

something about this. Again, there are so many ways that we can get better health care, better housing, better nutrition at a lower cost. But we are going to have to come together as a Congress, as the American people, and find smarter, better ways to run a number of these programs.

We cannot simply measure compassion by the number of government checks that are written. True compassion is empowering people. True compassion is creating new jobs so that the American people can fund their housing program, their nutritional program, their education program.

Madam Speaker, it is not a debate, again, about how much money we are going to spend on these worthy goals, but it is a debate about who is going to do the spending. Democrats clearly want the government and government bureaucrats to do the spending. We want American families to do the spending, and that is the difference. It is really two different visions about the future of America. One wants more government and less freedom. Our vision is one of less government and more freedom and greater opportunity throughout this land, Madam Speaker.

So I think it is going to be a very important debate that takes place in the weeks to come. But, again, in order to avoid the future of either passing debt on to our children or doubling taxes on the American people, there is only one alternative, and that is to come together and reform these out-of-control programs before we leave the next generation a lower standard of living than we enjoy. That is unconscionable, Madam Speaker, and there can be a better, better future for all of our children if we will work together and reform out-of-control spending.

THE POOR, THE MIDDLE CLASS, AND THE WEALTHY

The SPEAKER pro tempore (Miss MCMORRIS). Under the Speaker's announced policy of January 4, 2005, the gentleman from Vermont (Mr. SANDERS) is recognized for 60 minutes.

Mr. SANDERS. Madam Speaker, let me begin by suggesting that as the only Independent in the House of Representatives, my view of things is a little bit different than my Republican friend; in fact, some of my Democrat colleagues.

When I look out in America today, what I see that is important are not just statistics, but what is going on in the real lives of real people, of what is going on in the middle class in America, the vast majority of our people, what is going on in our communities. And in a broad sense, when I look at America today, I see an economic reality which includes the shrinking of the middle class, the reality that ordinary people in my State of Vermont and all over this country are working longer hours for lower wages. I look out at a time when in family after family it is absolutely necessary for two

breadwinners to be working in order to pay the bills and often at the end of the week have less disposable income than a one-income family had 30 years ago.

So I look out and I see that despite a huge increase in worker productivity, a huge explosion in technology, which makes us a much more productive society, that at the end of the day, despite all of that, the middle class is shrinking.

And when I look out in my State and I look throughout this country, I see another phenomenon, and that is that poverty is increasing; that in the last 5 years alone, since George W. Bush has been President, over 5 million more Americans have entered the ranks of the poor. And when I look at what is happening in America today with the middle class shrinking, with poverty increasing, I see another reality, a reality, in fact, that is not talked about terribly much on the floor of this House or, in fact, in the corporate-owned media, and that is that the wealthiest people in America today have never had it so good. Poverty increasing, the middle class shrinking, and people on the top doing phenomenally well.

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That is the economic reality of America today.

Madam Speaker, since President Bush took office, the average annual household family income has declined by \$2,500, approximately 4.8 percent. Furthermore, earnings also declined last year. This decrease in earnings was the largest 1-year decline in 14 years for men, but women also saw a decline in income. So what we are seeing in America, despite all of the rhetoric, all of the statistics being thrown around, is that people are not keeping up with inflation.

Madam Speaker, a recent income analysis by the IRS showed that in 2003, the last year that they studied, only those Americans in the top 1 percent saw an increase in their income above inflation; and amazingly enough, it was not just the top 1 percent that did well. It was the top one-tenth of 1 percent that really made the increased income. Meanwhile, while the top 1 percent in 2003 was the only group to earn more money above inflation, 99 percent of the American people were unable to earn enough income to keep up with inflation. In fact, the IRS data shows us that the wealthiest one-tenth of 1 percent earned more income than the bottom one-third of American taxpayers.

So what we are seeing in our country today is a decline of the middle class, an increase in poverty, and a growing gap between the rich and the poor. In fact, with the exception of Russia and Mexico, the United States today has the greatest gap between the rich and the poor of any major country on Earth, and that gap today is substantially wider than it was at any time since the 1920s in this country.

When we talk about the growing gap between the rich and the poor, when we talk about increase in wealth among the very wealthiest people in our country, it is rather incredible to understand that the richest 400 Americans, the wealthiest 400 Americans, are now worth \$1.1 trillion. Madam Speaker, that incredible amount of money among 400 families equals the annual income of over 45 percent of the entire world's population, or 2.5 billion people. On the one hand, 400 families have more wealth than is the income of 2.5 billion people in this world.

In 2004, when we talk about the growing gap between the rich and the poor, what we see is that in 2004 the President of the United States said, yes, we have a serious problem here. What is the answer?

Well, the answer is that in 2004, American families making more than \$1 million a year received tax cuts averaging \$123,000 a year. So we have a situation where the gap between the rich and the poor is growing wider, where the wealth of the upper-income people, the wealthiest people in this country, is getting bigger; and this White House and Republican leadership responds by giving those particular people huge tax breaks.

Madam Speaker, when we talk about what is going on in America, it is important to recognize that in 1980, the average pay of the CEOs of the largest corporations in America was 41 times larger than that of what blue collar workers then earned. By 2004, the average pay of those CEOs increased to 431 times larger. So in 2004 we have a situation where the CEOs of the largest corporations in America are now earning over 400 times what blue collar workers in this country are earning.

Is that what America is supposed to be about? Are we supposed to be a country in which the wealthiest 1 percent own more wealth than the bottom 90 percent, where the richest 13,000 families earn more income than the bottom 20 million families, where the people on top are able to use their wealth to make enormous political contributions that shape policy that benefits them, that the wealthiest people are able to own the media which describes reality for ordinary people in a way that benefits them? Is that what America is supposed to be about? I think not.

