

Furthermore, the dosages need to be controlled with it, or you develop another addiction. If you take out components in the marijuana, give it in tablet form, you can achieve the pain reduction. But if you are looking to get high and want to get addicted, it will not work.

So Canada, as they moved to this, in Vancouver, which I opposed but it worked with the legislators there and I talked to them about this thing, what they are learning is people do not want to take the pill. They want to get a higher dose than the pill. They wanted this "BC Bud" high-quantity level.

We have to figure out how we are going to work this through, because clearly many States are adopting this. There has been a false concept across America. Those of us who oppose drug abuse are branded then as being uncaring for the sick, which is wrong.

In fighting the whole thing we are not clarifying what we are arguing over here. We need to work together to relieve pain, but we also need to have an FDA standard, and it should not be a backdoor way to legalize a dangerous drug.

In our transportation bill we are moving through, we are making our first steps to make people aware that more people are killed apparently from drug addicted driving than from alcohol. That is a huge challenge in this country, that it is not just "I am relaxed and am using it."

Medicinal Marijuana has already challenged our transportation and drug testing laws in the State of Oregon, because it was supposedly medical. No, if you are taking a tablet form, you are not going to be at risk because you do not get that same dosage. It is a different mix. It is not marijuana. We have to figure out how to work these things through.

One last comment. Yesterday, DEA broke the largest ecstasy ring in history. U.S. and Canadian drug agents broke up a distribution ring responsible for 15 percent of all the ecstasy, that is what they estimate, smuggled into this country. It was called Operation Candy Box.

Approximately at their peak, they were doing 1 million tablets a month, approximately 5 million laundered dollars a month. It was in 18 cities in the United States and Canada.

I am grateful for the DEA's efforts and continued efforts to point out ecstasy is a dangerous drug. There is a program on tonight that I am very concerned about based on some of the statements attributed to Peter Jennings and in the news media. I do not know if it is correct. I have not seen the show. It does not air until tonight.

But the news reports are saying and suggesting that they feel the Federal Government has been inaccurate in their report of ecstasy, when we have had testimony showing the brain damage, certainly in animals, but showed us charts too of the potential and some on humans. We have heard from par-

ents whose kids have died at ecstasy parties and have gotten addicted. We heard of people who are ecstasy addicts, and I sure hope that we continue to combat it aggressively.

I thank the DEA for their efforts to shut down this dangerous drug, and I hope that our national news media does not side with the drug dealers and the drug users of this country and continues to send a positive message.

#### EMPLOYMENT PROBLEMS IN AMERICA

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

Mr. FRANK of Massachusetts. Mr. Speaker, a few weeks ago I took this floor to talk about the very serious problem we have in our country today regarding jobs.

Last year, as the economy began finally to recover from the recession in a somewhat robust fashion, we expected to see a significant increase in jobs. As I noted previously, Secretary of the Treasury Snow in October said he thought we would get 200,000 jobs a month, because we had seen such vigorous growth. He said everything he knew about the way the American economy worked, meant with that level of growth, we were going to get 200,000 jobs a month.

A couple of months later, when he was drafting the President's economic report, the Chairman of the Council of Economic Advisers, Mr. Mankiw, said something similarly. In fact, he went him a little better. He said about 215,000 jobs a month. By February of this year they both had retracted those predictions.

Unfortunately, we clearly now are in a situation in which the old rules, by which we mean over the last 20 or 30 years, by which we could calculate the given number of jobs we would get for a given level of increase in our gross domestic product, do not seem to be working.

For a variety of reasons, we are not producing at a given level of economic activity the jobs we used to have. That is a serious problem. It is, first of all, of course, a terrible social problem. The people who do not get jobs are often the most vulnerable in our society, and joblessness is a terrible plight for anyone who suffers from it. The joblessness has been prolonged.

In addition to joblessness, of course, by the working of supply and demand, when you have a larger number of people unemployed, wages do not rise at the normal level, so that we had last year a drop in real wages. Inflation outstripped real wages for people who work for pay from others.

□ 2030

We have seen the erosion in health benefits. There was some debate late last year and early this year about

that. As I said, the President's economic report came out in January, and it was still under the old rules. Well, facts are stubborn things, as a number of people have said. I forget who said it first, but a lot of us have liked it and repeated it, and it is now undeniable that we have a serious lag in job creation.

We are debating the reasons. I think they are multiple. One is productivity; and that is, of course, the great paradox. The good news of increased productivity becomes the bad news because it is one of the major explanations for the lag in job creation. There is the globalization factor, outsourcing. There is the debate about how many jobs this is costing, but it is costing jobs, undeniably.

