

can to allow local aspects of communication to take place and local control of media, and diversity in the media and quality in the media. Much of this has been lost as a result of the present consolidation that has occurred over the course of now more than 20 years. Mr. Powell is now going to increase that and make it worse so that there will be less diversity of opinion, less local control, and more consolidation of views in our country. And he has done this, interestingly enough, without proper notice to the public and without adequate public hearings.

Now, one would think that a Federal agency embarking upon such a project would give adequate time for review by the Congress and, more importantly, by the general public. No, Mr. Powell has not conducted his activities in that way. One public hearing outside of Washington, DC was held. That was held conveniently in Richmond, Virginia. It is a very lovely city, but it is just down the road. There were no hearings held in Boston or San Diego or Chicago or Des Moines or Albuquerque or Dallas. No hearings held in other places across the country so that people could have an opportunity to understand what was happening to them, what was happening to the communication media in their country so that they could have an opportunity to react to it appropriately.

So this resolution, Mr. Speaker, which I am offering to the House of Representatives and I am asking my colleagues for their kind support, would call upon the chairman of the Federal Communications Commission to halt what he is doing, to provide for additional public hearings, to give the public ample time to understand what is happening with the communication media in our Nation. Because most of these activities have been below the radar. They have been carried out surreptitiously. They have been carried out in ways so as not to attract attention, and that has been done, I believe, consciously because the perpetrators of this activity have understood that if it attracted public attention, it would also attract public dissent and public opposition.

So we need to be more careful about the way in which the Federal Communications Commission acts. The Federal Communications Commission was set up by legislation passed by this Congress, but this Congress has not exercised its proper jurisdiction over the way the FCC operates. And, as a result, we are seeing this very invidious consolidation of communication which is acting contrary to the best interests of the American people.

PRACTICES OF FEDERAL PRISON INDUSTRIES COSTING AMERICAN JOBS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 2003, the gentleman from Michigan (Mr. HOEKSTRA) is recognized for 60

minutes as the designee of the majority leader.

Mr. HOEKSTRA. Mr. Speaker, tonight I rise to set in context a bill that I introduced with my colleagues, the gentleman from Massachusetts (Mr. FRANK), the gentlewoman from New York (Mrs. MALONEY), the gentleman from Georgia (Mr. COLLINS), the gentleman from Wisconsin (Mr. SENSENBRENNER), and the gentleman from Michigan (Mr. CONYERS), along with 98 other cosponsors just before the Easter recess. The bill is H.R. 1829. It deals with an issue of reforming Federal Prison Industries.

Some of our colleagues may ask, what is the importance of this bill? Or, what are you trying to get accomplished? Let me put that in a framework. What is Federal Prison Industries? Federal Prison Industries is a corporation, and many of the documents and many of the talking points that I will be using tonight come out of the annual report, which was just released by Federal Prison Industries within the last couple of weeks. But Federal Prison Industries was established on May 27, 1930 when Congress enacted H.R. 7412. One of the key provisions was to "reduce to a minimum competition with private industry or free labor." On June 23, 1934, this bill was signed into law, authorizing the establishment of Federal Prison Industries.

The key phrase is "reduce to a minimum competition with private industry or free labor." I am going to spend much of the evening talking about what Federal Prison Industries is doing to American workers and American companies. In effect, what Federal Prison Industries is doing is it is costing American workers and American taxpayers all across this country to lose their jobs, even though the underlying statute clearly states, "reduce to a minimum competition with private industry or free labor." Federal Prison Industries and this Justice Department has lost sight of the goal of this legislation and what the role of Federal Prison Industries was intended to be.

Now, some within the Justice Department today may say, this is our contribution to creating high-quality and high-paying jobs in America, and we will get into that in detail also as we go through this process. But the key point here is that when Federal Prison Industries was established, the mandate was you will reduce to a minimum the impact on American workers and free labor and American business.

The message from the current board of directors is very encouraging. It says on page 5 of their annual report, "Our mission is to do so without jeopardizing the job security of the American taxpayer." In 1930, the underlying statute says "reduce to a minimum." In 2003, reporting on their annual report for 2002 it says, "mission is to do so without jeopardizing the job security of the American taxpayer."

□ 1700

If we go a little further, we will start to see where I think we get into some problems.

Mr. Speaker, what we have talked about, laying the context, is in the 1930s up to 2003, the underlying legislation, the board says they should reduce to a minimum the impact on American workers, American taxpayers, their jobs, and free labor.

It is interesting, as we go to the ombudsman message in the annual report. The ombudsman says something different: "so that a balance can be achieved between protecting jobs for Americans while teaching inmates meaningful job skills." A balance.

It is a subtle shift, but it is a shift that FPI has been undergoing for the last 10 years. They have shifted from having a minimum impact on the American workforce to, in a number of different industries, having a devastating impact on American workers.

In Maine at Hathaway Shirts, that closed last year because of contracts, because of Federal Prison Industries going out and claiming contracts that otherwise would have gone to the private sector. Ask the workers at Hathaway Shirts as to whether Federal Prison Industries is having a minimal impact. I think they would tell us very clearly that when someone loses his job and the factory locks its doors, that is not a minimal impact; that is a devastating impact. Their jobs are gone. We have put more inmates to work.

It is outrageous that Federal Prison Industries and this Justice Department is talking about a balance as they are putting American workers out of business. What kind of balance is that? American taxpayers are out of a job and someone is asking for balance. It does not look like there is a whole lot of balancing going on. This Justice Department has no idea as to what a balancing act is when they weigh putting a prisoner to work at the expense of an American taxpayer.