Madam Speaker, I am delighted that I have been joined by a very good friend of mine, in my view one of the outstanding Members of the United States Congress, a leader, fighting for the middle class, fighting for our environment, the gentleman from Oregon (Mr. DEFAZIO).

Mr. DEFAZIO. Madam Speaker, I thank the gentleman for yielding and appreciate being here tonight to talk about this important topic.

It was interesting, I watched a little bit of the hour before with the gentleman from Texas and others, and they were prattling on about the reckless spending of the Democrats. What

they forget is that the last time the budget was balanced, there was a Democrat sitting in the White House. The last time we began to tax the rich fairly, to bring about a balanced budget, there was a Democrat in the White House and the Democrats controlled Congress. Yet they talk about the reckless spending of the Democrats.

The debt when George Bush took office was about \$18,000 per American, the tiniest baby, oldest senior citizen, \$5.6 trillion. In 5 short years, he has run the debt up to over \$8 trillion, almost \$27,000 per person on the President's watch. Yet they prattled on about the Democrats' reckless spending.

But what they are really trying to cover up here is their favoritism for a very small percentage of society, and the gentleman from Vermont was just talking about it. This is IRS data. Under the Bush administration, the IRS being steadily politicized by this President, still, the data shows that one-tenth of 1 percent of the people in this country, those who earn over \$1.3 million a year, got an average income increase last year of \$130,000, a dream to most of my constituents, to earn \$130,000, principally due to tax cuts.

Here is what we are doing: collecting from working people, only people who earn salaries and wages who earn less than \$94,000 a year paying Social Security taxes. They are paying on every dollar they earn, up to \$94,000. Social Security will have a \$180 billion surplus this year. The Republicans and the Republican President are borrowing every penny of that \$180 billion surplus that is supposed to go to fund future retirement benefits for those Americans. They are borrowing it and they are spending it and they are replacing it with IOUs.

In part, and this is the ironic thing, in part, as the gentleman knows, that is going to finance tax cuts for the wealthiest among us, people who do not pay Social Security taxes, or pay at a tiny fraction of the rate. A person who earns, let us say \$940,000 a year, their Social Security tax rate is one-tenth of that of someone who earns \$30,000 a year. And many of them, since this administration values wealth over work, many people do not pay any Social Security tax, because they just live off their investments. Yet this administration says they need relief from taxes.

When they talk about the working people, they are not talking about giving tax relief to working families or help to working families. They today, and for the last week, have been talking about cutting student loans by \$15 billion, cutting Medicare for senior citizens, Medicaid for senior citizens and the poorest of Americans, cutting food security, cutting foster care from the Federal Government, cutting all those programs under the guise of new-found fiscal responsibility on the part of the Congress, which is spending us into bankruptcy. And what are they

going to do with it? They are going to finance more tax cuts for the wealthy, because they think what America needs is more trickle-down economics: give the money to the wealthiest among us and they will spend it in ways that will put other Americans to work.

Well, what if they spend it overseas? What if they invest it overseas, as more and more companies flee overseas? That does not put any Americans to work. The guy who runs Delphi auto parts has an answer for that. People are just going to have to take a little pay cut. He says Americans who work in these industries who are earning now good family wages should work for \$10 an hour. I do not know what Mr. CEO of Delphi earnings; I bet it is a little more. The average CEO earns in the first 12 hours of the year what working people under their tutelage and in their industries earn in 365 days of hard labor.

But this administration values wealth over work, trickle-down economics over investments in our future, in education, in our kids, in health care and infrastructure above all. They are hollowing out America, and we should get to trade policy a little later to talk about that, they are hollowing out America, looting the Treasury, and they are getting ready to hand our kids and our grandkids the bill, a bill that they will have to pay on \$10 an hour in wages. Now, this is not all going to hold together.

Mr. SANDERS. Madam Speaker, I thank my friend for his comments. My friend mentioned the Delphi Corporation, which is in Michigan, I believe. I want to say a word about that. It is not in my district. Why is it important, what is happening there?

In general, and we will get to the whole trade issue, the whole globalization that has been pushed on this country by corporate America in order to make the wealthiest people and the large corporations richer while working people see a decline in their standard of living, we will get to that in a moment. But what this attack on the workers, unionized workers, UAW workers at the Delphi Corporation is about is something of huge national significance.

As the middle class declines, it is absolutely not uncommon, from Maine to California, that workers see some decline in their wages; workers are forced to pay more for their health care; workers are losing some or all of their pensions. That is going on all over this country as we move in a race to the bottom.

But what this Delphi Corporation business is about is something more. That is not a slow decline in our standard of living; that is a precipitous collapse in the standard of living of working people. What I fear very much is that what happened at Delphi, that particular concept can spread all over this country.

What happened at Delphi, which recently filed for bankruptcy, is that the

workers there had solid, middle-class incomes. They were doing well. They could send their kids to college; they had decent homes. They were making \$25 or \$30 an hour, solid, middle-class income.

The company files for bankruptcy, and what the CEO there says is you are not going to make \$25 an hour anymore; you are going to make \$10. You are going to go from the middle class to poverty, like that.

Then a fellow named Jerry Jasinowski, who is the president of the Manufacturing Institute at the National Association of Manufacturers, which, by the way, has been one of the leading forces in this country in pushing unfettered free trade and unfettered globalization on America, they push it on America, and then in responding to the attack on the workers at Delphi, this is what he says:

"From airline pilots to auto assembly workers, employees need to help reduce their costs. We can't afford to live with the very generous benefits we provided 10-15 years ago."

