

The point of my discussion is to suggest to you that we should all come to grips with the reality that this administration has to adopt an energy policy with great dispatch. It has been estimated that the high oil prices are reducing our U.S. economic growth by as much as 2 percent a year. Our lost GDP has been estimated at about \$165 billion a year. It is estimated that we are losing approximately 5.5 million jobs that we would have had, had we had the availability of relatively low-cost energy.

The last point I want to make is as to our vulnerability. As I indicated in my opening remarks, we are not going to drill our way out of this, by any means. We are not going to conserve our way out. We have to go back to the basics and get the balance. There is legislation introduced in this body to put the one single area in North America where you are likely to find a major oil discovery into a wilderness in perpetuity. I really question the judgment of that action in a time of supply shortage of the present magnitude. To suggest that that arbitrary action is going to resolve our energy shortage is not only shortsighted but unrealistic.

If, indeed, this body chooses to open that sliver of ANWR—and I say a sliver because it is just that—out of 19 million acres, an area of the size of the State of South Carolina, we would propose to open a million and a half acres. The technology is in place, and we would have a footprint of between 1,000 and 2,000 acres. Imagine that, an area the size of the State of South Carolina. That is the sliver about which we are talking.

We have the technology to protect the environment, the ecology, and the caribou. The answer is certainly.

This alone will not, by any means, resolve the energy policy, but it will go a long way in two particular areas. If the oil is there in the abundance the geologists suggest, that one act will reduce our dependence on Mideast oil to less than 50 percent.

The goal of our energy bill—and its objective with which I think most people will agree—is to reduce our dependence on foreign sources of energy by the year 2010. The question is, How do we do it? We develop domestic sources with our technology in the overthrust belt, offshore of the Gulf of Mexico, my State of Alaska. We expand our energy sources by using technology to do it better.

To suggest this is the time to consider putting the wilderness off limits is unrealistic and I think bad politics because each one of us is going to bear the responsibility to our constituents to explain why we cannot get together on a workable, responsible energy policy, one that addresses the merits of a balanced effort to lower the cost, increase the productivity of our Nation, and do it with some dispatch.

I encourage my colleagues to take a look at this bill. It is a 300-page bill. God knows why it has to be 300 pages, but nevertheless that is what it came out to.

Also, this bill is a composite of Republican and Democratic ideas. It is a bipartisan bill—Senator BREAUX is one of the original cosponsors—and it attempts to promote alternative fuels, increase our conservation, and explore our own resource base and use our technology. As a consequence, we should get on with the challenge ahead because the sooner we get on with it, the sooner we can rectify this terrible situation that is beginning to throttle our economy, increase unemployment, and result in a situation where there is perhaps a similar exposure to that we have already seen in California.

California is striving for more energy as a consequence of not having produced energy in a manner to keep up with demand. We are in that same situation nationally.

I encourage my colleagues to review the legislation. I encourage them to communicate with us on changes and additions, and I encourage the administration, which is in the process of developing their view of an energy policy to do it with some dispatch because the rates are going up, the problem is getting worse, and the economic impact on our society and our businesses is evident, as I have already said.

EXTENSION OF MORNING BUSINESS

Mr. MURKOWSKI. Mr. President, I have been asked by the leader to propound a unanimous consent request.

I ask unanimous consent that the period for morning business be extended, with speakers permitted to speak for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from North Dakota.

Mr. DORGAN. Mr. President, I ask unanimous consent to speak 20 minutes in morning business.

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

FISCAL POLICY

Mr. DORGAN. Mr. President, we will begin, following the President's State of the Union Address, hopefully a thoughtful and aggressive debate about this country's fiscal policy including tax cuts, the budget, and related matters.

These are very important issues. I wish to speak about some of them today, not from the standpoint of politics or polls, but more from the standpoint of what I think the choices ought to be for this country's future. I know there is a heavy dose of politics surrounding all of this. That is not my interest. I am much more interested in

trying to think through what would be good for this country, what is going to keep us on track for the next 5 and 10 years to provide an economy that expands and provides jobs and opportunities for our children and their children.