By the way, when Members say, well, it is good to keep prisoners working, there is no debate with that. But what we do not want to do is we do not want to put them to work at the expense of American taxpayers.

On page 24, an interesting fact. They will say they make money for America. Here is what it says in their annual report about taxes: "As a wholly owned corporation of the Federal Government, FPI is exempt from Federal and State income taxes." That is not a bad deal. I wonder what kind of Federal and State income taxes Hathaway Shirts was paying. Of course, they are now out of business.

FPI is exempt from gross receipts taxes, and they are exempt from property taxes. That is an interesting thing. They pay no taxes, and they put Americans out of work. The Justice Department and FPI is looking for a balance. As far as I can see, it is an outrageous balance every time we put an American worker out of a job.

What do they make? Clothing and textiles; law enforcement, medical, military and institutional apparel; mattresses; bedding; linens; towels; embroidered screen printing on textiles; custom-made textiles and curtains; fleet management; vehicular components; rebuild and refurbish vehicle components; new vehicle retrofit services; fleet management customized services; dorm and quarters furnishings; package room solutions; industrial racking; catwalks; mezzanines; warehouse office shelving; custom fabricated industrial products; lockers; storage cabinets. It looks like a lot of stuff they make in my district.

They have an office furniture business group: office furnishings and accessories, seating products, case goods, training table products, office systems products, filing and storage products, package office solutions, turnkey solutions, distribution and mailing services, assembly and packing services, document conversion, call center, order for film and services, laundry services, recycling of electronic components, reuse and recovery of usable components for resale, recycling activities, custom engraving, printing and awards, promotional gifts, license plates, interior and exterior architectural signs, safety and recreational signs, printing and design services, remanufacturing of toner cartridges, exterior and interior task lighting systems, wire harness assemblies, circuit boards, electrical components and connectors, electrical cables, braided and cord assemblies. Wow. They make a lot of stuff that is made in my district.

The interesting advantage that Federal Prison Industries has, we think, well, hey, if they can go out and compete for this business and they can provide a better quality product at a better price and at a better service delivery than the private sector, so be it.

If that were only the case. Federal Prison Industries has this wonderful thing called mandatory sourcing. The balance that the ombudsman calls for, here is the balance that Federal Prison Industries has: if the Federal Government wants to buy something and Federal Prison Industries makes it, we have to buy from Federal Prison Industries. The private sector may make the product, they may make it in a better quality at a lower price and a better delivery schedule; but sorry, they do not qualify. We know they paid their taxes, but they cannot even compete for the Federal Government business.

Here is what they make. The law says they should have minimal impact on jobs and free labor, and they have an element called mandatory sourcing. They are quality jobs. This is great.

Here is what we do with our prisoners. We criticize China for their prison labor. Federal Prison Industries, and our Justice Department. Inmate pay rates: 23 cents to \$1.15 per hour. Wow. It sounds more like China than it does America. The good thing is, of course, these people are covered by

OSHA. Wrong. If we are paying them 23 cents to \$1.15 an hour, we cannot cover them with OSHA laws.

These are the people that are putting American workers out of business around the country today. My district is heavily impacted by the recession, making a lot of office furniture products, and the industry is down by 40 percent.

I have been joined by one of my colleagues. I will give him a chance to have a little dialogue here. Before I do that, let me highlight one small fact. I am not sure my colleague has seen these numbers. I am sure the American people have not seen them.

As the American economy is struggling, here is a growth company. We can invest in the U.S. Government, and we may get one of the best growth companies in America today, Federal Prison Industries.

Federal Prison Industries, in the business segment clothing and textiles did not have a good year. They were only up 1 percent; electronics, not a bad year, 14 percent; fleet management, vehicular components, wow, this is a growth industry. This is a business segment that grew 216 percent. Graphics, they had a rough year. They were down 10 percent. Industrial products, they were down 54; office furniture, up 24 percent.

Not that great of a growth rate, office furniture up only 24 percent. The statistic they are now telling us is that the office furniture industry in the private sector was probably down 15 percent to 18 percent, so they grow by 24. The real manufacturer decreases by 18 percent, and Federal Prison Industries increases their market share. Overall, last year Federal Prison Industries grew by 16 percent.

It is the ugly little secret that this Justice Department, this Federal Prison Industries, whether it is in clothing or textiles, whether it is in office furniture, whether it is in automotive or whatever, as these industries are laying people off, Federal Prison Industries through mandatory sourcing and offering poor quality, higher-priced goods with longer delivery schedules is adding more and more jobs.

The Justice Department's answer or contribution to creating high-quality, high-paying jobs in America is to put more prisoners to work in prison, lay off taxpayers, and pay the new jobs at 23 cents to \$1.15 an hour. That is Justice's idea of justice in America today. It is absolutely outrageous that the Federal Government is allowing this to go on. I encourage my colleagues to support H.R. 1829.

Mr. Speaker, the gentleman from Indiana (Mr. SOUDER) and I, it was not all that long ago that we visited a plant in his district, a company that made innovative products and wanted to sell to the military, and had sold to the military. What they found out, maybe my colleague is going to share the story with us, but again they were dramatically impacted by Federal Prison In-

dustries to such an extent that they were jeopardizing jobs in their plants so that Federal Prison Industries could expand the sale of their goods and services.

Mr. Speaker, I yield to the gentleman from Indiana (Mr. SOUDER).

Mr. SOUDER. Mr. Speaker, I thank my colleague, the gentleman from Michigan, for yielding to me.

I would like to kind of restate in similar words the concerns that he has shared here so far this evening and thank him for taking leadership in this issue; because I believe if most Members actually looked at this bill, there is just no defensible rationale to be against it. It is something that is often under the radar.