What he is saying in English is, if you are a working person, what is happening to the Delphi employees could happen to you, should happen to you. The rich get richer.

Last year the CEOs of major corporations earned a 54 percent increase in their compensation. The gap between the rich and the poor is growing wider, and what these people at the National Association of Manufacturers say is, hey, working people all over this country, tighten your belt.

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We are taking it away from you. You thought you were in the middle class. You thought you could provide an education to your kids, have decent health care, have some security. Forget it. We are in a race to the bottom, and there are workers in China who are making 30 cents an hour. How dare you think you could earn \$50,000 or \$60,000 a year? Not anymore.

I yield to the gentleman from Oregon.

Mr. DEFAZIO. Madam Speaker, the gentleman raises an excellent point. The other technique that Delphi and other major corporations are employing is they are also sticking it to the U.S. taxpayer, because Delphi also is going to walk away from its pension obligations.

Now, we have a pension insurance fund backed by the Federal Government called the PBGC. Under George Bush's watch, it has gone from having an \$8 billion surplus to an estimated \$200 billion deficit in 5 short years of George Bush's watch. That is the future obligations of pension plans they have assumed. United Airlines pension plan and now Delphi is going to try to dump theirs on them, and other airlines.

So these major U.S. corporations declare bankruptcy and dump the pension plans on the taxpayers. Workers see a

major reduction in pension, because they will not give you your promised pension; depending upon your age and what you were promised, you might get 30, 40 percent of what your pension was going to be. Ultimately the taxpayers are going to pick up the bill for this little maneuver as they take this company through.

Now, there are no future claims. This company goes through bankruptcy, re-emerges and is sold for a huge profit, but the Federal taxpayers have no recourse. They cannot reclaim any of that money.

I asked a fellow from the PBGC about this, about the airlines. I said, so, you have taken an equity position in United Airlines as part of this deal of assuming their pensions. Could you not have a claim against future profitability of the airline or against future stock value to make the taxpayers and the PBGC whole? And he got really puzzled for a moment and he looked and said, well, I guess we could do that. Never thought of doing that.

So this has become the new technique: dump the obligations, dump the health care plans, dump the pension plans, the health care plans of people who either fall into the cracks; or, if they are old enough, they can get into Medicare, which this administration is also driving toward bankruptcy. And I do not know if we will have a chance to get to that tonight, but that is another topic of extraordinary concern. And then they become, you know, recovery champions when they turn Delphi around and when the company becomes worth a whole heck of a lot more money, and some turnover specialists capitalize it to come out of bankruptcy and make a fortune on the company. That is the way it works now. That is not a long-term, sustainable plan for this country.

I think now, if we could, we might move a little bit into trade now. Tax policies are a huge portion of this. We already talked about that to some extent. The other thing that is driving down wages and benefits and the working standards, the living standards in this country, is trade. As the gentleman said, it is a race to the bottom. We are saying to the American workers, well, you have to live at the standard of a Chinese worker.

Well, I do not think that that is going to work real well in the system. I mean, we are a consumer-based society. Housing is pretty expensive, cars, fuel, all of these sorts of things. How are you going to live on 3 bucks an hour or a buck an hour, raise a family, have a home, have a place to live and do those sorts of things? It will not work. This model will not work.

But we are also losing our entire manufacturing base. The first automobiles manufactured in China are going to be reimported next January. So goodbye, auto industry, it is gone. And they were pretty honest about that. There was actually an article, 1 day before we voted on special trade

status for China, on the front page of the Wall Street Journal which said, this is the end of the manufacturing in America. It is all going to China. And Boeing, of course, wants to go, too. Then we will not make anything anymore. We will try and borrow money to buy things we used to make, but at some point they will probably stop lending us the money, or they will start demanding something in return that we are not going to want to pay.

Mr. SANDERS. If I might, let me just pick up on that point, because you are absolutely right. Let us be clear about what has happened here in the last 20 years.

Corporate America woke up one day and they said, hmm, why do we have to pay American workers American wages, provide health insurance, negotiate on occasion with unions, obey environmental laws, pay taxes in the United States of America? Why do we have to do that when you have billions of people in China, desperately poor people in Latin America, in other countries, who will work for us for almost nothing? Now, just because we, who are the heads of major corporations that grew grapes here in the United States because of American workers, who became profitable giants because of American consumers, well, we do not have to respect that. We do not owe any allegiance, in fact, to the United States of America. In fact, they say, we are not American corporations. Oh, yes, we are American corporations when we come to D.C. in order to get billions of dollars in corporate welfare from the American taxpayers. Oh, yes, we speak English well, and we are American corporations on those days. But on every other day, if we can throw American workers out on the street, move to China, hire desperate people there at 30 cents an hour, who go to jail if they try to form an independent union, who are breathing air that is highly polluted because the environmental standards are virtually nonexistent, we are international corporations. We are off and running.

And that was clearly what they had in mind at the very beginning of this whole debate on free trade, and that is, in fact, what they have done, and that is, in fact, what they are doing.

From their perspective, what globalization is about is telling an American worker, hey, shape up, fellow, because there are people over there who can work for 10 percent of what you are working for. And if you are not prepared to take cutbacks in health care, cutbacks in wages, give up your pension, we are picking up, we are going to China, and guess what? Because of permanent normal trade relations, which Congress passed, my goodness, they could bring those products back into this country without any tariff whatsoever. We do not need you anymore. So industry after industry, whether it is steel, whether it is furniture, whether it is textiles, whether it is footwear.

