

of the problems that have resulted from September 11 to have to deal with this.

This is not an appropriate response to the events of September 11 for us to force this on our State and local communities.

In my own State of Arizona, for example, our law provides that public safety employees can present their proposals to their employers but does not require as an obligation that collective bargaining be the result. This, of course, would require the State agencies and local governments to bargain with labor unions on behalf of the public safety employees. This is why the sheriffs as well as some police chiefs have contacted me and said it interferes with their ability. The Arizona sheriffs and police chiefs, the league of cities and towns, all of them have expressed their opposition to this legislation.

I think the problem is in opposing it, there is somehow a notion we are therefore against police and firemen. That is what bothers me the most. There is a big difference between the Federal Government mandating labor policies on our towns and counties on the one hand and expressing our support for police and firefighters on the other. We have done that in the Senate in resolutions we have passed.

I hope in many other ways to show support for the police and firemen in my State with whom, again, I have had such a great relationship. They have helped me, and I hope I have been able to help them. In fact, I know I have through several appropriations that we have received to help them in fighting drugs, for example. It has been a great relationship, and I hope I do not have to prove my loyalty to these folks by supporting an amendment which has no place in this bill, which is a very political amendment, which creates huge problems with respect to federalism and forcing for the first time this new Federal mandate on these local communities, at a huge cost.

By the way, the cost is estimated at \$44 million by CBO over the next 4 years. CBO says it will cost \$3 million just to set up the FLRA to develop the regulations to determine State compliance and enforce those compliances.

This is simply not the right response to the events of September 11. I regret this issue has been infused into the Labor-HHS bill.

So I say to my friends in the volunteer fire departments in the small towns throughout Arizona and even in the larger communities, which of course do have these collective bargaining arrangements, for the most part, the best way we can respond to the incident of September 11 is to keep focused on the job ahead of us, and that is to train up and be ready to respond as first responders to any emergency within our local communities; to support our local firefighters and police so that in the myriad false alarms they are now responding to we provide them

the resources necessary for them to do their job; to support them in any issues they have with respect to the Federal Government in terms of getting funding for programs and the like; but not to respond by creating a new Federal mandate on every community in our States that now they are going to have to be required to engage in collective bargaining when that has been a matter of local option in the past.

It seems to me this is the wrong approach, and I hope we can find other ways of supporting our local fire and police than by this particular amendment.

I intend to vote no if the question of cloture comes up. To explain that very briefly, the point is: Should we be taking up this amendment on this unrelated bill? Sixty Senators will have to say yes before we will be permitted to do that next Tuesday. I hope at least 40 Senators will say, no, this is not the place to do it, this is not the way for us to express our support for fire and police. There are more practical ways we could do that given the events of September 11.

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#### RECESS SUBJECT TO THE CALL OF THE CHAIR

Mr. KYL. I ask unanimous consent that we stand in recess subject to the call of the Chair.

There being no objection, the Senate, at 11:28 a.m., recessed until 11:48 a.m. and reassembled when called to order by the Presiding Officer (Mr. REID).

The PRESIDING OFFICER (Ms. CANTWELL). The Senator from New Jersey.

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#### ECONOMIC STIMULUS

Mr. CORZINE. Madam President, today I rise to discuss a critical need for our Nation to unite in what I think is an immediate effort to strengthen our economy. This morning you probably saw that our Nation's unemployment rate jumped a full half of 1 percent to 5.4 percent—one of the largest increases in any given month in history. We lost 415,000 jobs over the last month. Within that context, there are many more layoffs in the offing, that have been announced by companies, yet to be executed.

GDP has declined. Consumer prices, actually, within the GDP numbers, declined for one of the first times since the 1950s. Manufacturing indices and other statistics indicate that we are in a recession.

Over 40 years ago, the brother of the distinguished Senator from Massachusetts, President John Kennedy, issued a dramatic and now immortalized challenge to all Americans. He said: "Ask not what your country can do for you. Ask what you can do for your country."

