

One of his legacies has been his determination; one of his legacies has been getting results. That is really what it is all about—to cause things to happen, to have legitimate debates and concerns about important issues.

I think ROD will be sorely missed in the Senate, not only as a friend but as a driven legislator who has been a critical party to this idea of less government and more personal freedoms, which is a very important thing to most everyone.

He will continue, of course, to make contributions to our country. Prior to coming here, he worked in the media through TV and newspapers. I suspect we will hear much more from him.

I will not go on further, but I simply want to say I wish ROD great luck in whatever he does. I thank him for what he has done here. I just wanted to at least briefly recognize the contributions that have been made by Senator ROD GRAMS to this institution and to this country.

I thank the Chair.

THE PRESIDENTIAL ELECTION

Mr. DORGAN. Mr. President, the American people last evening heard a concession speech by Vice President GORE and a speech by Gov. George W. Bush, who is now the President-elect.

I supported Vice President GORE. I wish the result had been different in this election. But we have a process for contesting elections, and that process was finalized by the actions of the U.S. Supreme Court. I accept those actions, and we now have a new President-elect.

We went through some difficult times after the election day, and those times inflamed the passions of many Americans. The fact is, the American people created almost a dead even tie in casting votes for the Presidency. It wasn't just the Presidency. It was a 50-50 split in the membership of the Senate, and nearly a 50-50 split in the House, and as I indicated, a near tie vote for the Presidency. That is not likely to happen again in our lifetime. It is not unusual for the person on the losing end to want to make certain that all the votes are counted and counted correctly. So that is why we went through that process.

I know many passions were inflamed as a result of it. In fact, some of my colleagues—not so much in this body but in the other body—were using words such as “stealing elections,” and so on. I regret that those words were used. I don't think it contributes to what we ought to be doing. That is all gone and done.

As of last evening, we have a President-elect who addressed this country, and we have a Vice President who conceded that election.

Despite the fact that Congress is divided almost evenly between the Republicans and Democrats, all of us wish the new President-elect well.

It will behoove all of us to work together and extend ourselves to each other and try to create some unity, and move forward on things on which we can agree. There will still be policy differences, I might say, and we should aggressively debate them. But I think the American people want us to try to work together to find areas of bipartisanship, and we will do that. I, for one, am interested in seeing us make the progress on important issues for our country.

Let me make this comment as well. We not only will now have a new President. This new President inherits an economy that is going through some changes, some subtle and some not so subtle.

INTEREST RATES AND THE ECONOMY

Mr. DORGAN. Mr. President, the Federal Reserve Board meets on Tuesday of next week. The Federal Reserve Board has increased interest rates six times since June 1999 in search of inflation. They are terribly afraid that there is inflation either under the bed, or in the closet, or just around the corner, out in the garage, near the driveway, or somewhere inflation exists. Of course, all the evidence suggests that the core rate of inflation is very low—well within moderate levels. In fact, the Producer Price Index released this morning suggests that the core rate did not increase at all in November. The Consumer Price Index will be released tomorrow, and I suspect it will show something very similar.

Next week when the Federal Reserve Board meets, in my judgment, it will behoove them to reduce the additional tax on money they have imposed with six increases in the Federal funds rate.

Let me describe why I think we ought to do that. This economy is slowing. After unprecedented economic growth in this country, this economy is slowing. The evidence is all around us.

Manufacturing activity for the fourth straight month ending in November has declined. The National Association of Purchasing Management recently reported that its purchasing index had dropped to 47.7 percent from 48.3 percent.

Auto makers are idling plants. The real output of cars and trucks fell by some 20 percent over the second and third quarters. Car and light truck sales have fallen for the past 6 months with the largest drop in over 2 years in November.

The number of manufacturing jobs declined by 220,000 in the last 4 months. Factory orders are falling.

Factory orders plummeted 3.3 percent in October in its weakest showing in 3 months.