There are other factors that are involved. I think the health care system of the United States is a problem. We have one of the few societies, the only one I can think of right offhand, where your health care is so tied to your job, so that when an American company has to hire, they have to think about health care. We have a situation where the American automobile manufacturers are burdened in their competition with others because they have to factor into the cost of every Ford and every Chevrolet and every car that is built here, the health care that is not a marginal cost for their competitors.

But leave aside for a while the reasons. We have to deal with the fact. And the fact is, as I said, it is now clear that we are in a period where we are producing fewer jobs per element of gross domestic product than previously. Then the question is, well, how long is this going to be with us?

Last year, the optimists were the people who said, well, we are going to just get a lot of jobs, a couple of million jobs a year, more than that, 2½. The Bush administration said from 2.4 to 2.6 million jobs a year. No one thinks that anymore. I hope tomorrow we are going to see a very robust job figure. There are some reasons to hope that it will finally begin to show something, probably because a major strike was settled in California, other seasonable factors, weather changes, but no one thinks we are going to get to those predictions of 2.4 to 2.6 million jobs.

So there has been a kind of downscaling of expectations by the administration and others. We still have pessimists and optimists, but, sadly, the pessimists and the optimists agree that we are in a period of slow job growth, and they differ as to how permanent this is.

Now, there are really three levels here.

There are always, of course, job losses of a cyclical nature in a recession. The optimists last year said basically, look, these are cyclical job losses and as we come out of this recession, we are going to restore them. That has not happened. Clearly, there is a structural element here. So we now have this understanding that increased productivity, foreign outsourcing, and

globalization are costing jobs in the near term.

But the optimists say, okay, that is true, but that is temporary. In other words, they concede, we have not just the cyclical problem of a recession, we have something of a structural problem as our workforce gets reorganized. But, they say, that is temporary, because, given the dynamism of the American economy and the inherent workings of the market, new jobs will be created. So they concede, as the facts require them to, that we are now in a position where we do not have the jobs we had expected to have but, they say, have hope. The jobs are just around the corner. The jobs are coming.

I wish I could be as optimistic. I do not think it is possible at this time to conclude for sure how deeply embedded in our economy this structural problem is. I fear that to a great extent we are going to have to cope with this on into the future. It is not simply that productivity means, I believe, a qualitative change going forward in the wealth-to-job mix, but it is also not clear that foreign trade will do what people say.

We have some of those who are the strongest proponents of trade, I think, overselling it. Foreign trade clearly has been a reason why inflation has been low. Foreign trade clearly holds down the cost of products we buy. But the notion that it will automatically produce as many jobs as it costs simply has not been borne out.

I was struck by a very interesting panel held on the question of outsourcing. One of those who spoke on the panel, a former member of the Board of Governors and Federal Reserve, a very distinguished economist, Lawrence Meyer, talking about this general subject quoted another very distinguished economist, Robert Lawrence, and he said that he had recently read a quote of Mr. Lawrence which really troubled him, and here is the quote. As he notes, Robert Lawrence has studied international competitiveness his entire career, and here is what Mr. Lawrence said, as quoted by Mr. Meyer:

"If foreign countries specialized in high-skilled areas where we have an advantage, we could be worse off. I still have faith in globalization, but it is no more than faith."

In other words, there is no guarantee that the factors that are causing this slowdown in job creation now are going to fade away.

I will talk in a further speech, however, let me reassure the Speaker, I do not plan to try to cover everything tonight and keep everyone here, about whether the optimists or the pessimists are right and what we do about it. Today I want to take the optimists at their word and hope that they are right and hope that what we are in is just a period of transition. That is the optimistic view.

The optimists concede that, as I said, it is not just a cyclical problem. What

they now say is, well, it is a transitional problem. We are in a transition at this point. Of course, the economy is always undergoing transition, but there does appear to be a more significant transition now: the outsourcing of computer jobs and service jobs, that is relatively new. We have had outsourcing in effect not of jobs but of whole operations in the manufacturing area. This is new. The productivity, the integration of information technology, that seems new.

But they say, look, it is true we are in a transition, but do not worry, because the dynamism of the American economy will soon produce new jobs to replace those that are lost.

Here is what President Bush said. Now, again, President Bush was, of course, last year one of the great optimists of the old sort. President Bush was having his administration officials predict 2.5 million jobs this year. That is gone. Now here is what the President has to say. According to the New York Times of March 31, the President was in Wisconsin; and the Times says he acknowledged the economic anxiety felt by many voters, saying that the intense pressure on business and workers to produce more for less, while good for the economy in the long run, has held down the creation of jobs.

