I am also pleased that the bill includes the Emergency Protection for Iraqi Cultural Antiquities Act of 2003. I introduced the EPIC Antiquities Act of 2003 to authorize the President to impose immediate emergency import restrictions on the archaeological and ethnological materials of Iraq. The purpose of this bill is simple—to close a legal loophole which could allow looted Iraqi antiquities to be brought into the United States.

If Congress does not act to provide the means for establishing an interim ban on trade, the door may be opened to imports of looted Iraqi antiquities into the United States. Already the press has reported allegations that European auction houses have traded in looted Iraqi antiquities. The last thing that we in Congress want to do is to fail to act to prevent trade in looted artifacts here in the United States.

Also included in the package is a provision that simplifies the U.S. Customs Service's ability to process commercial importations, thereby resulting in increased efficiency and productivity for both Customs and the trade community.

I want to point out that the provisions I have covered are not the only important provisions contained in this bill. This bill makes a number of other technical yet meaningful changes to our trade laws.

While I am very disappointed some members have delayed the passage of this bill, and even tried to kill this bill with controversial provisions, I would like to thank my colleagues who respected the traditional rules governing this important legislation. I appreciate their support.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Grassley-Baucus amendment at the desk be agreed to and that the bill, as amended, be read the third time.

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

The amendment (No. 2678) was agreed to.

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

The bill (S. 671), as amended, was read the third time.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 51, H.R. 1047, the House companion bill.

The PRESIDING OFFICER. The clerk will report the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 1047) to amend the Harmonized Tariff Schedule of the United States to modify temporarily certain rates of duty, to make other technical amendments to the trade laws, and for other purposes.

There being no objection, the Senate proceeded to consider the bill.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that all after the enacting clause be stricken and that the text of S. 671, as amended, be inserted. I further ask unanimous consent that H.R. 1047, as amended, be read the third time and passed; that the motion to reconsider be laid upon the table en bloc; and that S. 671 be returned to the calendar.

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

The bill (H. R. 1047), as amended, was read the third time and passed, as follows:

(The bill will be printed in a future edition of the RECORD.)

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

JUMPSTART OUR BUSINESS STRENGTH (JOBS) ACT

The PRESIDING OFFICER. Under the previous order, the hour of 10:30 a.m. having arrived, 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 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.

Pending:

Dodd amendment No. 2660, to protect United States workers from competition of foreign workforces for performance of Federal and State contracts.

Mr. GRASSLEY. I yield the floor.

The PRESIDING OFFICER. The Senator from Massachusetts.

AMENDMENT NO. 2660

Mr. KENNEDY. Mr. President, first, I thank the Finance Committee and the leadership for getting this measure before us. This is important legislation. What is extremely important is the Dodd amendment.

As we approach early March, we have to ask ourselves in this body what we are doing about the general challenges we are facing all across this country, with very few exceptions. I will come back later to the state of our economy.

This legislation provides some resolution to some of the challenges we are facing. I think the Dodd amendment is enormously important and one that I strongly support and hope the Senate will take action on. I know there is consideration that we go off this bill and on to the budget, but it does seem to me, in terms of the timetable because of the strict limitations of time on the budget, we ought to continue the debate on the issues of jobs and the economy which is of central importance and consequence to people all over this Nation.

This debate should go on. I certainly join with those who believe the institution is ill served if we refuse to give the Dodd amendment the opportunity for a clear vote in the Senate. What the American people are looking for is action. They want accountability. They want responsibility. This amendment is a thoughtful amendment. It will be one that will make a difference in terms of the state of our economy in a very key area of economic policy, and that is the utilization of taxpayers' resources to effectively subsidize jobs going overseas.

We ought to be able to make a judgment about that in the Senate. So I applaud the Senator from Connecticut for this amendment.

I will take a moment or two to try to put it into some kind of perspective because, as he and others have pointed out, we are facing a serious economic challenge across this Nation. It is virtually uniform. In 48 out of the 50 States, new jobs pay 21 percent less than the old jobs they replace, with the exceptions of Nevada and Nebraska.

In the State I have had a chance to visit over the period of the last week, the State of New York, the new jobs are paying 38 percent less than the jobs they replaced. That is happening across this Nation, and I will get into the greater detail of it.

That is a national challenge and a national problem, and yet our Republican leadership refuses to permit us to deal with some of these issues. We can deal with a number of the issues. We can deal with the issue of the increase in the minimum wage where a majority of the Members of this body favor an increase. It would take about half an hour to debate that issue. We all know what that is about.

We could extend the unemployment compensation. Fifty-eight Members of the Senate want to extend unemployment compensation but our Republican leadership says no and this President says no. We could also defeat the Bush proposal to deny overtime from some 8 million of our workers in this country. This is the first time since the Fair Labor Standards Act has been enacted in this country, which recognizes a 40-hour workweek, that we have an administration proposing the elimination of overtime, and we will come back to that. This all starts down in the White House, make no mistake about it.

We have to have a President who wakes up every morning and says, we have a challenge and we can do something about it. Presidential leadership makes an important difference in terms of the state of our economy. We saw it in the early 1960s where we had the longest period of economic growth and price stability up until the time of the dramatic expansion of the Vietnam War, all during which we had Democratic leadership. We saw it with President Clinton, when Republicans refused to give us a single vote for an economic policy that produced 22 million jobs.

I remember my good friend on the other side, Phil Gramm, who said: This proposal makes no sense. Interest rates will go as high as the ceiling of the Senate and we will have the unemployed who will circle the Capitol.

I remember those words. How wrong he was, and how wrong this administration is and this President is about the state of our economy.

We have to have a President who wakes up in the morning and understands that the economy needs focus and attention. This President does not, and I will demonstrate why he does not.

I have the State of the Union speech: The pace of economic growth was the fastest in nearly 20 years. This is the state of the Union. This is the President's view of where we are nationwide, when 48 States out of 50 find new jobs are paying 21 percent less than the old jobs.

This is what he says: The pace of economic growth in the third quarter was the fastest in 20 years. Productivity is high and jobs are on the rise. This is the state of the Union.

Just a few days later he is speaking about the state of the Union when the President meets with the workers on his travels to Springfield, MO: We have overcome a lot. That is because we are growing. The growth is good. New jobs are being created. Interest rates are low. A lot of it had to do with the fact we cut your taxes. The economy is growing, growing, growing.

The President of the United States says that about the state of the economy.

Here he is just a week ago at the National Governors Association: The economy and jobs are on my mind. I am pleased the economy is growing.

Tell that to the more than 2 million Americans who have lost their jobs under this administration, who are waiting for jobs. Tell them the economy is just going hunky-dory.

Now what is happening? This is the projection the President has made about job growth since the time he became President of the United States. The difference between his projection and the reality is 5.2 million jobs short of his promise when he became President of the United States. That is the reality.

Take a look at what he said each year and where these promises have come out. When we take a look at the year 2002 promise by the purple line, these are the projections of growth. Well, then he comes back to 2003. That is not going to happen. We are going to come back to 2003. This is the millions of jobs that are going to grow in the United States. It is going to be that green line. No, no, that is not right; 2002 was not right. I am going to tell you what is going to happen in 2003. It is going to be this level.

The fact is, this is the red line and it is constantly down. Why does the President constantly misrepresent what is happening in terms of jobs across this country? The fact is, people are hurting.

We can look at the restored economy. The President refers to the state of the economy and how the recession is over. Look at the state of comparing the current recovery to the recoveries over the period of the last 40 or 50 years. Let's look at job growth recoveries even before 1991. The recoveries from 1991 to 1993 under the Democratic administration, look at the job growth going up. Look at where the jobs are occurring under the current recovery, and this President says everything is hunky-dory?

Talk about jobs, look at the record. The record speaks for itself. Look at what is happening to the average wage of jobs lost in 2001 and the average wage of jobs created today. This is the Bureau of Labor Statistics. The average wage in 2001 of jobs lost was $44,570. The average wage of jobs gained is $35,000. That is a 21-percent reduction in the average wage between 2001 and today.

This President says in the State of the Union that everything is fine. Economic growth is at the fastest rate in 20 years, jobs are on the rise.

This is what is happening out in real America. This is happening out across this country. It is happening not only in the Northeast, it is happening in South Carolina, which has lost more manufacturing jobs per population than any other State in the country, let alone what is happening in the Midwest and the Southwest.

Look at this chart, which is an indicator of what happens to wages when coming out of a recession. The President said we had inherited a recession but now everything is going well.

We have had these series of recessions from the 1990s all the way up to 2000. In the fourth quarter, that is what the uniform measurement is to indicate, whether one is coming out of a recession.

Look at the increase in wages from $16 to $18, all during the 1990s, up to the year 2000. Look at the current recovery from 2001 to 2003: old jobs $16, new ones $15. There it is again. This Bush economy creates new low-paying jobs, and it is reflecting itself across this country.

This chart shows the States with jobs shifting to lower paying industries. The darker green are all the States where that has happened. There are two States, Nebraska and Nevada, in the country where the new jobs are paying more than the old jobs. They are the only two States. In the other 48 States, new jobs are paying an average 21 percent less.

That is happening. Not only are we over 2 million jobs below where we were when this President took office, but even the new jobs that are being created under this administration are tragically low paying.

In terms of what they are doing to the families, the result of this is very clear. This is just a very quick picture of what is happening to families under this administration. You have 13 million children, now, who are going hungry. You have 8 million Americans who are unemployed, and 8 million Americans who fear they are going to lose overtime. This isn't bad enough about what is happening to wages, but now the administration says it is going to take overtime pay away from workers. We might have a lot of economic problems in this country, but the idea that firefighters, policemen, and nurses are getting paid too much doesn't appear to me to be one of them. It does to the administration.

Look what has happened. We have 7 million workers waiting 7 years for a raise in the minimum wage. Where are the Members in the Republican leadership? When is this President going to say 7 years at $5.15 is too little in this country? We have a majority of the Members of this body who will vote for an increase in the minimum wage. Why are you stifling that? Why do you block it, year after year after year? That is the record, 7 million.

The recipients of the minimum wage are mostly women, 62 percent women. It is a women's issue. It is a children's issue because one-third of the women have children. It is a children's issue and a women's issue. We don't want to hear from the other side about family values anymore. These are families, single women, trying to bring up their children. It is a civil rights issue. Most of those who earn the minimum wage are men and women of color. And it is a fairness issue. All Americans understand fairness. They say if you work 40 hours a week, 52 weeks a year, you should not live in poverty.

But, no, we can't even get a vote. We can't even get accountability. Everything is going fine. That is what the President said in the State of the Union. That is what he just told the Nation's Governors. Everything is fine. Everything is good.

Now the Senator from Connecticut has a concrete proposal to do something about it, and he is denied the opportunity to get a vote up or down. What is with this Republican leadership?

These are some of the challenges we are facing. I will just give an example of what has happened in recent times, in terms of our recovery. We hear how well things are going on Wall Street. We have heard that time in and time out. Look at this chart. This is ''The Corporate Profits Ballooned Compared to Workers' Wages.''

Look at what happens, the difference between wages and corporate profits for the economic recoveries during the 1990s: 60 percent of the expansion of the economy went to wages; 39 percent went to corporate profits. Now, in the year 2002, look at today's recovery: 86 percent is going to profits and 13 percent to wages.

You wonder why workers aren't getting paid as much? There it is, it is as clear as can be. There may be a chart here you might be able to explain, but you can't explain them all. You can't explain the number of children in poverty, the number of children who are hungry. You can't explain the allocation of wages and what is happening in

real wages. You can't explain the fact that 48 out of the 50 States are losing good-paying jobs that are being replaced with jobs that don't pay as much. This economy needs focus, it needs attention, and it needs action.

The proposal of the Senator from Connecticut is action. We have debated it, discussed it, but somehow we have a sense we get a slow walk around here, a slow walk. We are being denied the opportunity to get a chance to address some of these issues. Why aren't we getting a chance to address some of these issues on unemployment? We have 58 Members of this body, Republican and Democrat alike, who want to extend the unemployment compensation to workers who have worked hard and paid into that fund. The fund is $15 billion in surplus which these workers paid in. The total cost of the proposal of the Senator from Washington is $5.5 billion. It will still be in surplus.

We have 90,000 workers a week—listen to this. Mr. President, 90,000 workers a week across this country are losing their unemployment compensation; 90,000 a week. That is per week. That is happening all across this country. These are men and women who have paid into the unemployment compensation fund. Generally, when we have had these kinds of economic crisis, we have extended the unemployment compensation to workers when we have a decline in the economy. Does anyone in the world believe that workers in 48 out of 50 States who are losing their jobs, who are seeing a decline in their income, that it is their fault? Of course it is not their fault. It is the failed economic policies.

You know, it would be one thing if we had an administration and President who said: Oh, yes, that is right. But here we just have statements after statements about how well it is all going for workers across this country, and that just is not so. That is of central concern to families all across this Nation.

We have an opportunity this morning to make a small downpayment with the Dodd amendment. It demands action. It makes sense. It will do something—not everything, but it will be a strong indication to workers in this country that we are taking their plight seriously and that we want action on their behalf. That is what the Dodd amendment is. It would be absolutely irresponsible if this body refused to give us a chance to get a vote on this kind of amendment. It is so important for workers, for families in this country. It would send such a message to families across this country that this institution hears what is happening to their children, to the young people, to the families who can no longer afford the college tuition that has been exploding; to the families who can't afford the prescription drugs because the costs escalated so dramatically over this period of time.

To all of those families and the families who are losing their unemployment compensation, who are going to have difficulty paying the mortgage and putting food on the table and looking out for their children, this is a family issue, a fairness issue, and the Dodd amendment moves us in the right direction.

Mr. DODD. Will my colleague yield?

Mr. KENNEDY. I yield.

Mr. DODD. I raise an issue, because it has been raised in the last 24 hours or so, that one of the things the administration is doing is putting resources into vocational education, education and job training. I know my colleague, from his extensive work in this area, and knowing the committees we serve on together deal with some of these issues, but you might just recount what the proposals are in vocational education, job training, all of these programs that would put more resources out there to make it possible when people lose their jobs to find additional work. Isn't it a fact we are cutting back in these budgets?

Mr. KENNEDY. The Senator is quite correct. The Senator probably remembers the State of the Union speech where the President announced a new program in association with community colleges—$250 million. Then he went out the next couple of days and went to community colleges and worked with local workforce groups about this issue.

At the same time, they have cut $800 million from the identical training programs in the last two budgets. That is the record. We can go back. I haven't got the appropriations here, but I know it. I am familiar with it because we resisted it and we had amendments here. Again, there was an amendment from the Senator from the State of Washington to restore the training programs. Nonetheless, those programs were cut.

You talk one way one day and another way another day. We saw the classic example of it in the State of the Union. We were talking about: Oh, yes, we are going to have a workforce community-based community college program to upgrade the skills. But in the previous year, and the year before, cutting those work training programs. People aren't stupid on this. They know it. I am sure they know it in Connecticut. I know they know in my State, on these workforce investment boards, what is happening and its devastating impact.

We had a strong bipartisan effort, when Senator Kassebaum and Senator JEFFORDS chaired, as the Senator from Connecticut remembers. First we had the JTPA, a program we worked out in a bipartisan way in the committee that was chaired by Senator Dan Quayle. People differ about Senator Quayle. He was a stalwart on job training. It was the only social program that passed, as the Senator remembers, during the first 4 years of President Reagan and it took a lot of courage for Dan Quayle.

Then we went beyond that. Because we had over 125 different job training programs in 12 different agencies, we wanted to get these pulled together, so we had a Kassebaum-Kennedy commitment to get workforce training in one place. It was bipartisan. We began to fund it and then what happens? As soon as we begin to get life in that, this administration effectively guts this program.

Mr. DODD. I remind my colleague, and I am sure he knows these numbers, this year's budget proposal reduces worker investment programs by $400 million. So here you have 2.8 million jobs being lost in manufacturing. Those people who cannot find work are getting jobs at far less wages and salaries than they had in their previous job. Yet we find when it comes to worker education and investment issues the budget actually reduces the amount we are going to commit to those programs by almost a half a billion dollars. I wonder if my colleague has something to say about that.

Mr. KENNEDY. The Senator is absolutely correct.

I answer the Senator in this way. The Senator's amendment is so timely. We have three—I believe we have seven, and I have others back at my office—national or international magazines. This is February 21, The Economist, ''New Job Migration.'' Here is BusinessWeek, ''Will Outsourcing Hurt America's Supremacy?'' Here is Time magazine, March 1, ''Are Too Many Jobs Going Abroad?''

These are national publications—national magazines. That is what the debate is about. The Senator from Connecticut has an amendment dealing with these very issues. Nothing could be more current.

Why aren't we getting an opportunity to debate these issues which just about every publication in the country understands is a major issue, and certainly every working family in this country understands. The Senator has proposed an approach on this that can make a major difference. I am troubled, as he must be, that he is not able to get a clear-cut judgment decision.

Mr. DODD. I thank my colleague. I was prepared to vote. We offered the amendment at about 3:30 yesterday afternoon. This is a very simple proposal.

There are those who are for outsourcing. The administration has indicated that it is a good thing for the economy to outsource jobs. I presume there are people in the Chamber who share that view. Why not vote up or down instead of going through the gyration of trying to find some cute way of avoiding having to vote on this issue or coming up with some phony alternative believing that outsourcing is good for the economy? I think shipping jobs away, destroying the manufacturing base and human capital investment that makes it possible in the 21st century for us to be competitive in a global economy is the wrong way to proceed.

I understand there are those who disagree with me on that. If they do, come down and vote no. It is that simple, and the Senate can speak on this issue.

Mr. KENNEDY. The Senator has put the case well. The other part goes beyond the question about whether you favor that or not—the tax provisions which have been included in the proposal which are basically subsidizing. You have workers who are basically subsidizing the export of other jobs, which is being addressed by the Senator. You ask, What in the world? This is a matter of public policy. Does that make sense? Several enormously important public policy issues and questions are included in the Dodd amendment. They deserve debate and they deserve action on the floor of the Senate.

