END OF YEAR WRAP-UP AND OPINION SURVEY

PETER DEFAZIO REPORTS

U.S. REPRESENTATIVE
4TH DISTRICT · OREGON

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Official Business

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Exporting American Jobs

It is almost impossible these days to find a product proudly stamped "Made in the USA."

I voted against NAFTA, preferential trading status for China, and creation of the World Trade Organization—plans that promised endless riches for workers, farmers, and American business. The reality has been very different.

The U.S. trade deficit is on target to hit a record $550 billion this year—that means the loss of $1.5 billion a day—$1 million per minute—in U.S. wealth. The U.S. must attract $2 billion from foreign investors everyday to finance this deficit. Trade deficits undermine our economy, costing more than three million jobs since 1994.

We lost more than 700,000 manufacturing jobs in 2002; now computer and high-skilled jobs are shifting overseas. Around 400,000 service jobs, including 27,000 technology jobs, were siphoned off to China, India, and elsewhere just last year.

Yet the Bush Administration is negotiating trade agreements to allow thousands of high-skilled foreign workers to enter the U.S. each year and take American jobs. To add insult to injury, American workers are being forced to train foreign workers who are then sent back to their home countries to work for a fraction of U.S. wages.

We need a major overhaul of U.S. trade policies. Congress should block the President's effort to expand NAFTA to the entire Western Hemisphere, repeal special trading status for China, and crack down on visa programs that allow corporations to ship workers into the U.S. to displace Americans from their jobs.

The U.S. economy will never be on sound footing, and workers will never enjoy job security, as long as Congress and the Administration perpetuate discredited trade pacts that are neither fair nor "free."

Congress of the United States
House of Representatives
December 2003

Dear Friend:

Despite the declaration of a recovery by Wall Street and the White House, I am concerned about the economy. Unemployment remains high. The federal budget deficit (p. 2) and U.S. trade deficit (see left) are at record highs and rising. Instead of trickle-down taxes, we should put Americans to work rebuilding our crumbling infrastructure (p. 2).

Failed U.S. immigration and trade policies have led to the export of U.S. jobs and the import of foreign labor (see left).

Our soldiers, including thousands of members of the Oregon National Guard, continue to face difficult conditions in Iraq. Congress and the White House are falling short in meeting our obligations to them and veterans who served before (p. 3).

Medicare legislation approved late this year will not lower the price of prescription drugs, but will guarantee drug and insurance companies profit handsomely (p. 4).

In one positive development, Congress approved legislation to reduce the fire hazard in our national forests, which is good for public safety and the Oregon economy (p. 4).

As always, my staff and I are here to help respond to your problems and concerns with federal agencies, programs, or policies. Contact information can be found on page 4.

Sincerely,

PETER DeFAZIO
Member of Congress

P.S. Please visit my web site, http://defazio.house.gov, for information about how you can support our troops and their families.

Trickle Down Economics Return

In January 2003, the President said, “We will not deny, we will not ignore, we will not pass along our problems to other Congresses, to other presidents, and other generations.”

But actions speak louder than words. When Congress and the President borrowed $166 billion for Iraq and took $518 billion from Soical Security to fund tax breaks for millionaires, they passed on a mountain of debt to our children and grandchildren.

DeFazio and Springfield officials broke ground this summer on the Springfield transit station, the kind of infrastructure project The American Parity Act would fund.

In 2001, the Bush Administration projected a 10-year, $5.6 trillion surplus. Today, we face a projected $6 trillion deficit—with a record deficit of $535 billion just this year.

The ongoing recession and increased federal spending are partly responsible. But the $2 trillion in tax cuts since 2002 funded with with borrowed money are responsible for the lion’s share of soaring budget deficits.

The President claims taxpayers will receive an “average” tax cut of $1,100. **In Oregon, 845,000 residents—half of all taxpayers—will receive less than $100.** While the average Oregonian will receive $300 from the Bush tax cuts, the average millionaire will receive an annual cut of almost $40,000.

With the projected surpluses gone, the President is paying for his tax cuts with surplus Social Security taxes (funded by the regressive payroll tax that only applies to income below $87,000). The trust fund surplus will be spent to finance income tax cuts which go disproportionately to people who earn over $311,000 a year. Over the next decade, the President has proposed spending the entire Social Security surplus of $2.4 trillion and the entire Medicare surplus of $500 billion to finance tax cuts and deficit spending.

Even if the tax cuts stimulated enough demand to create the President’s estimated 1.25 million jobs (that’s only half the number of jobs lost in the last two years), each job would cost $550,000 in tax cuts.

