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REPORTS

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Investing in America to Create Jobs

The recession has been brutal to American workers and small businesses alike. Add to that our failed trade policies and rising health care costs, and the last few years have been frustrating and painful. People are angry, and they should be. They've lost their jobs, their pensions, and their homes as a result of Wall Street greed and recklessness and lack of government oversight. There are no quick fixes, but I am working hard to turn our economy around, create jobs, and improve the lives of hard working Americans. This means investing in our kids, our schools, our roads and bridges, and rebuilding our domestic manufacturing base.

THE STIMULUS ACT WAS FUNDAMENTALLY FLAWED

Unfortunately, the federal government's response has been hampered by the obstruction in the U.S. Senate and the economic team in the White House. These obstacles led to a flawed stimulus bill and continue to block efforts to boost real job creation with solid family wages.

"PEOPLE ARE ANGRY AND THEY SHOULD BE"

Peter DeFazio

I voted against the economic stimulus package signed into law by President Obama because it should have been smaller and more focused on job creation. The final stimulus bill cut funding for investments in infrastructure and education in order to make way for \$300 billion in tax cuts that did little to put our nation on the road to economic recovery. I can justify borrowing money for infrastructure investments to build projects that create jobs and will benefit future generations, but not for tax cuts. The tax cuts didn't help unemployed families and did little to put people back to work. A tax cut won't rebuild our crumbling bridges, highways, or schools. Every penny of the \$789 billion flawed stimulus is borrowed money. We should have borrowed less and it should have been invested in more effective job creation programs.

The U.S. currently invests less than one percent of our Gross Domestic Product (GDP) in infrastructure. China, our largest economic competitor, invests the equivalent of nine percent of its GDP. Our infrastructure is approaching third world status and becoming a serious drag on our economy. This lack of investment is also undercutting our manufacturing base. When the City of Portland installed their first streetcar line in 2001, the cars were imported from the Czech Republic. There is a massive pent up demand for infrastructure of all sorts and a labor force ready to build things in America again, but most economists, including the Obama advisors with their devotion to free trade and Wall Street, just don't get it.

INVESTING IN AMERICAN JOBS

As chairman of the Highway and Transit Subcommittee, I am fighting for legislation to rebuild our national transportation network. **I believe the president's economic team is more concerned with coddling Wall Street than rebuilding our infrastructure to create jobs and benefit Main Street.** A \$500 billion investment over six years would create over 2.5 million private sector jobs, many with small businesses. It's not just construction jobs, which are sorely needed, but also manufacturing – construction equipment, steel, railcars, buses, high tech control systems, and engineering. **The strong Buy American provisions I have written will bring and keep jobs home.** The Buy American provision I included in the last transportation bill resulted in Oregon Iron Works building the first made in America street car in 70 years. Other Oregon based companies, like Johnson Crushers in Springfield, Knife River Materials in Roseburg, American Bridge in Reedsport, and CH2MH Hill in Corvallis would benefit from increased transportation investments. Even better, if I win the fight, the \$500 billion investment will come through the Highway Trust Fund, none of it borrowed.



DeFazio tours the Woodburn Port of Entry (POE) which inspects trucks using the new Green Light system saving truckers 917,000 hours in travel time and \$108 million in operating costs over the past ten years.

A NEW TRADE POLICY TO BRING AND KEEP JOBS HOME

Another way to boost job creation is to remove the burden businesses face from unfair trade deals like the North American Free Trade Agreement (NAFTA), the World Trade Organization (WTO), and most-favored nation trading status for China, all of which have led to the export of millions of high-paying U.S. jobs. These trade agreements have allowed huge multinational corporations to export our industrial manufacturing base as they chase the cheapest labor and lax environmental and safety regulations around the world.

Sadly, the president seems unwilling to change our failed trade policies. He has stated his intention to seek approval for the Bush-negotiated South Korean Free Trade Agreement (FTA). I have never supported a FTA, and absent major changes to this job eliminating agreement I will be opposing this one too. The Clinton and Bush negotiated FTAs all have the same fundamental flaw; they open up U.S. markets to imports, but always fail to open up foreign markets to U.S. exports. We need a trade overhaul to close our trade gap and help our nation export goods, not jobs.

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I have been pushing my colleagues to pass a series of manufacturing and trade bills called the Make it in America Agenda. We have proposed a package of ten bills to overhaul trade policy and rebuild U.S. manufacturing. As might be expected, we are running into stiff opposition from Wall Street, the Business Roundtable, and other powerful special interests.