I conclude and remind our colleagues about what is happening across the world. That is on this chart. American workers are working longer. American workers are working harder. American workers saw their incomes go down over the period of the last 2½ years.

These are all of the other industrialized nations in the world.

It isn't only these workers. Women in our society, women are working longer and harder.

Our challenge isn't about American workers, it is about the policies. The Dodd amendment gets to those policies. The American workers are entitled to accountability on it.

He has an excellent amendment, one that I support and which hopefully we will have an opportunity to get to.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, I have sat here and listened to my two distinguished colleagues on the other side of the aisle. I have to admit I believe the distinguished Senator from Massachusetts is one of our most colorful Senators in the Senate. He is a person I respect, and with whom I have a personal friendship. But that doesn't mean we agree on a lot of the things he says. In fact, we don't.

I don't think President Bush has been saying the economy is hunky-dory, to paraphrase what the distinguished Senator from Massachusetts characterized the President as saying. I think the President realizes there have been lots of problems that have arisen, as each President has had to face problems. He has faced them in large measure in a whole variety of ways, but in large measure by cutting taxes, which now happens to be paying off because we have gotten great benefits from the cuts in taxes. Frankly, 125,000 jobs a month are coming back. That is not something to sneer at.

I might also mention we get nothing but screams on the other side of the aisle that unemployment compensation isn't being continued. But I remember back in the Clinton administration when unemployment was, I believe, at 9 percent—certainly higher than it is today—and they discontinued unemployment compensation, and they controlled the Senate floor. Today, we have a 5.6-percent unemployment rate, which is one of the lowest we have had in years. If you look at it from the other survey, which I think is probably more accurate, it is probably lower than that.

For anybody to say we don't have problems in this society today would be wrong. But we had problems in our society through all of the Clinton years as well.

By the way, when President Clinton came into office, we were definitely coming out of a recession, and he reaped the benefits of many of the things that President Bush 1 actually did. He had a number of very good years. I don't believe it was because they increased taxes the way they did. It was because we were already starting to come out of the recession and one of those cyclical periods.

Let me just say this: When President Clinton left office, I don't think anybody could deny that in the last year of his term in office we were starting into a recession again, which President Bush inherited.

To stand there and blame President Bush for everything that has gone on is wrong, and it shouldn't be done. And to indicate that President Bush says everything is hunky-dory, that there are no problems in our society, is to ignore many of the statements President Bush has made and that his administration has made.

If we had listened to our friends on the other side, over the last year alone we would have spent $1 trillion more. Our budget would have been so out of whack we would never get it back.

Yet they are trying to tell the American people they are the fiscally responsible party? We can't bring up a spending bill that they don't want to double. They think that is good for the economy.

On the minimum wage, look, I suspect minimum wage will be increased this year. I remember only one time when the Senate voted down the minimum wage, and that was because the distinguished Senator from Massachusetts and others tried to overdo it just a short time after the last raise.

We are talking about jobs, too. Just remember that every time the minimum wage rate goes up, all kinds of kids—mainly young African-American kids who can't get those starter jobs—wind up being on the unemployment rolls, many of them for the rest of their lives. Some estimate it as high as 600,000 of them every time the minimum wage is increased.

I think it is a great argument to argue about the minimum wage and how we want to get people more money, and then turn around and say we are losing jobs in North Carolina and South Carolina without acknowledging the fact that the reason we are is because China is paying people 39 cents an hour for textile work.

We are either going to have to have the Federal Government pay to resolve these problems in every way, which would cost billions and billions of dollars more, boosting up one aspect of our economy that basically we have lost because of competition—or, we will all have to begin to understand competition. This country is the most competitive country in the world. We are the most productive country in the world. However, we need to recognize and focus on our strengths.

In all honesty, if our friends on the other side are really sincere about creating jobs, why did they refuse to go to conference on the Workforce Investment Act? That bill has been put back light years because of the refusal to go to conference and resolve this matter. This has offended the House and now we may or may not get that bill. That would be a helpful bill with regard to jobs.

We should be wary of retaliation. I respect my friend from Connecticut, as well. But sometimes we do not think it through when we do these broad, oversweeping things like preventing government outsourcing. We should be wary of retaliation against United States companies that get awarded foreign government contracts. Let me give a few examples.

Entrust is a perfect example. Internet security company Entrust Inc. was awarded a $17.6 million contract by BCE Nexxia for enhanced Internet security software and services for the Canadian Government's Secure Channel project.

By the way, you could name dozens of companies that are doing the same.

''The contract is the largest in Entrust's history and reflects how we are collaborating with service providers to deliver solutions tailored to the government, financial and Global 100 enterprise market sectors we announced in early June,'' CEO Bill Conner said in a statement.

BCE Nexxia, leading a consortium including BCE Emergis and CGI, was awarded a $37.6 million contract to build and manage a technology infrastructure for the Canadian Government. The company, a division of Bell Canada, provides communications services and operates an IP-broadband network. Bell Canada is 80-percent owned by BCE Inc. of Montreal and 20 percent by SBC Communications Inc. of San Antonio.

I could go on and on about this.

Computer Sciences Corp. of El Segundo, CA, won a contract to replace Human Resources Development, Canada's network operating system, with new hardware and software, the company announced November 15.

Human Resources Development Canada provides Canadians with employment insurance, income security, employment programs, corporate services, and homelessness and labor services using several means, including walk-in services, automated telephone systems, and self-service kiosks. About 26,000 agency employees use the network. The contract includes IT architecture,

software license arrangements, server hardware, and services for transition, migration, implementation, support, and maintenance.

My gosh, one reason we are trying to do the FSC/ETI–JOBS bill is to jump-start our economy and because we are being assessed $4 billion in trade sanctions if we do not resolve some of these conflicts in our relationship with the E.U.

Want to lose jobs? Don't support this bill or keep gumming it up. And we are gumming it up with legislation that literally will cause even more angst and will probably cost us $4 billion in the end. And that means jobs.

''This is an important contract for CSC in the Canadian federal government information technology market and further expands our presence in Ottawa region,'' said Tony Canning, president of CSC's Canadian operations. ''We look forward to serving HRDC in implementing and supporting the state-of-the-art networking system.''

In support of CSC, Compaq Canada Inc., Richmond Hill, Ontario, subsidiary of Houston-based Compaq Computer Corporation, will provide server technology and CDI Corporate Education Services Corporation of Toronto will offer training services.

Digimarc ID Systems, a wholly owned subsidiary of Portland-based Digimarc Corporation, has extended an agreement with the Brazilian Government.

The Bedford, MA, based—that is a Massachusetts company, by the way—based subsidiary announced Tuesday the Brazil Federal Police has contracted with Digimarc ID Systems to continue producing the country's alien ID cards. Since 1997, the Brazil Federal Police has issued more than 1.5 million of the cards to people who live in Brazil under work or immigration visas. Digimarc ID Systems provides hardware, software, maintenance, and operations support to the Brazil Federal Police.

What are we going to do, have countries all over the world retaliate against us because we are going to have a bill here that is filled up with this type of stuff?

Harris Corporation, an international communications equipment company, and RAYLEX S.A, Harris's representative in Chile, announced today the signing of a contract valued at $11 million with the Chilean Government. The contract includes the complete supply and buildout of the world's largest microwave network. The network will cover a total of 4,500 kilometers, interconnecting phone services, data, video conferencing, and other multimedia services for the customer. Extending from Arica in northern Chile to Puerto Mont in the southern part of the country, the network is expected to benefit both cities' metropolitan regions as well as all major cities between Arica and Puerto Mont.

We are all concerned about preserving American jobs, but we need to make sure the cure is not worse than the disease.

I am getting tired of cheap shots being made against President Bush. I got tired of some that were made against President Clinton and against President Carter, because I was here. It is time to work together and this bill is one of the most important bills in recent history because it will create jobs. It will jump-start the economy. It will save us $4 billion in trade sanctions. It will help us.

We should not be debating this for days and days. We ought to pass this bill. We ought to pass this bill and get it going. We have to resolve the conflicts between the House and the Senate. That is always difficult, but we have been able to do it in some of the major bills of the past.

It is misleading for people to come to this floor and just chop up the President, who is doing the best he can, and who is a great sponsor and supporter of this particular piece of legislation, which is one of the most important pieces of legislation with regard to jump-starting this economy and jump-starting jobs in this economy.

It is time to work together and quit trying to make political points and get something done. I suggest we do a little less screaming on the floor and a little more work and get this bill passed as soon as we possibly can.

AMENDMENT NO. 2680 TO AMENDMENT NO. 2660

Mr. MCCONNELL. On behalf of myself and Senator FRIST, I send a second-degree amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Kentucky [Mr. MCCONNELL] for himself and Mr. FRIST, proposes an amendment numbered 2680 to amendment 2660.

Mr. MCCONNELL. Mr. President, 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 as follows:

(Purpose: To protect the jobs of American workers)

On page 7, strike lines 10 through 14 and insert the following:

This title and the amendments made by this title shall take effect 30 days after the Secretary of Commerce certifies that the amendments made by this title will not result in the loss of more jobs than it will protect and will not cause harm to the U.S. economy. Such certification must be renewed on or before January 1 of each year in order for the amendments made by this title to be in effect for that year.

Mr. MCCONNELL. I rise today to offer on behalf of the majority leader and myself a second-degree amendment on behalf of the 6.4 million Americans who earn their livelihood in our country while working for foreign corporations.

This amendment is very simple. It delays the effective date of the outsourcing provisions until the Secretary of Commerce certifies the amendment made by this title will not result in the loss of more jobs than it will protect and will not cause harm to the United States economy. In short, it is a do-no-harm provision. Remember, 6.4 million Americans have their jobs in the United States as a result of foreign companies doing business here.

Senator DODD's fundamental goal of encouraging and protecting American jobs is certainly a sound one. No one can argue with that. However, it may jeopardize many more jobs in the process of trying to achieve a laudable goal. These 6.4 million Americans depend on salaries from foreign corporations to feed their children, provide them shelter, education, and health care.

If America erects a global jobs barrier, nations around this world may retaliate in kind. This would put at risk those 6.4 million jobs I have been talking about. These are real numbers, real jobs, and real families put at risk.

Yesterday, the Senator from Connecticut stated he was told over the next decade over 3 million American jobs may be outsourced. Unfortunately, with American jobs at stake we cannot risk what is or what may be. What is, right now, is the existence of 6.4 million American jobs, not over the next decade but right now, real numbers calculated by the Census Bureau.

Let's just take Kentucky, for example. We have 104,100 people in my State employed by foreign companies or their affiliates. That is a lot of jobs in a State of 4 million people. It is a huge number of jobs.

In Connecticut, 116,000—even more than in Kentucky—jobs are held by citizens of Connecticut who are working for foreign corporations doing business in Connecticut. These pale in comparison to what is at stake in the State of Massachusetts—223,300 jobs—Massachusetts citizens working in Massachusetts for foreign corporations—an astonishing number, indeed. Again, in Massachusetts, nearly a quarter of a million workers, their families and their children, are put at risk potentially by the amendment of the Senator from Connecticut—real jobs and real families facing real unemployment and real hardship.

For the sake of these jobs, I strongly urge my colleagues to adopt the amendment I have just offered. The underlying legislation is the JOBS bill. That is what this underlying bill is all about: American jobs.

It is counter to this legislation and our duties here as Members of this body to take action which puts 6.4 million American workers' jobs at risk. That is not what we ought to be doing on the floor of the Senate.

Finally, let's just drive the point home by looking on a State-by-State basis at how many jobs are in the United States as a result of foreign corporations doing business in our various States.

Let's start at the top of the alphabet: Alabama,76,800 jobs; Alaska, 11,600 jobs;

Arizona, 75,200 jobs; Arkansas, 40,400 jobs; California, 737,600 jobs—the number of people in California in jobs as a result of foreign corporations doing work in California; in Colorado, 101,000 jobs; in Connecticut, as I mentioned earlier, 116,000 jobs; in Delaware, 33,400 jobs; in the District of Columbia, 17,100 jobs; in Florida, 306,900 jobs—Floridians working for foreign corporations; in Georgia, 223,900 jobs; in Hawaii, 43,300 jobs; in Idaho, 14,200 jobs; in Illinois, 317,100 jobs; in Indiana, 165,900 jobs; in Iowa, 40,300 jobs; in Kansas, 60,600 jobs; as I mentioned earlier, in the Commonwealth of Kentucky, 104,100 jobs; in Louisiana, 61,100 jobs; in Maine, 33,400 jobs; in Maryland, 110,400 jobs; as I mentioned earlier, in Massachusetts, 223,300 jobs; in Michigan, 246,500 jobs; in Minnesota, 103,100 jobs; in Mississippi, 23,900 jobs; in Missouri, 105,100 jobs; in Montana, 6,800 jobs; in Nebraska, 21,800 jobs; in Nevada, 35,700 jobs; in New Hampshire, 45,900 jobs; in New Jersey, 269,100 jobs; in New Mexico, 16,300 jobs; in New York, 471,600 jobs; in North Carolina, 261,600 jobs; in North Dakota, 8,600 jobs; in Ohio, 259,400 jobs; in Oklahoma, 41,800 jobs; in Oregon, 62,300 jobs; in Pennsylvania, 280,800 jobs; in Rhode Island, 24,400 jobs; in South Carolina, 137,600 jobs; in South Dakota, 6,900 jobs; in Tennessee, 148,600 jobs; in Texas almost a half million—437,900—jobs; in Utah, 37,400 jobs; in Vermont, 11,600 jobs; in Virginia, 179,200 jobs; in Washington, 104,200 jobs; in West Virginia, 27,600 jobs; in Wisconsin, 106,800 jobs; in Wyoming, 7,800 jobs.

There is an enormous number of Americans—6.4 million Americans—working in America, working in our country, employed by foreign corporations. We do not want to gamble with that. Outsourcing is a matter of concern, but we are proud of the insourcing that is going on, too, and the fact there is an enormous number of foreign corporations that have come into our country because they think it has a good business environment, because they want to employ Americans to produce products here in our country.

Mr. President, I hope this amendment on behalf of the majority leader and myself will be adopted.

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

Mr. MCCONNELL. I will.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. I think the Senator has made an extraordinarily strong point. I noticed when he got to New Hampshire, he said 45,000 jobs in New Hampshire are tied to businesses which are non-American owned. Is the Senator aware the largest employer in the State of New Hampshire is not an American company?

Mr. MCCONNELL. I did not know that, and I think that is a very interesting point to be made.

Mr. GREGG. Literally thousands of people's lives would be affected if that country, which happens to be England—our closest ally, closest friend, one of our largest trading partners, after Canada—if that country were to take the view that is being taken by the Senator from Connecticut, that they should deny their companies creating jobs in the United States. That company would be closed down in Nashua, NH, our second largest city and our largest employer. Is the Senator aware of that?

Mr. MCCONNELL. I was not aware of that, but it certainly illustrates the point the Senator from Kentucky was trying to make.

Mr. DODD. Will the Senator yield on that very point just made?

Mr. GREGG. I do not have the time.

Mr. MCCONNELL. I have the floor. I yielded to the Senator from New Hampshire.

Mr. DODD. I would just like to point out——

The PRESIDING OFFICER. The Senator from Kentucky has the floor.

Mr. MCCONNELL. If we could have one at a time, Mr. President. I yielded to the Senator from New Hampshire for a question.

Mr. GREGG. Mr. President, I was wondering if this does not also flow into the issue of our ability to access other markets. If we are in the business of trade, where 30 percent of the jobs in New Hampshire are tied not to being owned by a foreign country but being able to sell products to a foreign country—30 percent of our jobs; for one in three workers in the State of New Hampshire, their job is directly related to the fact that the product they make is sold overseas—is it not logical that if we begin to close down our borders, we are basically opening a trade war, and that we could potentially close down those jobs, too, because some nation may retaliate in some other way other than not allowing outsourcing?

Mr. MCCONNELL. I say to my friend from New Hampshire, that is precisely the point. I think retaliation would be the order of the day. I will give you an example in my State. The Japanese corporation Toyota chose to outsource from Japan to the United States over 8,000 jobs to Georgetown, KY, to build the Toyota Camry. Eight thousand Kentuckians are employed at that particular site as a result of the outsourcing from Japan of those jobs into my State. They are high-paying jobs. We are extremely pleased they are there, and we would not want to do anything to jeopardize the existence of Toyota or the 50 or 60 supplier plants that have come into my State as a result of the Toyota company being there to send parts to the Toyota plant. Under their ''just in time'' supplier strategy, they send parts up there every day to be installed in those cars, employing a dramatic number of Kentuckians in addition to the 8,000 who are there at that site.

So the Senator from New Hampshire is exactly on point. I thank him for his contribution.

Mr. GREGG. Mr. President, I appreciate the Senator pointing those out in specific terms as to what the potential effect of this language might be. It is using a club to address an issue which is an issue, a concern, which is, obviously, our competitiveness as a society. But isn't the key to our competitiveness not to shut down markets, but to open markets, and to allow products which we make better than other countries to be sold into those countries?

Wouldn't this amendment in the end probably lead to a loss of jobs in the United States, not only from nations such as Japan saying they were not going to outsource their jobs, but our people who are employed in selling products overseas potentially losing their jobs?

Wouldn't it fundamentally undermine the whole concept of opening barriers for trade, creating more opportunities for trade and, as a result, lead to potentially a chilling environment which would have a huge impact on our economy, the largest in the world?

Mr. MCCONNELL. I think the Senator from New Hampshire is precisely correct. It has been the policy of the leaders of both political parties in recent decades to break down barriers overseas, to expand trade, to move us into the global economy in a more and more dramatic fashion, the feeling being that America in the global economy can be a winner and is a winner.

I think the Senator from New Hampshire is precisely on target, and I thank him for his question.