One of the good things about the district of my colleague, the gentleman from Michigan, is that it is good to have an industrial sector where there is a large concentration; but one of the bad things is that where you have a concentration, you do not have as many Members affected by it. Therefore, they may not feel as much pressure to do what is just and right.

The Grand Rapids Holland area has long been the center of office furniture and supply-type furniture in the United States. I grew up in a furniture retailing factory, a family business started in 1907. Since the 1920s, we were retail furniture merchants. In the old days the whole furniture industry was centered in Grand Rapids. That used to be where the markets were before they moved to Chicago and then North Carolina.

What we saw was first southern competition, where they did not have the unions, kind of weakened some of the northern furniture companies. Then we saw cheaper wood because the wood grew faster in some of those areas. It was not as good wood in the South as the northern hardwoods, but we saw that. Then we saw most of the furniture industry in big percentages go offshore and then overseas.

But in office furniture, we had a success story. The companies, including the former employer of my colleague, the gentleman from Michigan, stayed, by innovation, at the front end of what we needed in the office furniture market, in the supply market in this country. It was a good-news story of how to fight off foreign competition. So what do we do? We develop internal domestic competition to the industry.

I have a company that was alluded to by my colleague, Wieland Furniture in my hometown of Grayville, Indiana, a town that is now up to almost 1,000 people. In their plant, and in full disclosure, it has now been purchased by Sauder Furniture out of Archbold, Ohio. It is spelled S-A-U, and I am spelled S-O. They are distant cousins. They now own this as a division.

They have 40 employees, and 20 percent of their business involves sales to the Federal Government that could be lost if FPI decides to revoke waivers on the military bases, and they have lost

untold other jobs that they could have had.

As the gentleman from Michigan (Mr. HOEKSTRA) said when he visited this plant, they told him what is really completely irritating about this is that they sell it cheaper. We save dollars for the taxpayers.

Mr. HOEKSTRA. Mr. Speaker, excuse me. If the gentleman will clarify, who sells it cheaper?

Mr. SOUDER. The company, Wieland, the private sector company. Even though they have to follow all the laws that my colleagues alluded to, they sell it cheaper.

□ 1715

And because they can sell it cheaper, that would save taxpayers money in the Defense Department, at universities, in government offices, in any place else that Federal Prison Industries is doing it, we would save taxpayer dollars if you bought from the private sector. Not only that, it is built better. They are selling it cheaper. It lasts longer. So you save money because you do not have to repurchase the goods. The sofas hold together. The tables hold together.

You have now the combination of not only the immediate prices being cheaper, but the long-term cost of the value, even to the government and any agency buying it, increased exponentially, because you do not have to replace it. The wear and tear is not there. You do not have to repurchase.

Mr. HOEKSTRA. You say, well, why do the Federal procurement officers not support your bill? You know what? They do. Because as this Congress asks different agencies to do more with less, the Federal procurement officers come back and say, hey, we can buy better goods and services from the private sector for a lower price, but you make us go to Federal Prison Industries. If we are going to have to use Federal Prison Industries, then do not make us do more with less because we cannot buy the best products and we cannot buy the services. You are asking us to get more efficient and more effective in using vendors who do not meet the standards that we need to compete.

Mr. SOUDER. The extraordinary thing here is that if they can meet these standards, that the Federal procurement officers would like to do this. And they are doing this, as he has so eloquently pointed out, that they do not have OSHA, the Occupational Safety and Health Administration laws that say you got to have this over here and this over here. Nobody walks into their plant, and I have had OSHA come into little plants in my district much smaller than the House floor saying, you do not have your exits marked. You do not have this kind of thing over here and threaten to shut them down or fine them. They do not have any of that kind of pressure. They do not have minimum wage standards. They do not have civil rights standards to see which percentage of the population is at

which direction. Often these institutions are violators of even laws on water and air pollution. They do not have the same pressures that you put on the private sector. And still the private sector makes it for less price with better quality.

The owners of the Wheeling Furniture ask me, could our employees get these contracts and get the points if they get busted for dealing drugs? Could our employees get these jobs if they go rob a bank? Could our employees, if they get arrested for other crimes, then become eligible to make this furniture?

This is absolutely crazy. I believe that the stumbling block here is that there are many Members here like me who want to work. I am a strong supporter of Prison Fellowship and Justice Fellowship and organizations as is my colleague, that say people need to develop a skill while they are in prison. They need to develop a skill that does not take jobs from American workers.

We are losing jobs all over the place. Figure out, jobs that are taken by overseas workers and give them to the prison industry people. It is not that we do not want to rehabilitate prisoners. It is not that we do not want them to learn a skill. It is not that we do not want them to have some income when they are done, and they are taking advantage of many Members here who think that, oh, well, this is the only way we can help them. If this was another industry that was represented in big numbers in their district like it was in my colleagues, if it was the building industry, they would be outraged if we said we would take prisoners to knock out your contractors. They would be outraged if we said we were going to knock out the restaurant business. They would be outraged if we said we were going to knock out telecommunications. But because this industry is concentrated in one area, and because of the general good will, there is this misunderstanding that the Justice Department continues to take advantage of, and it must be changed.

It should not be in America that if you rob somebody and deal drugs, you can make the furniture, but if you are honest, you cannot. There is something fundamentally wrong with that, even if it did not cost less and be better quality. And it is particularly stupid when it costs less, better quality, and you are taking jobs away from law abiding citizens and giving it to people who violate the laws. It makes no sense whatsoever.

