

international trade sanctions. That repair will take a significant burden off the backs of our nation's exporters and once again enable them to compete effectively around the world. Finally, Mr. Speaker, the bill reduces the tax rate for American manufacturers, which frees up necessary capital to continue to build their business and keep American business on its best game. These are good things, to.

However, Mr. Speaker, while those provisions may be good for American business, for American taxpayers, and for American workers, the vast majority of the 450-page bill is so larded with special interest corporate giveaways, that it gives the term "pork barrel" a bad name. I for one have never been whaling, but I am no sure why native Alaskan subsistence whalers need a tax break. But of one thing I am absolutely certain, my children and grandchildren should not have to pay for it.

Mr. PAUL. Mr. Speaker, I will vote for H.R. 4520 today because the tax cuts contained in the bill outweigh the unfortunate but inevitable subsidies also included. I promise my constituents that I will vote for all tax cuts and against all new spending. So when faced with a bill that contains both, my decision is based on whether the bill cuts taxes overall, i.e. whether its ultimate impact will be to reduce or increase federal revenues. This legislation does reduce revenues, and therefore takes a small step towards reducing the size of the federal government. So while I certainly object to some parts of the bill, especially the tobacco bailout, I do support tax cuts.

My biggest concern with the bill, however, is not based on its contents. I object to the process underlying the bill and the political reason for which it was written. This bill is on the floor for one reason and one reason only: the World Trade Organization demanded that we change our domestic tax law. Since America first joined the WTO in 1994, Europe has objected to how we tax American companies on their overseas earnings. The EU took its dispute to the WTO grievance board, which voted in favor of the Europeans. After all, it's not fair for high-tax Europe to compete with relatively low tax America; the only solution is to force the U.S. to tax its companies more. The WTO ruling was clear: Congress must change American tax rules to comply with "international law."

Sadly, Congress chose to comply. We scrambled to change our corporate tax laws in 2001, but failed to appease the Europeans. They again complained to the WTO, which again sided with the EU. So we're back to the drawing board, working overtime to change our domestic laws to satisfy the WTO and the Europeans.

This outrageous affront to our national sovereignty was of course predictable when we joined the WTO. During congressional debates we were assured that entry into the organization posed no threat whatsoever to our sovereignty. But this was nonsense. A Congressional Research Service report was quite clear about the consequences of our membership: "As a member of the WTO, the United States does commit to act in accordance with the rules of the multi-lateral body. It is legally obligated to insure that national laws do not conflict with WTO rules." With the Europeans and the WTO now telling us our laws are illegal and must be changed, it's hard to imagine a more blatant loss of American sovereignty.

The bill does cut taxes overall, and for that reason I will vote in favor of it. Any legislation

that results in less money being sent to the black hole that is the federal Treasury is worth supporting. I especially support the provision that allows Texans (and citizens of other states that do not have an income tax) to deduct state sales taxes, and will vote yes accordingly.

Mr. CAMP. Mr. Speaker, I rise today in strong support of H.R. 4520, the American Jobs Creation Act.

Mr. Speaker, the bill before us today is about creating American jobs and making U.S. manufacturers more competitive in the world marketplace. To accomplish these core objectives we need to pass legislation that reduces the high tax rate U.S. manufacturers are forced to pay. Many would be surprised to learn that the U.S. has the second highest corporate tax burden at 40 percent, of any developed nation, just two percentage points below Japan. While the Republican Congress has done much to lower individual tax rates, it is also important to pass legislation that helps American employers better compete with Irish companies that have a 12.5 percent tax rate, Korean businesses that have a 29.7 percent rate, and British companies that incur a 30 percent tax rate. Although the United States leads the world in terms of productivity and efficiency, we need to begin to erase the serious disadvantages our tax code places on our companies.

