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Senate

The Senate met at 10:30 a.m. and was called to order by the Honorable JON S. CORZINE, a Senator from the State of New Jersey.

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Almighty God, we praise You for the religious freedom we enjoy in America. Thank You that the fabric of that freedom was woven by lodestar leaders like William Penn who in 1701 published a charter of privileges ensuring that everyone would be given liberty to worship You according to the dictates of his or her beliefs and conscience. We are moved by the fact that the bell celebrating the jubilee founding of Pennsylvania was cast in 1751 and became the Liberty Bell which rang during the first reading of the Declaration of Independence in 1776. Last night, an exact replica cast by the same works in England was dedicated to be taken around the Nation and rung. The words cast into this Spirit of Liberty Bell are the same as the original from Leviticus 25:10. "Proclaim liberty throughout the land unto all the inhabitants." As this Spirit of Liberty Bell rings throughout the land, help us to rededicate ourselves to maintain religious freedom in our own lives. Forgive any prejudice in our hearts and purge from us any vestige of judgmentalism for people whose expression of faith in You differs from our own. As we battle against terrorists and nations who persecute people because of their religious beliefs, help us make America a nation where we live by George Washington's motto: "To bigotry, give no sanction . . . to persecution, no assistance." In Your liberating name. Amen.

PLEDGE OF ALLEGIANCE

The Honorable JON S. CORZINE led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Repub-

lic for which it stands, one nation under God, indivisible, with liberty and justice for all.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. BYRD).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, November 14, 2001.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable JON S. CORZINE, a Senator from the State of New Jersey, to perform the duties of the Chair.

ROBERT C. BYRD,
President pro tempore.

Mr. CORZINE thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The majority leader is recognized.

SCHEDULE

Mr. DASCHLE. Mr. President, I will use my leader time in order to make a statement on the economic recovery-homeland security bill. It is our expectation that we will be introducing the bill in its modified form at about 11:15. But until then, obviously Senators are welcome to address this or other issues in morning business. I invite them to do so.

MORNING BUSINESS

Mr. DASCHLE. Mr. President, I ask unanimous consent the Senate conduct a period of morning business for up to 45 minutes, between now and 11:15.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ECONOMIC RECOVERY AND HOMELAND SECURITY

Mr. DASCHLE. Mr. President, 5 months ago, America had a projected budget surplus of \$2.7 trillion over the next 10 years. The stock market was soaring. The question before us was one that most leaders could only dream of: "What should we do with our prosperity?"

At that time, the debate was focused on tax cuts—how much, for whom, and could we also provide for America's unmet needs? Regardless of one's view about that debate or its outcome, there can be no doubt that this is a very different moment.

Two months ago, more than 6,000 innocent men and women lost their lives to terrorism. In the weeks since, a wave of anthrax attacks has taken lives, closed offices, and sown fear.

Our President, rightfully, has assembled an international coalition to fight those who attacked us, and those who aided them. We are at war.

The Federal Government is helping those areas destroyed and damaged by the attacks to rebuild. We passed legislation to keep our airlines flying, and to give our law enforcement the tools needed to fight terror.

Our economy, which was already weakening before September 11, has continued to deteriorate.

The question facing America is no longer, "What should we do with our prosperity?" The question now is, "How do we protect our citizens, strengthen an ailing economy, and win this war against terrorism?"

I believe history will judge this Congress by how well we answer that question.

Shortly after September 11, I visited a call center in Rapid City, SD, that handles United Airlines' frequent flyer

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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program. The 235 people there were working hard—helping people get tickets and arranging travel in the chaotic days after September 11. It was a tough job, on the phone hour after hour, helping scared, angry, and confused callers. All they could do was to ask people to be patient and to be understanding.

In the past couple of weeks, nearly 50 of those hard-working employees have lost their jobs. Like most hard-working people in America, these people don't expect or want the government to do anything for them that they can do for themselves. But now, due to no fault of their own—no lack of skill or ambition or work ethic—they are no longer working.

