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**Floor Speech by Sen. Ernest F. Hollings
On Trade, Manufacturing and the Loss of U.S. Jobs
July 31, 2003**

Mr. HOLLINGS. Mr. President, it is somewhat out of order when I make comments on trade in that the distinguished majority leader says he wants to do energy, he wants to do judges, he wants to do the supplemental, and he wants to do trade. I talked to him earlier this morning, and I said: I would be glad to fill in at any time they have a lapse. He said: Well, it wouldn't be until tomorrow. Then later in the exchange--there has been an intramural all morning long on procedures--he said: Perhaps on Saturday.

So I thought once the Pastore rule had been complied with and rule 19(1)(b), the three hours had been completed--the distinguished former leader, the Senator from West Virginia, and I are the only two that remember the Pastore rule.

Now that I have the floor, I have time to comment in a deliberate fashion. And while my distinguished former chairman and now ranking member of the Finance Committee is on the floor, since I am talking about trade, I want to express a frustration and make this observation.

The main problem we have is how to pay our bills. The President has just put out a budget deficit projection of just a \$455 billion deficit. That is on page 1 of his report. But on page 57 of the report, you will see the deficit will really reach \$698 billion this year. As of this minute, the public debt to the penny is \$503 billion. But second to that particular problem is the matter before us of jobs, economic strength, and manufacturing capacity.

I will never forget Akio Morita, former chairman of the board of Sony. Morita was visiting Chicago, and lecturing about Third World countries. And he admonished that a Third World country had to develop a strong manufacturing capacity in order to become a nation state. And later on, he diverted and pointed and said to me about the United States: That world power that loses its manufacturing capacity will cease to be a world power.

At the end of World War II, we had 40 percent of the workforce of America engaged in production manufacturing. Now we are down to 11.2 percent, and soon it will be 10 percent. So as a result of the scheme, I should call it, of the Finance Committee, we will have 10 percent of Americans working, and the other 90 percent eating or talking about it. And I hear these big

voices around saying: World power, we are the only world. We are not a world power. No, no. We are in a very weakened position.

Right to the point, when I came to the Senate I got on the Commerce Committee. I had practiced customs law. I thought I was getting into trade because the Commerce Committee used to be the Committee of Foreign Commerce. Under article I, section 8 of the Constitution, the Congress of the United States shall regulate foreign commerce--not the President, not fast track, not some wavering trade minister running around Doha saying he is going to do away with dumping laws--but the Congress.

And I found out that my distinguished chairman, Senator Magnuson at the time, was interested in exports, since he represented Boeing. Foreign commerce had reverted over to the Finance Committee. They had the reciprocal trade agreement. They had the Special Trade Representative. And indirectly, I became a sort of a study of the Finance Committee. I had a fellow named Claude Wilde from Texas come up to me, when I was just a freshman Senator. I was taken to the third floor of the old Statler Hilton. And he said: Yes, we are going to get rid of that fellow Yarborough. We are going to get that fellow Bentsen up here because he is better on oil.

I said: On oil?

He said: Oh, yes, that Finance Committee, we oil boys run it. We look out for oil.

So the farmers are smarter than the oil boys. They have moved in with the Senator from Montana and the Senator from North Dakota and all the rest of them.

I notice my distinguished ranking member. He put out a complaint to the WTO on agriculture. I have lost 61,000 textile jobs since he proposed NAFTA. He didn't ask the WTO about the special provisions for textiles.

But he wants to petition. He immediately becomes alert. I have had to fight agriculture, I have had to fight the oil boys, I have had to fight that Finance Committee to sober up this Congress and let us go to work on producing jobs.

The policy at this minute is to export jobs, eliminate jobs, get rid of all jobs--not just textile, not just hard manufacture, not just service jobs, not just high-tech jobs, but all jobs, except politicians and the press. If we started importing politicians and press, I believe we would finally stop, look, and listen, and we would begin to understand the problem.

We have to struggle in order to debate trade as a result. It is easy to fix the Finance Committee--and they are fixed. They get their little amendments in there, and everything else like that. I am ready to vote for the Chile trade agreement. I have been saying that for 5 years, except they put on immigration.

Mr. BAUCUS. We didn't.

Mr. HOLLINGS. You didn't, but you didn't knock it off. They had a vote 3 years ago on the H-

1B visas, with that Silicon Valley crowd. They wanted to get all the Indians and Chinese cheaper, and bring them in to take American jobs. The vote was 99 to 1. I was the one against that immigration. I am against this immigration, and if you didn't have fast track, Mr. President, I could put up a little amendment, like any Senator, and we would have the normal process, and we would have an up-or-down vote, and I probably could pass it. I notice, on the other side of the aisle, some Republican colleagues are concerned about the immigration provision. Chile is better than us. Chile has a free market economy; they have labor laws; they have environmental laws; they have a respected judiciary; they have a balanced budget.

Even when they brought up NAFTA, I said, why not Australia? They are the best friend we have; they immediately supported us in Iraq, in Afghanistan, in Vietnam, and in Korea--the best friend we have and we don't have a free trade agreement with them.

Now they want us to have a free trade agreement with a corporate state, Singapore. I said long ago I could compete with any company in Japan, but I could not compete with the country of Japan. So here I am being asked to give the country, which is really a corporate State, free trade status. The government of Singapore owns the port; shipping and logistics; property; the airlines, telecom, media, banking, and financing services industries; powers, utilities, technology, engineering, and the rail.

Mr. President, I ask unanimous consent to have this list printed in the **RECORD**.

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

State-Owned Corporations in Singapore

Mr. HOLLINGS. Mr. President, that is a corporate state. There isn't any question that what we have here is a loading dock, a veritable loading dock from Indonesia. Let me read this. Here is a headline:

Officials tout manufacturing services benefits from U.S.-Singapore FTA.

U.S. Ambassador to Singapore Frank Lavin this week said the greatest economic benefits to U.S. companies from the recently-concluded U.S.-Singapore free trade agreement would come in the areas of financial services, intellectual property and manufacturing in the electronics sector.