By passing this bill today, we will be on our way to stopping another tariff increase imposed by the European Union on U.S. exports. On June 1, the EU increased the retaliatory tariff another percentage point to eight percent on American goods. If Congress fails to address this issue, the EU will continue to tack on another tariff each month until we act. Tariffs on American exports could go as high as 17 percent. Every one of our districts will feel the effects of the EU's actions. Products on the wide-ranging EU sanctions list range from agriculture, iron and steel, timber, textiles, to machinery. Imagine a 17 percent tax on U.S. exports! This would amount to a \$4 billion bill that the American people would ultimately pay every time they went to the grocery store or mall.

If we do nothing and let the tariffs grow to the full 17 percent, American companies will not be able to hire new workers, expand operations, make new investments, and remain viable in the marketplace. The bill before us today will make the needed adjustments to our international tax laws plus give our U.S. manufacturers overdue tax relief, and lift the onerous tariffs on American products.

I urge my colleagues to vote for this critically important jobs bill. If you want to help the U.S. manufacturing sector grow and our economy to continue to expand, vote for this bill. By doing nothing, we risk crippling our robust new economy and endanger American job creation.

Mr. HOLT. Mr. Speaker, I rise in opposition to this tax bill which is full of giveaways to special interests. I wanted to support this bill. I support an across-the-board corporate rate reduction for income from U.S. manufacturing activities so that more manufacturing jobs can be created here in the United States. I am also a strong supporter of the R&D tax credit because it is an investment in the future and will keep our economy strong over the longterm.

However, this bill is full of items that have nothing to do with job creation or long-term investment in research.

This bill is a tax break for special interests. Do we really need a special tax loophole for manufactures of fishing tackle boxes? Or a tax break to benefit makers of sonar devices used for fishing. As an outdoorsman, I support fishing but we don't need a tax break to do it.

Many of my constituents enjoy target shooting with bow and arrows but do the makers of bow and arrows really need the tax break that this bill provides?

Further, the bill continues the Republicans' attack on the environment. In this bill is a tax break for whaling and a tax break to benefit landowners who sell timber from their property.

Also in this bill is a provision that isn't even tax policy, that is the tobacco "buyout". I can understand helping small tobacco farmers, however this bill only helps big tobacco corporations. The provisions of this bill will line their pockets with billions of dollars.

If the current quota system is eliminated, as proposed in the FSC bill, the price of tobacco will collapse. The minimum drop that can be expected in 50 cents per pound of tobacco—roughly the current amount that goes for rent to quota owners. As the U.S. price drops, foreign producers will lower their prices too. Falling prices will drive small tobacco farmers off of their land, while enriching Big Tobacco.

U.S. tobacco manufacturers intend to purchase 450 million pounds of domestic tobacco this year. At a discount of 50 cents per pound, the immediate savings is \$225 million. But this is just a minimum estimate. According to a USDA economist, factoring in prices changes for both domestic and foreign tobacco, the end of the quota is worth \$15 billion to the tobacco industry over 14 years.

Cigarette manufacturers can take this entire windfall as profit or use part of it to lower prices, addicting more children and killing more Americans. It is no surprise that leading public health groups consider this proposal an unmitigated disaster.

The list of special interest tax breaks goes on. If that is not bad enough the bill once again hurts the future generations of Americans by adding at least \$34 billion in debt that will have to be paid back by our children. The legislation in the other body was at least revenue neutral.

More tax cuts of this sort will not only jeopardize critical public services now, but they will also hurt Americans well into the future. Massive deficits create large debt and will create high interest payments that will crowd out spending on public investments for future generations. Moreover, these deep deficits threaten to increase interest rates in the future—making it harder for Americans to buy homes and afford higher education and making it harder for businesses to raise capital.

The President is pretending that we can have war without sacrifice. Eventually, someone has to pay. I believe Chairman Greenspan's recent comments are appropriate: "Our fiscal prospects are, in my judgment, a significant obstacle to long-term stability because the budget deficit is not readily subject to correction by market forces that stabilize other imbalances. The free lunch has still to be invented."

Mr. Speaker, today we should be passing a revenue neutral bill that helps manufacturing