Housing starts and sales are off. Retail sales are well off. Yesterday, the

Commerce Department reported retail sales fell by an unexpected 0.4 percent in November.

I will not go on at great length. But the evidence is all around us. This economy is slowing.

The Federal Reserve Board says it wants to slow the economy. The debate now is what kind of landing will occur—a “soft” or a “hard” landing, in the lexicon or jargon of economists. Nobody knows.

I taught economics in college briefly, and I have said I overcame that experience. The fact is that economists don't know what is going to happen in the future. The field of economics, as I have said previously, is nothing more than psychology pumped up with a little helium. They tell us what they think is going to happen in the future.

Prior to the last recession, 35 out of 40 leading economists in this country predicted that next year would be a year of continued economic growth. That is what the field of economics produces.

What is going to happen in the future? I worry that this slowdown could very easily move this country into a recession. We have to be careful about that.

The Federal funds rate that the Fed has established is too high. It results in a prime interest rate that is too high. It results in higher interest rates paid by every American on their consumer debt, and on their real estate debt, and so on. That is higher than it should be. As a result of the Fed's six interest rate increases, the average household in this country pays about \$1,700 a year more in interest charges. If we were going to have a tax on the American people, we would have great debate about it. This is a tax on money, and it is has required an average household to pay \$1,700 a year more in interest charges.

There is no debate on that. It is done behind the closed doors down at the Fed. They have their wish. The economy is slowing down.

The question is, Will they have the sense next week to decide to reverse course and understand two things? One, there isn't any real inflation problem; and, two, they are overcharging for money, and they ought to begin reducing short-term interest rates because they have increased them too much.

These are the folks who go behind closed doors and make these decisions. There is no public discussion or debate here.

Here are the Federal Reserve Board of Governors and the presidents of the regional Federal Reserve banks. They serve on a rotating basis as part of the Open Market Committee and as part of the decisionmaking down at the Fed.

Next Tuesday they will close the door. The American public isn't allowed in. They will make decisions about what kind of tax we will have on

money. Six interest rate increases have been ordered by these folks over the last year and a half. They have slowed down the American economy.

Looking at housing starts, autos, and retail sales across the board in economic activity, in my judgment, they are tinkering with the notion of allowing this country to experience the beginning of a recession. That would be most unfortunate.

I want people to understand. Here are the names of the folks who are there. Here is their education, background, and their salaries.

I think it is important for us to understand who is making public policy behind locked doors. Next Tuesday, when they talk about monetary policy, I think the American people ought to understand that the question of the interest rates and the amount of interest they pay on their credit cards, home equity loans and so on depend on what these folks are doing with respect to the Federal funds rate. It is very important.

I worry very much that this economy may well head towards a recession unless we do something to reverse the course that the Fed has taken.

Mr. REID. Mr. President, will the Senator yield for a question?

Mr. DORGAN. Of course, I would be happy to yield.

Mr. REID. The Senator from North Dakota has been such a leader on this issue dealing with the Federal Reserve. In fact, the Senator will recall that the Senator from North Dakota and the Senator from Nevada ordered a study of the Federal Reserve. We found, among other things, that they have a slush fund of over \$3 billion. It has been there for 70 years, or thereabouts. They never use it.

I ask the Senator from North Dakota: Wouldn't it seem logical, as we are trying to do all of these things in the last few minutes of this session, if that money were to be used to help farmers, or help with some of the problems created by forest fires in the West? Wouldn't that be a better place to use that money than to use it for the so-called rainy day fund? We have never had a rainy day in the Federal Reserve.

Mr. DORGAN. I agree with that. One could find important uses for it, or perhaps give it back to the taxpayers. But this is a circumstance where the Federal Reserve Board, according to the GAO investigation that was done, has a rainy day fund. Can you imagine having a rainy day fund in a climate where it never rains? The Federal Reserve Board can never lose money. It will never lose money, and has never lost money. They accumulated a rainy day fund of some \$3.7 billion. It is more now.

