.

EC-7352. A communication from the Regulations Coordinator, Centers for Medicare and Medicaid Services, transmitting, pursuant to law, the report of a rule entitled "Medicare Program: Changes to the Criteria for Being Classified as an Inpatient Rehabilitation Facility" (RIN0938-AM71) received on May 3, 2004; to the Committee on Finance.

EC-7353. A communication from the Regulations Coordinator, Centers for Medicare and Medicaid Services, transmitting, pursuant to law, the report of a rule entitled "Medicare Program: Prospective Payment System for Long-Term Care Hospitals: Annual Rate Updates and Policy Changes" (RIN0938-AM84) received on May 3, 2004; to the Committee on Finance.

EC-7354. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, the report of a D.C. Act 15-418, "Unemployment Compensation and Domestic Violence Amendment Act of 2004"; to the Committee on Governmental Affairs.

EC-7355. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, the report of a D.C. Act 15-417, "Disposal of District-Owned Surplus Real Property in Ward 8 Temporary Amendment Act of 2004"; to the Committee on Governmental Affairs.

EC-7356. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, the report of a D.C. Act 15-416, "Commission on Selection and Tenure of Administrative Law Judges Non-Liability Temporary Act of 2004"; to the Committee on Governmental Affairs.

EC-7357. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, the report of a D.C. Act 15-415, "Freedom Way Designation Act of 2004"; to the Committee on Governmental Affairs.

EC-7358. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, the report of a D.C. Act 15-414, "Language Access Act of 2004"; to the Committee on Governmental Affairs.

#### PETITIONS AND MEMORIALS

POM-413. A joint memorial adopted by the Legislature of the State of Washington relative to the federal temporary unemployment compensation program; to the Committee on Health, Education, Labor, and Pensions.

##### HOUSE JOINT MEMORIAL 4031

Whereas, over the past few years, the national economy has struggled unsuccessfully to rebound from the recession, and a strong and sustainable recovery remains elusive; and

Whereas, there are two million four hundred thousand fewer jobs today than when the recession began; and

Whereas, in November 2003, long-term joblessness reached a twenty-year high, and nearly one-fourth of the unemployed have been out of work for at least half a year; and

Whereas, in November 2003, the nation's unemployment rate remained at five and nine-tenths percent, and Washington's unemployment rate was among the highest in the country at six and eight-tenths percent; and

Whereas, Congress and the President originally approved temporary extended unemployment compensation to provide assistance to unemployed workers who were unable to find new jobs before exhausting their regular benefits, and to stimulate the economy by injecting dollars directly into local communities; and

Whereas, unemployed workers in most states could receive up to thirteen weeks of federal temporary extended unemployment compensation; and

Whereas, unemployed workers in states suffering from severe economic distress such as Washington could receive up to twenty-six weeks of federal temporary extended unemployment compensation; and

Whereas, Congress adjourned without providing for a further extension of unemployment compensation benefits after December of 2003; and

Whereas, across the nation, more than one million unemployed workers are expected to exhaust their regular benefits in the first quarter of 2004; and

Whereas, in Washington, more than twenty-five thousand unemployed workers are expected to exhaust their regular benefits in the first quarter of 2004; and

Whereas, these unemployed workers are left with few, if any, job prospects or other means of assistance; and

Whereas, Federal temporary extended unemployment compensation benefits helped these hard-working people and their families put food on the table and pay their bills while they looked for work; and

Whereas, Federal temporary extended unemployment compensation injected cash into troubled economies throughout the nation and in Washington; and

Whereas, the economic and labor market conditions that warranted federal temporary extended unemployment compensation still persist; and

Whereas, if federal temporary extended unemployment compensation benefits are not extended, workers and their families will suffer severe economic hardships and states such as Washington will be deprived of this crucial economic boost: Now, therefore,

Your Memorialists respectfully pray that Congress and the President extend and make retroactive the federal temporary unemployment compensation program. Be it

*Resolved*, That copies of this Memorial be immediately transmitted to the Honorable George W. Bush, President of the United States, the Secretary of the Department of Labor, the President of the United States Senate, the Speaker of the House of Representatives, and each member of Congress from the State of Washington.

POM-414. A resolution adopted by the House of Representatives of the Legislature of the State of Michigan relative to treatment of chronic diseases; to the Committee on Health, Education, Labor, and Pensions.

##### HOUSE RESOLUTION NO. 170

Whereas, an estimated 125 million Americans suffer from at least one chronic illness, which includes such maladies as asthma, arthritis, diabetes, heart disease, mental illness, and many cancers. Approximately 60 million people are afflicted with more than one of these conditions; and

Whereas, chronic illnesses, which are responsible for 7 of every 10 deaths, are the

leading cause of death in our country. More than 75 percent of state Medicaid spending goes toward the treatment of chronic illnesses, and more than half of Medicaid spending treats Medicaid enrollees who have more than one chronic disease; and

Whereas, the health care system of the United States could more accurately be called a "sick care" system, as most costs are incurred in the treatment of acute episodes of chronic illnesses that, in many cases, could be avoided or lessened by preventive measures. Many chronic diseases can be mitigated through improved diet, increased exercise, avoiding tobacco use, or other management steps. In spite of this, our country spends only a fraction of its health care money on prevention; and

Whereas, many studies have demonstrated widespread problems with the quality of care delivered to individuals with chronic illnesses. These studies often cite the absence of appropriate screening and follow-up care, inadequate coordination of treatment among health care providers, and many preventable and costly complications; and

Whereas, there are structural barriers to improved treatment of chronic illnesses. Specifically, Medicaid and Medicare do not encourage preventive steps or better coordination for the treatment of people with more than one disease. Clearly, with the financial pressures in health care and the aging of our population, we need to take stronger steps to deal with chronic conditions in a more effective manner; Now, therefore, be it

*Resolved by the house of representatives,* That we memorialize the Congress of the United States and the United States Department of Health and Human Services to make the treatment of chronic diseases a higher priority. We urge federal policy makers to transform the regulatory, financial, and clinical structures for dealing with chronic diseases, including more support for preventive measures, better coordination of care, and the removal of regulatory barriers within Medicaid and Medicare and be it further

*Resolved,* That copies of this resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, the members of the Michigan congressional delegation, and the United States Department of Health and Human Services.

POM-415. A resolution adopted by the House of Representatives of the Legislature of the State of Michigan relative to pregnancy care centers in Michigan; to the Committee on Health, Education, Labor, and Pensions.

#### HOUSE RESOLUTION NO. 167

Whereas, pregnancy care centers, which are also known as crisis pregnancy centers, are located in Michigan and across our country and provide vitally needed help to women and families at difficult times in their lives. These centers offer free, confidential, and compassionate services, which range from pregnancy testing and childbirth classes to help with housing, counseling, and medical referrals; and

Whereas, pregnancy care centers encourage women to make positive choices in life by providing them with accurate and complete information. This information covers such key topics as nutrition, prenatal care, adoption service, and parenting; and

Whereas, many pregnancy care centers across the country also offer classes in abstinence education, including programs carried out in schools; and

Whereas, the work of pregnancy care centers is largely conducted by volunteers, with contributions of time, talent, and financial support from people who seek the intrinsic

value of helping women and families facing a variety of very personal difficulties. With the strong societal implications of the good work being done at pregnancy care centers across our state, these centers are performing a great volume of services that clearly are carried out for the public benefit: Now, therefore, be it

*Resolved by the house of representatives,* That we memorialize the Congress of the United States and the Michigan Department of Community Health to develop collaborative relationships with pregnancy care centers in Michigan. We urge that any assistance made available to help with medical and abstinence education programs be administered in a manner that does not compromise the values of the centers; and be it further

*Resolved,* That copies of this resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, the members of the Michigan congressional delegation, and the Michigan Department of Community Health.

POM-416. A resolution adopted by the House of Representatives of the Legislature of the State of Michigan relative funding for DNA testing; to the Committee on the Judiciary.

#### HOUSE RESOLUTION NO. 193

Whereas, one of the most significant breakthroughs in the area of crime fighting is DNA testing. This scientific technology has had a dramatic impact in protecting innocent people accused of crimes and identifying murderers, rapists, and other violent criminals. Because of the effectiveness of this tool, there is enormous frustration among citizens and law enforcement professionals that there is a large backlog of cases awaiting laboratory testing, both here in Michigan and across the country; and

Whereas, in spite of state and federal efforts to date, there remains in Michigan a backlog of over 74,000 cases awaiting DNA testing. It is estimated that Michigan State Police labs can expect 50,000 new DNA samples per year. At the current level of funding available, it is expected that only 42,000 of these can be processed annually, adding to the backlog of cases; and

Whereas, this lag in testing represents a genuine threat to public safety. There have been well-publicized reports of new violent crimes being committed by people who were on the streets solely because tests were still pending. Police across the state are confident that, if the backlog of cases were to be eliminated, thousands of unsolved serious crimes, including murders and rapes, would be solved. The magnitude of removing so many violent criminals from society cannot be ignored; and

Whereas, the issue of finding ample resources to conduct DNA tests on a timely basis is a substantial security issue for our nation. The federal nature of this issue is further underscored by the fact that violent criminals often move around the country. Clearly, this issue is vital to the safety of our citizens: Now, therefore, be it

*Resolved by the house of representatives,* That we memorialize the Congress of the United States to increase the level of federal funds available to the states for DNA testing; and be it further

*Resolved,* That copies of this resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, and the members of the Michigan congressional delegation.

POM-417. A memorial adopted by the House of Representatives of the Legislature

of the State of Florida relative to the protection of crime victim's rights; to the Committee on the Judiciary.

#### HOUSE MEMORIAL NO. 335

Whereas, the rights of a victim of violent crime, being capable of protection without denying the constitutional rights of those accused of victimizing him or her, should not be denied; and

Whereas, a victim of a violent crime should have the right to reasonable and timely notice of any public proceeding involving the crime and of any release or escape of the accused; and

Whereas, a victim has the right to be included in such public proceeding and to be reasonably heard at public release, plea, sentencing, reprieve, and pardon proceedings; and

Whereas, a victim has the right to adjudicative decisions that duly consider the victim's safety, interest in avoiding unreasonable delay, and just and timely claims to restitution from the offender; and

Whereas, these rights should not be restricted except when and to the degree dictated by a substantial interest in public safety or the administration of criminal justice or by compelling necessity: Now, therefore, be it

*Resolved by the Legislature of the State of Florida,* That the Congress of the United States is requested to enact a proposed amendment to the Constitution of the United States to protect the rights of crime victims. Be it further

*Resolved,* That copies of this memorial be dispatched to the President of the United States, to the President of the United States Senate, to the Speaker of the United States House of Representatives, and to each member of the Florida delegation to the United States Congress.

POM-418. A joint memorial adopted by the Legislature of the State of Washington relative to the Aganda family of Selah, Washington; to the Committee on the Judiciary.

#### HOUSE JOINT MEMORIAL 4041

Whereas, the plight of the Aganda family of Selah, Washington has touched the hearts of citizens all over the state; and

Whereas, Tomas Aganda, his wife Judy Aganda, and their daughter Jennylyn Aganda face concerted and repeated efforts by the United States Government to deport this family back to the Philippines; and

Whereas, the Aganda family, including sons Herbie and Khmson and daughter Stephanie, have been outstanding members of the Selah community for over a decade; and

Whereas, the Aganda family lawfully entered this country on October 22, 1990, and shortly thereafter purchased a small laundry business in the Selah community; and

Whereas, Judy Aganda's parents are United States citizens who live in Yakima; and

Whereas, the Aganda family first sought an investor's visa so that they could stay and contribute their energy and talents to this community and Country, but were denied because the business was considered too small to support the family; and

Whereas, the business is viable and has supported the family for over a decade; and

Whereas, Judy Aganda has a cancerous growth as the base of her skull that requires continued treatments that would not be available to her in the Philippines; and

Whereas, United States District Court Judge Fred Van Sickle, in granting a six-month stay of the deportation order, noted that the United States Government's insistence on deporting Judy Aganda, in the face of her life-threatening condition, was a

"magnitude of constitutional violation that is what I regard as a manifest injustice"; and

Whereas, the protection of the six-month stay will end April 17, 2004, but the need for a compassionate and reasoned resolution of this crisis remains: Now, therefore,

Your Memorialists respectfully pray that the United States Government end its concerted efforts to deport the Aganda family and to instead provide them an opportunity to remain in this country, especially in light of the fact that their daughter Stephanie, who is a United States citizen, will be twenty-one years old in 2005 and will then be able to file an immigrant visa for her parents; and further,

That is the United States Bureau of Citizenship and Immigration Services, acting in concert with the Department of Homeland Security, is unwilling or unable to provide this compassionate relief, then we call upon the members of our state's congressional delegation to seek relief for the Aganda family through the passage of a private bill of relief. Be it

*Resolved*, That copies of this Memorial be immediately transmitted to the Honorable George W. Bush, President of the United States, Tom Ridge, Secretary of the Department of Homeland Security, Eduardo Aguirre, Jr., Director of the U.S. Bureau of Citizenship and Immigration Services, the President of the United States Senate, the Speaker of the House of Representatives, and each member of Congress from the State of Washington.

POM-419. A resolution adopted by the House of Representatives of the Legislature of the State of Michigan relative to granting a federal charter to the Korean War Veterans Association; to the Committee on the Judiciary.

#### HOUSE CONCURRENT RESOLUTION No. 24

Whereas, as our nation witnesses once again the sacrifices of our fellow citizens taking up arms to preserve liberties, we have reawakened our sensitivity to the importance of service to veterans from all of America's wars. Organizations that work to help and advocate on behalf of veterans help fulfill a promise between our country and its defenders; and

Whereas, the Korean War Veterans Association is the only veterans organization comprised exclusively of Korean War veterans. This group has established an excellent record of service to those who served and suffered in Korea and their families; and

Whereas, however, the Korean War Veterans Association is one of the few veterans groups of its size operating without a federal charter. Legislation is currently pending in Congress in both the House of Representatives (H.R. 1043) and the Senate (S. 478) to grant a federal charter; and

Whereas, the long overdue granting of a federal charter would enable the association to significantly enhance its efforts to help needy Korean War veterans and their families. With a charter, which would extend to it the same status as other veterans groups, the Korean War Veterans Association would be able to further its work and participate more fully with other groups. A federal charter also would permit the organization to assist in processing claims for benefits; and

Whereas, as our nation marks the fiftieth anniversary of the end of military hostilities on the Korean Peninsula, granting the federal charter would be most appropriate: Now, therefore, be it

*Resolved by the house of representatives (the senate concurring)*, That we memorialize the Congress of the United States to enact legislation to grant a federal charter to the Korean War Veterans Association; and be it further

*Resolved*, That copies of this resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, and the members of the Michigan congressional delegation.

POM-420. A resolution adopted by the City Council of the City of Gulfport of the State of Mississippi relative to same sex marriages; to the Committee on the Judiciary.

#### RESOLUTION

Whereas, the Mayor and City Council recognize that marriage as an exclusive ceremonial relationship between a man and a woman is not only traditional, but is a principle upon which this country was founded, and is a union that has been held sacred in society and essential to the moral value system in the City of Gulfport, State of Mississippi, and throughout this land; and that state and local tax laws, criminal laws, marital benefits, rights and benefits arising from the spousal relationship and dependents' rights are structured in this country historically and presently to a man and woman (opposite sex) marital relationship; and

Whereas, it is recognized that same sex relationships are offensive to many citizens in this country for traditional, personal, and religious reasons, and that marriages of a man and woman have always been celebrated as proper, and always will be acknowledged as natural, proper and built and honored upon a foundation of values of the United States of America; and the recognition of same sex marriages on the other hand will have a devastating effect on the moral traditions and on the laws and legal system of the country, and shall ultimately mandate marriage unions to be ordained within religious denominations against serious religious beliefs of certain faiths thereby bringing about a dissolution of freedom of religion in this Country; and

Whereas, believing that States should have a right to protect its traditions and values, especially when confirmed by the will of the people, and for the purpose of protecting the family and its values, the Governing Authority of the City of Gulfport hereby desires to memorialize its support of the position addressed by President George W. Bush that an amendment to the United States Constitution should be placed by the legislative branch of the United States of America on the ballot to allow the electorate to decide whether or not laws prohibiting recognition of same sex marriages are legitimate and not to be overruled by the Courts: Now therefore, be it

*Resolved by the Mayor and City Council of Gulfport, Mississippi, as follows:*

Section 1. That the matters, facts, and things recited in the Preamble hereto are hereby adopted as the official findings of the Governing Authority.

Section 2. That United States President George W. Bush be, and he is hereby officially commended by the Mayor and City Council of the City of Gulfport, Mississippi, for his position statement and proposal that the legislative branch of the Government of the United States of America enact legislation to allow the electorate of the country to vote on an amendment to the United States Constitution that will clearly establish that laws prohibiting recognition by the States of same sex marriages are constitutionally valid; and the Governing Authority of the City of Gulfport, Mississippi hereby makes publicly known its support of this position by President Bush.

Section 3. That this Resolution shall take effect immediately upon its passage, and shall be spread upon the minutes of the Gulfport City Council, and copies shall be di-

rected to the President of the United States of America, Honorable Dick Cheney, Vice President of the United States of America, to the Speaker of the U.S. House of Representatives, to the Majority Leader of the U.S. Senate, and to Honorable Trent Lott, U.S. Senator, Honorable Thad Cochran, U.S. Senator, and Honorable Gene Taylor, U.S. Representative to Congress, and the Governor and Lieutenant Governor of the State of Mississippi, the Speaker of the House of Representatives of the State of Mississippi, the President Pro Tem of the Mississippi State Senate, and the Harrison County delegation to the Mississippi Legislature, such other officials in government as the Mayor or City Council may direct to receive a copy thereof.

POM-421. A resolution adopted by the Senate of the General Assembly of the State of Tennessee relative to funding for the Juvenile Accountability Block Grant; to the Committee on the Judiciary.

#### SENATE RESOLUTION No. 110

Whereas, the Juvenile Accountability Block Grant (JABG) was enacted in the 2002 reauthorization of the Juvenile Justice and Delinquency Prevention Act; and

Whereas, this grant provides dollars for use by states and units of local government to promote greater accountability in the juvenile justice system; and

Whereas, between 1998 and 2002, the State of Tennessee received \$20,757,000 in JABG funds for accountability-based juvenile justice system programs; and

Whereas, rural counties across the State have received funds to assist with juvenile court services and with decreasing the backlog of juvenile cases; and

Whereas, the types of programs in Tennessee currently being funded by the JABG include: (1) intensive probation services; (2) residential observation and assessment services; (3) intensive after-care services; (4) alternative school and summary adventure-based programs; (5) additional juvenile court officers and referees to handle cases; (6) improved data systems for tracking juvenile cases; and (7) new youth and drug courts for diversion from the regular juvenile justice system; and

Whereas, because of the JABG funds, juvenile courts in rural areas, which normally have minimal resources; now have a greater variety of services to meet more individualized needs; and

Whereas, because of the services enabled by the JABG funds, juvenile offense referrals in Tennessee for crimes such as homicide, robbery, aggravated assault, rape, larceny, and burglary have been reduced by 16 percent between 1997 and 2001; and

Whereas, the JABG funds are providing for seven staff positions and community-based services through OASIS Center, YCAP Positive Beginnings program, Save Our Children and Frank Reed Memorial Tutoring Program, all of which are community-based youth serving non-profit agencies in Nashville, Tennessee; and

Whereas, because of services provided by JABG funds, the Metropolitan Nashville/Davidson County juvenile court's central intake diversion unit was able to divert 1,700 youth out of the juvenile justice system; and

Whereas, JABG funds are being used in Davidson County to support an onsite mental health specialist in the juvenile court, who facilitates intervention with the mental health cooperative and provides the court with information on youth who are acting in ways that warrant evaluation; and

Whereas, it is necessary to maintain JABG funds to continue the success of reducing juvenile crime in Tennessee and providing



more individualized, accountability-based interventions for youth involved with the juvenile courts: Now, therefore, be it

*Resolved by the senate of the one hundred third general assembly of the state of Tennessee,* That the continued success in the reduction of juvenile crime in Tennessee and the increase of vital services provided to children who are in the juvenile criminal system is dependent upon the renewal of Juvenile Accountability Block Grant funds by the federal government. Be it further

*Resolved,* That the Senate strongly urges the United States Congress and the President of the United States to restore funding for the Juvenile Accountability Block Grants because of the tremendous value these funds provide for local communities in Tennessee. Be it further

*Resolved,* That the Chief Clerk of the Senate is directed to transmit enrolled copies of this resolution to each member of the Tennessee Congressional Delegation, to the Honorable George W. Bush, President of the United States, to the Speaker and Clerk of the United States House of Representatives, and to the President and Secretary of the United States Senate.