They are not alone. More than 7 million Americans are out of work. Last month, the unemployment rate took its largest jump in 21 years. For too long, we have asked America's laid off workers to be patient and understanding. Too many Americans fear for their future. Because of what our nation has experienced in the last 2 months, they fear for their safety. We need an economic recovery plan that addresses both fears and offers real help.

Today, Democrats are offering a plan that will help bring back America's economic prosperity and help workers who have lost their jobs. It is a plan that strengthens our homeland defense in the process. This is, simply, the right plan for the right time.

In the weeks following the September 11 attacks, Democrats and Republicans in the Senate asked the experts, including Federal Reserve Chairman Alan Greenspan and former Treasury Secretary Robert Rubin: What are the most effective steps we can take to shore up our economy?

Here is what they told us: Put money into the hands of low- and middle-income workers; they are the ones who will spend it quickly. Make sure that workers who have lost their jobs receive unemployment benefits. And cut taxes for businesses—but limit the tax cuts to those that actually help create jobs.

They told us that any plan to stimulate the economy should help people regain the sense of security they need to shop, travel, and invest.

Finally, they said our plan must be affordable and temporary. After all, the baby boomers will start retiring in less than a decade, and we should not be taking on major long-term spending or revenue obligations that will make it even more difficult to meet our responsibilities to Social Security and Medicare.

Our plan heeds that simple but sound advice. It includes unemployment insurance and health care for laid-off workers, tax cuts for individuals and businesses, and investments in our homeland security. It does all of these things in a way that is fiscally responsible and fundamentally fair. I would like to take a moment and outline the four key components of our plan.

First, it provides unemployment insurance for laid-off workers.

Providing unemployment insurance to laid-off workers isn't just the right thing to do. It's the smart thing to do. It puts money into the hands of people who are most likely to spend it immediately. As Robert Rubin has said, unemployment insurance is "a near-perfect stimulus."

But more than half of unemployed workers are not covered under the current unemployment insurance system, even though they pay into it. Many of these are the part-time and temporary workers who often most need the help.

And for those who are eligible for unemployment insurance, the benefits often do not last long enough. Next year, an estimated 5 million Americans will use all 26 weeks of their benefits, and still be without a job.

Our plan extends unemployment benefits an additional 13 weeks in all 50 States; it expands coverage to millions of workers who are not covered under the current system.

During the first Bush Administration, when we were facing a recession, Democrats and Republicans agreed to extend unemployment insurance—four times. We were able to agree that extending unemployment benefits was the right approach to an economic slowdown then, we should be able to agree that it is the right approach now.

Second, we provide health coverage for workers.

Democrats also believe that extending health coverage for laid-off workers and their families should be part of any real economic recovery package. The average cost of COBRA health coverage for a family is \$588 a month—half the monthly unemployment benefit.

That is simply too much money for families hit by a layoff. As a result, only about 20 percent of dislocated workers who are eligible for COBRA coverage actually purchase it. Too often, when a head of a household is out of work, parents and children go without health insurance.

That is wrong.

We propose paying up to 75 percent of the cost of COBRA coverage, giving States the option to provide Medicaid coverage to those who aren't eligible for COBRA, and providing a temporary increase in the Medicaid payment rate for States, so that States will not have to cut Medicaid or raise taxes in order to keep their budgets balanced.

Third, we provide tax cuts for families and for businesses that invest and create jobs.

Most economists agree: to jump start the economy, individual tax cuts should put money quickly into the hands of middle- and low-income people—because they are the people who are mostly likely to spend it immediately.

Our plan provides tax rebates for the 45 million low-income taxpayers who pay Federal payroll taxes but got little or no rebate at all last summer.

Our plan also includes new business new tax cuts to encourage job creation

and investment. In sum, these are tax cuts that will help Wall Street and Main Street.

Fourth, we provide for strengthening homeland security.

