

Mr. FRIST. I thank the Senator.

Mr. REID. Mr. President, it is my understanding the Chair will announce morning business until noon today; is that right?

The PRESIDING OFFICER (Mr. SUNUNU). The Senator is correct.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER. Under the previous order, leadership time is reserved.

MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of morning business, not to extend beyond the hour of 12 noon, with the time equally divided, with Senators permitted to speak therein for up to 10 minutes each.

Mr. REID. Under the order, that gives us time until noon. I have two Senators on this side who wish to speak for up to 30 minutes each. I ask unanimous consent that Senator HOLLINGS, who is now in the Chamber, be recognized for 30 minutes and, of course, if there is a Republican who comes, someone from the majority in between that, that will be fine.

Mr. FRIST. Mr. President, will the Senator yield for one minute?

Mr. REID. Of course.

MEASURES PLACED ON THE CALENDAR—H.J. RES. 2 AND H.R. 16

Mr. FRIST. Mr. President, I understand H.J. Res. 2 is at the desk and is due for a second reading.

The PRESIDING OFFICER. The leader is correct. The clerk will read the joint resolution for the second time.

The legislative clerk read as follows:

A joint resolution (H.J. Res. 2) making further continuing appropriations for the fiscal year 2003, and for other purposes.

Mr. FRIST. Mr. President, I understand H.R. 16 is at the desk and is due for a second reading.

The PRESIDING OFFICER. The leader is correct. The clerk will read the bill for the second time.

The legislative clerk read as follows:

A bill (H.R. 16) to authorize salary adjustments for Justices and judges of the United States for fiscal year 2003.

Mr. STEVENS. Parliamentary inquiry: Is the process concluded?

The PRESIDING OFFICER. Is there any objection to proceeding thereon?

Mr. STEVENS. I object to proceeding on either measure.

The PRESIDING OFFICER. Objection is heard from the Senator from Alaska. The measures will be placed on the calendar.

Mr. FRIST. Mr. President, I yield the floor.

ORDER OF PROCEDURE

Mr. REID. Mr. President, I ask unanimous consent that Senator HOLLINGS

be recognized for 30 minutes. Following his speech, if someone on the Republican side or others wish to use up to 30 minutes, they can go, and following that, Senator CORZINE would be recognized for up to 30 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from South Carolina.

THE ECONOMY

Mr. HOLLINGS. Mr. President, I would like to get the attention of the distinguished majority leader. Pending that, what brings this Senator to the floor is the headlines of the morning paper: "Deficit Predictions Soar with Bush Stimulus Plan."

The economists from Standard & Poor's is quoted as saying:

I don't think it's a near-term concern.

Then, of course, as the story follows on page 6, the headline is to the effect: "Economic Plan Could Lead to a Record Deficit."

I wanted the distinguished majority leader to send a message to Karl Rove. I cannot get the Washington Post to listen. I have been in here regularly for a good 10 years saying we are running record deficits. Now they have the chief economists saying this could lead to a record deficit.

Let the record show on September 30, last year, at the end of fiscal year 2002, the CBO figure was \$428 billion, a record deficit. Let's not come here in January and start talking about making records when we already have made a record. Everybody look up on their Internet, www.publicdebt.treas.gov, and you will see the public debt to the penny is already up some \$155 to \$159 or \$160 billion. So we are already, in this year, \$30 billion to \$40 billion in the red ahead of last year.

Of course, with the so-called tax cut of revenues, the cut of revenues under the Bush plan, we are bound to have an over \$500 billion deficit. That is why I wanted to get the distinguished majority leader's attention because history is repeating itself.

I remember 10 years ago President Bush I, as a result of Desert Storm, the gulf war success, was at all-time popularity. Then they looked economically with these headlines to a record deficit, and they had a \$402 to \$403 billion deficit. And the Governor of Arkansas beat him. That is exactly where we are headed this morning.

