

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

PETER DeFAZIO

R E P O R T S

Congress of the United States
House of Representatives
May 2006

Dear Friend:

In 1948, President Harry Truman went on a whistle-stop campaign attacking the “do-nothing” Congress, which had scheduled only 108 days in session. Despite the critical issues facing our country, this year’s Congress has managed to outdo the old record, with the Republican leaders scheduling only 91 days in session. On the few days when Congress is in session, it acts more as a rubber stamp for the White House agenda than the proud, independent third and coequal branch of government mandated in the Constitution.

Congress isn’t earning its keep, let alone the generous annual raises they give themselves. That’s why I have voted no on every congressional pay raise, linked my salary to Social Security COLAs, and contributed almost \$260,000 in after-tax salary to 157 education scholarships and to reduce the national debt.

We can do better. Congress should set aside partisan differences, revise the schedule and buckle down to work on a host of urgent problems to get our country back on track. For instance:

- Oversight on the conduct of the war in Iraq and a timeline to bring our troops home (p. 2)
- New trade policies that bring and keep jobs in the U.S. (p. 3)
- Actions to provide all Americans with access to affordable healthcare (see below)
- An energy plan to control surging gas prices and reduce our dependence on imported oil (p. 4)
- Tackling the difficult problems of border security, illegal immigration, and worker exploitation (p. 4)
- Budget priorities that put funding education for our kids ahead of tax cuts for wealthy investors (p. 3)
- A plan to restore fiscal responsibility and balance the budget (p. 3)

Even if Congress began to work five days a week, like most Americans, it’s not clear that these and other problems would be resolved in short order. But Congress must begin to address these important issues.

Please feel free to contact me with your thoughts on these and other issues before Congress. As always, if you have a problem with a federal agency, my staff and I are ready to help. The addresses and phone numbers are listed on page 4.

Sincerely,

Health Care: A Right For All Americans

Access to affordable, quality health care should be a right, not a fading dream. Currently, 45.8 million Americans have no health insurance coverage. In Oregon, more than 600,000 are uninsured, 108,000 of whom are children. Those who have insurance are seeing their costs rise while their coverage decreases. As it becomes more expensive to provide health insurance for employees, fewer businesses are able to offer it. The cost of prescription drugs is rising at about ten times the current rate of inflation.

This is unacceptable. **Every citizen of the United States should have basic health insurance coverage, and it is Congress’ job to ensure they do. Unfortunately, the health care measures that the president and leaders in Congress advocate are expensive, complicated, unrealistic, and ineffective.**

One such plan, Medicare Part D, is an especially complicated, expensive program that puts the interests of the pharmaceutical industry ahead of Americans’. It prohibits common sense measures such as allowing the U.S. government to negotiate lower drug prices and legalizing the reimportation of affordable, FDA-approved prescription drugs. At the same time, it guarantees the drug companies will continue to get high prices and healthy profits.

The administration is also pushing health savings accounts (HSAs), which would require people to pony up \$5,000 before their health coverage begins in exchange for tax breaks that benefit those who need health insurance the least. Most families do not have \$5,000 to shell out before they receive medical coverage.

Stronger medicine is needed to guarantee an affordable package of health care for all Americans. Under my proposal, both the government and private insurers would offer a standard package and compete on price. The insurance industry would lose its antitrust exemption to become truly competitive. Premium assistance would be provided to lower-income individuals and families. Individuals and employers who want broader coverage could build upon the standard coverage.

To bring down the cost of pharmaceuticals for all Americans, there are several strong reforms we should make: (1) require the U.S. government to negotiate lower drug prices for all, or at the very least, for Medicare beneficiaries; (2) immediately allow the reimportation of less expensive FDA-approved prescription drugs; and (3) restore “fair pricing” clauses so that prescription drugs developed with taxpayer funds are priced reasonably.

Making Trade Work for the U.S.

In the last decade we've lost more than three million manufacturing jobs and tens of millions of other jobs to unfair foreign competition.

