

trying to accomplish in bringing the situation in Iraq to the point where we can conclude one way or the other that Saddam Hussein has complied with the international obligations he agreed to, and bring that matter to a conclusion to enforce those agreements, while at the same time preparing to resolve the situation in North Korea in a way that will not break out in some kind of military conflict but will result in a situation in which North Korea has dismantled its nuclear program, its weapons of mass destruction proliferation program, and its missile development program in an enforceable and verifiable way.

I yield the floor.

The PRESIDING OFFICER (Mrs. DOLE). The Senator from Nevada.

EXTENSION OF MORNING BUSINESS

Mr. REID. Madam President, morning business expired at 2:30. Senator DOMENICI is in the Chamber, as well as Senator MURRAY, and there are two Republicans on the floor. Does Senator DOMENICI wish to be recognized speak?

Mr. DOMENICI. That is what I came down for.

Mr. REID. For how long?

Mr. DOMENICI. About 7 minutes.

Mr. REID. I ask unanimous consent that morning business be extended to allow Senator DOMENICI to speak for 10 minutes and Senator MURRAY for 10 minutes.

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

The Senator from New Mexico.

THE ECONOMY

Mr. DOMENICI. Madam President, I note that we have a little time before we are hopefully going to move on to the appropriations bills. I am very hopeful that the appropriations leaders, under the leadership of our new leader and Senator DASCHLE, will come forward with an approach that will permit us to wind up the business from last year that we have not finished yet.

That brings to mind the business of the year we are in, which we should be working on but cannot because we have not finished last year's work. So that is why we are doing it now.

The President of the United States is going to speak to the American people a few nights from now, and what most Presidents do, and the Cabinet members who work for the President, is sometime before the State of the Union they start talking to the American people about the principal problems that our Nation has and they throw out the ideas they are considering.

Consistent with that, everyone knows the American economy is, at best, a growth economy without new jobs or an American economy that has not come out of a recession. It looks as though it is the former rather than the latter, because if our method of measuring things is correct, we are growing.

That is, the gross domestic product is getting a little bigger every month and in a year it will be significantly bigger.

Let us start by defining how big is the gross domestic product. The sum total of all actions that are worth anything in America, that is the gross domestic product: \$10 trillion. We cannot even understand how big \$10 trillion is. Later in the year, we will compare it with other countries'. I surmise it probably is big enough so that it is bigger than all of Europe's. We could probably add in China, South America, and a couple of more countries, and it is probably still bigger than that.

For about 10 years, the economy not only was growing but it was adding jobs. As that happened, it miraculously started producing substantially more revenue than we had predicted.

Nobody has come to the floor nor have I heard anybody nationally tell us why it produced so much more revenue than we anticipated. Revenue is a substitute word for taxes, tax receipts. We did not know why, but it produced billions of dollars in taxes that we did not expect. So that is why we got a balanced budget ahead of schedule; tax revenue came in about \$60 billion more than we expected. So we got a balanced budget 3 years before we predicted, for which we all took credit. President Clinton took credit. Budget Committee Chairman DOMENICI took credit. Everybody took credit. I was chairman of the Budget Committee and we got four balanced budgets. Most of it came because we held expenditures down rather reasonably—not as much as we should have, but the revenues came in rather soundly on the high side.

Then what happened was the economy went through one of the smallest recessions in modern times. By that I mean, how many months did the economy stay in the red in terms of the growth in domestic product? How long was it shrinking instead of growing? If it shrinks for very long, people go out of work, companies do not sell their product. In other words, things that create wealth are not happening when it is shrinking.

So it was shrinking, but only for a short period of time, and then the measurement of the growth started going up. As a matter of fact, right now we are told that the economy is growing at about 3.5 or 4 percent. But people in this economy are not being hired, so unemployment is not going down, it is going up slightly.

For those who say how bad it is, obviously it is terrible when any American is out of work, but 6.1 or 6.2 percent unemployment is seen as high unemployment only in the last 12 or 15 years. Prior to that, 6, 6.5, 7 percent was pretty good in the American economy. We have grown to expect better of it, but certainly it is not in a state of depression. People in this economy are not being hired because something is happening internally that is different. It may be the huge drop in the stock market has something to do with it.