We are now having a debate about an economic stimulus program, about the state of our economy, and what we should do next. Four decades later, it is

again time to ask Americans to come to the support of our country in a practical sense. This is particularly true for those of us in the Congress.

Today, we have not one but two great challenges. First, of course, we need to win the war against terrorism at home and abroad. To this end, we are remarkably united. Most Americans are on the same page in responding to the Nation's needs.

But at the same time, we need to reinvigorate our slumping economy, an economy profoundly impacted by the cowardly acts of September 11, and the subsequent uncertainty surrounding bioterrorism events. Here America's response is not quite so clear. To this challenge, we still appear focused on something more than the Nation's real needs.

Let me be clear: My views of stimulus are premised on the near certainty that we are in the midst of a serious national recession and I think also, importantly, a global one. Increasingly, we see our neighbors across the globe suffering from much of the same kind of weakness we see in America. This view is shared by most economic analysts and political leaders. Today's report only reinforces that view.

For all of us, the primary risks from this point forward are how deep, how much further will this economic erosion go? The signs, statistically and anecdotally, are everywhere that this will be a long and deep slowdown.

Therefore, we need an immediate and substantial fiscal response. We need an insurance policy, and we need to put it in place now.

I agree with what the President says: It is time for us to go to work. The question is, How should we organize that work?

This economic challenge will require the same type of bipartisan cooperation, the same sense of resolve, the same sense of national unity that we have enjoyed in the war effort. In truth, that should not be all that hard. After all, when it comes to designing an economic stimulus package there is broad consensus among economists about the principles we should follow. Chairman Greenspan agrees. Bob Rubin agrees. And the chairs and ranking members of the Senate and House Budget Committees—Democrat and Republican alike—agree. We should follow those straightforward principles and get on with working out the details. This should not be a political argument but an objective pursuit of the most certain actions to reinvigorate our economy.

In the short term, we need actions that quickly generate real economic activity, real economic growth. For the long term, we need actions that promote fiscal discipline. It is a simple formula, very simple: Short-term stimulus, long-term discipline.

It should not be that hard if we are willing to move beyond ideological debates and special interests. In fact, as I have said, there is a fairly broad consensus among economists about how to

achieve these goals. For example, to maintain fiscal discipline, any stimulus package should include items where costs are primarily temporary; otherwise, the incremental benefit of new spending or tax cuts could be more than offset by higher interest rates which undermine housing, business investment, all kinds of activity in the real economy.

Permanent tax or spending programs undermine our long-term fiscal health. And we already face a serious erosion in our budget baseline and long-run risks because of the demographic sea change that is coming in the next decade.

Another point that would be obvious to most economists is that targeting benefits to those with modest incomes will be more powerful in stimulating the economy than benefits targeted to those with high incomes. This isn't a matter of ideology or politics; it is really just common sense. It is basic economics, particularly in the short run. People with lower incomes have an objectively measurable higher marginal propensity to consume.

If we give a dollar to those who are stretched financially, they are likely to spend it. By contrast, if we give a dollar to those with significant wealth and assets, they are likely to save it, particularly in uncertain times. So if we want to generate economic activity now—the whole point of a stimulus package—the most efficient approach is to target aid to those who need it most.

There are several ways to offer tax breaks for those with modest incomes. Frankly, I am skeptical about the policy that seems most popular in Washington—maybe on both sides of the aisle—and that is giving out rebates.

Most economists will tell you that one-time rebates do not work that well because people tend to save their checks, unless they are unemployed. This certainly was the case this summer when only 20 cents on the dollar was spent of the first round of rebates. That is not getting much bang for our buck, but it is consistent with past experience. And I think it should guide us today as we put together our stimulus package.

Clearly, there are more effective ways to stimulate the economy and benefit those with low and moderate incomes. I think the principle ought to be: How do you get one dollar of benefit flowing from one dollar of tax activity?

In my view, a better approach would be to reduce payroll taxes for a short period, perhaps a year or two—what I would call a payroll tax holiday, or a partial holiday. This would target working Americans and promote needed consumption by increasing take-home pay. And we should offset any reductions in trust fund revenues with a commitment to replenish those funds from the general fund once the economy gets back on track and budget surpluses return.