POM-422. A resolution adopted by the Senate of the General Assembly of the State of Ohio relative to the Election Assistance Commission; to the Committee on Rules and Administration.

#### SENATE RESOLUTION NO. 1550

Whereas, the help America Vote Act of 2002, Public Law No. 107-252, establishes the Election Assistance Commission to serve as a national clearinghouse and resource for the compilation of information and review of procedures with respect to the administration of federal elections; and

Whereas, the Election Assistance Commission, among its other responsibilities, is charged with providing for the testing, certification, decertification, and recertification of voting system hardware and software by accredited laboratories, as well as the adoption of voluntary voting system guidelines; and

Whereas, states desiring to implement voter-verifiable paper ballots for electronic voting systems are dependent upon the Election Assistance Commission issuing its certifications and voluntary voting system guidelines in order to acquire secure voting machines; and

Whereas, the members of the Senate of the 125th General Assembly of Ohio are committed to seeing the provisions of the Help America Vote Act of 2002 implemented in such a manner as to make electronic voting as safe and secure as possible for Ohio citizens: Now therefore be it

*Resolved,* That we, the members of the Senate of the 125th General Assembly of Ohio, request the Congress of the United States to direct the Election Assistance Commission to develop standards and security accreditation guidelines for all electronic voting devices in accordance with the Help America Vote Act of 2002; and be it further

*Resolved,* That we, the members of the Senate of the 125th General Assembly of Ohio, request the Congress of the United States to direct the Election Assistance Commission to establish standards for the design and use of reasonably affordable voter-verifiable paper ballots for electronic voting systems for states that desire to implement the use of those ballots; and be it further

*Resolved,* That we, the members of the Senate of the 125th General Assembly of Ohio, further request the Congress of the United States to direct the Election Assistance Commission to expedite its efforts regarding the testing, certification, decertification,

and recertification of voting system hardware and software and the adoption of voluntary voting system guidelines pursuant to the Help America Vote Act of 2002; and be it further

*Resolved,* That the Clerk of the Senate transmit duly authenticated copies of this resolution to the members of the Ohio Congressional delegation, to the Speaker and Clerk of the United States House of Representatives, to the President Pro Tempore and Secretary of the United States Senate, and to the news media of Ohio.

POM-423. A joint memorial adopted by the Legislature of the State of Washington relative to the State's DVA health care system; to the Committee on Veterans' Affairs.

#### SENATE JOINT MEMORIAL 8040

Whereas, there are 670,000 veterans who have chosen to call the great State of Washington home; and

Whereas, these citizens are deserving of a world class health care system to deal with injuries and diseases resulting from their selfless service to our country; and

Whereas, Washington State has significantly fewer veterans being served by the United States Department of Veterans Affairs (U.S. DVA) than other states in the nation, and in 2002 was ranked second to the last in the number of veterans receiving health care through the U.S. DVA; and

Whereas, veterans in Washington State are being placed on waiting lists by the U.S. DVA in order to receive health care and pharmacy services; and

Whereas, the U.S. DVA national waiting list data from July 2002 through September 2003 indicates the Veterans' Integrated Service Network 20, which includes Washington State, has the largest number of veterans waiting for nonemergent clinic visits; and

Whereas, an increasing number of Washington State veterans who formerly relied on alternate health care providers are finding themselves without health care and are turning to the U.S. DVA for their health care for the first time; and

Whereas, the U.S. DVA Capital Asset Re-alignment for Enhanced Services (CARES) initiative has not fully considered the current and future need for veterans' health care services across the Veterans' Integrated Service Network; and

Whereas, it is imperative that Washington State receive adequate federal resources to care for the increasing number of veterans who will rely on the U.S. DVA for health care services: Now, therefore,

Your Memorialists respectfully pray that the President will ensure the U.S. DVA health care system in Washington State will be adequate to serve the current and future demands of our state's veterans. Your Memorialists further pray that Congress and the President affirm the debt owed these veterans and provide funding for those services deemed necessary. Be it

*Resolved,* That copies of this Memorial be immediately transmitted to the Honorable George W. Bush, President of the United States, the Secretary of the United States Department of Veterans Affairs, the President of the United States Senate, the Speaker of the House of Representatives, and each member of Congress from the State of Washington.

POM-424. A resolution adopted by the House of Representatives of the Legislature of the State of Michigan relative to eligibility for prisoner of war benefits; to the Committee on Veterans' Affairs.

#### HOUSE RESOLUTION NO. 179

Whereas, under current federal law, a former Prisoner of War is eligible for special

benefits when the imprisonment extends for a period of at least 30 days. These benefits include a variety of health services, including some that require a threshold of eligibility of 90 days of internment; and

Whereas, many people strongly feel that the length of time served as a POW necessary to receive special benefits is far too long. The sacrifice being made by members of our military who are incarcerated as prisoners and the conditions they face are such that the 30-day requirement is entirely inappropriate; and

Whereas, much stronger protections should be extended to the men and women who risk everything in defense of their country and their fellow citizens. Creating a minimum threshold for POW benefits eligibility would send an important message to our military that our country is making a true commitment to these heroes commensurate with their suffering and sacrifices: Now, therefore, be it

*Resolved by the house of representatives,* That we memorialize the Congress of the United States to enact legislation to reduce the threshold of eligibility for Prisoner of War benefits to one day of imprisonment; and be it further

*Resolved,* That copies of this resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, and the members of the Michigan congressional delegation.

#### REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ROBERTS, from the Select Committee on Intelligence:

Report to accompany S. 2386, An original bill to authorize appropriations for fiscal year 2005 for intelligence and intelligence-related activities of the United States Government, the Intelligence Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes (Rept. No. 108-258).

By Mr. ROBERTS, from the Select Committee on Intelligence, without amendment:

S. 2386. An original bill to authorize appropriations for fiscal year 2005 for intelligence and intelligence-related activities of the United States Government, the Intelligence Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes.

#### INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Mr. COLEMAN (for himself, Mr. LEVIN, Ms. COLLINS, and Mr. REED):

S. 2383. A bill to amend title 10, United States Code, to require the registration of contractors' taxpayer identification numbers in the Central Contractor Registry database of the Department of Defense, and for other purposes; to the Committee on Armed Services.

By Mr. BOND (for himself, Ms. SNOWE, and Mr. KENNEDY):

S. 2384. A bill to amend the Small Business Act to permit business concerns that are owned by venture capital operating companies or pension plans to participate in the Small Business Innovation Research Program; to the Committee on Small Business and Entrepreneurship.

By Mr. BINGAMAN:

S. 2385. A bill to designate the United States courthouse at South Federal Place in Santa Fe, New Mexico, as the "Santiago E. Campos United States Courthouse"; to the Committee on Environment and Public Works.

By Mr. ROBERTS:

S. 2386. An original bill to authorize appropriations for fiscal year 2005 for intelligence and intelligence-related activities of the United States Government, the Intelligence Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes; from the Select Committee on Intelligence; placed on the calendar.

By Mr. CONRAD (for himself and Mr. DORGAN):

S. 2387. A bill to amend the Water Resources Development Act of 1999 to direct the Secretary of the Army to provide assistance to design and construct a project to provide a continued safe and reliable municipal water supply system for Devils Lake, North Dakota; to the Committee on Environment and Public Works.

By Mr. JOHNSON (for himself and Ms. LANDRIEU):

S. 2388. A bill to make technical corrections to the Mosquito Abatement for Safety and Health Act, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

By Mr. ENSIGN (for himself, Mr. MILLER, Mr. SMITH, Mr. GRAHAM of South Carolina, Mr. SESSIONS, Mr. KYL, Mr. BROWNBACK, Mr. THOMAS, Mr. BURNS, Mr. LOTT, Mr. COLEMAN, Mr. SANTORUM, Mr. CORNYN, Mr. CRAIG, and Mr. ALLARD):

S. 2389. A bill to require the withholding of United States contributions to the United Nations until the President certifies that the United Nations is cooperating in the investigation of the United Nations Oil-for-Food Program; to the Committee on Foreign Relations.

## SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. CAMPBELL (for himself, Mr. DODD, and Mr. BIDEN):

S. Res. 352. A resolution urging the Government of Ukraine to ensure a democratic, transparent, and fair election process for the presidential election on October 31, 2004; to the Committee on Foreign Relations.

## ADDITIONAL COSPONSORS

S. 53

At the request of Mr. DURBIN, the name of the Senator from South Dakota (Mr. JOHNSON) was added as a cosponsor of S. 53, a bill to amend the Internal Revenue Code of 1986 to allow small business employers a credit against income tax for employee health insurance expenses paid or incurred by the employer.

S. 253

At the request of Mr. CAMPBELL, the name of the Senator from Delaware (Mr. CARPER) was added as a cosponsor of S. 253, a bill to amend title 18, United States Code, to exempt qualified current and former law enforcement officers from State laws prohib-

iting the carrying of concealed handguns.

S. 641

At the request of Mrs. MURRAY, her name was added as a cosponsor of S. 641, a bill to amend title 10, United States Code, to support the Federal Excess Personal Property program of the Forest Service by making it a priority of the Department of Defense to transfer to the Forest Service excess personal property of the Department of Defense that is suitable to be loaned to rural fire departments.

S. 955

At the request of Mr. ALLEN, the name of the Senator from Georgia (Mr. CHAMBLISS) was added as a cosponsor of S. 955, a bill to provide liability protection to nonprofit volunteer pilot organizations flying for public benefit and to the pilots and staff of such organizations.

S. 976

At the request of Mr. WARNER, the names of the Senator from North Carolina (Mr. EDWARDS), the Senator from Mississippi (Mr. COCHRAN) and the Senator from Maine (Ms. SNOWE) were added as cosponsors of S. 976, a bill to provide for the issuance of a coin to commemorate the 400th anniversary of the Jamestown settlement.

S. 1246

At the request of Mr. ROBERTS, the name of the Senator from Pennsylvania (Mr. SANTORUM) was added as a cosponsor of S. 1246, a bill to amend the Internal Revenue Code of 1986 to provide for collegiate housing and infrastructure grants.

S. 1358

At the request of Mr. AKAKA, the name of the Senator from South Dakota (Mr. JOHNSON) was added as a cosponsor of S. 1358, a bill to amend chapter 23 of title 5, United States Code, to clarify the disclosure of information protected from prohibited personnel practices, require a statement in non-disclosure policies, forms, and agreements that such policies, forms, and agreements conform with certain disclosure protections, provide certain authority for the Special Counsel, and for other purposes.

S. 1368

At the request of Mr. LEVIN, the names of the Senator from Nebraska (Mr. HAGEL), the Senator from Kansas (Mr. BROWNBACK), the Senator from Ohio (Mr. DEWINE), the Senator from Indiana (Mr. LUGAR) and the Senator from Florida (Mr. NELSON) were added as cosponsors of S. 1368, a bill to authorize the President to award a gold medal on behalf of the Congress to Reverend Doctor Martin Luther King, Jr. (posthumously) and his widow Coretta Scott King in recognition of their contributions to the Nation on behalf of the civil rights movement.

S. 1851

At the request of Ms. MURKOWSKI, the name of the Senator from Vermont (Mr. LEAHY) was added as a cosponsor

of S. 1851, a bill to raise the minimum state allocation under section 217(b)(2) of the Cranston-Gonzalez National Affordable Housing Act.

S. 1909

At the request of Mr. COCHRAN, the names of the Senator from New Mexico (Mr. BINGAMAN) and the Senator from South Dakota (Mr. JOHNSON) were added as cosponsors of S. 1909, a bill to amend the Public Health Service Act to improve stroke prevention, diagnosis, treatment, and rehabilitation.

S. 2152

At the request of Mr. MILLER, the name of the Senator from Nebraska (Mr. NELSON) was added as a cosponsor of S. 2152, a bill to amend title 10, United States Code, to provide eligibility for reduced non-regular service military retired pay before age 60, and for other purposes.

S. 2174

At the request of Mr. BUNNING, the name of the Senator from North Dakota (Mr. CONRAD) was added as a cosponsor of S. 2174, a bill to amend title XIX of the Social Security Act to include podiatrists as physicians for purposes of covering physicians services under the medicaid program.

S. 2179

At the request of Mr. BROWNBACK, the name of the Senator from Michigan (Mr. LEVIN) was added as a cosponsor of S. 2179, a bill to posthumously award a Congressional Gold Medal to the Reverend Oliver L. Brown.

S. 2180

At the request of Mr. CAMPBELL, the name of the Senator from Colorado (Mr. ALLARD) was added as a cosponsor of S. 2180, a bill to direct the Secretary of Agriculture to exchange certain lands in the Arapaho and Roosevelt National Forests in the State of Colorado.

S. 2190

At the request of Mr. INHOFE, the name of the Senator from Georgia (Mr. MILLER) was added as a cosponsor of S. 2190, a bill to implement equal protection under the 14th article of amendment to the Constitution for the right to life of each born and preborn human person.

S. 2261

At the request of Mr. DEWINE, the name of the Senator from South Dakota (Mr. DASCHLE) was added as a cosponsor of S. 2261, a bill to expand certain preferential trade treatment for Haiti.

S. 2268

At the request of Mr. BUNNING, the name of the Senator from Oklahoma (Mr. INHOFE) was added as a cosponsor of S. 2268, a bill to provide for recruiting, training, and deputizing persons for the Federal flight deck officer program.

S. 2269

At the request of Mr. BOND, the name of the Senator from New Jersey (Mr. LAUTENBERG) was added as a cosponsor of S. 2269, a bill to improve environmental enforcement and security.

S. 2292

At the request of Mr. VOINOVICH, the names of the Senator from Illinois (Mr. FITZGERALD) and the Senator from Georgia (Mr. CHAMBLISS) were added as cosponsors of S. 2292, a bill to require a report on acts of anti-Semitism around the world.

S. 2301

At the request of Mr. INOUE, the name of the Senator from South Dakota (Mr. JOHNSON) was added as a cosponsor of S. 2301, a bill to improve the management of Indian fish and wildlife and gathering resources, and for other purposes.

S. 2365

At the request of Mr. COLEMAN, the names of the Senator from Missouri (Mr. BOND) and the Senator from Kansas (Mr. ROBERTS) were added as cosponsors of S. 2365, a bill to ensure that the total amount of funds awarded to a State under part A of title I of the Elementary and Secondary Act of 1965 for fiscal year 2004 is not less than the total amount of funds awarded to the State under such part for fiscal year 2003.

S. 2372

At the request of Mr. CORZINE, the name of the Senator from Illinois (Mr. DURBIN) was added as a cosponsor of S. 2372, a bill to amend the Trade Act of 1974 regarding identifying trade expansion priorities.

S. 2376

At the request of Mr. BUNNING, the name of the Senator from Tennessee (Mr. FRIST) was added as a cosponsor of S. 2376, a bill to amend the Internal Revenue Code of 1986 to repeal the scheduled restrictions in the child tax credit, marriage penalty relief, and 10 percent rate bracket, and for other purposes.

S. 2382

At the request of Mr. INOUE, the name of the Senator from Colorado (Mr. CAMPBELL) was added as a cosponsor of S. 2382, a bill to establish grant programs for the development of telecommunications capacities in Indian country.

S.J. RES. 33

At the request of Mr. BROWNBAC, the name of the Senator from Georgia (Mr. CHAMBLISS) was added as a cosponsor of S.J. Res. 33, a joint resolution expressing support for freedom in Hong Kong.

S.J. RES. 36

At the request of Mrs. FEINSTEIN, the names of the Senator from Connecticut (Mr. LIEBERMAN), the Senator from Nebraska (Mr. NELSON), the Senator from New Jersey (Mr. LAUTENBERG) and the Senator from Maryland (Mr. SARBANES) were added as cosponsors of S.J. Res. 36, a joint resolution approving the renewal of import restrictions contained in Burmese Freedom and Democracy Act of 2003.

S. CON. RES. 90

At the request of Mr. LEVIN, the names of the Senator from New York (Mr. SCHUMER) and the Senator from

California (Mrs. FEINSTEIN) were added as cosponsors of S. Con. Res. 90, a concurrent resolution expressing the Sense of the Congress regarding negotiating, in the United States-Thailand Free Trade Agreement, access to the United States automobile industry.

S. CON. RES. 99

At the request of Mr. BROWNBAC, the names of the Senator from Arizona (Mr. MCCAIN), the Senator from Maine (Ms. COLLINS), the Senator from New Jersey (Mr. LAUTENBERG), the Senator from North Dakota (Mr. DORGAN), the Senator from Ohio (Mr. DEWINE), the Senator from Wisconsin (Mr. KOHL), the Senator from New Mexico (Mr. BINGAMAN), the Senator from Pennsylvania (Mr. SANTORUM) and the Senator from Maryland (Ms. MIKULSKI) were added as cosponsors of S. Con. Res. 99, a concurrent resolution condemning the Government of the Republic of the Sudan for its participation and complicity in the attacks against innocent civilians in the impoverished Darfur region of western Sudan.

S. CON. RES. 102

At the request of Mr. BROWNBAC, the names of the Senator from New York (Mr. SCHUMER) and the Senator from New Jersey (Mr. LAUTENBERG) were added as cosponsors of S. Con. Res. 102, a concurrent resolution to express the sense of the Congress regarding the 50th anniversary of the Supreme Court decision in *Brown v. Board of Education of Topeka*.

S. RES. 202

At the request of Mr. CAMPBELL, the name of the Senator from Arizona (Mr. MCCAIN) was added as a cosponsor of S. Res. 202, a resolution expressing the sense of the Senate regarding the genocidal Ukraine Famine of 1932-33.

S. RES. 221

At the request of Mr. SARBANES, the names of the Senator from Delaware (Mr. BIDEN) and the Senator from Pennsylvania (Mr. SANTORUM) were added as cosponsors of S. Res. 221, a resolution recognizing National Historically Black Colleges and Universities and the importance and accomplishments of historically Black colleges and universities.

S. RES. 313

At the request of Mr. FEINGOLD, the name of the Senator from Hawaii (Mr. INOUE) was added as a cosponsor of S. Res. 313, a resolution expressing the sense of the Senate encouraging the active engagement of Americans in world affairs and urging the Secretary of State to coordinate with implementing partners in creating an online database of international exchange programs and related opportunities.

S. RES. 322

At the request of Mr. HAGEL, the names of the Senator from Arkansas (Mrs. LINCOLN), the Senator from Rhode Island (Mr. REED) and the Senator from Illinois (Mr. DURBIN) were added as cosponsors of S. Res. 322, a resolution designating August 16, 2004, as "National Airborne Day."

S. RES. 332

At the request of Mr. FEINGOLD, the name of the Senator from Maine (Ms. COLLINS) was added as a cosponsor of S. Res. 332, a resolution observing the tenth anniversary of the Rwandan Genocide of 1994.

S. RES. 348

At the request of Mr. BROWNBAC, the names of the Senator from Alaska (Mr. STEVENS), the Senator from Missouri (Mr. TALENT), the Senator from Minnesota (Mr. COLEMAN) and the Senator from Nebraska (Mr. HAGEL) were added as cosponsors of S. Res. 348, a resolution to protect, promote, and celebrate motherhood.

S. RES. 349

At the request of Mr. KENNEDY, the names of the Senator from New Jersey (Mr. LAUTENBERG) and the Senator from New York (Mr. SCHUMER) were added as cosponsors of S. Res. 349, a resolution recognizing and honoring May 17, 2004, as the 50th anniversary of the Supreme Court decision in *Brown v. Board of Education of Topeka*.

#### STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. COLEMAN (for himself, Mr. LEVIN, Ms. COLLINS, and Mr. REED):

S. 2383. A bill to amend title 10, United States Code, to require the registration of contractors' taxpayer identification numbers in the Central Contractor Registry database of the Department of Defense, and for other purposes; to the Committee on Armed Services.

Mr. COLEMAN. Mr. President, I rise today to introduce the Central Contractor Registry Act of 2004 whose purpose is to establish a centralized contractor database within the Department of Defense and to require federal contractors who register in that database to provide their taxpayer identification number and their consent to verifying that number with the Internal Revenue Service as a condition that must precede the awarding of a contract by the Department of Defense. This bill will close a \$3 billion tax loophole and will help to recover over \$100 million annually from federal contractors who have not filed federal tax returns or who have not paid the taxes they owe the government. I am joined by Senators CARL LEVIN, SUSAN COLLINS and JACK REED.

In a hearing before the Permanent Subcommittee on Investigations, the General Accounting Office testified that over 27,000 contractors at the Department of Defense owed over \$3 billion in unpaid Federal taxes. Normally, these taxes could be collected through the Federal Payment Levy Program by levying fifteen percent of the contractors' payments. In fiscal year 2002, the Financial Management Service should have collected over \$100 million from tax delinquent Department of Defense contractors. However, actual collections for the year were less than

\$500,000. Further, in 2001, the Department of Defense provided the Internal Revenue Service with over 26,000 information returns that could not be used to determine contractors' tax liability. One of the principal reasons for this anemic state of collections and the large volume of unusable information returns has been and remains the inability of the Department of Defense and the Internal Revenue Service to reach an accord on verifying the taxpayer identification numbers of the contractors who have registered in the Department of Defense's Central Contractor Registration database.

Under current law, the Department of Defense's authority to verify contractors' taxpayer identification numbers is limited to those contractors who have contracts with the Department of Defense and for whom the department is required to report miscellaneous income to the Internal Revenue Service on a Form 1099 information return. However, there are contractors who have registered in the Central Contractor Registration for whom the Department of Defense lacks authority to verify their taxpayer identification numbers including individuals and companies who would like to contract with the federal government and contractors who have contracts with agencies and departments other than the Department of Defense. On the other hand, current law also allows a taxpayer to consent to the verification of their taxpayer identification number with the Internal Revenue Service and allows the Internal Revenue Service to provide a validated taxpayer identification number.

My bill will resolve the impasse between the Department of Defense and the Internal Revenue Service by requesting contractors' consent to the validation of their taxpayer identification number as part of the registration process. Contractors will not be required to provide their consent. But if they do not, they will not be awarded a contract by the Department of Defense.

Further, my bill requires the Department of Defense to warn contractors as part of the registration process that if they do not provide a valid taxpayer identification number they may be subject to backup withholding. This would apply to those contractors who list an invalid taxpayer identification number, have a contract with the Department of Defense, and will earn miscellaneous income that is required to be reported to the Internal Revenue Service.

I would like to briefly summarize the major provisions of my bill. It provides a statutory basis for the Central Contractor Registration and renames the database as the Central Contractor Registry. It requires that the registry contain contractor's taxpayer identification numbers, their consent to verifying their numbers with the Internal Revenue Service and for the Internal Revenue Service to provide a corrected number if possible. It requires

that registrants furnish this information as a condition for registration, and requires the Department of Defense to warn contractors who fail to provide a valid taxpayer identification number that they may be subject to backup withholding and requires implementation of backup withholding in cases where it is required. It precludes awarding a contract to any registrant who has not provided a valid taxpayer identification number and excludes from coverage any registrant who is not required to have a taxpayer identification number.

It directs the Secretary of Defense to apply to the Internal Revenue Service for inclusion in the Taxpayer Identification Number Matching Program and directs the Commissioner of Internal Revenue to provide response to the Department of Defense. It directs the Secretary of Defense to provide any registrant who is determined to have an invalid taxpayer identification number with an opportunity to provide a valid number. It further requires that the Central Contractor Registry clearly indicate whether a registrant's taxpayer identification number is valid, under review, invalid, or not required. Finally, it requires that contractors taxpayer identification numbers be treated as confidential by federal contract officers who have access to the Central Contractor Registry.

My overall objective in introducing this bill is to ensure that tax cheats are not rewarded with federal contracts. If the Department of Defense and the Internal Revenue Service do not have accurate and reliable taxpayer identification numbers then we will not be able to stop this practice. My bill takes the necessary first step toward ensuring that the Department of Defense and the Internal Revenue Service have valid taxpayer identification numbers in the Central Contractor Registry database.

I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 2383

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Central Contractor Registry Act of 2004".

#### SEC. 2. CENTRAL CONTRACTOR REGISTRY DATABASE.

(a) **AUTHORITY.**—Chapter 137 of title 10, United States Code, is amended by inserting after section 2302d the following new section:

##### "§ 2302e. Central contractor registry

"(a) **ESTABLISHMENT.**—The Secretary of Defense shall maintain a centralized, electronic database for the registration of sources of property and services who seek to participate in contracts and other procurements entered into by the various procurement officials of the United States. The database shall be known as the 'Central Contractor Registry'.

"(b) **TAXPAYER INFORMATION.**—(1) The Central Contractor Registry shall include the

following tax-related information for each source registered in that registry:

"(A) Each of that source's taxpayer identification numbers.

"(B) The source's authorization for the Secretary of Defense to obtain from the Commissioner of Internal Revenue—

"(i) verification of the validity of each of that source's taxpayer identification numbers; and

"(ii) in the case of any of such source's registered taxpayer identification numbers that is determined invalid, the correct taxpayer identification number (if any).

"(2)(A) The Secretary of Defense shall require each source, as a condition for registration in the Central Contractor Registry, to provide the Secretary with the information and authorization described in paragraph (1).

"(B) The Secretary shall—

"(i) warn each source seeking to register in the Central Contractor Registry that the source may be subject to backup for a failure to submit each such number to the Secretary; and

"(ii) take the actions necessary to initiate the backup withholding in the case of a registrant who fails to register each taxpayer identification number valid for the registrant and is subject to the backup withholding requirement.

"(3) A source registered in the Central Contractor Registry is not eligible for a contract entered into under this chapter or title III of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 251 et seq.) if that source—

"(A) has failed to provide the authorization described in paragraph (1)(B);

"(B) has failed to register in that registry all valid taxpayer identification numbers for that source; or

"(C) has registered in that registry an invalid taxpayer identification number and fails to correct that registration.

"(4)(A) The Secretary of Defense shall make arrangements with the Commissioner of Internal Revenue for each head of an agency within the Department of Defense to participate in the taxpayer identification number matching program of the Internal Revenue Service.

"(B) The Commissioner of Internal Revenue shall cooperate with the Secretary of Defense to determine the validity of taxpayer identification numbers registered in the Central Contractor Registry. As part of the cooperation, the Commissioner shall promptly respond to a request of the Secretary of Defense or the head of an agency within the Department of Defense for electronic validation of a taxpayer identification number for a registrant by notifying the Secretary or head of an agency, respectively, of—

"(i) the validity of that number; and

"(ii) in the case of an invalid taxpayer identification number, any correct taxpayer identification number for such registrant that the Commissioner can promptly and reasonably determine.

"(C) The Secretary shall transmit to a registrant a notification of each of the registrant's taxpayer identification numbers, if any, that is determined invalid by the Commissioner of Internal Revenue and shall provide the registrant with an opportunity to substitute a valid taxpayer identification number.

"(5) The Secretary of Defense shall require that, at the place in the Central Contractor Registry where the taxpayer identification numbers of a registrant are to be displayed, the display bear (as applicable)—

"(A) for each taxpayer identification number of that registrant, an indicator of whether such number has been determined valid, is

being reviewed for validity, or has been determined invalid; or

“(B) an indicator that no taxpayer identification number is required for the registrant.

“(6) This subsection applies to each source who registers any information regarding that source in the Central Contractor Registry after December 31, 2004, except that paragraphs (1), (2), and (3) do not apply to a source who establishes to the satisfaction of the Secretary of Defense that such source is not required to have a taxpayer identification number.

“(c) CONFIDENTIALITY OF INFORMATION.—The Secretary of Defense shall ensure that taxpayer identification numbers in the Central Contractor Registry are not made available to the public. The Secretary shall prescribe a requirement for procurement officials of the United States having access to such numbers in that registry to maintain the confidentiality of those numbers.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 2302d the following new item:

“2302e. Central Contractor Registry.”.

Mr. LEVIN. Mr. President, I rise today to join my colleagues, Senators NORM COLEMAN, SUSAN COLLINS and JACK REED, in introducing the Central Contractor Registry Act of 2004. The purpose of this bipartisan bill is to strengthen the ability of the Federal Government to stop tax cheats from obtaining Federal contracts or use a portion of their contract payments to repay their tax debts.

In February, the Permanent Subcommittee on Investigations, on which Senator COLEMAN and I sit, held a hearing on a report by the General Accounting Office which disclosed that over 27,000 contractors at the Department of Defense owe \$3 billion in unpaid taxes, mostly from failing to transmit payroll taxes to the IRS. Think about that for a minute—27,000 DOD contractors—more than one in every ten DOD contractors—had outstanding tax debts at the same time they were holding out their hands for taxpayer dollars.

Allowing tax cheats to bid on federal contracts is a disservice to all of the honest taxpayers out there who manage to meet their tax obligations. It is a disservice to all of the military men and women who put their lives on the line for us every day. It is a disservice to all of the honest companies that compete for the same DOD contracts, since companies that do not pay their taxes have lower costs and a competitive advantage over the companies that do.

Under current law, DOD has an obligation to identify any DOD contractor with unpaid taxes, to withhold up to 15 percent of their contract payments, and to forward that money to the IRS to be applied to the contractor's tax debt. The official title of the DOD program to carry out this obligation is the Federal Payment Levy Program, also sometimes referred to as the DOD tax levy program.

The first step in the program is for DOD to identify tax delinquent DOD contractors who are scheduled to get a

contract payment in the near future. To identify these contractors, DOD participates in a computer matching program administered by the Treasury Department that cross-checks DOD lists of upcoming contractor payments with IRS lists of delinquent taxpayers. If a match occurs, DOD is supposed to withhold money from the identified contractor's upcoming contract payments.

The problem is that the DOD-IRS computer matching program has so far produced relatively few matches. In 2003, for example, DOD collected only about \$680,000 of back taxes through its tax levy program instead of the \$100 million that GAO estimates should have been collected. That means DOD collected less than 1 percent of the back taxes it should have.

On major impediment to the computer matching program has been that it depends upon DOD's providing the correct taxpayer identification number or TIN for each of its contractors, when many DOD contractors have either failed to submit a TIN or supplied an incorrect number.

When a TIN is incorrect or missing, the computer matching program is unable to determine whether the relevant DOD contractor is on the IRS list of delinquent taxpayers. Data indicates that, in one year, DOD sent the IRS over 26,000 invalid TINs that could not be used.

To increase the efficiency of the computer matching program, DOD and the IRS have tried to improve the accuracy of the TINs in DOD's contractor data. The IRS has, for example, set up a computer-based TIN validation system that can electronically verify a TIN number in seconds. This electronic system is available for use by DOD and all other Federal agencies. Unfortunately, the IRS has also interpreted certain tax laws as prohibiting DOD from obtaining TIN validations for many types of contracts. In addition, in the case of TIN numbers with clerical errors, the IRS has interpreted current taxpayer confidentiality laws as prohibiting it from supplying DOD with a corrected number.

The bill we are introducing today would eliminate this bureaucratic red tape and significantly increase the effectiveness of the tax levy program by increasing the accuracy of the TINs used by DOD.

The bill would strengthen TIN accuracy by focusing primarily on the TINs in the Central Contractor Registry, a government-wide database of persons wishing to bid on federal contracts. This registry is currently administered by DOD, and current Federal regulations require potential bidders to self-register in the system by supplying specified information. As part of the process, registrants are currently supposed to supply a TIN, but many either do not or supply an incorrect number. The bill would, for the first time, impose a legal requirement on registrants to supply a valid TIN and would also

bar contracts from being awarded to contractors who fail to supply a valid TIN.

In addition, the bill would require registrants to authorize DOD to validate their TINs with the IRS and obtain a corrected TIN from the IRS, if needed and possible. This requirement would apply to all registrants in the Central Contractor Registry, no matter what type of contract is involved and whether the contract is with DOD or another Federal agency. It would also allow the IRS to supply corrected TINs where it can promptly and reasonably do so.

If, by chance, a registrant managed to obtain a DOD contract without having supplied a valid TIN, the bill would direct DOD to withhold a portion of their contract payments to satisfy their tax debt as specified under existing law. Although this backup holding requirement has been on the books for years, DOD has not implemented it. The bill would require DOD to start doing so.

Finally, the bill would provide a number of protections. It would require DOD and other federal procurement officials not to make TIN numbers available to the public, so that this information is kept confidential within the procurement community using the Central Contractor Registry. It would explicitly exempt from the TIN requirements any contractor, such as a foreign business, not required by U.S. law to have a taxpayer identification number. The bill would also require DOD to show in the registry database whether a particular TIN has been validated, is awaiting validation, has been found invalid, or is not required, so that procurement officials using the database will know the status of a contractor's TIN. If the IRS were to determine that a particular TIN was invalid, the bill would require DOD to give the relevant contractor an opportunity to correct the number. DOD would also be required to warn all registrants in the Central Contractor Registry of the possibility of backup withholding in the event they fail to provide a valid TIN.

It is common business sense for the Federal Government to require contractors who want to be paid with Federal taxpayer dollars to allow the United States to determine whether they owe any taxes and, if so, to offset a portion of their contract payments to reduce their tax debts. To accomplish that objective, the Federal Government has to do a better job in identifying federal contractors with unpaid taxes. Our bill, by improving the accuracy of taxpayer identification numbers in the Central Contractor Registry, will strengthen DOD's ability to identify tax delinquent contractors and either deny them new contracts or reduce their tax debts.

I hope all my colleagues will join us in supporting this legislation's enactment during this Congress.

By Mr. BOND (for himself, Ms. SNOWE, and Mr. KENNEDY):

S. 2384. A bill to amend the Small Business Act to permit business concerns that are owned by venture capital operating companies or pension plans to participate in the Small Business Innovation Research Program; to the Committee on Small Business and Entrepreneurship.

Mr. BOND. Mr. President, the United States biotechnology industry is the world leader in innovation. This is due, in large part, to the Federal Government's partnership with the private sector to foster growth and commercialization in the hope that one day we will uncover a cure for unmet medical needs such as cystic fibrosis, heart disease, various cancers, multiple sclerosis, and AIDS.

However, the industry was dealt a major set-back when the Small Business Administration (SBA) determined that venture-backed biotechnology companies can no longer participate in the Small Business Innovation Research (SBIR) program. Until recently, the SBIR program was an example of a highly successful Federal initiative to encourage economic growth and innovation in the biotechnology industry by funding the critical start-up and development stages of a company.

Traditionally, to qualify for an SBIR grant a small-business applicant had to meet two requirements; one, that the company have less than 500 employees; and two, that the business be 51 percent owned by one or more individuals. Recently, however, the SBA determined that the term "individuals" only means natural persons, whereas for the past 20 years the term "individual" has included venture-capital companies. As a result, biotech companies backed by venture-capital funding in Missouri and throughout our Nation, who are on the cutting edge of science, can no longer participate in the program.

The biotech industry is like no other in the world because it takes such a long span of time and intense capital expenditures to bring a successful product to market. In fact, according to a recent study completed by the Tufts Center for the Study of Drug Development, it takes roughly 10-15 years and \$800 million dollars for a company to bring just one product to market. As you can imagine, the industry's entrepreneurs are seeking financial assistance wherever they can find it.

For the past 20 years, the SBIR program has been a catalyst for developing our Nation's most successful biotechnology companies. In addition to these important government grants, venture-capital funding plays a vital role in the financial support of these same companies. The strength of our biotechnology industry is a direct result of government grants and venture-capital working together.

However, some have argued that a biotech firm with a majority of venture-capital backing is a large business. This is simply a bogus conclusion. Venture-capital firms solely invest in

biotech start-ups for the possibility of a future innovation and financial return and generally do not seek to take control over the management functions or day-to-day operations of the company. Venture-capital firms that seek to invest in small biotech businesses do not, simply by their investment, turn a small business into a large business. These are legitimate, small, start-up businesses. Let's not punish them.

Instead, we must work together to avoid stifling innovation. Let me be clear. Our impact today will foster cures and medicines tomorrow that were once thought to be inconceivable. However, the industry cannot do it alone. We must nurture biotechnology and help the industry grow for the future of our economy and for our well-being.

This bill that I am introducing today will do just that. It will ensure that the biotechnology industry has access to SBIR grants, as it has had for 20 years. It will level the playing field to ensure that SBIR grants are given to small businesses based on fruitful science and nothing else. This is still a young and fragile industry, and we are on the cusp of great scientific advances. However, there will be profound consequences if biotechnology companies continue to be excluded from the SBIR program.

I ask unanimous consent that the full text of the bill be printed in the RECORD.

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

#### S. 2384

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### **SECTION 1. SBIR AWARDS TO BUSINESS CONCERNS OWNED BY VENTURE CAPITAL OPERATING COMPANIES OR EMPLOYEE BENEFIT OR PENSION PLANS.**

(a) IN GENERAL.—Section 9(f) of the Small Business Act (15 U.S.C. 638(f)) is amended by adding at the end the following:

“(4) ELIGIBILITY.—A business concern shall not be prevented from participating in the Small Business Innovation Research Program solely because such business concern is owned in part by—

“(A) a venture capital operating company that is managed and controlled by 1 or more United States citizens or permanent resident aliens; or

“(B) an employee benefit or pension plan.”.

(b) RULEMAKING AUTHORITY.—Not later than 180 days after the date of enactment of this Act, the Administrator of the Small Business Administration shall issue regulations to—

(1) carry out the amendment made by subsection (a);

(2) ensure that a Small Business Innovation Research award is not given to a business concern that is majority owned by—

(A) another business concern that is ineligible to participate in the Small Business Innovation Research Program; or

(B) a venture capital operating company or an employee benefit or pension plan that is the alter ego, instrumentality, or identity of another business concern that is ineligible to participate in the Small Business Innovation Research Program.

By Mr. BINGAMAN:

S. 2385. A bill to designate the United States courthouse at South Federal Place in Santa Fe, New Mexico, as the “Santiago E. Campos United States Courthouse”; to the Committee on Environment and Public Works.

Mr. BINGAMAN. Mr. President, I rise today with my colleague Senator DOMENICI to introduce a bill to designate the United States Courthouse in Santa Fe, NM as the “Honorable Santiago E. Campos United States Courthouse.” Santiago Campos was appointed to the Federal Bench in 1978 by President Jimmy Carter and was the first Hispanic Federal judge in New Mexico. He held the title of Chief U.S. District Judge from February 5, 1987 to December 31, 1989 and took senior status in 1992.

Judge Campos was a dedicated and passionate public servant who spent most of his life committed to working for the people of New Mexico and our Nation. He served as a seaman first class in the United States Navy from 1944 to 1946, as the Assistant Attorney General and then First Assistant Attorney General of New Mexico from 1954 to 1957, and as a district court judge from 1971 to 1978 in the First Judicial District in the state of New Mexico. He was the prime mover in reestablishing Federal court judicial activity in Santa Fe and had his chambers in the courthouse there for over 22 years. For his dedication to the State, Judge Campos received distinguished achievement awards in 1993 from both the State Bar of New Mexico and the University of New Mexico.

Sadly, Judge Campos passed away January 20, 2001 after a long battle with cancer. Judge Campos was an extraordinary jurist and served as a role model and mentor to others in New Mexico. He was admired and respected by all that knew him. I believe that it would be an appropriate tribute to Judge Campos to have the courthouse in Santa Fe bear his name.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

#### S. 2385

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### **SECTION 1. DESIGNATION OF SANTIAGO E. CAMPOS UNITED STATES COURTHOUSE.**

The United States courthouse at South Federal Place in Santa Fe, New Mexico, shall be known and designated as the “Santiago E. Campos United States Courthouse”.