Mr. GREGG. If I may ask an additional question, this is such a crucial issue. We hear now, from the patter of the national campaign on the other side of the aisle, that maybe we should move back toward protectionism. This amendment to me is a stalking dog for that sort of an attitude. It is colored by fairness and reasonableness. But as a practical matter, its effect will be to create retaliation, as we have discussed.

I guess my question is this: Are we a nation that believes we can compete in the world or aren't we? Are we a nation that believes our people are smarter, brighter, and more productive than anybody else in the world or aren't we?

I look at New Hampshire and I know our people are smarter, brighter, and more competitive. I look at Connecticut, a neighboring State which I know quite well. Every time I drive through Connecticut I am impressed. I know it is built on smart, bright people. I suspect that is the case in Kentucky, too.

My question is, Are we so fearful of our capacity to compete as a nation that we must put forward this new concept which we hear pattering from the other side of the aisle toward us of protectionism or should we follow what the great leaders of our Nation—Truman, Roosevelt, Franklin by the way, not Theodore, Kennedy, Johnson, Clinton—stood for, which is that we are a nation that competes and competes well?

Mr. MCCONNELL. We absolutely should stand for competition and be confident that our own people have the intelligence and the ingenuity and the energy to compete in the global economy.

I don't think we should be afraid of this at all. I think the Senator from New Hampshire is precisely on target. This is why the voting record of, say, for example, the Democratic nominee for President reflects a belief in free trade, a consistent pattern of voting for free trade agreements.

I hope this bipartisan support we have had for breaking down barriers and competing in the word market and moving in the direction of free trade will not be jeopardized in this Presidential election year.

Mr. GREGG. I appreciate the Senator's courtesy.

Mr. MCCONNELL. I yield the floor.

The PRESIDING OFFICER (Mr. GRAHAM of South Carolina). The Senator from Iowa.

Mr. GRASSLEY. Mr. President, these Senators speaking remind me that ''made in America'' has always been a badge of honor, a badge of distinction—''made in America.'' It shows that America can compete. America has competed and America has won over the long, long haul.

We have been hearing from the defeatist wing of the Democratic Party, not from the wing of the Democratic Party that says the United States can compete and win and can even do it from a position of leadership. I am not prepared to be a defeatist in international trade. I intend to wear that badge ''made in America'' with honor, as it has been for decades and decades.

I think we need to remind the Senate now, after 24 hours on this legislation, what we are facing. It looks as if we have from here until hell freezes over to get this legislation passed. Already we are in a situation where the United States is suffering as a result of inaction by Congress. People need to remember that Senator BAUCUS and I worked very carefully to put together a bill that would go through this body very easily, and now we are seeing it stalled with things that may be legitimate issues. But while people are complaining about jobs going overseas, this bill that was voted out of committee 19 to 2 is being stalled.

In the process of stalling, U.S. manufacturing is already facing a 5-percent surcharge by Europe, to the point where it is not a case of just paying 5 percent more.

It is probably the case with a lot of our products that our products might not even be competitive and we are not selling. When you can't sell, people are laid off. So I think instead of worrying about situations that you want to help for the future, we have an opportunity to keep jobs that we know exist today, will continue to exist, and are only in jeopardy because of sanctions being put on our products by Europe.

We might be facing an amendment on overtime coming up shortly. It is one thing to worry about people getting overtime, but if you don't have a job, you can't even get overtime. So we have to get back to the basics. The basics are what this legislation is all about—maintaining the competitiveness of our industry, not going backwards.

While this bill is being stalled by other issues that are very legitimate—and I have talked to the Senator from Connecticut about the legitimacy of his issue and also about some modifications he made to get this through—it is holding up a bill that came out of committee 19 to 2. Those two votes were not cast by Democrats against the bill. They were cast by Republicans.

This bill should go forward to get rid of that 5-percent surcharge that we have on our products. In April it is going to be 6 percent, and in May it is going to be 7 percent. By the election it is going to be 12 percent. That is the basic issue before us.

I also wish to address some of the things that Senator KENNEDY said. I don't want to address them from my point of view. I wish to address them from the point of view of the intellectual wing of the Democratic Party. We heard from the political wing of the Democratic Party by Senator KENNEDY. So I would like to refer to an article written by Robert B. Reich, Secretary of Labor in the Clinton administration, a Secretary of Labor concerned about the rights of labor, concerned about jobs. He also is an adviser to the Democratic candidate for President. He ought to be listened to. This is what former Secretary Reich had to say in an article, printed December 26:

> It's hard to listen to a politician or pundit these days without hearing that America is ''losing jobs'' to poorer nations—manufacturing jobs to China, back-office work to India, just about every job to Latin America. This lament distracts our attention from the larger challenge of preparing more Americans for better jobs.

It seems to me that what Secretary Reich is saying to the political wing of the Democratic Party from the intellectual wing of the Democratic Party is we ought to be looking to the future, there are big challenges out there, and you should not spend all of your time haranguing about stuff that maybe you can't do a whole lot about.

''Most jobs losses over the last 3 years,'' Professor Reich says, ''haven't been due to American jobs moving anywhere.''

I will start that over again:

> Most jobs losses over the last 3 years haven't been due to American jobs moving anywhere. They have resulted from an unusually long job recession. Hopefully, that is coming to an end.

It is, and that is my parenthetical comment.

> We can debate whether the Bush administration has done a good job, or the right things to accelerate a job recovery, but job growth eventually will resume—

Parenthetically, we know it is resuming—

> as aggregate demand bounces back.

Continuing to quote:

> It is true that U.S. manufacturing employment has been dropping for many years, but that's not primarily due to foreigners taking these jobs.

Let me stop there. Senator KENNEDY, do you realize the intellectual wing of your party says manufacturing employment dropping hasn't been primarily due to foreigners taking these jobs? Then I quote:

> Factory jobs are vanishing all over the world. Economists at Alliance Capital Management took a look at employment trends in 20 large economies and found that between 1995 and 2002, 22 million factory jobs had disappeared. The United States wasn't even the biggest loser. We lost about 11 percent of our manufacturing jobs in that period—

Wasn't most of that 5 years during the Clinton administration?

> [B]ut the Japanese lost 16 percent of theirs. Even developing nations lost factory jobs: Brazil suffered a 20 percent decline, China a 15 percent drop. What happened to factory jobs? In two words, higher productivity.

Parenthetically, that is exactly what we have seen in the U.S.—higher productivity over the last year and a half. Last month was the highest productivity in 50 years. You have to go back to July 1950 to have the productivity gains that we have had.

Professor Reich goes on to say:

> I recently toured a U.S. factory containing two employees and 400 computerized robots. The two live people sat in front of computer screens and instructed the robots. In a few years, this factory won't have a single employee on site, except for an occasional visiting technician who repairs and upgrades the robots, like the gas man changing your meter.

I suppose I could quote the whole long article, but there is one other thing I ought to say. The intellectual wing of the Democratic Party is advising everybody, but it is good advice for the political wing of the Democratic Party as well:

> We should stop pining after the days when millions of Americans stood along assembly lines and continuously bolted, fit, soldered, or clamped whatever went by. Those days are over. And stop blaming poor nations whose workers get very low wages.

Professor Reich asks the question: ''Want to blame something?''

If the political wing of the Democratic Party wants to blame something for loss of these assembly line jobs, he says: ''Blame new knowledge.''

Well, isn't that something we expect in the evolving world—new knowledge and making use of new knowledge?

He says here:

> The Internet has taken over the routine tasks of travel agents, real estate brokers, stockbrokers, and accountants. With digitization, high-speed data networks and improved global band width, a lot of back-office work can now be done more cheaply abroad. Last year, companies headquartered in the U.S. paid workers in India, China and the Philippines almost $10 billion to handle customer service and paperwork.

Well, this article is probably summed up in a subheadline in the middle of the article, which says: ''Remember the elevator operator? Jobs become extinct.''

Isn't that true? But in the Senate we still have elevator operators running automatic elevators, pushing buttons that somehow a Senator doesn't have time to push or something.

What does the political wing of the Democratic Party want? Do they still want people making buggy whips when we don't have buggies anymore? Times change, but the defeatist wing of the Democratic Party has lost confidence in America. They don't think ''made in America'' is a badge of distinction anymore.

There is one other reference I would like to make. When this issue was talked about on ABC News on February 22, we had these exchanges between George Stephanopolous, Senator JOHN EDWARDS, and Senator JOHN KERRY. I don't hear this complaining that I hear from the political wing of the Democratic Party from these three Democrats. I don't hear their suggestions for solving this problem having anything to do with the amendment of the Senator from Connecticut. So I am going to quote George Stephanopolous, as he has a short interview with these two candidates:

Another big jobs issue has come up in the last couple of weeks, the issue of outsourcing.

The very issue of this amendment.

The chairman of the Council of Economic Advisers for President Bush got into a lot of trouble when he said that outsourcing is a plus for the American economy.

We have been over that 100 times.

But when you look at this issue—

He is asking Senator EDWARDS—

what can you do about it?

Senator EDWARDS:

This is a very complicated issue.

OK, can we agree that it is a very complicated issue? If it is a complicated issue, I doubt if just President Bush is responsible for it or just President Bush is going to do anything about it. Anyway, he says:

This is a very complicated issue. It has caused a whole group of things. One is—the thing that actually concerns me the most is that I worry that we are starting to lose our edge in science, math, and technology. China graduated about half a million engineers last year. We graduated 60,000 to 65,000. And since we are going to have the standard of living we have in this country, in fact we want to improve it, not make it worse. We always—it is going to be critical for the American worker to be more productive than other workers around the world.

Then he goes on, after a short comment by George Stephanopolous, to say:

We—training, education. We need better and stronger science and math curriculums, particularly in our early grades. We need to strengthen our graduate programs in this area. The other thing that we can—where we can have a real image is we ought to build broadband high-speed Internet out in every community in the next four years, because there are lots of parts of America where it is easier for these companies to do business in India and China because they have access, and they don't have that access in rural communities in a lot of America.

Every one of us ought to be able to buy into that, but it seems that Senator EDWARDS is speaking for the intellectual wing of the Democratic Party, looking to the long view, education and training, not some short solution that probably won't work and might even do more harm than good.

And then George Stephanopolous asks this question to JOHN KERRY:

Senator Edwards says the most important thing to do is to improve math and science education. Do you agree with that?

Senator KERRY:

It's one of the most important things to do. If you don't give the American worker a fair playing field to compete on, we're going to continue to be disadvantaged. I'll give you an example. China manipulates the currency. China does not enforce intellectual property laws. China and other countries have not allowed us to have fair access to the marketplace.

Skipping down:

Education, I mean that's not new. Education was the centerpiece of Bill Clinton's Presidency. It's the centerpiece of my proposals. There are a whole series of things that we can do.

Here again the person who is following the advice of Robert Reich representing the intellectual wing of the Democratic Party is looking ahead. I do not see these people offering any of the political sound-bite type solutions that have to be used if we are going to solve this problem, which I would put in the category of the political wing of the Democratic Party that we have heard from this morning.

I yield the floor.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. Mr. President, in Illinois, and I would say in Iowa, in North Dakota, in Connecticut, in Nevada—you pick the town, you pick the spot on Main Street, and you pick the first person walking by and ask them the following question: Is it a good thing for America that good-paying jobs are now going overseas, that businesses are outsourcing their jobs to foreign countries and taking jobs away from Americans?

You pick it, and I will stand by the results of that informal poll anywhere in America. You know the answer.

True or false: Is it good or bad for American companies to be eliminating jobs in the United States and outsourcing them overseas? That is what is before us. That is the question.

If you think the answer is obvious, it is not obvious to the President, nor to his economic advisers because the President's economic adviser, Mr. Mankiw, reported to Congress on his behalf a few weeks ago that it was, indeed, a good thing we are now outsourcing jobs to other countries.

I am sure you are saying: I expect to hear that from DURBIN because he sits on the other side of the aisle, and he is bound to misrepresent what the President's Council of Economic Advisers says to Congress, so allow me to read:

One facet of increased service trade is the increased use of offshore outsourcing in which a company relocates labor intensive service industry functions to another country.

He goes on to say:

The basic economic forces behind the transactions are the same, however, when a good or service is produced more cheaply abroad, it makes more sense to import it than to make or provide it domestically.

The commonsense answer to the question about whether American jobs outsourced overseas are good for America that you are going to get on the streets in any city of America is not the same conclusion reached by the Bush administration in their economic report.

What was the reaction on Capitol Hill to Mr. Mankiw's statement that outsourcing jobs to foreign producers would be a good thing?

The Republican leaders, including the Republican Speaker of the House, ran from this report like a scalded cat. They disavowed it and said he was wrong. He put out 2 or 3 days' worth of corrections about it.

But the bottom line is, if you look at what has happened in America, Senator DODD's amendment addresses the reality. More and more service jobs—good-paying service jobs—are going overseas.

In my apartment in Chicago Saturday afternoon at 4 o'clock, the phone rings. It happened to me twice, two different Saturdays. I do not know why 4 o'clock is the right time, but maybe as I tell the story you will understand why it is.

Mr. DURBIN?

Yes.

This is Nancy. I wanted to call and tell you that your Discover card is on the way.

Nancy, I didn't order a Discover card.

Well, we are going to send you one anyway.

Nancy, where are you calling from?

And Nancy says to me: I'm calling from Delaware.

Really, what city in Delaware, Nancy?

Pause.

I said New Delhi.

She said: No, Bangalore.

She was calling from India. She honestly acknowledged that, as did a caller a few weeks later. So major credit card companies, such as Visa and Discover, are starting to use callers in India and other countries in Asia to call into the United States. Those are jobs lost in America.

I visited India 2 weeks ago. I ran into a delightful woman in New Delhi who said she had a Ph.D. in mathematics, and she was working for an American brokerage company, Fidelity. I know Fidelity. I do business there. She handles their information technology in India. Is this good? Is it good for us to lose computer programmers, software engineers, good-paying high-tech jobs to India and China? I don't think it is such a good thing. But, frankly, the President's economic adviser says it is a healthy thing.

Senator DODD comes in and with a very modest amendment says: Perhaps when it comes to our own Government work, we should draw the line on whether or not the Federal Government will give money to an entity which turns around and outsources jobs overseas. He makes exceptions. Senator DODD, in his amendment, says if it is necessary for national security, then we will waive it, or if the service to be performed is not capable of being performed in the United States, we will waive it. I believe there is also a waiver if the country where the jobs are going to be placed allows the United States to contract for services there so there is some reciprocity.

This is an extremely reasonable and sensible amendment. But if you will listen to my colleagues on the Republican side of the aisle, they are scared to death of this amendment. They do not want to vote on it. In their heart of hearts, they obviously agree with Mr. Mankiw. They think the outsourcing of jobs overseas is a healthy thing. I do not. But I would defy any of my colleagues to go home to Main Street—you pick the town—and defend it. Say to the people that the 4,000 jobs that leave IBM and go to India is a good thing for America. I don't believe it is.

Senator DODD has made a modest proposal that says let's stop the bleeding. Let's start talking about jobs in America. Let's try to go beyond the obvious, and that is this economy is in recession and struggling to recover, and start talking about focusing on jobs in America.

I voted for free trade. I believe in trade. I believe globalization is as inevitable as gravity. It is happening. It is going to happen. But I continue to be concerned that when it comes to these trade agreements, the first thing our negotiators do, after we pass them into law, is to wave the white flag and say: We surrender; come take advantage of the United States. And people do.

It has happened to us time and again. It has happened to us in the manufacturing of durable goods. Steel is a good illustration. Japan, Brazil, and Russia dumped steel in the United States for years and ran companies out of business. It cost thousands of steelworker jobs. And the Clinton administration at that time sadly did little or nothing about it. The Bush administration imposed a tariff for a short time and recently removed it.

Frankly, our steel industry is, once again, not only weak but vulnerable because we are not taking a tough position in enforcing the trade agreements for which we voted.

I am for expanding trade but under rules that will be enforced so when people engage in unfair trade practices against the United States, we stand up immediately for the workers and businesses that are disadvantaged.

Look at the situation in China. My friend and colleague, Senator SCHUMER of New York, is coming forward with a bill, which I support, and I know the Presiding Officer is involved in it as well, which says the Chinese currency valuation gives them a 15- to 40-percent advantage over American manufacturers. What does it mean?

Companies in China are running American manufacturers out of business because they manipulate their currency. That is an unfair trade practice, and they are killing us with it.

They now enjoy a huge surplus of trade with the United States. The Senator from North Dakota said there was over $100 billion in Chinese trade surplus with the United States?

Mr. DORGAN. One hundred thirty billion dollars.

Mr. DURBIN. One hundred thirty billion dollars. Let me give a footnote to this conversation. Ten percent of all of the Chinese exports to the United States, $13 billion worth of Chinese goods, go to one company in the United States: Wal-Mart. So when a person goes into Wal-Mart and they see ''made in China,'' do not be surprised. This is no longer a U.S.-flag-waving company. This is a company which sells Chinese goods that are cheap because they manipulate currency to the disadvantage of American producers.

Senator DODD makes a proposal. He says when it comes to spending Government money, taxpayer money, we are going to ask a question: If someone is receiving this money, are they going to create jobs in the United States with it or jobs overseas? If they are going to create jobs overseas, no thanks, unless they meet one of the exceptions: National security, Presidential waiver, that sort of thing.

I say to the Senator from Connecticut, I will take this proposition to any town in Illinois, and I know what the answer is going to be. They are going to say to me: Senator, it is my taxpayer dollars, and it is not unreasonable for you to say that American workers should be employed with those dollars. That, I think, is a reasonable approach.

What did the Republican side and the administration come back with? Picture this: They have an amendment which says—and Senator DODD can correct me if I do not represent this correctly—that the Secretary of Commerce, Mr. EVANS, a member of the President's Cabinet, will have the power to certify whether such an amendment, as Senator DODD's amendment, will harm the American economy. If he so certifies that it ''will harm the American economy,'' it will not go into effect.