We can pass tax cut after tax cut. In the end, no tax cut—even the right tax cuts—will stimulate the economy if people are afraid to travel or go about their business.

If we are serious about repairing damage to America's economy—and avoiding future terrorism-related financial disasters—we must strengthen America's homeland security so people can feel safer getting on a plane, going about their business, and living their lives.

That is why our plan includes \$15 billion for homeland defense. It will help protect Americans from threats such as the recent anthrax attacks that have so shaken our nation and our own offices, as well as other biological, chemical, and nuclear threats. It will strengthen our transportation security and help protect our food and water supply.

All told, our plan costs \$74 billion in the first year, and \$84 billion over 10 years. It is both effective and responsible, and we believe it is the right approach for America's economic recovery and future safety.

Regrettably, Republicans have chosen to take a different approach.

Many things, as I said, about America changed on Sept. 11. One thing that seemed to change—for the better—is the way Washington works. Democrats and Republicans in Congress have been working together, and Congress has been working well with White House.

This unprecedented level of consultation and bipartisanship is what has, to date, allowed us to respond so quickly to the attacks and the ongoing terrorist threat.

It was my hope that we would follow that same bipartisan approach on the subject of economic stimulus as well. Indeed, that is how the process began. Early on, Chairman BAUCUS led a bipartisan series of meetings with Senator GRASSLEY, their House counterparts, outside experts, and the Administration.

Unfortunately, Republican leaders in the House withdrew from that effort. Instead, they pushed through—on a party line vote—a bill that is not a recovery bill at all but merely another laundry list of tax cuts—just another page out of the Republican Party's pre-existing tax cut agenda.

Although they masquerade as stimulus plans, no serious observer believes that the Republican proposals are anything of the kind.

The centerpiece of the Senate Republican proposal is a plan to accelerate by 4 years the rate cuts in the \$2 trillion tax cut enacted earlier this year.

Speeding up the rate cuts would cost \$121 billion over 10 years. That amounts to 69 percent of the total cost of their plan.

And what would Americans get for their \$121 billion? Most would get very little.

But the top 1 percent of taxpayers—people making an average of \$1.1 million a year—would get an additional \$16,000 tax cut next year. They would get additional tax cuts the year after that, and the year after that, and the year after that.

In total, over the next 4 years, the Senate Republican plan would give a \$52,000 tax cut bonus to every millionaire in America—the very people who are least likely to spend it and help the economy.

America needs a plan that will help the economy now, not years from now. We need a plan that puts money in the hands of people who need it most, not the people who need it least.

I have yet to understand how giving millionaires tens of thousands of dollars in additional tax breaks 3 and 4 years from now will stimulate the economy today.

The second-largest part of the Senate Republican plan would spend \$22 billion to repeal the corporate alternative minimum tax, or AMT.

The corporate AMT was enacted as part of the Tax Reform Act of 1986 because certain corporations, using legions of tax lawyers, had become so clever at exploiting loopholes in the tax code that they were able to pay no taxes at all.

So Congress said to those corporations: regardless of how many loopholes you can exploit, you must pay at least a minimum tax.

Now Republicans want to do away with the minimum tax, forever. How will returning to the days when certain profitable corporations paid no taxes at all stimulate our economy now?

Small businesses create most of the new jobs in America, and most of them are not incorporated. So they won't get a penny from repealing the corporate AMT.

If this proposal does not seem fair or stimulative, that is because it is not.

What is perhaps even more troubling about the Republican approach is what it fails to address.

The Republican plan provides next to nothing for workers who have lost their jobs. And it provides nothing at all for homeland security.

When you read their plan for the first time, you assume it is missing a page. Not a dime for bioterrorism preparedness? Not a nickel for food safety or for security at our nuclear plants? Can this really be a plan to restore confidence and stimulate the economy?

Evidently, these items weren't omitted because of cost concerns. Quite the contrary. The Republican plan is more than twice the size of our plan. And the exploding price tag of the Senate Republican plan—\$175 billion over 10 years—may not even account for its true cost.