Changing a person's income stream over a period of time changes how they

think about their spending patterns and what their budgets are about. It tends to lead to greater expenditures than one-time shots.

Similarly, we could expand the 10-percent rate bracket to apply to a wider range of incomes. Right now we stop it at \$12,000 for a married couple. I think we should move it up to \$20,000. This also would increase take-home pay for a broad range of low- and moderate- and middle-income families, and would provide the kind of stimulus that would change how people budget. Senator BOB GRAHAM and I have advocated this change since the first of this year, and I think it is an idea that still should fit in a stimulus package. At a minimum, we could bring forward the full 10-percent bracket that still has some facets yet to be implemented.

Another way to stimulate consumption would be to establish a sales tax holiday, as some of my colleagues have proposed. This approach has a lot of merit and could be effective in promoting economic activity—again: one dollar of expenditure will lead to one dollar of activity—if it is limited to a short duration, and if we can overcome the significant administrative hurdles and uneven application of sales taxes across the Nation. Certainly, sales taxes weigh most heavily on low- and moderate-income Americans. In fact, I think sales taxes define the idea of regressive taxation.

Beyond providing tax cuts for those who have modest incomes, most economists would tell you that to inject money into the economy most rapidly, the best approach—contrary to a lot of political hype—is for Government to spend money directly, as long as we are able to implement such plans quickly. Can we get the shovel in the ground in the short run or are we going to have debates? Are we going to have long-term planning? If we could, we could get the real bang for our buck: one dollar spent, having real stimulus in the economy now. I especially think this is a far more attractive way to stimulate the economy than having additional tax cuts for the wealthy—sort of a trickle-down view. Savings is an admirable process for the long-term objective. It leads to growth in the capacity of the economy. But we have a shortrun need, with a very weak economy today. Programs that will promote savings over some long period of time will not strengthen our economy today. It can really run contrary to what we need to accomplish today—stimulus. The Government can make, though, investments that can put money into the economy immediately.

Unlike a dollar in tax cuts, a dollar of investment, as I said, can yield a full dollar's worth of economic activity now. If those investments are wisely targeted, they can also expand America's long-term capacity and productivity and have a multiplier effect, if you will, through job creation through the exporting and purchases that are necessary to implement the programs.

A very straightforward, simple concept is that if we put money into the economy, it will generate jobs and generate activity and lead to growth in the economy. We need to do that.

If you look at the productivity growth of America after we implemented our national highway program in the 1950s, we went on for about 20 years and we had the highest productivity rates at any time in America's history other than in the last 5 years. So there is no automatic correlation of Government spending leading to a decline in productivity or growth in the economy. We had one of the healthiest periods in our history, and I think we need to follow that concept in the current environment.

These investments can be made to happen quickly. They can be implemented quickly. If we ask our young men and women to stand tall in Afghanistan, if we want to celebrate the heroism of our first responders climbing the stairs in the World Trade Center, we also ought to get it together so that we can move quickly on those investments, those actions that will benefit our Nation now.

There are many ways to use Government spending to stimulate the economy. The most important in today's wartime environment is to make investments that increase our Nation's security, particularly our homeland security. We need to make a major commitment to fight bioterrorism by strengthening our public health system, buying vaccines, and investing in laboratory testing and research. We need to beef up security for our Nation's airports, rail systems, and ports. We need to provide substantial new resources to our law enforcement agencies and our firefighters. There has been a bill circulating in Congress for the last 4 years called the FIRE bill—\$3.5 billion worth of requests for fire equipment for our Nation's first responders. And we have appropriated a mere \$100 million once in that period of time.

There are enormous needs for us to follow. In New Jersey, we have literally hundreds of millions of dollars of requests for resources in these public security, public safety, public health arenas. Let me be clear. These are not porkbarrel projects. They meet real needs and serve the public beyond the current economic situation. So we are not only stimulating the economy today, but we are setting up a stronger society for a long period of time to come; and these are investments, just as investments in the private sector, and can have high rates of return. We can have high rates of return in public sector investment. I think we need to do that.

