

# PETER DEFAZIO



## R E P O R T S

Congress of the United States  
House of Representatives  
June 2008

Dear Friend,

The American economy is slipping into recession and the middle class is losing ground. Yet, the President is demanding more tax cuts for the wealthy that he contends will “trickle down.” His previous tax cuts helped create a massive \$9.4 trillion debt for the federal government – \$31,000 per citizen – up sixty-five percent since 2001. These tax cuts have done little for the struggling middle class and haven’t prevented the economic slump.

Meanwhile, the President’s free trade policies have pushed our trade imbalance to over \$700 billion a year. We are hemorrhaging jobs overseas and putting the nation deeper and deeper in hock to China, Japan, and a host of other foreign entities. Deregulation and speculation on Wall Street delivered higher prices and fewer services for consumers and brought havoc to the banking industry. The housing meltdown has driven construction unemployment to 11.1 percent, caused mill layoffs here in Oregon, and is now spilling over to cause a nationwide recession. Without dramatic changes in trade, tax, budget, and regulatory policies an economic rebound seems unlikely anytime soon. Inside this newsletter you will find articles on these issues and what Congress is doing to try and address them.

Also, if you have concerns about the upcoming digital television transition you will find information on page 3 of this newsletter to help you.

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,

## Creating Jobs in America to Beat the Recession

According to President Bush, “... the American economy is the envy of the world.” That is news to millions of American workers trying to pay rising fuel, food, and healthcare costs and a cruel joke to Americans who have lost their jobs thanks to our failed trade policies.

Earlier this year, Democratic leaders worked to pass an economic stimulus package that included a tax rebate to individual taxpayers and domestic infrastructure investment to help stimulate the economy. The President did not consider this commonsense proposal because he doesn’t believe in a stimulus package that includes domestic investment. The stimulus bill the President signed provides a tax rebate, but it is unlikely to give the economy much more than a short-term bump with the cost of gas and groceries headed into the stratosphere. The final package did nothing to create good jobs and rekindle long-term economic growth.

The federal government has to put Americans back to work to re-energize the U.S. economy. Fortunately, we can create jobs with decent pay right away. According to the U.S. Department of Transportation, every \$1.25 billion invested in infrastructure creates over 30,000 jobs and \$6 billion in additional economic activity. Congress can fund infrastructure projects and secure quality construction jobs, ensure robust economic growth, improve efficiency of our transportation system, and make the U.S. more competitive in the global economy.

Many cities nationwide are struggling to meet federal clean water standards, and reports indicate between \$300-\$500 billion is needed over the next twenty years to make repairs. The federal government should partner with communities that need help. Our jetties and ports are crumbling, and harbors are shoaling in. Federal investments in our ports would boost both domestic commerce and foreign trade.

Looming energy shortfalls highlight a third arena in desperate need of federal leadership. The federal government needs to fund research and development for a generation of new, clean energy sources. That is why I am a sponsor of H.R. 2809, the New Apollo Act. This legislation will ensure the U.S. leads the world in developing and manufacturing the next generation of energy technologies, creating new highly skilled jobs, eliminating our reliance on foreign oil, and addressing global warming.

As Chairman of the House Subcommittee on Highways and Transit, I know we have the federal resources to improve our transportation systems, create energy efficient transit and rail options, and stimulate this nation’s economy. We can and must invest in America.

## Combating the Salmon Disaster

In early May, Commerce Secretary Gutierrez cancelled the entire commercial salmon fishing season off the coasts of Oregon, California, and parts of Washington. The closure is due to an unprecedented decline in salmon returns in the Sacramento River.

Earlier this year, my colleagues and I warned the Bush Administration about the impending collapse of the commercial salmon fishery and asked for a swift disaster declaration. We got it, and Congress quickly responded. We were able to get \$170 million in disaster assistance included in the recently passed Farm Bill. The President vetoed the bill, but Congress over-rode the veto. This action will ensure timely assistance to fishing families who need to make boat, insurance, and mortgage payments and keep food on their tables. This federal assistance is critical to the survival of the fishing industry and coastal communities still suffering from the 2006 salmon fishing closure.