Having said that, I want to make a couple of comments to set the stage for where we are.

There are a lot of people who continually complain about this country, and it is hard to complain about this country with a straight face. This is the most remarkable place on the face of the Earth. We are the country that created a system of public education, saying to every child in this country: You can go to school and be whatever you want to be. We are not going to move you off in one direction or the other. Universal education.

It is us, our country, that has spawned an educational system that has created the scientists, engineers, and the thinkers. We split the atom and spliced genes. We have cloned animals. We invented the silicon chip and radar. We built television sets, the telephone, and computers. We built airplanes and learned to fly them. We built rockets and flew them all the way to the Moon. We cured small pox and polio. That is us; that is what we have done in this country. What a remarkable place in which to live.

We are also a country that in all of my adult lifetime, and the adult lifetime of most of the people who serve in this Congress, have had two enduring truths underlining everything else we have done. One of those truths is we were involved in a cold war with the Soviet Union, and that affected virtually everything we did, including the choices we made in this country in fiscal policy. The second enduring truth is we had a budget that seemed to produce deficits that every year grew larger and larger.

Those two truths which underlined virtually everything else we did in our lifetimes are now gone. There is no Soviet Union, there is no cold war, and there are no budget deficits. Everything has changed, and the result is a different kind of economy in this country in which we have surpluses. The question is what to do with these surpluses.

My great concern as a policymaker, not from the standpoint of someone who represents a political party, is that we not make the mistake we made before.

Twenty years ago this country embarked on a fiscal policy advocated by a President who said we can do the following: We can double our spending on defense, because then we were in the middle of a cold war with the Soviets; we can double our spending on defense; and we can have a very substantial tax cut, and it will all add up to a balanced budget.

In fact, it did not. It added up to trillions of dollars of Federal debt that

then marched toward \$5.7 trillion of Federal indebtedness in this country.

Let us not make that same mistake again. The author Russell Hoban said:

If the past cannot teach the present, if a father cannot teach the son, then history need not have bothered to go on, and the world has wasted a great deal of time.

Let us learn from the past. Let us learn the lessons of the past in fiscal policy.

What does that mean for us with respect to these surpluses and with respect to proposed tax cuts and budgets?

Let me speak first about uncertainty. Nine months ago, Alan Greenspan—who is canonized in a new book, the American soothsayer, the economist who knows all and sees all—said our economy was growing way too fast and he needed to slow it down. Think of that. Nine months ago our economy was growing too rapidly, according to Alan Greenspan and the Federal Reserve Board. Nine months later, we are wondering whether we might be nearing a recession. Certainly, the economic growth rate has now dropped to near zero.

My point is this: If we can't see 9 months in advance, and the Federal Reserve Board could not, how can we then believe we can see 3 years, 5 years, 7 years, or 10 years ahead in terms of economic prosperity that would allow us to say there is enough surplus available to provide a very large permanent tax cut without providing substantial risk that will put this country right back in the same deficit ditch we were in for so long? The answer is, we cannot provide that assurance.

This is faith-based economic forecasting, nothing more, nothing less. No one knows what will happen in this country's future. We hope what happens is continued prosperity, economic growth without a recession. That is what we hope happens. But having both studied economics and taught economics, I understand no one has repealed the business cycle. There is inevitably an expansion and a contraction. We provide the stabilizers that tend to even those out just a bit, but no one has been able to repeal the business cycle. The uncertainty with respect to economic forecasting ought to lead us to be cautious.

Now the President proposes a \$1.6 trillion tax cut. The actual numbers are closer to \$2.6 trillion when you add up what needs to be done in order to implement his tax cut. It is not a difficult proposition to say to the American people: What I would like to provide for you is a tax cut. That is not difficult. Most people feel they are overtaxed. Most people want a tax cut. I also feel most people want a country that produces an expanding economy with the jobs and opportunity that comes with it.