I don't know why it is that you cannot get the truth out of these figures. I know what the economists are thinking. You get the money in and spend it and hold what they call the on-budget deficit and off-budget and unified and public debt and government debt. That is all tommyrot. There is not a Governor in America with deficits asking to cut the revenues. Ask Governor Bush in Texas if he would recommend this out of the Governor's office in Austin, they would have run him out of the State.

Come to Washington and nobody listens. If he can carry a message, I think Karl Rove would listen because he is trying to reelect the President. "Economic Plan Could Lead to Record Deficit," and he will be electing John Kerry. Maybe I can get their attention telling them that. Here it comes, 2 years ahead of time, the economic plan could lead to record deficit.

It is almost like working in the CIA here. It is top secret when you talk the truth. I think the axiom of Mark Twain is correct. He said: The truth is such a precious thing it should be used very sparingly. Of course, that is the media with respect to the truth on the amount of money we take in, on the amount of money we spend.

Let's go exactly back to 1992. At that particular time, Governor Clinton had just been nominated and invited Alan Greenspan, among others, down to Little Rock. Greenspan told the Presidential nominee: Look, you are coming up to Washington. You are not only going to have to cut spending, you are going to have to increase taxes. And Governor Clinton said: Are you serious? He said: That is exactly what the country needs. That is what you are going to do to get long-term investment. You are not going to get long-term investment with these deficits upon deficits, the debt going up, the interest costs going up, which I call interest taxes.

When the President says he is cutting taxes, he is actually increasing taxes. They cannot be avoided. They have to be paid. Interest costs run at the rate of \$1 billion a day. This morning at 8 o'clock, the first thing the Government did is add another \$1 billion and add it to the debt. The distinguished Presiding Officer will pick up my bill. Senator Thurmond and I have gotten by. We are home free economically. But the next generation coming along will have to pick up our bill.

In any event, President Clinton came to town. We submitted the plan, and we cut billions of spending, we raised taxes, and for the next eight years had the best economy we have ever had. The Senator from Tennessee, the distinguished majority leader, if I could get his attention. I ask my distinguished friend from Tennessee, I know you will see Karl Rove, and I want him to see he is leading his distinguished President into the same trap that Bush and I got led into. When you see these stories, Senator, to the effect that the economic plan could lead to record deficits, and they are quoting the chief economists of Standard & Pooors, that is exactly where we were in 1992.

President Bushsea dpwm I was the most popular President after that Desert Storm you could possibly find. And within a year's time, the economy was at a \$400 billion deficit. The young Governor from Arkansas beat him, and this is what we have right now when you see the economic world saying there will not be any investment, when they are saying they will have record deficits.

Mr. FRIST. Will the Senator yield for a question?

Mr. HOLLINGS. I'd be delighted.

Mr. FRIST. The issue of deficit is of concern to our entire body. But if you look back at history, what was the size of the economy in 1992?

Mr. HOLLINGS. I don't go with percentages, I go with reality. The reality is that the interest costs continue to go up.

Mr. FRIST. Is it not true, though, that even at the worst projected deficit in the very article that the Senator read for 2003, as a percentage of GDP, about \$10.5 trillion, is less than it would be in 1992?

Mr. HOLLINGS. You like that, is that right?

Mr. FRIST. If the Senator would yield for a question, the answer to his question is yes; I would like, as a percentage of GDP, the deficit to be as low as possible. That is correct.

Mr. HOLLINGS. Well, if that is the way they want to run the Government, tell President Bush to go back down—

Mr. FRIST. Will the Senator yield for one more question?

Mr. HOLLINGS. I yield.

Mr. FRIST. In 1992, we were at war. Had we just gone through a fall in the stock market? Had we just got through the corporate scandals? Had we just had a 9/11 incident at that time?

Mr. HOLLINGS. You don't want to jump on Ken Lay this morning. As the new majority leader, heavens above, I thought we got past Ken Lay. Now you want to jump on the poor fellow. Come on. I don't know, I think they are a little addled over there.