Failed U.S. trade policies like NAFTA, the WTO, and preferential trading status for China (all of which I voted against) have led to the ballooning deficit. These agreements encourage the exploitation of cheap labor and the lack of worker and environmental protections. They drag wages and working conditions down, rather than raising living standards and creating a level playing field.

To finance our trade deficit, the U.S. is borrowing \$2 billion every day from foreigners (China and Japan hold most of those IOU's). Being this deeply in hock threatens our economic and national security, destroys jobs, and slows economic growth.

Failed trade policies have also made it easy for foreign investors and governments, flush with cash from selling us goods, to buy up American companies and infrastructure. The attempted purchase of terminal operations at several U.S. ports by a government-controlled company from Dubai alerted Americans to this increasingly common practice. I voted to block the Dubai deal and cosponsored two bills, H.R. 4807 and H.R. 4813, to require increased congressional oversight of future mergers and acquisitions involving foreign-controlled companies. I have also been fighting an effort by the Bush administration to allow foreign entities to control U.S. airlines.

Congress must overhaul our trade policies to bring and keep jobs home, avoid piling up a mountain of foreign debt, and make it clear America's critical infrastructure is not for sale.

Transportation Solutions & Jobs

Last year I was one of four senior transportation committee members who crafted and negotiated a five-year federal highway and transit spending bill called SAFETEA-LU. I was able to secure \$2.7 billion for Oregon's roads, bridges, highways and transit, **which is estimated to create over 127,000 jobs and provide a big boost for Oregon's economy over the next five years.**

The funding couldn't have come at a better time. On I-5 between Eugene and Portland, truck traffic has reached new records. Many key roads and bridges are over capacity or falling into disrepair. Oregon is also facing a massive \$4.7 billion bridge problem on the interstate system that threatens the efficient movement of freight in the West Coast corridor and within our state. To address this, I was able to secure \$200 million that will be directed to the reconstruction of bridges in Oregon on I-5 and other key bridges.

I secured two important changes for Oregon under SAFETEA-LU. Under the new formula, **Oregon, for the first time in more than two decades, will consistently receive more gas tax dollars than it contributes to the Federal Highway Trust Fund.** I also negotiated a

change to lower the "local match" for most transportation projects in Oregon under this law.

What's best is that **all this work will be done without borrowing and adding to the deficit.** Unlike most federal legislation, SAFETEA-LU will not increase the U.S. deficit because it is paid for through the Highway Trust Fund, which is sustained with gas tax receipts.



House Speaker Dennis Hastert honored Congressman DeFazio with the presentation of a signed gavel used during the consideration of SAFETEA-LU.

Protecting Small Business

Day in and day out, small businesses keep Oregon's economy afloat. They are the unsung heroes of our economy. More than 95 percent of all businesses in Oregon are small businesses, and they employ more than half of all workers.

I have worked closely with a number of small companies to help them succeed. For example, I helped secure federal funding for Hydration Technologies, an Albany company that developed a water filtration technology that is providing clean water to military personnel and emergency aid workers operating in harsh conditions like Iraq. I am helping Eugene's On Time Systems get the Navy to test software they developed to lower



Congressman DeFazio met with Ron Loe of Wood Castle Furniture in Albany to discuss China's unfair trading practices.

ship construction costs. And, I have fought to protect Oregon companies like Videx in Corvallis that have had their products counterfeited by the Chinese.

The president's budget proposes to cut 75 percent of federal programs assisting small businesses while continuing huge tax breaks and subsidies for big corporations. I am working to turn these priorities around by:

- Adequately funding for SBA loans and technical assistance programs
- Instituting trade policies that protect small companies from unfair competition
- Making employer-provided health care more affordable
- Providing an efficient transportation system and providing investment in our transportation system
- Protecting our affordable BPA electric power

For more information, visit my website at: <http://defazio.house.gov/SmBus.shtml>.

