

PETER DEFAZIO

REPORTS

Congress of the United States

House of Representatives

August 2011

Free Trade Deals: Bad for American workers

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We Need Fiscal Sanity

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Axing the Status Quo in Our Forests

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Rep. DeFazio discusses budget issues with constituents

What's on your mind? Come to a town hall meeting.

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Rep. DeFazio discusses transportation issues on the Coos Bay Rail Line

Putting America Back to Work

Chronic unemployment is the greatest problem facing our country. Both our current president and the previous administration subscribe to the theory that more tax cuts will create jobs and bring an economic boom. **But so far the only boom we've seen is the boom of our imploding economy.**

In the ten years under the Bush tax cuts, we saw the worst job creation numbers in any decade since World War II. Real unemployment is a staggering 18 percent when you count the underemployed and discouraged Americans who have stopped looking for work. The Bureau of Labor Statistics estimates that 20 million

Americans are unemployed, underemployed, or have given up looking for work.

In December, President Obama and the Congress continued this path by extending the Bush tax cuts another two years adding over \$800 billion to the deficit. Even worse, the president added a Social Security payroll tax "holiday" that drained \$100 billion from the Social Security Trust Fund. As a result, the federal government had to borrow money to make the Trust Fund whole again.

These policies have failed miserably. We can and must do better.

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Saving Medicare

The Republican budget plan would end the Medicare program as we know it. **Everyone under 55 would continue to pay into Medicare but they would not have an assured Medicare benefit when they retire.** Their plan would simply shift the obligations to pay for health care onto everyone under 55 yet do nothing to lower the costs of health care.

The non-partisan Congressional Budget Office (CBO) estimates that the majority's plan would almost triple health care costs for future seniors. Today seniors pay 25 percent of their health care costs under Medicare.

Under their plan, seniors would pay 68 percent of their health care costs starting in 2022. **This amounts to an out of pocket increase of over \$6,000 per year for seniors.**

Their plan would replace Medicare with partially subsidized government approved private insurance plans sold through government exchanges.

It would restore the expensive "donut hole gap" in prescription drug coverage and undo reforms intended to end the worst abuses of the insurance industry. **Private**

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DeFazio Bill Cuts Pentagon Waste

Last month, the House approved my amendment to force the Pentagon to publicly disclose and account for how it spends hundreds of billions of taxpayer dollars each year.

The Department of Defense (DOD) is the largest and most expensive department in the federal government. Taxpayers spend more each year on the DOD than everything else the government does combined.

Yet the Pentagon has a dismal financial accounting record. In 2000, DOD's Inspector General found \$2.3 trillion dollars over ten years completely unaccounted for. That is outrageous. Our troops who need the best equipment possible to do their job and the U.S. taxpayers deserve better.

Astoundingly, a decade after the IG's report the DOD is still exempt from annual audits that every other federal agency must meet because they can't track how they are spending taxpayer dollars. And last year, DOD leaders said they still need more money and seven years to create an auditable money trail.

My amendment will force the DOD to comply with annual audits just like every other federal agency. At a time when we are trying to root out every penny of unnecessary spending for cuts and making substantial cuts to programs that help middle class families, the largest and most expensive agency in the federal government needs to open its books to scrutiny too.

For information on current legislation, go to www.defazio.house.gov

Jobs: We Need Serious Solutions

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According to the Office of Management and Budget, taxes today are at the lowest percentage of our national economy since 1950. Those previous lower rates existed before we had a national highway system, Medicare, Social Security Disability Insurance, the NASA program, and before we engaged our troops in two costly wars. Yet the economy is in the tank and 20 million Americans are out of work.

Unfortunately, the solutions being presented by both the administration and Congress rely on the same failed policies of the past.

Below are some of the solutions you are likely to hear over the next few months, as well as my responses to these plans.

FAULTY SOLUTION 1: The president wants to double down on the Social Security payroll tax holiday, extending and expanding the tax holiday for another year, and adding an estimated \$220 billion to the 2012 deficit.

WRONG. We cannot afford more expensive tax cuts that haven't created jobs or economic growth. Most people don't even realize they receive this tax cut. To pay for another payroll tax holiday, the federal government would be forced to borrow money, probably from China, to replenish the Social Security Trust Fund and give those who have a job a \$15 or \$20 a week tax cut. While working families can use a few extra bucks, it will not help the 20 million people who are not getting a paycheck, it will not create jobs, and it undermines the argument that Social Security is not a cause of the debt or deficit.