In fact, one of the interesting things, Christmas is coming soon, and during Christmastime people do an enormous amount of shopping, and they go to the stores and they look and they try to find products made in the United States of America, and they look and they look and they look. And as Mr. DEFAZIO mentioned, it is harder and harder to find products manufactured in America, because our corporations have essentially taken our manufacturing base and sent it to China.

As Mr. DEFAZIO indicated, this is really bad not just for the standard of living for American workers, it is very dangerous for the future of our country in a dozen different respects. How do you defend yourself as a nation in terms of national defense if you are not making products in this country anymore to be used by the military? How are you a great country when you are no longer producing real products, but are now engaged only in service industry-type work?

I yield to the gentleman.

Mr. DEFAZIO. Madam Speaker, I guess this is a little bit of a digression, but it is a case in point. I mean, there is this whole bizarre concept of free trade based on an economist who has been dead over 200 years that only the United States Government, under the tutelage of these multinational corporations is following, much to our detriment.

Our trade deficit this year is headed towards \$700 billion. That means we are borrowing almost \$2 billion a day from overseas, 40 percent of that from the Chinese, to buy things made in China and other countries that used to be made here. That is not a sustainable model. That ultimately undermines our standard of living. We are piling up huge overseas debts.

But even worse than that, and that is just all under these bizarre theories of free trade, the race to the bottom and all things are a result from that; we are not even really practicing what President Clinton and President Bush are so fond of calling rules-based trade. We are going to have rules. Well, there are rules. The rules say that the Chinese cannot pirate things. Guess what? The Chinese pirate millions of dollars a year worth of U.S. dollars.

The gentleman mentioned furniture. I have a little furniture manufacturer, a high-end furniture manufacturer, in my district. He called me up and said, I have a little trade problem. I thought, that is a little weird, but okay, and I went to visit. Well, it turns out the Chinese delegation came over to look at his plant, they liked his stuff, they offered him more money than he could ever imagine he would ever have to buy his company. The only condition was he had to unbolt all the machines and all the production lines, send 3 managers to China for 6 months, and then they would send him a 20 percent cut for the future. Of course, he would not have workers or a company anymore. He agonized, and he said no.

Well, the Chinese said, okay, fine. They went to Seattle and, from a furniture store there, bought a copy of everything he made, and the next year a Chinese Communist Government-subsidized company produced a clone of everything this company in Oregon makes and were selling it for 40 percent less at the furniture show. That has also happened to a high-tech company in my district.

My staff was in an extraordinary phone call with the Bush administration, the Commerce Department, saying, will you not help these companies fight the piracy? And they said, no, we will not do that. We are not interested. These are the people who cloak themselves with small business, except if the Chinese want to steal the small businesses, that is okay with us. We are not going to do anything about it, because it might upset some of the big deals going on between GM to move all of their manufacturing to China, or Boeing to move all of their manufacturing to China, or IBM; you know, the big companies. So small business gets written off.

So not only are we losing the big manufacturing firms; our small firms, our innovators, are being pirated by the Chinese. The administration will do nothing about it. We are borrowing almost \$2 billion a day. This is a crazy thing we are doing to the future of our Nation, and they want to tell us how great it is.

Remember, it was the President's own economic advisor who, in the President's economic report a year ago January, said that outsourcing, that is, exporting U.S. jobs overseas like Delphi or GM or others, is yet just the latest and greatest new manifestation of the advantages of free trade.

Mr. SANDERS. I believe, roughly speaking, although I do not have the exact words in front of me, but what he said is something like, if a product can be made less expensively abroad than in the United States, it makes sense to do that. So essentially what he is telling us, and this is the President of the United States' economic adviser, what he is saying to every corporation in America is, hey, dummy, they pay 50 cents an hour there, \$15 an hour here, where are you going to go? Go. So what you have is the Bush administration essentially telling corporate America that they should throw American workers out on the street and move abroad.

I remember a couple of years ago, one of the largest corporations in America is, of course, General Electric. The fellow who is head of that corporation is a guy named Jeff Immelt. Mr. Immelt spoke to some GE investors and he said, and I roughly quote here, not the exact quote, he said, when I look at the future of General Electric, I see China, China, China, China, and China. Why not? Why would you want to pay an American worker a decent wage? Why would you want to reinvest in Oregon or in the State of Vermont when you

can hire people abroad for 50 cents an hour or \$1 an hour, and they go to jail if they stand up for their political rights? It sounds like a great place to do business to me.

Mr. DEFAZIO. Remember how they have sold this, how they sold CAFTA, NAFTA? It was, we are opening up markets for U.S. workers and U.S. products. We want to put Americans to work. We want to create wealth in this country. NAFTA, Bill Clinton said, was going to bring 400,000 jobs to America. He was off by a few. It actually exported 1.2 million jobs from America to Mexico, so he was off by a little bit there.

Bill Clinton talked about how all the Mexicans were going to buy our goods. The total buying power of Mexico is less than the purchasing power of the people of New Jersey. If they spent every peso they earned on U.S. goods, which, of course, they have to eat and provide housing, they could not do that. The same thing with CAFTA and the same thing with China. These workers who work in the plants that are producing these products, they cannot afford to buy them.

Mr. SANDERS. Let me interrupt my friend and tell you, I do not know if you have been to Mexico to view this.

Mr. DEFAZIO. Yes, Machiadora.