Let me describe what I believe makes this economy work. It is not like the

engine room of a ship of state where there are dials and knobs and levers and you have a bunch of folks with green hats who are down there dialing these things up just right—tax cuts here, M1b over here, velocity buddy over here, spending over here—and you get all the knobs and dials adjusted just right and the ship of state moves along effortlessly. That is not what moves the ship of state. It is confidence.

When the American people have confidence in the future, they make decisions and do things that represent that confidence. They buy cars, homes, and they do things that move the economy forward, producing jobs and opportunity.

When they are not confident, they withhold those judgments. They decide they can't afford to buy a car, they can't afford to buy a home, they will defer this purchase and the economy contracts. It is as simple as that, nothing more than a mattress of confidence upon which the economy rests.

The reason it turned around in 1992 and 1993, after the 1993 economic proposal that passed by one vote in the House and the Senate, was because people finally felt the Congress was serious about putting this country on track and getting rid of the budget deficits that became the growing tumor in this country's annual budget. So people had confidence about that and confidence in the future and we had this unprecedented lengthy economic expansion.

My fear is if we lock in place a tax cut that is enormously uncertain in terms of its consequences with respect to future deficits, that we will lose the confidence of the American people.

Let me be clear, I believe there is room for a tax cut. That is not what is at debate here. Republicans and Democrats both believe there can and should be a tax cut with this surplus. I also believe, however, the tax cut ought not be of such a size that it threatens our economic expansion. And I believe that a tax cut is part of a series of things that represents priorities in this country's economy.

We should, with a surplus, not only provide a tax cut, but we should as a priority also begin to pay down the Federal debt in a significant way. If during tough times you run up the Federal debt, during good times you have a responsibility to pay it down.

So reducing the Federal debt, \$5.7 trillion to be exact, that was run up during tougher times and during periods when fiscal policy was not working, that ought to be paid down with part of that surplus. That ought to be a priority. Then let's have a tax cut. Especially let's have a tax cut that is fair.

Some say when you criticize the proposed tax cut offered to us by the present administration as being unfair, you are engaged in class warfare. Non-

sense. It is well within our right to talk about what kind of tax cut ought to be proposed that is fair to all Americans.

Let me give an example. We have a range of taxes that are paid by the American people every year. Roughly \$1 trillion in individual income taxes is paid by individual workers across this country. Roughly \$650 billion in payroll taxes is paid by people who are working on jobs every day and every night across this country. The top 1 percent of the American income earners pay 21 percent of the total federal taxes. But the President has sent us a proposed tax cut that says the top 1 percent should get 43 percent of the tax cut.

Let me say that again: The top 1 percent of the income earners pay 21 percent of the taxes, and the President proposes they should get 43 percent of the tax cut. I say that doesn't make any sense. That is not fair. And others say, well, gee you are involved in class warfare. Nonsense.

Sigmund Freud's grandson had something to say about this. He said: When you hit someone over the head with a book and get a hollow sound, it doesn't mean the book is empty. Facts are facts. Facts are sometimes stubborn. The proposed tax cut will have an overwhelming advantage for the highest income earners in the country and provide far too little for working families. That is just a fact.

There is kind of a breathless quality to those who advocate this tax cut of \$1.6 trillion or actually \$2.6 trillion. There is an old saying: Never buy something from somebody who is out of breath.

We should do a tax cut. But it should be part of a set of priorities of paying down the Federal debt; providing a tax cut that is fair to all Americans, especially working families in this country; and, third, also recognizing there are other things we need to do that represent priorities.

What are those priorities? Among those priorities are to provide a prescription drug benefit in the Medicare program. We all know we need to do that. There isn't any question that if we had a Medicare program being created today, we would have a prescription drug benefit in that program. All of us have had the experience of someone coming up to us at a town meeting. I recall a meeting one evening in northern North Dakota. A woman came up to me, probably close to 80 years old, and grabbed me by the arm and said: Senator DORGAN and her eyes began to fill with tears and her chin began to quiver—I take several kinds of medicine for heart disease and diabetes, and I can't afford them. I can't pay the bills anymore. Yet I need that medicine to extend my life. What do I do?