It then goes on to quote Mr. Bush directly, and here is Mr. Bush's quote: "This is called a period of transition," Mr. Bush said. "That is an economist's word for things aren't going too well for you, and I understand that. I understand people are worried about the job they have."

In other words, this is the new optimist view, which is a less optimistic view than the old optimist view, and the President says, transition means "things aren't going well for you." Well, now lexicography was never one of his claimed strengths, so we will let that pass, but it is an acknowledgment that this transition is hurting people, but, he says, in the long run, you will be better off.

That is what I want to address. I want to take those optimists at their word, and President Bush is in that camp.

The leader of the optimistic camp, because of his stature, his justifiable stature, the respect for which people have for him as an economist and a thoughtful maker of policy, is Alan Greenspan. And I commend people who want to see the optimistic view, the new down-scaled optimistic view, to read his testimony given on March 11 before the Committee on Education and the Workforce.

As an aside, Mr. Speaker, as some Members know, that used to be called the Committee on Education and Labor, but in a display of political correctness, when the Republican Party took over the House, "labor" being a word with unpleasant implications for the Republican party, I think perhaps too much social concern for people who earn their living by being paid by oth-

ers, the word "labor" was banished from the official roster of committees and we now have the Committee on Education and the Workforce.

Mr. Greenspan's testimony before the Committee on Education and the Workforce is the optimist view. He says in here, as he has said before, that the stress that significant parts of our workforce are enduring reflect, and here I quote him, it is what "Joseph Schumpeter, the renowned Harvard professor, called the process of 'creative destruction,' the continuous scrapping of old technologies to make way for the new. This is the process by which wealth is created, incremental step by incremental step."

In other words, as the President said, you are suffering in the short run. Transition means things are not going well for you. But, in the long run, you will be better off. It is the process of creative destruction.

The very fact that you are losing your job is, in a perverse way, good news, because the job you are losing is a job that we no longer really find that useful, and we are going to create, out of that job loss, a freedom for you to take a new job.

Well, as I said, I hope that is the case. It has been the case historically in America that we have produced new jobs as we have lost old ones. There is a very real question in my mind about the extent to which that is still true. Of course we will produce new jobs. Certainly we will. But whether or not the rate of new job production will equal the rate of job loss, that is not to be taken for granted, and that is why Professor Meyer quoted Mr. Lawrence. He is saying, look, I have faith in globalization, but it is only faith.

It is clear that trade will help with the inflation issue. Trade helps bring us products cheaply, but there is no guarantee whatsoever to assume that it will allow us to replace the jobs that have been lost, and there is no mechanism under productivity that says that, either.

But I will take the optimists, for now, at their word. They acknowledge that, however, there is a problem. In other words, the optimist view is, okay, this is a transitional period, and in this transitional period a lot of you are losing your jobs and some of you are keeping your jobs, but you are losing your health care and you are getting cut back.

An example of that, we just saw the settlement of a strike here or a dispute in Washington, D.C., fortunately, it did not lead to a strike, I guess, of grocery workers. Grocery workers have a new contract, and here is the headline from the Washington Post yesterday: "New Workers Bear Brunt of Concessions. New people hired to work in the grocery stores in Giant and Safeway will get less in the way of compensation than the people who have been working there."

Well, that is the creative destruction, but it does seem to me in this case, for

the new people, a little more destruction than creativity, because they are going to get less.

By the way, we are talking about grocery workers. We are not talking about people whose compensation will go from \$150,000 to \$140,000. We are talking about people working very hard for not an enormous amount of money, and they will get less of it, and their health care will cost them more.

Mr. Meyer makes that clear, by the way. Mr. Meyer, former governor of the Federal Reserve who cares about employment, here is what he said about the transition:

"We have got to keep in mind here that the costs associated with globalization and even productivity in terms of the skill bias, some of them are transitional. People will generally get jobs back, but they won't get the same jobs back. They may get jobs back with lower wages, with less benefits. There may be permanent costs. So we have to make sure this is not just transitional. There are winners and losers, and it is more than short run. It can be sort of permanent."

In other words, even for those who have some optimism, there is a recognition that the transition will be damaging to a lot of people.

So then the question is, what do we do about the transition? Again, I will deal later with the more pessimistic view in another speech. But today I am taking the optimists at their word. Mr. Greenspan, the President, they say, okay, yes, integrating into information technology, expanding foreign trade, it is a two-way street. Ultimately, you will be better off, and we recognize there is some short-term pain. Bear with us.

Well, as Mr. Meyer points out, it is not at all the case that the losers of today will be the winners. There are different losers and winners. So even if we take this optimistic view that this is just a transition, it does seem to me that society has an obligation to make the transition a lot less painful.