Mr. SANDERS. I have been on several occasions to Machiadora, and what a sad sight it is. When you go there you see these modern factories, and then a mile away from these modern factories, not only by American interests, but European interests, Japanese interests, a mile away from those modern factories you see people literally living in cardboard shacks because their income is so low, their wages are so low that they cannot afford decent housing, even by Mexican standards, being exploited terribly.

But that is what we are seeing, a huge shift in manufacturing from the United States to China and to Mexico. And do you want to hear one of the ironies is that many of these corporations who have gone to Mexico are now leaving Mexico in order to go to China, because they do not want to pay Mexican workers \$1 an hour. Go to China. You can pay people there 50 cents an hour.

It is a very serious problem currently existing in Mexico, and it is part of that whole race to the bottom.

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American workers, that is where our competition is. That is what this President, this Congress has said. Your competition are desperate people earning pennies an hour and if you don't lower your standard of living, they are going there.

Is that a sensible policy for the middle class of this country? Obviously it is not. Nobody here is not concerned about the poor people in the world. We want to see those people being able to feed their kids, have decent jobs, have health care, have education. But you don't have to destroy the middle class

of this country in order to improve the standard of living of poor people around the world. We can do both. We can raise the standard of living of American workers and improve the lives of poor people around the world rather than engage in this race to the bottom.

I would like to mention to my friend, we can stay on the trade issue, but I know he has been very involved and we have worked together on this issue of the greed and the rip-offs being perpetrated literally today by ExxonMobil and the other large oil companies. I think just today, if my memory is correct, ExxonMobil announced that in the last quarter, the last 3 months, they earned \$10 billion in profits which as I understand it is more than any corporation in the history of the United States of America; \$10 billion. They are not the only large oil company to be earning record-breaking profits. In my State of Vermont, which obviously gets very cold in the winter-time, we are seeing a lot of senior citizens, lower income people, middle-income people, who are going to be having a very, very difficult time heating their homes this winter because the price of home heating oil is soaring. What I see in my State, a very rural State, where it is not uncommon for workers to travel 100 miles to and from their jobs, paying now \$2.60, \$2.70 for a gallon of gas, that is what I see. Meanwhile, ExxonMobil has just earned more profits than any other corporation in the history of the United States and every other major oil company is also earning record-breaking profits.

I wonder why the President of the United States has not said to the CEOs of the major oil companies: Come on into my office. Let's go into the Oval Office and let's talk about how you're going to lower gas prices, lower home heating oil prices so the American people don't have to take their paychecks or their limited incomes and give it to the large corporations.

I know my friend has done a lot of work on this issue.

Mr. DEFAZIO. I have got to correct the gentleman. He exaggerated. Their profit was only \$9.8 billion for the quarter because they had some markdowns. That is the largest corporate quarterly profit in the history of the world, not just the United States of America. Some would say, well, you know, it has to do with supply and demand and all that. The biggest increase in profits for ExxonMobil, whose profits are up 75 percent on the quarter, BP's profits up 34 percent on the quarter. I think their stockholders should be talking to them. How come they only went up 34 percent on the quarter? ConocoPhillips 89 percent on the quarter—that CEO is going to be getting a nice little bonus—is in their refining areas.

The Republican chairman, from Texas, stood up on the floor of the House and said, "We have closed 300 refineries in America in the last 10 years." If he is talking about "we,"

that is, if he identifies himself as an oil company executive, that is true. If he is talking about the government of the United States of America, the laws of the United States of America, environmental laws, tax laws, other things, no. The 300 refineries that were closed were closed because of hundreds of oil company acquisitions and mergers and a deliberate policy.

There has been uncovered a memo from Conoco to other major oil companies back in the mid nineties that said: We have a great idea. We're all only getting 27, 22 cents a gallon on refining. If we close down a bunch of refineries, we can drive up those margins. They have succeeded beyond their wildest dreams. Oregonians were paying three bucks a gallon on Labor Day weekend. We are not in the east coast supply train so it is a little hard to say it had something to do with Katrina. But we were paying three bucks, \$3.05 a gallon for regular, I remember paying. That was because the refiners cut went from 22.7 cents a gallon to \$1.11 a gallon, a 500 percent increase in profits for the refiners. In fact, there is a new company, a new kid on the block, the largest refiner in America now called Valero whose CEO when George Bush offered to let him build new refineries on closed military bases with no environmental restrictions, he basically said, why would I want to do that? It's working just great the way it is. They are making unbelievable profits price gouging. It is exactly the same thing that Enron did in California. Enron in California got ahold of a bunch of generating plants and then they would shut them down and they would say, oh my god, we've got to charge you 10 times as much for your electricity today because there's a shortage. They are doing the same thing with refineries. They shut them down and they say, Oh, there's a refinery shortage. Americans are just going to have to pay more. Those darn environmentalists. None of them were closed because of environmental reasons, and they haven't applied to build any new ones.

Yesterday the Republican leaders of Congress held a press conference, which was kind of pathetic, where they said, Pretty please. We don't care about your really high profits, but we've heard there might be some gouging going on and you better stop that. And pretty please use some of your profits to build refineries.

No. It doesn't fit their business model. They are making money hand over fist. Their production end where they pump the stuff out of the ground, their profits are only up a measly 50 percent. On the distribution end they are only up 5 percent. The retailers are up 2 percent. The Republicans the week before last did adopt some price gouging legislation. Who did they target? The refiners, whose profits are up 500 percent? No. The companies who are pulling it out of the ground, whose profits are up 50 percent? No. Even the distributors who are up 5 percent, not a

big deal? No, they targeted the retailers whose profits are up 2 percent because it's those mom-and-pops who are responsible for those high prices, let me tell you. But the friends of small business target the retailers and let the price gougers, the refiners, off the hook. Then they say, oh, we need to open up more land, we have to do this, we have to do that. No. Plain and simple this business model is immensely profitable in the industry and until we go after them has no incentive to change that business model.