Lavin said that in the long run, the "most significant aspect of this FTA" could be provisions allowing products assembled in the two Indonesian out-islands to be counted as Singaporean in origin for the purposes of the FTA. That would allow U.S. electronics manufacturers to take advantage of low wage rates on those islands to assemble components from Singapore into electronic products that can enter the U.S. duty free, Lavin said.

Mr. President, where are we? Here we are trying to create jobs, and our good friend, Don Evans, the Secretary of Commerce, is running all over, jobs and growth, jobs and growth, jobs and growth, and we will give you a tax cut, jobs and growth as if that's going to help.

My distinguished friend on the House side--the smartest fellow perhaps in the Congress is **JOHN SPRATT** from South Carolina, the ranking member of the Budget Committee. He voted for NAFTA. I said, **JOHN**, for Heaven's sake how could you? And he said he had a promise that we can get 500 additional Customs agents. He said we need them badly, and he was right. We needed them badly.

We never got the 500 Customs agents. They keep cutting that budget particularly. They need help. In Charleston, we have to lend the local sheriff's sniffing dog to the Customs agents. My office is in the Customs building. I keep up with them and I know what is going on down there.

Mauritius, the little island off the coast of Africa, was inundating us with imported textiles, but they didn't have a textile plant. It was all made in China, and coming through Africa to South Carolina. These transshipments, Customs people will tell you, are to the tune of \$5 billion. When you go to them and ask them, wait a minute, can't you enforce the law, they say: Senator, you want me to enforce the law now on terrorism or textiles? I said: Heavens, no, on terrorism. Do you want me to enforce the law on drugs or textiles? Oh, no, I want you to enforce the law on drugs.

So we have lost 61,000 textile jobs, and who is leading the way? The Department of State is leading the way in Singapore. I hate to say that about Singapore because I have visited there and I have the greatest respect for anybody in the Far East, specifically the former Prime Minister, Le Quan Yu.

As a young Senator, in the early 1970s, I went there and Senator Mansfield, the majority leader, said: Fritz, you have to call on him. He is the wise man of the East. I had the most interesting conversation just the year before last. I called on him again, with the distinguished chairman of the then Intelligence Committee, Senator *Shelby*, because I wanted the Prime Minister to relate a particular observation he had made to me back then with respect to the defenses and the concerns we had in the Far East, which is another subject for debate. I was prepared to vote for Singapore. But we got fast track.

With fast track you cannot say anything; you cannot do anything. You have to disrupt the Senate, in the middle of the energy debate, to be heard. We have fast track on jobs in America. We fast track jobs offshore--that is what it is. If we did not have fast track, I could put up a little amendment to strike the provision in the Singapore agreement that they couldn't have transshipments from the Malaysian Islands. This will just open the door for everything in the Malaysian Islands to come through Singapore. Listen to what the State Department ambassador said:

With fast track, you have to disrupt the orderliness of business around here.

I apologize to both leaders who have had a very difficult time getting business back on track today, but, Mr. President, I can tell you now, I do not apologize to anybody about the importance of this particular subject. It is not discussed, it is not debated, and it is not considered. It is fixed.

I know something about trial lawyers, and I have seen some fixed juries that I have had to go up against. If there has ever been a fixed jury, it is this U.S. Congress. And I do not speak in a partisan fashion. I remember NAFTA. We had that beat until President Clinton went out and picked up 23 votes. He gave a golf round here for this particular Congressman, a golf round there. Jake Pickle, the Congressman from Texas, my good friend, got a cultural center. Another Congressman down in Texas got two C-17s. Oh, yes, the White House has the power. I do not speak loosely or lightly. I speak authoritatively. It has been reported in the press. They fixed the vote.

This vote was already fixed, unbeknownst to the members of the Finance Committee, so that when the treaties got here, they found this hidden provision on immigration and we cannot vote on it.

Finally, they put in a provision with respect to the transshipments to Singapore, and we cannot amend it. So the Senator from South Carolina under fast track is forbidden from voting his will with respect to these particular trade agreements.

I am really worried. I just mentioned to the distinguished Senator from West Virginia about production in this country. I go right back to Morita. We were talking about manufacturing. That has been the strength of Japan. It is now the unquestioned strength of China. We think we are strong. We passed a resolution in the United Nations at the end of the eighties for the General Assembly to have hearings on human rights in China. China went around us, to the leadership in Africa, in the Philippines, in Malaysia, in Australia, and in New Zealand. They picked up the votes, and we never had a hearing on human rights, even though we had it adopted in that particular committee.

One can say under domestic politics, it's the economy, stupid; one can say under foreign policy, it's the economy, stupid, because it is the economic strength of our Nation that is in question here.

I just finished reading a book, "An Army at Dawn" by Rick Atkinson. He reminded me of the strength we had in World War II and how we really won that war. I have been on several panels, having been a 3-year veteran starting out in Africa and ending up on V-E Day in Austria. As much as anyone, Rosie the Riveter won that war. I hope in this big ceremony they have for World War II that they will have a statue for Rosie the Riveter because I can tell you right now, it was the American production that won that war. As has been said, we did not defeat the Germans in North Africa, we overwhelmed them because we had that kind of production.

As I said earlier, at the end of World War II, we had 40 percent of our workforce in manufacturing, in production. As of yesterday afternoon, my check showed it was 11.2 percent, and we are going to get new figures on Friday, and probably it will be down some more. For the last 3 years the manufacturing strength and economy of the United States has diminished.

What happens is, we have 10 percent of the people producing and we have 90 percent of the people eating and talking about it. That is not a country. Let's not run around here about energy, and run around here about judges, and run around here about supplemental bills, and whatever

else. Let's sober up and start rebuilding this country, rebuilding jobs, and quit exporting them. Let's put a tourniquet on this outflow hemorrhage of jobs to any and everywhere but the United States.

We have a 6.5 percent unemployment rate. The real unemployment rate is not just the 6.5 percent.