FAULTY SOLUTION 2: Congress will vote on three more free trade agreements supporters say will help American manufacturing.

WRONG. These job-killing free trade agreements will ship more jobs overseas and increase our trade deficit. The Economic Policy Institute estimates that these three trade agreements will cost the U.S. over 200,000 jobs and increase our trade deficit by at least \$20 billion [see below for more on trade].

FAULTY SOLUTION 3: The Republicans on the House

Transportation and Infrastructure Committee unveiled a plan that cuts transportation and infrastructure spending by 35 percent.

WRONG. Their plan will cost 500,000 private sector jobs (according to Transportation and Infrastructure Committee) in construction, manufacturing, and small businesses across America and will not maintain our current decrepit transportation infrastructure. Construction unemployment is at 16 percent. The cuts in this bill could increase construction unemployment to a staggering 25 percent.

These are not serious plans to put people back to work.

What's a real solution? The U.S. Department of Transportation estimates that for every \$1 billion invested in transportation infrastructure, we create or sustain over 34,000 private sector jobs and produce \$6.2 billion in economic activity.

If instead of borrowing \$220 billion to pay for the payroll tax holiday we invested that amount in our crumbling infrastructure, we would create approximately 7.5 million jobs and \$1.3 trillion in economic activity, and we would build bridges, highways, and transit systems that would benefit future generations. If we did away with the Bush tax cuts for people earning over \$200,000 and instead invested that \$30 billion in transportation, we could create over one million jobs and \$180 billion in economic activity.

The jobs created are not just construction jobs. These are private sector jobs in engineering, software design, manufacturing, and small business as well. It would also have a ripple effect helping businesses that supply materials for the projects. And strong Made in America requirements would further ensure that jobs and products would be created here at home.

If we solve chronic unemployment, credible economists estimate that a quarter of the deficit would disappear because people would once again pay taxes and no longer rely on unemployment benefits or food stamps.

FREE TRADE- NOT FREE FOR AMERICAN WORKERS

As a result of so-called "free" trade agreements, 54,000 U.S. manufacturers have boarded up or moved overseas over the last ten years. **As those factories have disappeared, so have over five million family wage manufacturing jobs including 53,000 in Oregon according to the Bureau of Labor Statistics.**

The U.S. is borrowing a billion dollars a day to buy manufactured goods from China and other unfair traders while running up an annual trade deficit of over \$500 billion.

Our current trade policy is a dismal failure and a failed engine for America's economy. These agreements are not in the best interests of American workers and they are not in the best interests of the American economy in the long term.

Trade has long been a bipartisan problem. The Clinton administration started the free trade trend passing the North American Free Trade Agreement (NAFTA) with Mexico and Canada. President Bush followed,

passing another 12 free trade agreements (FTA). Unfortunately, President Obama adopted the same failed trade policies and is now working to pass FTA's his predecessor couldn't do on his own.

While we continue to hemorrhage our manufacturing base, Congress is preparing to vote on three more free trade agreements that will ship more jobs overseas and increase our trade deficit.

The free trade ideologues say these agreements will help bolster American manufacturing, create jobs, and increase our exports.

Like their predecessors, the only thing these agreements will export are hundreds of thousands of family-wage jobs.

Oregon lost thousands of jobs as a direct result of the passage of NAFTA.

More than half of these jobs were good paying manufacturing jobs. In 1994, Clinton economic advisers predicted that if the U.S. passed NAFTA we would enjoy trade surpluses between \$9-12 billion throughout the 1990's and into the following decade.

The reality is the U.S. had a trade deficit with Mexico totaling \$97.2 billion last year- that equates to about 2 million lost jobs. **We need a new direction in our trade policy.**

This year I reintroduced the End the Trade Deficit Act, H.R. 1603, which would prohibit the adoption of new free trade agreements until a review and report on the impacts of free trade agreements is provided to the president and Congress. A similar bill I sponsored passed the House in 2010, but the Senate failed to act on it.

H.R. 1603 would force the administration and Congress to rethink the nation's current U.S. trade policy and focus on policies that promote manufacturing investment in the U.S., create a level playing field for U.S. manufacturers, improve U.S. infrastructure, and strengthen the labor pool through improved education and training programs.

Wall Street corporations and their highly paid lobbyists are urging my colleagues to draft yet more free trade agreements saying that they will benefit working Americans. But we know working Americans will bear the brunt of these job-killing trade agreements.

I will continue to lead the opposition to these agreements and work to help our nation export goods, not jobs.

For more information on trade, please visit www.defazio.house.gov.