The President says, remember, this is George Bush's definition of transition: "things aren't going well for you," he says. "That is an economist's word for things aren't going too well for you, and I understand that."

Well, Mr. President, we need more than understanding. We need a response.

□ 2045

That response has to involve a more active public sector than we have. By definition, the transition is a private sector transition. It is in the private sector that people are losing jobs and getting new jobs, as Mr. Meyer points out, that will pay less and that will have fewer benefits as the grocery workers have found out now, the new grocery workers.

Now I believe there is a very important reason to try to ease the pain of the transition and that is a matter of equity. Productivity outsourcing,

cheaper products, better products, those benefit society as a whole. There is a particular benefit for those us who are fortunate enough to be earning well, above the median income, and those benefits are widely distributed. But while the benefits are widely distributed, the costs of achieving those benefits is very narrowly borne.

It seems to me morally a decent society will try to take some of the increased benefit and use that to alleviate the pain of the few who are bearing the cost that made it possible.

Mr. Greenspan acknowledges that. "Creative destruction" is the phrase he borrows from Professor Schumpeter. That means that all of us are benefiting, but some are getting hurt. The President says, transition, things are not going well for you. Okay, but do we not have some obligation to have things go better? Is it reasonable?

I guess, because of outsourcing and other things, some of the things I buy I will buy more cheaply. Because am I, then, free of any moral obligation to worry about the fact that the people who are selling me these things more cheaply are getting paid less and having trouble meeting their family's needs and do not get the health care they ought to get, have to pay too much for it and sacrifice elsewhere?

So I think there is a moral reason why we should be trying to improve things. That, of course, requires some public policies. But even for those who do not believe in the moral argument, their own self-interest ought to convince them to do more about the transition.

Given Mr. Greenspan's recognition of the pain of the transition, given Mr. Bush's recognition of the pain of the transition, they are making a great mistake in failing to alleviate the pain of the transition, if only because the people who are suffering that pain are beginning to be in sufficient numbers and have sufficient sympathy so their response to transition is going to be to block it.

Now, remember in the view of the people I am quoting, the transition is a good thing. It is the way in which we grow. It is the way in which we improve. What you have is a paradox. Given our political situation, the victims of the transition do not have the political power in some situations to get some of those benefits to alleviate their pain, but they do have the political power to stop things from going forward.

Mr. Meyers says in an economist's ideal world that these trends are producing increased globalization, productivity, they are producing winners and losers. And he said the economists believe that the total gains of the winners significantly outweigh the total loss of the losers. So what you do is you take some of the gains from the winners and you compensate the losers and then the society as a whole is better off. The winners still win; the losers break even.

But as he points out politically, and Mr. Meyer was credited, he points out, yeah, but in our current politics the winners do not do anything for the losers. While the losers do not have the political power to force the winners to share, paradoxically they have the political power to stop the whole transition process and have there be many fewer winners. We know that.

Recently in Congress Daily there was a note that the lobbyists in town who work on trade are very disappointed because they do not believe the Central American Free Trade Agreement can go through the House. I certainly do not think it can or should in its current form. I think it is very lagging, although I would like to see a better version of that come forward.

Outsourcing, we know now in this great outcry, outsourcing, we are being told, do you not understand how good the outsourcing is? Well, the people who are being outsourced do not understand that. They understand that it is good, but they know it is not good for them. As long as all the benefits of outsourcing are going to some people and none of the gains, they are not going to be too happy about this.

In other words, I say to the optimists who believe that this is simply a matter of a transition which in the end will leave all of us better off, if you do not do something to alleviate the pain that transition inflicts on the lower economic sectors of this society and into the middle economic sectors of this society, they are not going to let the transition go forward.

Now, unfortunately, under the current administration and with the current congressional leadership, not only are we not doing anything to alleviate the pain of the transition, we are making it worse through public policy. Let me give you one example where I say we are making it worse.

I talked about the grocery workers. Now, some American workers are put at risk because the things that they do can be done overseas. And they are told, listen, if you do not adopt some lower benefits we will send this work overseas. We know that that threat is made often.

People in the computer industry are being told you are going to lose your job, you are going to be outsourced. Well, yes, there are some things where there is international competition. But how does that explain the erosion in the relative position of grocery workers? We know that that is there because the new grocery workers are going to get less than the existing ones. Very few Americans will go to India to buy their groceries. There is not a problem of outsourcing of your frozen food. What we have got are public policies that are eroding their position, in particular, the assault on the role of unions.