What happens is, if the distinguished majority leader can tell me of any Governor in America with deficits who is running around talking about the percentage of his GDP—they would run Governor Bush out of Austin, TX, if he came out with that nonsense. But he comes up here and gets credibility. They have a drive on for dividend tax cuts that could not possibly help anybody until, of course, the election year. That is a Karl Rove instrumentality and strategy if there ever was. We understand that. But then—Karl will understand this—you are not going to be running on the talk shows with the President of the United States talking about the percentage of the GDP. We have to pay the bills. And what happens is, after President Bush came to town, we did raise taxes on Social Security. We raised taxes on gasoline. We raised income taxes. We couldn't get—Mr. President, the Presiding Officer should understand—we couldn't get a single Republican vote. And Vice President Gore had to come in here and break the tie in this body.

So it happened at that time the other Senator from Texas, Senator Gramm of Texas, said: You folks raise taxes on Social Security, and they will be hunting you Democrats down in the street and shooting you like dogs. That is in the CONGRESSIONAL RECORD.

Now that they have the White House, the House and the Senate, has any Republican asked that the increase in Social Security taxes be canceled? Oh, no. They are not interested in saving Social Security. They give you the words, but like John Mitchell says: Watch what we do, not what we say. They will say Social Security, but they will not come back and reduce the Social Security tax. They just couldn't think of it 10 years ago, and they have not been able to think otherwise for the past 10 years.

We had the best 8 years of economic expansion, investment, and everything else, with the raising of taxes during the 1990s. And we are back into the same situation where we have already got a record deficit as of the end of the last fiscal year. The fiscal year 2002 ended on September 30 of last year with a \$428 billion deficit. We are running \$159 billion in the red already this year. You are already at \$587 billion. That is approaching \$600 billion in stimulus. That is stimulating the economy, money that you do not have, money that you have to go out and borrow—for which you are not going to pay back. We have had the most stimulative economic program that you could think of for 15 months, and it hasn't worked. The economy is worse.

Why? On account of voodoo II. President Reagan started this nonsense of what you do is cut revenues, cut taxes, and therefore increase your revenues. We went from less than a \$1 trillion debt before Reagan. We had 200 years of history, all the wars, and we had not reached \$1 trillion in debt. Then we started this charade, which is all for the campaign and not for the country, because everybody can get reelected on cutting taxes.

President Reagan said: Cut the taxes, cut the revenues, and we will grow out of it. As a result, we had the economic downturn in 1987, and we have had the economic downturn in 2001 with the tax cuts.

Vice President Bush under Reagan called it voodoo. Now, young President Bush is giving us voodoo II, and young President Bush recommends voodoo III.

Record deficits? Let me describe it so you can add it up and then subtract it. If you take all the deficits from 1945 up until 1976, 30 years, take the deficits of President Truman, President Eisenhower, President Kennedy, President Johnson, President Nixon, President Ford—take 30 years of all the deficits, the deficits of World War II, the Korean war, the war in Vietnam—take all of those deficits, add them up, and you will come to \$358 billion over the 30-year period. And in 1 year we have got \$428 billion under this administration, and they still play the game.

The Washington Post will not print the truth. They absolutely refuse to do it. All the other papers and everything else—I have gotten a few articles from time to time, but very few—just scattered, little squibs or anything else of that kind. What you end up doing, you

have already got a record deficit. You are going to have record interest costs. We are going to war and immediately the cost of fuel is going up, the interest costs are going up, and we, instead of paying \$1 billion a day, \$360 billion or \$365 billion a year in interest costs, we are going over \$400 billion a year in debt. That \$400 billion is just absolute waste, for nothing. We have to spend it each year. We come in here, but we are playing the political game. That is why this Senator is on the floor. I have been in the game 50 years. I never thought the Government would be turned into a campaign office.