Mr. President, there are those who have not applied, so it is a real unemployment rate of some 10 percent.

My colleagues can see why I am worried when we see ``The Jobless and Hopeless May Quit the Labor Force." That is how we get to 10 percent. This is another Times article dated April 26.

Mr. President, if you think I am worried, let's go to Mort Zuckerman, the editor in chief of U.S. News and World Report. I quote:

The statistics are enough to make an incumbent assume the fetal position: 2.7 million fewer private-sector jobs than two years ago; the longest decline (32 months) in industrial employment since the Great Depression: the longest continuous decline in jobs in more than 50 years. Making matters worse, the stock market has been off by double digits for three years in a row. That's the first time that happened since the 1930s. The markets' plunge wiped out over \$5 trillion in value, including the retirement savings of millions of Americans.

As if all that were not enough, the \$5.6 trillion Federal surplus we saw during the 1990s has been turned upside down into an estimated \$4 trillion deficit. Business activity is as weak as it has ever been outside of a recession, and we do not know whether this signals the onset of another recession, the dreaded double dip.

That is Mort Zuckerman.

Some might say, **HOLLINGS**, you are all wound up about Texas. I am not wound up about Texas. I am wound up about the country. We are in the worst shape I have ever seen, and they are running around here with tax cuts for jobs and growth. We have lost 2 million jobs since we passed the tax cut. We have lost 2.7 million since President Bush has taken office, according to Mr. Zuckerman.

The Wall Street Journal on July 21: ``Laid Off Factory Workers Find Jobs Are Drying Up For Good."

I ask unanimous consent that the article be printed in the **RECORD**.

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

“Laid-Off Factory Workers Find Jobs are Drying Up for Good,” Wall Street Journal, July 21, 2003, by Clare Ansberry

Mr. HOLLINGS. I picked up my August 4 issue of Time magazine: "Where The Good Jobs Are Going. Forget Sweatshops. U.S. companies are now shifting high-wage work overseas, especially to India."

I ask unanimous consent that this article be printed in the **RECORD**.

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

"Where the Good Jobs Are Going; Forget Sweatshops, U.S. Companies Are Now Shifting High-Wage Work Overseas, Especially to India," Time Magazine, Aug. 4, 2003, by Jyoti Thottam with Sean Gregory

Mr. HOLLINGS. What happens is that when we used to argue for manufacturing jobs, they said, oh, don't worry, the service economy will produce jobs. Then when the service economy was leaving, they said high tech, will be the motor of growth. Then there was Y2K, that was to be the next motor of growth.

The high-tech jobs are gone. The service jobs are gone. As they told England at the end of World War II, do not worry, instead of a nation of bronze, you are going to be a nation of brains; instead of providing products, you are going to provide services; instead of creating wealth, you are going to handle it and be a financial center.

Of course, England has gone to economic hell in a hand basket. Downtown London is an amusement park. Let's not go that way. We have to produce.

As they crown the queens and bring out the kings and everything else of that kind, we are in a position where we do not make anything anymore. For example, footwear, 83.6 percent of our shoes are imported; 70 percent of our clothing is imported.

Ceramic household articles, 87 percent is gone; cooking and kitchen-ware, gone. And I can read on and on, right on down the line.

I ask unanimous consent that this list be printed in the **RECORD**.

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

IMPORT PENETRATION CHART

Mr. HOLLINGS. We do not make anything anymore. We are just jabbering to each other. We are not producing.

The Secretary of Commerce is burdened with the duty--and the current occupant of the chair would be interested in this--of listing some 500 critical articles to our national security for defense purposes. We have a \$5 billion deficit in the balance of trade. We had to wait 5 months before we went into Desert Storm to get mainframes from the Japanese. Now we have to go to other countries before we can go to war. We do not make those things anymore. We have an

advanced technology of a \$2 billion a month deficit in the balance of trade, over \$24 billion a year, in advanced technology.

The Japanese have given up. They moved their advanced technology and research to Shanghai. The most modern automotive research is in downtown Shanghai. General Motors put it there. We can go right on down the list. The Chinese are saying before anyone can come with factories, they have to bring their research.

The technology community of the United States is concerned about our technological capability. We do not have as many American engineers as there are in China. We maintain our security by a superiority of technology, and we are draining the tub of technology just as fast as we can. Yet in this Chamber, we want to talk about an Energy bill, want to talk about a judge--don't we want to talk about trade? Put fast track on the Energy bill. Why not? Unless, by gosh, we get serious and start talking about jobs in America, the economic strength, the industrial backbone of this Nation.

Tax cuts loses jobs. Free trade loses jobs. We have a race to the bottom to Mexico. In South Carolina we have lost 61,000 jobs--incidentally, we were supposed to get 200,000 jobs in America by signing NAFTA. That is what NAFTA was going to create for us. Nationally, we have lost 450,000 jobs to Mexico, but not for long because those same Mexican jobs formerly in America are now going to China.

It is different than what Henry Ford said. Henry Ford said, I want the man making that automobile to be able to buy it. He produced a minimum wage and he produced health benefits. So we built up middle America. Now, instead, with a trade policy of free trade, like monkeys on a string, there is no such thing as free trade. That is an oxymoron. Trade is something for something. If it is free, it is a gift. But with that particular policy, we have to race to the bottom in the United States of America.

I have an article from the New York Times, July 20, that I wanted to read, which points out our tremendous difficulty. I ask unanimous consent to have this article printed in the **RECORD**.

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

“Economic View: Producing Abroad Is Harming Recovery,” New York Times, July 20, 2003, By Louis Uchitelle

Mr. HOLLINGS. Of particular significance, the article quotes Steven Roach, the chief economist of Morgan Stanley. He finds that China's total exports have tripled since 1994, that 65 percent of the \$244 billion increase comes from foreign companies in China, most of them United States.

Then I want you to listen to this economist about the economy, Mr. Mark M. Xanely. Before I quote him, let me say I am not an economist but I finally found one that is going to correct Alan Greenspan, because Mr. Greenspan is looking to consumer demand.