#### **SEC. 2. REFERENCES.**

Any reference in a law, map, regulation, document, paper, or other record of the United States to the United States courthouse referred to in section 1 shall be deemed to be a reference to the “Santiago E. Campos United States Courthouse”.

By Mr. CONRAD (for himself and Mr. DORGAN):



S. 2387. A bill to amend the Water Resources Development Act of 1999 to direct the Secretary of the Army to provide assistance to design and construct a project to provide a continued safe and reliable municipal water supply system for Devils Lake, North Dakota; to the Committee on Environment and Public Works.

Mr. CONRAD. Mr. President, I rise today to introduce legislation to authorize the U.S. Army Corps of Engineers to construct a new municipal water supply system for the city of Devils Lake, ND. This project is very important to the reliability of the water supply for the residents of Devils Lake and is needed to mitigate long-term consequences from the rising flood waters of Devils Lake.

As many of my colleagues know, the Devils Lake region has been plagued by a flooding disaster since 1993. During that time, Devils Lake, a closed basin lake, has risen 25 feet, consuming land, destroying homes, and impacting vital infrastructure. As a result of this disaster, the city of Devils Lake faces a significant risk of losing its water supply. Currently, six miles or approximately one-third of the city's 40-year-old water transmission line is covered by the rising waters of Devils Lake. The submerged section of the water line includes numerous gate valves, air relief valves, and blow-off discharges.

All of the water for the city's residents and businesses must flow through this single transmission line. It is also the only link between the water source and the city's water distribution system. Since the transmission line is operated under relatively low pressures and is under considerable depths of water, a minor leak could cause significant problems. If a failure in the line were to occur, it would be almost impossible to identify the leak and make necessary repairs, and the city would be left without a water supply.

The city is in the process of accessing a new water source due both to the threat of a transmission line failure and the fact that its current water source exceeds the new arsenic standard that will take effect in 2006. The city has worked closely with the North Dakota State Water Commission in identifying a new water source that will not be affected by the rising flood waters and will provide the city with adequate water to meet its current and future needs.

The bill I am introducing today will authorize the Corps to construct a new water supply system for the city. I believe the Federal Government has a responsibility to assist communities mitigate the adverse consequences resulting from this ongoing flooding disaster. In my view, the Corps should be responsible for addressing the unintended consequences of this flood and mitigate its long-term consequences. This bill will help the Federal Government live up to its responsibility and ensure that the residents of Devils

Lake have a safe and reliable water supply. I urge my colleagues to review this legislation quickly so we can pass it this year.

By Mr. ENSIGN (for himself, Mr. MILLER, Mr. SMITH, Mr. GRAHAM of South Carolina, Mr. SESSIONS, Mr. KYL, Mr. BROWNBACK, Mr. THOMAS, Mr. BURNS, Mr. LOTT, Mr. COLEMAN, Mr. SANTORUM, Mr. CORNYN, Mr. CRAIG, and Mr. ALLARD):

S. 2389. A bill to require the withholding of United States contributions to the United Nations until the President certifies that the United Nations is cooperating in the investigation of the United Nations Oil-for-Food Program; to the Committee on Foreign Relations.

Mr. ENSIGN. Mr. President, I rise today to introduce legislation in the hopes that it will correct a grave injustice committed against the people of Iraq as well as the honest and law-abiding citizens of the world community.

We now believe that Saddam Hussein, corrupt U.N. officials, and corrupt well-connected countries were the real benefactors of the Oil-for-Food Program. Their benefits came from illegal oil shipments, financial transactions, kickbacks, and surcharges and allowed Saddam Hussein to build up his armed forces and live in the lap of luxury.

The evidence in this far-reaching scandal tells an unbelievable story. In January of this year, the Iraqi Governing Council (IGC) released a list of 270 former government officials, businessmen, political parties, and foreign cronies of Hussein from more than 46 countries suspected of profiting from illegal oil sales that were part of the U.N.'s Oil-for-Food Program.

Our own U.S. General Accounting Office estimates that Saddam Hussein siphoned off \$4.4 billion through oil sale surcharges. Saddam Hussein also demanded kickbacks on the humanitarian relief side from suppliers which amounted to 10-20 percent on many contracts.

Saddam used this revenue to rebuild Iraq's military capabilities, to maintain lavish palaces, buy loyalty, oppress his people and financially support terrorism. And as Claude Hanks-Drielsma, an IGC consultant investigating the scandal testified, the secret payments "provided Saddam Hussein and his corrupt regime with a convenient vehicle through which he bought support internationally by bribing political parties, companies and journalists . . . This secured the cooperation and support of countries that included members of the Security Council of the United Nations."

The United Nations should be embarrassed.

What resulted from the goodwill gesture was international scandal, corruption at the highest levels, and suffering Iraqi citizens. Not exactly a model U.N. program.

Contrary to its protestations, the United Nations Secretariat had a crit-

ical role in the implementation and management of the program. It kept the contract records. It controlled the bank accounts and was the only entity allowed to release Saddam Hussein's oil earnings. And it arranged for the audits. As Secretary General Kofi Annan noted, "under the program, the [U.N.] Secretary General was required to supervise the sale of Iraqi oil, and to monitor the spending of the proceeds on specific goods and services for the benefit of the Iraqi people."

Well, he did a lousy job.

Tasked by the international community to deny Saddam Hussein the ability to rebuild his military apparatus while providing humanitarian needs, the United Nations allowed the corrupt to become richer and innocent Iraqis to be oppressed.

Today we have a chance to rectify that injustice. We must demand that the United Nations cooperate completely with efforts to extrapolate the truth from this scandal and punish the guilty. We know that the Volker panel does not have subpoena power.

And we've now learned that officials acting on behalf of Benon Sevan, the Executive Director of the Oil-for-Food Program, who is personally implicated in the scandal, are asking contractors not to release documents relating to the program to congressional investigators without getting U.N. authorization. An April 2, 2004, U.N. letter to a Swiss firm Cotecna reminded the firm that according to its contract all documents: "shall be property of the United Nations, shall be treated as confidential and shall be delivered only to United Nations authorized officials." Cotecna, was in charge of inspecting the humanitarian goods shipped to Iraq under Oil-for-Food. It had Kofi Annan's son Kojo on its payroll until the month it won its U.N. contract. And an April 14 letter reminded a Dutch company called Saybolt of its confidentiality agreements with the U.N., demanding "that Saybolt address any further requests for documentation or information concerning these matters to us." Saybolt was in charge of making sure oil invoices matched shipments.

The United Nations should be more interested in bringing the truth to light than trying to protect its tattered reputation and its corrupt officials.

The legislation I am introducing today will hold the United Nations' feet to the fire on this scandal. It calls for transparency and accountability. Under this bill, the United Nations must allow GAO and law enforcement agencies access to its Oil-for-Food records. U.N. officials must waive their immunity for any crimes committed on United States soil and repay their ill-gotten gains.

If not, 10 percent of our assessed U.N. regular budget contributions will be withheld the first year and 20 percent the second year. Granted, the withholding of \$36 million in the first year is no where near the more than \$1 billion that the United Nations skimmed



off the top of Iraqi oil sales for administrative costs or the billions that were stolen from the Iraqi people through corruption and mismanagement. But the 10 percent withholding worked in the past when the 103rd Congress used it to compel the United Nations to create an inspector general. And I believe it can work again.

But we have to make an important choice first. We can do nothing and allow the word "humanitarianism" to be the new code word for corruption scandal from here on out. Or we can stand up and make the United Nations rightfully accountable for the corruption that harmed innocent Iraqis. The answer is clear. We must act.

The U.N. is broken. This scandal revealed that the U.N. Security Council is unable to do its job when some members are more interested in lining their pockets than preserving security. I contend that there was no way that the U.S. could get France and Russia to enforce Security Council resolutions on Iraq and go to war when so many of their politically connected individuals, companies, and institutions received Iraqi oil contracts. Victory brought their corruption to light. And I am deeply worried that the ability of the United Nations to convey "legitimacy" to the new Iraqi government and assist in postwar Iraq is hampered by its history of corruption and mismanagement in the Oil-for-Food program.

The U.N. needs to come clean and start over. The first step toward doing that is to accept the terms and conditions of the Oil-for-Food Accountability Act.

#### SUBMITTED RESOLUTIONS

#### SENATE RESOLUTION 352—URGING THE GOVERNMENT OF UKRAINE TO ENSURE A DEMOCRATIC, TRANSPARENT, AND FAIR ELECTION PROCESS FOR THE PRESIDENTIAL ELECTION ON OCTOBER 31, 2004

Mr. CAMPBELL (for himself, Mr. DODD, and Mr. BIDEN) submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. RES. 352

Whereas the establishment of a democratic, transparent, and fair election process for the 2004 presidential election in Ukraine and of a genuinely democratic political system are prerequisites for that country's full integration into the Western community of nations as an equal member, including into organizations such as the North Atlantic Treaty Organization (NATO);

Whereas the Government of Ukraine has accepted numerous specific commitments governing the conduct of elections as a participating State of the Organization for Security and Cooperation in Europe (OSCE), including provisions of the Copenhagen Document;

Whereas the election on October 31, 2004, of Ukraine's next president will provide an unambiguous test of the extent of the Ukrainian authorities' commitment to implement

these standards and build a democratic society based on free elections and the rule of law;

Whereas this election takes place against the backdrop of previous elections that did not fully meet international standards and of disturbing trends in the current pre-election environment;

Whereas it is the duty of government and public authorities at all levels to act in a manner consistent with all laws and regulations governing election procedures and to ensure free and fair elections throughout the entire country, including preventing activities aimed at undermining the free exercise of political rights;

Whereas a genuinely free and fair election requires a period of political campaigning conducted in an environment in which neither administrative action nor violence, intimidation, or detention hinder the parties, political associations, and the candidates from presenting their views and qualifications to the citizenry, including organizing supporters, conducting public meetings and events throughout the country, and enjoying unimpeded access to television, radio, print, and Internet media on a non-discriminatory basis;

Whereas a genuinely free and fair election requires that citizens be guaranteed the right and effective opportunity to exercise their civil and political rights, including the right to vote and the right to seek and acquire information upon which to make an informed vote, free from intimidation, undue influence, attempts at vote buying, threats of political retribution, or other forms of coercion by national or local authorities or others;

Whereas a genuinely free and fair election requires government and public authorities to ensure that candidates and political parties enjoy equal treatment before the law and that government resources are not employed to the advantage of individual candidates or political parties;

Whereas a genuinely free and fair election requires the full transparency of laws and regulations governing elections, multiparty representation on election commissions, and unobstructed access by candidates, political parties, and domestic and international observers to all election procedures, including voting and vote-counting in all areas of the country;

Whereas increasing control and manipulation of the media by national and local officials and others acting at their behest raise grave concerns regarding the commitment of the Ukrainian authorities to free and fair elections;

Whereas efforts by the national authorities to limit access to international broadcasting, including Radio Liberty and the Voice of America, represent an unacceptable infringement on the right of the Ukrainian people to independent information;

Whereas efforts by national and local officials and others acting at their behest to impose obstacles to free assembly, free speech, and a free and fair political campaign have taken place in Donetsk, Sumy, and elsewhere in Ukraine without condemnation or remedial action by the Ukrainian Government;

Whereas numerous substantial irregularities have taken place in recent Ukrainian parliamentary by-elections in the Donetsk region and in mayoral elections in Mukacheve, Romny, and Krasnyi Luch; and

Whereas the intimidation and violence during the April 18, 2004, mayoral election in Mukacheve, Ukraine, represent a deliberate attack on the democratic process: Now, therefore, be it

*Resolved*, That the Senate—

(1) acknowledges and welcomes the strong relationship formed between the United States and Ukraine since the restoration of Ukraine's independence in 1991;

(2) recognizes that a precondition for the full integration of Ukraine into the Western community of nations, including as an equal member in institutions such as the North Atlantic Treaty Organization (NATO), is its establishment of a genuinely democratic political system;

(3) expresses its strong and continuing support for the efforts of the Ukrainian people to establish a full democracy, the rule of law, and respect for human rights in Ukraine;

(4) urges the Government of Ukraine to guarantee freedom of association and assembly, including the right of candidates, members of political parties, and others to freely assemble, to organize and conduct public events, and to exercise these and other rights free from intimidation or harassment by local or national officials or others acting at their behest;

(5) urges the Government of Ukraine to meet its Organization for Security and Cooperation in Europe (OSCE) commitments on democratic elections and to address issues previously identified by the Office of Democratic Institutions and Human Rights (ODIHR) of the OSCE in its final reports on the 2002 parliamentary elections and the 1999 presidential elections, such as illegal interference by public authorities in the campaign and a high degree of bias in the media;

(6) urges the Ukrainian authorities to ensure—

(A) the full transparency of election procedures before, during, and after the 2004 presidential elections;

(B) free access for Ukrainian and international election observers;

(C) multiparty representation on all election commissions;

(D) unimpeded access by all parties and candidates to print, radio, television, and Internet media on a non-discriminatory basis;

(E) freedom of candidates, members of opposition parties, and independent media organizations from intimidation or harassment by government officials at all levels via selective tax audits and other regulatory procedures, and in the case of media, license revocations and libel suits, among other measures;

(F) a transparent process for complaint and appeals through electoral commissions and within the court system that provides timely and effective remedies; and

(G) vigorous prosecution of any individual or organization responsible for violations of election laws or regulations, including the application of appropriate administrative or criminal penalties;

(7) further calls upon the Government of Ukraine to guarantee election monitors from the ODIHR, other participating States of the OSCE, Ukrainian political parties, candidates' representatives, nongovernmental organizations, and other private institutions and organizations, both foreign and domestic, unobstructed access to all aspects of the election process, including unimpeded access to public campaign events, candidates, news media, voting, and post-election tabulation of results and processing of election challenges and complaints; and

(8) pledges its enduring support and assistance to the Ukrainian people's establishment of a fully free and open democratic system, their creation of a prosperous free market economy, their establishment of a secure independence and freedom from coercion, and their country's assumption of its rightful place as a full and equal member of the Western community of democracies.

Mr. CAMPBELL. Mr. President, as Co-Chairman of the Helsinki Commission, I submit today a resolution urging the Government of Ukraine to ensure a democratic, transparent and fair election process for the presidential elections scheduled to be held in late October. An identical resolution is being submitted by Chairman of the House International Relations Committee HENRY HYDE and my colleague and Chairman of the Helsinki Commission, Representative CHRIS SMITH. I am pleased to note that the Commission's Ranking Member, Mr. DODD, and the Ranking Member of the Committee on Foreign Relations, Mr. BIDEN, are original cosponsors of the resolution.

The Helsinki Commission, which has long monitored and encouraged human rights, rule of law and democracy in Ukraine, continues to be a stalwart supporter of Ukraine's development as an independent, democratic and market-oriented state. There is a genuine desire in the United States for Ukraine to succeed in this process and for the long-suffering Ukrainian people to fully realize their dreams and aspirations. This resolution, by encouraging fair, open and transparent elections, is a concrete expression of the commitment of the U.S. Congress to the Ukrainian people.

The resolution underscores that an election process and the establishment of a genuinely democratic political system consistent with Ukraine's freely-undertaken OSCE commitments is a prerequisite for Ukraine's full integration into the Western community of nations as an equal member, including into NATO. The October elections will be vital in determining Ukraine's course for years to come and they present the Ukrainian authorities with a real opportunity to demonstrate their commitment to OSCE principles and values.

Unfortunately, Ukraine's pre-election environment has already been decidedly problematic and of increasing concern to the United States and the international community. During the course of this year I have shared specific concerns with Senate colleagues, particularly in terms of the media. The resolution submitted today focuses squarely on key problem areas, including increasing control and manipulation of the media and attempts by national authorities to limit access to international broadcasting, including Radio Liberty and Voice of America. Among other concerns are the blatant obstacles to free assembly and a free and fair political campaign as well as substantial irregularities in several recent elections.

An egregious example of how not to conduct elections was the mayoral election held two weeks ago in the western Ukrainian city of Mukacheve. This election was marred by intimidation, violence, fraud and manipulation of the vote count, electoral disruptions and irregularities. Despite strong evidence indicating that a candidate from

the democratic opposition "Our Ukraine" bloc had won, the territorial elections commission announced as winner the candidate of a party led by the head of Presidential Administration, Viktor Medvedchuk. That some of the abuses and violence took place in front of OSCE observers, and that some of the victims of violence were members of the Ukrainian parliament, only underscores the brazenness of these actions. The outlandish conduct of the Mukacheve elections not only casts doubt over their outcome, but when coupled with other recent problematic elections, including in Constituency No. 61 in Donetsk, could be a barometer for the October presidential elections.

The resolution I submit today outlines those measures the Ukrainian authorities need to take—consistent with their own laws and international agreements—for a free, fair, open and transparent election process. The Ukrainian authorities at all levels, including the executive, legislative and judicial branches, need to ensure an election process that enables all of the candidates to compete on a level playing field. This includes the various institutions and agencies involved directly or indirectly in the elections process, such as the Central Election Commission, the Ministry of Internal Affairs, Procuracy, the State Security Service (SBU), Tax Administration, as well as the Constitutional and Supreme Courts.

Ukraine's October presidential elections should be a watershed for the future direction of that country of great potential. It is abundantly clear that a small clique have a vested interest in perpetuating the outmoded status quo. Ukrainian authorities need to radically improve the election environment if there is to be hope for these elections to meet OSCE standards. The question is whether their perceived self-interest will trump the interest of the people of Ukraine. Having restored the independence of their proud land, the Ukrainian people deserve an opportunity to overcome the legacy of the past, and consolidate democracy, human rights and the rule of law.

#### AMENDMENTS SUBMITTED AND PROPOSED

SA 3117. Mr. BREAUX (for himself and Mrs. FEINSTEIN) proposed an amendment to the bill S. 1637, to amend the Internal Revenue Code of 1986 to comply with the World Trade Organization rulings on the FSC/ETI benefit in a manner that preserves jobs and production activities in the United States, to reform and simplify the international taxation rules of the United States, and for other purposes.

SA 3118. Mr. ALLARD (for himself, Mr. SCHUMER, Mr. MILLER, Mrs. CLINTON, Mr. CHAMBLISS, and Mr. CORZINE) submitted an amendment intended to be proposed by him to the bill S. 1637, *supra*; which was ordered to lie on the table.

#### TEXT OF AMENDMENTS

**SA 3117.** Mr. BREAUX (for himself and Mrs. FEINSTEIN) proposed an amendment to the bill S. 1637, to amend the Internal Revenue Code of 1986 to comply with the World Trade Organization rulings on the FSC/ETI benefit in a manner that preserves jobs and production activities in the United States, to reform and simplify the international taxation rules of the United States, and for other purposes; as follows:

On page 88, between lines 17 and 18, insert:

"(4) DOLLAR LIMITATION.—

"(A) IN GENERAL.—Notwithstanding paragraph (1), the excess qualified foreign distribution amount shall not exceed the lesser of—

"(i) the amount shown on the applicable financial statement as earnings permanently reinvested outside the United States, or

"(ii) the excess (if any) of—

"(I) the estimated aggregate qualified expenditures of the corporation for taxable years ending in 2005, 2006, and 2007, over

"(II) the aggregate qualified expenditures of the corporation for taxable years ending in 2001, 2002, and 2003.

"(B) EARNINGS PERMANENTLY REINVESTED OUTSIDE THE UNITED STATES.—

"(i) IN GENERAL.—If an amount on an applicable financial statement is shown as Federal income taxes not required to be reserved by reason of the permanent reinvestment of earnings outside the United States, subparagraph (A)(i) shall be applied by reference to the earnings to which such taxes relate.

"(ii) NO STATEMENT OR STATED AMOUNT.—If there is no applicable financial statement or such a statement fails to show a specific amount described in subparagraph (A)(i) or clause (i), such amount shall be treated as being zero.

"(iii) APPLICABLE FINANCIAL STATEMENT.—For purposes of this paragraph, the term 'applicable financial statement' means the most recently audited financial statement (including notes and other documents which accompany such statement)—

"(I) which is certified on or before March 31, 2004, as being prepared in accordance with generally accepted accounting principles, and

"(II) which is used for the purposes of a statement or report to creditors, to shareholders, or for any other substantial nontax purpose.