No one is concerned around here about the needs of the country. It is the needs of the campaign and the media. Jefferson spoke it best when he said: As between a free government and a free press, give me the latter. He knew as long as the free press would tell the truth to the American people, the people, through their representatives, would reflect the needs of the country. But that is not what the media does. It is a spectator sport. It is who is running and who is not running, who is elected and who is not elected, who may be elected and not be elected. They are not paying attention to needs. They are just like pollsters—what the polls show. No, I don't have any cosponsors for VAT, a value-added tax. But we ought to institute this, before the war.

It is not the Volunteer Army going to war in Iraq, it is the United States of America, the country, going to war. That is why I put in the draft with Representative CHARLIE RANGEL over on the House side. We need a sense of sacrifice and commitment and togetherness in this country. But all we have is partisan politics for the next campaign, and the media generates it. All the talk shows, "Firing Line," "Crossfire," "Talk Back"—whatever they call those particular programs—they all offset each other, and they are supposed to make news. You can't get this printed. You cannot get the truth of how much came in and how much went out in any fiscal year.

The truth is, by section 21 of the Greenspan Commission report in 1983, they said: Set aside a surplus in trust for the baby boomers in the next century. And we are now in the next century. There is no problem with Social Security if we adhere to it. It took me some 7 years to get it done.

George Herbert Walker Bush, on November 5, 1990, signed into law section 13301 of the Budget Act. It says: Thou shalt not spend Social Security on anything other than Social Security.

Today we are spending Social Security trust funds on anything and everything but Social Security. That is what is happening. We would have \$1.3 trillion banked up, ready to go. There would be no privatized Social Security and all the problems we are going to solve in Social Security. They solve the political problem here in this body. It is politics. They all voted for it.

President Bush I signed it into law. But they don't adhere to it.

So I have another little amendment. In addition to paying for the war, I have one where the Secretary of Treasury has to certify that, in order for the tax cut to take effect, the government does not spend Social Security. I want to see how they vote on that. Any and all tax cuts, whether they have capital gains, dividends, marriage penalty, income—whatever they want to think of—let them pass it, but let it not take effect unless they can certify that it does not cost Social Security. Let's see how they vote on that.

(Mr. CHAFEE assumed the chair.)

Mr. HOLLINGS. They cannot run around here—everyone, to a man, every Republican, every Democrat, says: I want to save Social Security. But then they come around and continually spend it, and the American people wonder why.

So the truth is, the economic plan "could lead" to a record deficit?

The economic plan has led to a record deficit. The distinguished Presiding Officer should have been here. Of course, he couldn't because his distinguished father had the seat. But it was back in the 1980s. I recommended a value-added tax at that time. We had a hearing. I will have to get the gentleman's name from Holland—Dr. Cnossen. He was the Dutch expert who had written the value-added tax for Japan and Canada and helped update it with the United Kingdom. He testified. We needed the money. As we were going out of the Finance Committee room, John Chafee turned to Lloyd Bentsen, the chairman. This was the Finance Committee. He said, Lloyd, if we had a secret ballot, we would pass that out unanimously. That was almost 15 years ago.

We had been running those deficits until we got into the 1990s, and we increased the taxes. We increased taxes on income. We increased taxes on gasoline. We increased taxes on Social Security and all of that. We had over a \$400 billion deficit in 1992 when President Bush One left office. We brought it down in the early part of President Bush Two. We got it into the black. But then we passed the tax cuts. Voodoo Two. President Bush One was Vice President. He called it voodoo. He was right.

This idea of cutting revenues and increasing revenues at the same time is bologna. Everybody knows it. We know from hard experience. Under President Reagan, under President Bush Two now, the Voodoo Two. Now we have before us the economic plan Voodoo Three. When will we ever learn? That was when I came to town. That was the song they were singing during Vietnam. "When will we ever learn?"

I yield the floor.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BENNETT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BENNETT. Mr. President, I ask unanimous consent that I be allowed to speak in morning business for up to half an hour.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BENNETT. Thank you, Mr. President. I appreciate your concern and your helpfulness.