The quick delivery of federal aid is a priority this season, but we must protect and restore remaining salmon runs for the region’s long-term viability. I recently proposed legislation to protect more than 140 miles of tributaries of the Rogue River as Wild and Scenic Rivers. The Rogue is Oregon’s second most productive river system. Tragically, the Rogue was also recently named the second most endangered river in the U.S. The tributaries to the Rogue provide the clear, cold water needed for spawning and habitat for winter and summer Steelhead and Coho salmon. All five runs of Pacific salmon are found in the Rogue River. The Rogue fishery provides millions of dollars to Oregon’s economy and merits permanent protection. Developing and implementing effective plans to restore the health of the critical Klamath and Columbia river stocks are also vital to the future of commercial salmon fishing in Oregon.

## Helping Our Kids Compete in the Global Economy

When the average Oregon college student graduates from a public university, they get a degree and a bill for \$20,000. Today, two out of three Oregon graduates have student loans to pay off, and the average debt for college graduates has soared over 50 percent in the last ten years. This debt will influence their decisions about jobs, marriage, children, buying a home, and other major life choices for years.

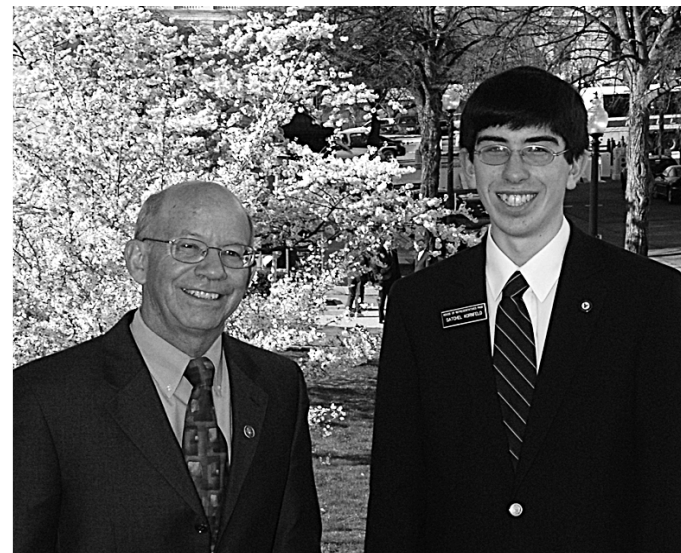
Federal student aid has not kept pace with rising tuition rates the past 20 years, but things took a dramatic turn for the worse during the final days of the Republican led Congress. **In 2006, President Bush and his allies passed legislation that cut student aid by \$12.7 billion and increased interest rates on student loans to pay for a new round of tax breaks for millionaire and billionaire investors.**

The new Democratic-led Congress is working to reverse seven years of misplaced budget and tax priorities. In February of this year, we passed legislation to reverse these cuts and boosted federal student aid by \$20 billion—the largest increase in 65 years. The House also passed the College Opportunity and Affordability Act (HR 4137) that will help make the dream of a college education more affordable for the children of working families and other students of modest means.

Some of the highlights of the improved student financial aid provisions are as follows:

- Loan forgiveness of up to \$10,000 for students who pursue a public service career;
- Repayment of federal loans limited to 15 percent of income;
- Increased college aid and support programs for veterans and military families;
- Assistance with text book purchases;
- Streamlined the federal student aid application process.

This legislation also makes a substantial investment in science, technology, and foreign language training so our students have the skills they need to succeed in the global marketplace. The College Opportunity and Affordability Act will help keep college costs within reach for the vast majority of working families and help maintain our nation's competitive edge. Final action by the Senate on this legislation is expected in the near future.



**Congressman DeFazio congratulates Satchel Kornfeld from Eugene, OR for his selection to serve as a House Page.**

## The President's Legacy: Record Gas Prices

Gas prices are taking a toll on Americans. Some families have canceled summer vacation plans. Many Americans are spending less on food and clothing to pay for the gas they need to get to and from work and school.

As gas prices soar, so do the profits of the world's top six oil companies. In 2007, profits dramatically increased to a staggering \$121 billion. **Exxon/Mobil profits skyrocketed to \$41 billion, or about \$110 million a day, and the CEO pocketed a \$400 million dollar retirement package plus perks. The OPEC cartel has accumulated a \$1.5 trillion hoard of cash and is using these mind boggling profits to buy major U.S. companies.**

Fuel prices are hammering our already weak economy, but the President and Vice President, wealthy former oil men, say the government should stand aside and let market forces work. I disagree. It is time to rein in the speculation, profiteering, and market manipulation. Americans do not need to be gouged at the pump while we work toward an independent, sustainable energy future.