What has happened has been a systematic dismantling of the Federal law passed under Franklin Roosevelt and generally supported by presidents

since, which allow men and women to bargain collectively for their jobs. So you have a Wal-Mart which, in part because of the law and the way it is now being interpreted, is able to block collective bargaining because you have people hostile to unions administering the law that is supposed to protect people's rights to join them. So Wal-Mart then becomes the standard down to which others must repair. That is a public policy problem.

The tax system over the past few years has been made more favorable to the wealthy and less favorable to working people in relative terms. The payroll tax continues to go forward. That is another example of public policy making things worse rather than better.

And we have a number of very specific areas where the people in power in Washington are either making things worse or refusing to make things better. That is, there are some things that can be done to ease the transition.

And, again, I want to reiterate, I am not here debating whether or not these changes in job creation are going to be with us for a while or whether they are short term. Everybody admits that we now have this transition. Everyone acknowledges it, the President, Mr. Greenspan, and others, that it causes pain to people.

Let us assume they are right and within a few years the dynamism of the American economy will make this a time that we will all look back on and say, oh, were not we worried too much? Well, at least those of us who have had jobs throughout this and health care and other things. But what about the people who are not in a position to maybe even make it through there with any kind of economic integrity?

Well, there are things you can do to ease the transition. This Republican administration and Congress, sadly, are doing the reverse. Nothing could be clearer on this than the question of unemployment compensation.

Now, here Mr. Greenspan, who is the leading optimist in this, has, when pressed, agreed that we should extend unemployment benefits. I stress Mr. Greenspan, because I think he is the leading articulator of the more optimistic view. And when pressed, as he does not volunteer, he says, well, yes, you should extend unemployment. How do you, Mr. President, acknowledge that this is a time of transition in which, to use your words, things are not going well for the people who are at work and you do not use your power to get extended unemployment compensation?

Now, historically, when the recession ended we would do extended unemployment in a recession, extended unemployment benefits. When the recession ends, jobs came back, you did not need extended unemployment benefits. In this case, we have the recovery without the jobs, so you still needed unemployment compensation. The administration opposes it.

Part of the problem, we agree, is foreign trade related. That is not the whole problem. Productivity may be a bigger part of it. I think it probably is. But part of it is foreign trade related. Well, we are told we have something called trade adjustment assistance. It helps you if you lose your job to an international operation. But when it was passed it dealt only with manufacturing. We were not thinking then about computer-type jobs being outsourced indeed. The jobs now being outsourced are the jobs we used to retrain people for. We just forget to give them airplane tickets when we gave them retraining.

Where are we now? We are now in a situation in which the Republican administration and Congress is blocking efforts to extend trade adjustment assistance to service workers. So if you lose your job in a factory, you can get some trade adjustment assistance. It is not the best thing, but it is some help. But if you lose your job in a call center or in a computer programming operation, you get nothing. The administration has said no, no, we cannot help, because it says manufacturing products. It does not cover services.

Senators have said and others have said, the House of Representatives Members have said, okay, we will change the law so what this covers services; and the administration and the Republicans are blocking that.

So no to extended unemployment compensation, no to expanding trade adjustment assistance to people who need it.

Well, one of the things we could do would be to provide some public sector jobs for some of these people. Because, again, some of the people who are losing their jobs are not going to be the one who get the new ones.

And I go back to Mr. Greenspan. Mr. Greenspan's testimony is really the articulation of this view, and what it shows is the inadequacy of the conservative optimistic approach to this problem. Mr. Greenspan is their intellectual leader, and his answer essentially is community colleges and some more training.

One reads Mr. Greenspan, he says the whole problem is education. We do not have a good skill fit. We need more skilled workers, and we do not have them, and, therefore, the answer is to educate them more. That is shockingly inadequate. And Mr. Greenspan intellectually, I think, is not thinking this through.

I think that the problem is that in this case Mr. Greenspan's deeply conservative ideology, to which, obviously, he is fully entitled, his view that less government is almost always better, which is a view he has held for a very long time, is winning out over his intellectual understanding of what is going on in the world.

He grants that there is this insecurity. He did not always, but he now acknowledges it. He understands that the pain of the transition going unabated

causes problems in resistance to the programs he would like to see go forward, but he cannot bring himself to let us help alleviate them.

Now, one more minute on the Bush administration. One thing we could do that would be very helpful with jobs would be highway and transit construction programs. People always said, well, public works is not a good way to respond to a job crisis in a recession because by the time you get geared up the recession is over. Yeah, but we are in a situation now where, while the recession may be over, but the joblessness is not; and this is an ideal time with slack recesses in the economy to improve our transportation system, our highways, our trains, our public transit.