I commend the distinguished Senator from West Virginia, Mr. BYRD, and the distinguished assistant majority leader, Senator HARRY REID, for their leadership in putting together a package of investments that ought to be a part of any stimulus program. Frankly, I

think it ought to be a bigger part. Their proposal provides for \$1.6 billion for local police and firefighters, \$1.7 billion for Federal law enforcement, \$2.4 billion for airport, mass transit, and Amtrak security, and additional funds for nutrition and other programs.

In fact, I personally really do believe we should have gone larger with that program. I might have slightly rearranged it. But this is the direction we should be taking as a nation if we want to make sure we stimulate our economy now and provide for the public safety and security. This initiative will provide that real stimulus, and I hope we all will come together on this program and get out of this dogma of complaining and denigrating the idea that public investment doesn't have real public return. These dollars can be spent now, and they can be spent on very important projects that will serve our Nation.

Beyond the types of investments proposed by Senators BYRD and REID, another effective way to use Government spending to boost the economy would be to expand our system of unemployment insurance. For example, many States now fail to provide benefits for those seeking part-time work, such as working mothers who need to spend part of their days with their children. Today's unemployment report shows that over the last year, those who work part time have lost those opportunities. It has grown to over a million persons, most of whom are women. This discrimination against working moms, by leaving them out of the unemployment system, is both bad social policy and foolish economic policy. We ought to do something about it.

Similarly, we should increase the level of unemployment benefits if we want to make sure that those who are temporarily out of the job force have the ability to continue to function. The unemployed are almost certain to spend money we offer them. Again, \$1 expended gets \$1 of input into the economy. So beefing up their benefits is just good stimulative economic policy. This is where we should be helping out, not focusing on those who have already done well and are well situated in the economy.

Unemployment expenditures also have the advantage of when the economy grows, they go away; they are temporary. They meet a need, but when they are no longer necessary because people go back to work, they end. We really should be focusing on making sure that our unemployment compensation system is updated for the 21st century, brings more folks in and is more appropriate for the circumstances of today. It is a real stimulus program. We have supported corporate America through any number of tax and safety net programs. It is time to focus on people. Under current circumstances, this is a classic win-win.

Another way to use Government spending to improve the economy is to help the unemployed, or other Ameri-

cans, afford health care. That is why I support proposals to increase support for those who lose their jobs and who should buy health care through COBRA extension also. It is good health care policy and good economics. It will certainly avoid the runup of expenditures on uninsured at hospitals, charity care that will follow if we don't have these systems in place.

After all, when people lose their jobs, they should not be forced to choose between basic needs such as housing, education, health care, and senior support at home. They should confidently be seeking future employment, and this program should be robust, in my mind. I believe strongly that we ought to be offering a 75-percent payment in support of COBRA premiums. Again, this is money spent today that goes into the economy and will be stimulative as we go forward.

Beyond tax cuts for those with modest incomes, and direct Government spending—and I see the two leaders of that concept on the floor today, and I want to make sure they know I compliment them on their suggestions—there are tax breaks for businesses that can help, provided that they are well-designed and they produce an immediate corporate response.

In particular, I support providing tax credits to encourage businesses to make investments in the short-term. Recently, Bill Gale of the Brookings Institution suggested that we provide the most benefits to those who make such investments in the very short term—say, by the end of the first quarter of 2002—and then gradually phase out the benefits over the remainder of the year. This is a very simple concept. If you are going to have a sale, you want to encourage people to use it now. I think this makes great sense.

It is an encouragement to businesses to speed up investments in the public sector. It would target benefits to many businesses that already have plans on the table. They are just holding them off because of the uncertainty of the environment and the times.

I also make clear that this is a one-time benefit and would reduce political pressure to turn the Tax Code into a permanent support program that may be unneeded in the long run.

