



U.S. REPRESENTATIVE • 4TH CONGRESSIONAL DISTRICT • OREGON

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R E P O R T S



Congress of the United States
House of Representatives
May 2003

Dear Friend:

The national economy is limping badly. Here at home we are suffering some of the highest and most persistent unemployment in the country. Implementing an effective economic stimulus remains at the top of my priority list. Trickle-down economics employing expensive tax cuts targeted at those earning over \$311,000 a year is not going to put Oregonians and Americans back to work. For more on an effective economic recovery package see p. 2.

The President's budget will create the largest deficit in our nation's history, adding more than \$1.5 trillion to the mountain of over \$6.4 trillion in existing federal debt. That is about \$27,176.91 for every man, woman and child in the United States. Despite the crushing burden of that debt, the Republican congressional leadership pushed through a budget that will add dramatically to the deficit and debt (see below).

Our economic woes stem, in part, from high energy prices. As the President's appointees to the Federal Energy Regulatory Commission insist on pushing the false promises of deregulation, I continue to fight back. I am also asking the President to take stern action to rein in the outrageous cost of crude oil, gasoline and jet fuel. Consumers and businesses are being gouged to profit a few multinational oil companies and the OPEC cartel. (See p. 4)

I am continuing work on a bi-partisan basis to pass comprehensive measures to reduce heavy fuel loads in our forests and the threat of wildfire to Western communities. (See p. 4)

I am one of 23 Democrats chosen to serve on a new Select Committee on Homeland Security. There is a tremendous amount of work to be done to help our first responders deal with the new threats of terrorism and the lasting threats of natural disasters. Congress must take concrete steps to help improve prevention and response, not just create new federal bureaucracies and unnecessarily jeopardize our rights with overly broad legislation like the "USA PATRIOT Act." (See p. 3)

This is a difficult time to write. Events are rapidly evolving in Iraq—too rapidly to meaningfully address in this newsletter. Emotions are running high amongst citizens on both sides of the issue on the war with Iraq. It is a particularly difficult time for the families, friends and neighbors of the thousands of Oregonians serving in the military. We share the hope that all hostilities will end soon and our troops will return safely home. For my thoughts on Congress's role in the War with Iraq, see p. 3.

As always, my staff and I are here to help respond to your problems and concerns with federal agencies, programs or policies. I especially want to extend a hand to the families of our servicemembers in their time of anxiety and need. The phone numbers and addresses on p. 4 will tell you how to most effectively contact my office for help or to express your concerns.

Sincerely,

Massive Deficits and the Burden of the Debt Tax

In his January 2003 State of the Union Address, President Bush set an admirable goal, "...we will not pass along our problems to other Congresses, to other presidents, and other generations." Yet, the budget recently submitted by the President and adopted by Congress does just that, saddling our children with an annual \$200 billion "debt tax" to finance deficit spending today.

Just two years ago, Congress and the Administration debated what to do with \$3.1 trillion in projected surpluses. Both parties agreed to protect the Social Security and Medicare surpluses from being spent on other government programs.

I warned projected surpluses were just that—projections—and we shouldn't spend the money like it was in the bank.

The budget submitted by Presi-

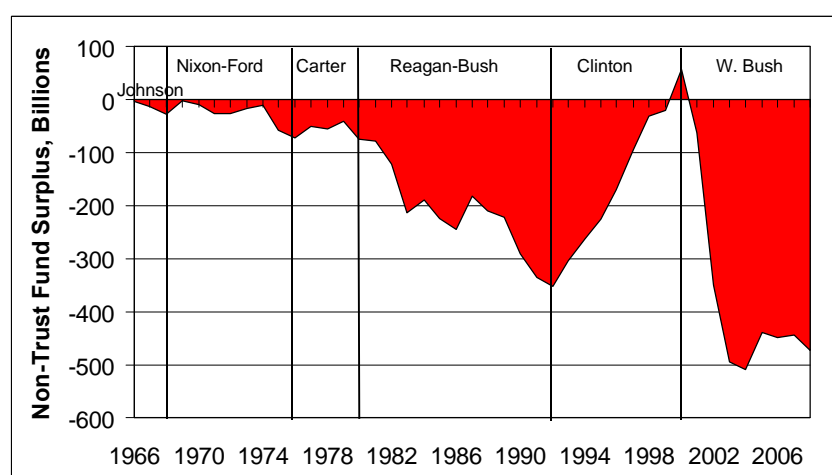
dent Bush in February proves how fleeting the "surpluses" were. The \$3.1 trillion, 10-year surplus has turned into a \$4.3 trillion DEFICIT. That \$7 trillion turnaround represents the most dramatic fiscal reversal in our nation's history.