It will not make America safer. It will not help the economy. In fact, it may do real economic harm by driving up long-term interest rates.

Now, if the Republican plan sounds familiar, that is because it is. It is a

collection of leftover tax breaks that our friends on the other side of the aisle weren't able to pass last spring.

Reading their plan, it's as though September 11 never happened. They have re-labeled these tax breaks as, "stimulus," but they are really just more of the same pre-September 11 tax cut agenda that we have heard our Republican colleagues talk about for months, if not years.

Tax cuts for wealthy Americans and profitable businesses do not solve every problem—and they will not solve this one.

The Republican plan is not about getting the most stimulus per dollar spent. It is not about getting help to those who most need it. It is not about strengthening our national security. It is about ideology.

It is about seizing on a moment of crisis in order to advance unrelated political goals. It is driven by a conservative Republican orthodoxy that is so rigid, and so myopic, that it cannot or will not see what is obvious to every fair-minded observer: this is the wrong plan for America, especially at this moment in our history.

I will say one thing for this approach: it has managed to achieve a degree of unanimity. It has been unanimously rejected by economists, Governors, State legislators, editorial writers, and business leaders.

Two weeks ago, Senator LOTT and I received a letter from the National Governors' Association, signed by its Chairman, Governor John Engler, Republican of Michigan, and its Vice-chairman, Governor Paul Patton, Democrat of Kentucky. The NGA is a majority Republican group that represents all of America's governors—29 Republicans and 19 Democrats, and 2 Independents.

The Governors asked us, as we consider economic stimulus, to "help protect health and human services for vulnerable Americans, address employment and training for dislocated workers, and stimulate the national economy through targeted capital investment."

Interestingly, they make no mention of huge new tax breaks for profitable corporations. No mention of huge new tax breaks for the wealthiest Americans.

Republican leaders got this letter. Sadly, I don't think they got the message.

Mr. President, I ask unanimous consent that this letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL GOVERNORS ASSOCIATION,
Washington, DC, October 25, 2001.

Hon. THOMAS A. DASCHLE,
Majority Leader, U.S. Senate,
Washington, DC.

Hon. TRENT LOTT,
Minority Leader, U.S. Senate,
Washington, DC

DEAR SENATOR DASCHLE AND SENATOR LOTT: The nation's Governors appreciate the

bipartisan efforts of Congress to develop an economic stimulus package. On October 4, we sent you a list of policy options to consider in developing your final plan. We are updating our recommendations to reflect the recently clarified size and focus of the options you are considering. Our recommendations also reflect the further deterioration of states' fiscal positions as detailed in the "economy.com" report sent to your earlier this week.

With respect to our fiscal position, most states have made a series of spending cuts. Many are now implementing a second round and in some cases a third. A number of states now have revenue shortfalls in excess of \$1 billion and many are scheduling special legislative sessions to address mounting fiscal problems. The cumulative states' current revenue shortfall is \$10 billion and growing. Moreover, new and unprecedented state responsibilities for homeland security are exacerbating serious fiscal conditions.

The House economic stimulus bill, if enacted, would further reduce state revenues by at least \$5 billion annually. This revenue reduction would dramatically increase existing state shortfalls and result in significant state budget cuts. These cuts, in turn, would hamper the effectiveness of any federal stimulus package. Similarly, absent any changes in the Health Insurance Portability and Accountability Act (HIPAA) or new federal funding for HIPAA implementation in state-administered programs, states will have little choice but to divert scarce funds to comply with this federal mandate. This means that significantly less state funds will be available of reduction, critical state services, capital investment, infrastructure improvement, and additional efforts to respond to bioterrorism and other threats to homeland security.

Specifically, the Governors offer the following recommendations to Congress in the attached documents to help protect health and human services of vulnerable Americans, address employment and training for dislocated workers, and stimulate the national economy through targeted capital investment.

Congress has many difficult tasks to complete before recessing for the year. As a bipartisan group of government leaders, the Governors look forward to working with you.