GROWING SMALL BUSINESSES

I didn't support the Wall Street bailout, but those who did justified their vote by saying it was necessary to keep credit flowing to small businesses. The benefits of the \$700 billion bailout have flowed mostly to megabanks or Wall Street firms. Very little has reached down to the community banks and the small businesses they lend to. I have heard from a number of viable Southern Oregon businesses that can't get credit on reasonable terms. I'm angry the healthy profits of these massive banks and the big bonuses doled out to bank executives - made possible by the bailout - appear to have supplanted small business lending.

To boost responsible lending, I supported the recent House passage of H.R. 5297, the Small Business Jobs and Credit Act, which will leverage up to \$300 billion in loans for small businesses through a \$30 billion lending fund for small community banks. The bill sets tough performance-based incentives to ensure that the banks that voluntarily accept these funds expand their lending to small businesses. This bill does not cost taxpayers one penny because it also closes obscure tax loopholes that benefit a few corporations and wealthy tax dodgers.



Congressman DeFazio speaks at the unveiling of a new streetcar in Portland made by Oregon Iron Works (OIW). OIW is making the first American-made streetcar in 70 years.

PROTECTING AMERICANS FROM WALL STREET GREED

The House recently passed H.R. 4173, the Wall Street Reform and Consumer Protection Act. **It's a tough financial services reform bill that will demand accountability from the big banks and financial titans on Wall Street and restore rules to prevent the growth of another massive speculative financial bubble and collapse.** It is the most significant regulation of Wall Street since the Great Depression and starts reigning Wall Street's dominance of our economy to the detriment of Main Street America and the real economy.

Since the deregulatory binge began in the 1980s, our nation has experienced at least four huge financial scandals: the Savings and Loan collapse, the Enron scandal, the high tech bubble, and the Wall Street crash. All cost taxpayers, average investors, and pension funds trillions of dollars – not to mention the eight million jobs we have lost.

The shock of big Wall Street firms collapsing triggered a panic in the Bush administration which then convinced the Democratic leaders in Congress to pass the Wall Street bailout that I vigorously opposed. **If Wall Street wants to set its own rules and engage in risky gambling, it should live or die by those rules rather than come running, bonuses in one hand with the other stretched out for a taxpayer bailout.**

H.R. 4173 did not go as far as I wanted in regulating gambling with derivatives or breaking up some of the "too big to fail" financial conglomerates. I have been working to regulate derivatives since the mid 90's when I heard Warren Buffet describe them as "financial weapons of mass destruction." H.R. 4173 brings transparency and accountability to the \$600 trillion derivatives market, but loopholes remain.

The legislation creates a new independent Consumer Financial Protection Bureau. This watchdog will ensure basic fairness in the financial marketplace. Consumers will have an advocate in their corner as they wade through the myriad of financial products that they are bombarded with; the credit card offers, the payday lenders, and the exotic mortgage offers. H.R. 4173 will also limit executive bonuses and golden parachutes, improve corporate governance giving shareholders a say, and stop phony rating scams by credit rating agencies.

H.R. 4173 represents the beginning of real reform of Wall Street. It moves us away from the days of investment firm analysts selling their clients junk and betting against the same clients to make a profit. The reformed system will operate as it should providing credit and financial instruments to help American business grow and investing in local economies that provides jobs for hard working Americans. I strongly support the criminal investigations, and hopefully prosecutions, being pursued by the Justice Department. **In fact, I have organized support within Congress for an expanded criminal investigation of Wall Street banks, insurance companies, and rating agencies. I will work to build on this legislation to prevent the barons of Wall Street from ever again destroying real families, real lives, real jobs, and real pensions.**

Investing in Children, Our Economic Future



Congressman DeFazio discusses the importance of reading to children in the Pediatric Clinic at the PeaceHealth Riverbend Pavillion in Springfield.

To provide for economic growth in our future, we need to educate the next generation of business leaders, scientists, and engineers. We need skilled trade people such as welders, electricians, and an experienced high tech workforce to rebuild our manufacturing base. To address this pressing need, Congress passed into law two major reforms to expand access to education. In 2008, the Post 9/11 GI Bill created a robust veterans education benefit for our returning veterans. This law helps the thousands of troops returning home - many without a job - to obtain the skills and training they need to find employment. Congress also passed the Student Aid and Fiscal Responsibility Act (SAFRA), the single largest increase in federal education investments ever. This could not have come at a better time, as a record number of students are seeking affordable, quality higher education opportunities. This law comes at no cost to taxpayers as it redirects \$61 billion in bank subsidies and uses those savings to expand federal educational grants and loans. Every student will benefit from a federal student loan delivery system that is simple and streamlined, provides lower cost loans and more grants to post secondary education.