The Administration refused to act so the Democratic Congress stepped up and passed the first change in mileage standards in 32 years to begin to make future vehicles more efficient. I have also proposed legislation to challenge the economic power of both OPEC and mega-oil companies. My legislation would stop the export of oil from Alaska and force the President to file a WTO complaint against OPEC for blatantly violating free trade laws by restricting crude oil production to drive up prices. It would impose a windfall profits tax to remove the incentive for price gouging and market manipulation. The legislation also includes the reregulation of energy commodities to prevent speculative price manipulation. The energy market was deregulated by the Republican led Congress in 2000 to benefit companies like Enron. Experts estimate this speculation equals a fifty cent premium on every gallon of gasoline we buy. Congress recently passed into law H.R. 6022, the Strategic Petroleum Reserve Fill Suspension and Consumer Protection Act, which will increase the available supply of oil and offer an effective tool to lower energy prices for American families.

I am pushing the congressional leadership to adopt these and other measures to move America to an affordable, sustainable, and independent energy future.

## County Payments

In my last newsletter, I told you about my efforts to ensure reauthorization of the Secure Rural Schools program - or "county payments" that expired in 2006. This federal program provides funding for vital services in Oregon's rural counties - schools, and law enforcement and health care. I helped secure a one-year extension last year, but that funding runs out in July. Without a multi-year reauthorization of county payments, hundreds of rural communities nationwide will struggle with inadequate budgets and diminished services and programs. Counties in Southwest Oregon are preparing for significant layoffs and cuts in services. One county is even considering bankruptcy.

As I write, it appears the Senate may get a one year extension in the Emergency Supplemental spending bill for the war in Iraq. I will not support war funding until it is tied to a timeline for an orderly draw down of American troops. However, I will fight to keep that funding for county payments in the emergency spending bill. Unfortunately the President has threatened to veto supplemental funding for anything other than the war in Iraq and world hunger. I recently wrote President Bush and asked him to reconsider his hard line in order to address emergencies here at home. I am also working to move a separate extension through the House in case the President forces leaders to strip the funding from the Emergency Supplemental spending bill. I will continue to pursue all possible avenues to get another extension of the program while we work on longer-term solutions to these critical funding needs.

## Free Trade Costs Oregon Jobs

Our trade policies are a dismal failure. The NAFTA, CAFTA, and WTO trade agreements have exported millions of high-paying American jobs to China, Mexico, and other low wage havens, eroding U.S. living standards. These trade agreements are great for large corporations and special interests in Washington, but they expose the American people to unsafe toys, tainted drugs and food, lost jobs, and falling wages.

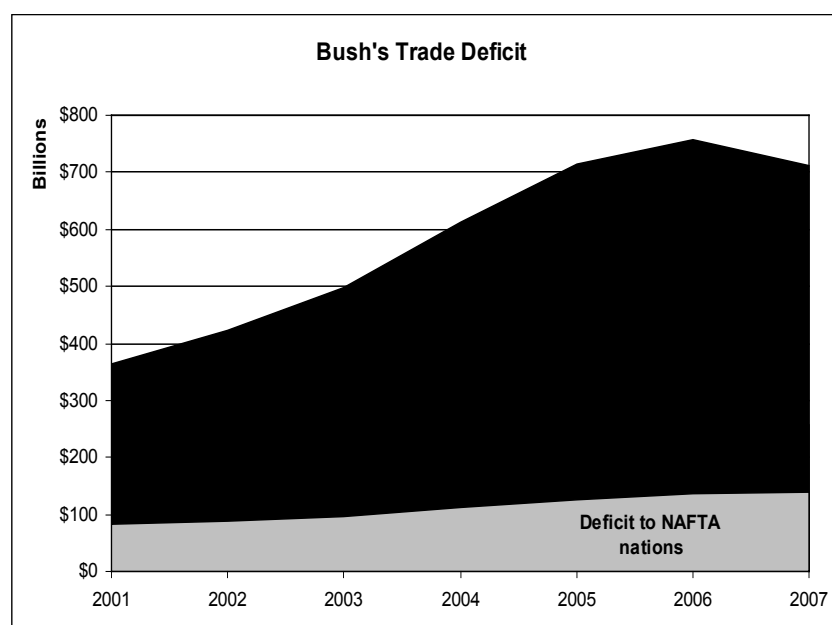
Soaring trade deficits and increased reliance on foreign investors to finance these deficits are threatening our economic and national security. We have international trade bureaucrats challenging American sovereignty by allowing the dumping of subsidized foreign goods, including agricultural products, into the U.S.