Mr. HOEKSTRA. The interesting thing here is this is just not an office furniture industry issue. If you go through the numbers, they are selling \$159 million worth of clothing and textiles. That is why if you go to the gentleman from Pennsylvania's (Mr. TOOMEY) district, our colleague, I visited up there. There are lots of cut and sew operations that are operating at 25, 30 percent capacities. These are great plants. The workers have been sent

home. Federal Prison Industries has grown. It is what happened with Hathaway Shirts in Maine. The contracts went to Federal Prison Industries, and the last shirt manufacturer in the United States closed down. But they are still making shirts over at Federal Prison Industries. They are doing the electronics. They are doing fleet management. It is a fast growing area. I think somehow they got the Midwest on their target zone. I think they forgot that Michigan is part of the union. Stay away from office furniture. Stay away from automotive parts, but they have made that a key part of their business.

They are now also moving into the services industry so there is a lot of folks in here. It also talks about the coalition that we have been able to put together. The day I dropped the bill we had 104 co-sponsors. It was awesome. A bipartisan bill. The gentleman from Massachusetts (Mr. FRANK), the gentleman from New York (Mrs. MALONEY), two leading Democrats, the gentleman from Michigan (Mr. CONYERS), the ranking member on the Committee on the Judiciary, a Democrat, the gentleman from Wisconsin (Mr. SENSENBRENNER), the chairman of the Committee on the Judiciary, me, the gentleman from Georgia (Mr. COLLINS), yourself, about 104 Members are joining us in this effort.

The sad thing is the way that we get co-sponsors.

Mr. SOUDER. Let me take a guess. Let me take a wild guess.

When a company closes and jobs are laid off in an individual's district and they say, why are they laid off? And they say it is competition from Prison Industries?

Mr. HOEKSTRA. That is right. Exactly.

The gentleman from Georgia (Mr. COLLINS), he has been just a yeoman on this for the last 5 years. But what really got him interested was a small company in his district which made a very specialize product, missile containers. Well, Federal Prison Industries thought that would be a nice business to get in.

How do they justify getting into the missile container business? They said, well, we are going to go into the container business. So we are going to take a very small piece of the container business so obviously it is a minimal impact on jobs in that industry.

Mr. SOUDER. You are far more informed on this because I clearly got involved because I had a company that got immediately impacted and was outraged by the injustice. Do they have any criteria and does the Justice Department have any response when you say why do you not pick a category that does not have U.S. competition?

Mr. HOEKSTRA. No. Actually what Federal Prison Industries does and what they did with office furniture was they took a growth industry in America and decided to piggyback on it. And

now that that industry is facing some difficult times, the industry is down, there is more foreign competition coming in, and then they are looking over here and they are competing with their own government.

I just get absolutely enraged when I am back home in my district because these are my neighbors. It was just a week ago and I am speaking to a local group and a friend of mine that I would like to think of as still a young man, but somebody I worked with, somebody that I graduated with. He said, maybe you did not hear, but I got laid off last week. He had been with the company for 28 years. This is as the industry is going down 18 percent. Federal Prison Industries is growing by 24 percent. What does that mean? It means they grew from \$174 million in the office furniture industry to a \$217 million company in one year, as the industry in the private sector was going down and they deliver poorer quality products as at a higher price.

These people come up to me and say, how come I am out of a job? I pay taxes. The company paid taxes. We have got shuttered plants. Hathaway is now a shuttered plant. I am sure the folks up in Maine, they are not getting any State income taxes. You cannot explain to them and say, well, we have got to put these prisoners to work.

In our bill we do not just put these people in cells. We give them vocational training. We are increasing the investment in vocational training. We are allowing them and encouraging them to make stuff for not-for-profit organizations, to work with Habitat for Humanity. So they are going to be doing things and staying busy, but the thing that they are not going to be doing is they are not going to be putting American workers out of business and out of their jobs. And the other thing that my bill does is it says we are not going to shut you down. We are saying all you have to do is be able to compete.

All I want is the workers in west Michigan, the workers in Indiana, the workers in Maine and down south to be able to compete for the business that if he can, they can get a better product. If they can deliver a better product at a better price right, that they can get that business. Right now they cannot compete for the business.

Mr. SOUDER. I know the gentleman is a little more liberal than I am in some of this. I do not believe they should be competing at all.

It is particularly absurd to say that they are going to get a price advantage, and they get the regulations relaxed and they get the price advantage and the quality advantage. I would make it so they cannot flat out compete, but we have to work some kind of a compromise, because clearly, this has been very difficult for many years.

We have laws that say that companies cannot illegally dump from overseas. You cannot come in where the government is subsidizing. Why do

these laws not apply here and how would the Justice Department defend themselves when this cannot be done in any other category except by prisons?

Mr. HOEKSTRA. Number one, I agree with you. I would like to go to the same place and say you are just not going to make stuff that competes with the private sector. The law called for minimal impact. But we have got to get the 218 votes. We need to pass this through the House. We need to get it through the Senate. And we need to get this done so at least these workers will have the opportunity to compete and fight for their jobs. They are, in many ways, fighting an uphill battle. They are fighting 23 cents an hour labor. They are fighting factories that have no OSHA regulations. They are fighting a bureaucracy that the capital is funded by us so there is no cost or a minimal cost of capital. But the surprising thing is they have shown that they can do it.

So I am willing to accept that as somewhat of a compromise, and the compromise that we have developed, not only do we have great bipartisan support here, but we have got support from the Federal Contracting Officers. Where else can you go and get a letter of endorsement from the AFL-CIO, the U.S. Chamber of Commerce, the Teamsters and the NFIB? I mean, this is where organized labor and the business groups all come together because we are all interested in one thing.

We are interested in creating, and maybe in this case, preserving high-quality, high-paying jobs in America where this Justice Department, this FPI, this Federal Prison Industries and some would say this administration, is bent on eliminating high-quality, high-paying jobs. It is outrageous.