We cannot say that for certain. People do not want to believe that. Powerful thinkers say it really is not, but I think probably it does have something to do with it.

In addition, investment by businesses produces wealth, so they can hire more people. What do I mean? A filling station owner buys another filling station and invests \$350,000, and he hires 12 full-time people. That is an increase. To get there, he had to put money in it. Money is not being invested in new actions that cause people to be employed.

What we have to do is take this giant economy, \$10 trillion, and give it a kick by putting some more money into it. That will make these transactions start moving again. Anyone who comes to the Senate saying, let's have a tiny package, the President's package of \$600 billion over 10 years is too much; so, what do you want? Say, \$100 billion. Of that, how much goes into the economy to be spent? Well, \$60 billion. And you think \$60 billion will kick the economy so it will grow \$10 trillion with \$60 billion? The economy will not even know it happened. \$60 billion is a mouse. The economy does not need a mouse giving it a kick. The economy needs an elephant and a donkey and some cars to run into it, give it a real kick. It has to have real money, not little tiny boxes of raisins.

One time someone wanted to start the economy up, some president wanted to give everyone a bit of money and it was so small that one Senator said, don't bother with it. The Internal Revenue can just get up on top of buildings and drop \$50 bills and people will pick them up. Sure, they will spend them. That is the real way to stimulate the economy. Of course, we did not do that.

I am talking about how much. The President's numbers of \$660 to \$700 billion over 10 years is said by Senators on that side to be way too much. Way too much for what? The deficit will get too big. Would you like the economy to stay like it is, in a state of neutrality where it is not generating any revenue? If that is the case and you want to get into balance, you have to cut everything 10 or 15 percent. America last reduced its budget in a recessionary period when Hoover was president. That is now known as Hooverism. Or Hoover economics. Great man. Solid economist. Great geologist. A great idea. Except when the economy is not going, you do not cut the budget, you spend on the budget or you cut taxes.

We will be spending, do not worry, because we are in a war. But you have to put tax cuts in place so the Government puts money in the hands of people; money they would not otherwise get. If they are already going to get it, you do not give it to them because that money is already in the economy. So you give them money they are not going to otherwise get. Cut their taxes, change the marriage tax penalty so they keep more money, reduce the brackets so you are in a lower bracket

and you keep more money from withholding, and if you are a businessman you do not spend so much.

I urge Senators, particularly on our side of the aisle, if they want to express their concerns about certain items in the President's tax package, so be it. But clearly we ought to keep our minds open to the size of the package needed. Republicans should not come out of this Congress on the side of being cautious about stimulating the economy. We should come out of this session saying, if people want to be cautious, let it be them. If the economy does not get better, they did it. We should forget that and go with a big package that is apt to give the economy a real kick. Nobody knows the exact numbers. Nobody knows if \$600 billion, with \$150 billion in the first year, is right or too much. But clearly we ought to not be so cautious that we do not do enough. If that is the case, the tax cut will be wasted, the deficit will not change, and we will need more stimulus the next year.

I say to those who want the economy not only to grow but to create jobs, keep your powder dry on the size of the stimulus. It ought to be big, not little. It ought to get into the hands of the maximum number of people as early as possible. If there is some way to generate interest, real, genuine interest, in investing on the part of the public, do it.

For instance, perhaps people could depreciate equipment they bought. Buy a car, depreciate it in 3 years. Let consumers depreciate in one year, they might buy a car every year. That is a bottom line entry. This is in the President's package. One of them is in; accelerated depreciation.

I suggest on our side if we want to get the President's package, and if Democrats want to stimulate the economy, to produce jobs, we should work with the President and with the Budget Committee. The new Budget Chairman is DON NICKLES. I did that for 17 years and now I will try something else. But, I will help him do that, like a lot of other people.

That blueprint picture ought to end up reflecting people in the Senate who are concerned about jobs for people. So much talk about rich versus poor. If you are not for help with jobs, I don't know who you are for. If you are for a packaging that does nothing to create new jobs, who are you for? We want to be for a package, and I hope everyone does, that creates jobs and maximizes opportunity to create activity within this gross domestic product, that will, through new motion, create investment and jobs.

I yield the floor.

EXTENSION OF MORNING BUSINESS

Mr. DOMENICI. I ask unanimous consent the period for morning business be extended until 3:30, with the time equally divided and Senators permitted to speak for up to 10 minutes.