The final approach to economic stimulus I want to mention is the critical need to address the fiscal problems facing our States. There is an article in the paper today that shows across this Nation our States are moving into budget deficits, maybe out of poor economic planning, but the reality is that many of the steps they will be taking can be countervailing to the steps we may take at the Federal level.

It does no good if the Federal Government provides significant stimulus and the States move in just the opposite direction; they offset each other. We may very well be moving into one of those situations.

Unfortunately, because of the rigid balanced budget requirements, many

States are looking at significant spending cuts and/or tax increases. We need to consider ways to prevent this conundrum.

I would support establishing targeted revenue sharing to States in need—and I do mean targeted—so that this money is not used for further tax cuts. They would be serving the particular needs that Congress may have mandated in other areas, and we ought to be very clear about it.

Ideally, such a system could work both ways: Shifting money to States during times of economic slowdown and shifting money back during periods of economic growth.

Having said that, given the need to act quickly, it may be the more practical way of accomplishing this is through the Medicaid match provided to the States. This would use an existing regulatory structure and could be implemented very rapidly where a revenue-sharing program might take longer to be implemented.

In any case, we cannot ignore this conflict that may very well negate the efforts we take here and having the States be a drag on our economy just when we need most to lift up the economy.

All the proposals I have outlined today would provide real help to our economy, and most economists would agree, I believe, we should structure a program that errs on the side of being aggressive as opposed to wondering whether we are dealing with serious downside risks.

We need an insurance program against the kinds of actions that we measure, that were reported today in the unemployment statistics, and we see across the Nation. I believe we ought to make our mistakes by being certain that we have a strong economy, as opposed to being insecure about that. I hope we will take that into consideration, and if there are choices to be made, I believe we ought to do those on the stimulative side now.

While I believe we should pursue those stimulative short-term policies, we should take affirmative steps to address fiscal imbalances in the long term—again, the basic formula I talked about: short-term stimulus, long-term discipline. In particular, it is critical that we revisit—and I truly believe we must revisit—the tax cut that was enacted earlier this year. If left fully in place, this legislation will drain significant revenue from the Treasury and, in the long-term context, substantially weaken our financial condition just as the baby boomers are about to retire.

I know many of my colleagues believe these tax cuts were affordable when we debated them earlier this year. We can have a debate about whether they were or were not at that point in time, but the times have changed and they have changed dramatically. We now face a substantially weakened economy, dramatically lower productivity in our economy, and huge

costs for a long-term war against terrorism.

Given these changed conditions, I hope some of my colleagues will reconsider their views on the full tax-cut package and recognize the need to suspend some of the provisions that are set to be implemented in the future.

By the way, 65 percent of those cuts come after year 5 because, as most economists would agree, maintaining fiscal discipline in the long term is just as important as stimulating the economy in the short run.

Unfortunately, while there is broad, if not universal, consensus among economists about the principles that should guide fiscal policy, many in Washington think they know better, and they are pushing proposals that, in my mind, simply make no sense and really do challenge whether we are all working together in an economic sense to strengthen this country the way we are working in our war on terrorism.

The House of Representatives and Senate Republicans are promoting a stimulus package that would do very little to immediately stimulate the economy. The House and Senate Republican bills masquerade the stimulus, but they are both little more than an ideological repetition of programs designed to help those who need it least and favor special interests—a giveaway with limited economic benefits.

According to an analysis by the non-partisan Center on Budget and Policy Priorities, the House bill would provide between 80 and 90 percent of its tax cuts to higher income taxpayers and corporations. It is just the opposite of how we get stimulus into the economy today.

The bill eliminates the corporate alternative minimum tax, or AMT. AMT is designed to prevent corporations from avoiding taxes entirely through the use of deductions and various other tax benefits. Repealing the AMT will not generate real economic activity. There is no guarantee it will do anything other than change the bottom line of the corporations.

Many corporations may well apply some of these savings to reducing debts, mergers, acquisitions, or increasing their bottom line, but there is no guarantee they will invest. That might benefit the shareholders, but it will not stimulate the economy.