The recently approved budget spends the entire Social Security and Medicare surpluses (around \$2.5 trillion) on other government pro-

grams and on tax cuts for those making more than \$311,000 a year. This is a massive shift of wealth—the payroll taxes of working Americans will fund tax cuts for those at the very top of the income ladder.

The President's plan also adds \$1.5 trillion to the national debt. This will result in a "debt tax" (i.e. increased interest payments on the debt) of more than \$200 billion a

History of US Budget Deficit/Surplus Excluding Trust Funds



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Massive Deficits and the Burden of the Debt Tax (cont'd)

year, every year, for the foreseeable future. This money will not educate a single child, finance a prescription drug benefit, or pay one soldier. Today, a family of four pays around \$2,200 per year in debt tax. Their debt tax will increase to \$3,350 by 2008 under their budget.

Two years ago, our nation was on a path to pay off the debt by 2008. Now, the national debt is projected to be \$9 trillion and rising in 2008, just as the Baby Boomers reach retirement age, which jeopardizes promises made to Social Security and Medicare recipients.

Rather than acting to reverse this dangerous trend, the President and House leadership proposed a budget that accelerates the deficits. They included nearly \$2 trillion in new tax cuts (on top of the \$2 trillion approved in 2001). Again, these tax cuts are based on trickle-down economics targeting those earning more than \$311,000 a year.

Some claim the budget crisis was caused by out-of-control congress-

sional spending. While there is certainly unjustifiable pork in the spending bills approved by Congress— which is one reason why I regularly vote against many of the spending bills— but this spending pales in comparison to the \$4 trillion tax cut agenda.

Surpluses Give Way to Deficits

	2002-2011
February 2001 Base	\$3.053 tril.
July 2001	\$0.575 tril.
February 2002	\$-1.651 tril.
July 2002	\$-1.968 tril.
February 2003	\$-4.363 tril.

Finally, their budget does not adequately fund critical domestic programs. For example, their budget falls \$9 billion short of the promises made in the President's "No Child Left Behind" education bill, it doesn't adequately fund homeland security programs, it cuts highway funding and it specifically eliminates funding for dredging of shallow draft harbors, including five in Southwest Oregon. The highway and harbor maintenance cuts would devastate the efforts to revive the stagnant Oregon economy.

The bottom line is by adding hundreds of billions of dollars to the federal budget deficit, these misguided fiscal policies reduce national savings, stunt economic growth, and increase long-term interest rates.

Keeping Promises to Our Veterans

With hundreds of thousands of Americans engaged in conflict, it is even more critical that the government fulfill the promises of those who served our country in the past. Regrettably, the President's budget falls more than \$3 billion below the level requested by veterans organizations. Even worse, the House budget would force \$15 billion to be cut from veterans programs over the next 10 years. Meanwhile, I helped draft an alternative budget that fully funded veterans organizations' requests for medical care, research, construction, and administrative expenses. Remember, if you're a veteran and you need assistance getting government benefits to which you're entitled, please don't hesitate to contact my Eugene office at 1-800-944-9603.



DeFazio thanks an Oregon veteran for his service to our country.

Creating Jobs on the Homefront

Recently, Congress rushed to pass a \$75 billion emergency spending bill. Yet, **not a cent will be used to jumpstart the U.S. economy or assist cash-strapped families here at home.**

The money was ostensibly to fund the war with Iraq, but in reality, a significant portion of the money is dedicated to "emergency" foreign aid.

The bill would help fulfill the Bush Administration's promise to provide "rapid, universal health service delivery" to the Iraqi population, and build 6,000 schools, 100 bridges, and 5,000 miles of roads over the next year in Iraq. It would provide \$10 billion in U.S. taxpayer money to boost the economic prospects of a long list of countries including Turkey, Egypt, Pakistan, and Jordan. What about America?

Here at home, 45 million Americans go without health insurance; Oregon's roads are crumbling and bridges have become unsafe; and Oregon schools are underfunded.

I offered an amendment to the spending bill to ensure that any funding the President spends rebuilding Iraq would be matched at least dollar-for-dollar to rebuild crumbling infrastructure here at home. Regrettably, the House leadership refused to allow a vote on my amendment.

The federal budget plan pushed through the House also provided little in the way of economic stimulus here at home. The spending cuts and

trickle-down tax cuts in the House budget could actually delay an economic recovery.

My top legislative priority is enacting a true economic stimulus plan to reverse the hemorrhaging of jobs. My bill, H.R. 396, provides:

- \$50 billion to rebuild and repair bridges, highways, and schools;
- \$50 billion to respond to state budget crises and help pay for federal mandates in health care, education and homeland security;
- A payroll tax holiday on the first \$10,000 in wages (a \$620 tax cut for each employee and their employer); and
- 13 additional weeks of unemployment benefits for the long-term unemployed. Nearly 20,000 Oregonians have already exhausted their unemployment benefits, and thousands more will soon.