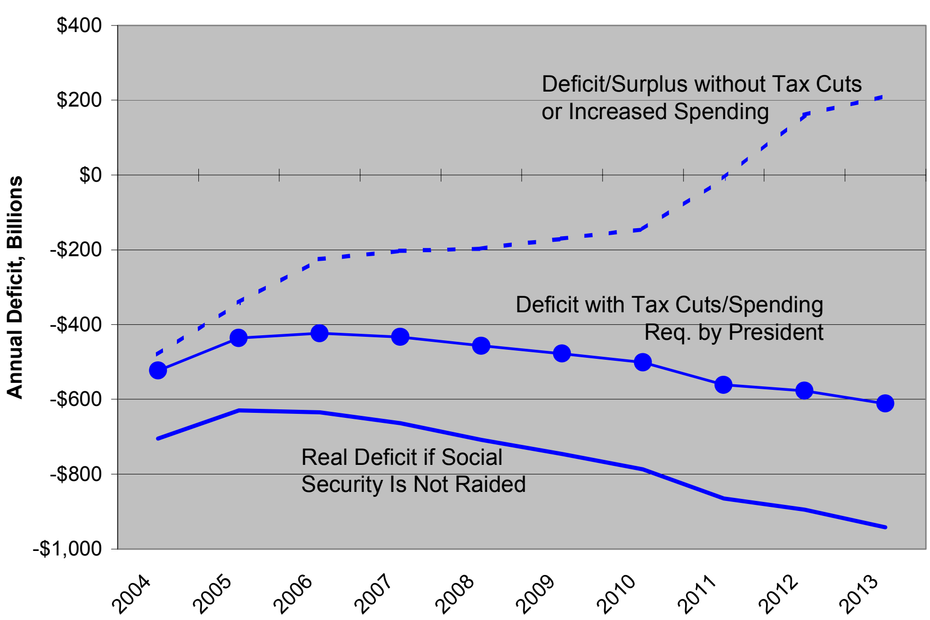
Rather than trickle-down tax cuts, a better way to stimulate the economy and put people back to work is to rebuild America’s infrastructure. The first bill I introduced this year, H.R. 396, provided for a $50 billion investment in infrastructure, and would create an estimated 2.4 million jobs at a fraction of the cost to taxpayers.

Every $1 spent on infrastructure investments yields $6 in economic activity. By contrast, every $1 spent on the capital gains and dividend tax cuts yields only five cents in economic activity.

I have also introduced H.R. 1738, the American Parity Act, which requires that every dollar the President spends on infrastructure in Iraq is matched by a dollar spent on similar activities here at home. This legislation would provide $25 billion for job creation in the U.S.

H.R. 396 and H.R. 1738 could put more than 3.5 million Americans back to work in family-wage jobs, a true economic stimulus.

Runaway Budget Deficit



Unemployment

By January first, approximately 17,200 Oregonians will have exhausted their unemployment benefits. There are 139,000 unemployed in Oregon and 8.7 million nationwide. It’s ironic that we’re borrowing billions to spend in Iraq and paying Iraqis for no-show, no-work jobs when the President and Republican leadership refuse to spend one cent of the $20 billion in the unemployment trust fund.

Astoundingly, for the second year in a row, Republican leaders allowed Congress to adjourn without providing additional unemployment benefits for unemployed workers who have found themselves on the wrong side of this jobless recovery. This is unacceptable; when Congress returns in January, I will continue to fight for additional extended benefits and a real economic stimulus package to put Oregonians back to work.

Update on Iraq

Safety of U.S. Troops

Hundreds of thousands of U.S. troops, including thousands of our fellow Oregonians, are serving under dangerous conditions in Iraq. While the President has indicated some U.S. troops may be withdrawn next year, given the instability in Iraq, it is likely U.S. soldiers will be there in great numbers for years to come. Regrettably, their job has been made more difficult by the Administration's failure to adequately prepare for the long-term, violent occupation.

Despite a regular budget approaching $400 billion a year, a $79 billion emergency appropriation in April, and another $87 billion this fall, **the Pentagon brass put our soldiers in harm's way without the best protective equipment and training available. That is inexcusable.**

Thousands of soldiers lack ceramic body armor, armored vehicles, and bomb-jamming devies. Helicopters are flying without high-tech missile avoidance systems. "Part-time" National Guard soldiers are being uprooted from our communities for year-plus tours of duty. This must change.

Top Pentagon officials personally assured me our Oregon guard units, set to deploy to Iraq in 2004, will be fully outfitted with the state-of-the-art equipment they need **before** they depart. I will hold them to that promise.

Iraq as the 51st State

Bush Administration officials promised multiple times the American people wouldn't be stuck with the bill for constructing Iraq. Yet, the Administration has borrowed $166 billion to fund the occupation and construction of Iraq. If spent here at home, that money, divided among every congressional district in America, could put two million people to work and bring as much as $381 million to southwest Oregon.

The U.S. faces a $200 billion school construction and renovation shortfall. Oregon has a $4 billion bridge problem. Cities like Albany, Sweet Home, Riddle, Reedsport, and Winchester Bay have 50-100 year old water and sewer systems that are crumbling. Emergency responders have no ability to communicate with each other.

While the Administration claims there's no money to address the problems at home, the U.S. is gold-plating Iraq's infrastructure. America should come first.