Sincerely,

JOHN ENGLER,

Chairman.

PAUL E. PATTON,

Vice Chairman.

PROTECTIONS FOR VULNERABLE AMERICANS

Temporary Increase in Medicaid FMAP for children and Families.—Congress should temporarily increase the federal medical assistance percentage (FMAP) in Medicaid by 10 percent for acute care services for families and children. The territories should receive comparable relief. This will lessen the pressure on states and territories to cut Medicaid health care benefits or reduce the number of people served.

Medicaid FMAP Hold Harmless Provision.—Congress should provide a "hold harmless" provision for states that were scheduled to have their Medicaid FMAP reduced for fiscal 2002. These reduced rates were based on outdated per capita income data collected at a time when state and federal economics were in much better health.

TANF Supplemental.—The Governors continue to urge Congress to approve a one-year extension of supplemental grants under the Temporary Assistance to Needy Families program (TANF). Without an extension of the TANF supplemental grants this year, 17 states will face a substantial cut in funding for programs that assist families in moving from welfare to work.

Health Care for Dislocated Workers.—As Congress considers proposals to assist dislocated workers in gaining access to health insurance, Congress must recognize that states will not have available funds for any new matching requirements or options.

EMPLOYMENT AND TRAINING FOR DISLOCATED WORKERS

Expansion of Eligibility for Unemployment Benefits.—By temporarily modifying existing Disaster Unemployment Assistance (DUA) eligibility requirements, the DUA program (already in operation or on ready standby in all states) could be used only to provide Unemployment Insurance (UI) equivalent benefits to individuals affected by declared disasters, but also to those affected by resulting economic contraction. These UI-equivalent benefits would be particularly beneficial for those who do not qualify for UI benefits due to insufficient duration of employment or level of earnings.

Extension of Unemployment Benefits.—Congress also should temporarily extend the duration of regular UI benefits through 100 percent federal funding to ensure that unemployed workers can secure employment prior to the termination of UI benefits.

Acceleration of Reed Act Distributions.—Congress should accelerate distribution to state accounts of excess funds (as defined by the Reed Act) being held in the Federal Unemployment Trust Fund. This could be achieved by retaining the 0.25 percent ceiling on the Federal Unemployment Account. The immediate transfer of an estimated \$9.3 billion can be used by states only for providing UI benefits, employment services, and program administration.

Increase Funding for Dislocated Workers Employment and Job Training Services.—Fiscal 2001 funds for this Workforce Investment Act (WIA) programs were rescinded by \$177.5 million, while the President's proposed fiscal 2002 budget requests a reduction of \$207 million. Congress should restore these funds.

STIMULATE THE ECONOMY THROUGH CAPITAL INVESTMENT

State Match.—Temporarily reduce or eliminate state match requirements for capital investment programs.

Federal Investment.—Increase federal funding for infrastructure investment critical to homeland security.

Private Activity Volume Cap.—Lift the private activity volume cap, which would accelerate housing and economic development construction activities.

Mr. DASCHLE. Mr. President, there is another important point that must be made today. Five months ago, when we last considered a huge tax cut that mostly benefitted the wealthiest Americans, the money to pay for it was to come from the non-Social Security surplus.

Today those surpluses are gone. So whatever is spent on this stimulus package will, at least over the next 5 years, come mainly out of Social Security and Medicare funds. We may even return to deficit spending, if we are not careful. That is why we must be even more prudent, and more vigilant, about what is included in this economic recovery package.

The Democratic plan has a one-year cost of \$74 billion. Over 10 years, its cost increases to \$84 billion. As I said, the Republican plan costs \$89 billion in 2002. Over 10 years, it explodes to \$175 billion—and it runs the risk of damaging our long-term economic health.

Their plan costs more but does less for our economy, less for laid off workers, and nothing for homeland security.

I hope every Senator will ask himself or herself a simple question: Would my constituents want their Social Security and Medicare money to be spent on this proposal?