All of us have had that experience. We know we need to put a prescription drug program in the Medicare program.

We know that ought to be a priority as well.

Education is a priority. We know what has made this country great, in part, is a public education system available to all children to become the best they can be, wherever they are, no matter their circumstance in life. We know that has contributed to the significance of this country's growth and opportunity.

How do we do that if it is not a priority to say we want to fix schools that are in serious disrepair? We can help do that. We want to reduce class size. We know it is easier to teach children in a class size of 15 kids than a class size of 32 kids. We know kids learn better in well-equipped classrooms rather than in some adjunct trailer in which you have stuck 30 kids with an inch between desks and a teacher trying to deal with all of them. That is a priority, as well.

Another priority for me is family farmers. We have a great many family farmers in North Dakota struggling mightily to try to stay on the farm. That is a priority. Grain prices have collapsed. Our farmers are told by the grain market that the food they produce has no value. What on Earth can we be thinking of? Has no value? Five hundred million people will go to bed with an ache in their belly in this world because it hurts to be hungry, and a farmer harvests grain and hauls it to the elevator to be told, "your food has no value." There is something dreadfully wrong with that. This country would want, it seems to me, to create and maintain a network of family farmers for this country's security interests, if for no other reason, but from my own view, we want to do that because it enriches our country to have a broad network of food production all across our country. Yet families are discovering they are losing their heritage on the family farm.

A friend of mine is an auctioneer. He said he was doing an auction sale one day, and a little boy came up at the end of the auction sale, and he had tears in his eyes. He was about 10 years old. He grabbed my friend by the leg. He was very distraught. The auctioneer tried to comfort him, and this little boy said to him: You sold my father's tractor.

He patted him on the shoulder, and he tried to comfort him some more, and the little boy said: I wanted to drive that tractor when I got big.

So that is a priority for me, family farmers.

My point is this. When we talk about having a budget policy, we cannot just have one central piece that says, here is what we want to do, to the exclusion of every other thing. That is not what made this country a great country in which to live.

Those of us who believe strongly that we ought to have a balanced fiscal pol-

icy believe we should avoid the mistake we made in the past, and that is believing that numbers that inherently don't add up do add up. We know better than that. We all took math and algebra. We understand what adds up. This proposal that has come to this Congress with a budget and a tax plan is well over \$1 trillion short. It does not take a genius to see that. It is well over \$1 trillion short of adding up. Yet everyone will walk around here, pretending this adds up. You would fail fourth-grade math believing that.

So first, it ought to add up—not for the purposes of helping one political party or another. That doesn't matter so much to me. It ought to add up for the benefit of this country's future. We need to keep this country on track. We need to continue an economy that provides jobs and opportunity ahead.

How will we do that? By encouraging and maintaining the confidence of the American people that we are doing the right thing. Most of the American people, I think, believe the right thing is, during good times, help pay down the Federal debt with some of that surplus: You ran it up in tougher times; pay it down in better times.

Second, yes, have a tax cut and make it fair to everybody.

Third, yes, there are other priorities as well. Pay some attention to them. If you want to talk about education, then pay attention to education and make some investments that will make our schools better schools. If you want to talk about prescription drug prices and helping senior citizens, then if both parties say let's do a prescription drug plan in Medicare, do it, and have the money to pay for it.

If you want to talk about the family farm and say it is important and is not just some little old diner that got left behind when the interstate came through, if you really believe family farmers are important, then decide you want to do something for them and help them during tough times. Those are priorities as well.

Simply put, my point is we have a lot to be thankful for in this country. Nobody lives in a better place on the face of this Earth. It is not an accident that we are here. As stewards of this country's legacy and its future, we as policymakers need to come together and engage in some cooperation on these things.