Frankly, the amendment does not even say when he makes the certification. So the amendment guts the Dodd proposal. The President's Cabinet will certify exactly what they told us. They believe in outsourcing. They think it is healthy to have outsourcing of jobs overseas. So do my colleagues expect the President and the Secretary of the Commerce to defy his economic advisers? No way. They are going to say that the Dodd amendment is a bad thing, that it keeps jobs in America that should be going overseas where the companies would have to pay a lot less for the same services and goods.

I want to vote on the Dodd amendment. I want to defeat this attempt to give the Secretary of Commerce the power to gut it. I want to vote on it. I want my colleagues on both sides of the aisle to stand up and be counted, and I want them to go home and explain their vote. If they think it is unreasonable, as the Senator from Connecticut suggests, that taxpayer dollars be spent to encourage American jobs in America, I think they are going to find that the reception at home is not very positive. We have lost too many jobs in America, more jobs under this administration than any President since Herbert Hoover. I do not think that is a positive thing. I think it is a negative thing.

Senator DODD makes a small but valiant and important effort to make certain that our jobs in America and our workers have a fighting chance, and I stand in support of his amendment.

Mr. DODD. If my colleague will yield, I want to thank my colleague from Illinois for his eloquent comments. He made an opening comment and proposed that we go to any Main Street anywhere in the country and ask the simple question: Should your tax dollars be used to subsidize the exportation of an American job? To equate the outsourcing of a person's job with that of a service or a product—as if somehow someone losing a job and knowing what that means, that that individual and their family will have an inability to have the kind of health care coverage, if they had it, that they need, and it is going to be difficult to find another job, we now know—and I am sure my colleague can comment on this—that that person who loses their job as a result of outsourcing and then seeks another job, except for two States, in Nebraska and Nevada, the salaries or wages they are getting are on average some 25-percent less than the job they lost.

What we are asking to do is what any self-respecting government would do, and that is to stand up and defend people's jobs in this country. I think the question the Senator posed is an excellent one. I would point out, the Senator has the amendment correct.

I find the second-degree amendment rather amusing. It says the administration—none of this language will go into effect unless the Secretary of Commerce certifies that there is some harm occurring to the economy. So if he never certifies anything, this entire amendment falls. It is kind of a phony amendment when talking about what to do.

I appreciate immensely the Senator's comments. I wonder if he might share some additional thoughts on just what happens when people look for second jobs and how difficult that is.

Mr. DURBIN. I say to the Senator from Connecticut, we have trade adjustment assistance, which was enacted years ago, which says if a person loses their manufacturing job, a job that produces goods, to trade overseas, they will have an extra advantage in that we provide unemployment benefits and give an opportunity for retraining.

We are in a new world now, and the new world includes not just losing jobs producing goods but jobs involving services, and trade adjustment assistance does not apply. So the 4,000 computer programmers at IBM who gave their jobs to India and China cannot qualify for trade adjustment assistance. The Senator from Connecticut is right; they then get into fierce competition for the limited jobs available in America.

I have met with the men and women who are in the ranks of the unemployed, and they are finding it extremely difficult to find any job that pays nearly what they made before. The first casualty of unemployment is their health insurance, and then, of course, their home and their savings. All of these things are casualties as Congress not only is insensitive to this loss of jobs overseas, this outsourcing of jobs, but even fails to include unemployment insurance for these workers.

I say to the Senator from Connecticut—I will yield the floor because I see another colleague—if the election in November is a referendum on this report as to whether or not it is healthy for America to see jobs outsourced and sent overseas, bring it on.

If my colleagues think they can rationalize the sending of these jobs overseas because Mr. Mankiw and President Bush's Council of Economic Advisers happen to have some theoretical model behind them, they ought to take these wonderful Wall Street models to Main Street in America.

I hope before the end of the day we will count noses in the Senate on the Dodd amendment. Let us find out how many people buy the Mankiw vision of the world and how many people buy the reality of this world.

Mr. DODD. I thank my colleague from Illinois very much.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, I have listened to my colleagues from Illinois and Connecticut discuss this issue. It is interesting to me that the amendment that is offered by the Senator from Connecticut is portrayed by some as some very substantial, potentially devastating piece of public policy that could bring down the roof and undermine this economy. It is, of course, nothing of the sort. It is a relatively modest amendment, as a matter of fact.

My colleague from Illinois, Senator DURBIN, said he wants a vote on it. I want a vote on this amendment. They can second-degree it until the cows come home, but in the end we will get a vote on this amendment. If we have this kind of bill on the Senate floor, we have a right to vote on this amendment.

The central question that is asked by my colleague from Connecticut is this: Should tax dollars be used to send jobs overseas? I am going to have this followed up with another amendment asking, should we provide tax breaks to send jobs overseas?

My colleague, Senator DODD, says—and I agree with him wholeheartedly—we ought not to have the American people pay tax dollars into our Government and then have various functions of Government decide where we are going to do the essential functions that we have to perform and then make a decision: let's do them in Bangladesh; let's do them in Indonesia; let's do them in India. That is not something we want to have happen with the dollars the American taxpayers pay into their Government. Senator DODD says let's stop that, with some exemptions and some exceptions.

It makes good sense to me. It is absolutely the right thing to do.

I am going to offer an amendment which I will describe briefly. Senator DODD talks about the use of tax dollars. Let me describe my amendment, which is the use of tax breaks. If one is an American company doing business in this country and they decide they want to set up a wholly owned foreign subsidiary and they move their American jobs to this foreign subsidiary, make the same product and then ship the product back into this marketplace, they lose what is called tax deferral.

We actually now provide a tax benefit if you do that. We say if you do—shut down your American plant, produce the same product overseas and ship it back into this country—we will give you a tax break. You don't have to repatriate your income. You don't have to pay taxes on that income.

So here are two companies. Both produce garage door openers, both are located in the same American city. One moves to Asia. Guess what. The one that moves has a tax advantage over the one that stayed. I am going to offer an amendment that shuts that down for products that are shipped back into this marketplace by companies that move their American jobs overseas. We ought not provide a tax break for that. That is another amendment we will vote on.

Again, when we bring this bill to the floor, which is a tax bill, we have every right to offer these amendments and expect we will vote on them.

The second degree that has been offered just moments ago represents a desire to prevent a vote on the amendment. Certification—this is an opportunity for an escape hatch, to allow governments, in this case in the Dodd amendment, to keep doing what they have done in some cases, and that is to outsource jobs overseas.

This obviously plays right to the question of the larger issue. Senator DURBIN said we have globalized. Indeed we have. Globalization has moved very quickly, very rapidly. I don't suggest we can in some way bring it back. This economy is now a global economy.

What I do suggest is this: The rules for this global economy have not kept pace with the pace of globalization. We fought for 100 years over some very important issues. Should workers have a right to organize? Should they have the right to expect they are working in a safe workplace? Should they have a right to expect someone is not going to hire 12-year-olds to engage in labor that will be undercutting workers in this country? Do they have a right to expect they are not working in a plant that is dumping chemicals into the air and the water?

We fought for 100 years over these issues and resolved them. Now, if a company, or a government can pole-vault over all of those issues and say: You know something, let's just do our business in Bangladesh or Indonesia or India; we don't have to worry about all that; we can hire 12-year-olds and work them 12 hours a day 7 days a week and pay them 12 cents an hour and ship the product to Fargo or Los Angeles or Chicago, in my judgment there has to be some basic admission price to the American economy, to the marketplace in this country. The rules of trade have not kept pace with globalization, and that is what is at the foundation of this great debate of ours about moving jobs overseas.

I understand why people move jobs overseas, why corporations move jobs overseas, why some governments do. I don't like it. I want to stop it. But I understand why they do it.

It is about money. Huffy bicycles is the best example I know. They were 20 percent of the American marketplace. You could buy them at Sears, K-Mart, Wal-Mart. Huffy bicycles were made by proud people in this country making $11 an hour in plants in Ohio. They used to have between the handlebars and the fender a little decal that was the American flag.

Now that is gone. The last job performed in Ohio by the workers at the Huffy bicycle plant was to take that decal off and replace it with a decal of the globe. The American flag is gone, the globe is there. Why? Because Huffy bicycle is now made in China. Not for $11 an hour. Those folks lost their jobs in Ohio because they were too expensive. Those jobs don't exist here anymore. Those workers were fired. Now Huffy bicycles are made in China by people working 12 to 14 hours a day, 7 days a week for 33 cents an hour. They come to this country, not with an American flag on the front but with a picture of the globe. In my judgment, this is an appropriate way to describe what has happened here.

Huffy bicycles, if they had human qualities, would have to have citizenship, and they would be American. But

somehow they decided they didn't want to be American anymore; they wanted to be Chinese. But they want to be sold in America because there is no marketplace quite like this on the face of the Earth.

This is a big issue. This is a really big issue and a set of big questions with which this Congress needs to grapple. We grapple with part of it in the context of international trade agreements. We have a mess. We have the biggest trade deficit in the history of humankind. This is not about Republicans or Democrats; it is about bad trade agreements for long periods of time that undercut the productive capability of this country to decimate our manufacturing base. The reason I care about that is no country will long remain a world economic power without a good manufacturing base.

Just one piece of this the Senator from Connecticut attempts to deal with is the increasing likelihood, these days, of companies such as EarthLink—they announced: We are moving our outsourcing overseas. Our servicing is gone. We are going overseas. Companies such as IBM: We are going to outsource and do our servicing overseas. And we also know that governments in some cases have done the same thing.

The Senator from Connecticut takes that small piece and says let's stop that. Let's at least stop that as we work on the rest of it. If we can't do this, we are not serious about any of this. Don't come ever to the floor of the Senate and talk about jobs if you are not willing to do this.

I don't know of one politician who has ever lost his or her job because they were outsourced—not one. For that matter, no economists have ever lost their job because they were outsourced. It is not necessarily the case they would recognize it if it happened, but no politicians or economists have lost their jobs because they were outsourced. If that were to happen, you would hear a different mantra coming out of economists. If that were happening, what you would have is this Chamber full of people wanting to speak in support not just of this amendment but of the bigger bites that are necessary to fix what is wrong with our strategy with respect to trade and the outsourcing of American jobs.

Senator DURBIN indicated that the President's chief economic adviser said to us: This is good. Outsourcing is good. I am assuming this comes from the doctrine of comparative advantage, the old Ricardo strategy of saying you do what you do best, then trade with someone who does what they do best, and that is the way the world works best.

Of course, Ricardo has been long dead and he described a world that doesn't exist. He described trade between countries, not corporations. What is happening is the comparative advantage, as a doctrine, is not any longer comparative advantage with respect to natural resources. It is a comparative advantage with respect to politics, and the politics is this: If you happen to be in a country in which your government says, ''Oh, by the way, if you try to organize as a worker you are fired or you are put in prison,'' that is a political decision by a country that says we won't allow people to organize.

It is a political decision for a country to say we don't care about pollution; we are going to pollute the air and the water. It is a political decision for a government to decide we are going to hire 12-year-old kids in our plants, and we are going to let them work 12 hours a day and pay them 12 cents an hour. That is not the doctrine of comparative advantage Ricardo described. These are political issues and governments decide the conditions of production in their country.

Then we have economists who somehow say: Gosh, Ricardo described this comparative advantage, so why shouldn't we access lower cost labor? A country that pollutes the air and hires kids and puts them in unsafe plants and pays them pennies an hour? That doesn't need an answer. We all understand the answer to that question. That should not continue.

I am going to conclude because I am going in a broader discussion than Senator DODD's amendment. But my point is this: If we can't even do this small piece, how on Earth can we deal with the broader issues? I held a hearing recently about some young women who were working in manufacturing plants in Honduras.

They were actually making clothing for Puff Daddy, whose name, I believe, now is P. Diddy. I get confused now sometimes when people change their names, but Puff Daddy changed to P. Diddy. Apparently, he has a clothing line and that clothing is made in some plant in Honduras.

A couple of young women in that plant came to talk to us about the conditions in that plant. It was exactly as you would expect. There were circumstances where they had no capability to affect their destiny. You are put in that plant; you work in that plant; and if you try to organize, you are fired; you are out. The conditions were terribly unsatisfactory. Since that hearing, I understand that there have been improvements in the Honduras factory I described. But that is just one factory out of many. Conditions there are bleak.

Is that what we want? Is that really the global economy that advantages the American people? Or jobs that move from here to there and then we say but that is all right because, if you have young kids producing this product being paid 20 cents an hour, think of how cheap it is going to be for us on the shelf.

I am sorry, with what income will the Americans who lost their jobs purchase those products? With what income will they purchase those products when their jobs are gone?

One of the interesting things about this U.S. economic engine is that it is the only economic engine on Earth that is as strong. But like every engine, it requires some maintenance. What we have is people hanging around who don't want to maintain this engine.

Jobs are at the root of success in this country. There is no social program that is as important as a good job that pays well—none. Jobs are important.

When we have the Chairman of the Council of Economic Advisers—the President's chief economist—saying it is just fine that jobs go overseas, it is fine and you don't understand, that it will all work out—John Manard Keynes said: In the long run we are all dead. If it all works out, 100 years from now—as we struggle through and this all works out—I guess none of us will experience that.

I am right now very interested in making sure that the rules of trade keep pace with the pace of globalization. They have not. It is our job to bring them to present day policies and to debate them and discuss them. That is what Senator DODD is doing with one small piece.

Should your tax dollar pay for sending jobs overseas through government contracts? The answer is, of course, not. Are you kidding. This isn't rocket science. I suggest that my colleagues go to Main Street someplace and ask the question, Is it good that your manufacturing plants in your town should be required to compete and your workers should be required to compete with someone in Shrilanka where they are going to be paid pennies and they do not conform to environmental laws and fire people if they try to organize workers? We know the answer to that. This doesn't take a lot of depth in thought.

This amendment is a first. Senator MIKULSKI and I have one that deals directly on taxation. We are anxious to offer it. I suspect we will not be able to do that until after the budget debate on the floor. This is the first step of addressing the question about jobs. Anybody who dismisses this question of jobs fundamentally misunderstands the role of jobs in this economy. It is the enabler that enables everything else to happen. It enables people to provide for their families and to do the other things.

One final point, if I might: I have mentioned this before, but I think it bears repeating. It is just one example of so many towns, so many workers, and so many manufacturing plants. When those folks came home from their plant one night and said to their spouse and to their children, ''I lost my job today,'' that is a hard thing to do. The family wonders if they weren't good workers. Was there something wrong with what dad or mom did while they worked during the day? Couldn't they keep up?

It wasn't that at all. They have to come home and say, ''I lost my job

today,'' not because I was making $11 an hour trying to provide for my family but that someone else was willing to work for 33 cents an hour, and that job has now gone 10,000 miles from here. The rules don't exist by which we describe whether there is fair trade, whether that is fair for this country and why that is in this country's interest.

When the chief economic adviser to the President says this movement of jobs overseas is really a good thing because in the long run it all works out, I say no, it is not a good thing if you lost your job. I think if economists and politicians lost a few jobs from outsourcing they might understand that a bit.

I will vote for the Dodd amendment. I want to cosponsor the amendment. I am just one voice, but I hope Senator DODD will say it as well. If they try to second-degree this to death thinking that somehow they will avoid a vote on the underlying amendment, as long as this bill is on the Senate floor, this is coming back and back and back. We deserve a vote on the underlying amendment. Let us find out where people stand. Stand up and vote on this rather than try to vote on some diversionary second-degree amendment.

I know my colleague is waiting for the floor. I yield the floor.

The PRESIDING OFFICER. The Senator from Michigan.

Ms. STABENOW. Mr. President, I simply, first, wanted to thank my colleague from North Dakota, and to stand in support of everything he has said. Tomorrow, our friend from North Dakota will be chairing an important hearing. I will have two individuals from Michigan from a small town called Greenville. I appreciate the fact that we have someone who will be sharing their story tomorrow.

But just to reinforce what they said, this is a town of 9,000 people in rural west Michigan. They make refrigerators. They make Frigidaire refrigerators, and they work for Electrolux. Of the 9,000 people in town, 2,700 people work making refrigerators. They have added a third shift. They make a profit. Electrolux indicated that they make a profit in the United States. But they decided they could make a bigger profit if they moved to Mexico and paid $2.50 an hour with no health benefits. So that is what they have decided to do.

We see a community now that is losing 2,700 jobs. When you count the businesses in the surrounding area that are affected, it is 8,000 jobs.

I agree with the Senator's conclusion. I said to the folks at Electrolux: At $2.50 an hour with no health benefits, who is going to afford to buy your refrigerators making $2.50 an hour?

Mr. DORGAN. As the Senator from Michigan indicated, at 10 o'clock tomorrow morning the Democratic Policy Committee is going to hold a hearing on the outsourcing of jobs to other countries. I appreciate that the Senator from Michigan will be there and will be a significant part of that with constituents from Michigan.

It occurred to me as the Senator talked about refrigerators, the next time you go to eat at a Mexican restaurant, remember that Fig Newtons are now made in Mexico. Why? They used to be made in the United States. But Fig Newtons jobs have left and gone to Mexico. Why? Lower wages, I am guessing. Levis, Fruit of the Loom underwear, you name it. We could have a hearing that would last for years if we wanted to talk to the people who had good jobs in this country but whose jobs are now gone because even Fig Newtons went to Mexico.

I am anxious for the hearing tomorrow, and I appreciate the Senator from Michigan mentioning it.

Ms. STABENOW. Mr. President, I support the amendment of the Senator from Connecticut. I think it is the least we can do on this issue. We need to set an example. If we can't as a Federal Government set an example for our own country through our own contracts and our own outsourcing policies, then how can we ask others to do the same thing?