In the case of a corporation required to file a financial statement with the Securities and Exchange Commission, such term means the most recent such statement filed on or before March 31, 2004.

"(C) QUALIFIED EXPENDITURES.—For purposes of this paragraph, the term 'qualified expenditures' means—

"(i) wages (as defined in section 3121(a)),

"(ii) additions to capital accounts for property located within the United States (including any amount which would be so added but for a provision of this title providing for the expensing of such amount),

"(iii) qualified research expenses (as defined in section 41(b)) and basic research payments (as defined in section 41(e)(2)), and

"(iv) irrevocable contributions to a qualified employer plan (as defined in section 72(p)(4)) but only if no deduction is allowed under this chapter with respect to such contributions.

"(D) RECAPTURE.—If the taxpayer's estimate of qualified expenditures under subparagraph (A)(ii)(I) is greater than the actual expenditures, then the tax imposed by this chapter for the taxpayer's last taxable

year ending in 2007 shall be increased by the sum of—

“(i) the increase (if any) in tax which would have resulted in the taxable year for which the deduction under this section was allowed if the actual expenditures were used in lieu of the estimated expenditures, plus

“(ii) interest at the underpayment rate, determined as if the increase in tax described in clause (i) were an underpayment for the taxable year of the deduction.

“(5) LIMITATION ON CONTROLLED FOREIGN CORPORATIONS IN POSSESSIONS.—In computing the excess qualified foreign distribution amount under paragraph (1) and the base dividend amount under paragraph (2), there shall not be taken into account dividends received from any controlled foreign corporation created or organized under the laws of any possession of the United States.

**SA 3118.** Mr. ALLARD (for himself, Mr. SCHUMER, Mr. MILLER, Mrs. CLINTON, Mr. CHAMBLISS, and Mr. CORZINE) submitted an amendment intended to be proposed by him to the bill S. 1637, to amend the Internal Revenue Code of 1986 to comply with the World Trade Organization rulings on the FSC/ETI benefit in a manner that preserves jobs and production activities in the United States, to reform and simplify the international taxation rules of the United States, and for other purposes; which was ordered to lie on the table, as follows:

On page 139, between lines 13 and 14, insert the following:

**SEC. \_\_\_\_ BROWNFIELDS DEMONSTRATION PROGRAM FOR QUALIFIED GREEN BUILDING AND SUSTAINABLE DESIGN PROJECTS.**

(a) TREATMENT AS EXEMPT FACILITY BOND.—Subsection (a) of section 142 (relating to the definition of exempt facility bond) is amended by striking “or” at the end of paragraph (12), by striking the period at the end of paragraph (13) and inserting “, or”, and by inserting at the end the following new paragraph:

“(14) qualified green building and sustainable design projects.”

(b) QUALIFIED GREEN BUILDING AND SUSTAINABLE DESIGN PROJECTS.—Section 142 (relating to exempt facility bonds) is amended by adding at the end thereof the following new subsection:

“(1) QUALIFIED GREEN BUILDING AND SUSTAINABLE DESIGN PROJECTS.—

“(I) IN GENERAL.—For purposes of subsection (a)(14), the term ‘qualified green building and sustainable design project’ means any project which is designated by the Secretary, after consultation with the Administrator of the Environmental Protection Agency, as a qualified green building and sustainable design project and which meets the requirements of clauses (i), (ii), (iii), and (iv) of paragraph (4)(A).

“(2) DESIGNATIONS.—

“(A) IN GENERAL.—Within 60 days after the end of the application period described in paragraph (3)(A), the Secretary, after consultation with the Administrator of the Environmental Protection Agency, shall designate qualified green building and sustainable design projects. At least one of the projects designated shall be located in, or within a 10-mile radius of, an empowerment zone as designated pursuant to section 1391, and at least one of the projects designated shall be located in a rural State. No more than one project shall be designated in a State. A project shall not be designated if such project includes a stadium or arena for professional sports exhibitions or games.

“(B) MINIMUM CONSERVATION AND TECHNOLOGY INNOVATION OBJECTIVES.—The Secretary, after consultation with the Administrator of the Environmental Protection Agency, shall ensure that, in the aggregate, the projects designated shall—

“(i) reduce electric consumption by more than 150 megawatts annually as compared to conventional generation,

“(ii) reduce daily sulfur dioxide emissions by at least 10 tons compared to coal generation power,

“(iii) expand by 75 percent the domestic solar photovoltaic market in the United States (measured in megawatts) as compared to the expansion of that market from 2001 to 2002, and

“(iv) use at least 25 megawatts of fuel cell energy generation.

“(3) LIMITED DESIGNATIONS.—A project may not be designated under this subsection unless—

“(A) the project is nominated by a State or local government within 180 days of the enactment of this subsection, and

“(B) such State or local government provides written assurances that the project will satisfy the eligibility criteria described in paragraph (4).

“(4) APPLICATION.—

“(A) IN GENERAL.—A project may not be designated under this subsection unless the application for such designation includes a project proposal which describes the energy efficiency, renewable energy, and sustainable design features of the project and demonstrates that the project satisfies the following eligibility criteria:

“(i) GREEN BUILDING AND SUSTAINABLE DESIGN.—At least 75 percent of the square footage of commercial buildings which are part of the project is registered for United States Green Building Council’s LEED certification and is reasonably expected (at the time of the designation) to receive such certification.

“(ii) BROWNFIELD REDEVELOPMENT.—The project includes a brownfield site as defined by section 101(39) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601), including a site described in subparagraph (D)(ii)(II)(aa) thereof.

“(iii) STATE AND LOCAL SUPPORT.—The project receives specific State or local government resources which will support the project in an amount equal to at least \$5,000,000. For purposes of the preceding sentence, the term ‘resources’ includes tax abatement benefits and contributions in kind.

“(iv) SIZE.—The project includes at least one of the following:

“(I) At least 1,000,000 square feet of building.

“(II) At least 20 acres.

“(v) USE OF TAX BENEFIT.—The project proposal includes a description of the net benefit of the tax-exempt financing provided under this subsection which will be allocated for financing of one or more of the following:

“(I) The purchase, construction, integration, or other use of energy efficiency, renewable energy, and sustainable design features of the project.

“(II) Compliance with LEED certification standards.

“(III) The purchase, remediation, and foundation construction and preparation of the brownfields site.

“(vi) PROHIBITED FACILITIES.—An issue shall not be treated as an issue described in subsection (a)(14) if any proceeds of such issue are used to provide any facility the principal business of which is the sale of food or alcoholic beverages for consumption on the premises.

“(vii) EMPLOYMENT.—The project is projected to provide permanent employment of at least 1,500 full time equivalents (150 full time equivalents in rural States) when completed and construction employment of at least 1,000 full time equivalents (100 full time equivalents in rural States).

The application shall include an independent analysis which describes the project’s economic impact, including the amount of projected employment.

“(B) PROJECT DESCRIPTION.—Each application described in subparagraph (A) shall contain for each project a description of—

“(i) the amount of electric consumption reduced as compared to conventional construction,

“(ii) the amount of sulfur dioxide daily emissions reduced compared to coal generation,

“(iii) the amount of the gross installed capacity of the project’s solar photovoltaic capacity measured in megawatts, and

“(iv) the amount, in megawatts, of the project’s fuel cell energy generation.

“(5) CERTIFICATION OF USE OF TAX BENEFIT.—No later than 30 days after the completion of the project, each project must certify to the Secretary that the net benefit of the tax-exempt financing was used for the purposes described in paragraph (4).

“(6) DEFINITIONS.—For purposes of this subsection—

“(A) RURAL STATE.—The term ‘rural State’ means any State which has—

“(i) a population of less than 4,500,000 according to the 2000 census,

“(ii) a population density of less than 150 people per square mile according to the 2000 census, and

“(iii) increased in population by less than half the rate of the national increase between the 1990 and 2000 censuses.

“(B) LOCAL GOVERNMENT.—The term ‘local government’ has the meaning given such term by section 1393(a)(5).

“(C) NET BENEFIT OF TAX-EXEMPT FINANCING.—The term ‘net benefit of tax-exempt financing’ means the present value of the interest savings (determined by a calculation established by the Secretary) which result from the tax-exempt status of the bonds.

“(7) AGGREGATE FACE AMOUNT OF TAX-EXEMPT FINANCING.—

“(A) IN GENERAL.—An issue shall not be treated as an issue described in subsection (a)(14) if the aggregate face amount of bonds issued by the State or local government pursuant thereto for a project (when added to the aggregate face amount of bonds previously so issued for such project) exceeds an amount designated by the Secretary as part of the designation.

“(B) LIMITATION ON AMOUNT OF BONDS.—The Secretary may not allocate authority to issue qualified green building and sustainable design project bonds in an aggregate face amount exceeding \$2,000,000,000.

“(8) TERMINATION.—Subsection (a)(14) shall not apply with respect to any bond issued after September 30, 2009.

“(9) TREATMENT OF CURRENT REFUNDING BONDS.—Paragraphs (7)(B) and (8) shall not apply to any bond (or series of bonds) issued to refund a bond issued under subsection (a)(14) before October 1, 2009, if—

“(A) the average maturity date of the issue of which the refunding bond is a part is not later than the average maturity date of the bonds to be refunded by such issue,

“(B) the amount of the refunding bond does not exceed the outstanding amount of the refunded bond, and

“(C) the net proceeds of the refunding bond are used to redeem the refunded bond not later than 90 days after the date of the issuance of the refunding bond.

For purposes of subparagraph (A), average maturity shall be determined in accordance with section 147(b)(2)(A)."

(c) EXEMPTION FROM GENERAL STATE VOLUME CAPS.—Paragraph (3) of section 146(g) (relating to exception for certain bonds) is amended—

(1) by striking "or (13)" and inserting "(13), or (14)", and

(2) by striking "and qualified public educational facilities" and inserting "qualified public educational facilities, and qualified green building and sustainable design projects".

(d) ACCOUNTABILITY.—Each issuer shall maintain, on behalf of each project, an interest bearing reserve account equal to 1 percent of the net proceeds of any bond issued under this section for such project. Not later than 5 years after the date of issuance, the Secretary of the Treasury, after consultation with the Administrator of the Environmental Protection Agency, shall determine whether the project financed with such bonds has substantially complied with the terms and conditions described in section 142(l)(4) of the Internal Revenue Code of 1986 (as added by this section). If the Secretary, after such consultation, certifies that the project has substantially complied with such terms and conditions and meets the commitments set forth in the application for such project described in section 142(l)(4) of such Code, amounts in the reserve account, including all interest, shall be released to the project. If the Secretary determines that the project has not substantially complied with such terms and conditions, amounts in the reserve account, including all interest, shall be paid to the United States Treasury.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after December 31, 2004.

On page 365, between lines 3 and 4, insert the following:

**SEC. —. SUBSTANTIAL PRESENCE TEST REQUIRED TO DETERMINE BONA FIDE RESIDENCE IN UNITED STATES POSSESSIONS.**

(a) SUBSTANTIAL PRESENCE TEST.—

(1) IN GENERAL.—Subpart D of part III of subchapter N of chapter 1 (relating to possessions of the United States) is amended by adding at the end the following new section:

**"SEC. 937. BONA FIDE RESIDENT.**  
"For purposes of this subpart, section 865(g)(3), section 876, section 881(b), paragraphs (2) and (3) of section 901(b), section 957(c), section 3401(a)(8)(C), and section 7654(a), the term 'bona fide resident' means a person who satisfies a test, determined by the Secretary, similar to the substantial presence test under section 7701(b)(3) with respect to Guam, American Samoa, the Northern Mariana Islands, Puerto Rico, or the Virgin Islands, as the case may be."

(2) CONFORMING AMENDMENTS.—

(A) The following provisions are amended by striking "during the entire taxable year" and inserting "for the taxable year":

- (i) Paragraph (3) of section 865(g).
- (ii) Subsection (a) of section 876(a).
- (iii) Paragraphs (2) and (3) of section 901(b).
- (iv) Subsection (a) of section 931.
- (v) Paragraphs (1) and (2) of section 933.

(B) Section 931(d) is amended by striking paragraph (3).

(C) Section 932 is amended by striking "at the close of the taxable year" and inserting "for the taxable year" each place it appears.

(3) CLERICAL AMENDMENT.—The table of sections of subpart D of part III of subchapter N of chapter 1 is amended by adding at the end the following new item:

"Sec. 937. Bona fide resident."

(b) REPORTING REQUIREMENTS FOR BONA FIDE RESIDENTS OF THE VIRGIN ISLANDS.—

Paragraph (2) of section 932(c) (relating to treatment of Virgin Islands residents) is amended to read as follows:

"(2) FILING REQUIREMENTS.—

"(A) IN GENERAL.—Each individual to whom this subsection applies for the taxable year shall file an income tax return for the taxable year with the Virgin Islands.

"(B) INFORMATION RETURNS FOR CERTAIN TAXPAYERS.—

"(i) IN GENERAL.—Each individual—

"(I) to whom this subsection applies for the taxable year or for any taxable year during the 5-taxable-year period ending before the date of the enactment of the Jumpstart Our Business Strength (JOBS) Act, and

"(II) to whom this subparagraph has not applied for the preceding 2 taxable years, shall file an income tax return with the United States.

"(ii) FILING FEE.—The Secretary shall charge a processing fee with respect to the return filed under this subparagraph of an amount appropriate to cover the administrative costs of the requirements of this subparagraph and the enforcement of the purposes of this subparagraph."

(c) PENALTIES.—

(1) IN GENERAL.—Part I of subchapter B of chapter 68 is amended by adding at the end the following new section:

**"SEC. 6717. FAILURE OF VIRGIN ISLANDS RESIDENTS TO FILE RETURNS WITH THE UNITED STATES.**

"(a) PENALTY AUTHORIZED.—The Secretary may impose a civil money penalty on any person who violates, or causes any violation of, the requirements of section 932(c)(2)(B).

"(b) AMOUNT OF PENALTY.—

"(1) IN GENERAL.—Except as provided in subsection (c), the amount of any civil penalty imposed under subsection (a) shall not exceed \$5,000.

"(2) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed under subsection (a) with respect to any violation if such violation was due to reasonable cause.

"(c) WILLFUL VIOLATIONS.—In the case of any person willfully violating, or willfully causing any violation of, any requirement of section 932(c)(2)(B)—

"(1) the maximum penalty under subsection (b)(1) shall be increased to \$25,000 and

"(2) subsection (b)(2) shall not apply."

(2) CLERICAL AMENDMENT.—The table of sections for Part I of subchapter B of chapter 68 is amended by adding at the end the following new item:

"Sec. 6717. Failure of Virgin Islands residents to file returns with the United States."

(d) EFFECTIVE DATES.—The amendments made by subsection (a) shall apply to taxable years ending after the date of the enactment of this Act.

**NOTICES OF HEARINGS/MEETINGS**

**SUBCOMMITTEE ON NATIONAL PARKS**

Mr. THOMAS. Mr. President, I would like to announce for the information of the Senate and the public that the following hearing has been scheduled before the Subcommittee on National Parks of the Committee on Energy and Natural Resources:

The hearing will be held on Thursday, May 20, 2004 at 2:30 p.m. in room SD-366 of the Dirksen Senate Office Building in Washington, DC.

The purpose of the hearing is to receive testimony on the following bills: S. 1672, to expand the Timucuan Ecological and Historic Preserve, Florida;

S. 1789 and H.R. 1616, to authorize the exchange of certain lands within the Martin Luther King, Junior, National Historic Site for lands owned by the City of Atlanta, GA, and for other purposes; S. 1808, to provide for the preservation and restoration of historic buildings at historically women's public colleges or universities; S. 2167, to establish the Lewis and Clark National Historic Park in the States of Washington and Oregon, and for other purposes; and S. 2173, to further the purposes of the Sand Creek Massacre National Historic Site Establishment Act of 2000.

Because of the limited time available for the hearings, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record should send two copies of their testimony to the Committee on Energy and Natural Resources, United States Senate, SD-364 Dirksen Senate Office Building, Washington, DC 20510-6150.

For further information, please contact Tom Lillie at (202) 224-5161 or Sarah Creachbaum at (202) 224-6293.

**AUTHORITY FOR COMMITTEES TO MEET**

**COMMITTEE ON ARMED SERVICES**

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet during the session of the Senate on Wednesday, May 5, 2004, at 2:30 p.m., in closed session to mark up the Department of Defense Authorization Act for fiscal year 2005.

The PRESIDING OFFICER. Without objection, it is so ordered.

**COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION**

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation be authorized to meet on Wednesday, May 5, 2004, at 9:30 a.m., for a closed hearing on steroids.

The PRESIDING OFFICER. Without objection, it is so ordered.

**COMMITTEE ON FINANCE**

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Committee on Finance be authorized to meet during the session on Wednesday, May 5, 2004, at 10 a.m., in the 215 Dirksen Senate Office Building, to hear testimony on "The Benefits of Healthy Marriage."

The PRESIDING OFFICER. Without objection, it is so ordered.

**COMMITTEE ON THE JUDICIARY**

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet to conduct a hearing on Wednesday, May 5, 2004 at 10 a.m. on "Oversight Hearing: Aiding Terrorists—An Examination of the Material Support Statute" in the Dirksen Senate Office Building Room 226.

**Witness List**

Panel I: The Honorable Chris Wray, Assistant Attorney General, Criminal

Division, United States Department of Justice, Washington, DC; The Honorable Daniel Bryant, Assistant Attorney General, Office of Legal Policy, United States Department of Justice, Washington, DC; and Mr. Cary Bald, Assistant Director, Counterterrorism Division, Federal Bureau of Investigation, United States Department of Justice, Washington, DC.

Panel II: Mr. David Cole, Professor of Law, Georgetown University Law Center, Georgetown University, Washington, DC; and Mr. Paul Rosenzweig, Senior Legal Research Fellow, The Heritage Foundation, Washington, DC.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### SELECT COMMITTEE ON INTELLIGENCE

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on May 5, 2004, at 2:30 p.m., to hold a closed hearing on intelligence matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### SUBCOMMITTEE ON FORESTS AND PUBLIC LANDS

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Subcommittee on Forests and Public Lands of the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Wednesday, May 5, at 2:30 p.m.

The purpose of the hearing is to receive testimony on the following bills: S. 155, to convey to the town of Frannie, WY, certain land withdrawn by the Commissioner of Reclamation; S. 2285, to direct the Secretary of the Interior to convey a parcel of real property to Beaver County, UT; S. 1521, to direct the Secretary of the Interior to convey certain land to the Edward H. McDaniel American Legion Post No. 22 in Pahrump, NV, for the construction of a Post building and memorial park for use by the American Legion, other veterans' groups, and the local community; S. 1826, to direct the Secretary of the Interior to convey certain land in Washoe County, NV, to the Board of Regents of the University and Community College System of Nevada; S. 2085, to modify the requirements of the land conveyance to the University of Nevada at Las Vegas Research Foundation; and H.R. 1658, to amend the Railroad Right-of-Way Conveyance Validation Act to validate additional conveyances of certain lands in the State of California that form part of the right-of-way granted by the United States to facilitate the construction of the Transcontinental Railway, and for other purposes.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### SUBCOMMITTEE ON PERSONNEL

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Subcommittee on Personnel of the Committee on Armed Services be authorized to meet during the session of the Senate on Wednesday, May 5, 2004, at 9

a.m., in closed session to mark up the personnel programs and provisions contained in the Department of Defense Authorization Act for fiscal year 2005.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### SUBCOMMITTEE ON READINESS AND MANAGEMENT SUPPORT

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Subcommittee on Readiness and Management Support of the Committee on Armed Services be authorized to meet during the session of the Senate on Wednesday, May 5, 2004, at 10 a.m., in closed session to mark up the readiness and management support programs and provisions contained in the Department of Defense Authorization Act for fiscal year 2005.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### SUBCOMMITTEE ON SCIENCE, TECHNOLOGY, AND SPACE

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Subcommittee on Science, Technology, and Space be authorized to meet on Wednesday, May 5, 2004, at 2:30 p.m., on Space Shuttle and the Future of Space Launch Vehicles.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### SUBCOMMITTEE ON STRATEGIC FORCES

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Subcommittee on Strategic Forces of the Committee on Armed Services be authorized to meet during the session of the Senate on Wednesday, May 5, 2004, at 11:30 a.m., in closed session to mark up the strategic forces programs and provisions contained in the Department of Defense Authorization Act for fiscal year 2005.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### PRIVILEGE OF THE FLOOR

Mr. GRASSLEY. Mr. President, I ask unanimous consent for Jill Gotts, a legislative fellow for the Finance Committee majority staff, be granted floor privileges between now and the end of the 108th Congress.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### NOTICE: PUBLIC FINANCIAL DISCLOSURE REPORTS

The filing date for 2004 Public Financial Disclosure reports is Monday, May 17, 2004. Senators, political fund designees and staff members whose salaries exceed 120 percent of the GS-15 pay scale must file reports.