OVERCOMING THE WORST OIL SPILL IN HISTORY, AND COMMITTING TO A NEW ENERGY FUTURE

The BP oil spill in the Gulf of Mexico has become one of the worst environmental disasters in U.S. history. For over 80 days oil spewed from the Deepwater Horizon well at more than 60,000 barrels per day -- the equivalent of one Exxon Valdez spill every four days. Fishing and coastal communities have been devastated; residents in the Gulf have been forced out of work; and, our public ocean resources may not recover for decades.

HOLDING BP ACCOUNTABLE

I support legislation to make sure BP is financially responsible for every dollar of damage resulting from its ongoing spill. The corporate giant, with annual profits totaling more \$20 billion, can afford to compensate fishermen who have lost their livelihoods, small family-owned businesses that have boarded up shop, and American taxpayers who have spent millions on clean-up and restoration efforts.

Despite its huge profits and massive resources, BP has a horrible safety record. In 2005, a BP refinery in Texas exploded killing 15 and injuring 180. Federal inspectors found 270 safety violations that had been previously cited, but not fixed, and 439 new violations, a result of BP ignoring maintenance and safety concerns to boost profits. The Obama administration should have hired the best experts in the industry on day one to peer review, oversee, and if necessary, overrule BP's attempts to cap the well and clean up the mess.

I support the Justice Department's decision to begin both civil and criminal investigations into the BP oil spill. Several congressional hearings, which I participated in, revealed numerous instances of very questionable conduct and operation of the oil rig. We must not allow corner-cutting, gross negligence, or willful deceit fueled by corporate greed to go unpunished.

Congress must strengthen the safety regulations for offshore drilling to ensure this sort of disaster does not happen again. We need the following:

- A responsible government regulator who is on the side of the environment and the American taxpayer, not one that is in the pocket of big oil.
- Rigorous inspections of existing offshore wells.
- Requirements for deepwater rigs to employ the safest and most advanced technology.
- Tougher safety and health standards to protect oil rig workers.

GOOD JOBS, AFFORDABLE ENERGY, AND A CLEANER ENVIRONMENT

In the long-term, the U.S. needs a new energy policy. The Bush-Cheney mantra of drill, dig, and burn is short-sighted and not sustainable in the long-term. I can support more domestic oil drilling to the benefit of the U.S. economy and national security if industry adheres to greatly improved safety and environmental standards. But we cannot forget that domestic drilling will never be a viable long-term option for meeting all our energy needs: the U.S. has 21 billion barrels of proven oil reserves - enough to sustain us for 3.5 years without importing foreign oil.

The last eight presidents -- going back to Richard Nixon -- promised to end our reliance on foreign oil. But none forced the structural changes necessary to push us away from foreign oil. We must use our technological advantage and American innovation to foster a sea change in how we produce and use energy:

- Congress has already approved efficiency standards for new vehicles by 2016. According to the EPA, the change will save consumers \$4,000 in fuel costs over the life of the car and save 1.8 billion barrels of oil over five years.
- We should follow Oregon's lead and mandate that nationally 25 percent of our power come from renewables like biomass, hydro, solar, and wind. The Pacific Northwest can meet 85 percent of its new electricity needs through energy conservation and efficiency alone, however many states have yet to adapt the most basic efficiency and conservation standards for homes and businesses.
- We need to boost our efforts to retrofit commercial and industrial facilities with energy saving devices and proper insulation. Coupled with new appliance standards, energy efficiency programs can help consumers and businesses save money while simultaneously reducing our reliance on foreign oil.

In the short-term, we stopped the oil spill but we must hold BP responsible for the financial damage it has caused, and restore coastal communities and our public natural resources. In the long-term -- to help prevent another BP oil spill -- we must adopt a new energy policy focused on job creation, clean domestic energy production, and protecting American consumers.

Recycling Wood Waste Benefits Communities, Forests, and Energy

Needed fuel reduction and other timber projects on federal lands generate hundreds of thousands of tons of woody debris and waste products every year. Most of this material is collected into huge piles and burned. A better approach is to recycle this material by transporting it to local facilities to produce renewable fuels and electricity. I secured a provision in the American Clean Energy and Security Act that would make the collection, transportation, and recycling of wood waste products into renewable energy more economical. My provision would help create jobs, improve forest health, and reduce our reliance on foreign oil. Unfortunately, my efforts have been undermined by pressure on the EPA from misguided environmental groups to classify all renewable biomass, including wood waste, as a pollutant on par with dirty coal. I got 62 of my Congressional colleagues to join me in a letter to EPA Administrator Lisa Jackson urging the Obama administration to consider recycled wood waste as a clean, carbon neutral energy source. Rural communities in Oregon could produce jobs and help America become energy independent while improving forest health with proper utilization of waste woody biomass.