I am not someone who believes if we break out into full-scale debate, that is a bad thing for the country. People ask me from time to time, how are you getting along with 50 Senators on the Democratic side and 50 Senators on the Republican side? It is as if they are afraid we are going to have a debate. Look, a debate is what this country is about. There is the old saying, when everyone in the room is thinking the same thing, nobody is thinking very much.

This entire body is about debate. There is nothing wrong with aggressive, robust debate. In fact, that is the only way we get the best of what everyone has to offer. So we are going to have some significant, aggressive debates. And we should. I hope at the end of this debate good thinkers on all sides, from both political parties represented here in the Senate, will agree with me that it doesn't matter what the polls say, it doesn't matter what the politics are; what matters is that we do the right thing to keep this country on track, that we do the right thing to keep this country growing and to have this country provide the opportunities we want it to provide for our children and their children.

What we have inherited is not accidental. Those who came before us have struggled mightily to do the right thing. In some cases, it wasn't the popular thing but it was the right thing. We have a responsibility to accept this opportunity given to us to do the right thing as well.

I say to our new President, his Address to Congress, I think, dealt with a number of significant and important issues. On some of them, I will be supportive. On others, I will be a fierce opponent. But I hope, as we think through all of these issues, we can understand what the public interest is—not the party interest.

The decisions we make in this Chamber could well affect this country 5, 10, and 25 years from now. If we put this country on the wrong course and throw this economy back into growing, choking, heavy deficits year after year after year, it will once again be one of the enduring truths of the political life and the public life of everyone who comes after us in this Chamber; it will be one of the enduring truths that serves as a backdrop for every other decision that is made for the next 5, 10, and 25 years.

We were able, as I said when we started, to shed the yoke of those two enduring truths that cost us so much. The cold war? The Soviet Union is gone. That was a backdrop for virtually everything we did for many years. That is behind us. The growing budget deficits that represented a cancer in this country's budget—they are gone. They affected virtually everything we did in this Chamber for many years. That is a blessing. Those enduring truths have changed.

So let us make decisions now that do not re-create those liabilities for those who follow us. Let's make decisions that put this country on track to a much better and brighter future that is sustained for the long term.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

The Senator from Michigan is recognized.

Ms. STABENOW. Thank you very much. I ask unanimous consent to speak in morning business for 10 minutes.

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

SOCIAL SECURITY AND MEDICARE OFF-BUDGET LOCKBOX ACT OF 2001

Ms. STABENOW. Mr. President, this afternoon I urge my colleagues to join with Senator CONRAD and myself and others who are sponsoring S. 21, the Social Security and Medicare Off-Budget Lockbox Act of 2001.

I know this legislation came before the body last year and passed by 60 votes, including 14 votes by my colleagues on the other side of the aisle.

I think this legislation is particularly critical at this time given the budget that the President has proposed to the Congress, and the fact that while he has indicated support for Social Security—although not reserving all of it but he has talked about Social Security—he did not mention reserving the Medicare trust fund. This is a critical issue for me and all the people I represent. To leave the Medicare trust fund unprotected as we talk about investments and spending and how we are going to address tax cuts for the future is very dangerous.

This morning we had the opportunity in the Budget Committee to hear from our new Secretary of the Treasury. Again, he spoke about Social Security but did not indicate a commitment to protecting the Medicare trust fund.

We have about \$500 billion that needs to remain within the trust fund and be protected for the future. We all know that we are going to see within the next 10 or 11 years additional strains on Medicare as those of us who are baby boomers come into the system, and beyond. We have critical needs in Medicare. We don't need to put \$500 billion in the column that is open for spending or a tax cut. We need to place it on the side with Social Security, in a lockbox—all of Social Security, all of Medicare in a lockbox—so we are guaranteeing that we are not touching a penny of either Social Security or Medicare.