A month or so ago the chairman of the Public Works and Transportation Committee here and his ranking member, bipartisan effort, correctly said we could spend usefully \$375 billion over the next 6 years, not a huge amount in this whole country, improving transportation, and it would both be better for the society and it would provide jobs. And the President used his political muscle to cut that back and back and back to the point where he is now threatening to veto a bill that is \$100 billion less than the original one.

Well, Mr. President, if you recognize that things are not going well in the transition, why should there be resistance to a piece of legislation that is one of the best answers we have to these problems? Because, again, to go back to Mr. Greenspan and the others, the problem with his argument about creative destruction is that, frankly, the people whose jobs are getting destroyed are not the people for whom the jobs will be created.

Even if you do job retraining, there are people in their 40s and 50s who are losing their jobs, people who had a high school education. The likelihood that they can be retrained for jobs, anything comparable to what they had, is quite slight in large numbers.

That is what Mr. Meyer correctly pointed out. Yes, some people get new jobs. They will be worse jobs than they had. They will not pay as much. They will not have the benefits, particularly since there is now a trend among American employers to cut back on health care and to cut back on defined pensions.

□ 2100

So, in any case, everything else being equal, you are likely to get a job paying less, and it is not going to be equal for all these people.

Let me say, the President's mistakes are very clearcut. No to extended unemployment benefits, no to trade adjustment assistance to the people whose jobs are being outsourced, no to a good highway program that would put people to work and also create, in some local areas, better economic conditions. So the President betrays his own recognition that this transition

means things are not going well for people by denying them this kind of short-term help.

Mr. Greenspan's error is articulated more clearly, but I think it is equally grave. I have heard his and I have talked to him about this and his answer to the problem frankly is, well, let us do more with the community colleges, let us retrain people. There are a couple of problems with Mr. Greenspan's approach.

First of all, I must say, as much as I respect him in general, as much as I admire what he did when during the 1990s he refused to raise interest rates and cut back the economy, some people argued that too little unemployment was bad for the economy, Mr. Greenspan resisted that. He said, no, he was not going to inflate interest rates just because unemployment was dropping. He was going to see if we could have low inflation and low unemployment. He was right and we did.

But here again, I have to say his philosophical opposition to government is, I think, crowding out, to use a good financial term, his commitment to dealing with the problem he identifies. He understands that the transition is causing political problems, and he says in his testimony and he acknowledges that it is leading to problems, that it is leading to people being opposed to some of the policies he thinks are necessary.

He understands that outsourcing and free trade, things he like, are at risk because of the resistance, but he cannot bring himself to overcome his philosophical objection to government to the point where he will really respond to those needs.

Yes, grudgingly, when we asked him, he said, yeah, extend unemployment but it is not high on his agenda. In fact, the central tenet recently of what he has been arguing, well, there are two tenets and they are in disagreement. One, he says we have to greatly increase the skill-sets of American workers. We have to educate people more; let us have more community colleges; let us have more education. Well, Mr. Greenspan's too good an economist to think that people at community colleges will work for nothing, but some of them would have to if we are going to carry out what he wants.

Mr. Greenspan has, after all, unlike the Bush administration, argued that the serious deficits we are now encountering and the enormous debt that they are building up, that that is bad for the economy, but sadly, he tells us that the only way that we can responsibly reduce that deficit is by cutting spending.

He is generally in favor of continuing the very significant level of tax cuts, weighted towards wealthier people, and I think he agrees with that philosophically, and he says, therefore, we have to make all these reductions on the spending side. Well, I have two problems with his approach.

First of all, he puts too much of a burden on education. I am all in favor

of increasing the skills of American workers, but that does not mean that you do not have to, during the transition, alleviate the economic pain being felt by people who probably are not going to be able to acquire those new skills and who are going to take some time in arguably earning while they are trying to get them. Yes, community colleges are very important, but it is too heavy a lift to put on them the burden he puts on them basically of dealing with these job problems. I do not caricature. I urge people to read this. When we asked him what should we do about it, he said it is education, community colleges, improve the skills.

One, as I said, he puts too heavy a burden on them, but two, at the same time as he urges us to do more in education to improve people's skill level, he actively argues against the revenues being made available to the public sector that would be necessary to do that. No one thinks you can significantly increase the skill levels of workers without the public sector having a major role, and Mr. Greenspan's philosophical objection to the public sector having an expanded role comes head-on against his recognition that something ought to be done in this area.