We Need a Balanced Budget

In the last year of his presidency, Clinton balanced the budget and paid down \$560 billion in debt.

Unfortunately, President Bush insisted on two very expensive wars and huge tax cuts skewed heavily towards millionaires, billionaires, and multi-national corporations. Our surplus turned into a multi-billion dollar deficit.

While President Bush added \$4.9 trillion to the debt, President Obama has added another \$3.7 trillion according to the U.S. Treasury. These continued massive deficits are unsustainable.

As I write this, negotiations are ongoing and Congress is divided on how to move forward.

In 1995, I was one of 72 Democrats to vote for a balanced budget amendment (BBA) to the Constitution. That effort failed by only two votes in the Senate. I supported this common-sense amendment because it was clear that my colleagues

were not willing to make tough decisions.

Had we succeeded in passing this BBA, we wouldn't need to raise the debt ceiling or struggle with trillion dollar deficits. We wouldn't have passed massive tax cuts or fought two wars with borrowed money. Instead, we would be looking forward to retiring the last of our national debt in 2015.

This year, I have cosponsored a bi-partisan balanced budget amendment offered by Rep. Goodlatte (R-VA), and I have introduced my own legislation.

My BBA is stronger in that it requires any significant military action that is not a congressionally declared war be paid for with spending cuts or new revenues rather than declared emergency spending. I don't believe our previous president would have invaded Iraq if the American public had to accept a cut in Social Security benefits or higher taxes to pay for it.

In this partisan Congress, even the BBA has fallen victim to partisan tinkering. **I believe we could have passed the 1995 BBA again this year, but the House leadership instead forced a vote on a radical BBA that requires a supermajority vote to close unfair tax loopholes and includes an arbitrary spending cap that would threaten Social Security and Medicare.**

I opposed this radical version in favor of a BBA that would actually work. A balanced budget amendment is essential since neither side has produced a balanced budget in the last decade.

The theatrics need to stop so we can have a reasoned debate over realistic options for a balanced budget.

For updated information on the debt ceiling, budget, or BBAs, please visit my website at www.defazio.house.gov or attend one of my 13 town hall meetings throughout the district [*see back page for a town meeting schedule*].

Axing the Status Quo in Our Forests

For decades, the debate on federal forest management has been defined by the extremes.

On one extreme some groups advocate zero cuts on federal lands, which is bad for the forests and the economy.

On the other extreme some want to return to the old days of unsustainable harvests targeting the last remnants of old growth. It is time to move on to sustainable, science-based forest management.

We need to put Oregonians back to work, provide economic certainty for timber dependent communities, and improve the health of our forests.

Our federal forests are in bad shape. Past management practices have left hundreds of thousands of acres of federal forests unnaturally dense and prone to disease, drought, and fire. Unhealthy forests adversely affect our drinking water, fish and wildlife, and recreational opportunities.

Meanwhile, rural communities face persistent double-digit unemployment and local mills that once supported dozens of Oregon communities struggle to keep their doors open. **The status quo is unacceptable.**

I am fighting to put hundreds of Oregonians back to work in the woods restoring forest health. Last summer, I spearheaded efforts to test new, science-based strategies to manage

our federal forests through a number of demonstration projects. I convened a series of public meetings with key stakeholders, led field trips into the woods with forest experts and environmentalists, and brought Secretary of the Interior Ken Salazar to Roseburg to hear directly from Oregonians.

To overcome decades of inaction and failure, we must develop new, science-based strategies that can provide a sustainable yield. The administration agreed to finance three demonstration projects utilizing the new forest management strategies. Timber sale projects are expected to be completed early next year. They should provide a valuable blueprint for future sustainable management of our forests.

These demonstration projects will also help us evaluate new ways to accomplish key priorities such as watershed restoration, forest resiliency, and a predictable, sustainable supply of timber to timber-dependent communities.

Our public forests and rural Oregon communities should not have to wait another 20 years for help. These ongoing projects will demonstrate responsible forest management practices and end the tired rhetorical debates and old battles. This is the right thing to do.

For more information on these pilot projects, please visit www.defazio.house.gov and click on my Natural Resources issue page.

Medicare: We need to bring costs down

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insurers would once again be allowed to discriminate on the basis of pre-existing conditions, age, and sex; and, they would once again be allowed to cancel policies if you get sick.

Before Medicare was created, too many seniors were unable to find affordable health insurance. Private insurance companies charged seniors sky high premiums because of their age and pre-existing conditions. Medicare put an end to those practices. The Republican plan would turn back the clock.