According to the Oregon Blue Book, the U.S. government issued 205 Trade Adjustment Assistance certifications for Oregon layoffs caused by NAFTA between 2000 and 2005. The certifications covered more than 13,000 Oregon workers who lost their jobs as a direct result of NAFTA. Since 1994, Oregon has lost more than 40,000 jobs to NAFTA and other trade agreements.

We are borrowing \$2 billion a day from overseas to buy things we don't make in the U.S. any more. Manufactured goods accounted for more than two thirds of the trade deficit in 2007. Over the last decade, the U.S. lost 20 percent, or 3.3 million, of its best-paying manufacturing jobs.

I recently voted against the Peru Free Trade Agreement and will oppose the Colombia Free Trade Agreement. These agreements are by, for, and about Wall Street, not American workers, the U.S. economy, or national security.

If trade is the engine that drives our economy, we need an overhaul. I am working on legislation to require all future trade agreements to include benchmarks for job creation and labor and environmental protections. If the trade agreement fails to meet the benchmarks, the President must withdraw the U.S. from the agreement. Simply put, my bill requires trade agreements to accomplish their stated goals. Free trade politicians and their corporate supporters must finally be accountable for the grand promises of these flawed free trade agreements.



## Fighting for Rail Service

When the Central Oregon and Pacific Railroad (CORP) closed the rail line between the south coast and the Willamette Valley last fall, the corporate office claimed safety problems forced them to shut down with less than 24 hours notice. The loss of this vital rail link caused immediate layoffs at the Georgia Pacific mill and had many south coast businesses scrambling to find other, more costly, transportation. Now CORP is threatening to curtail rail service between Southern Oregon and California. Suspiciously, the real and threatened loss of rail service followed the sale of Rail America, CORP's parent company, to a huge Wall Street hedge fund.

I have worked hard to force CORP and the Wall Street owners to reopen the line. The House Transportation Committee is pressuring rail executives to live up to their common carrier obligations, and we are writing legislation to strengthen the law. I have joined Governor Kulongoski, state legislators, local officials, and business leaders explore options to reopen the line or take it over.

In late April, I testified before the federal Surface Transportation Board (STB) and urged them to use their powers to force CORP to reopen the line. The STB is in proceedings now that could force reopening or sale of the line.

I will be fighting to keep rail service for Southern Oregon. Rail provides efficient and economical transportation in this era of rising fuel prices. I am focusing on a new federal strategy to rebuild and expand freight rail service and to create high speed passenger rail service.

## Digital Television Transition



If you are one of the 51 percent of Americans confused about what is happening and what you need to do to prepare for the transition to digital television, keep reading. The Bush Administration has mishandled the transition and now millions of people are at risk of seeing their TV's go dark on February 17, 2009, when all major television stations are required to transmit digital-only signals.

If you have cable or satellite service or a digital television, you are most likely not affected by the digital changeover. However, if you are one of the tens of thousands of Oregonians who have an analog television set which receives signals by means of rabbit ears or an over-the-air antenna, you need to buy a converter box. Other more expensive options are subscribing to cable or satellite or purchasing a digital television set.

Converter box purchases are partially subsidized, as directed by Congress. Each household can request up to two \$40 coupons to help with the cost of purchasing up to two converter boxes. The converter boxes cost \$50 to \$70 each and are available for purchase at area retailers.

When your coupons arrive in the mail, you will receive a list of retail stores selling converter

boxes. Please note, the coupons expire 90 days after they are issued.

If you need a coupon(s), call 1-888-388-2009 or go to [www.dtv2009.gov](http://www.dtv2009.gov) to make your request.