Public Financial Disclosure reports should be submitted to the Senate Office of Public Records, 232 Hart Building, Washington, DC 20510-7116.

The Public Records office will be open from 8 a.m. to 6 p.m. on the filing date to accept these filings. For further information, please contact the Public Records office at (202) 224-0322.

#### APPOINTMENTS

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, pursuant to 22 U.S.C. 276h-276k, as amended, appoints the following Senator as a member of the Senate Delegation to the Mexico-U.S. Interparliamentary Group during the Second Session of the 108th Congress: The Senator from New Mexico, Mr. BINGAMAN.

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, in accordance with 22 U.S.C. 1928a-1928d, as amended, appoints the following Senators as members of the Senate Delegation to the NATO Parliamentary Assembly during the Second Session of the 108th Congress: Senator ERNEST F. HOLLINGS of South Carolina, Senator ZELL MILLER of Georgia.

#### NATIONAL WORLD WAR II MEMORIAL

Mr. FRIST. Mr. President, I ask unanimous consent the Judiciary Committee be discharged from further consideration of S.J. Res. 34 and the Senate proceed to its immediate consideration.

The PRESIDING OFFICER (Mr. COLEMAN). Without objection, it is so ordered.

The clerk will report the resolution by title.

The legislative clerk read as follows:

A joint resolution (S.J. Res. 34) designating May 29, 2004, on the occasion of the dedication of the National World War II Memorial, as Remembrance of World War II Veterans Day.

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. FRIST. I further ask that the joint resolution be read three times and passed, the preamble be agreed to, the motion to reconsider be laid upon the table, and any statements related to this matter be printed in the RECORD at the appropriate place.

The PRESIDING OFFICER. Without objection, it is so ordered.

The joint resolution (S.J. Res. 34) was read the third time and passed.

The preamble was agreed to.

The joint resolution, with its preamble, reads as follows:

#### S.J. RES. 34

Whereas on May 29, 2004, thousands of veterans, their families, and friends will gather on the Mall in Washington, District of Columbia, to dedicate the National World War II Memorial;

Whereas on that day, Americans will pay tribute to the more than 16,112,000 veterans of all military services who served in World War II between the German invasion of Poland in 1939 and the surrender by Japan on V-J Day in 1945;

Whereas on that day, Americans will be reminded of the heroism and sacrifice of members of the Armed Forces who were on duty during some of the critical conflicts of World War II, including the attack on Pearl Harbor of December 7, 1941, the Battle of Midway of June 6, 1942, the invasion of Guadalcanal on August 7, 1942, the Allied campaign in North

Africa in November 1942, Operation Overlord (D-Day) on June 6, 1944, the capture of Iwo Jima on February 23, 1945, and the Tokyo bombing raids of March 1945;

Whereas on that day, veterans and their families from North Dakota will honor the heroism and sacrifice of the approximately 69,000 North Dakota veterans who served in World War II, including 1,569 who made the ultimate sacrifice, and recognize the hardships and sacrifices of the 164th Regiment of the American Division, a unit of the North Dakota Army National Guard, who were the first unit of the United States Army to land on Guadalcanal on October 13, 1942, in the campaign to recapture that island;

Whereas on that day, America will acknowledge the supreme sacrifice of the more than 400,000 Army, Army Air Corps, Navy, Marine Corps, Coast Guard, and Merchant Marine personnel who were killed in action in World War II;

Whereas 12 distinguished Senators and Members of Congress serving in the 108th Congress, including Senator Daniel K. Akaka, Senator Ernest F. Hollings, Senator Daniel K. Inouye, Senator Frank R. Lautenberg, Senator Ted Stevens, Senator John W. Warner, Congressman Cass Ballenger, Congressman John D. Dingell, Congressman Ralph M. Hall, Congressman Amo Houghton, Congressman Henry J. Hyde, and Congressman Ralph Regula, served in World War II; and

Whereas World War II veterans, members of the generation known as "the Greatest Generation", through their sacrifice and hard work over more than 50 years, have enabled millions of Americans to enjoy unparalleled prosperity and the blessings of freedom: Now, therefore, be it

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That May 29, 2004, is hereby designated as Remembrance of World War II Veterans Day, and the President is urged to call upon the people of the United States to celebrate the day with appropriate ceremonies and activities.

#### ORDERS FOR THURSDAY, APRIL 6, 2004

Mr. FRIST. I ask unanimous consent that when the Senate completes its business today, it adjourn until 9:30 a.m. on Thursday, May 6th. I further ask that following the prayer and pledge, the morning hour be deemed expired, the Journal of proceedings be approved to date, and following the time of the two leaders, the Senate then begin a period of morning business for up to 90 minutes, with the first half of the time under the control of the majority leader or his designee, and the second half under the control of the Democratic leader or his designee; provided that following morning business, the Senate resume consideration of Calendar 381, S. 1637, the FSC/ETI JOBS bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### PROGRAM

Mr. FRIST. Mr. President, tomorrow, following morning business, the Senate will resume consideration of the FSC/ETI JOBS bill. We made excellent progress on the bill today, disposing of four amendments. I hope we can con-

tinue that process and that progress tomorrow with respect to relevant amendments to the bill. Senators should expect rollcall votes on amendments throughout the afternoon. The Senate may also act on executive nominations during tomorrow's session; therefore, additional votes are possible.

In particular, I look forward and hope we would be able to act on one very important nominee, John D. Negroponte of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Iraq. Many members have had the opportunity to get to know this particular nominee, to discuss his plans for the future, and it is critical we act as soon as we possibly can on this nominee who will be our ambassador to Iraq. It is critical we do that as soon as possible. It is my hope and expectation to do that tomorrow.

#### ORDER FOR ADJOURNMENT

Mr. FRIST. If there is no further business to come before the Senate, I ask unanimous consent that the Senate stand in adjournment under the previous order, following the remarks of Senator DAYTON for up to 10 minutes and Senator MURRAY for up to 60 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Minnesota.

#### IRAQ PRISONER ATROCITIES

Mr. DAYTON. Mr. President, I was present for the concluding remarks of the majority leader regarding the atrocities committed in Iraq against the prisoners there. I certainly share his sentiments. A number of my colleagues have spoken today from both sides of the aisle expressing their horror, their outrage, and their deep regret. I join with them as well.

I also am deeply disturbed as a Senator and as a Member of the Senate Armed Services Committee at the lack of communication from the military and the civilian command to those Members of the Senate about these incidents—in fact, right up to the moment they were disclosed to the American people through, fortunately, a free and vigilant press.

According to the information I have been able to obtain, a copy of the most recently referenced classified internal military report, and other news reports about that and other information, many of these incidents that have been under investigation occurred last October, last November—in other words, over half a year ago. They are horrible events. The report said that Iraqi prisoners had been victims of sadistic, blatant, and wanton criminal abuses. They were beaten with broom handles and chairs and threatened with rape. One prisoner was sodomized with a chemical light stick or with a broomstick. Military dogs were also used to

frighten and intimidate detainees. One graphic description in the New York Times today talks about the experience of a particular Iraqi male, the deep humiliation and shame he still feels, the utter degradation, the sadistic and disgusting abuse of him night after night by his American captors.

I agree with the remarks of the majority leader that these people carrying out these terrible deeds were few in number, but tragically their impact is enormous. They are going to make life a lot more difficult and a lot more dangerous for the 134,000 incredibly brave, patriotic Americans who are over there putting their lives on the line every day and night.

A story in the New York Times gives a sense of how this is affecting the way the United States is viewed in the Arab world, saying in the Arab world and beyond, the tormenting of Iraqi prisoners by their American guards shredded already thin support for Washington's invasion of Iraq and its vow to install democratic values and respect for human rights.

The outrage over the abuse shown in pictures flashed across front pages and television screens drew emotional comparisons, asking how the American occupation of the country could be distinguished from the way Saddam Hussein's government oppressed the ordinary Iraqis. This kind of outrage will lead to more attacks against our forces, greater intensity of attacks, more bombing and assassination attempts against our forces and other representatives, more casualties, more men and women from America dying, shedding blood as a result of this immoral and illegal misconduct.

The U.S. military, according to this report, first became aware of these incidents, or some of them, as early as January of this year; in fact, maybe even sooner than that. It was January 19 that LTG Ricardo Sanchez, the commander of the joint task force in Iraq, requested that these incidents of last October, November, and December be investigated. There was a preliminary report which indicated systemic problems within the prison brigade and suggested a lack of clear standards, proficiency, and leadership.

That investigation began then on January 24. It was carried out through interviews and other investigations of both Iraqi prisoners, former prisoners, and U.S. military personnel who had witnessed these incidents.

On February 29, the executive summary was presented to the military command; on March 19, the final written report. The outbrief to the appointing authority took place on March 3, 2004. That is 2 months ago, and actually the 2 months preceding that, various people in the chain of command were aware of these incidents.

They must have recognized the enormous impact they would have, the devastating effect they would have upon our situation in that country, militarily, diplomatically, and in our relations with other countries throughout



the world. Yet as far as I have been told, not one word—not one word, literally, was communicated to anyone in the Senate, Democrat or Republican.

We had, in fact, a briefing last Thursday afternoon, a top-secret classified briefing, which was attended, as I recall, by about 40 to 45 Members of the Senate with the Secretary of Defense and the Chairman of the Joint Chiefs of Staff. That briefing occurred 2, 3 hours before the "60 Minutes II" report which disclosed these incidents and this report. Not one word—not one word—was mentioned to any of us.

I have been in briefings as a member of the Senate Armed Services Committee through the last weeks and months where we have asked, time after time: What is going on? What is the progress? What is the lack of progress? Where are the problems? What is occurring? Not a word about this. Not a word, until it occurred, of the eruption of violence, the intensification of violence, in key areas of Iraq over the last several weeks, which caused, in April, the highest level of casualties since the war began. We ask, again and again: What is going on? And we are told: Everything is fine. We are making great progress.

As early as last August, we were told 95 percent of the country is peacefully progressing. Everything is going well. And we find out, through news reports or through the reality of events, that is not the case.

There is no credibility. The American people are not being told the facts and the truth. The U.S. Congress is not being told the facts and the truth. We deserve the facts and the truth.

I do not know who knew what at what point in time up through this chain of command. But I believe we have the responsibility and the right to find out. We are going to have, I am told, the opportunity, in the Senate Armed Services Committee, to meet with Secretary of Defense Rumsfeld this Friday morning. I certainly—and I know others, too—will be asking for that sequence of events and asking why it is that we are not told relevant information, crucial information that affects the conditions over there, the progress or lack thereof, that then, in turn, affects the lives, the safety, the well-being of the men and women who are serving over there heroically, and whose families are waiting back in my State of Minnesota and across this country, frantically, anxiously, wondering what their future is going to be, wondering if they are going to return home alive safely.

We were elected in a democratic process by those men and women, their families, to be here to look out for them, to ask questions about what is going on, to be given the information about what is occurring, so we can participate in decisions that are going to affect U.S. policies that are going to determine the outcome of their lives—when they will be home, whether they will come home.

I think the people at various levels who participated in this investigation—I am not going to call it a cover-up because there was an ongoing investigation, but, my goodness, for the last 2 months, when it was completed, and we were not informed, it was not being reported. If not covered up, it was being hidden from Congress.

I am going to ask those individuals to read or reread the United States Constitution and refresh their understanding of what it means to be in a constitutionally established democracy where the executive branch and the legislative branch have coequal responsibilities.

I certainly would like to work with Members of both sides of the aisle in regard to the authorization of military—

The PRESIDING OFFICER. The Senator's time has expired.

Mr. DAYTON. Mr. President, I ask unanimous consent for 1 minute to conclude my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DAYTON. Mr. President, I would like to work with Members of both sides of the aisle to put in place language, in the military authorization and in any supplemental requests that are going to be made, that we be given full and necessary disclosure, the same way we require corporations that are making stock offerings to inform their investors, the same way we require corporations and those running them to inform their boards of directors of relevant, critically important information that has a material bearing on the information that is being presented so they can make informed decisions. We are getting far less than that. We are being asked to make informed decisions when we are not being given the information, we are not being told the truth. We are having vital, important information withheld. That has to stop. We need to disclose what has occurred in these incidents.

We need to make sure they never happen again. And we need to make sure that we in Congress are given the opportunity that we deserve, the right that we have, to look out on behalf of the American people to make sure they never occur again.

Thank you, Mr. President.

I yield the floor.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Thank you, Mr. President.

#### THE AEROSPACE INDUSTRY

Mrs. MURRAY. Mr. President, will the last aerospace worker leaving America turn out the lights? I ask that question to sound an alarm for every American who cares about our economy and our security.

We are about to surrender our global aerospace leadership because we are sitting on our hands while Europe is doing everything it can to dismantle our aerospace industry.

Today, I am sounding the alarm. Unless we wake up to this threat, we are going to lose an industry that Americans created and that has brought innovation to every corner of our economy.

We Americans led the first century of flight, but we might not even have a role in the second century if we keep sleepwalking down this dangerous road.

I am here on the Senate floor tonight to say: Wake up. Wake up to this threat before we lose another American industry. Wake up to this threat before we lose more high-wage, high-skill American jobs. Wake up to this threat before it is too late.

Too many Americans, especially in our Government, are not aware of what Europe is doing to kill off our aerospace industry. I want to expose the unlimited assault that Europe and Airbus are leveling at America's aerospace workers.

As my colleagues know, I have been troubled by Europe's market-distorting actions in commercial aerospace for many years. I have raised my concern with Senators, with foreign leaders, and with administrations of both parties.

Tonight, I am detailing my concerns before the full Senate because EADS and Airbus have launched a deceptive PR and lobbying campaign to convince the U.S. Government that it is essentially an American company. The Airbus campaign of half-truths is on full display as the company works overtime in Washington, DC, to recreate a competition they already lost to build the next generation refueling tanker for the Air Force.

I have come to the Senate floor tonight to set the record straight and to show how Europe's broader plan to dominate aerospace threatens our future.

Tonight, I am going to focus on five issues.

First, I want to explain why this is so important for our country.

Secondly, I want to explain how the European view of aerospace as a social program to create jobs is helping Europe beat out our more traditional business perspective.

Third, I want to expose, in detail, the underhanded things that Airbus is doing to dismantle our aerospace industry, from providing subsidies for launch aid, research, facilities and suppliers, to selling planes below cost, guaranteeing the future value of aircraft, tying sales to landing rights, and linking plane sales to other trade issues.

Fourth, I want to expose the deceptive lobbying and PR campaign Airbus is using to reopen a competition it lost and the dangers that poses for American security. Finally, I want to talk about the steps we must take to retain our leadership of this critical industry.

Let me explain the title of my speech, "Will the Last Aerospace Worker Leaving America Turn Out the



Lights?" I have the great honor of representing the State of Washington which is one of America's great aerospace centers. We are very proud of our long history and our leadership. On July 15, 1916, Bill Boeing started his airplane company in Seattle, WA. Since that day, Boeing and Washington State have shared the ups and downs of the commercial aerospace industry. We have experienced extended periods of nearly full employment, and we have endured marked downturns that left tens of thousands unemployed.

In the early 1970s, there was a particularly bad downturn. It seemed as if everyone was leaving Seattle. So two Seattle businessmen decided to post a billboard to put a lighthearted spin on all the layoffs. Here is the photo that ran in the Seattle Times in 1971. It shows a billboard with a light bulb and a string coming out of it. It says, "Will the last person leaving Seattle turn out the lights."

Anyone who lived through this difficult period in Washington State knows this sign. Eventually Seattle recovered, and since the 1970s we have experienced ups and downs. Today we are facing another severe downturn in the aerospace industry. But today it is not just Seattle or Washington State that is hurting. We are hemorrhaging aerospace jobs in Kansas, California, Texas, Florida, New York, Illinois, Georgia, Arizona, Pennsylvania, Ohio, Connecticut, Maryland, New Hampshire, Massachusetts, and Colorado. This is a national problem, and we are not too many years away from asking, will the last aerospace worker leaving America turn off the lights? We have to take action before it is too late. Sadly, we are approaching a point of no return.

Last week the top two executives of EADS revealed their plans to take over the global aerospace industry. According to a German newspaper on April 27, 2004, CEO Rainer Hertrich said:

In ten years, we'll be number one, everywhere, worldwide.

His CEO Phillipe Camus said:

We're now ready for our final step: globalization.

Some of my colleagues may wonder why I am speaking at some length tonight about the future of our aerospace industry. It is because this industry is critical for jobs, for our economy, for our security, and for our future.

The commercial aerospace industry employs more than 2 million Americans with an average salary of \$47,000. But unfortunately, we are losing these good-paying jobs at a rapid rate. In the past 15 years, we have lost 700,000 American aerospace jobs. These are scientific and technical jobs; 700,000 high-skilled, high-wage jobs are gone. Unless we wake up, we are about to lose more.

We spend a lot of time in the Senate talking about how American jobs are being shipped overseas in search of cheaper labor. Aerospace is a little different than some of the other industries we have discussed. Aerospace jobs

are not low-wage, low-skill jobs that move to where the labor is cheapest. These are high-wage, high-skilled jobs we need to keep in America. But we are being aggressively challenged by Europe for those jobs.

Aerospace is also important for our overall economy. Our leadership in commercial aerospace has helped American industries, from health care to automobiles, become safer, more efficient, and more productive.

According to John Douglas, president of the Aerospace Industries Association of America, the aerospace sector "generates economic activity equal to nearly 15 percent of the nation's gross domestic product and supports approximately 11 million American jobs." Mr. Douglas notes that aerospace also led the Nation in net exports with a \$30 billion surplus in 2000.

The Commission on the Future of the U.S. Aerospace Industry found that in 2001:

... more than 600 million passengers relied on U.S. commercial air transportation and over 150 million people were transported on general aviation aircraft. Over 40 percent of the value of U.S. freight is transported by air. Aerospace capabilities have enabled e-commerce to flourish with overnight and parcel delivery and just in time manufacturing.

Not only is this about jobs, it is also about security. It is irresponsible to let our country surrender our aerospace leadership. Once our plants shut down, once our skilled workers move to other fields, once the infrastructure is gone, you can't recreate that overnight. It took 100 years to build our aerospace leadership, and we could lose it all in the next 10 years.

Finally, commercial aerospace is important for our future. Europe is working hard to overtake our leadership of aerospace because they know it is the future, the future of the worldwide economy and the future of human exploration. Europe wants to lead the future. And if we stay on this track, they will.

This industry is worth saving because it is important for our jobs, our economy, our security, and our future. I should explain by way of background there are only two companies in the world that make large passenger airplanes. One is the Boeing Company. Its commercial air operation is headquartered in Renton, WA. The other is Airbus which is headquartered in Toulouse, France. Airbus is a division of the European Aeronautics Defense and Space Company also known as EADS. Throughout my remarks tonight, I will refer to Airbus and EADS interchangeably. So it is one European company and one American company competing for control of the commercial aerospace industry.

Next I want to talk about how the United States and Europe view commercial aerospace, because we have two very different visions. Unfortunately, their vision will allow them to overtake us unless we realize what they are doing.