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

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Madam President, the people of my home State of Washington are hurting in every corner of my State. Families are concerned about what the future will bring. In the last 2 years alone in my home State of Washington, we have faced an earthquake, an energy crisis, the bursting of the high tech bubble, the departure of Boeing, the loss of thousands of jobs, and now we face a State budget deficit of \$2.5 billion which could easily translate into major cuts in education, health care, and infrastructure.

For much of the last 2 years, Washington State was ranked either first or second in the nation in unemployment rates. We have lost a staggering 74,000 jobs in the last 18 months. These are sobering numbers. Behind every one of these statistics is a man or a woman who is trying to support their family, keep food on the table and a roof over their head.

Throughout our country the economic picture is just as bleak. The United States has lost 2.1 million private sector jobs since January of 2001. Despite the President's mammoth \$1.7 trillion tax cut last year, the economy is continuing to sputter and Americans are continuing to lose their jobs. When the President signed that tax cut he said it would "provide an important boost at an important time for our economy."

That was 20 months ago, May 16, 2001. What are the results? In December alone, 101,000 more Americans lost their jobs through no fault of their own. These fellow citizens are now out of work and many now are without health care. Health care is the unmentioned but painful reality of job loss for many. Since most Americans get their health insurance through their only employer, many Americans have also lost their health care coverage. In Washington State alone, 156,000 families have lost their health care in the last 2 years. That is an increase of 27.4 percent. Today, a staggering figure of Washingtonians are without health insurance. The glimmer of hope should be that we are providing good schools and learning opportunities to educate our young people for jobs in the future. Unfortunately, the President has proposed cutting funds for education at a time when these investments are now more important than ever. Everyone in my State would agree we need to get this economy back on track. We need to do it right.

Today, despite the fact that the President's last tax cut has yet to create any net new jobs, the administration is pushing another massive tax cut under the claim of stimulus.

Except this time, the Nation is back in deficit spending. According to private economists quoted in Friday's Washington Post, the U.S. could be facing deficits as high as \$350 billion next

year. We haven't seen deficits that high since the first Bush Administration posted a \$290 billion deficit in 1992.

On top of that, we have incredible security needs at home and abroad.

We have increased needs in spending for defense, for homeland security, for border security and health care.

But this week the White House has proposed an economic plan that will blow a hole in the national debt, costing more than \$670 billion over 10 years. And the interest costs will add billions more.

I am deeply concerned that the President's plan is a disaster for the Federal budget and for our long-term responsibilities to our country to promote national security, homeland security, and economic security.

I thought the Bush plan was billed as an economic stimulus plan to get our economy moving. But when I look at this proposed plan I see it is heavily tilted toward the wealthiest Americans.

While giving very little to average Americans, the plan give a \$90,000 tax break to every millionaire, and these are the people least likely to need to spend an additional dollar of income and stimulate the economy.

I just don't see how the Bush plan will work. Eliminating the tax on dividends won't stimulate the economy in the short term. The total cost of the cuts is \$670 billion, but less than \$100 billion comes in the first year—which is when the economy needs it most.

It overwhelmingly benefits the wealthiest investors while providing little for most people in my State who are hurting. And it will do long-term fiscal damage with its \$670 billion dollar price tag.

As I see it, the only thing this plan will stimulate is our deficit. It will add to the mountain of debt that we are forcing on our children to pay back later. It is a trickle-down plan that our President's father once called "Voodoo Economics."

I believe that if Congress is going to pass a tax cut, then it should be a plan that actually helps the economy and should do four things:

First, it should actually help the economy get moving again. I agree with Senator BAUCUS's proposals to increase the amount of money small businesses can deduct for investment in new equipment, and to enhance the bonus depreciation provision in last year's stimulus bill. This will actually help businesses create new jobs.

Second, it should address unemployment benefits. The President and his allies finally reversed themselves last week and gave in to the urgent need to provide some relief to the folks who need help the most. This will help thousands in my State to keep paying the bills until jobs are available again.

Third, it should help Washington State—and all States—deal with huge budget problems. The States do not have the luxury of deficit spending even if they are hit by what the President calls the trifecta of war, recession and national emergency.