Mr. SOUDER. I think many Americans who are watching this and our colleagues and staffers around the Hill are going, this absolutely does not make sense. If they have not listened to this debate before, it is like, how could this be happening? About the only people who could possibly defend this would be somebody in prison; but we are not saying they are not going to have a job or income, because you and I have both advocated for many years that, and have been personally interested in how you deal and rehabilitate people in prisons and give them job skills. That is not what this is about.

So who could possibly be blocking this? What is the problem? It makes no sense. It is one of these things that you hear the Federal Government does and you think, well, how does this keep happening? Is it the dollars that are generated by some benefit to employees in Federal Prison Industries who are contracted to supervise the prisoners? Is it the amount of money that has been given to different agencies? Is it inertia, that government will not do it? It is not a defensible policy. No one likes to stand up and defend this. And when they do, quite frankly, the few times we have ever had any kind of de-

bate, the debate has not been anchored to reality. As I recall, some of our colleagues, they talk about the importance of employing prisoners, but they cannot deal with the fact that people in your district or my district have been following the law have been laid off to employ somebody who violated the law. They cannot defend that position and usually they do not try.

So who exactly has held this up, and what is the problem here and why do they not pay attention?

Mr. HOEKSTRA. The problem that we have, I believe, is within the bureaucracy of Federal Prison Industries. I think you used the word "inertia." They have got this momentum going. They are building new plants. They are employing all of these workers. They cannot think outside of the box. They are wedded to the box that says we are going to make products that everybody can identify with.

Going out and starting a new relationship with Habitat for Humanity and a new category of products that does not compete with the private sector, that is too hard to do. This is pretty easy. And I think that is what it is.

The scary thing here, this is where we are today. Over the next 5 years, the plan of this Justice Department, in their annual report, Attorney General John Ashcroft not only endorses these results of increasing sales by 16 percent and saying that is a wonderful thing, without thinking about what it has done in your district and my district and other districts around the country, they are requesting, and I think other documents would show that what they want is 30 percent growth over the next 5 years.

□ 1730

So I mean there are those within this group of people who see this as a wonderful opportunity, for whatever reason, a wonderful opportunity to put more Americans out of work. So my legislation is going to pass; I just do not know whether it will pass this year or whether it will pass in 3 to 5 years. Because each and every year when we go through this process, and the gentleman and I have worked on this for about 5 years together, but it becomes much clearer to Members.

We have been kind of tilling the soil, and the seed does not sprout and grow until it happens in their district. Then they come back and say, hey, PETE, MARK, I finally get it. I had a company that was selling this stuff to the Federal Government and they were doing a great job, and last week Federal Prison Industries came in and said, oh, by the way, that is now our business, we are going to make it. And they say, PETE, my folks make that. They had a better quality product, it is cheaper, and they cannot even bid for the business. Is that right? And I have to say, yes, that is exactly how it works. Glad to have you on board and glad to have you now being a supporter.

What we need is we need to get to the 218 Members this year so that we can

get those folks in our districts and other districts back to work as soon as possible by at least providing them the opportunity to compete for this business.

Mr. SOUDER. If the gentleman will yield, one of my concerns is that this inertia starts to develop a bigger and bigger base; and I hope our colleagues understand that if they do not move soon, the bigger this machine gets, the more people that get involved in contracting and building the prison industry infrastructure itself, all of a sudden we will have a monster that starts to consume society.

The other day when I was driving to the airport, or being driven to the airport, I saw a crew out cleaning the roads who were on a work-release-type program. Imagine if our county and State governments picked this up and instead of doing a work-release program, they decided they will run the local gas station, which would be the equivalent here. So when you come up to an interstate exit or a highway exit you would now have gas stations operated by people who are in prison, restaurants operated by people in prison. There would be an outrage. But manufacturing is not as visible to the consumer eye as retailing. They are taking jobs away in the industrial sector and transferring them. And by the way, those industrial sector jobs have the biggest multiplier effect on our economy.

You know, I am a little older, too; and when I was getting my MBA back in 1974 from Notre Dame, one manufacturing job was the equivalent of seven. Now it is closer to 15 in its impact that brings dollars into the community. So when you rip those manufacturing jobs away, maybe they are in a building you cannot see. But if you start to visualize that you are taking as many jobs in my little hometown, say 40, as would be employed in the grocery store, plus the dairy sweet, plus the gas station, plus a couple of other small retailers in this town, and say all this retail infrastructure is going to be operated by prison industries, you would have more outrage in the community. Yet those retailing jobs do not extend dollars to the community like the manufacturing jobs.

We have to wake up. And lest I step on another sore point here in Congress, we years ago decided for good or ill that Indian gaming could be allowed. But Members started to realize that that same clause could be used for supergas stations or retailing operations that could be based and moved around similarly by exits. The best thing you can say about the comparison with the Native Americans and how they were using it was, hey, it was originally their land, we probably took the land unjustly, they are following the law. This group, which is doing in effect the same type of expansion of their categories of industry, putting law-abiding Americans out of work, do not have an injustice; they are there

because they committed an injustice and we are trying to rehabilitate them. They do not have any prior claims, yet you see them stealthily moving through sectors of the economy threatening American jobs.

The fundamental question is: Why is this not like other types of illegal dumping from other countries, where they are subsidized? Why is this not like other countries, where we lose competition because they do not have to have the same American laws? And why is it not focused on trying to gain jobs that have gone outside of America in Federal Prison Industries rather than take law-abiding jobs?