Medicare can be saved.

If Congress adopts some of the reforms below, we can bring health care costs down for all Americans and ensure a robust Medicare benefit for generations to come.

Insurance Companies Must Play by the Same Rules

• The Consumer Federation of American has said eliminating the insurance anti-trust exemption would lower health care premiums by ten percent. I have introduced legislation to do that. The House passed my legislation last year by an overwhelming vote.

Paying doctors for successful treatment, not rapid fire patient visits

• Today's billing system rewards those doctors who see a high volume of patients and who order a large number of tests and procedures. We can reduce health care costs by paying the doctors who successfully treat patients rather than for each individual appointment and test. This avoids unnecessary medical tests, invasive procedures, and avoidable hospital admissions. Thoughtful, outcome based reimbursements will benefit both doctors and patients.

Reduce Prescription Drug Prices

• I am a cosponsor of the Prescription Drug Savings and Choice Act, that allows the federal government to take advantage of its ability to purchase prescription drugs in bulk for Medicare recipients, and would save Medicare and taxpayers over \$20 billion every year.

• I have long supported the reimportation of affordable, safe, FDA-approved prescription drugs. The Congressional Budget Office estimates this would lower drug prices by \$40 billion over ten years.

For current information go to www.defazio.house.gov

What's on Your Mind? Come to a Town Hall

Since I came to Congress, I have held over 325 town hall meetings across Southwest Oregon. I have developed many legislative initiatives based on my conversations with Oregonians at these meetings. The dates and locations of my upcoming town hall meetings are listed below. I hope you will attend one in your area. I look forward to discussing current issues before congress and to hearing your ideas and opinions.

Tuesday, August 16

Elkton

10:00 – 11:00 AM
Masonic Lodge Hall
247 1st Street

Bandon

1:30 – 2:30 PM
Bandon Public Library
1204 11th Street SW

Port Orford

3:30 - 4:30 PM
City Council Chambers
Port Orford City Hall
555 W 20th Street

Wednesday, August 17

Brookings

9:00 - 10:00 AM
Chetco Activity Center
550 Chetco Lane

Gold Beach

12:00 - 1:00 PM
City Council Chambers
Gold Beach City Hall
29592 Ellensburg Avenue

North Bend

5:15 - 6:15 PM
City Council Chambers
North Bend City Hall
835 California Street

Thursday, August 18

Eugene

5:15 - 6:15 PM
City Council Chambers
Eugene City Hall
777 Pearl Street

Springfield

7:00 - 8:00 PM
City Council Chambers
Springfield City Hall
225 5th Street

Monday, August 22

Cottage Grove

10:00 – 11:00 AM
Cottage Grove Community Center
700 E Gibbs Avenue

Grants Pass

5:15 - 6:15 PM
Anne Basker Auditorium
604 NW 6th Street

Tuesday, August 23

Cave Junction

10:00 - 11:00 AM
Josephine County Building
102 S Redwood Highway

Roseburg

5:15 - 6:15 PM
City Council Chambers
Roseburg City Hall
900 SE Douglas Ave

Thursday, August 25

Albany- Senior Town Hall

1:30 - 2:30 PM
City Council Chambers
Albany City Hall
333 Broadalbin Street

Corvallis

5:30 - 6:30 PM
Main Meeting Room
Corvallis-Benton County
Public Library
645 NW Monroe Avenue

*I hope you can attend
a townhall meeting near you!*
Pete

Join My Telephone Town Hall

I will be holding Telephone Town Halls this year. It is a chance for you to join thousands of other Oregonians to ask me questions and hear more about issues before Congress.

If you are on Oregon's Do-Not Call list, and want to participate please contact my office at 800-944-9603 or via email by going to www.defazio.house.gov and leave your name and phone number so you can be included on the call.

Want up to date information? Go to my website: www.defazio.house.gov.

My website has a number of resources to help constituents looking for information about federal agencies, my voting record, and critical national issues. Visitors can also sign up for periodic on-line updates.

Up-to-date information on budget negotiations, trade agreements, Medicare, and federal infrastructure investments is available on the issues pages.

Scroll to the bottom of the home page for my voting record, and to search for specific bills using the Thomas search tool.

Check out the Tours and Flags section under Constituent Services if you would like to order a flag or if you need help scheduling tours for an upcoming trip to Washington, D.C.

Please contact one of my offices if you would like to suggest a helpful addition to my webpage.

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. This helps save postage on future mailings. To subscribe, please visit my website at www.defazio.house.gov.

My offices are here to serve you.

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