As I said, Mr. Speaker, I have been talking about what I consider to be the optimistic view. The optimistic view is that, yes, productivity increases, outsourcing, increased trade, they represent more than the cyclical loss of jobs which you get in a recession that is overcome when the cycle turns. They acknowledge, the President acknowledges, Mr. Greenspan and others, a transition which has painful effects on many workers.

I will leave to a later speech, as I said, whether or not we may be in a period of a kind of permanent transition like this. That is, I fear that unless we do more than we are doing in public policy, even more than I have now been talking about, we are going to continue to have this problem.

Increased productivity is a wonderful thing. It is what civilization strives for in the economic sphere. Productivity means we have more recreation and more leisure. We can make more with less. That is what we are trying for. The tragedy is that we have a set of bad social arrangements that take that wonderful thing, increased productivity, and make it into a source of pain and deprivation for so many of our citizens.

But as I said, leave that one aside. Assume that Mr. Greenspan is right, the President is right, that cutting taxes and continued outsourcing and continued foreign trade, a continued \$500 billion a year American trade deficit, continued increases in productivity without labor unions getting in the way, more freedom for employers to cut back on benefits and health care, let us suppose they are right and that while that is difficult for some people in the short-term, and we do not

know whether the short-term is a year, two, three or four, at some point the dynamism in the American economy, as I said, will make us look back fondly on these days.

Even if you believe that, and I am, as my tone probably indicated, skeptical, it is self-defeating unless you respond to that pain which you understand is, in fact, a current reality.

So, the President, Mr. Greenspan and others are not understanding the implications of their own optimism. The increased wealth we are now creating, the benefit society as a whole is getting, the particular benefits that the very wealthy are getting, unless some of that is shared with the people whose jobs are being destroyed in the process of creative destruction, or the people who are losing jobs, or the people who are losing health care, with the new hires at the grocery stores here in Washington will be getting less than their colleagues doing exactly the same job, unless we do a better job at alleviating that pain, then the transition is going to be stopped. Arguing that free trade and outsourcing and the freedom of employers to hire and fire at-will and not be hindered by unions, the objections to any restrictions on various productivity practice, those who take this position are doing their cause some harm, some very real harm.

To go back to the phrasing of Mr. Meyer, and I think this is the best way to put it and I borrow from him and I adapt him a little. Given the political situation in our society today, given the Republican control and the view that the market will take care of things, and I believe in the market. I just do not believe in it as an absolute. I think it is clearly very valuable. I think it does not, however, do everything and there is a need for the public sector.

But the view that says the market will take it, has a lot of power today, the market will take it all by itself. What this means is that in the current situation the losers cannot politically force the winners to treat them more fairly, but because of the nature of politics, while the losers cannot make the winners treat them more fairly, they can stop the winners from winning as much as they otherwise might.

If you believe that all these things, unhindered scope for increased productivity, no restrictions on the Wal-Marts and the comparable institutions, more free trade without any restrictions, without worrying about labor rights and environmental rights, and I must say Mr. Greenspan erred. I was very sorry to see a quote from him in which he said that people were using a concern for labor and environmental rights as a shield for protectionism. That troubled me that Mr. Greenspan would not understand the sincerity of those of us who believe this. I fear he literally adds insult to injury when he impugns the motives of those who say that.

The fact is that they face a situation in which their failure to alleviate the

pain has built up such opposition to what they want to see happen that it will stop happening, and they cannot believe that this is good. So they really face a choice, because the electorate faces a choice later, but we deal today with public policy choices.

Continue to block an extension of unemployment compensation, continue to deny trade adjustment assistance to people who are losing their jobs to outsourcing in the services area, continue to block the ability of organized labor to help people band together to defend themselves, continue to allow the erosion of pensions and health care, refuse to allow this Congress to pass by threatening to veto a highway bill that could put some people to work, and you will reap, unfortunately from your standpoint, and from mine, too, a degree of resistance to economic progress that may make us all worse off.

So I say, in closing, Mr. Speaker, that we have had some advance. The President in particular, his aides they are not talking about 2.5 million jobs a year or more. They are acknowledging that we are in a period of painful transition, but they stop short of helping us alleviate that pain. The transition does not have to be painful, and if the transition continues to be painful, at some point there may not be nearly as much transition as they want.

I close by saying, as I said in my previous speech and will say again, a large part of the problem is the instinctive, intense, absolutist dislike of the public sector. The notion that when civilized people come together to do some things jointly because the market does a lot but it cannot do everything, the notion that that is something that is always bad gets in their way, because unemployment compensation and the highway bill, the trade adjustment assistance and improved community colleges, et cetera, that takes a public sector that is well-funded and able to meet its responsibilities.