When I first came to the Congress and was in the House of Representatives for 4 years, we were talking about trying to keep ourselves moving to pay off our debt so we could finally say that Social Security and Medicare trust funds would not be used in the bottom line of the budget.

We heard people in both parties—in fact, again a vote was taken last year

to support this bill that has been reintroduced—and yet with all of that support, we now find ourselves in the position with a budget being proposed that does not add up, unless you add using Medicare trust funds to the bottom line. I am gravely concerned about that as we look to the future in Medicare.

We all want to see a tax cut. We may struggle and debate who ought to be receiving the majority of that tax cut. My preference is that a lot of it go across the board and be targeted to the working class men and women and their families.

We all talk about deficit reduction and protecting Social Security and Medicare for the future. Unfortunately, while sitting in the House Chamber on Tuesday night, I saw a proposal in broad terms that did not add up. My fear is that will move us backwards rather than forwards as we have been continuing to strengthen our fiscal position and our economy.

We do not need to go back to the eighties and higher interest rates and high unemployment. In my great State of Michigan, those were tough times for families, small businesses, and family farmers that I represent. I am in no way interested in going back to those times with fiscal policies that do not add up.

I join with the President and with others who want to see tax cuts for middle Americans. We can do that without spending Medicare and Social Security. We can do it without putting ourselves back into a situation where we are going into deficit spending.

I truly believe the people of the great State of Michigan want me to support a balanced approach that continues to pay down the debt and protects Social Security and Medicare, and to provide tax relief across the board that is focused on middle-income workers, small businesses, family farmers; and that we also are committed to a future that includes investment in our children, in education, access to college, and making sure that health care, particularly prescription drugs, is available for the people whom we represent.

Again, I urge my colleagues to join with us in a proactive way to support S. 21. I hope we can get everyone in this Chamber to be a cosponsor of this bill which clearly sends a message across the country that we want to work together to fashion a plan to keep our economy going and provide tax cuts, and that we not spend Medicare trust funds to do it.

I urge my colleagues to join in supporting the lockbox for Social Security and for Medicare.

Thank you, Mr. President. I yield my time. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

THE PRESIDENT'S BUDGET AND TAX REDUCTION PROPOSAL

Mr. BOND. Mr. President, one of the very lucky things we have around here is the opportunity to listen to some very intelligent people giving us their ideas on a lot of important subjects. Recently, I have had the pleasure of listening to Chairman Alan Greenspan, who spoke before the Budget Committee a couple weeks ago. Yesterday, we had our budget director, David Walker, speaking to the Centrist Coalition and also had an opportunity to listen to Larry Lindsey, the President's economic adviser, who used to serve on the Federal Reserve. I have learned a good number of things from them that I think are very important for the discussions we have about the budget and how we deal with the tax surplus that is confronting our country. As previous speakers have said, we are no longer in a cold-war world; we are no longer trying to get out of the budget deficit problem.

I think a couple things need to be clarified about some remarks I heard earlier. No. 1, it was not the tax increase of 1993 that got us out of the budget deficit situation. I served on the Budget Committee during those, what I would say were very frustrating years—1993, 1994, 1995. We went back and checked. Do you know something very interesting? In spite of the fact that President Clinton and the then-majority Democrats passed the largest tax increase in history, it did not do anything to lessen the deficits.

We went back and checked because the President's budget proposal, I think for four straight budgets, proposed deficits of \$200 billion a year, roughly, as far as the eye could see.

There was no decrease in the deficit because they proposed to spend the money. We raised taxes to deal with the deficit, but then they raised spending to cover up the tax increases.

So it was not until we got into those battles in 1995—and those were difficult battles; I don't want to relive those days—but those were important battles because we finally made the point—with a Republican Congress and a Democratic President—that we had to start getting spending under control to get out of this deficit spiral that was driving us further and further into debt. And we did it.

And we did something else, again, without the support of the President initially, and with some, but not a lot of, support from the other side of the aisle. We cut the capital gains tax rate. At the time, CBO and others were saying: Oh, the capital gains cut is going