

Congressional Closeup by Carl Osgood

Democrats Pressure GOP on Manufacturing Jobs

Further evidence that Democrats intend to use the collapse in manufacturing jobs against the GOP this election year, was provided by Rep. Bernie Sanders (I-Vt.) and House Democrats who appeared with him at a press conference on March 3, introducing legislation to discourage American companies from outsourcing jobs overseas. The "Defending American Jobs Act" targets those companies that receive loans, loan guarantees or grants from the Federal government, by prohibiting such aid if they lay off more American workers than workers from their overseas operations.

Sanders told the press conference that "in my view, it is an insult to the middle class of this country, that American taxpayer dollars are being used to provide loans . . . and subsidies to huge and profitable corporations who then say to the American people: 'Thanks for the welfare, chumps, but we're closing your plant and taking your job to China.'" Rep. Peter DeFazio (D-Ore.), a co-sponsor of Sanders' bill, complained that jobs are now America's number one export, and said, "We not only need to change these policies and bring the jobs home and put a moratorium on further free trade agreements, but, the number one no-brainer is we should not be asking the American taxpayers to subsidize the export of these jobs."

Meanwhile, in the Senate, Carl Levin (D-Mich.) and Byron Dorgan (D-N.D.) announced on March 4 that they would be introducing legislation to eliminate the tax breaks that U.S. companies get from setting up offshore subsidiaries in order to avoid paying U.S. taxes. In their announcement, they particularly targeted corporations that get U.S. government contracts while hiding the profits they make from those contracts in offshore tax havens.

Senate Begins Debating Budget Resolution

The Senate began 50 hours of debate, on March 8, on a Fiscal Year 2005 budget resolution that maintains the previous year's \$814 billion discretionary spending cap, and reduces the 2005 defense budget by \$7 billion. The resolution, passed out of the Senate Budget Committee on March 4, by a party-line 12 to 10 vote, also promises to reduce the Federal deficit by half, one year earlier, by 2006, than President Bush's budget submission. It promises a deficit of \$209 billion by 2009. The resolution also provides for \$30 billion for military operations in Iraq and Afghanistan, for 2005. It provides for \$126 billion in tax cuts that include extending provisions that expire at the end of 2004 and an extension of relief from the alternative minimum tax.

Democrats spared no effort in blasting the resolution. In a March 4 statement, Sen. Kent Conrad (N.D.), the ranking Democrat on the Budget Committee, declared that the resolution "closely follows President Bush's reckless budget proposal. It would explode deficits and debt at the worst possible time, just as we approach the retirement of the Baby-Boom generation." Conrad added that while the GOP claims that the resolution would cut the deficit in half in three years, "the reality is that under their plan, large deficits would continue as far as the eye can see." Even if it could keep its promises regarding the deficit, the resolution would still add \$2.8 trillion to gross Federal debt between 2004 and 2009.

The Democrats are hoping to find a few moderate Republicans to—if they cannot derail the resolution—at least modify it. Republicans in both Houses are divided over the budget plan. Some defense hawks are unhappy with the defense budget cuts included in both the House and Senate versions of the resolution. The massive deficits in the

budget are also making some moderate Republicans nervous and they believe that all discretionary programs, including defense, ought to be on the table.

Reed, Hagel Bill To Increase Army Strength

On March 4, Senators Jack Reed (D-R.I.) and Chuck Hagel (R-Neb.) introduced a bill to increase the Army's end strength by 30,000 soldiers, to 512,400. Last October, Reed and Hagel had sponsored an amendment to the \$87 billion supplemental appropriations bill to do the same thing, which was adopted by the full Senate, but dropped in the conference agreement under White House pressure. Reed noted that Secretary of Defense Donald Rumsfeld had authorized a temporary increase in Army strength last January, an acknowledgement that the Army does not have enough people for all of the missions it is being called upon to perform. "What they still have not recognized," he said, "is paying for these troops in a straightforward, candid fashion, so that the American public recognizes the costs associated with Iraq and Afghanistan, and we provide for these costs, not simply kick the can down the road."

Under the Pentagon's current plans, the temporary increase in Army strength will be paid for out of the supplemental. Under Reed and Hagel's legislation, the increase becomes part of the regular budget. "I believe we can't afford for our long-term success to rely on these budgetary gimmicks," Reed said. "We have to put the money in the budget. And that's what we will do." Secretary of Defense Donald Rumsfeld, speaking to reporters on March 9, declared that there's no need for the Reed-Hagel bill and that the stress on the force is being adequately managed with the authorities that the Defense Department has, now.