As I indicated, we have one community losing 2,700 jobs to Mexico. We lost more jobs last year than any other State. We have lost over 167,000 jobs in Michigan in the last 3 years. As I look at the paper every day—literally I can go to papers throughout Michigan, from the Upper Peninsula to Detroit to west Michigan to southern Michigan—there will be stories of plant closings, of job outsourcing or exporting of jobs, and layoffs.

This is the most critical issue facing the people of our country. Therefore, it needs to be the most serious issue facing us in the Senate. We need to spend whatever time is necessary, take whatever actions are necessary and put in place a set of policies that stops the exporting of jobs, that creates a level playing field for our businesses and our workers. If we give them a level playing field, they will compete and they will win. But we don't have that now.

We don't have that when it comes to the issue of manipulating currency, which China and Japan are doing. When it costs a Michigan business up to a 40-percent tax to sell into China, and when Chinese products come back and are sold at artificially lower prices, and our government doesn't do anything about it when we could, there is something wrong.

Why does China do that? They want us to move the plants to China. They want to make it as difficult as possible to sell goods in China because they want the plants there. We don't want the plants there. We want to be able to take advantage of smart trade policies and sell goods and services to China, Mexico, Japan, and all around the world. That is what trade is all about, and that is how we make it positive for us. But right now we have a situation where instead of having smart trade policies, instead of addressing those issues to create a level playing field, we are seeing a set of policies that actually encourages a race to the bottom by saying to folks in Greenville, MI: The only way we are going to stay here is if you make $2.50 an hour with no health benefits.

What does that say for the future of our country? What does that say, if any business could say that? The Federal Government could say that. We will not have a middle class and we will not have middle-income families. We will not have what has made us great as a country in terms of opportunity and small business growth, if we don't stop this.

That is why I am very pleased to be supporting the amendment of the Senator from Connecticut. We need to lead by example, and that is what this amendment does. It says while we are asking that businesses in the private sector change policies, and we are asking others not to export, we ought not to be exporting jobs either. We need policies that will stop that and invest in our own workers and in our own people.

I hope that rather than secondary amendments and other possibilities of slowing this amendment down or killing this amendment, we would be joining together—all 100 Members—in saying we do not support the report of the President's Council of Economic Advisers. We do not support Mr. Mankiw's comments that exporting jobs is good for our families, for our businesses. We reject that.

We come together saying the Federal Government needs to lead by example. If we do the right thing and put the right incentives in place, we can then turn to others and ask them to do the same thing. This is about jobs. It is about the future of our country and our quality of life. I hope we will join in supporting the Dodd amendment.

I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. SMITH). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DODD. I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. DODD. Mr. President, I thank my colleague from Michigan for her support of this amendment and also commend her for her comments and her eloquent testimony about the 2,700 people in the small town of western Michigan of 9,000 people who are about to watch the economic vitality and livelihood of their community move on.

This has gone on, of course, across the country and is one of the problems we face every single day, too often in too many communities across our Nation. One of the aspects is the outsourcing that is going on.

Again, we can offer tax incentives to try to discourage people from making those decisions, but in the final analysis they can reject the tax incentive and decide they will outsource jobs.

We are saying with this amendment—and I appreciate the Senator's strong endorsement—you may be able to do that with your own money, but the question is, Should you be able to do it with taxpayers' money? We don't think so.

We have created all sorts of waivers and exceptions for national security. If there is no other source that would allow this work to be done except by outsourcing, I have made provisions throughout the amendment where the head of an agency—it does not require the President of the United States—can check the box. I assume someone will say this will undercut our national security because we outsource a lot of jobs in the defense contract area. Just check the box. If the Joint Strike Fighter is in trouble, check the box.

I don't want you to begin the day by saying it does not make any difference if I outsource. It does make a difference. That is what my colleague from Michigan is saying. It makes a difference. If there is a reason and rationale for purposes of national security, or because you cannot get the product anyplace else other than through outsourcing, we accept that.

We are not being difficult about this but at least draw that conclusion, not just the bottom line conclusion, that I can make a bigger profit off it because I outsource the job.

I am deeply grateful to the Senator for her comments about the underlying motivations.

I can offer incentives and disincentives which someone can take or not take, but when it comes to the taxpayers' dime, the money the taxpayers, out of their hard-earned dollars, send to this city to support various activities, the fact we are using taxpayer money to ship someone's job overseas, that I object to. I don't think that is an outrageous request at a time when we are watching the acceleration of outsourcing going on day after day after day. That is what my colleague and I object to.

I have been on the floor with my amendment for 24 hours and all I want is a vote. If you think outsourcing is a good thing, and many people do; the administration clearly does—their month-old economic report, which the Senator from Illinois again referenced a few minutes ago; I talked about it yesterday; here it is; it is not my comments, not the comments of the Senator from Michigan; this is their authority in which they conclude that outsourcing of jobs is good for the economy—then vote against my amendment.

I am not trying to be difficult. If I am defeated, I am defeated. I have offered amendments and lost before. I am not shocked when I bring up an amendment and lose, but if you think I am on the right track, vote for it. But vote.

Ms. STABENOW. Will the Senator yield?

Mr. DODD. I am happy to yield.

Ms. STABENOW. Would the Senator agree on its face that it would appear his amendment is about whether folks support that report and if, in fact, they believe, as the Senator said, that exporting jobs is a good idea, folks can vote against your amendment. This is really a time to stand up and say yes or no.

Mr. DODD. That is exactly the case.

Let me address the amendment offered by the Senator from Kentucky, Mr. MCCONNELL, and some comments made at the time of the introduction of that amendment which are worthy of note.

First, my friend from Kentucky went on and recited the 6 million jobs that exist in this country where people work for foreign corporations that are located in the United States and he went down each State and identified the jobs. About 90 or 95 percent of those corporations come from the 27 or 28 nations that are exempted under this amendment.

My friend from New Hampshire talked about a large employer in New Hampshire from the United Kingdom. The United Kingdom is not covered by this amendment. Someone else talked about Japan. Japan is not covered by this amendment. As a result of an inquiry made by my friend from Montana to make sure we exempted those countries with which we have joint procurement policies under the World Trade Organization, the language of this amendment excludes those nations.

The idea somehow that these jobs in America will be in jeopardy is not based on any fact whatever. I will be happy to list them for my colleagues: Austria, Belgium, Canada, Denmark, European Community, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Korea, Liechtenstein, the Netherlands, Aruba, Norway, Portugal, Singapore, Spain, Sweden, Spain, Switzerland, and the United Kingdom. There may be others. That is about 90 to 95 percent, as best we can tell, of the so-called jobs that might be in jeopardy.

I suggest if we cannot have equal access to government procurement in various other countries, then we do have a problem. Of those countries where there is not a level playing field, for those that are for fair and free trade, as I listened to my colleague from Iowa talk about it earlier, the United States cannot compete for government procurement contracts in India. We cannot compete in China. We cannot compete in those other countries. If they are willing to say we can compete for their government procurement contracts, this Senator has a different point of view. But we are being told we cannot do it. Do not tell me that is fair or free trade. It is not—by any estimation.

I will not take a backseat to anyone when it comes to trading policies. I supported many. I believe that is where we must be if we will succeed in the 21st century.

I have waivers in here on national security. I understand there is outsourcing that goes on when national security issues are involved.

I have written a specific provision, just check the box. You tell me this will jeopardize national security, the Secretary of Defense checks the box. That is it. You can go ahead and outsource.

I am not trying to make it difficult for anyone. I don't want to make it more bureaucratic. But when I hear the Pentagon talk about bureaucracy and I look at some of the requirements for even purchasing a personal computer, 38 pages, the idea is there of making a determination that something is in the national security interests and therefore you do not have to do it.

Let me offer to my colleague from Kentucky an alternative to his amendment which, if he is willing to accept, I am willing to take. I want to get answers out of these issues.

Instead of his amendment as it reads, virtually nothing has to happen, and nothing happens with this bill because he says the title of this amendment shall take effect 30 days after the Secretary of Commerce certifies that the provisions of this title will not result in the loss of more jobs or be harmful to the U.S. economy. If the Secretary never certifies then, of course, none of the provisions go into law. This amendment, if adopted, would virtually gut everything we have tried to talk about over these last 24 hours. That amendment is unacceptable.

If you are willing to say the initial certification shall be made by the Secretary of Commerce no later than 30 days after the enactment of this act, then I am willing to consider that because that requires an affirmative action for saying that outsourcing is what we want to continue doing.

I do not like amending my amendment with this kind of a provision. But if you want to go that route, I am willing to listen, even though the Secretary of Commerce is the President's campaign manager and so forth, and the administration is already on record saying they think it is a good thing.

I am willing to admit there are many good people who think outsourcing is a good thing. I am not disparaging people who believe that. All I am saying is, there are a lot of us who do not think we ought to be promoting it with U.S. taxpayer money. For those of us who do not think it is a great idea—I suspect a lot of our fellow Americans agree with that conclusion—we would like to vote up or down. If you think it is a bad idea, as apparently the Senator from Kentucky does and the Senator from New Hampshire—and I respect them immensely—then, very simply, vote against the amendment and shoot it down. Then we will move on to the next subject matter.

But to clutter it up with amendments, suggesting somehow that you agree with what I am suggesting, or at least implicitly do, because you are not challenging the underlying amendment but, rather, offering something that, if

adopted, would make it impossible—unless the Secretary of Commerce decided to change political parties and contradict his President and decided he was going to certify something—this amendment requires nothing, no action on his part at all and, thus, obviously the entire provision dealing with outsourcing would fall.

It is kind of a cute way of not having to vote on my amendment but, in effect, killing it with the adoption of the second-degree amendment.

So I have sent over, through staff, some alternative language which I am asking them to consider as a way, instead, of wrapping this up. As I say, I was prepared to vote on this at 4:30 yesterday afternoon, or at 5:30, whenever people wanted to, but there is obviously another game going on. There is the old New England expression: I was born at night but not last night.

I think I understand the game. We are not going to deal with this issue. We are not going to vote on this, or at least we are going to try to avoid voting on it through every possible maneuver. I regret that, but I guess that is the way things are. I think it is unfortunate. I think we should be speaking. The American people care about this issue. They care about trade. I think most people believe trade is in the best interest of the United States. I agree with them on that.

I also think it is in our interest not to squander our human capital. I think we need to do everything possible to see to it that we are in a position to continue to defend ourselves by trying to do what we can to preserve the jobs that are necessary and the underlying industries for which they work so we will have the capacity to be able to build the infrastructures that we need both for our domestic products as well as our national security structure.

I have 5,400 small manufacturers in my State. They are worried they are going to be cut out because there is always a better deal someplace else. I think the short-term quarterly analysis that fails to take into consideration the long-term implications for our country are dangerous. That is one Senator's point of view. That is one of the reasons I offered this amendment, again, not because I am a protectionist, an isolationist—my 24 years here deny that kind of a label categorically—but because I honestly believe this is something we better address now. If we do not, I think we will look back and deeply regret that we did not.

Let me stop. I know the Senator from Arizona has some thoughts he would like to share. I yield the floor.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. MCCAIN. Mr. President, first, I would like to begin my remarks with my respect and appreciation for the knowledge and expertise that the Senator from Connecticut has on foreign policy and national security issues. I believe he is unequaled or he has few peers in this body as to his knowledge and experience on foreign policy issues. For many years, the Senator and I have worked together on issues that are of importance to our Nation as far as the conduct of policy and national security is concerned. I have the highest regard and respect for him.

I hope I can work with the Senator from Connecticut to remove some unintended consequences of the Dodd amendment; that is, the Dodd amendment as it relates to defense/national security.

The Senator from Connecticut knows, as well or better than I do, the interrelationships of the North Atlantic Treaty Organization, the commonality of equipment, the fact that many times we build an aircraft, the F–16, a country buys it, and a lot of that aircraft is built in the country that purchases it. That is part of the deal that goes on. For example, significant parts of the F–16 aircraft that are bought by European countries are constructed there. That is also true with a broad array of defense equipment.

The Senator from Connecticut is also aware there is a huge imbalance as far as the purchasing of military equipment. In other words, our European friends—and I will freely admit, because they do not spend the money on research and development that the United States does, the United States builds superior equipment—buy a tremendous amount—by a factor of 15 or 20 in dollars—of U.S. equipment versus equipment that the United States buys from our European allies. We build the best defense equipment there is. We continue to maintain that lead, and we are all proud of it.

What I worry about, in the Dodd amendment, is that this would upset the relationship I just described.

Second, there are many times, many occasions when our troops overseas, our ships overseas, our deployments have to purchase from the local economy equipment, food, supplies, whatever it is.

So I could not certify that it is a national security requirement when the USS *Enterprise* pulls into a port and has to buy some equipment or machinery from the local economy which is manufactured there but fits their needs because there is a tremendous amount of interoperability amongst ourselves and our European allies.

I am sure the Senator from Connecticut is well aware of everything I am saying, and I do not mean to insult his intelligence by saying so.

What I am trying to do—look, straight talk. I do not support the amendment offered by the Senator from Connecticut. But what I would hope we could do is work out some language which would ensure, one, that at no time would our military be prevented from purchasing goods, services, or equipment on a needed basis, and, second, to preserve the relationship we have amongst our allies as far as the purchase of defense equipment is concerned, maintaining interoperability, and, very frankly, the jobs which are the object of his amendment, the jobs which are maintained in the United States of America because of the production of a great deal of defense equipment which is bought by other nations.

Now, the reason why I say that is important is because, if we do not allow the purchase of foreign-manufactured defense equipment, then sooner or later they will retaliate by not purchasing ours. That could have significant effect.

I have a rather interesting letter from Mr. Wynne, who is the Acting Under Secretary of Defense, saying ''this provision''—talking about the Dodd amendment—''would impact our ability to sustain our troops stationed overseas and the refueling and restocking of our naval vessels as they carry out their missions. Often times, the support of these activities comes from foreign sources. . . .'' It goes on.

I know my friend from Connecticut does not want to impair this. It is clearly not the object of his amendment. So I have an amendment which would make clear that there are exemptions for national security.

Perhaps better than forcing a vote on it, perhaps the Senator from Connecticut and I can work out an agreement to amend his amendment or change the language of his amendment so it does meet these concerns, which I know he shares. If not, then I would be proposing an amendment, after the McConnell amendment is disposed of, to try to ensure that.

I am talking now about national defense and national security. I have concerns about the impact of the Dodd amendment which has been debated ad nauseam. But I hope we can work out an agreement at least on the national security/national defense side of this issue.

Mr. President, I yield the floor.

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. WARNER. 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. WARNER. Mr. President, I commend my distinguished colleague from Arizona, Senator MCCAIN, who has been working on an amendment with me, and I will be his principal cosponsor on the amendment.

Senator MCCAIN and I and other members of the Armed Services Committee, in the course of last year's authorization bill, had extensive deliberations on the core issue with regard to how such legislation, as proposed by the distinguished Senator from Connecticut, would impair our ability to work with so many of our allies on defense contracts, and the high dependence today that we have on that working relationship between a number of individual allies.

For example, the Joint Strike Fighter, which is to hopefully be the plane that will be utilized in the cause of fighting freedom by so many nations that are working on it, nine different nations are on that particular contract. Great Britain has already put down $2 billion toward that contract. At some point, I will put in the RECORD a printed letter written by the Ambassador of Great Britain in the context of the debate we had on last year's authorization bill, which is directly apropos of the matter before us.

Furthermore, I am going to hand to the Senator from Arizona a letter that arrived from the Under Secretary of Defense.

Mr. MCCAIN. Will the Senator yield for a question?

Mr. WARNER. Yes.

Mr. MCCAIN. The distinguished chairman of the Armed Services Committee, as he mentioned, and I worked hard last year, with the President and Secretary of Defense, to exclude some very onerous ''buy American'' measures. It took an entire year before the authorizing bill was passed, which is always very unfortunate. I want to ask the distinguished chairman about another aspect of this.

Last time I checked, we have allied forces in Bosnia, Kosovo, Afghanistan, and Iraq from as many as 30 countries who have contributed troops to our efforts in all of those countries, including the fact that a number of those allied countries have sacrificed the lives of their young soldiers in the cause of freedom, particularly in Afghanistan and Iraq.

Mr. WARNER. The Senator is correct, Mr. President.

Mr. MCCAIN. In fact, in Afghanistan we have a significantly expanded NATO operation. I say this with the greatest respect to our friend from Connecticut, Senator DODD. My question is—suppose we tell the government of a tiny country that lost soldiers in Iraq that we want your young men and women there, and we want them to be ready to sacrifice and die but, by the way, we are not going to buy anything from you. If you produce something that is a quality product, we are not going to buy it from you because we are going to protect American jobs in the United States of America.

My question to the distinguished chairman is, What effect does that have on their willingness and desire to help us bring peace and freedom to the people of Bosnia, Kosovo, Afghanistan, and Iraq?

Mr. WARNER. Mr. President, my distinguished colleague, a distinguished military professional in his own right, knows the answer full well. It was given to us this morning by General Jones, the NATO commander. The Senator was sitting next to me. It was given to us by General Abizaid, Director of Central Command, which has jurisdiction over Afghanistan and Iraq. They are fighting in both of those areas with coalition forces—again, troops being lost, life and limb—of nations that would be affected by this amendment as presently drawn.

I just observed where the distinguished Senator from Connecticut and yourself had a colloquy, which I followed off the floor. I think you are making progress toward the amendment that the Senator has, to which I have affixed my cosponsorship, which will resolve this problem. But it is important that we come to the floor—the Senator from Arizona and myself, and perhaps others—to alert colleagues. You have men and women in the Armed Forces from each of your States engaged in the very conflicts that the Senator from Arizona has recounted.

Mr. MCCAIN. I have one more question. The Senator and I, both in our declining years, have spent a lot of time traveling around the world. One of the things that took me a long time to appreciate is the effect of what we do in the world. It is astonishing——

Mr. WARNER. Right here in the Senate on this floor, Mr. President.

Mr. MCCAIN. Yes. We have passed sense-of-the-Senate resolutions that neither you nor I have paid any attention to, and all of a sudden it is headlines in the country it has affected.