Immediate Benefits of the New Health Care Reform Law

This was not my preferred version of health insurance reform, but it is a start and a number of important new benefits will go into effect this year.

MAKING PRESCRIPTION DRUGS MORE AFFORDABLE

Seniors in the Medicare “donut hole” have already started receiving \$250 checks to help pay for the cost of prescription drugs. Starting next year, the cost of name brand drugs in the donut hole will be discounted by 50 percent. Also next year, Medicare will no longer have any co-payments or deductibles for preventive services.

DO YOU HAVE TROUBLE GETTING HEALTH INSURANCE?

Oregonians who do not have insurance because of a pre-existing condition can now get insurance through the newly created Pre-existing Condition Insurance Plan. The plan offers a full range of benefits including primary care, specialty care and prescription drug coverage. Premiums are as low as \$222 a month. For more information go to healthcare.gov.

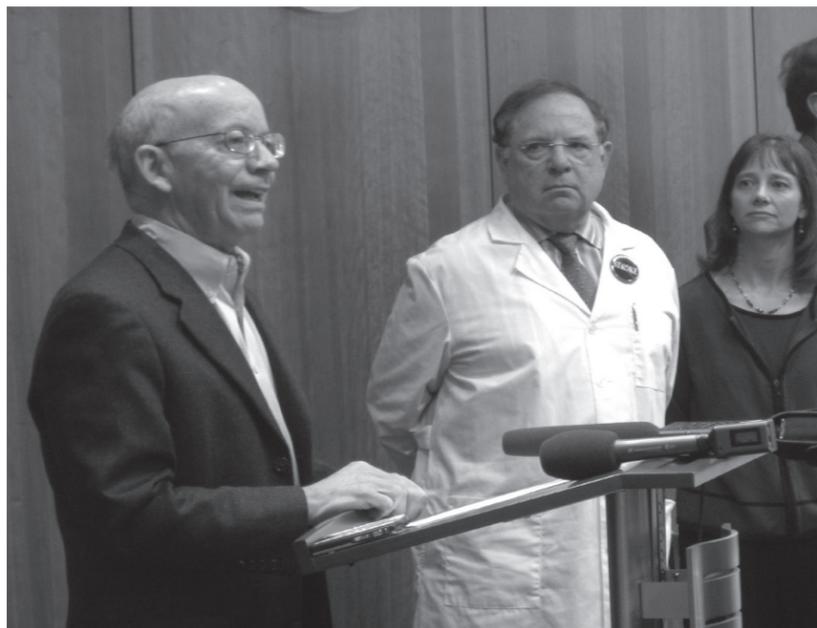
Even more reforms will phase in beginning this September:

- Children with pre-existing conditions can no longer be denied coverage.
- Insurance companies cannot cancel the policies of sick people based on minor technicalities
- Children under 26 will be allowed onto their parent’s insurance.
- Insurance companies cannot set limits on your coverage if you become seriously ill and you need expensive treatment.
- Insurance plans cannot charge you more if you need emergency care in hospitals that are “out of network.”

IMMEDIATE HELP FOR STRUGGLING SMALL BUSINESSES

Small businesses have been particularly hard hit, with insurance costs rising by 129 percent over the last ten years. Currently, over half of America’s small businesses cannot afford to offer insurance to their employees and are finding it harder and harder every year to compete with large companies that can provide health insurance to their employees. The health reform law will level this playing field.

Small businesses with less than 25 employees can now get a tax credits to help them provide their employees with health coverage. These credits are worth up to 35 percent of the employer’s premium costs, and will go up to 50 percent by 2014. Over 60 percent of American small businesses will qualify for these credits. Starting in 2014, small businesses and uninsured individuals will be able to buy good coverage through “exchanges” which will offer lower group rates.



DeFazio speaks in Eugene about the benefits of the newly passed health care reform law.

Improving and Protecting Medicare Benefits

The internet and talking heads are full of rumors about Medicare cuts. The truth is the cuts will be in overpriced durable equipment contracts, fraud and abuse, and subsidies to insurance companies and the pharmaceutical industry. Benefits for every Oregonian eligible for Medicare will be improved. Congress is also trying to resolve a long-standing problem with how Medicare payments to doctors are calculated. This problem was created in 1997 by a Republican-led Congress and signed into law by President Clinton. Senate Republicans have blocked a permanent fix to this inequity. Congress has delayed these cuts for 6 months, but I am demanding a permanent fix to ensure seniors have quality access to doctors.

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

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