But before you can have consumer demand, you have to have consumers. Before you have consumers, you have to have producers. Before you have producers, you have to have jobs. Here is what he says:

For starters, the forecasters seemed not to grasp how much the American economy has deviated from the standard business cycle and the standard cures. A major reason for the deviation is the mobility of American companies, particularly the ease with which they now shift operations to China and India. The wholesale movement of jobs and production overseas is handcuffing the recovery.

Why do they have a jobless recovery? Because the economy of the United States is handcuffed with this silly cutting of the taxes, jobs and growth, jobs and growth, free trade, free trade, free trade.

Maybe it is not jobless growth, it is just jobless in the United States. This tax incentive, this stimulation is not going to create jobs in downtown Nashville, TN. The jobs will be in Shanghai, China. If you are in Nashville, TN, and you get a good fat tax break, the question arises, should you build the plant in Nashville? No, your competition has gone to China. If you are going to meet the competition, you are going to have to put that new plant, use that tax break, that stimulation--not to invest in the United States but to invest in China.

We are missing the point of history when everyone talks of this free trade nonsense. I remind them of Alexander Hamilton, a good Republican. Some of them want to replace him with the inventor of voodoo I, Ronald Reagan, on the \$10 bill. You got some crazy things going on in this town. Imagine putting Ronald Reagan on the \$10 bill rather than Alexander Hamilton--one of the greatest of the great. Hamilton not only helped with the Constitution, not only helped Madison with the Federalist Papers, but created a "Report on Manufacturers." I have it right here.

What happened was the fledgling colony had just won its freedom when the British corresponded with us back in New York, because that is where the Capitol was at the time. They said what you ought to do back in the colonies since you won your freedom, was to trade with us what you produce best and we will trade back with you what we produce best. The doctrine was David Ricardo's, the economic doctrine of comparative advantage. It was Alexander Hamilton who won out. He even persuaded Madison, who voted for it.

He issued the "Report on Manufacturers." It is too long to include in the **RECORD**. The original copy is at the Library of Congress. It can be expressed in one expression: Hamilton told the British to bug off. We are not going to remain your colony, shipping to you our agriculture, our foodstuffs, our rice, our cotton, our indigo, our coal, our iron ore. We are not going to remain a colony; no, we will become a nation state.

The first bill to ever pass Congress was for the seal of the United States--but the second bill on July 4, 1789, that passed this Congress was protectionism, a tariff bill of 50 percent on 60 articles.

We built this country over a 160-year-period with protectionism. I will never forget, every time

they would tell me: Senator, you are nothing but a protectionist.

I am for free trade, free trade. The opponents do not know what the heck they are talking about. I feel sorry for them. Protectionism built the country. We did not even have the income tax until 1913. We built it on tariffs.

After Hamilton came Lincoln. People told Lincoln that to build the transcontinental rail we ought to get steel from England. The father of the Republican Party said: No, no. We are going to build our own steel mills and when we get through we will not only have the rail equipment, we will have our steel production.

Then Roosevelt in the depth of the Depression protected agriculture. People do not think I know anything about farming. But I get the farm vote every time I run. I love campaigning out in Iowa. I can tell you right now Roosevelt protected agriculture. And Eisenhower protected oil in the 1950s with quotas. We built the country with protectionism.

I will never forget when we had to have President Reagan's second inauguration right out here in the Rotunda. He raised his hand and he said, "preserve, protect and defend." Then we came back here and we debated something on trade. I said something about protection and the majority jumped all over me: You are a protectionist, protectionist.

We have the Army to protect us when the enemy is out. We have Social Security to protect us from old age. We have Medicare to protect us from ill health. We have environmental laws, clean air and clean water, to protect the environment. The fundamental foundation of government is to protect.

Let's say you wanted to start an Alexander Manufacture Company. But before you can open Alexander Manufacture, you have to have a minimum wage. You have to have clean air; you have to have clean water; you have to have Social Security; you have to have Medicare; you have to have Medicaid; you have to have safe machinery; you have to have a safe working place; you have OSHA coming around looking at you; you have to have plant closing notice; you have to have parental leave. I could go on and on. Or you can open a plant in China for 60 cents an hour, and have none of that. So companies go to China.

I will never forget, I had a friend who organized his own company out in California. I saw where he was very successful and I said: I helped you. I got your water and sewer lines when you came to South Carolina, when you had an expansion. I want you to give us that plant in South Carolina.

He said: I don't build anything in the United States. He said: I do it in China. I got research, I got sales--for 10 percent of the costs.

He did not say this but I know it: They build the factory. They provide the employment. They give people a year-to-year contract. They don't have to worry about the cycle that the economists talk about. If the cycle goes down, they do not have to renew the contract next year. They cannot lose. We are in one dickens of a fix.

I was reading the book "Theodore Rex," the patron saint of my Republican friends. He is one of my heroes, too. In the book, on page 20, let me read at the turn of the century what we really had was protectionism.

The United States was already so rich in goods and services that she was more self-sustaining than any industrial power in history. Indeed, it could consume only a fraction of what it produced. The rest went overseas at prices other exporters found hard to match.

As Andrew Carnegie said:

The nation that makes the cheapest steel has other nations at its feet.

More than half the world's cotton, corn, copper and oil flowed from the American cornucopia, and at least one-third of all steel, iron, silver and gold. Even if the United States were not so blessed with raw materials, the excellence of her manufactured products guaranteed her dominance of world markets. Current advertisements in British magazines gave the impression that the typical Englishman waked to the ring of an Ingersoll alarm, shaved with a Gillette razor, combed his hair with Vaseline tonic, buttoned his Arrow shirt, hurried downstairs for Quaker Oats, California figs, Maxwell House coffee, commuted in a Westinghouse tram, body by Fisher, rose to his office in an Otis elevator, worked all day with his Waterman pen under the efficient glare of Edison lightbulbs. "It only remains," one Fleet Street wag suggested, "for us to take American coal to Newcastle."