Keeping Promises to Our Veterans

Perennial underfunding of veterans programs has left 150,000 veterans waiting six months for a doctor's appointment; 14,000 vets have been waiting 15 months or more for their "expedited" disability claims; 560,000 vets nationwide and 5,300 in Oregon are subject to the disabled veterans tax; out-of-pocket costs for health care are increasing; some VA facilities have been targeted for closure. The penny-pinching by Congress and the Administration has to stop. Veterans must receive the benefits they've earned and were promised. **That is why I am a cosponsor of H.R. 2318, the Assured Funding for Veterans Health Care Act, which would fully fund veterans health care programs and end the annual pleading for an adequate budget.**

Reducing the Risk of Wildfire

Congress and the Administration have spent far too long polarizing the debate over wildfire prevention and forest thinning, while some of the largest wildfires in Forest Service history devastated public lands and communities in the West.

Last fall, I worked with a group of colleagues to craft bipartisan fuel reduction legislation, but the legislative clock ran out.

Before thinning

After thinning

I'm pleased Congress has at last put politics aside and approved a comprehensive fuel reduction bill. It's not the bill I negotiated last year, but it's far superior to the House bill passed in May.

In fact, it is 760 million times better, providing $760 million annually for the fuel treatment work needed to reduce the threat of wildfire to western communities. A Forest Service study estimates it will cost an average of $1,685 per acre to remove brush, small trees, and ladder fuels.

If properly implemented, the bill is the first step in a long process to restore public trust in the management of our forests. It has the **potential to create thousands of jobs** and help return our public lands to a more natural state, where low-intensity fires can burn to enhance and protect the natural health of the forest without endangering communities.

Pharmaceutical Companies Profit, Seniors Pay

Before adjourning for the holidays, Congress crammed through a $400 billion, highly complex Medicare prescription bill. The shifting premium rates, dubious benefits, and confusing co-payments, deductibles, and exclusions make it almost impossible to predict the impact this bill will have on individual seniors. However, the impact on the insurance and pharmaceutical industries is crystal clear.

According to a recent study by the Boston University School of Public Health, the pharmaceutical industry will get 61 percent of the Medicare dollars spent under this bill and an estimated $139 billion windfall profit over eight years.

There are a few other things we know about the bill. It **prohibits the federal government from negotiating lower drug prices on behalf of America's seniors**. At little to no cost to taxpayers, the government currently negotiates savings for veterans of up to 60 percent and could do even better with the 40 million Americans covered by Medicare. Canada, Europe, and every other industrialized nation do just as well, negotiating discounts of up to 50-60 percent.

Individual Total $ Spent On Drugs Per Year	Out-Of-Pocket Costs Under Medicare Bill	% Savings Under Medicare Bill	% Savings With Canadian Drug Reimportation
$660	$791.25	You pay 20% more!	Average 50%
$1,200	$926.25	23%	Average 50%
$5,000	$3976.25	20%	Average 50%

It gets worse. The bill **blocks prescription drug reimportation from Canada**. At virtually no cost to the federal government, seniors could receive a bigger benefit with reimportation than they get under this complicated, $400 billion giveaway to the pharmaceutical and insurance industries.

The insurance industry will receive a $20 billion subsidy and an option, not a mandate, to offer HMO or prescription-only plans subject to renewal or cancellation on an annual basis.

It replaces a guaranteed Medicare-based benefit with uncertain premiums and voucher-based health insurance, leaving seniors to fend for themselves.

The program doesn't take effect until 2006. But in 2004, for an annual enrollment fee, a discount card will be available that might provide savings of up to 20 percent—still significantly less than the average savings of 50 percent seniors get today from buying their drugs from Canada.

After 2006, the bill provides a $275 estimated deductible and a $35 per month estimated, *not guaranteed*, minimum premium. Seniors will be responsible for 25 percent of the first $2,200 spent in total on prescription drugs. Zero coverage is provided for drug costs between $2,200 and $5,000, and seniors will be responsible for five percent of the total drug costs above $5,000, the bill also outlaws supplemental Medigap insurance policies to help seniors who fall into this coverage gap.

If it's such a great program, why wait until 2006 to put it in place?

Please visit my website, http://defazio.house.gov, or contact my office for a worksheet to figure out your drug costs on my prescription drug calculator. The chart above also shows some examples of the impact of this bill.

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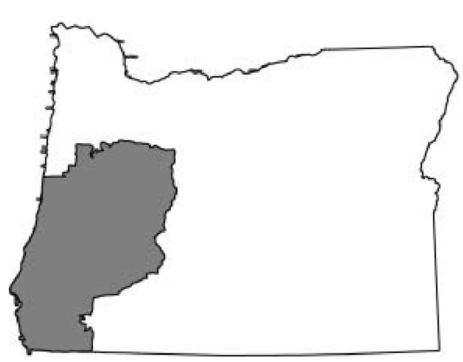

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