The gentleman is right. The target is now fixed on your people. They have turned it from price gouging my people on gasoline to price gouging your people on home heating oil. But next spring they will turn their sights back to gasoline. They cannot extort as high, economists call it rent or price for their excess products in gasoline in the wintertime because people don't drive as much. In the summer they can do that.

Mr. SANDERS. Just so that everyone remembers, one of the points that the President made during his campaign, he comes from an oil background. The Vice President comes from an oil background. They know about these things. So for all folks in America who are paying outrageously high prices for gas at the pump, outrageously high prices for home heating oil, well, we have a President and a Vice President who are very chummy with the oil industry which maybe helps explain why the oil industry is enjoying the highest profits they have ever seen while people all over this country are absolutely getting ripped off. While we talk about oil, I want to divert just a little bit and go back to the trade issue because I know you and I have worked on this one together as well. I always find it so amusing for folks who say, We're great free traders. We believe that competition is where it is.

As everybody in Congress and everybody in America knows, there is an organization called OPEC, Organization of Petroleum Exporting Countries. OPEC's very reason for existence, the reason they came together, was to be a cartel which could limit production and raise profits. That is what they are. They acknowledge it. This is a self-acknowledged cartel. So I find it just so curious that for an administration, for leaders here in Congress who tell us how much they believe in competition and the free market, I find it quite amazing that I have not heard one word from the White House about the need to take action at the World Trade Organization to break up OPEC so that we can see honest competition from different countries and companies in terms of the oil they are producing.

Have you heard the President, the great exponent of free enterprise and competition, raise that issue?

Mr. DEFAZIO. To be totally fair, the last administration was pathetic on this issue, too. I first uncovered this issue during the Clinton administra-

tion. I thought they would be happy to hear it. They could help American consumers. They were big rules-based trade guys. They said, no, no, they didn't believe it. I had further legal analysis done and the legal analysis said, Yes, you can clearly file a claim. They are clearly violating the rules of OPEC. You can't constrain supply of a commodity in international trade if you are in the World Trade Organization to drive up the price, only for conservation purposes. They certainly can't make that case.

But the Clinton administration would not do it. I have heard, well, maybe the Bush people, he understands oil, the Vice President understands oil, they will get tough and take on OPEC. They are tough guys. And so I contacted them. I have gotten a form response from the Trade Representative and the Commerce Department. I have introduced legislation here in the House which the Republican leaders refuse to schedule which would mandate the President file a complaint against OPEC.

Free trade, you have got to realize, only works one way. It only works to stick it to American workers. It doesn't work for American consumers. They are not going to use free trade rules to go after OPEC. They are not going to use free trade rules to go after the company in China that cloned my furniture company. They are make a little feint at it. They are saying, Oh, we're going to go to the WTO and ask them to look at whether the Chinese are pirating things. All they have to do is pick up the Trade Representative's report or Pat Choate's book and they can read page after page after page of documentation of the Chinese stealing American products and goods and jobs. But they have only filed one complaint. This administration, 5 years in office, has filed one trade complaint against China, to be totally fair, on behalf of a pharmaceutical company. That is the only one they have filed. The thousands of small businesses and big businesses are being ripped off, OPEC who is ripping off everybody and driving businesses out of the United States of America, they won't take them on, but they did file a complaint on behalf of the pharmaceutical industry in China.

Mr. SANDERS. The reason for all of that is obviously very clear. Virtually every piece of legislation that comes to this floor of the House is frankly bought and paid for. Why would you stand up to our China policy, which has now a \$160 billion trade deficit, the loss of millions of jobs, the lowering of wages throughout this country, why would you stand up and try to fight that when you have corporate America investing tens of billions in China, donating huge amounts of money to the President and other political people, why would you stand up for American workers in the middle class when you could defend China and the large corporations that go to China?

When we speak about our trade policy, I don't want anybody to think that we are just talking about blue collar jobs. One of the major economic crises facing our country today is not just the loss of manufacturing jobs in the auto industry, the steel industry, textiles, furniture, et cetera, et cetera. That is hugely important. But what is happening now, in addition to the loss of manufacturing jobs, we are beginning to see the hemorrhaging of white collar information technology jobs. For many years, the rhetoric here in Washington was, well, don't worry too much if you're going to lose the blue collar jobs in your community because that's kind of old-fashioned economics. We're not into that anymore. The real trick is to make sure your kids get a college education and they can go out and get white collar, computer, information technology jobs, make 50, 60, \$70,000 a year, good, clean, solid income. That's the future of America.

But what is happening there? What is happening now is corporations are beginning to understand the same thing. Information technology companies are understanding what manufacturing companies are understanding. And, that is, why do you want to hire American workers at 40 or \$50,000 a year when there are people in India, China, Russia and elsewhere who can do information technology jobs very, very well for 10 percent of the wages paid in the United States? So what you are beginning to see now is a hemorrhaging of white collar information technology jobs which are impacting people who have college degrees, people who have graduate degrees. We are seeing this taking place at an increasing level. The answer is if we lose blue collar jobs that paid middle-class wages, if we lose white collar jobs that paid middle-class wages, what is left?