Behind the joke lay real concerns. The United States was already supplying beer to Germany, pottery to Bohemia, oranges to Valencia. As a result of this billowing surge in productivity, Wall Street was awash with foreign capital. Carnegie calculated that America could afford to buy the entire United Kingdom and settle Britain's national debt into the bargain. For the first time in history, transatlantic money currents were thrusting more powerfully westward than east. Even the Bank of England had begun to borrow money on Wall Street. New York City seemed deemed to replace London as the world's financial center.

Mr. President, you can see exactly what happened. We built it up. At the end of World War II, my dear friends, we had the only economy. In order to prosper, we had to spread prosperity. The way we did that was very sanguine: the Marshall plan. And it worked. We sent over money, 80-some billion in today's dollars. We sent over the equipment, the finest machine tools, automotive equipment and otherwise. We sent over the expertise, and we rebuilt Europe, we rebuilt the Pacific rim, and capitalism defeated communism. It worked.

Our trouble is it worked too well for these eager-beaver manufacturers. I remember them well because I have been in this thing, now, for 50-some years. I can see them--Oh, I get jet lag; I hate to go; oh, man, I don't want to go; and everything else of that kind.

No more, not with the computer, not with the Internet. You can send some young, aggressive executive to Shanghai to run your plant. You can set it up on your computer. You can see what is happening daily. You can be in touch on the Internet. You can run it from the 32nd floor on Sixth Avenue in New York and, man, you have it made. And they are all doing it.

So what happened with the Marshall plan? We not only spread that prosperity but we really taught these people a bad lesson because they don't think about the country. You know, you and I are supposed to think about the country. They are supposed to think about profits. They do not have a duty.

Of course, being Americans, you would think they would be a little bit more patriotic. Their organizations are against us. Now who is the enemy? in other words.

The toast of the town, Jack Welsh of GE, he believed in squeezing the lemon.

This says:

One of General Electric's CEO's, Jack Welsh's favorite phrase is "squeeze the lemon" for wringing out the cost. To help them meet the stiff goals, several of GE's business units, including aircraft engines, power systems, industrial systems, have been prodding suppliers to move to low-cost Mexico where the industrial giant already employs 30,000.

That was 4 years ago.

GE even puts on supplier migration conferences to help them make the leap.

He goes on:

Welsh's widely admired status in corporate America has lent legitimacy to a model of business success that is built on job and wage cuts.

This is Business Week. This is the bible of the business community, the weekly bible. Here it is, and I am quoting:

The internal report, a copy of which Business Week obtained, says: "GE set the tone early and succinctly: 'Migrate or be out of business; not a matter of if, just when'. This is not a seminar just to provide information. We expect you to move and move quickly."

The followup: Even though GE's profits were up 80 percent at that particular time, they wanted more. You know, they are not just Jesse Jackson in civil rights. This is Jack Welsh in Business Leadership: I want it all. My time has come. I want it all.

So the 80 percent didn't suit him. But you don't jump on poor Jack; he has gone now, and he has had other troubles. Let's go to last month. General Motors and Ford: Automotive News.

I ask unanimous consent to have this article printed in the **RECORD**.

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

*"Ford, GM Push Vendors Toward China: 'World Price' Frenzy Threatens U.S. Jobs,"
Automotive News, June 23, 2003, by Robert Sherefkin, David Sedgwick*

Mr. HOLLINGS. Mr. President, just this last month:

Ford Motor Company and General Motors are pressuring their North American suppliers to great migration in China. Embroiled in a price war with their foreign rivals, Ford and GM have delivered an ultimatum. Suppliers must match a world price that is increasingly set in China, or they must build factories in China.

How do you like that? That is not textiles, that is the automotive backbone of the United States of America. I voted for the Chrysler bailout, so now Daimler can own them. The foreigners own all the foodstuffs. They are going to have all the banks. Now they are going to have all the automobile business.

I wish Don Evans was up in Michigan. He would tell them you get a tax cut, you get \$300. What are you going to do? We are going to have growth, growth, and jobs.

Here, within the week, the Automotive News says you have to go to China and you are going to lose 900,000 industrial jobs.

Go up into Indiana, Ohio, and Illinois to what I call the rust belt. The automotive parts makers are gone. By 2010, Ford expects its purchases of parts from China to rise to \$10 billion. Last year, Ford's worldwide purchases of Chinese components was less than \$100 million.

I quote further:

Suppliers who do not want to migrate to China are feeling the heat. Consider the plight of Wescast Industries. Wescast controls 70 percent of the Big Three's exhaust manifold business in North America.

Ford told Wescast this year that it would transfer \$50 million of its purchases from Wescast to Chinese factories, according to the industry source.

Don't give me the service economy. I know about it. My light bill in Charleston, SC, is administered in Bangalore India. My insurance policy is administered in Dublin, Ireland. That is the service economy. Here is the automotive, hard machine tools industry.

I quote further:

For manufacturers of labor-intensive components, China is an attractive location. According to the Chinese Government data, manufacturers in Shanghai typically pay workers \$1 an hour, plus 42 cents an hour in benefits. Factories in rural areas generally pay wages of 60 cents an hour.

That is significantly lower than pay in Mexico which ranges from \$2 to \$2.50 an hour, including wages and benefits. Here is the poor Senator from South Carolina fussing about 61,000 textile jobs lost to Mexico. But we find now that the Mexican jobs they got from South Carolina are now on the way to 60 cents an hour with no benefits in the rural areas of China. It is beg thy neighbor; a race to the bottom. That is the trade policy. That is the job policy. That is the

economic policy. Don't worry about energy policy.

Heavens above, why can't we catch Kenny Boy? I raised the question at that particular time when Larry Thompson became Deputy Attorney General. He is in charge of corporate corruption enforcement and violations enforcement. Before he came to Justice, he worked in a law firm in Atlanta. His firm was representing who? Kenny Boy Lay, of Enron. So I raised the question of a conflict of interest. What did he say? Oh, he didn't work on that particular client. He didn't have anything to do with it.