How do you answer those questions? How does any Member of Congress answer the question, when some factory in America loses a job, and that person says, if I robbed a bank, if I abused cocaine, would I be able to keep my job? It is backwards, and it makes absolutely no sense.

I am worried that if we do not move here with a Justice Department that you would expect to be favorable and a Congress that should be paying attention that this momentum and this inertia is just going to overwhelm us. My esteemed colleague has been gaining sponsors, but not fast enough. And we really need to get a sense of urgency in this House and in this administration.

You know, you cannot talk about losing jobs in America, you cannot walk out there with a straight face and say we are trying to help the economy, and by the way we are taking away from law-abiding citizens. It does not fly.

Mr. HOEKSTRA. Well, if the gentleman will yield, under this Justice Department, what has happened? The gentleman talked about this, and the statistics are ugly. We have seen the growth numbers: 16 percent overall, 24 percent in office furniture, 216 percent in vehicular elements and those types of things. So under this Justice Department we are seeing growing sales.

The gentleman brought up a couple of great points that I want to respond to. The gentleman talked about dumping. Under this Justice Department, sanctioned by this administration, Federal Prison Industries has gone and signed contracts with Canadian companies, in the office furniture industry again. It is a Canadian company that could not necessarily penetrate or compete for government contracts here in the U.S., so what they did is they signed a contract with Federal Prison Industries. Basically, Federal Prison Industries either just passes the product through, or maybe does just a little bit of assembly, so we now in government offices around the country, government procurement officers, we are requiring those folks, through Federal Prison Industries, to buy Canadian-manufactured products.

And, by the way, Canada, thanks for helping us with Iraq. The country just north of us stiffed us on the war. The country just north of us stiffed us on the war, but Federal Prison Industries

is embracing them and saying, hey, make a deal with us and you can sell your products. You do not have to compete for the business; we will make the Federal Government buy your stuff.

Mr. SOUDER. If the gentleman from Michigan will yield, let me see if I understand this. The company in my district or your district, where the employees that have been following the law are making something that is cheaper and better made, they go in to bid.

Mr. HOEKSTRA. They may never bid.

Mr. SOUDER. Or they would like to bid for, say, military training base equipment at a housing unit, tables, sofas, other things, file cabinets, whatever it is; and they go in, and because of the points that are in effect given to prison industries, that even though they are lower priced and better quality, they might not even be competing with Federal Prison Industries; they might be competing with a Canadian or foreign-owned company? So that not only are products made unfairly in prison, but the wholesaling and marketing profits are going to a company from overseas, knocking American law-abiding workers out. So we have a double whammy that would certainly not be allowed in any kind of international trade agreement.

Mr. HOEKSTRA. I want to make it very, very clear. Our companies are not even allowed to compete for the business. Federal Prison Industries gets right of first refusal.

Mr. SOUDER. So it is not points.

Mr. HOEKSTRA. It is not points. If Federal Prison Industries makes it, they can demand that that housing project that the gentleman just talked about buy from them, no matter what else they get. No matter what other kind of bid, they have to buy from Federal Prison Industries. The companies in our districts cannot even go compete for that business.

Mr. SOUDER. If the gentleman will yield, this is not like a veterans-owned company or a female-owned business or a minority-owned business where you say, okay, they get a 10 percent advantage; this is flat-out they cannot even bid, even if it was half price?

Mr. HOEKSTRA. No. There is a reason it is called mandatory sourcing. It is not preferential sourcing, where there is a scoring system and if you are within 5 or 10 percent of the private sector price you have to buy it from us. It is not preferential competition. It is mandatory sourcing. You must buy from Federal Prison Industries. If you want a waiver or seek a waiver, Federal Prison Industries determines whether you will get it.

It is absolutely outrageous. And I just want to mention one other thing the gentleman talked about. The inertia, the momentum where we build up this prison industrial complex; 111 different factories: Alderson, West Virginia; Atlanta, Georgia; Beaumont, Texas; Butler, North Carolina; Dublin,

California; Edgefield, South Carolina; Fort Dix, New Jersey; Greenville, Illinois; Jessup, Georgia; Leavenworth, Kansas; Lee, Virginia; Manchester, Kentucky; Oakdale, Louisiana; Pollock, Louisiana; Ray Brook, New York; Safford, Arizona; Sandstone, Minnesota; Seagoville, Texas; Terre Haute, Indiana; Tucson, Arizona; Minnesota; Mississippi; Texas; Connecticut; New Jersey; Kentucky; California; Pennsylvania; Illinois; Tennessee; New York. 111 different factories. Absolutely they are building it up.

So we have this momentum put in place that just wants to gobble up more and more business. They want to grow and grow, grow by 30 percent after they have grown by 16 percent. They have come up with these creative marketing schemes, and what they are selling is they are selling their mandatory sourcing. They are going to these Canadian companies and saying if you sign these contracts with us, we may or may not do anything with the product except pass it through. It may not even stop at a prison, but if you sell through us we can make people buy your stuff that otherwise probably would go to an American company.

Thank you, Federal Prison Industries. Number one, you take our jobs. This is a new scheme that has come up within the last 12 to 18 months. So this is the direction this Justice Department is going. I guess they do not realize that there has been a little bit of an economic downturn in America. They think we have full employment. This Justice Department is now saying, before we put people in Michigan or Indiana back to work, we have to get those people in Ontario back to work. And when we get those people in Ontario back to work, we will take a look at Michigan and Indiana. But we have to first take care of those people in Ontario.

It is really too bad that the Attorney General and Federal Prison Industries are getting away with this. Probably Federal Prison Industries is getting away with this because the Attorney General is not paying any attention to it, although we have met with the White House. We have tried to get the attention of the Justice Department.