My question to the Senator from Virginia is this: All of those countries that have contributed troops—Bosnia, Kosovo, Afghanistan, and Iraq—they see a headline tomorrow that says the Congress of the United States bars purchase of any military equipment from the manufacturers in these countries. How do you think that affects an already fragile public opinion in these countries?

Mr. WARNER. Mr. President, the Senator is quite observant in his long experience. It is a very negative effect. I also bring to the Senator's attention that we heard this morning that we are thinking of reducing some of our very large bases in Europe and putting a smaller U.S. presence in a number of countries—I mean, actually going in, spending MILCON, and putting our troops in more forward positions in this most uncertain war on terrorism. So it affects that, as well as the ability of that country to engage with us in military alliances.

Mr. MCCAIN. I thank the Senator.

Mr. WARNER. Mr. President, I rise in opposition to the Dodd amendment and support of the McCain second degree amendment. The Dodd amendment would prohibit any portion of work covered under a Federal contract for goods or services from being performed at locations outside the United States. This will do incalculable damage to our national security, undermine our relationship with our allies, and violate many of our trade agreements with respect to defense procurement. The Dodd amendment will spark a trade war in aerospace and defense trade—one of the few remaining areas that the United States has a manufacturing trade surplus. It will lead to the destruction of the U.S. aerospace industry and the loss of thousands of jobs that will migrate overseas.

How can I be so sure of the impact of this legislation? It is because, last year, the Senate Armed Services Committee fought off on a bipartisan basis similar legislation from the House of Representatives. For 6 months, this issue was debated in the National Defense Authorization Conference. In the end, we narrowly averted a national catastrophe that would have put every soldier, sailor, airman and Marine in harms way. This legislation, like the legislation from the House on last year's defense bill, marks a return to the days of Smoot-Hawley and the Buy American Act of 1933, which were passed at the height of the depression and extended the misery for so many Americans during that decade.

The Dodd legislation would significantly change the Defense Department's industrial base policy and have a devastating effect on the health of the U.S. aerospace industry. The Dodd amendment, if passed, would erase decades of procurement reforms designed to integrate the civilian and military industrial bases that support DOD, destroy our global aviation trade surplus, increase program costs, and substantially delay the transformation our forces.

One might ask how would such a well meaning amendment do such harm? First, one has to understand what has happened in the defense market in the last 15 years. After the first Gulf War, it was realized that DOD no longer dominated many of the most dynamic industries such as the computer and telecommunications industries. To maintain and transform the force, DOD needed to tap into this commercial market, but none of these industries wanted to sell to DOD because of the extraordinary red tape involved with Government contracting. The Clinton administration and the Congress passed far-reaching acquisition reform measures to allow DOD to tap into the commercial marketplace. The Dodd amendment places this progress in jeopardy.

Under the Dodd amendment, the Defense Department would no longer realize the efficiencies of using commercial buying practices, as many commercial companies with a relatively small portion of their business base devoted to defense would stop selling to the Defense Department. Why? Because commercial companies will be required to identify every microchip, every part, all of its raw materials to ensure that they were produced in the United States. As was the case before the 1994 and 1996 acquisition reforms very few commercial companies will want to do this.

As a result, the Defense Department will have to pay more for its products and will not have access to the most advanced electronics and information technologies from the commercial marketplace. Every weapon system in the U.S. inventory uses information technologies and electronics systems no

longer being made in the United States. DOD will have to recreate a DOD specific supply chain with contractors that only support the Defense Department at a cost of hundreds of billions of dollars.

To conform with the Dodd amendment, the Defense Department would need to require companies to comply with a substantial data gathering exercise, merely for the right to bid on a program. It is likely that DOD would have to impose burdensome compliance and certification requirements which would expose bidders to significant liabilities, even in cases where a contract is awarded to another bidder. A commercial contractor who may do less than 1 percent of its business with the DOD is not going to expend this kind of effort for so little return.

To comply with the Dodd amendment, defense and nondefense business segments would have to be separated, slowing the development of next-generation war fighting systems and increasing program costs. For example, the aircraft engine business supports both civilian and military requirements and is only competitive because of the economies of scale inherent in producing for both markets. To conform with this language, U.S. engine manufactures would have to establish two sources of supply and two different production lines—one for the military and one for the civilian marketplace. Military and civilian engines costs would skyrocket and, most likely, the commercial engine market will be lost to overseas competitors because it will be cheaper to buy European engines. Thus, these jobs will be ''off-shored,'' something that the authors of this legislation are trying to prevent.

The international considerations of the Dodd amendment are immense. this isolationist, go-it-alone approach will have serious consequences on our relationship with our allies. Currently, our allies purchase over 26 percent of their defense needs from the United States compared to less than 1 percent that the United States buys from our allies. We don't need protectionist measures to protect our aerospace industry. However, if we pass this legislation, our allies will retaliate and the ability to sell U.S. equipment as a means to greater interoperability with NATO and non-NATO allies would be seriously undercut. Critical international programs, such as the Joint Strike Fighter and missile defense, would likely be terminated as our allies reassess our defense cooperative trading relationship.

As a result, U.S. aerospace trade and the jobs and benefits that it brings to the U.S. economy will be jeopardized. Aerospace exports 40 percent of its products. In 2002, the U.S. aerospace industry delivered a $30 billion export surplus, the largest of any sector of the U.S. economy.

What will the Dodd amendment mean for the budget? The cost of defense programs would skyrocket putting even greater pressure on domestic programs. Since companies would have to separate their defense and commercial businesses, overhead and program costs will increase. Because the number of companies willing to sell to the Government would also decrease, there would be less competition, less innovation, and fewer new technologies in defense products. With international programs jeopardized, there would be little or no cost-sharing by our allies such as the $4 billion invested by our allies in the Joint Strike Fighter program, further adding to the costs that the U.S. taxpayer will have to bear.

Overall program cost increases would force a scaling back of procurement and R&D programs. Operational costs would rise as older legacy systems would remain in use for longer periods. The safety of our men and women in the Armed Forces will be put at risk with this older equipment.

Defense transformation and the acquisition of new technologies would be drastically slowed or curtailed. The electronics and information technology building blocks would no longer be available from American commercial sources for our weapon systems. This would disrupt existing programs such as the *Virginia* class submarine, the Future Combat System and the F–22. An inefficient technology base serving only defense will have to be constituted at great expense in funding and time. The long-term result would be less equipment and technology in the hands of our warfighters.

Finally, the aerospace and defense industry competes with other industry sectors for investment based on a number of economic factors such as projected rate of return. The investment community would likely be concerned about investing in an industry that would be cut off from commercial sources of advanced technology, forcibly disengaged from the global marketplace and forced to rely on a single customer's requirements.

Now the supporters of this amendment will state that they have provided for a national security exemption. Unfortunately, this exemption is unworkable as it needs to be made at either the Presidential or the Secretary of defense level for each contract. The Department of Defense has over 500,000 contracts and many more individual task orders on these contracts. This is an impossible and unnecessary waiver to implement.

Mr. President, again, supporters will also state that the requirements of the Dodd amendment do not apply to procurement covered by the WTO's agreement on Government procurement. That is helpful for the rest of Government, but most defense contracts are not covered by the WTO, World Trade Organization. DOD has separate trade agreements that cover defense cooperation. These include so-called memorandums of understanding with 21 of our closest allies, additional agreements with Canada, and seven declarations of principal countries, over 60 acquisition and cross-servicing agreements, and additional provisions in NAFTA and those that apply to the Caribbean Basin countries. All of these agreements would be overridden by the proposed Dodd amendment.

The sponsors of the amendment have tried to limit the damage by only applying those restrictions to ''new'' contracts. This would be of limited help, for example, on the Joint Strike Fighter. In essence, the sponsors would welcome foreign nations' participation and money on the current development contract, but these nations would not be allowed to participate on any follow-on production contract. Under these conditions, the Joint Strike Fighter partner countries will leave the program and JSF will be terminated. It is simply that. And we desperately need it in this country. We may have to foot the entire bill of the JSF out of our own military budget if this type of legislation were to pass.

So my conclusion is that this amendment is not in the best interest of the security efforts of our Nation. It would jeopardize, as the Senator from Arizona has said, the efforts of our men and women in the Armed Forces as they work, fighting along with coalition partners in many parts of the world. So I strongly join with Senator MCCAIN on the second-degree amendment to exempt DOD contracts from the restrictions contained in the Dodd amendment.

I urge the support of my colleagues. Please contact your own defense contractors if there is any doubt in your mind. You each have them.

Mr. President, at this point, I yield the floor.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, we are at a stage where we are hoping to get some action on some amendments. This is an extremely important bill. This bill will provide a very significant break to all companies manufacturing products in America. It is about a 9-percent deduction on the costs of manufacturing products in States. That translates to about a 3-percentage point reduction in their income tax returns. To a corporation paying the top rate of 35 percent, that means they are going to have a tax rate on that production of 32 percent. It is a very important bill.

There are lots of different ideas about how this bill can be improved. We have already adopted an amendment by the Senator from Utah, Mr. HATCH, cosponsored by myself. In fact, this is a bill that Senator HATCH and I have introduced for many years. It will increase the research and development tax credit for at least 18 months and also modify it in a way to make it more attractive to more companies.

We all know the real pursuit is how do we get more jobs in America, how do we create more jobs in America, how do we keep those jobs in America, and

how do we train people who lose jobs in America.

We are a wonderful and wealthy country. We are very lucky to be Americans. People from all over the world want to live in America. I will not say they all do but there are certainly an awful lot of people who want to live in the United States. That is why we have so many immigrants coming to our country.

We do not see very many people heading for the door. Not very many people living in America want to go live in other countries. There is a real reason for that. I think the basic reason is because we are a country of great opportunity. We are a country of great mobility. We are a country where a person can pretty much do what he or she wants to do.

Sure, there are some limitations that some people face, depending upon where they are born or where they grew up in America, but still, compared with any other country in the world, there are opportunities in the United States of America that are just wonderful. We are incredibly lucky to be Americans.

We are now faced with a question, though, of jobs and job loss in America, particularly manufacturing job loss, and even some service industry job loss. We have lost close to 3 million jobs in the last several years. Those are manufacturing jobs. Those are good-paying jobs.

It is also true that virtually every other country in the world is losing jobs, too. We are not the only country that is losing manufacturing jobs. I will not be callous about it, but those are problems that those countries face, and we wish them very well. We wish more people in the world had better incomes; that people who are not the most wealthy would be doing pretty well by themselves. But our goal is here in the United States. How are we going to get more job creation in the United States? How are we going to get more job retention in the United States? How are we going to retrain people? There is no silver bullet, no panacea, no magic answers that are going to solve this problem.

There are lots of reasons why we are facing this, if we are totally honest with ourselves, and clearly we must be if we are going to solve it. One reason, frankly, is just the dramatic increase, to use a fancy word the economists use, in productivity in the last several years. That is, with ingenuity and with research and development and technology improvements, companies are able now to produce more widgets, more products, more cars, whatever it is, with fewer people. It is easier, then, for that company to sell products and make money, but unfortunately a by-product of that is it is with fewer people, fewer jobs, so people are laid off. It is a huge problem. It is not only the shock of a person who loses his job, it is lost benefits, lost wages.

But some of this is due to productivity increases. It is a fact. We just have to recognize it. But having recognized it doesn't mean we should look the other way. It means we should find some other way to deal with it.

The job displacement that has occurred in America over the last several years has happened all over the world, in all developed countries, not just the United States. It is because of the general nature of economies moving a little more to services compared with manufacturing. Service industry jobs just don't pay as much.

This movement to services—it is like health care services. It is professional services. It is doctors, lawyers, accountants. They are all great professions, and they are services. But by and large, service jobs don't pay quite as much as manufacturing jobs. Again, that is a worldwide phenomenon.

I might say, too, one of the reasons for job loss is foreign competition. It is true in many countries that because of the lower wages it is cheaper to make a product than it is in the United States. There is no doubt about that. Benefits are a lot lower in other countries. There is no doubt about that either. It is true, American companies, as the case with companies in other countries, have to be competitive. They have to be competitive; otherwise, they go out of business.

Having said that, there are other reasons, too, for the phenomenon we are facing. We have to find answers and, as I said, honest answers, not just glib answers.

Frankly, I believe we have to focus on three major areas and be very positive. One is, How do we create new jobs. I would put a lot more effort into research and development than we now do. We should have more basic research in universities and companies than we now have. We have to figure out ways to develop new products. This is a bit corny and a bit dramatic, but it wasn't too many years ago—in the year 1900 nobody even dreamed of automobiles or airplanes. Yet somebody developed an automobile, somebody developed an airplane, and lately it is the Internet, it is broadband, it is fiber optics, it is a lot of new technologies nobody knew about.

A lot of that is because of the dollars devoted to research and development. It is ingenuity and opportunity. Persons knew if they spent time developing those products they could sell them in the United States and overseas and they could make a go of it. They could make something happen. Just think of the joy of maybe inventing something and making it work and selling it. That is one way. We have to figure out ways to create new jobs.

Another way is we have to keep the jobs we have. That is complex. Part of it is the much more vigorous enforcement of our trade laws. I have said it before and I will say it again: we hear of all these call centers going to India, Bangalore, other places in India. You pick up a telephone and try to order something, a credit card company or something, and find the call center is in India or someplace else. But we don't hear of American companies selling products to India. You don't hear of sales to India. Why is that? It is because India is a closed country. It is a very closed country. It is very hard for United States business people to sell their goods and their services and their products to India because India is a closed country.

They also pirate intellectual property. Billions of dollars of intellectual property created by Americans is pirated by people overseas. Various countries either do not have intellectual property legislation or they don't enforce it. It is very difficult. So a way to keep jobs in America is to be much more vigorous as we enforce our trade laws, and this country is not enforcing our trade laws. We are not opening up markets overseas the way we should. It is more laissez faire, let things happen. If some country wants to close its market, fine. That is basically the attitude of this administration as I see it. I have spent a lot of years in trade policy and I cannot remember a time when an administration was so laissez faire, so ''who cares'' when it comes to whether a country opens up its market to American products.

India is a good example. China is another example. There are so many examples. Rather, what does this administration do? I am not being critical here; I am just calling it as I see it. I am being objective in how I see this administration's trade policy to be operating.

Still, we reach trade agreements with minuscule economies: Bahrain, Morocco. Those are wonderful countries. But why are we spending the limited resources we have in the United States Trade Representative Office reaching free trade agreements with countries that would have virtually no or very little commercial value to the United States? Why? Because it is easy.

We should be taking the extra effort and going to countries, as I mentioned earlier, that are closed and have huge potential markets. We sell to India, a country of 1 billion people, half of what we Americans sell to Switzerland, a country of 7 million people.

Wait a minute. I know the per-capita income in India is lower than it is in Switzerland, but not that much lower, not by such huge orders of magnitude. One way to keep jobs, again, is to enforce our trade laws.

We have to tackle health care costs in the United States, which are much higher than they are in other countries. There are lots of efforts we could undertake.

I will now focus on one aspect of this bill I think is very important. I think most Members of the Senate agree with me. It is further reason why we should move expeditiously and bring up amendments so we can pass this legislation. We will be doing a great disservice to the people of our country if we don't quickly pass this legislation.

Already the World Trade Organization penalties levied on the United States amount to 5 percent of the $4 billion the WTO has said can be levied against the United States now because the United States has not repealed certain legislation which is the underlying part of this bill. WTO said that is illegal so we have to repeal a lot of it. That is $4 billion in penalties levied against the United States products we are trying to export to Europe. That is $200 million in this month alone, March, and there is going to be a 1-percent increase in each of the succeeding months. Why in the world aren't we passing legislation so we don't have to pay those penalties, so we don't have to penalize American companies, and therefore penalize American workers?

One way to send jobs overseas is to not pass this bill. Every day we don't pass this bill means additional costs of doing business in America on products manufactured in America and exported to Europe. If we repeal this penalty, then that cost to American businesspeople will be much less, and that would help them keep producing and keep their employees.

In drafting this bill which provides for a 9-percent deduction on domestic manufacturing, we believed it made good sense for that 9-percent deduction to apply not just to C corporations—that is the standard garden variety corporation—but also to virtually every other company in the United States, small partnerships, proprietorships, passthrough entities, and smaller companies that do not pay a corporate income tax.

I would like to show a couple of charts to give us a little sense of how U.S. companies organize themselves and why that is important to this legislation.

As this chart to my left demonstrates, about a quarter of American companies are C corporations. The other three-quarters of American companies are partnerships, sole proprietorships, somebody in business for themselves. Another entity called S corporations essentially means that the owners of the corporation are liable themselves and pay taxes themselves on the income of the organization.

About one-quarter are corporations. They are the big guys.

Going to the next chart, I point out that 99 percent of U.S. firms are actually small businesses. If you look at all the companies in America and you organize them according to whether they are a big or a small business, 99 percent are small businesses. By small business, we mean 500 or fewer employees. Virtually every company in the U.S. is not a big corporation but, rather, a small business.

That is important because the legislation we were repealing gives a tax break only to big C corporations. We believed that if we repealed that—and we have to repeal it because WTO says we must—we must be sure we replace it with something much more broad-based. So not only the larger C corporations but the other, smaller, American companies also get the benefit of the provisions of this bill.

I mentioned earlier that about a quarter of American companies are large companies, so-called C corporations. They have at lot of people working for them. About half of the employees in America work for small business; about half work for big business. It is an interesting statistic. Ninety-nine percent of all companies are small businesses. Still a full half of all employees in America work for small businesses.

Why do I say that? Because basically most new jobs are created by small business.

This chart shows that. Small businesses create jobs much more than big businesses. Even though half of all employees are in the category of small business, still three-quarters of the new jobs—this is a historical fact over the years with small business. Small business is more flexible; they can move more quickly; they see more opportunity right away; they can hire more, whereas big business takes time with all the decisions that have to be made going through all the various levels of hierarchy. But small business is where the job creation is.