Bring Our Troops Home Safely

I voted against the Iraq war and proposed a strategy in February 2005 to set a timeline for a planned withdrawal. **I have also voted to provide our troops with the equipment they need and benefits they have earned, while continuing my efforts to bring them home safely as soon as possible.** In December, I signed onto the discharge petition for H.Res. 543, which would force the first open debate in Congress on the continued U.S. involvement in Iraq. I am also a cosponsor of two bills, H.J.Res. 55 and H.J.Res. 73, which call for a scheduled withdrawal of U.S. troops from Iraq.

Our troops have done all that has been asked of them in Iraq. It is now time to terminate the open-ended commitment the president has made. As long as the U.S. military remains stuck with the president's pledge of unending support, Iraqi politicians and security forces will use the U.S. presence as a crutch. We need a policy that makes them take the necessary steps to solve their differences, establish an effective and inclusive government, end sectarian violence, and create a secure society.

If we confront the feuding Iraqi sects with the reality of U.S. withdrawal, that should force them to begin to reach the compromise that is necessary to move their country forward.

You can read more on my website at <http://defazio.house.gov/iraq.shtml>.

President's Budget Has Wrong Priorities

The U.S. government is headed toward bankruptcy. This year, the federal deficit will exceed \$500 billion. Our government is borrowing \$1.4 billion a day to make up the shortfall. The cumulative national debt already stands at \$8.3 trillion, nearly \$30,000 per person. The U.S. has been on the verge of defaulting on this debt for several years, a situation normally reserved for fiscal basket cases like Russia and Mexico.

Our children and grandchildren will pay the price for this out-of-control spending. To add insult to injury, the money being borrowed to sustain the deficit puts America's economic security and our kids' future in the hands of foreign debt holders like China and Japan.

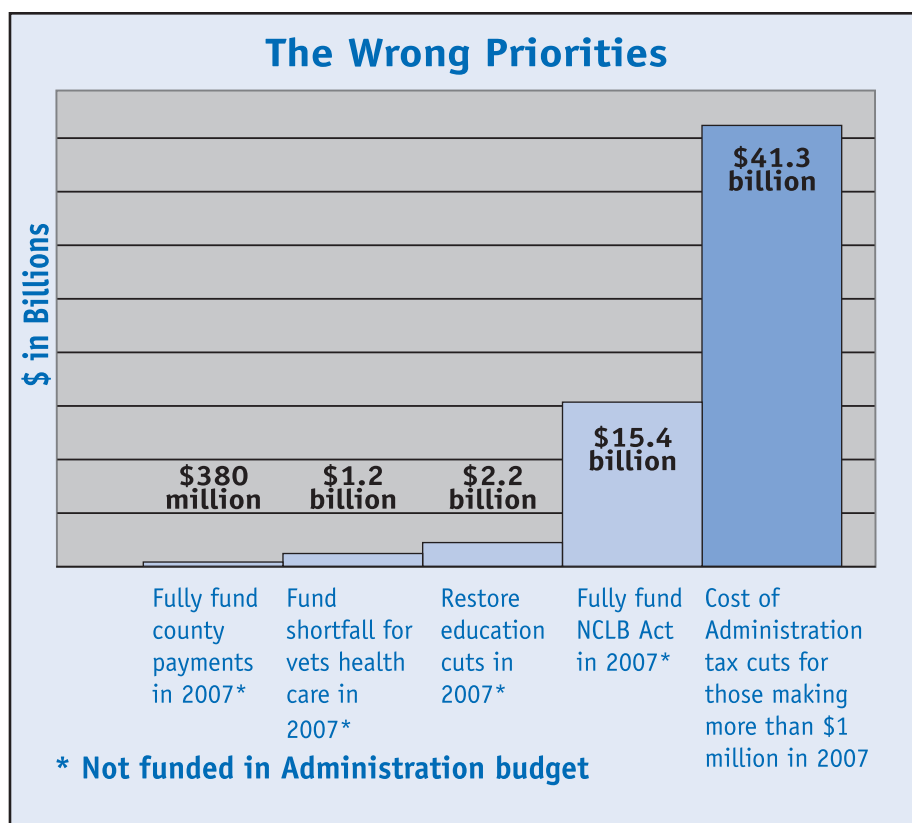
The president's budget makes this situation worse. Under the guise of fiscal responsibility, it slashes health care programs for veterans, children, and rural communities; guts early education and higher education programs; and cuts funding to first responders. **Yet, his budget miraculously finds \$1.7 trillion over ten years to cut taxes primarily for those making over \$300,000 a year. The president's budget also borrows and spends every penny of the Social Security surplus.**