□ 2000

Well, I guess it is Wal-Mart time. We have a situation now, in a company like Wal-Mart, which is far and away the largest employer in America today, a company which pays low wages, minimal benefits, virtually no pension plan, that is the future of America, lose good-paying blue-collar jobs, lose good-paying white-collar jobs and move towards the Wal-Mart-type job in which our standard of living becomes less and less.

Mr. DEFAZIO. Just to make a link there, remember, during the discussions here on this floor, and during the formulation of the China trade policy here, there were the special Wal-Mart provisions that were added to that legislation, China being the largest producer of products for Wal-Mart. Wal-Mart has been driving manufacturers out of America.

There was a fan company driven out of Ohio. Finally, they did not want to go. They wanted to keep making them here, but Wal-Mart said we can get them cheaper. You make them cheaper. The guy said, I can't make them any

cheaper. This is really efficient. We are making great products here in the United States of America. I am paying these people a decent wage. They said, no, we know you can do it better. No more contract unless you go cheaper. We know where you can go, China.

They are doing that to business after business after business, driving them out of America, driving them to China. Yes, you can say short run, that is good. The products are cheaper. Well, the profit margins are a lot cheaper. The products are maybe a little cheaper, but people do not have jobs any more. People are buying things on credit.

Not only are we borrowing \$675 billion this year, projected, to buy products made overseas, Americans are borrowing money to buy the products that we borrowed money to import from overseas that we used to make here, because they have lost their jobs, and they are living off the equity in their homes or other things. We have record levels of debt in this country. So there are a host of cascading problems that are falling out of this unsustainable rush toward the bottom.

Mr. SANDERS. My friend mentioned the argument in favor of the permanent normal trade relations agreement was this. China is a huge country, with enormous numbers of consumers. Think about the potential market that we are going to have by selling product to China, all the jobs that we are going to be creating. That was the argument.

Well, it turns out I was in China a couple of years ago. We actually met with, I believe the gentleman was the head of Wal-Mart China. We went to Wal-Marts, and we talked to a number of their executives including, I think, the head of Wal-Mart China. Somebody asked a question of them. They said, will you please tell us, we are in your store here, it is a huge store, and in many respects it looks like an American Wal-Mart store.

Somebody asked them, tell me, I am looking around, and I see all of these American products from soaps to basketballs to whatever it is. What percentage of the products here in Wal-Mart China are made in the United States of America and brought to China?

The guy was a little bit sheepish. He really did not want to hear that question. He said 1 percent. Now obviously why would anybody, any large corporation, make a product in the United States and send it to China when you can produce it in China with wages substantially less than they are here.

Mr. DEFAZIO. Let me tell you, I had a container board company in my district, major corporation. They closed it down. They had one candid executive who told the truth. He said, why would anybody make container board in the United States of America any more? The container board is made to package products. The products are all made in China. The container board industry is moving to China so they can

make the container board in China for the products made in China to ship back to the United States of America, even basic industries like that.

I mean, it is extraordinary the breadth and the depth of the undermining that is going on here. When you ask them what is your long-term vision, Alan Greenspan, the chief economist hack of the country, likes to say, oh, this shows how much people have faith in us. They will lend us all this money. But then when you say is it sustainable to borrow \$600 or \$700 billion a year forever.

Well, no, no, no. This is a temporary situation that will be corrected. How is it going to be corrected? If the dollar went to Arrupe, how would it be corrected? It is not going to be corrected through the typical currencies. We are buying everything overseas. The Chinese have basically pegged their currency to ours. No matter how much the dollar goes down the products cost the same. Oil costs more because we are paying for it, and they are raising the price.

The old models of trade do not work any more. But this administration, because it is working well for a very few, for the corporate CEOs and for a few investors, are perpetuating the model to the point where they push America over the final edge. You talked about the CEO of General Electric. The former CEO of Boeing gave a speech where he said he could not wait until Boeing was not referred to as an American company anymore.

Think about it. If our Republican colleagues do not care about the middle class and small business, which they pretty clearly do not by perpetuating these policies, they at least ought to care about their number one thing they are supposedly tough on, national security. So, in 30 years, when we are in confrontation with China, we have no manufacturing base at all left in this country, we do not make airplanes any more. Like the year before, we predicted we would get into a potential conflict with China, say, over Taiwan. We will call them up and ask them to sell us weapons so we can defend ourselves against them.

How is this going to work? They won't need weapons. They have so many of our assets in their bank as of now. When George Bush took the presidency they had \$60 billion in U.S. assets. As of the end of last year they had \$242 billion of Treasury bonds. They are headed from being number 2 toward being number 1. They will eclipse Japan in a few years as the largest holder of our debt.

All they have to do is threaten to dump our debt on the market and crash the dollar, and they can control the United States of America.

They are putting us so much at jeopardy. If they do not care so much about the middle class, if they do not care about small business, they have to care about the national security implications of this, and the economic security implications of this. But they do

not seem to. A few people are doing really well, and they consider themselves sort of stateless people, like the guy who owns a cruise line, who gave up his U.S. citizenship, lives in the U.S. but he took Bahamian citizenship so he would not have to pay taxes any more. He just lives here and all his customers are here. I mean, that is great. What a great model for the American people.

Mr. SANDERS. I think we are running out of time. Maybe we can just kind of wrap this up by saying this. This is a great, great country, and the concern that many of us have is that despite people working harder and harder, despite new technology being there that makes us more productive, for some of the reasons that we have discussed tonight, and many of the others that we have not discussed, what we are seeing in America is that the middle class is becoming poorer. Millions of American families today desperately want to be able to send their kids to college so that their kids will have a better income and standard of living than they do. They cannot afford to do that. What we are seeing is families being stressed out, because both husbands and wives are working incredible hours in my State in Vermont. It is not uncommon for people to be working two or three jobs trying to cobble together an income.