But I run a firm, and you make money, and I make money.

Come on. Here it is 2 1/2 years later--and we have gotten everybody, including Martha Stewart--for one little stock thing. This fellow, Larry Thompson, wants to know what he should be indicted for. I can draw it up for him. We had the hearing in California before the Committee on Commerce, Space, Science and Transportation.

I turned to the witness, David Freeman. I said: Now, Mr. Freeman, you say all this happened with Enron, and Kenny Boy may not have known anything about it. I said: In fact, this morning on television I saw Mrs. Lay, his wife, and she said Kenny Boy didn't know anything about it.

Mr. Freeman said he was the architect. He knew all about it. He designed it. Take that testimony of the knowledge of what is going on, the Enron fraud of California, the wrecked economy, and they are now calling for a recall of the Governor because of the problems Enron helped create in that state.

I heard my distinguished colleague from Idaho. He said the economy went from a surplus to a deficit, and the Governor didn't do anything about it.

Let us transfer that to Washington. The President started off with a surplus. He said he even had a \$1 trillion rainy day fund. The budget was \$53 billion in the red when he talked on February 27, 2001 to the Congress. He talked about the \$2.6 billion he would set aside for Social Security. He said there was \$2 billion for the budget needs in defense security, and he said he had \$1 trillion left over. He was in the red then. But we have Enron accounting here in Washington. If he has gone from a \$5.6 trillion surplus to a \$4 trillion deficit, is anybody asking for the recall of the President? Of course not.

But they think that is par for the course out there in the political intramurals in California. Come on. What is going on.

It is not just GE. It is not just Ford. It is not just General Motors, or IBM--Big Blue.

This was last week, July 22, from the New York Times: "IBM Explores Shift of Some Jobs Overseas."

I ask unanimous consent to have it printed in the **RECORD**.

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

“I.B.M. Explores Shift of Some Jobs Overseas,” New York Times, July 22, 2003, by Steven Greenhouse

Mr. HOLLINGS. Mr. President, a California IBM employee relations executive said:

..... three million service jobs were expected to shift to foreign workers I.B.M. should move some of its jobs now done in the United States, including software design jobs, to India and other countries.

I could read on and on. But you can see it. It is in the **RECORD**.

You have Business Week, “High-Tech in China.” I don't want to include the magazine itself. But this is a quote from a Business Week article from earlier this year:

Is Your Job Next? A new round of globalization is sending up-scale jobs offshore. They include chip design, engineer, basic research, financial analysis. Can America lose these jobs and still prosper?

You have not just Business Week but Fortune magazine from June of this year. Here is one of the executives quoted here:

“I've been in this business for over 20 years, and it's the worst I've ever seen”, says David Hoffmann, CEO of DHR International, a Chicago-based recruiting firm. “Nothing even comes close to this.”

..... relocation of the jobs to offshore sites. Machines--or low-wage foreigners--could just as easily do their work.

..... shifting jobs to cheaper locales like India and the Philippines. It's not just call centers anymore. Indian radiologists now analyze CT scans and chest X-rays for American patients in an office park in Bangalore, not far from where Ernst & Young has 200 accountants processing U.S. tax returns. E&Y's tax prep center in India is only 18 months old but the company already has plans to double its size. Corporate America is quickly learning that a cubicle can be replicated overseas as easily as a shop floor can.

Irwin Kellner, who is now at Hofstra University, was at Manufacturers Hanover. We have had him before committees of the Congress year in and year out. I quote:

“White-collar workers and college graduates are in a state of shock,” says Kellner. “It appears these job losses are permanent. They're not necessarily coming back when the economy does.”

Mr. President, we are in deep trouble. We are into a real trade war. We are into a thing of national survival.

Let me see here. Quoting:

At the University of Chicago Graduate School of Business, 96 percent of grads in 2000 had an offer when they collected their sheepskin. Only 72 percent of last year's grads were as lucky--and this year isn't shaping up any better. Even at Harvard the percentage of grads without job offers has gone from 3 percent in 2000 to 13 percent now. For schools further down the food chain, almost half the class will graduate without even one offer.

Quoting further:

..... in the past two or three years companies have turned to India and the Philippines for much more sophisticated tasks: financial analysis, software design, tax preparation, even the creation of PowerPoint presentations.

Quoting still further:

And how cheap. Starting pay for an American accountant, says Kline, typically ranges from \$40,000 to \$50,000 [in the United States]. In Bangalore the accountants are paid less than half that.

Another quote from the article:

..... Forrester Research predicts that 3.3 million service jobs will move to countries like India, Russia, China, and the Philippines.

The firm of A.T. Kearney talked about shifting 500,000 jobs, or 8 percent of the U.S. workforce, abroad by 2008.

I quote:

Any function that does not require face-to-face contact is now perceived as a candidate for offshore relocation.

So, Mr. President, I could go on and on. But let me just say, we are in a struggle for our economic survival. I have talked to you that free trade is a loser. We are losing all those jobs. And who is the enemy? Not just General Motors, not just IBM. I say it authoritatively because I know who wants this losing trade bill--you can start with the National Association of Manufacturers. I got into a struggle with Victor Schwartz there in the 1970s, 25 years ago. But it is not only the National Association of Manufacturers. It is the Business Roundtable, the Conference Board--yes, my dear colleagues, the United States Chamber of Commerce.

The United States Chamber of Commerce is no longer interested in main street America. It was. I won U.S. Chamber of Commerce awards during my 1992 race. Bob Thompson of Greenville, SC, was the president. And I was the poster boy of the United States Chamber of Commerce. We had stopped labor law reform. We had eight cloture votes. My distinguished friend Russell Long was chairman of the Finance Committee, and we agreed the eighth vote would count. That would decide it. We would not go any further. And up until about 20 minutes before the vote, he had me beat. I heard from a friend that I might be able to persuade Ed Zorinsky of Nebraska, and I raced over to the fourth floor of the Russell Building. The rollcall had already been called. And I saw

Ed coming down the hall, and I said: Ed, I need your help. And he said: I will help you, Fritz.