That is relevant because if you look at private sector jobs in America, you will see the United States since 1994 has had a huge creation of jobs, until the year roughly 2000. Since the year 2000, about 3 million jobs have been lost in America. That is a net figure. That is not gross.

I mentioned earlier that half of those are small businesses. I mentioned earlier that job creation is generally through small business, not big business.

I also mentioned before, to repeat myself, this bill says: OK. We don't care whether you are a big or small business; you can still get that 9-percent deduction.

That is why I think this is a very good bill. I say that in part because there are other versions of this legislation in Washington that do not extend the same treatment to small business but essentially only to larger businesses.

I hope when we move on this bill and pass it and take it to the next stages that we keep in mind the importance of small business and keep in mind that we must retain the small business provisions in this bill.

I yield the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant journal clerk proceeded to call the roll.

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

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

Mr. THOMAS. On behalf of the leader, I ask unanimous consent that Senator DODD be recognized to modify his amendment; provided further that the McConnell second-degree amendment be modified further with the changes that are at the desk, and it then be agreed to; provided further that I be recognized in order to call up a further second-degree amendment on behalf of Senator MCCAIN, and that following the reporting of the amendment it be agreed to.

I further ask consent that the time until 4 today be equally divided for debate; that at 4 the Senate proceed to a vote on the adoption of the Dodd amendment, as amended, without further intervening action or debate.

Mr. REID. Reserving the right to object.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Madam President, a lot of work has gone into this arrangement that we are now going to approve shortly. Everyone is to be commended. Senator DODD spent the last 24 hours or more on this floor. Senator BAUCUS has been very patient, waiting to have this bill move forward. He and Senator GRASSLEY feel so strongly about and I think the majority of the Senate feel strongly about this.

I don't mean to burden the acting majority leader but I do want to say very simply, we have tried to be as upfront as we can be with what we want to accomplish with this most important legislation. We have an amendment that we want to get to. We agreed on the Dodd amendment to take 1 hour evenly divided. We understand the next amendment to be the amendment offered by the Senator from Kentucky and the Senator from Michigan, Senators BUNNING and STABENOW. Senator STABENOW—it was her amendment and it has not changed at all; it is just who has their name on it first—was willing to take an hour evenly divided. We could finish this vote at 4:20, go to that, finish at 5:20, and go to our next amendment in order, which, as everyone knows, is the overtime amendment which the Democratic leader will offer for Senator HARKIN, or Senator HARKIN will offer for himself.

I don't understand why so much effort is being made to avoid a vote on that amendment. We have been told on the Bunning amendment what will happen. Rather than filling the tree with amendments that are good and will improve this legislation, tax extenders and things of that nature, there is going to be an amendment offered by the majority to fill the tree so there can be no amendments offered, or, in fact, the Harkin amendment could be offered to speed this up.

I think we need to get this matter finished. We, on our side, believe this is very important legislation. Yes, we want to talk about outsourcing, and we have done that. Yes, we want to talk about overtime. We have not been able to have a vote on that because of the parliamentary barriers thrown up by the majority.

I hope we can get past that, move on, and get this most important legislation passed. I have no objection.

The PRESIDING OFFICER. Without objection.

The Senator from Connecticut.

AMENDMENT NO. 2660, AS MODIFIED

Mr. DODD. I send a modification to the Dodd amendment to the desk and ask it be so modified.

The PRESIDING OFFICER. The amendment is modified.

The amendment (No. 2660), as modified, is as follows:

At the end of the bill, add the following:

TITLE V—PROTECTION OF UNITED STATES WORKERS FROM COMPETITION OF FOREIGN WORKFORCES

SEC. 501. LIMITATIONS ON OFF-SHORE PERFORMANCE OF CONTRACTS.

(a) LIMITATIONS.—

(1) IN GENERAL.—The Office of Federal Procurement Policy Act (41 U.S.C. 403 et seq.) is amended by adding at the end the following new section:

"SEC. 42. LIMITATIONS ON OFF-SHORE PERFORMANCE OF CONTRACTS.

''(a) CONVERSIONS TO CONTRACTOR PERFORMANCE OF FEDERAL ACTIVITIES.—An activity or function of an executive agency that is converted to contractor performance under Office of Management and Budget Circular A–76 may not be performed by the contractor or any subcontractor at a location outside the United States except to the extent that such activity or function was previously performed by Federal Government employees outside the United States.

''(b) OTHER FEDERAL CONTRACTS.—(1) A contract that is entered into by the head of an executive agency may not be performed outside the United States except to meet a requirement of the executive agency for the contract to be performed specifically at a location outside the United States.

''(2) The prohibition in paragraph (1) does not apply in the case of a contract of an executive agency if—

''(A) the President determines in writing that it is necessary in the national security interests of the United States for the contract to be performed outside the United States; or

''(B) the head of such executive agency makes a determination and reports such determination on a timely basis to the Director of the Office of Management and Budget that—

''(i) the property or services needed by the executive agency are available only by means of performance of the contract outside the United States; and

''(ii) no property or services available by means of performance of the contract inside the United States would satisfy the executive agency's need.

''(3) Paragraph (1) does not apply to the performance of a contract outside the United States under the exception provided in subsection (a).

''(c) STATE CONTRACTS.—(1) Except as provided in paragraph (2), funds appropriated for financial assistance for a State may not be disbursed to or for such State during a fiscal year unless the chief executive of that State has transmitted to the Administrator for Federal Procurement Policy, not later than April 1 of the preceding fiscal year, a written certification that none of such funds will be expended for the performance outside the United States of contracts entered into by such State.

''(2) The prohibition on disbursement of funds to or for a State under paragraph (1) does not apply with respect to the performance of a State contract outside the United States if—

''(A) the chief executive of such State—

''(i) determines that the property or services needed by the State are available only by means of performance of the contract outside the United States and no property or services available by means of performance of the contract inside the United States would satisfy the State's need; and

''(ii) transmits a notification of such determination to the head of the executive agency of the United States that administers the authority under which such funds are disbursed to or for the State; and

''(B) the head of the executive agency receiving the notification of such determination—

''(i) confirms that the facts warrant the determination;

''(ii) approves the determination; and

''(iii) transmits a notification of the approval of the determination to the Director of the Office of Management and Budget.

''(3) In this subsection, the term 'State' means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands.

''(d) subsections (b) and (c) shall not apply to procurement covered by the WTO Government Procurement Agreement.

''(e) RESPONSIBILITIES OF OMB.—The Director of the Office of Management and Budget shall—

''(1) maintain—

''(A) the waivers granted under subsection (b)(2), together with the determinations and certifications on which such waivers were based; and

''(B) the notifications received under subsection (c)(2)(B)(iii); and

''(2) submit to Congress promptly after the end of each quarter of each fiscal year a report that sets forth—

''(A) the waivers that were granted under subsection (b)(2) during such quarter; and

''(B) the notifications that were received under subsection (c)(2)(B)(iii) during such quarter.

''(f) ANNUAL GAO REVIEW.—The Comptroller General shall—

''(1) review, each fiscal year, the waivers granted during such fiscal year under subsection (b)(2) and the disbursements of funds authorized pursuant to the exceptions in subsections (c)(2) and (e) and

''(2) promptly after the end of such fiscal year, transmit to Congress a report containing a list of the contracts covered by such waivers and exception together with a brief description of the performance of each such contract to the maximum extent feasible outside the United States.''.

(2) CLERICAL AMENDMENT.—The table of sections in section 1(b) of such Act is amended by adding at the end the following new item:

''Sec. 42. Limitations on off-shore performance of contracts.''.

(b) INAPPLICABILITY TO STATES DURING FIRST TWO FISCAL YEARS.—Section 42(c) of the Office of Federal Procurement Policy Act (as added by subsection (a)) shall not apply to disbursements of funds to a State during the fiscal year in which this Act is enacted and the next fiscal year.

SEC. 502. REPEAL OF SUPERSEDED LAW.

Section 647 of the Transportation, Treasury, and Independent Agencies Appropriations Act, 2004 (division F of Public Law 108–199) is amended by striking subsection (e).

SEC. 503. EFFECTIVE DATE AND APPLICABILITY.

This title and the amendments made by this title shall take effect 30 days after the date of the enactment of this Act and, subject to subsection (b) of section 501, shall apply with respect to new contracts entered into on or after such date.

AMENDMENT NO. 2680, AS MODIFIED, TO AMENDMENT NO. 2660

The PRESIDING OFFICER. Under the previous order, the McConnell second-degree amendment is modified with the changes at the desk, and it is agreed to.

The amendment (No. 2680), as modified, was agreed to, as follows:

On page 7, strike lines 10 through 14 and insert the following:

(a) This title and the amendments made by this title shall take effect 30 days after the Secretary of Commerce certifies that the amendments made by this title will not result in the loss of more jobs than it will protect and will not cause harm to the U.S. economy. The initial certification shall be made by the Secretary of Commerce no later than 90 (ninety) days after the enactment of this Act. Such certification must be renewed on or before January 1 of each year in order for the amendments made by this title to be in effect for that year.

(b) Consistency with International Agreements. The provisions of this title shall not apply to the extent that they may be inconsistent with obligations under international agreements. Within 90 days of this legislation, OMB, in consultation with the office of the USTR, shall develop guidelines for the implementation of this provision.

The PRESIDING OFFICER. The Senator from Wyoming.

AMENDMENT NO. 2685 TO AMENDMENT NO. 2660, AS MODIFIED AND AMENDED

Mr. THOMAS. I send an amendment to the desk on behalf of Senator MCCAIN.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Wyoming [Mr. THOMAS], for Mr. MCCAIN, for himself and Mr. WARNER, proposes an amendment numbered 2685 to amendment No. 2660, as modified and amended.

The amendment is as follows:

(Purpose: To protect United States workers from competition of foreign workforces for performance of Federal and State contracts)

On page 5, insert after line 16 the following:

(e) NATIONAL SECURITY EXEMPTION.—Subsection (b) shall not apply to any procurement for national security purposes entered into by:

(1) the Department of Defense or any agency or entity thereof;

(2) the Department of the Army, the Department of the Navy, the Department of the Air Force, or any agency or entity of any of the military departments;

(3) the Department of Homeland Security;

(4) the Department of Energy or any agency or entity thereof, with respect to the national security programs of that Department; or

(5) any element of the intelligence community.

The PRESIDING OFFICER. Under the order, the amendment is agreed to.

The amendment (No. 2685) was agreed to.

Mr. DODD. Madam President, what is the order now?

Mr. THOMAS. The time will be equally divided now, as I understand.

Mr. DODD. How much time do we have?

Mr. THOMAS. Until 4 o'clock.

The PRESIDING OFFICER. The time is evenly divided until 4 o'clock.

Mr. DODD. Let me take a couple of minutes and, first, explain what has transpired in the last number of seconds. It is rather a quick action on a number of hours of discussion.

First, let me thank Senator MCCAIN and Senator MCCONNELL for their willingness to work on some language. I thank the leader, Senator DASCHLE. Senator BAUCUS, of course, has worked tirelessly, and Senator GRASSLEY, the chairman of the Finance Committee, and many others have been involved in their comments.

This is a significant breakthrough occurring with the adoption, I hope we will have now, of my amendment. It says you should not be using Federal taxpayer money to subsidize the outsourcing of jobs.

The McCain amendment is something we fundamentally agreed to in the underlying amendment, but it reinforces the notion that certainly, when national security issues are involved and there is a conclusion that we, in effect, have a waiver or have an exception with that being involved, certainly we are not suggesting there should not be the outsourcing of a job if national security is in jeopardy. That was not the intention. The adoption of the McCain amendment reinforces that idea. We incorporated it anyway.

I am grateful to Senator MCCAIN and Senator WARNER who talked about that issue. There was no disagreement, even with the initial proposal I made on that issue. So we accept. It strengthens the issue for those who were concerned this may have been a vulnerability. We welcome that addition.

The language with Senator MCCONNELL, which we worked on as well, invites the Secretary of Commerce, within 90 days of the passage of the legislation, to certify that in fact there are no job losses in the country occurring as a result of outsourcing.

So we look forward to their involvement in furthering discussion.

But we have for the first time established at least one principle and that is we believe, generally speaking with some exceptions, we ought not, with Federal taxpayer money, be subsidizing the outsourcing of jobs that could be done here at home. This is a significant accomplishment if it is adopted in the coming minutes before the conclusion of this debate.

I welcome the participation of all. I think all of us are concerned. We read about a continuing flow, accelerated flow of jobs going offshore, particularly nations that do not recognize our right to compete for government procurement. We exempted 28 countries with which we have reciprocal arrangements. So when the argument was made earlier in the day by one of our colleagues that this amendment was somehow going to jeopardize American jobs in the United States for people who are working for foreign corporations located here, the fact is, most of those foreign corporations, the overwhelming majority of them, come from the 28 countries, many of which are among the European nations and Pacific rim countries, to the exclusion of Japan, with which we have reciprocal arrangements on procurement. So those nations were excluded.

We are focusing our attention on where some of the major outsourcing is going where you don't have those kinds of protections, where the level playing field does not exist in our country for our ability to compete for jobs.

For those of us who support fair and free trade, we want those options to exist. They don't today in too many places. This legislation is designed to try to address part of that.

There are other issues we need to talk about, but this is one significant piece, we think, of that puzzle. With that in mind, I am happy to yield the floor and listen to others who may want to discuss this before we actually vote on the Dodd amendment in a few minutes.

But I, again, thank all of those involved who made it possible for us to achieve what I think is a good result and one that will invite further involvement. Needless to say, in the months ahead if we find out there has been a lot more erosion in this area, we may have other ideas to address this issue, but for the time being we think this is a major step forward.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. THOMAS. Madam President, let me say, first, I am pleased we are able to move forward. We are working on a bill that has to do with trade, one in which we are under the pressure from the WTO to get finished in a certain length of time or it is going to be very expensive. So I am glad we are moving forward. I thank the Senator from Connecticut for working to find an agreement to get this moving forward.

We all care about lost jobs. Certainly the administration cares deeply about jobs, despite some of the remarks that have been made on the floor. Losing a job is painful. It is an awful experience. Jobs are the foundation of the American dream. Jobs give people dignity and the hope of a better tomorrow.

It is true jobs are how people provide for their families and for their children, for education, and the well-being of their loved ones. This President cares deeply about jobs.

Economic growth is, of course, the answer. The question is, How do we create more jobs? The answer is clear. We need a growing economy. A growing and expanding economy is the key to more jobs. That is why the President's tax cuts are so important. They have made the American economy much stronger. The economy is now growing and expanding. We have had a GDP growth rate of 8.2 in the third quarter of last year, 4.1 in the fourth quarter, and 3.1 for 2003.

Job training and job skills are key. We are living in a dynamic economy, and that is good. It creates higher wages and higher standards of living. But it also requires us to make sure people have the opportunity to learn new skills and upgrade existing skills.

The key to a good job is training and skill. The President is focused on that. He understands the linkage between job training, job skills, and jobs of the future. That is why he has proposed his jobs for the 21st century initiative and focused so much attention on community colleges and education in general, because training and skill development are the pathway to jobs in the future.

That is also why the President supported the expansion of the Trade Adjustment Assistance in 2002; the trade act tripled the levels of before.

Americans can compete with anyone when we have a level playing field. Despite what some of our critics are saying, economic isolation is not the answer. Only 5 percent of the global population lives in the U.S. That means that 95 percent of our potential market is outside the U.S.

We need to stay engaged with the rest of the world. We need those markets opened to our farmers, our service industry and our manufacturers. We have the best workforce in the world, the most innovative businesses and the most competitive companies. We can compete with anybody when markets are opened and we have a level playing field. In the service industry alone, more than 108 million Americans have good-paying jobs. The service industry's share of GDP has grown to about 64 percent. The service sector employs 80 percent of Americans, and, over the past two decades, has added almost 40 million employees across the full range of services. On average, these service jobs pay wages on par with those in the manufacturing sector, and wages for service jobs have increased at a faster rate than wages for manufacturing jobs. Many of those services are exported. We have a big services trade surplus. We sell to the world our movies, our music, our software, the products of our architects and our engineers, our consulting services, our insurance products, our teachers and trainers, and our telecommunications services.

We will only grow our economy by expanding the opportunities of our world-class service workers to sell their services to the world. We must say ''no'' to economic isolation.

What goes around comes around. We should be concerned about retaliation. Foreign investors employed 6.4 million Americans in 2001, including one in eight U.S. manufacturing workers. Thousands of auto workers in Ohio and South Carolina, or financial services workers in New York or California, or the guy repairing your car at the BP Amoco station, have jobs that depend on our market being open to foreign investors. Most of these workers earn considerably above the average U.S.

manufacturing wage. We need to be deeply concerned about those Americans who lose a job, any job. But if our answer is to put up walls around America, we run the risk that tens of millions of Americans will be hurt.

We are moving forward by strengthening this amendment and strengthening this bill. It is one that we need to finish. We need to understand there is a movement of billions of dollars a day around this world. Sometimes it is difficult, but it is the way it is. We can compete. We have the most effective economy in the world. We have the most efficient workers in the world.

I am pleased we can now go forward and get on with this task that is before us so we can begin to do the things we need to do in terms of fair trade.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oklahoma.

ASBESTOS LITIGATION

Mr. INHOFE. Madam President, I applaud the Senator from Wyoming for recognizing what we need to do for jobs in this country. That is the very thing that turns this economy around.

I say to my good friend from Connecticut that it was not a Republican idea; it was a Democratic idea when John Kennedy said the way to increase revenues is to reduce marginal tax rates. That works. That is what is happening now. With this President having inherited a recession which started back in March of 2000, we are now pulling out of it, and we are going to see a dramatic improvement.

I have been listening to this talk on job loss and sending jobs overseas. I know my colleagues, Senators HATCH and BOND have spoken about the impact of asbestos litigation on our economy and the need to pass S. 1125 this year.