We did not touch on health care, and the disintegration of our health care system, 46 million Americans without any health insurance whatsoever, tens of millions more who are underinsured, people who are dying because they cannot afford to go to a doctor, and their illnesses become so severe that they are incurable by the time they walk into the doctor's office.

We did not touch on the greed of the pharmaceutical industry, which makes huge contributions to the political profession, mostly to the Republicans, and the result being that we end up paying by far the highest prices in the world for prescription drugs; and the passage of a Medicare prescription drug bill, which does not allow Medicare and 43 million recipients to negotiate with the drug company, so drug prices will go up and up.

The bottom line here is, in my view, that unless ordinary Americans, middle-class, working people, begin to stand up and fight back to reclaim this country from a handful of wealthy and powerful interests, who are using their power to make themselves wealthier at the expense of almost everybody else, unless we turn that around, the future of this country is not great for our kids and our grandchildren, everything being equal. Our kids will have a lower standard of living than we will.

I would like to let my friend from Oregon conclude.

Mr. DEFAZIO. The new CEO of Delphi said that very plainly. He said 10 bucks an hour. That is the future for manufacturing workers in America. As you mentioned, it will not be very long until they try to put the same squeeze

on knowledge-based workers. They have done it to other skilled workers.

Just yesterday Northwest Airlines announced, or was it Continental, whichever one of those is currently in bankruptcy, they are both in bankruptcy. Anyway, one of those two airlines announced that they were going to outsource their flight attendant jobs because they can get cheaper jobs overseas. They want to do the same thing with pilots.

We are outsourcing the maintenance of our airplanes. More than half the heavy maintenance on our airplanes is now done overseas with very little supervision from the FAA. We are losing those jobs, too, because they can get a mechanic for \$2 an hour in El Salvador, where they would have to pay a skilled mechanic in the United States of America maybe \$25, \$30 an hour. They do not want to pay those wages. The race to the bottom is going to end very, very poorly for most Americans. We have got to stop it.

Mr. SANDERS. We have got to stop it.

Mr. DEFAZIO. We have got to stop the trade policies, tax policies, the fiscal bankruptcy policies that we are doing. I don't mean by the bankruptcy bill, that was bad enough, written by the credit card companies, but the bankrupting, the looting of America that is going on with this administration.

It is just laughable when the Republicans parade down here and talk about the spending of the Democrats when they control everything and they have increased the debt by 62 percent in 5 years. How do you blame the Democrats for that when they are in charge of every branch of government?

Mr. SANDERS. The House and the Senate and the White House. They have it all.

Let me just conclude by thanking my friend from Oregon for being with me today.

THE PRICE OF ENERGY

The SPEAKER pro tempore (Mr. CONAWAY). Under the Speaker's announced policy of January 4, 2005, the gentleman from Pennsylvania (Mr. PETERSON) is recognized for 60 minutes.

Mr. PETERSON of Pennsylvania. Mr. Speaker, I rise tonight to talk about an issue that is the most important and pressing issue facing the country today. That is number 1, the price of energy, and, number 2, in particular, natural gas.

I was not going to talk about what we just heard here, but I feel little bit compelled to talk from the last two previous speakers. They talked a lot about energy company profits, which are unfortunate, I think. But how can energy companies benefit from us in such a great way when things are so difficult for the users of energy in this country?

When you allow the marketplace to be short of gas or natural gas or oil,

then you allow the traders in New York to bid up the price. When there is a shortage, the price goes up. The big companies that own millions of acres, great reserves and own it in the ground, when they produce it at \$65 a barrel, they are going to make a lot more money than when they produce it at \$35 a barrel. So if you want to beat them, you want to make sure that we have ample supply, that there is lots of gas, natural gas, that there is lots of oil to produce, that there is lots of coal. There is lots of all the energy portfolios.

Then they cannot make excessive profits because the oil they own, or the natural gas they own in the ground, is not two and three times more valuable than it really ought to be. Those are basic economics.

The one comment that I found interesting is this current administration has not worked to break up OPEC. I never heard anybody say that before. OPEC is a group of countries who have for years played a big influence in oil prices, because they sort of combine their resources, and decided how much oil they were going to put in the marketplace. At one time, they did have the ability to lower it by dumping millions more per day on the market or raising it by taking 1 million or 2 million a day off the market.

When the shortage started to show, the Wall Street traders could run the price up. They could get the high price for a while. When there was resistance from America, then they would bring it back down. In the meantime, they made a lot of money. The riches did not go to American companies, they went overseas.

Now, how government can break up organizations of governments that are sovereign countries, I mean, I do not understand how we have any role to play. Now, today, they do not have the same monopoly they did. With China and India becoming huge energy consumers, along with us, the marketplace is short. All the oil that can be pumped is being utilized. So there is no slack. I am told that they do not really have the ability to dump an extra 1 or 2 million barrels on the marketplace today that they used to have.

□ 2015

So they can take oil away and force the price up, but they cannot add extra oil and bring the price back down. I wished I knew how we could beat OPEC. I do know how we can beat OPEC.

But it is interesting, one of the Members that was here just speaking to us was in a committee meeting markup that I was in the other day. I will not mention any names but we had a debate on opening up Tar Sands in the West. My memory is he was opposed to it. We had an argument opening up ANWR. My memory was he voted against it. We had a discussion about opening up the OCS, that is, the Outer Continental Shelf. He was opposed to it.