And we called that roll, and we won the eighth rollcall vote on cloture. This crowd gets steamed up over two or three cloture votes. So let's get to the record. I helped defeat an eighth cloture vote myself. And as a result, I was the poster boy of the United States Chamber of Commerce.

Now, Tom Donohue--a nice fellow, absolutely honest--I worked with him when he represented the truckers. He knows nothing about international trade, but he is going for the money. He is for tort reform. I never heard him mention a bit about tort reform when he represented the truckers. But now he is, by gosh, the expert on free trade, free trade.

When I ran in 1998, they put out pamphlets against me. They endorsed my opponent, even though I had been their poster boy. I had not changed my vote. I was the same way in trade in 1998 as I was in 1992. But you can see how this crowd is. They headed for the overseas barn. I can tell you that right now.

So you have the National Association of Manufacturers, you have the Business Roundtable, you have the Conference Board. You have the United States Chamber of Commerce. I have won about six of these National Federation of Independent Business small business awards, but now they are being taken over. The U.S. Chamber and the Business Roundtable have gotten hold of them and said: Oh, we are going to get you some writeoffs, some tax breaks, too. So they are for free trade now.

To increase consumer demand, you have to have consumers. In order to have consumers, you must first have producers. And in order to have producers, you have to have jobs. And we are losing them hand over fist.

I have been the author of five textile trade bills that have passed the Senate. Four of those bills have gone to the President of the United States. Four have been vetoed--vetoed. President Carter vetoed one. President Reagan vetoed two. And President George Herbert Walker Bush vetoed the last one. And we came within two votes over on the House side of over turning the veto. We had a majority, but we did not have the two-thirds necessary to override.

The other enemy is the Retail Federation. They order so many hundred thousand dozen shirts, or whatever it is, from China. Then, if the market is good, and they run short, they call up New Jersey quick and get another hundred thousand dozen.

Now, what they get from New Jersey and what they get from China is not the same price. They get a much greater profit on the Chinese import than they do on the New Jersey shirt. I know because I got a New Jersey shirt on. Yes, sir, I believe in domestic production.

Years ago, I used to represent Pontiac folks, and a bunch of other automobile dealers. Once I bought a new car, and I was so careful to buy a domestic car; no foreign car. My neighbor said: Fritz, how much did you pay for this new Pontiac? I was looking at the sticker price, when I see on the sticker: FOB Montreal. I had bought a foreign car. I had bought a foreign car and didn't even know it. Pontiac had gone to Canada to make it because they saved \$800 on the health bill on every car.

So you can understand, this has been going on for years. But we are draining the swamp. There aren't jobs left in America.

And you cannot find a hometown newspaper that has endorsed protectionist trade--I don't mind saying the word.

You have to protect your standard of living. We Republicans and Democrats, we say: Clean air, clean water, minimum wage, Medicare, Medicaid, plant closings, parental leave. If you put that requirement on manufacturers, you have to protect it. You can't just go over where they have none of those protections and 60 cents an hour.

The newspapers make a majority of their profit on retail advertising. So the retail federation and all the big stores call the main advertisers. They go down to the editors and they give them a handout. I have compared the editorials in different parts of the country. They give them the handout, and they write the editorial. Free trade, free trade--they think they are being wise.

Free trade loses jobs. We are losing the jobs right and left. But everyone is for free trade: the hometown newspaper, the Business Roundtable, the Conference Boards, the United States Chamber, the retailers, all of K Street. Have you ever had a K Street lawyer come here and ask you to vote against free trade? You can't find one.

You and I are paid to protect the jobs of America. We are not paid to make a profit. But come on, you can't find a K Street lawyer who wants to protect jobs.

In the Administration they think this is wonderful. They can open up the islands of Indonesia and transship through Singapore the electronic parts back into America from cheap labor. So they are all working against us.

It is not just President Bush. President Clinton was for free trade, free trade. He is the one who passed NAFTA. He was the one who was going to open up and create 200,000 jobs. He impoverished the State of South Carolina, I can tell you that. We have lost 61,000 textile jobs in my little State. Where we have a BMW plant, 3 years ago we had 3.2 percent unemployment. It is over 8 percent unemployment now.

Don't tell me about free trade, free trade. I have watched the outflow here. So you have the Government against us. Then if everyone is against us, who could be for us, asks the Good Book? Us. That is all I am trying to do, is wake my colleagues up to get out of this nonsense. I see the Senator from Wisconsin. I know the plants out there, too. I did work for them. I carpetbagged a few of those plants, too. I brought them to South Carolina.

But we have to move to rebuild America. We have to stop whining: I am for fair trade. I am for balancing the field, leveling the field.

That is all garbage. That is baloney, if I have ever heard it. We have to start and compete in the international economy. It is a trade war. It is very viable. It is very fair. It is very understandable. We have to get in there. Having rebuilt Europe and the Pacific rim, we have to, by gosh, get in there, and in order to remove a barrier, raise a barrier. Then remove them both, go by their rule

book. We are Goody Two-shoes, and we want to set the good example like we have done for 50 some years. And we have lost our shirt in manufacturing.

We can go right to the tax law. I am going down the list now. We can go to the tax law that says if you manufacture overseas and keep your profit, you can build a new plant. You don't have to pay taxes on that profit. Or we can turn around and go along with **CHARLIE RANGEL** on the House side--I have the bill in on the Senate side--and say if you manufacture and keep your jobs in America, you get a tax credit. If you go overseas, you lose. You get a tax increase.

That is what we ought to do. Make it so rather than trying to revive Europe and the Pacific rim, we have to revive the United States.

Mrs. BOXER. Will the Senator yield for a question?

Mr. HOLLINGS. I am delighted to.

Mrs. BOXER. It is very interesting that you said this because when we heard from Mr. Wolfowitz in front of the Foreign Relations Committee where we had a hearing on the rebuilding of Iraq, the first thing he said matched what Mr. Bremer said, who is in charge of the rebuilding. He said: Those people over there need jobs. They need to get the economy going. They need jobs.