Unlike the President's budget, the cost of my plan would not add to the federal debt because it is fully paid for by freezing further tax cuts for individuals making more than \$311,000 and estates of over \$5 million.

Thousands are out of work. Those who have found new jobs are often forced to accept pay and benefit cuts. Small businesses are teetering on the edge of bankruptcy. It's my top priority to enact a real economic stimulus measure here at home rather than overseas.

Strange but True

Some of my colleagues spend too much time inside the D.C. Beltway. Here are some examples of why I travel home every weekend to keep in touch with Oregonians:

Keeping Oil Prices High

While gas prices in Oregon rose as high as \$1.90 in the last two months, Energy Secretary Abraham recently assured Saudi Arabia's Oil Minister that the United States would not bring down the high price of oil by dipping into our strategic petroleum reserve (*Wall Street Journal* 3/13/03). I introduced legislation to stabilize gas prices and curb war profiteering (see p 4).

Lining the Pockets of Pharmaceutical Companies

At the behest of the pharmaceutical industry, the FDA has promised to crack-down on Americans purchasing inexpensive pharmaceuticals in Canada (*Wall Street Journal*, 4/2/03), slamming the door on a source of safe and affordable medicine while millions of Americans struggle to afford the outrageously high price of prescription drugs in this country.

Nourishing a Growing Deficit

Republican deficit hawks have become an endangered species on Capitol Hill. Some say that Congress should not hyperventilate about the rapidly rising federal debt, which stands at \$6.4 trillion today. In reality, dramatically increasing the federal debt is bad. Out-of-control federal debt will be a drag on the U.S. economy, bankrupt Social Security and Medicare, and saddle working Americans and future generations with a heavy debt tax.

Slashing Taxes with Troops at War

One of the top Republican leaders in the House has said that nothing is more important in the face of war than cutting taxes. I can think of many things that should be a higher priority—adequately providing for active duty and retired military, adequately funding education and healthcare, adequately funding homeland security, and enacting a true economic stimulus plan. Despite assertions to the contrary, the U.S. has almost always raised taxes while at war. With so many unanswered needs, it doesn't make sense this year either.

Iraq and Congressional Duty

Congress had a difficult and solemn duty under Article I, Section 8 of the Constitution, to fully debate and vote on a declaration of war. Congress failed.

The war in Iraq is the first war in U.S. history fought under the new preventive war doctrine, which says the U.S. can attack another sovereign nation that may pose a threat at some undefined point in the future. This makes the failure of Congress to fulfil its constitutional responsibility particularly disturbing.

Our founders deliberately placed the authority to send U.S. troops into harm's way with Congress, not the President.

This is not the first failure of this type—Somalia, Kosovo, and Bosnia also lacked specific authorization from Congress.

I fully support our young men and women who are honorably serving our country in the Persian Gulf. But, If there was a viable alternative to sending U.S. troops to war that would maintain or enhance the safety of Americans, it

was my duty, and the duty of my colleagues in Congress, to fully investigate them. Congress failed in its duty and instead delegated the war making authority to the Executive Branch nearly six months in advance.

As the focus turns toward postwar planning, the U.S. must work with international organizations to rebuild Iraq. We cannot be the sole occupying force at a burdensome cost to U.S. taxpayers. It's time to meet our needs here at home by creating jobs, funding education, improving healthcare, and investing in our nation's infrastructure.

With our troops in harm's way, we should work, hope and pray for a quick end to the hostilities, minimal casualties and the prompt and safe return of our young men and women in uniform.

For up-to-date information regarding congressional actions on Iraq, please visit my website at <http://defazio.house.gov/iraq.shtml>.

Keeping Our Eyes on Homeland Security

I am pleased to have been appointed to the House Select Committee on Homeland Security which will oversee implementation and organization of the new Department of Homeland Security. I come to this task with a healthy skepticism.

I am not convinced that creating a huge new federal bureaucracy of 170,000 employees and 22 agencies with varying levels of competence and effectiveness will solve the existing problems with domestic security. The new department doesn't even include the two agencies responsible for intelligence, the FBI and the CIA. In fact, it might hamper security efforts.

I am also concerned that the non-security functions of agencies merged under the Department will decrease in priority. The U.S. Coast Guard has many homeland security functions, but they are also responsible for search and rescue, border and drug interdiction, maritime law enforcement, and environmental protection. Critical non-security functions of the Coast Guard must not be ignored.