Here you have this last dinosaur on America's hill—the Federal Reserve Board—that operates in secret behind

closed doors that creates its own rainy day fund. The GAO says they don't need it. They shouldn't have it. It ought to be given back.

Guess what. A couple of years after that study was complete, has that rainy day fund been divested by the Fed, and given back to the taxpayers? The answer is no. Of course not. Why? Because this Congress usually won't touch the Fed with a 10-foot pole.

There is this language about monetary policy that prevents almost anybody from even talking about it. That is one of the reasons I wanted to talk today about what happens next Tuesday.

Our economy, in my judgment, is in some difficulty. It has gone down dramatically. We have a new President who will be sworn into office, and may well inherit an economy that is slowing down, and could even be heading towards a recession, at least in part, because the Fed has decided they want to slow down the economy. Six times they increased interest rates; they create a new tax on money, impose a new burden on every American family, and nobody thinks much about it.

It is time to turn that around. The prime interest rate is too high by at least two percentage points, and as a result, all other interest rates in this country are too high. Why? Because the Fed has pegged the price of money at an artificially high rate because they want to slow the economy down. The fact is they run the risk of pushing this economy off the track of unprecedented long-term economic growth and into the ditch of a slowdown into a potential recession and increased Federal deficits.

I hope the Fed will think long and hard next Tuesday about this subject and decide it is time to begin reducing interest rates following the six rate increases they have imposed on the American people.

I will speak more about this. My expectation is we will probably finish this session this week, so I will not speak on the floor of the Senate next week. But before the Fed meets on Tuesday, I want to give more advice on Monday. They seldom take my advice, but I think they would be wise, if they want to ignore my advice, to at least listen to some of the good economic thinkers around this country who worry a great deal that what is happening to our economy is it is slowing and threatening to head into a very difficult period. Now is the time, not later, to do something.

The Fed talks about preemptive strikes against inflation. My friends, there is no inflation at this point. All the evidence suggests inflation is well under control. What about a preemptive strike by the Federal Reserve Board preventing the economy from heading toward a recession? That would make sense next Tuesday.

I yield the floor.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, I applaud and congratulate the Senator from North Dakota. With this election having taken more than 30 days, and the stock market, as a result of the turmoil of the election, having dropped significantly, there is a lot of uneasiness in the economy.

I hope the people who are cloistered in the Federal Reserve, hidden away from public view, have the opportunity to listen to what the Senator from North Dakota said. It is so important the people of the State of Nevada and this country be given a break at the beginning of the year on interest rates. Construction is being hurt. Everything we do is affected by the interest rates which as the Senator so graphically illustrated, dictate our lives. I hope the Federal Reserve would follow what the Senator from North Dakota has said. The Senator from North Dakota has had long experience working on financial matters, including the Ways and Means Committee in the House of Representatives, and in the Senate as head of the Policy Committee, and has given great direction on fiscal matters.

I yield for a question.

Mr. DORGAN. Mr. President, I know that the Federal Reserve Board reads everything. They are voracious readers of the economists who gather this information, provide it to the Fed, and assimilate it and make judgments.

Let me give a factoid for their consideration. I have no idea what it means. The Oscar Meyer Weinermobile, one of the vehicles that runs around the country, had an opening for a driver in the newspaper the other day. They were placing a help-wanted ad for a driver for the Oscar Meyer Weinermobile. They got 800 college graduates applying. I have no idea what that means.

It just occurred to me as the Fed looks at information about the economy, they might look at interesting things about this economy: Where it is headed, what is happening, who is employed, who isn't, and what might happen, 3, 6, and 12 months from now, and relent on interest rates and steer us back toward a longer term economic growth prospect.

Mr. REID. I say to my friend, I am sure of one thing it does mean regarding the statistic regarding the car that looks like a hot dog: The fact that there are a lot of people with a college education who can't find work.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call.

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