Democrats have tried to write our package with this concern in mind. We think the American people want us to invest in bioterrorism preparedness, for example.

But would Americans want their Social Security payroll tax money spent on new tax cuts for the wealthy or on huge permanent new tax breaks for profitable corporations? I don't think so.

In fact, it seems especially unjust when you consider that Americans at the lower end of the income scale pay payroll taxes on every dollar of their income. Meanwhile, wealthy Americans pay zero in Social Security payroll taxes on all income above \$80,000.

In other words, the Republican plan would spend the hard-earned Social Security payroll tax dollars of ordinary workers at the bottom and use them to pay for tax cuts for corporations and people at the top.

We have been told that Senate Republicans will attempt to raise a budget point of order against this bill.

Let me make clear what that means. A budget point of order is a procedural technicality aimed at killing this bill by saying that what our nation is now facing is not an emergency.

A vote for this procedural motion is a vote to kill unemployment insurance for laid off workers.

It is a vote to kill health care for struggling families.

It is a vote to kill tax cuts for businesses that create jobs and for people who did not get a rebate in the last round.

It is a vote to kill funding to build our national pharmaceutical stockpile, security at our nuclear power plants, protections for our bridges, tunnels, and ports, and the safety of our food and water supply.

This is a vote to kill all of these items by saying that this is not an emergency.

Thousands of people have lost their lives. Millions of people are out of work. We are at war abroad, and we are facing threats to our safety here at home.

If that's not an emergency, I don't know what is.

There is still time for us to come together and pass an economic recovery plan that will work for the nation.

In the days since September 11, we have seen more clearly than ever that we are indeed one nation, indivisible.

The victims of those attacks were from all races and ethnicities, all segments of society.

The heroes who came to their aid didn't ask, What's in it for me?

As we look to lift up the economy for all Americans, the most fortunate

among us should not be asking what's in it for them.

Those workers I met in Rapid City aren't looking to us to solve all of their problems. They are just looking for a little help to get through one of the most difficult times of their lives.

It may be difficult for us to reach agreement, but for them—and for our nation—it is vitally important that we do so.

I strongly believe that with every challenge comes an opportunity, and right now we have an opportunity to help those who are hurting, lift our economy, and secure our Nation.

We will be judged on whether we seize it.

I hope and pray that we will.

I yield the floor.

EXTENSION OF MORNING BUSINESS

Mr. REID. Mr. President, if the Senator will yield, I ask unanimous consent that morning business be extended until 11:30 and that the time be divided equally between the Democrats and Republicans.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. BAUCUS. Mr. President, what is the parliamentary position?

The ACTING PRESIDENT pro tempore. Morning business is to last until 11:15 with no division of time.

Mr. BAUCUS. Mr. President, I see that the Senator from Texas wishes to speak.

The ACTING PRESIDENT pro tempore. The Senator from Kentucky has the floor.

Mr. BUNNING. Mr. President, there is no objection to the request.

Mr. GRAMM. Mr. President, is there a unanimous consent request pending?

The ACTING PRESIDENT pro tempore. Yes, there is.

Mr. GRAMM. Mr. President, could it be repeated?

Mr. REID. Mr. President, we have morning business now until 11:15. The leader used his leader time, and I asked unanimous consent that morning business be extended until 11:30 with the time to be equally divided between Republicans and Democrats.

Mr. GRAMM. Mr. President, I would like to amend that. I don't know who else will come to speak. I would like to amend that to say I will be recognized to follow the Senator from Kentucky, if no one else is here.

Mr. BAUCUS. I object.

Mr. REID. Mr. President, what we have tried to do—as I explained to Senator BUNNING this morning—is, until there is some reason not to do so, we would alternate back and forth. I would also think it would be appropriate that Senators speaking during morning business be limited to 10 minutes each. I do not know how long the Senator from Kentucky wishes to speak.

Mr. BUNNING. I have a little more than 10 minutes.