The Department of Homeland Security and overreaching legislation like the so-called USA PATRIOT Act present risks to free speech and our civil liberties. **I voted against the PATRIOT Act, due to the threat it posed to the freedoms of law-abiding Americans and the virtually unaccountable power it ceded to Attorney General John Ashcroft.** I also sponsored legislation, "The Freedom to Read Protection Act," to limit one of the most egre-



Rep. DeFazio discusses safety and security issues with Curry County Sheriff, Kent Owens.

gious provisions in the PATRIOT Act which granted secret, warrantless searches through library and bookstore records. **We don't need to shred the Constitution and the Bill of Rights to safeguard the American public from terrorists.** I will push for aggressive oversight of civil liberties and privacy issues by the committee.

My top priority on the committee is to provide our first responders—local police, fire, emergency services and health care officials—with the resources they need for disaster preparedness, training, and communications equipment to deal with natural and non-natural disasters. In Oregon, we're well acquainted with natural disasters—whether it's flooding, windstorms or forest fires. Our local officials on the front line of domestic security must be sufficiently equipped and prepared to confront any disaster or emergency.

Reducing the Risk of Wildfire

Last year was the worst wildfire season on record. More than 6.5 million acres burned, at a cost to taxpayers of well over \$1 billion. Although recent rain and snow have improved the outlook this season, we could still see devastating fires, and we continue to face the long-term problem of a build-up of hazardous fuels in our forests.

It's time to change the mandate and the mentality at the Forest Service, and the Bureau of Land Management. We can no longer afford to manage our public forests like a cash cow. A significant investment in our forests would not only produce jobs for rural communities, but it could significantly reduce the threat of wildfire to homes and communities.

I introduced legislation that focuses on fuels reduction around communities, municipal water supplies, and other high risk areas. It authorizes nearly \$4 billion for fuels reduction projects, taps the hundreds of millions of dollars in the Reforestation Trust Fund and guarantees \$500 million in grants to create defensible space around homes.

Last Fall, I worked with a bipartisan group of Western members to craft

Gouging at the Gas Pump

Gas prices have reached record highs in Oregon, draining consumers' wallets and strangling the economy. Oil companies are taking advantage of the instability in the Middle East to gouge consumers. While oil companies profit, Oregonians sacrifice and suffer.

I introduced H.R. 1221, the "Gasoline Price Stabilization Act of 2003," to clamp down on this unconscionable war-profiteering. My legislation:

- Authorizes the President to tap the strategic petroleum reserve— 700 million barrels of oil— to ease regional and state shortages or price increases and to combat the anti-competitive behavior of oil companies and countries.
- Authorizes the President to stabilize oil and gas prices by imposing price caps or other mechanisms.
- Directs the Energy Secretary to establish minimum inventory levels for producers, refiners, and marketers of crude oil, to provide a cushion against unexpected spikes and plunges in oil prices.
- Reinstates the ban on exporting oil from Alaska. Despite my warnings, the ban was lifted by Congress in 1995. Documents subsequently discovered prove that oil companies deliberately exported oil from Alaska to Japan, China, and the Korean Peninsula in order to reduce supplies and force prices up on the West Coast.
- Urges the President to file a case against OPEC for violating international trade rules and colluding to keep oil prices high through production quotas.



Rep. DeFazio thanks firefighters who worked tirelessly to contain the Biscuit fire which burned nearly 500,000 acres in Southwest Oregon last summer

a wildfire protection bill. Early adjournment brought our work to an end, but I hope to work again with my colleagues across the aisle to pass legislation that protects communities and maintains environmental standards. The safety of Western communities and our forest resources depend on it.

Stopping Deregulation Scams

As a long-time opponent of electricity deregulation, I hoped the Western energy crisis, skyrocketing power bills in our region, and the financial implosion of dozens of energy companies would signal the end of this discredited policy.

Instead, the deregulation train barrels ahead. The new schemes are heralded by the same academics, lobbyists and policymakers who promised that California's deregulation experiment would lower prices, increase reliability, and improve customer service. **Instead, electricity deregulation and criminal behavior by massive corporate conglomerates has cost Northwest consumers billions of dollars, contributed to an economic recession, and led to reduced reliability and uncertainty about future supply.**

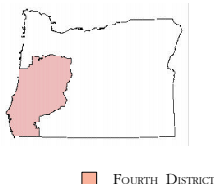
As co-chair of the bipartisan Northwest Energy Caucus, I am leading the opposition to the latest deregulation schemes put forth by the Federal Energy Regulatory Commission (FERC) and the House and Senate Energy Committees. I have drafted legislation to protect Northwest consumers, offered amendments to block deregulation scams, and repeatedly exposed the inherent flaws of electricity deregulation.

The Bonneville Power Administration (BPA) continues to face challenges on several fronts. The President's budget raised the specter of selling the BPA to the highest bidder, which would be disastrous for the Northwest. Beyond the threat of privatization, BPA is still struggling financially from the Western energy crisis and market manipulation. I have strongly urged BPA to slash costs to avoid another rate increase and the economic harm that would result.

Congressman Peter DeFazio wants to hear from you.

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