Depending on where you live in Oregon, you may need to follow some simple steps to continue your TV service. Please refer to my website ([www.defazio.house.gov/dtv](http://www.defazio.house.gov/dtv)) for details.

## Iraq Update: 5 years, 4000 troop casualties, \$660 billion spent

For three years I have urged the President to set a timeline for withdrawal from Iraq, but he has refused. The lack of a timeline has caused a culture of dependence in the Iraqi government and has stalled meaningful efforts toward reconciliation. The President's single-mindedness prevents momentum towards political progress in Iraq and keeps our troops in harms way tamping down a civil war into the indefinite future.

We are now in the sixth year of the Iraq War. It has lasted longer than the Civil War, World War I, World War II, the Korean War, and the Persian Gulf War with no end in sight. Tragically, not long after the 5th anniversary date passed, we lost the 4000th American soldier. Nearly 30,000 troops have been wounded since the war started and tens of thousands have been diagnosed with Post Traumatic Stress Disorder.

The dead and injured are a grim measure of the human costs of this war. There are high economic costs as well. The current price tag for six years of war in Iraq is \$660 billion. We are borrowing \$338 million a day and \$10 billion a month to keep a large troop contingent in Iraq. Only World War II was more costly.

The President's endless war is depressing the U.S. economy, adding to the deficit, and guaranteeing a legacy of debt for our children. In Oregon, if we could spend a small fraction of the war funds, we could fully fund many essential programs:

- County payments for a year with less than two days of Iraq funding;
- Oregon Head Start programs with less than 12 hours of Iraq funding;
- Replacing and/or upgrading sewage treatment systems in Sweet Home, Lakeside, Albany, Coburg, and other Southwest Oregon communities with 11 hours of Iraq funding;
- Pell Grants to cover state school tuition for all of Oregon's eligible freshmen with less than four hours of Iraq funding; and,
- Governor Kulongoski's proposed additional Oregon State Police officers with 15 minutes of Iraq funding.

The President stubbornly continues with an open-ended commitment to the war in Iraq despite the opposition of a majority of Americans. He has effectively held the U.S. hostage by vetoing legislation that would set us on a path toward an honorable exit from Iraq. Unfortunately, the current Congress has lacked the votes to override his veto and been unable to force the issue of timelines, but we must keep trying for the sake of our nation's security, our troops, and our economy.

## DeFazio Challenges Administration on China

China has a long history of human rights abuses, trade and currency manipulation, and a combative foreign affairs posture. The Chinese government has actively repressed Tibetans, resisted sanctions against Sudan for the Darfur atrocities, and unjustly held thousands of political prisoners. China promotes the U.S. trade imbalance through abuse of Chinese workers and the environment, and currency manipulation. Finally, the Chinese government continues to expand its military reach to threaten Taiwan and U.S. allies.

The 2008 Olympics gives the international community a rare opportunity to influence China, but President Bush is ignoring calls to join other world leaders pledging to skip the opening ceremonies. He would rather cozy up to China than challenge them to change, so I introduced H.R. 5697, the Defend the Olympic Spirit Act, to prohibit any U.S. official, including the President, from attending the opening ceremonies this summer.

On the currency manipulation front, I am a co-sponsor of H.R.782, the Fair Currency Act of 2007. I also support sanctions and trade complaints against China's other illegal trade policies.

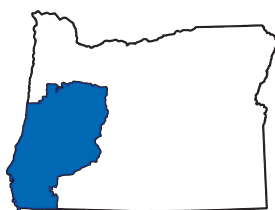
Presidents Clinton and Bush said unrestricted trade with China would bring them into the mainstream of the world community. Their tactic has failed. It's time to send a message that our patience and forbearance has been exhausted.

Feel free subscribe to my e-newsletter. By subscribing to the e-newsletter, you will receive occasional e-mail updates regarding current legislation and issues before Congress that are important to residents of the 4th Congressional District. To subscribe, please visit my website: <http://www.defazio.house.gov>.

### My offices are here to serve you.

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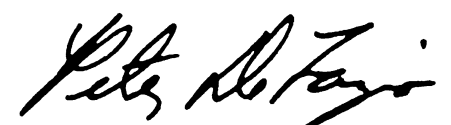


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