The House and Senate Republican bills would also reduce capital gains taxes. Reasonable people can and do disagree about the effect of such a reduction on long-term economic growth but, regardless of one's view about the ultimate merits of reducing capital gains taxes, I do not know a single economist who would argue that it is a powerful way to stimulate economic activity in the short term, at least compared with any of the other possible approaches.

This same analysis applies to other provisions in the House and Senate Republican bills. It would accelerate a re-

duction in tax rates for those with higher incomes, just the opposite of where we should be for our long-term economic stability. We need to focus on how we are going to manage our fiscal affairs when these baby boomers start retiring.

Accelerating a reduction in tax rates is going to exacerbate a problem we already put in place with this previous tax cut.

In any case, regardless of one's view about the merits of cutting taxes for those with higher incomes, it is simply not credible to argue that of all the possible approaches to stimulating the economy, these are the most beneficial, and one cannot argue these are the most powerful. Such a claim is just not credible and does not relate to objective facts.

I also emphasize the provisions in the House bill are not temporary measures; they are permanent tax cuts with huge long-term costs, just exactly what the budget chairmen in both Houses and the ranking members argued we should not do, and as such they undermine the fiscal discipline and almost certainly will put pressure on long-term interest rates over some period of time.

I have spent most of my life as a business person and as a bond trader, someone who worked in financial markets looking at these kinds of policies as they worked their way through the marketplace. I can assure my colleagues that fiscally irresponsible tax cuts, such as the ones that are on the table in the House of Representatives, will affect investors and will undermine the long-term health of our financial system, if not our economic system broadly. The end result will be higher mortgage rates, less business investment, and a weaker economy.

Meanwhile, the House stimulus bill puts very little money into the economy directly.

There is no investment in our infrastructure, no investment in our Nation's security, only tax cuts for those who are already doing well—mostly for corporations and mostly for those that are doing well.

To be blunt about it, I think this is wrong-headed economic policy. Perhaps because of my private sector background, I find it especially alarming.

Our Nation faces an economic emergency. We need to be addressing it in an objective and legitimate way so we do not turn our backs on a need that is very obvious to everyone and get into political debates. We need to deal with it directly.

I think we are fiddling while Rome is burning. We simply cannot afford to continue business as usual. We have to pull things together, minimize differences and focus on what is important to get the job done. Our economy is at stake. We are all in this together. We cannot let the events of September 11 get us off the track of this great Nation, this great economy—doing those things which were done throughout the

1990s and continued as we started this century.

We need to move with a bipartisan, objective package that will lead to real economic growth, and we need to do it now.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

#### CONCLUSION OF MORNING BUSINESS

Mr. REID. Madam President, I ask unanimous consent that morning business be closed.

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

#### DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 2002—Resumed

The PRESIDING OFFICER. The clerk will report the pending business.

The bill clerk read as follows:

A bill (H.R. 3016) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 2002, and for other purposes.

Pending:

Daschle amendment No. 2044, to provide collective bargaining rights for public safety officers employed by States or their political subdivisions.

Gramm modified amendment No. 2055 (to amendment No. 2044), to preserve the freedom and constitutional rights of firefighters, law enforcement officers and public safety officers.

#### CLOTURE MOTION

Mr. REID. Madam President, I send a cloture motion to the desk.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk read as follows:

The bill clerk read as follows:

#### CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate on the Daschle-Kennedy amendment No. 2044 to H.R. 3061, the Labor, HHS appropriations bill:

Maria Cantwell, Joe Biden, Barbara A. Mikulski, Patrick J. Leahy, Patty Murray, Paul Sarbanes, Debbie Stabenow, Max Cleland, Joe Lieberman, Bill Nelson Harry Reid, Paul Wellstone, Barbara Boxer, Jack Reed, Daniel K. Akaka, Kent Conrad, Tom Daschle.

#### ORDERS FOR TUESDAY, NOVEMBER 6, 2001

Mr. REID. Madam President, I ask unanimous consent that upon the conclusion of Monday's session, the Senate