As long as we have the President and a Congress that regard the public sector as something to be ridiculed and diminished and hindered at every turn, who do not have any confidence in our ability to come together as a people and achieve important social purposes, as long as Mr. Greenspan, the leader of intellectual conservatism, continues to argue out of his philosophical opposition to government that, yes, we must reduce the deficit but we must do it all by reducing spending and not at all by undoing some of these tax cuts, then things will get worse and not better. The political trends Mr. Greenspan laments, the opposition to free trade, the opposition to outsourcing, it is going to get worse, and we will see this year blocking outsourcing. In the short-term I am for that because I think the way it is being done is wrong.

I would like us to be able to come together and say, let us, to go back to Mr. Meyer one last time, try to follow the pareto optimal motto he talked about in which some of what the win-

ners get will be to alleviate the losers' loss, to the point where we will be able to go forward as a society, and there will always be some losers and some people will be hurt. We are talking about a very complex society of hundreds of millions, but we can substantially diminish the perceived, I believe, unfairness of the way in which the current increases in wealth are distributed.

Until we do that, people should not be surprised when they encounter increasing resistance to things that they will tell the American people are in their long-term best interests because, unfortunately, the people who are losing their jobs and feeling the pain and losing their health care and having their pensions jeopardized do not, in this case, feel as persuaded by Joseph Schumpeter's argument about creative destruction as they instinctively tend to understand what John Maynard Keynes said when he argued to people who said do not worry about what is happening now, it will be better in the long run. In the long run, we shall all be dead, and in the long run these people understand they will have encountered so much pain and so much difficulty in their lives that the promise of these future benefits, which may not even accrue to them but to society as a whole, do not account for much.

Mr. Speaker, in a future speech, I will talk about the pessimistic view because, unfortunately, bleak as I sounded today in some ways, I was talking about what the optimists say. I am afraid that I think things may even be worse than that, but at the very least, I just want to say in closing, maybe repetition will get me some somewhere, extend unemployment benefits, extend trade adjustment assistance to service workers. Let us do a highway bill that meets America's highway needs and puts people back to work. Stop the union busting and the resistance to working men and women being able to come together, and I can promise you that we will be able at that point to consider some of the economic policies you are talking about in what you will find to be a better atmosphere.

□ 2115

#### JOBES AND IMMIGRATION

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

Mr. TANCREDO. Mr. Speaker, it is with pleasure that I address the House this evening for the purpose of continuing the discussion that has been ongoing here about jobs; about what it is in this economy, in this new world economy, this new world order that is creating the dilemma for many people and creating concern on the part of many folks out there, creating fear about their own jobs, if they still have them, and certainly encouraging the

depression of those folks who have lost their jobs and have not been able to find others.

This is a perplexing and challenging issue. Undeniably so. And the tendency, the desire, I think, for a lot of people is to immediately, especially in our position, any elected position in America, when we recognize there is this kind of a problem and that people are hurting, the natural response is to say, what can I do about this? How can I change the situation? What can the government do to create a better situation for those folks who are hurting? And this is enormously perplexing when we are talking about this brave new world of a global economy that we do not entirely understand.

For well over 100 years, we thought we really had this thing pegged. We thought we knew what it took to create a prosperous society and a vibrant economy, and it boiled down to two words: Free trade. And we listened to and read the works of economists that all adhered to an economist in the 18th century by the name of David Ricardo. He coined the phrase "comparative advantage." He said, look, when two countries are competing to produce a particular product, one may have an advantage over the other and we should concentrate on producing whatever it is in that country that they have the advantage to produce because of their climate, the geography, and the natural resources in that country.

He used two examples: He said, let us look at Portugal and England. Portugal could produce wine and textiles, but in fact would have to put a lot more effort into producing textiles. England could produce textiles and wine, but would have to put a lot more effort into producing wine. So, therefore, Portugal should produce wine, England should produce textiles, and, therefore, the comparative advantage would accrue to each one of those countries. Each one of them would be doing what they do best and, therefore, each one of them would prosper and they would not be wasting their resources doing things they cannot do very well.

That is the theory we have been operating under for now well over 100 years. And I believe that it had great merit and that it can work well. But we have added a new dimension to this whole discussion, and it is the dimension of labor. That was not an issue in Ricardo's day. Labor was not all that mobile. You could not move work to worker anywhere in the world. So labor was a constant in Ricardo's day and, therefore, you just dealt with what natural resources and the climate and the geography dealt you.

Today, of course, we know that because of technology we are no longer able to rely on just what nature has given us in terms of resources. We also have to deal with the fact that labor is another one of those commodities that can be traded and for which there is a competitive advantage for some countries. But today that advantage will