There are plenty of cuts that could be made that wouldn't hurt working families, seniors, children, and veterans. Over ten years, the federal government could save \$50 billion by canceling the manned missions to the moon and Mars, \$112 billion by canceling the deployment of Star Wars and the F-22 fighter jet, billions by reducing payments to corporate farms, and \$20 billion by canceling the international space station.

Yet, the reality is that Congress could eliminate every discretionary program in the federal budget outside of the Pentagon and homeland security, and the government would still be in deficit this year. The budget cannot be balanced by cutting spending alone.

If Congress restored the tax rates in place during the 1990s economic boom for those making over \$300,000 a year, the projected deficit would drop by more than \$350 billion over the next decade. Reinstating the estate tax for estates worth more than \$5 million would reduce the deficit by around \$200 billion. Restricting off-shore tax shelters could reduce the deficit by \$65 billion over ten years. Reinstating the Superfund tax, which forces polluters to pay the cost of cleaning up their own messes, would subtract another \$10 billion from the deficit over the same time period.

It is possible to draft a budget that is fiscally responsible while also adequately funding important programs. I supported a budget alternative presented in Congress that would balance the budget by 2012 and yet better fund vital services. This budget would provide more funding for health care, education, and first responders. And, it would extend tax relief for middle class families, including the child tax credit and marriage penalty relief.



Preserving the American Dream for the Next Generation

Last year, 90 percent of Americans saw their real income decline. For the first time in decades, many parents worry their kids won't have a better standard of living when they grow up. **A good education is at the heart of achieving the American Dream. But President Bush's budget proposal cuts education and hurts the chance of fulfilling that dream for too many children.**

No Child Left Behind, the president's signature education program, will be underfunded by \$55 billion over five years. Our already struggling public schools are expected to make up this shortfall. At the same time, the president proposes to subsidize private schools with federal tax dollars by instituting a voucher system.

On top of the \$12 billion in cuts to the federal student aid programs enacted last year, President Bush has proposed:

- A freeze in funding for the Pell Grant, which provides financial aid to low-income college students
- A net cut of \$596 million in programs that improve high school achievement
- Funding cuts for employment and training programs of \$761 million
- Eliminating funding for vocational education programs Gear Up and TRIO

At the same time, the president continues to insist that we need more tax cuts for people who earn over \$300,000 a year. **If people earning over**

\$300,000 a year paid the same tax rate that they did in 2000, we could fully fund No Child Left Behind, continue vocational education, provide more student loans and still significantly reduce the budget deficit.

The version of the budget I supported would better fund early, primary and secondary education programs. It would lower the cost of student loans, cutting the interest rate in half in 2007. It also would provide \$4.6 billion more in 2007 and \$45.3 billion more over the next five years than the Bush budget for education and training programs.

We need budget policies that give our kids a shot at the American Dream.



Springfield Middle School students showed Congressman DeFazio their new classroom laptops, which were partially funded through Title I. The President has proposed freezing funding for this important program.

Employer Enforcement Key to Meaningful Immigration Reform

Our nation should be proud of its heritage as a beacon of hope for the oppressed. Yet any nation that can't control its borders is not secure.

In 1986, Congress passed a supposedly "comprehensive solution" to stem the flow of illegal immigration and address the estimated two million illegal immigrants living in the United States. It provided blanket amnesty for that population, a large guest worker program, and weak employer enforcement. Twenty years later, an estimated 11 million illegal immigrants live in the U.S., with an additional 500,000 individuals entering illegally every year. **Clearly, the 1986 reform has failed.**

Since 1986, NAFTA and other failed trade policies have destroyed jobs and lowered wages on both sides of the border. The lack of strong employer enforcement in the 1986 reform created an irresistible draw to illegal immigrants desperate for work. Some illegal immigrant workers are exploited by unethical employers with below-minimum wages and substandard working conditions. Others compete for entry-level or less skilled jobs and drag down the wages for everyone. At a recent meeting with Oregonians who work in the building trades, I was told that exploitation of illegal immigrant workers is a quickly growing problem. Unscrupulous employers underbid large drywall and painting jobs even on public projects and pay an illegal piece-rate instead of the required prevailing wage.