I want to reiterate the enormous loss of jobs our country will suffer and the impact on economic growth if something is not done to resolve this problem.

I also want to note a press release from the EPA that says on February 25, several members of Topor Contracting, a demolition and asbestos abatement business in Buffalo, NY, along with the owner of Payco, a predemolition asbestos firm in New York, pled guilty to State charges after their firms were involved in the demolition of two buildings in Buffalo, NY. They were charged with falsely stating that asbestos had been removed from the work area.

If asbestos is not removed before demolition begins, those working in the area are susceptible to asbestos exposure. We know, when inhaled, asbestos can cause such fatal illnesses as lung cancer and mesothelioma.

In another, related civil case, the owners of Topor and Payco were permanently barred from conducting asbestos abatement work in New York State.

The New York Area Office of EPA's Criminal Investigation Division, the State of New York and the FBI are appropriately investigating this case.

This example shows that asbestos can be controlled appropriately under reasonable law and legal procedures—making excessive lawsuits all the more outrageous.

The U.S. Supreme Court has called asbestos litigation an ''elephantine mass . . . that defies customary judicial administration and calls for national legislation.''

Senior U.S. District Judge Jack Weinstein has cautioned:

> If the acceleration of asbestos lawsuits continues unaddressed, it is not impossible that every company with even a remote connection to asbestos may be driven into bankruptcy.

Many newspapers and publications have also commented on this crisis and its affects.

The Hartford Courant has said:

> Congress must not let this opportunity pass. The alternative is more chaos, in which additional companies are driven into bankruptcy, thousands of workers lose their jobs and those who suffer from asbestos-related illnesses often wait many years for payments.

Georgia Pacific is a company headquartered in Atlanta, and is one of the world's leading manufacturers of tissue, packaging, paper, building products, pulp, and related chemicals. It sells more than $23 billion in products annually and employs about 61,000 people at 400 locations in North America and Europe. It operates three facilities in Oklahoma, including a building products distribution center in Tulsa and a tissue and a paper production plant in Muskogee. It employs more than 1,600 people in Oklahoma. Its operations generate about $76 million in taxable wages each year in Oklahoma alone.

Before 1977, the company manufactured gypsum products, which contained asbestos fibers. Since that year, it has not used asbestos in any of its products.

Over time, the company as a whole has paid about $629 million to settle over 313,000 asbestos claims. A large portion of these payouts goes to attorneys and to many who aren't actually sick. In fact, about 60 percent of its asbestos claims have been paid to lawyers. Another 20 percent has been paid to people who were not sick. The remaining 20 percent was actually paid to sick people. At the end of 2003, it had over 64,000 pending claims nationally and its payments extended into 2013.

Just yesterday I met with another nationwide company, McDermott International, whose power generation division, Babcock and Wilcox has filed for Chapter 11 bankruptcy. In the end, the company and its insurers will pay over $1.6 billion to claimants and lawyers.

Other companies filing for bankruptcy include Weyerhauser—a national paper product manufacturing company with facilities in Oklahoma, Bethlehem Steel, Harbison Walker, North American Refractories, Owens Corning, W.R. Grace & Co., U.S. Gypsum Co., Kaiser Aluminum, and Halliburton's DII Industries unit.

Overall, asbestos litigation has already forced at least 70 companies into bankruptcy—causing the loss of many jobs. According to a report by Joseph Stiglitz in 2002, as many as 60,000 jobs have been lost due to asbestos-related bankruptcies. Employees of these bankrupt companies have seen their 401k's drop by an average of 25 percent.

According to a 2002 report from the RAND Institute for Civil Justice—a bipartisan group—in 1982, litigation cost American businesses $1 billion; in 2000, the total cost of litigation rose to $54 billion; in 2002, litigation costs jumped to over $70 billion.

Forty-seven States—Hawaii, Rhode Island and North Dakota are the only States that do not have a facility affected by asbestos bankruptcy—have at least one facility affected by asbestos bankruptcy.

Workers displaced by asbestos bankruptcies have lost $25,000 to $50,000 in wages.

For every 10 jobs lost in asbestos bankruptcy, a community will lose as many as eight additional jobs. If we do not enact legislation this year, economic growth could be reduced by $2.4 billion per year which could prevent 800,000 jobs from being created and a loss of $64 billion in economic growth over a 27-year period. It could cost businesses up to $210 billion to respond to 500,000 to 2.4 million asbestos claims.

This legislation will guarantee a fair and generous compensation for victims—those are the ones who are really hurt—and will replace the unpredictable court costs with certainty for victims and businesses. It will provide contingent money if the fund runs short or provide money upfront to get the fund running. It protects the claims if the fund runs dry, and it uses no taxpayers' money.

I am not optimistic we will get it passed. There will have to be a wake-up call. Look at what happened a week or so ago. We had the Health for Mothers and Babies Access to Care Act. It was supposed to help get the money to the mothers and babies who need it so much. Trial lawyers won that in the Senate. They got amendments in there that totally destroyed what we were trying to do.

The gun liability bill last week. Standing right next to me was the Senator from Idaho, Senator LARRY CRAIG, who has been a hero in this area trying to do something to protect the second amendment rights and to have some type of legislation that would have an effect on reducing the magnitude of lawsuits against gun manufacturers or distributors and in many other areas. With the amendments the trial lawyers were able to get in to protect trial lawyers, it ended up being killed by the very people who introduced it.

I am hoping there has been a wake-up call and this will not happen in the

case of S. 1125 and we will be able to get this thing passed this year. Every month that goes by, every week that goes by, there are more and more lawsuits. Keep in mind, 60 percent of the money has gone to lawyers and 20 percent has gone to people who have not sustained any types of injuries themselves.

With that, I encourage my colleagues to pass S. 1125 as soon as possible.

I yield the floor.

Mr. DODD. Madam President, I comment briefly again on the pending matter while he is still in the Senate. I say to the Senator from Oklahoma regarding the asbestos legislation, something I have been involved in for a number of years, as late as last evening I met with asbestos study group people. The insurance industry is deeply involved, as is organized labor, relating to a large extent to some of the victims of exposure to asbestos. I am very hopeful, still hopeful we can reach a conclusion.

There are some 700,000 pending cases. I don't know if the Senator mentioned that number specifically, but it is a staggering number of cases. Some 60,000 or 70,000 new cases are being filed each year of people claiming harm and injury as a result of exposure to asbestos. There have been at least 70 bankruptcies declared by businesses directly related to the exposure of people who have been exposed to asbestos, and claims filed against them. There is a danger of many more occurring.

This is a matter that does cry out for solution. We think we have a potential solution, not that anything is perfect, but there have been a lot of people working on this over the last number of months, most intensely the last year or so. I thank Senator FRIST, the majority leader of the Senate, and his staff, for working very hard along with Senator HATCH. Senator LEAHY has been terrific. TOM DASCHLE, the Democratic leader, has made strong commitments and is interested in seeing a bill we can support.

It is almost like a three-legged stool. We will have to reach an agreement between the manufacturers, the insurance industry, which will end up paying the lion's share of this, and the victims themselves or groups that represent them. No one wants a situation where we try to come up with a solution that would take the matter out of the courts, having medical criteria established so people who are really sick will get the help, and those who are not sick obviously would not be able to take advantage of this. But we do not want, at the end of the day, a Johns Manville situation, a resolution of people who have been exposed to products of Johns Manville Corporation where ultimately the amount of money set aside results in 5 cents on the dollar for victims. No one wants to see that happen at the end of the day.

The medical criteria question has been resolved. Thanks to Senator SPECTER of Pennsylvania and work he has done, the administration of how this would work has largely been agreed to by all the major three groups, the people involved. We are still some distance apart on what the final amount of money ought to be to put in a fund that would adequately provide for those who would meet the medical criteria laid out in the legislation.

If people are committed to this, we can get this done. While there may be a lot of bills around here people want to take credit for, as being major accomplishments, I cannot think of anything more important as an economic message than to come up with a good resolution of the asbestos problem.

I commend my colleague from Oklahoma for coming to the Senate and talking about this.

Mr. INHOFE. Let me respond briefly. I did mention the Hartford Courier newspaper that has been aggressive. I knew the Senator was aware of this and actively concerned because his State of Connecticut, which probably is suffering, is in the top three or four States in the United States with problems.

I suggest there is a fourth leg of the stool and that is for trial lawyers to get this work out.

Mr. DODD. Obviously, they have a strong interest in this.

We will try to take something out of the court system and come up with an answer that would not involve—although we would not necessarily eliminate that, at the end of the day if the fund was inadequate, you could go back. But the idea would be to get compensation to victims, give some finality and certainty to everyone.

The danger for businesses and the industry is they want certainty. Tell me what I owe, what we have to do so we can move on.

My hope is in the coming weeks we can solve that matter.

I thank the Senator from Oklahoma.

AMENDMENT NO. 2660

If I can come back to the matter before us, I thank Senator DASCHLE, the Democratic leader, on the asbestos issue, and Senator LEAHY, among others, along with Senator FRIST and Senator HATCH, who really have been doing a tremendous job in keeping everyone at the table to work at that issue. I thank several other people for their work on this proposal dealing with the outsourcing of American jobs.

Again, this is a major achievement. We never have done something like this before, but this Congress and this body is stepping to the plate and saying this continuing erosion of jobs in this country is something the Federal Government, anyway, will be far more diligent about than we have been.

I thank Senator BAUCUS and Senator GRASSLEY, the floor leaders of the Finance Committee, which has jurisdiction of the underlying bill. I particularly thank Senator BAUCUS for his support of the underlying Dodd amendment yesterday. I am very grateful to him for expressing that support and Senator GRASSLEY indicating, as well, his support. I thank Senator COLEMAN, who wanted to be a cosponsor of the bill very early. I thank him for that. I thank Senator HARRY REID of Nevada, who is tireless in his participation on these matters all the time. He has been very helpful over the last several days, along with his staff, in getting this resolved. Senator CORZINE of New Jersey spoke yesterday about this bill; Senator KENNEDY of Massachusetts, who spoke with such great passion about the issue of jobs and what is happening to American workers and their families; Senator DURBIN of Illinois, who is always eloquent on these matters; Senator STABENOW, from Michigan, who spoke very directly about conditions in her own State and what happens with job loss. Senator BOXER of California spent some time here yesterday talking about conditions in California and specifically in the agricultural sector which she cares deeply about, in watching Federal tax dollars being used to purchase agricultural products outside of the United States, thus causing job loss. She made that point very strongly yesterday and I commend her for it; Senator DORGAN of North Dakota, as well, for his remarks in support of this proposal; others who were cosponsors, including Senator MIKULSKI, who supported the legislation. I thank her for backing this proposal, as well.

Again, this was a very positive step. I am hoping the bill will be adopted. We will have a vote on it.

For those who think outsourcing is a good thing, then you ought to vote against this amendment. I would like your vote, but if you think outsourcing jobs in the United States with Federal taxpayer money is something we ought to continue to pursue, then you will have an opportunity to vote against this amendment. If that is an honest reflection of your views, then you ought to express them accordingly. If you feel as I and others do that we ought to be sending a message using ourselves as an example and a model and saying we ought to be trying to do better, and that is when it comes to Federal dollars here, we ought to be doing everything we can to encourage the employment of people in the United States, for a lot of reasons, not the least of which is that you cannot continually erode the human capital in this country and expect to reconstitute it during moments of crisis or need.

If we continually erode the human capital elements and destroy, in the process, a manufacturing base, which is occurring at an incredible rate of speed—as I pointed out earlier yesterday and today, some 2.8 million jobs have been lost in the last 36 months in the manufacturing sector alone—as those jobs leave, the ability to come back and reconstitute them in a way that we may find absolutely necessary, not only for the production of domestic products for sale at home and globally, but also in the manufacture of critical components of our defense structures—

very shortly we could find ourselves in this century ill-prepared to meet new challenges.

So there are a lot of good reasons we ought to be concerned, not the least of which is what happens to these families when they painfully discover their job has been lost, and someone, at a fraction of their wage or salary, has been hired merely because it looks better, because it increases profitability on a quarter-to-quarter basis. We ought to be thinking in the longer term. In my view, we ought to be thinking about the coming generation and what kind of country we will leave.

So while I respect the business decisions that are made to outsource—although I disagree with many of them, I understand them—I hope business understands, for those of us in the public sector who have a broader responsibility—not just to those who are engaged in the business and their bottom line but to those who work for them as well—that we are going to try to do what we can to discourage the outsourcing of jobs where it is not necessary either for the national security needs of the Nation or because you cannot acquire these products anywhere in the United States. Certainly, we provide for exceptions in the legislation to cover those circumstances.

So, again, I think this is a major step forward. And I will be looking forward to how the administration reacts.

Let me also point out I will come back to another item in a minute as to a comment made by Senator INHOFE, but I hope the Dodd amendment will be voted on favorably.

Madam President, I do not know if the yeas and nays have been asked for on the Dodd amendment.

The PRESIDING OFFICER. They have not.

Mr. DODD. I ask for the yeas and nays on the Dodd amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

Mr. DODD. I thank the Chair.

Madam President, let me just say, if I may—and I will be glad to yield the floor after this—according to the official arbiters of the economy, the National Bureau of Economic Research, the recession that we are still in, to some extent—although we seem to be coming out of it—began in March of 2001, not in the first quarter of 2000. And I know my friend from Oklahoma made the point that the recession began in the last year of the Clinton administration, when, in fact, the objective observers about when the recession actually began say it was in March of 2001, a year later.

With that, Madam President, I am happy to yield the floor.

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. THOMAS. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

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

The PRESIDING OFFICER. All time has expired. The question is on agreeing to amendment No. 2660, as modified, as amended.

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 Louisiana (Mr. BREAUX), the Senator from North Carolina (Mr. EDWARDS), the Senator from South Dakota (Mr. JOHNSON), and the Senator from Massachusetts (Mr. KERRY) are necessarily absent.

I further announce that, if present and voting, the Senator from Massachusetts (Mr. KERRY) would vote ''yea.''

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 70, nays 26, as follows:

[Rollcall Vote No. 32 Leg.]

YEAS—70

Akaka	Dorgan	Mikulski
Allen	Durbin	Miller
Baucus	Ensign	Murkowski
Bayh	Feingold	Murray
Biden	Feinstein	Nelson (FL)
Bingaman	Frist	Nelson (NE)
Bond	Graham (FL)	Pryor
Boxer	Graham (SC)	Reed
Bunning	Grassley	Reid
Byrd	Harkin	Rockefeller
Cantwell	Hollings	Santorum
Carper	Hutchison	Sarbanes
Chafee	Inhofe	Schumer
Clinton	Inouye	Sessions
Coleman	Jeffords	Shelby
Collins	Kennedy	Smith
Conrad	Kohl	Snowe
Corzine	Landrieu	Specter
Daschle	Lautenberg	Stabenow
Dayton	Leahy	Talent
DeWine	Levin	Voinovich
Dodd	Lieberman	Wyden
Dole	Lincoln	
Domenici	McConnell	

NAYS—26

Alexander	Craig	Lugar
Allard	Crapo	McCain
Bennett	Enzi	Nickles
Brownback	Fitzgerald	Roberts
Burns	Gregg	Stevens
Campbell	Hagel	Sununu
Chambliss	Hatch	Thomas
Cochran	Kyl	Warner
Cornyn	Lott	

NOT VOTING—4

Breaux	Johnson
Edwards	Kerry

The amendment (No. 2660) was agreed to.

Mr. GRASSLEY. Madam President, I move to reconsider the vote.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

CONGRATULATIONS TO SENATOR INOUYE

Mr. STEVENS. Madam President, I would like the Senate to join my good friend from Hawaii in celebrating this day. Today is Senator INOUYE's 15,036th day in the Senate. That makes him the fifth longest serving Senator in the history of the United States. He has passed the record set by Senator John Stennis, who was previously the fifth longest serving Senator.

Senator INOUYE was sworn in as a U.S. Senator on January 3, 1963. Since that time he has cast 13,844 votes. Only four Members in history have cast more votes.

During his Senate career, he has served with 355 of the 1,875 Senators who have been Members of this body. This means he has served with approximately 20 percent of all Senators in U.S. history. I count myself lucky to be one of the many Senators who continue to have the privilege to work alongside my good friend from Hawaii, Senator INOUYE.

Congratulations, Senator.

(Applause, Senators rising.)

The PRESIDING OFFICER. The Democratic leader.

Mr. DASCHLE. Madam President, I join my colleague from Alaska and all of our colleagues in congratulating our special colleague, Senator INOUYE. It is not just the quantity of days he has served that makes him unique and special; it is the quality of the days he has served.

Over these years, he has provided remarkable leadership not only for his State but for his country. He has inspired us and he has provided remarkable demonstrations of commitment to his country and commitments to his people in Hawaii.

I was in ninth grade when Senator INOUYE was elected to the Senate. I look back at all of those years since being in ninth grade, and I can only imagine what it must seem to him having served this number of years in the Senate. We wish him many more.

I always admire Senators with longevity, but it is no secret why Senator INOUYE has experienced his longevity. It is his respect, amazing dedication, and the extraordinary and remarkable way with which he conducts himself in public life that has earned him respect on both sides of the aisle. Senator INOUYE, we congratulate you, we thank you, and we are honored to serve with you.

I yield the floor.

Mr. AKAKA. Madam President, I wish to join my colleagues in offering my congratulations to my friend and colleague, Hawaii's senior Senator and statesman, DAN INOUYE, as he marks his 15,036th day of service in the Senate and becomes the fifth longest serving Senator in the history of our Republic.

I am proud to serve alongside a true patriot and American hero, and to offer a few words recognizing his many contributions and commitment to public service. The people of Hawaii and our great Nation appreciate the leadership and direction he has provided, leadership which has bettered and strengthened our country. The scope of his contributions is matched only by his continued strong and effective leadership