The President came to Michigan a couple of months ago, and he asked about this issue. I think he shares our passion. He thinks it is wrong. He made a comment along the lines of, hey, Pete, I think we have that issue done. But, Mr. President, no, we have not. Matter of fact, it has gone from bad to worse. This Federal Prison Industries is a fast-growing growth industry. That is what we want to have in the economy, but that is not what we want to have at Federal Prison Industries. But under your Justice Department, that is exactly what is happening.

Mr. SOUDER. If the gentleman will yield, my understanding is a lot of this is defense contracting.

Mr. HOEKSTRA. Well, a good part is defense. But a lot of these products are

used throughout the Federal Government. A good portion is defense, yes.

Mr. SOUDER. We are about to mark up in the Committee on Government Reform a new defense procurement act, as is Armed Services; and I am trying to understand, again, as the Department of Defense came and talked with those of us on the committee last night, their argument was they are trying to reduce costs and get more flexibility in the Federal Government. Why would they then do something that costs more with less quality in another area? And how are they going to justify coming to Congress and asking us to vote for that acquisition act if they do not fix this?

Mr. HOEKSTRA. It will be very difficult. Again, the folks in the Defense Department are very much in support of this type of reform because they want to go to the private sector, or at least they want to have the opportunity to go to the private sector. Typically, the private sector is going to be more flexible. From experience, we know they can provide a more cost-effective product and a better quality product. So, again, that is why Federal procurement officers are with us.

The folks that are not with us are the bureaucracy within the Department of Justice; and I am hoping that somebody just rings the bell over there and says, wait a minute, guys, this is wrong. We need to stop this, and we cannot believe that on our watch this is what is happening.

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We are growing the inmate workforce at the same time that unemployment rates in many parts of the country are going up. Again, Federal Prison Industries and Office Furniture grew by 25 percent as the industry went down by 18 to 20 percent, a 45 percent differential. It is terrible to say, but I would probably have been overjoyed if Federal Prison Industries would have stayed level, but they did not even have the courtesy in this competitive, tough economy to not be greedy. They got greedy.

Mr. SOUDER. Mr. Speaker, this President has had few things as defining in his career as the principle of contracting out and not having things be done by the Federal Government that can be done by entrepreneurial, private sector people. He did that his first term as governor of Texas, second term as the governor of Texas, and campaigned on that. Sometimes he goes too far in contracting out.

My question is how can we have such a disconnect in the Department of Justice with the goals of the President of the United States that are explicit through every agency right now ordering contracting out, and this is not contracting out, it is contracting back. It is sucking jobs out of the private sector, bringing them, kind of a reverse contracting out, and then in the proposals, proposing to increase that. At the rate of growth that this category is

going, what is the point of us in Congress trying to look at contracting out if they are going to be contracting in in this area.

Mr. HOEKSTRA. This is why Federal employees support us as well. What may happen is the Federal Government may decide to outsource and contract out certain things, and the winning contractor may be Federal Prison Industries.

Mr. SOUDER. Mr. Speaker, if the gentleman would yield, like when one goes to a national park and the individual greeting you is somebody who works for Federal Prison Industries.

Mr. HOEKSTRA. I would not go that far.

Mr. SOUDER. We do not know the way this is going. People in my hometown who have worked all their career building furniture, all of a sudden are put out from somebody from Federal Prison Industries. It shows graphically, if one visualizes it, what if your local park ranger works for Federal Prison Industries? Or what about if somebody doing the typing in for accountants would be?

Mr. HOEKSTRA. They are getting into services, into the telemarketing, into the processing and all of these kinds of things. Digitizing of photos and photo libraries. They are getting into an unbelievable number of things. Some are highly sensitive.

What the gentleman has laid out I would like to think is nowhere in the realm of possibility, but I should know better. I would never have thought that they could have grown by 25 percent in office furniture or 16 percent overall this past year. I would never have thought in their annual report that they would have publicized and highlighted the fact that they are paying all of 23 cents an hour up to \$1.50. They are proud of it and proud of their results. This Department of Justice has demonstrated through their annual report, even though the original criteria said minimal impact on workers and American taxpayers, they are not abiding by that standard anymore.

They are ruthlessly and aggressively going out to try to transfer jobs from the private sector and move them into Federal Prison Industries. It is one thing for you and I to be talking here in a theoretical sense, and it is a very different thing, and I have seen it in the gentleman's district and in my district, where I run into folks who say I have been laid off. Are you making any progress on the Federal Prison Industries, knowing that this is not going to fix all of the problems, but it sure could help.

If we could just get some of those people back to work, it would get us moving in the right direction. We need that base volume because the next thing that is on the horizon after Federal Prison Industries is foreign competition. Our industries should not have to worry about competition from their own government at the same time they are worrying about competition from China, but that is exactly

what they are doing. Our government has duplicated the China model: Invest in capital, they get their capital free, and then pay the workers very, very little. The American government, I guess they are teaching our companies how to compete against the Chinese by duplicating the Chinese model through Federal Prison Industries, and it is an outrage.

Mr. Speaker, I yield to the gentleman from Indiana.

Mr. SOUDER. Mr. Speaker, I congratulate the gentleman for his work on this and in trying to get the Department of Justice aware that they are in direct contradiction of the goals of this President and this Congress which has said we are looking at how to maximize the private sector and put Americans who are law-abiding citizens back to work.