Employer enforcement is the key to an effective reform. Without the prospect of employment, the flood of illegal immigrants across the border would turn into a manageable trickle. That's why I supported H.R. 4437 despite my objections to some of its provisions. This legislation requires employers to verify workers' eligibility for employment with federal officials rather than allowing a simple glance at documents that are easily forged. The bill doubles the fines for employers who knowingly hire undocumented workers—\$5,000 for a first offense and up to \$40,000 for subsequent offenses. H.R. 4437 also makes it easier to deport immigrants intercepted at the border. In 2004, I voted to increase the number of border patrol agents and the number of investigators enforcing immigration laws within the U.S. by 14,000.

There are some provisions in H.R. 4437 that I did not support. I am opposed to making all 11 million illegal immigrants felons with prison terms, and criminalizing any church or other groups who work with immigrants without asking their legal status. I said these provisions were doomed before the bill passed in the House, and the Republican leadership has since promised to delete them from the final legislation.

I do not support the guest worker programs that would bring in hundreds of thousands of new foreign workers every year, including new provisions for high-skilled workers. That is a formula to undercut the wages of U.S. workers. Let's first provide living wages and decent working conditions for all our workers and then determine if selected industries really have a shortage.

I do not support blanket amnesty proposals that treat every immigrant the same regardless of how long they have been here or what they've contributed to their communities. The status of someone who entered illegally last week should not be the same as the status of an individual who has been in the country for a decade or more, gainfully employed and paying taxes.

Whatever the resolution of the status of illegal immigrants already in the U.S., Congress must remember that more than four million individuals around the world are waiting for their paperwork to be approved so they can enter the U.S. legally. In many cases, that wait is ten or more years. We should not further undermine respect for our laws with a resolution that disadvantages those in the legal queue.

At this time it isn't certain that the House and Senate can work out their differences and enact significant immigration reforms into law. Even if immigration reform isn't possible, **Congress should still push ahead with selected measures to strengthen border and port security, improve employment and wage protections for all workers, overhaul failed trade policies and support funding for an education system that will enable our children to earn a better living.**

Out of Control Gas Prices Require Immediate Action

Gas prices are headed over \$3 a gallon, and the administration has failed to offer an effective solution. **Last year, Exxon Mobil reported the highest corporate profits in history—over \$36 billion. That's nearly \$100 million a day. The company paid its CEO a \$400 million retirement benefit.** Fifty refineries have been closed in the past 15 years due to oil company mergers. And now the companies use refinery capacity as an excuse to drive up prices. OPEC continues to violate international trade agreements by colluding to restrict supply and drive up prices.

In response, **I support legislation to impose a windfall profit tax on oil companies, take legal action against OPEC and other market manipulators, increase fuel efficiency standards, put a moratorium on oil industry mergers, and make gouging consumers a federal crime.** I also support bipartisan legislation, H.R. 4409, to require a reduction of 2.5 million barrels a day in U.S. oil consumption within ten years. To reach this goal, the bill expands federal research into alternative fuels, provides incentives for American automakers to speed commercialization of more efficient and alternative fuel vehicles, provides farmers with support to grow crops for use as fuel, and increases tax incentives for consumers who purchase fuel-efficient vehicles.

Memorial Day is May 29th this year. Remember to honor those who have fallen in defense of their country, our troops and our veterans.

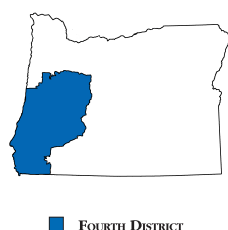
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