Let me start at home. For us in America, commercial aerospace is seen as private business. Some companies will win; some companies will lose. We will let the marketplace decide. But for Europe, aerospace is a jobs program. The European governments will fund and support their domestic industry because creating aerospace jobs in and of itself is considered a priority. They don't care if Airbus loses money. They don't even require Airbus to pay back loans on failed products. They don't care as long as they are creating jobs for Europeans.

Europe views aerospace as a long-term investment. They are aggressively subsidizing the industry and pressuring and rewarding customers without regard to making a profit or following the business rules American workers must follow. Simply put: They are willing to pay any price to take over American leadership.

Don't take my word for it. Look at what EU leaders have said. Here is what British Prime Minister Tony Blair had to say last year:

As a result of over 500,000 pounds in launch aid, Airbus is today in a position where it can take over the leadership of the large aircraft market from Boeing in the United States. That would be tremendous for British manufacturing and for European industry.

It is not just Tony Blair. Here is what a 2001 report to the European Commission, titled "European Aeronautics, a Vision for 2020" states:

European aeronautics has grown and prospered with the support of public funds, and this support must continue if we are to achieve our objective of global leadership.

The same report goes on to say:

Total funding required from all public and private sources over the next 20 years could go beyond 100 billion euros.

Simply put, Europe views aerospace jobs as a priority. According to the European Aerospace Industry Association, there are at least 407,000 direct jobs in Europe's aerospace sector, more than 1.2 million total jobs supported by aerospace in Europe, and there are more than 80,000 firms in the European aerospace supply chain.

Europe has maintained a \$20 billion annual trade surplus in aerospace goods since 1996. Europe has an aggressive investigation for the future of aerospace. It wants to use significant public investment to create and sustain jobs, largely at the expense of U.S. competitors and workers.

Here is how the Commission on the Future of the U.S. Aerospace industry put it in 2002:

Unfortunately, it appears that European officials intend to continue directly subsidizing EU companies. The recently unveiled EU aerospace policy strategy calls for an increase in subsidies to continue building market share, largely at the expense of U.S. companies.

So Europeans are willing to do anything to subsidize Airbus and distort the market so it can beat Boeing. But here in the United States, our Government is sitting on the sidelines. We are

following a normal business model, and we are getting creamed by the Europeans, who are following a social welfare model, where it doesn't matter if they lose money if their products fail. As long as they are employing Europeans and taking over America's market share, they don't care. That is not competition; that is subsidized slaughter.

We have to wake up before it is too late for America's aerospace companies and workers. This is not a truly competitive market. Private U.S. companies, responsible to their shareholders, are confronting subsidized companies funded by governments who don't care if they make a profit as long as they create jobs. Understanding how the Europeans approach aerospace is the first step to helping American workers survive this onslaught. The next step is to understand how the Europeans are putting their vision into action, and that is what I want to focus on next.

Tonight, I want to explore the unprecedented means that Airbus and the Europeans are using to overtake American workers. Europe is taking over America's aerospace industry through aggressive, unfair market-distorting measures. Specifically, European governments are supporting Airbus on the development side, as Airbus creates new aircraft, and on the sales side, as Airbus pressures airlines and foreign governments to buy their aircraft.

Let's start with the development side, where we find massive market-distorting subsidies at every stage. Let's remember that Airbus was created by European governments in 1967 specifically to challenge Boeing and U.S. aerospace dominance in the manufacture of large civil aircraft. EADS gets subsidies at nearly every stage of aircraft development. They benefit from launch subsidies, research subsidies, facility subsidies, and supplier subsidies. These aggressive subsidies give Airbus virtually unlimited backing to overtake the American aerospace industry. It is like an American worker stepping into a boxing ring only to find out that, instead of one opponent, he is up against the full force and power of the entire European Union. It is not a fair fight.

Europe's abuses have been well documented by our own Government. Here is what the U.S. Trade Representative said about Airbus subsidies in its 2003 report on trade barriers:

Since the inception of Airbus in 1967, the governments of France, Germany, Spain, and the UK have provided direct subsidies to their respective Airbus member companies to aid the development, production, and marketing of Airbus civil aircraft. Airbus member governments have borne a large portion of development costs for all Airbus aircraft models and provided other forms of support, debt rollovers, and marketing assistance, including political and economic pressure on purchasing governments.

These subsidies create an uneven playing field and allow Airbus to do things that normal private companies cannot afford to do. Airbus has grown

without assuming any of the financial risk and accountability that U.S. firms have to contend with every day. Here is how a top aviation analyst put it:

Airbus cares a lot less about returning value to shareholders. Boeing is the classic American shareholder-driven corporation.

Europe's approach is working, too. Today, EADS is the second largest aerospace company in the world. In the last decade, Boeing has seen its market position globally erode significantly. At one time, Boeing sold 75 percent of the aircraft purchased worldwide. Airbus was in the teens. Today, Airbus claims to supply more than 50 percent of the industry.

Mr. President, I have made the case with statistics, data, trade reports, and official Government findings. Let me put it a little more simply: Airbus has a sugar daddy named Europe, who will keep forking over money until Airbus has demolished America's aerospace industry and put hundreds of thousands of skilled American workers on the unemployment lines.

We cannot sit back and continue to let that happen. But it is not just the support and development side in the form of subsidies for launching facilities, research, and suppliers. Europe's market distortions go much further on the sales side. Tonight I want to expose some of the ways that European governments are supporting Airbus sales.

Airbus uses a series of incentives and threats to steal customers away from Boeing—everything from bribes and landing rights, to discounts, value guarantees, and trade threats and rewards. Airbus has a history of graft and corruption. But don't take my word for it. Look at what the *Economist* magazine, on June 14, 2003, said in a special report, entitled "Airbus's Secret Past: Aircraft and Bribery":

Up until 2000, Airbus and other French companies were allowed to take a tax deduction for bribes.

Imagine that—bribing someone to buy your airplane and then you take a tax deduction for the bribe you paid. The *Economist* article details Airbus sales campaigns in India, Syria, and Canada that involved corruption and bribes. The article notes that, in 2001, the Under Secretary for Commerce for International Trade testified before Congress on U.S. competitiveness in aircraft manufacturing. The Under Secretary warned that bribery remains a threat to U.S. competitiveness. He said:

This is an industry where foreign corruption has a real impact. Bribery by foreign companies can have important consequences for U.S. competitiveness because of the critical role governments play in selecting aircraft suppliers; and because of the huge sums of money involved in aircraft purchases, this sector has been especially vulnerable to trade distortions involving bribery of foreign public officials.

His remarks were directed squarely at Airbus and the European nations that aggressively back Airbus sales campaigns throughout the world.

This article also notes that, according to a 2001 European Parliament report, the U.S. National Security Agency intercepted faxes and phone calls between Airbus, Saudi Arabian Airlines, and Saudi Government officials in early 1994. The NSA found that Airbus agents were offering bribes to a Saudi official to ensure that Airbus received a \$6 billion order to modernize the Saudi Arabian airlines fleet. Bribes and corruption have long been a part of their standard operating procedure for getting other countries to buy their airplanes.

Those are just a few of the many techniques they have used to beat out American workers. Let me turn to another one. Airbus purchases have long been linked to landing rights at Europe's busiest airports; a very attractive incentive to offer them to buy their airplanes, but it is a very questionable practice.

I want to share four documented examples. In 2002, an airline named easyJet placed a big Airbus order and then received favorable landing spots at Orly Airport in France. In 2002, Malaysia Airlines received landing rights at Charles de Gaulle Airport in Paris 3 days after buying 6 Airbus A 380s. Emirates Airlines and Qatar Airways both received extra landing rights after buying Airbus airplanes.

A source close to Emirates Airlines said:

It seems that Airbus leans on Air France, which has the slots at Paris Charles de Gaulle and the slots are given to the airline that has bought Airbus. . . . This has been known for years. Airbus sells one of its planes to a customer and promises to do its best to get slots for that airline.

But landing rights are not the only trick Airbus uses to sell their planes. Airbus also aggressively discounts the purchase price of its planes, often at the last minute, and often below the cost of production.

Airbus regularly makes a late final offer to an airline after Boeing has made its best offer. Time and again, Boeing has lost a commercial sale because Airbus doesn't have the same commercial accountability. Airbus regularly sells aircraft below the price of production simply to gain market share and to take customers away from Boeing.

The 2000 easyJet deal I just mentioned a moment ago is a prime example of Airbus's willingness to discount airplanes to win sales campaigns.

Airbus does not reveal its discounts or the particulars of a given order. However, it was widely reported that Easy Jet got a 50-percent discount on its Airbus purchase. Boeing said the deal was below the cost of production. Airbus sold its planes below cost. Airbus got the order at Boeing's expense, and the Europeans got at least 10,000 direct jobs. It is a great deal for Europe; it is a horrible deal for American workers. It happened because of all the financial backing, subsidies, and special deals that Airbus gets from its European sponsors.

Let me share another way that Airbus distorts the marketplace. Buying new aircraft is a big expense for any airline. Airlines want to make sure the planes they buy will hold their value for years after their purchase. Normally, the market price decides the value of a used airplane, just like the marketplace decides the value of a used car. But Airbus uses its deep pockets to override the marketplace. When Airbus sells a plane to an airline, it often promises the airline that the plane will hold its value in the future, and if it does not, Airbus will pay the difference to the airline.

For example, Airbus will tell an airline that the plane it buys will be worth \$60 million in 10 years. The market only pays \$40 million. Airbus will pay the difference to the airline. It is a very attractive incentive for an airline, but it is also unfair because it allows one company to completely distort the marketplace. These Airbus guarantees allow the company to use their government subsidies to buy market share.

If this happened in another field such as cars, this Congress would be up in arms. Imagine going to a Toyota dealer and a salesman makes you a guarantee that in 10 years your car will be worth a certain amount of money far above its actual value. As a car buyer, you love that dealer. Airlines like Airbus's guarantee. But if a foreign carmaker did that, every representative from U.S. carmakers, suppliers, and dealers would be here in Congress demanding fairness.

The same abuse is taking place today in the aircraft market, but Congress is not responding. That is why I am exposing all of these techniques.

Let me share two specific cases where Airbus used these value guarantees to distort the market and take sales away from American workers.

In 2003, Boeing and Airbus competed to sell planes to Iberia Airlines of Spain. At the last minute, Airbus stepped in and undercut Boeing's price. It then offered Iberia a residual value guarantee on the future value of the aircraft. Airbus got the deal. An official with Iberia Airlines said Airbus got the deal because of the "extraordinary conditions" it offered at the last minute. Once again, because of its government support, Airbus was able to do things that a private for-profit company could not.

Airbus used that same market-distorting approach with easyJet, a low-cost carrier that had a fleet of all Boeing aircraft. In 2002, easyJet agreed to buy 120 planes from Airbus and take options on an additional 120 planes. Airbus offered a significant price discount and a residual-value guarantee to win that deal.

These are just a few examples of how Airbus, backed by European governments, is taking jobs away from American workers through market-distorting tactics. But it is not just the bribes, corruption, the landing slots, the discounts, and the value guaran-

tees Airbus is using to undermine American aerospace. Airbus also steals sales by making threats and rewards on unrelated trade issues.

Airbus and European government officials regularly link Airbus sales to other trade issues. There is constant cooperation between Airbus and European leaders to pressure foreign airlines and governments to buy Airbus aircraft. Let me share a few documented examples that span the globe.

First, Europe gives special rewards to countries for buying Airbus planes. It happened with Russia 2 years ago. After the Russian airline Aeroflot bought Airbus planes, Russian exporters were given greater access in the European market, and Russia was given use of the EU space launchsite.

It happened in Thailand as well. Following a 2002 Thai Airlines Airbus purchase, Airbus lobbied the EU to lower trade barriers to Thai chicken and shrimp exports.

Time and again, Airbus links their plane purchases to other trade deals. But Airbus is not content to just use trade rewards. It also threatens to punish other countries unless they buy Airbus planes. Let me share a couple examples that first involves Pakistan.

In April 2003, Pakistan media reported that EU retaliated in textile negotiations against Pakistan following the Boeing 777 purchase. Airbus is not competing on the merits of its product. Instead, it uses threats of retaliation to pressure countries into going along.

Another example of these threats and pressure tactics involves Taiwan. During an aggressive 2002 competition between Boeing and Airbus for an important Taiwan sale, the Government of France threatened to terminate its satellite cooperation with Taiwan if Airbus was turned away.

Let me share a final example of these trade tactics, and it is one of which I have personal knowledge.

European governments have linked Airbus purchases to EU accession. I saw this myself on a trip to Central Europe that I took in 1998 when I visited Poland, Hungary, and the Czech Republic. One Central European airline told me pointblank that they are under pressure from the Europeans to buy Airbus because it would ultimately make EU accession easier.

This is just a sampling of the very aggressive competitor that my constituents and our aerospace workers confront every day in the global market. I note that this is just the tip of the iceberg. I have been briefed by some of our Government intelligence agencies, and the examples I shared are just a very small part of what is happening. I encourage all of my colleagues to be briefed by the appropriate agencies because it will shock you, just as it shocked me. Arrange a briefing and find out for yourself.

I now want to turn to my fourth point. Airbus and EADS are now engaged in a slick campaign to market themselves as an American company to

policymakers and to the general public. They are running a campaign of misinformation and half-truths to secure more U.S. business for European workers. Their campaign is particularly evident in Washington, DC, where Airbus is seeking to influence both the administration and this Congress. They have their lobbyists working to unravel the Boeing tanker contract, and their PR shop is making false claims about Airbus's impact on our economy. Simply put, they are trying to get us to see them as an American company.

Airbus and EADS have hired a small army of lobbyists. At least 18 lobbyists at multiple lobbying firms are registered to represent Airbus and EADS in Washington, DC. Their lobbyists include the current chairman of the Republican National Committee, former Members of Congress, former staffers to a previous Senate majority leader, a previous House minority leader, and others heavily involved in congressional campaigns. Lobbyists with ties to the administration are also at work for Airbus, including former officials at the White House, Defense Department, Commerce Department, Transportation Department, Export-Import Bank, OPIC, and NASA.

Airbus and EADS have also hired prominent Americans to help them gain entry into the U.S. markets and to put an American face on this European operation.

Ralph Crosby is the CEO of EADS North America. Mr. Crosby was a longtime senior executive with the Northrup Grumman Corporation. EADS said Crosby's hiring was "to enhance the access of EADS to all elements of the U.S. defense and aerospace marketplace."

T. A. McArtor is the chairman of Airbus North America. He previously served as the administrator of the Federal Aviation Administration. David Oliver is the executive vice president and chief operating officer of EADS North America. Oliver was previously the principal Under Secretary of Defense for Acquisition, Technology, and Logistics. With this team of lobbyists in place, Airbus and EADS now want policymakers and the public to believe that Airbus is actually an American company.

Here is what Airbus and EADS say in Washington, DC, and all over the country in speeches, in paid advertisements, and in other official materials: They say Airbus has created and supports 120,000 jobs in our country. They say Airbus subcontracts with as many as 800 U.S. firms in the United States, and they say Airbus now does \$6 billion in business annually in the United States.

For more than a year, I have called on Airbus to justify and document these assertions, and they have refused. Last year, I wrote to the Commerce Department and asked them to investigate these claims, and I want to share the results.

On jobs, Airbus used to claim they created 100,000 U.S. jobs. The U.S. Commerce Department could not find any justification for that claim. Commerce asked Airbus to document these claims. Airbus refused. Now Airbus is inflating its bogus figures, saying it is responsible for 120,000 American jobs.

Do my colleagues know what figure the Commerce Department came up with? Five hundred. Not 120,000, not 100,000, but 500 jobs is what the Commerce Department came up with.

The truth is, Airbus in large part is responsible for the economic shock, consolidation, and dislocation that has hurt American aerospace workers over the last decade. Thousands of small businesses have gone out of business. Consolidation in the industry has brought enormous change, and hundreds of thousands of jobs have been lost throughout the industry. Let us set the record straight. Airbus does not create American jobs; it kills them.

Airbus also makes false claims about the number of U.S. suppliers it uses. Airbus says it contracts with 800 U.S. firms. The Commerce Department, after looking into this request, can only come up with 250 firms, not 800. After that, Airbus did something kind of fishy. They revised their supplier figure down from 800 firms to 300 firms, but they increased the alleged value of its contracts from \$5 billion up to \$6 billion annually. We just cannot trust Airbus' funny numbers.

When it comes to suppliers, Airbus deserves no credit for using U.S. suppliers, and that is because commercial aerospace—the airlines, not the manufacturers—select many of the suppliers. Clearly Airbus does not deserve credit for the choices that its customers make. So again, Airbus does not help American firms; it hurts them.

Finally, Airbus claims it does \$6 billion in business in the United States each year. They say that every chance they get, but here is something they do not say. EADS alone has a \$6 billion trade surplus with the United States. I am not talking about another country; I am talking about one company running a \$6 billion trade surplus with the United States.

Airbus and EADS are not helping America's aerospace industry. They are destroying it. Already, 700,000 American workers have lost their jobs while Europe keeps adding new workers to the Airbus payroll. It is time for the Senate, for our Government, and for the American people to take a real close look at Airbus' real impact on the United States.

The truth is that Airbus is a horrible investment for our country. According to EADS' documents, North America provides EADS with 35 percent of its revenues, about 10 billion euros, but North American workers only make up 2 percent of the company's jobs—just 2,400 jobs out of 107,000 worldwide. We give them a third of their business. What do we get in return? Two percent of their jobs. That is a bad deal.

The truth is, Airbus and EADS are exporting U.S. jobs, suppliers, and dollars to Europe as fast as they can. It is clear to me that Airbus is making phony claims about its impact on the U.S. economy, hiring lobbyists and mounting a PR campaign so it can position itself to steal the tanker contract from American workers.

I will turn to that tanker contract and some disturbing developments. As all of my colleagues know, I have been involved in the tanker contract from the very beginning. I have been proud to work with many other Senators on it. There is no question our Air Force needs new air refueling tankers. There is also no question that Airbus is trying to reopen a competition it lost 2 years ago.

I want to make sure American policymakers understand how Europe is hurting American aerospace workers and what Airbus has been doing behind the scenes to undermine the Boeing tanker contract. If we allow Airbus to steal the tanker contract through its phony claims, we will be helping Europe dismantle our domestic aerospace industry and asking U.S. taxpayers to foot that bill.

No one doubts the need for new tankers. Airborne refueling tankers allow our country to project military power around the globe. Most of our tankers are more than 40 years old. One-third of the fleet is unfit to fly at any given time due to mechanical failure. Each plane requires a full year of maintenance for every 4 years spent on duty.

There is no question they must be replaced with new tankers. The only question is, who is going to build these tankers—American workers or French workers? If we give this contract to the French, we will be rewarding Europe's trade-distorting behavior, putting Americans out of work, and helping Europe dismantle our aerospace industry.

Congress and the administration have wrestled with a variety of issues having to do with the tanker replacement program adopted by Congress and signed into law by the President 2 years ago. We are still trying to sort through all of the issues. It has been a unique and, frankly, at times a very frustrating process.

We are all aware of the impropriety of a few Boeing employees surrounding this deal. There is no excuse for their behavior. I will not defend it. I will not excuse it. They are being investigated and I expect they will be held accountable to the fullest extent of the law. But the actions of a few do not lessen the merits of a tanker deal. The Air Force needs this equipment, and Boeing is the best company to provide it.

Let us remember that the Air Force looked at a proposal from Airbus in 2002 and rejected it on the merits. In fact, the Air Force gave very detailed reasons why the Airbus proposal was inferior. Let me quote from the Air Force statement on March 28, 2002:

The EADS offering presents a higher risk technical approach and a less preferred fi-

nancial arrangement. First, EADS lacks relevant tanker experience and needs to develop an air refueling boom and operator station, making their approach a significantly higher risk.

Second, a comparison of the net present values of the aircraft recommended by Boeing and EADS establishes Boeing as the preferred financial option.

Third, the size difference of the EADS' proposed KC-330 results in an 81 percent larger ground footprint compared to the KC-135E it would replace, whereas the Boeing 767 is only 29 percent larger.

The KC-330 increase in size does not bring with it a commensurate increase in available air refueling offload.