THE PRESIDENT'S GROWTH PACKAGE

Mr. BENNETT. Mr. President, the Senator from South Carolina has just concluded a rather lengthy and significant speech on the President's growth package. I thought it appropriate that there be some kind of response. If I may, I would like to start with something that some of my staff might consider professorial, a little lecture, if you will, on the nature of economics to sort of set the background for what I want to say about the President's growth package.

There are laws in economics that apply regardless of how we like them or do not like them. If I may create a somewhat crude analogy but one I hope makes the point, there is a law in science known as the law of gravity. The law of gravity says two bodies will attract each other when falling in free space, so that an individual who walks to the edge of a cliff and looks down and jumps into space will be attracted to the mass of the Earth below him and end up down at the bottom of the valley. We call this falling off a cliff.

Some people will go to the edge of a cliff and, in desperation, jump off the cliff to commit suicide. Others will be playing at the edge of a cliff, examining the beautiful view, and, by accident, stumble and fall off the cliff. And there are those who say: Well, it isn't fair. It isn't fair. The first person jumped off the cliff deliberately and, therefore, to a certain extent, deserved his fate of death, but the second person had no desire to kill himself, and he just stumbled, and, by virtue of where he was, the law of gravity killed him, too. And it isn't fair.

Well, we can rail all we want about fairness, but the law of gravity operates regardless.

I make that point because a similar situation exists with respect to economics. There are laws in economics that many in this Chamber will stand here and say: It isn't fair. But they operate nonetheless. They operate just as inexorably as the law of gravity operates. And they have an impact on our lives and the way things work.

The most significant of these laws, of course, is the law of supply and demand. The law of supply and demand operates in capitalistic countries; it operates in communistic countries; it operates in dictatorships; it operates in

tyrannies; it operates in free societies everywhere. The law of supply and demand is as inexorable as the law of gravity.

There are some people who stand up and say it isn't fair for Michael Jordan to play basketball for a living and be paid \$20 or \$30 million a year, when someone else plays just as much basketball on a playground, works just as hard as Michael Jordan, expends just as much sweat, and doesn't get paid anything.

Well, there is no demand for the services of the second player. No one wants to pay to see him perform. But there is great demand on the part of sports-loving Americans to see Michael Jordan perform. Therefore, since there is great demand for his services, and there is only a supply of one Michael Jordan, he can command virtually whatever salary he wants in that situation.

There are those who say: It isn't fair for Tiger Woods to be paid millions and millions of dollars just because he plays golf. There are plenty of Americans who would love to play golf all weekend, the way Tiger Woods plays golf all weekend, and be paid millions and millions of dollars for their efforts—it isn't fair—but for those who would like to be Tiger Woods, no one wants to watch them play golf, there is no demand for observing their abilities on the golf links, and the number of people who want to watch Tiger Woods either in person or on television is very high, a very high demand, a supply of only one, Tiger Woods. As a consequence, he can charge, once again, virtually anything he wants for his services.

The law of supply and demand cannot be repealed by the Senate. The law of supply and demand cannot be repealed by the House of Representatives. It operates, it dominates what happens in the economy.

Now we come to the question of what do we do to make the economy as strong as possible. One of the first rules we should follow is to respect the law of supply and demand and we do not attempt to repeal it through government activity in the name of fairness.

Let's talk about taxes for a moment. Most Americans don't realize that we have two Federal tax systems. We have additional tax systems at the State and local level in sales taxes, property taxes, and other kinds of taxes, but at the Federal level we have two tax systems. They are completely independent of each other. Even though for accounting purposes, the Federal Government mixes the money together and makes it appear as if there is only one source of income, there are two.

The first is the payroll taxes. The payroll taxes have been instituted by the Congress for the purpose of funding the Nation's primary entitlement programs, which are Social Security and Medicare. Everyone who works pays into the Social Security trust fund. Everyone who works pays into the Medicare trust fund. There is no refund.