And I say to my friend, isn't there something ironic about that, that there is a total understanding of what the folks in Iraq need, when I could say in my State and yours and all through America, this should be the priority of the President in this country.

Mr. HOLLINGS. Certainly, it ought to be. That is our duty here in the Congress. Article I, section 8 of the Constitution says not the President but the Congress of the United States shall regulate foreign commerce. But what have we done? We have got in a fix through the Finance Committee and Ways and Means. They got fast track. And I would like to vote for Chile because Chile has a free economy, a market-based economy, a revered judiciary, labor rights, environmental laws, and a balanced budget. But I can't vote with that immigration thing included. Under fast track, I can't amend. I can't debate. I can't discuss. I can't do anything.

Let me bring up a red herring that will excite everybody. I introduced it in January. I said: Good gosh, we are going to war, and we don't have a way to pay for it. We paid for the Revolutionary War with a property tax. That is the first property tax that passed in this country. We got to the Civil War, and Abraham Lincoln put on an estate tax and a dividend tax. And we were running around here talking about taking off the estate and dividend tax.

I said, come on, we paid for World War II. We paid for Korea. We paid for Vietnam. We paid for the gulf war. The Saudis did a good bit of that, as we all know.

I said, I am going to put in a value-added tax. Every industrialized country has a value-added tax. Why? Why do I want to do that? It is twofold: One, if I take and manufacture this desk in Washington, DC, I have to pay all the income, sales, corporate taxes. And when I ship it over to Paris, France, I add on a 17 percent VAT.

If I manufactured that same desk in Paris, France, when it leaves the port of La Havre to come to Washington, we rebate the 17 percent. And so it is a 17 percent advantage to manufacture in Paris rather than in Washington. I want to reconcile that differential immediately with a value-added tax. I want to pay for the war. That is the trouble this country is in.

Bill Clinton brought the budget deficit down. He put in an increase in tax. I voted to increase Social Security. I voted to increase the gasoline tax.

I voted to increase the top payer income tax. We voted also to cut spending, and we had an 8-year economic boom. And now we just had three quarters of recession in 2001, a bad economy all through 2002, and they kept blaming it on the war. The war in Iraq only costs \$4 billion a month. That is \$48 billion year, and when the President talked on February 27, he said: I have \$1 trillion for unforeseen needs.

The tax cuts have wrecked the economy. Everybody knows it. They are running around--jobs and growth, jobs and growth--like a bunch of children trying to sell that nonsense. So we ought to pay for the war, reconcile this trade differential and manufacturing differential. We ought to, by gosh, enforce our dumping laws. The competition is not for money or profit. The competition is for market share.

When the Japanese sell below cost in the United States and make it up in the domestic market in Tokyo, we have to enforce dumping laws. The special Trade Representative runs out to do that and says we are going to do away with the dumping laws. That is loss leaders.

I had an antitrust case and carried it to the Supreme Court on a loss leader. I know the law of loss leaders. That is what you have in international competition. There are a bunch of loss leaders and they keep taking over, even this year, a greater share of the American automobile market. So we have to enforce our dumping laws. We have to eliminate the Trade Commission. That is another gimmick put in by the Finance Committee.

The Finance Committee--when you have a dumping violation, you file it before the International Trade Administration. They investigate and make a finding. After they make a finding, they have a sweetheart deal. They kick it over to the International Trade Commission, and they never find injury. I can tell you they have two or three exceptions since I have been talking about it, but we can save \$43 million and let the finding entity, the International Trade Administration, that gives the penalty on what is to be done. We can save money there.

We need more Customs agents, and we need a department of trade. We have the Department of Manufacturing in the Commerce Committee. We can gear up for the trade war. Don't worry about the Afghan war. I think we may have created more terrorists than we have gotten rid of. The jury is out in Iraq, as to whether or not we can work out the peace. I can tell we don't have any friends in downtown Baghdad. It is a shooting gallery. They are killing our soldiers every day.

What we have to do is get into this trade war and compete.

Now, finally, the administration says they are going to get up consumer confidence. They have

passed three voodoo tax cuts. Of course, Ronald Reagan passed voodoo 1, and George Herbert Walker Bush is the one who called it voodoo. How are you going to cut your revenues and increase your revenues? You never do that. You will never find a government doing that. But come to Washington, and they know everything up here. So they are going to increase the consumer confidence with tax cuts they had in 2001, 2002, and already this year.

With those three tax cuts of over \$3.1 trillion, here is the news that came out yesterday: the consumer confidence index dropped 7 points to 7.6 in July, a sharp and unexpected drop.

We have a \$698 billion budget deficit projected for this year. It is already \$503 billion.

(Mr. CRAPO assumed the Chair.)

Mr. President, you can see the effects. You can see Wall Street is frozen. They are not going to invest when the interest rates are on the increase.

The Concord Coalition, headed up by former colleagues, Senator Kerrey, Senator Nunn, and Senator Rudman and now chaired by none other than a Republican, Pete Peterson, former Secretary of Commerce under President Nixon, released its report on fiscal responsibility. Overall, you have the Republican chairman of the Concord giving them an ``F."

So there we are. We don't want to compete. We have a job policy in the U.S. Congress of actually eliminating jobs like gangbusters.

Our security is like a three-legged stool. We have the one leg of the values that we have as a nation. Everyone in the world--at least until Iraq--knew that we stood for human rights, individual freedom, and democracy. That second leg, military, is unquestioned. The third leg, economic, is fractured--intentionally so with the Marshall Plan. But we prevailed with capitalism over communism in the cold war. It worked.

But now we have taught corporate America a bad lesson, and in order to compete and make even greater profits, whether it is high-tech or service or hard manufacture, they are leaving the Nation in droves. We are sitting by talking about a little Energy bill or a judgeship.

The country is going to hell in an economic hand basket and we are the ones responsible under the Constitution and we are not doing anything about it.

I yield the floor.