I do not want to face people in my district who might have to wear a button that says "I follow the law, I am employed." We need to look for options for people to be trained. This is not about not giving people in prison an opportunity, but there is no reason that going to prison should give people an unfair advantage, particularly going through foreign countries, against people who in America have followed the law who are working hard who have actually outcompeted foreign companies to hold their sector until the U.S. Government behind them, waiving regulations and waiving capital costs, then giving them a mandatory advantage to go for higher prices with less quality and say you still must buy it, and then have the gall to come to Congress and say we are trying to contract out. We are trying to save money for the Federal Government when, in fact, they are putting people in our districts out of work.

It does not make sense and it does not fly, and I hope more Members and staff will pay attention to this debate. It is pretty much of a no-brainer. I hope that the Department of Justice will turn around on this. They are projecting this as a growth industry. It is incredible to me that they would not be humiliated by this, and instead look at it as a growth industry.

Mr. HOEKSTRA. That is what is coming down the road. It has been a growth industry. It is going to continue to be a growth industry. I am optimistic with the kind of support that we have for the bill on a bipartisan basis, we have had a coalition of the gentleman from Massachusetts (Mr. FRANK), the gentlewoman from New York (Mrs. MALONEY), the gentleman from Wisconsin (Mr. SENSENBRENNER), the gentleman from Michigan (Mr. CONYERS) and myself, together for a number of years, and I am looking forward to this to move through the Committee on the Judiciary quickly, and am hopeful that we can get this bill to the floor and have a good debate.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 1298, THE UNITED STATES LEADERSHIP AGAINST HIV/AIDS, TUBERCULOSIS, AND MALARIA ACT OF 2003

Mr. LINCOLN DIAZ-BALART (during Special Order of Mr. HOEKSTRA) from the Committee on Rules submitted a privileged report (Rept. No. 108-80) on the resolution (H. Res. 210) providing for consideration of the bill (H.R. 1298) to provide assistance to foreign countries to combat HIV/AIDS, tuberculosis, and malaria, and for other purposes, which was referred to the House Calendar and ordered to be printed.

THE PRINCIPLES OF RESPONSIBILITY, INTEGRITY AND COMMON SENSE APPLIED TO FEDERAL BUDGET AND TAX POLICY

The SPEAKER pro tempore (Mr. BURNS). Under the Speaker's announced policy of January 7, 2003, the gentleman from Washington (Mr. BAIRD) is recognized for 60 minutes as the designee of the minority leader.

Mr. BAIRD. Mr. Speaker, we are here today to talk about fundamental principles, principles of responsibility, integrity and common sense as they apply to the Federal budget and to tax policy. Over the past 2 weeks, we had the opportunity to go home and hear from our constituents, and we hosted an event with the Concord Coalition. We had people in several of my communities get together to try to balance the Federal budget, and we learned some very interesting things from that process.

We learned, among other things, that in spite of the majority's recent claims that deficits do not matter, the American people say that common sense says deficits do matter. We cannot, year after year, run enormous deficits, pass those on to our kids and not expect somebody to have to pay the piper. With several of my colleagues tonight, we are going to talk about how we got into that deficit, how we ought to get out of it, and how the policies put forward by the majority and this administration will actually make the situation far worse rather than better.

The first speaker this evening is the gentleman from Texas (Mr. EDWARDS). He said to me tonight he has to speak first because he has to go home and tuck the kids in. It occurred to me that is really why most of us serve here, we want to create a better America for our kids. And part of that way we create a better world is facing up to fiscal responsibility and not passing on an enormous burden of debt to those children in order to gain easy election or political advantage in the short term.

Mr. Speaker, I yield to the gentleman from Texas (Mr. EDWARDS).

Mr. EDWARDS. Mr. Speaker, I thank the gentleman for yielding to me, and for his outspoken and consistent lead-

ership in fighting for fiscal responsibility, not just for this generation of Americans, but for our children and their children, future generations of Americans.

Mr. Speaker, more and more Americans, and certainly central Texans when I go home, are asking a very important question: Why has the Republican leadership in Washington, D.C. abandoned the values of fiscal responsibility and balanced budgets? That is a good question. Frankly, the party that used to pride itself and the party that fought for balanced budgets, led a fight for a balanced budget constitutional amendment has now become the party that is proposing the largest deficits in American history. Let me discuss some facts.

Fact number one, it is true that the administration in Congress this year are proposing the largest deficit in American history. Let me repeat that one more time because a lot of people do not believe it, but it is true. The White House, President Bush and Republican leaders have endorsed the largest deficit in our Nation's 200-year-plus history. \$292 billion used to be the record for deficit spending. This year it could be well over \$307 billion. That is more of a deficit than we had during World War I, World War II, the Vietnam War or the Korean War.

Fact number two, this proposed Republican historically high deficit does not include one dime for the cost of the Iraqi war or building a national health care system for Iraq which they propose, or helping build new schools for Iraqi families.

Fact three, if we do not count the billions of dollars being taken out of the Medicare and Social Security trust funds to fund this huge deficit, the real deficit to the American people is actually this year going to be over \$400 billion if Washington Republicans get their way.

Fact number four, the House-passed Republican budget supports deficits not just this year, but for as far as the eye can see. In fact, over 214 Members of this House, Republicans, voted to increase the national debt by \$6 trillion by the year 2013.

Mr. Speaker, let me put this in perspective. It took two centuries, in fact, over 200 years for America to build up a \$1 trillion national debt. Yet in 10 years, Republicans will have been successful in increasing that national debt 6 times more than the amount that it took two centuries to create. \$6 trillion in additional national debt in the next 10 years under their economic plans and schemes, versus \$1 trillion developed over the first 200 years of American history. That is the kind of history we do not hear Republicans in this Chamber and across Washington talking about very much.

Mr. Speaker, I think it is fair to ask the question who in America should worry about these Republican deficits? Do they really matter? Do they affect the average American citizen? I think