Finally, the EADS aircraft would demand a greater infrastructure investment and dramatically limits the aircraft's ability to operate effectively in the worldwide deployment.

Those are the detailed technical reasons why Airbus lost the tanker contract. The Air Force essentially said that EADS and Airbus did not have a real tanker or tanker technology; their proposed aircraft was so large it required a larger footprint on the ground and a significant infrastructure investment.

Their proposal was "significantly higher risk," for the Air Force, and, their proposed aircraft couldn't operate worldwide—limiting our ability to project force.

Finally, the Air Force said that Boeing was the "preferred financial option," meaning the Boeing proposal was the cheaper alternative for taxpayers.

So in March 2002, Airbus lost. For most people, it would be over, but not for a company like Airbus. Airbus continued its campaign to delay and if possible, kill the KC-767 tanker deal. Airbus lobbyists have continued to work on and off of Capitol Hill with tanker opponents.

Airbus lobbyists worked to convince Members of Congress that Airbus should be recognized as an American Company. Airbus even used the United States Chamber of Commerce to sponsor trips to Paris and Toulouse, France for Congressional staffers.

Airbus tried to derail the lease of four 737 aircraft to the Air Force for executive transport at the General Accounting Office. Airbus didn't care about the four 737's. They were testing the system to see if they could use a bid protest at the GAO to block the tanker lease. The GAO dismissed the Airbus bid protest.

As the tanker deal was scrutinized, criticized and delayed, Airbus was regularly available to offer its tanker again to U.S. taxpayers and the Air Force. During the delay, Airbus spent \$90 million to develop a real tanker. Now they are working as hard as they can to reopen the competition they lost.

For Airbus, the tanker competition is not over. We see that in Airbus materials—that are riddled with references to the tanker program. Again and again, EADS and Airbus say they are prepared to bid for the tankers.

EADS even went to Wall Street earlier this year to pitch the company to U.S. financial interests.

As part of their pitch to U.S. investors, EADS says they still may compete for tankers in the U.S.

Would they dare to say these things if they weren't hard at work to give EADS another opportunity at tankers funded by U.S. taxpayers?

This week, EADS Joint Chief Executive Rainer Hertrich was quoted by Reuters saying:

I see a realistic chance that the issue will be taken up again by the administration after the election.

Mr. President, over the past few months, I have been very concerned about what Airbus has been doing. In late March, I sent a letter to Secretary of Defense Donald Rumsfeld detailing my concerns with Airbus's campaign of distortion and misinformation to kill the tanker program.

I ask unanimous consent that my letter to Secretary Rumsfeld printed in the RECORD.

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

U.S. SENATE  
Washington, DC, March 22, 2004.

Hon. DONALD RUMSFELD,  
Secretary, Department of Defense,  
The Pentagon, Washington, DC

DEAR SECRETARY RUMSFELD: I am deeply concerned about recent comments by Secretary James Roche regarding re-opening competition to supply aerial refueling tankers to the U.S. Air Force.

The Air Force has already conducted a careful and open competition to build the required tankers. As Secretary Roche outlined in his testimony to the Senate Commerce Committee in September, Boeing won that competition based on the superiority of its design, technology, delivery schedule, and overall risk reduction plan. Although Airbus demanded that the General Accounting Office review that decision, the review was dismissed almost immediately as lacking merit. Rather than honorably accept the competition's outcome, Airbus has resorted to a campaign of distortion and half-truths in an effort to kill the proposed Air Force tanker lease program.

I have fully supported thorough reviews of all aspects of this program, and will continue to support constructive modifications based on recommendations from those reviews. However, I will not tolerate Airbus's attempts to undermine the program itself by forcing the government to revisit careful determinations about specific issues that have already been made, reviewed, re-reviewed, and validated by responsible government entities. The outcome of the initial tanker competition is one such issue that has been clearly and conclusively settled.

Airbus's corporate behavior on this matter cannot be tolerated by the U.S. government. Its actions are further delaying our ability to meet a key military requirement, and if successful, will result in the outsourcing of thousands of American manufacturing jobs to a foreign corporation that is unfairly subsidized by European governments and that unfairly competes with the only U.S. aircraft manufacturer. Such an outcome represents ill-conceived public policy, and will also unfairly punish the nearly 30,000 workers who will be employed should the Air Force tanker lease program proceed with a domestic manufacturer, as currently planned.

As you know, the average age of our existing tanker fleet is 42 years and one-third of our tanker fleet is unfit to fly at any given time due to mechanical and operational failure. KC-135's spend 400 days in major depot maintenance for every five years of service. Any unnecessary delay in replacing our aging tanker fleet puts in jeopardy our ability to meet critical air refueling and power projection requirements.

The Air Force's proposed tanker lease program is one of the most closely scrutinized programs ever undertaken by the Department of Defense. I support the DOD Inspector General's current efforts to provide an independent assessment of various aspects of this program. However, barring evidence of wrongdoing, it is critical that we proceed without delay to implement the Air Force tanker lease program and begin production of those aircraft here in the United States.

I know how committed you are to replacing our aging tanker fleet, and I know that meeting the demands of the critics of this plan has taken a toll. But you and I both know that many of these critics will not be satisfied until they stop this contract with the only American airplane manufacturer capable of producing a new generation tanker. We cannot allow that to happen.

Sincerely,

PATTY MURRAY,  
U.S. Senator.

Mrs. MURRAY. Let me read one passage from my letter. I wrote:

Airbus' corporate behavior on this matter cannot be tolerated by the U.S. government.

Its actions are further delaying our ability to meet a key military requirement, and if successful, will result in the outsourcing of thousands of American manufacturing jobs to a foreign corporation that is unfairly subsidized by European governments and that unfairly competes with the only U.S. aircraft manufacturer.

Such an outcome represents ill-conceived public policy, and will also unfairly punish the nearly 30,000 workers who will be employed should the Air Force tanker lease program proceed with a domestic manufacturer, as currently planned.

I have not received a reply from Secretary Rumsfeld, but I did receive a shocking reply from someone else. Two days after writing to Secretary Rumsfeld, I received a letter from Mr. Ralph Crosby, the Chairman and CEO of EADS North America.

So I sent a letter to Secretary Rumsfeld, and I got a reply from the head of Airbus. There's something very fishy about that. It got even more outrageous as I read Mr. Crosby's letter. Mr. Crosby stated that EADS is committed to being a "strong U.S. citizen," and he repeated the same statistics that EADS refuses to verify to either me or to the Department of Commerce. I want to refute a few claims in Mr. Crosby's unsolicited letter.

First, Mr. Crosby had the gall to suggest that EADS is a "strong U.S. citizen." Their history tells a much different story. Airbus and EADS have been willing suppliers to nations that the United States considers either rogue states or state sponsors of terrorism.

According to one news article dating back to 2001:

The Airbus Industrie Consortium views those countries against which US or UN sanctions are in place—Libya, Iran, Iraq and

North Korea—as potentially representing major opportunities, Noel Forgeard, CEO, indicated yesterday.

The same article quotes an Airbus Vice President as saying:

We might have been looking to place a total of 180 aircraft—100 with Iran, 50 with Iraq and 30 with Libya—with at least 140-150 orders feeding through.

It was widely reported that Airbus was in close contact with Iraqi airways during the period of UN sanctions following the 1991 Persian Gulf War. Apparently, Airbus was in discussion with the state run—Saddam Hussein run—Iraqi airways to sell 20 Airbus aircraft. It was also widely reported that personnel from Iraqi Airways were taken to Jordan and Malaysia for three month training courses on Airbus equipment. Airbus still carries a five-plane deal with Saddam Hussein on its order books and has said the deal is still valid. While American troops are rebuilding Iraq's infrastructure and trying to build a peaceful, democratic future for the Iraqi people, Airbus wants the new Iraqi government to honor Saddam Hussein's plane deal.

To me, for so many reasons, EADS is not a "strong U.S. citizen."

Here is another claim from Mr. Crosby's letter that I must refute. He wrote:

Should decisions by the U.S. government open a competitive procurement of aerial refueling tankers, EADS North America will respond.

We will offer a superior, cost-effective aerial refueling solution that will be completed by American workers, on American soil, in the United States providing the Department of Defense and the Air Force the opportunity to select the product that provides the best capabilities to the U.S. armed forces.

Let's remember that the Air Force already rejected Airbus's tanker proposal for the reasons I mentioned. The Air Force said Boeing was the cheaper option, and it deemed the A330 a "significantly higher risk." But in Mr. Crosby's world, these failures somehow translate into what he calls a "superior, cost-effective aerial refueling solution."

There is another disturbing claim hidden in Mr. Crosby's statement that should set off alarm bells. He said that Airbus tankers would be "completed" in the U.S.

Mr. Crosby says the A330 refueling tanker for the Air Force would be completed by American workers on American soil. Translated that means tankers will be built in Europe by European workers at U.S. taxpayer expense and then American workers can install the final components. Once again, EADS and Airbus are trying to use their market-distorting tactics to shift aerospace jobs to Europe to the detriment of American workers.

I have a simple reply to the Airbus's campaign to build tankers in Europe paid for by U.S. taxpayers.

No thank you. No thanks. Never.

I wrote back to Mr. Crosby, and I ask unanimous consent that my letter to him be printed in the RECORD.

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

U.S. SENATE,  
Washington, DC, April 6, 2004.

RALPH D. CROSBY, JR.,  
EADS North America,  
Washington, DC.

DEAR MR. CROSBY: Thank you for your letter of March 24, 2004. I appreciate your attempt to clarify your position. Unfortunately, the vague and ambiguous language in your letter has served to underscore my earlier concerns about Airbus's efforts to undermine the Air Force Tanker Modernization program. Additionally, I continue to seriously question Airbus's unsubstantiated claims regarding its employment and economic impact in the United States.

Your letter outlines, as you have stated publicly on several occasions, Airbus's desire to compete for the Air Force Tanker Modernization program. Your continued insistence on Airbus's qualifications to compete in such a contest seems to belie the fact that the tanker competition already took place in 2002—a competition that Boeing won and Airbus lost based on each company's proposed design, technology, delivery schedule, and overall risk reduction plan.

As you know, the Air Force informed EADS on April 2, 2002 that its platform was deemed high-risk for the Air Force's operational requirements for the refueling tankers. I remain puzzled by Airbus's continued effort to re-open the tanker competition two years after its final conclusion.

To my knowledge, the Airbus 2002 proposal has never been made public. Providing the public with a clear picture of Airbus's capabilities at the time of the competition would help to address concerns refuting the competitions outcome.

I continue to believe that Airbus has engaged in a campaign of distortion and half-truths to discredit the Air Force, Boeing and the KC-767 lease program. Your letter did not dispel my concern that Airbus is engaged in a campaign to undermine the tanker lease program. I would welcome a full accounting of Airbus's continued involvement with the tanker lease program on par with the various information subpoenaed from both the Defense Department and Boeing. A full accounting of Airbus's lobbying activities including support given to tanker opponents would provide the public with a full sense of this debate.

As enlightening as the examination of the facts may be, I do not think Airbus is willing to be as transparent in detailing its communications with the Congress, the Administration, and others outside of government as the Boeing Company has been. From my vantage point, Airbus's involvement in the campaign to discredit Boeing and the tanker program could not be clearer.

I am also troubled by your continued assertions regarding Airbus's economic and employment presence in the U.S. Your letter states that Airbus "supports" a certain number of U.S. jobs, and that an Airbus tanker would be "completed" by U.S. workers. In my view, an Airbus tanker "completed" by U.S. workers is a tanker manufactured in Europe with the overwhelming number of jobs also created in Europe.

I would appreciate any solid, verifiable, and straight-forward information detailing the number of U.S. workers and vendors that Airbus directly employs, as well as specific direct employment and U.S. content relating to manufacturing a national Airbus tanker aircraft.

As you know, I earlier challenged Airbus' many rhetorical claims about jobs, suppliers and economic contributions in this country.

The Department of Commerce confirmed my suspicions and almost entirely discredited Airbus' claims. To date, despite vows to do so, Airbus has not provided the Department of Commerce any additional credible information on its contributions to U.S. workers and the U.S. economy. The truth is Airbus continues to market itself to the Congress and the American people with assertions that appear to be untrue and dishonest. You are aware of my concerns, as well as those raised by the Department of Commerce, and I encourage you to provide justification for Airbus' direct claims on jobs, suppliers and economic contribution.

Finally, to set the record straight, Airbus did file a bid protest challenge regarding the leasing provisions contained in the FY'03 DoD Appropriations Act (PL 107-248). The Air Force executed the lease of four commercial Boeing 737 special mission aircraft long before the Air Force attempted to proceed with the KC-767 program. The Airbus bid protest was specific to the four 737 aircraft but I must conclude that the real Airbus target was the lease program itself and ultimately the Air Force's ability to move forward with a 100 plane KC-767 lease with the Boeing company. The Airbus bid protest was dismissed by the General Accounting Office.

Again, thank you for your response to my letter. I look forward to hearing from you.

Sincerely,

PATTY MURRAY,  
United States Senator.

Mrs. MURRAY. I asked Mr. Crosby to again justify the claims regarding the EADS and Airbus contributions to this country on jobs, suppliers and economic contributions. For more than a year, his company has refused to answer my questions and the requests from the Department of Commerce. I asked Mr. Crosby to make public the EADS 2002 tanker proposal submitted to the Air Force.

We know the Air Force said the proposal was high risk, more expensive than Boeing, and could limit U.S. force projection worldwide. For 2 years, EADS and Airbus have been able to access Boeing proprietary information about its technology and pricing, that came available during the tanker program review.

Now, after spending \$90 million to develop a tanker it previously did not have, Airbus wants to reopen the tanker contract after it has already seen all of Boeing's cards. Airbus has learned an awful lot about Boeing and tankers and it has used that new technology to best Boeing in a recent tanker competition for Australia. Mr. Crosby will not talk about his 2002 proposal. He wants to compete with Boeing based on everything Airbus has learned about Boeing over 2 years and an additional \$90 million investment in tankers.

Finally, I asked Mr. Crosby to provide a full accounting of Airbus' involvement with the tanker lease program on par with the various information subpoenaed from both the Department of Defense and Boeing.

I also asked Mr. Crosby to provide a full accounting of Airbus' lobbying activities, including support given to tanker opponents. I await a reply from Mr. Crosby.

Let me say that given the tremendous damage Airbus has done to the

commercial aerospace industry in this country, and particularly in Washington State, I have real questions about the appropriateness of U.S. taxpayer dollars going to strengthen Europe's competitive position and hurting American aerospace workers.

I have talked in great detail tonight about why EADS and Airbus are threats to the U.S. aerospace leadership and to American workers. Europe has a plan to take over global leadership in aerospace. Europe views aerospace as a social program, a jobs program for the benefit of Europeans. Airbus and EADS are the prime example of Europe's vision for its citizen and its aerospace industry.

There are real consequences for U.S. national security in what happens here. We have to retain our supplier base, our skilled workforce, and our technological advantages to project force and to defend our Nation.

We have a decision to make in Washington, DC. U.S. policymakers on behalf of the American people have to decide whether we want to sit idly by as Europe hopes we continue to do or whether we want to commit ourselves to a future in global aerospace.

I conclude by talking briefly about a few things we must do to keep American workers at the forefront of commercial aerospace. Let me offer three specific suggestions.

First of all, we should hold Europe accountable for its market-distorting actions. We have to look seriously at a trade case to challenge Europe's failure to adhere to its treaty obligations. We have to recognize the future of aerospace is larger than a trade case or a Boeing dispute with Airbus. Only a determined Federal commitment to aerospace will assure our children and our grandchildren opportunity to compete for the high-skill, high-wage aerospace jobs of the future.

Second, we should not reward EADS and Airbus for their market-distorting, job-killing behavior. Airbus wants U.S. policymakers and the public to buy its campaign that it is a good U.S. citizen. That is baloney. They are trying to mask the real harm they are posing to American workers.

Europe wants to further weaken U.S. aerospace competitors by accessing U.S. taxpayer-funded defense programs. And, most offensively, Airbus is working to undermine both the Air Force and the Boeing Company to kill the tanker program so it may ultimately outsource tanker manufacturing to Europe.

It is long past time to shine a very bright light on Airbus and its lobbying efforts in Washington, DC. If we reward their underhanded methods, if we let them steal the tanker contract away from our American workers, the American taxpayers will be paying Europe to help finish off our aerospace industry.

I don't see how we can let a subsidized foreign company use our tax dollars to put Americans out of work.

But if they get away with their lobbying, their bogus claims, and their PR campaign, we will have bought Airbus a sledgehammer to whack away at our aerospace industry. That is outrageous. We cannot let it happen. We need to hold Europe accountable for what it has done and we need to make sure Airbus is not rewarded for its bad actions.

Finally, we should act boldly to embrace many of the recommendations from the Commission on the Future of the United States Aerospace Industry.

The administration is acting on a number of fronts. Congress must do more, as well. As a first step, Congress should create a Joint Committee on Aerospace. I intend to introduce legislation to create that joint committee. It will help Congress recognize our future is very much tied to aerospace and commercial aerospace, in particular. A dedicated group of House and Senate Members with a targeted agenda can help the administration and the country recommit itself to the next century of global aerospace leadership.

I have sounded the alarm. No Member of Congress can claim they did not know what European governments and Airbus are doing to American workers. This is a critical industry. They are jobs worth fighting for.

I am not willing to surrender our leadership in the second century of flight. There is a battle for the future of the aerospace industry. Europe is putting its full support, subsidies, and power behind Airbus, and it is working. We have to get off the sidelines.

I am committed to working in the Senate to make sure American workers

have a fighting chance to lead the world in aerospace. I know if we focus on the challenge before us, our country will recover from this, just as Seattle recovered from the downturn in the 1970s. We have a bright future ahead if we take the steps I have outlined and hold on to our leadership in commercial aerospace.

Aviation was born in America 100 years ago. Let's make sure Americans are leading it 100 years from now.

I yield the floor.

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#### EXECUTIVE SESSION

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#### EXECUTIVE CALENDAR

Mrs. MURRAY. I ask unanimous consent the Senate immediately proceed to executive session to consider the following nominations on today's Executive Calendar, Calendar Nos. 619, 620 and 657.

I further ask unanimous consent that the nominations be confirmed, the motion to reconsider be laid upon the table, the President be immediately notified of the Senate's action, and the Senate then return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

The nominations considered and confirmed en bloc are as follows:

#### NOMINATIONS

##### FEDERAL MARITIME COMMISSION

A. Paul Anderson, of Florida, to be a Federal Maritime Commissioner for the term expiring June 30, 2007.

Joseph E. Brennan, of Maine, to be a Federal Maritime Commissioner for the term expiring June 30, 2008.

##### DEPARTMENT OF STATE

Paul V. Applegarth, of Connecticut, to be Chief Executive Officer, Millennium Challenge Corporation.

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#### LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order the Senate will return to legislative session.

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#### ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

The PRESIDING OFFICER. Under the previous order, the Senate stands in adjournment until 9:30 a.m., Thursday, May 6, 2004.

Thereupon, the Senate, at 8:18 p.m., adjourned until Thursday, May 6, 2004, at 9:30 a.m.

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#### CONFIRMATIONS

Executive nominations confirmed by the Senate May 5, 2004:

##### FEDERAL MARITIME COMMISSION

A. PAUL ANDERSON, OF FLORIDA, TO BE A FEDERAL MARITIME COMMISSIONER FOR THE TERM EXPIRING JUNE 30, 2007.

JOSEPH E. BRENNAN, OF MAINE, TO BE A FEDERAL MARITIME COMMISSIONER FOR THE TERM EXPIRING JUNE 30, 2008.

##### DEPARTMENT OF STATE

PAUL V. APPLGARTH, OF CONNECTICUT, TO BE CHIEF EXECUTIVE OFFICER, MILLENNIUM CHALLENGE CORPORATION.

THE ABOVE NOMINATIONS WERE APPROVED SUBJECT TO THE NOMINEES' COMMITMENT TO RESPOND TO REQUESTS TO APPEAR AND TESTIFY BEFORE ANY DULY CONSTITUTED COMMITTEE OF THE SENATE.