The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. KERRY. Madam President, I thank the distinguished majority leader, and I thank the Chair.

SMALL BUSINESS RELIEF

Mr. KERRY. I ask unanimous consent that an article from the front page of yesterday's New York Times regarding the ripples of September 11 widening in retailing and the extraordinary impact of September 11, not just at ground zero but broadly across the country on small businesses, be printed in the RECORD.

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

[From the New York Times, Dec. 10, 2001]

RIPPLES OF SEPT. 11 WIDEN IN RETAILING

(By Edward Wyatt)

On West Eighth Street in Greenwich Village, shoe salesmen stand forlornly on the sidewalk in front of Leather&Shoes.com, smoking cigarettes and staring blankly into the distance, wondering where all the customers have gone.

Down the block, Raja Chaani, the manager of India Imports, and two of his employees sit on stools in a sprawling space chock-full of leather jackets, silk scarves and Indian curios but devoid of customers.

Across the street, at Man Plus, Sonny Shahani and three other salesmen spend their time rearranging sweaters and calculating how much their commissions have fallen. And at House of Nubian, no one but a few Internet shoppers is buying Negro League jackets and hats, or buttons with pictures of black leaders like Malcolm X and Haile Selassie.

While it was expected that small businesses near the site of the World Trade Center would suffer from the terrorist attack on Sept. 11, which displaced 100,000 potential customers from office buildings in the area and thousands more from their homes, wider economic damage from the attack is still rippling outward from ground zero.

The national economy, of course, was already slowing before Sept. 11. But the attack sent shudders through small businesses, not only in New York City but also across the nation. Some economic forecasters say they believe a wave of business failures in New York and elsewhere could come soon after the first of the year, as retailers and other entrepreneurs succumb to the continuing lack of new business in what is traditionally their busiest season.

''I've been on this street for 15 years, and it's never been this bad,'' said Kawal Bhatia, whose family owns Leather&Shoes.com, a shoe and leather goods store at 22 West Eighth Street which, despite its name, does not have a Web site. ''In past years, no matter how bad it was the rest of the year, at least you knew you would cover all your losses with the holiday shoppers.'' But on a recent Friday, he said, ''I did $25 worth of business.''

Last week, Mr. Bhatia put up a new sign: ''Store Closing.''

Small businesses, including many retail establishments, account for two of every five jobs in New York City and roughly half of all jobs statewide, so the drought among small-business owners presages economic pain that is likely to spread far beyond Lower Manhattan. And while numerous grant and loan programs have sprung up to help small businesses recover from the disaster, business owners have complained, in a growing chorus, that the grants are too small to stem their losses and that loan agencies are not approving loans.

On Eighth Street between Fifth Avenue and Avenue of the Americas, for example, roughly two miles north of ground zero, businesses that depend on people who travel into the city to shop have been devastated. The block, the professed shoe district of Manhattan, has for decades served as a crucible for small businesses, a place where shoe and leather goods shops have mixed with funky clothing emporiums serving an eclectic mix of college students, tourists and New Yorkers in search of bargains. But tourists have stopped coming, and retail sales not just in the Village but across the city have been suffering.

Economists say it is too early to tell just how many small businesses are likely to end up closing or in Bankruptcy Court, but they say that the signs are not good.

''I think there is a strong likelihood that come the first quarter, small businesses that are holding on by the seat of their pants may not be able to hold on anymore without some outside assistance,'' said Ian E. Novos, senior director for economic consulting service of KPMG.

A report assessing the economic impact of Sept. 11 that was prepared for the New York City Partnership, by KPMG and SRI International, another consulting firm, predicted that for the next two years, small businesses' sales would continue to fall short of what was expected before the trade center attack. Employment among small businesses will continue to fall through the first quarter of next year, the report said.

During the recession of the early 1990's, in a downturn that was short-lived by historical standards, business failures in New York State peaked at more than 6,000 companies per year, according to Dun & Bradstreet. The failures involved less than 1 percent of the small businesses operating in the state. In 1997, the most recent year for which data is available, there were roughly 1.2 million small businesses operating in New York State, according to state statistics. (Federal data on small businesses, using different measurement criteria, put the number at about half that.)

The 1990's recession lacked some of the ingredients of today's problems—most important a cataclysmic event that sent jobs streaming away from Lower Manhattan, immediately closed off spigots of corporate spending and sent consumers into a kind of anti-spending shock. Since the disaster, the United States Small Business Administration has approved only about one in three applications for disaster loans. Those loans have provided $164 million to more than 2,000 businesses so far, but the approval rate is well below the rates of 50 percent to 64 percent that have followed other major disasters over the past decade.

Hector V. Barreto, the administrator of the S.B.A., told the House Committee on Small Business on Thursday that the loan approval statistics were a result of what was a very different disaster. But he also agreed to review all loan applications that had been rejected in New York so far, to see if the agency's loan standards, which often rely on cash flow and the value of tangible property, had been applied too rigidly.

Unlike earthquakes, hurricanes and floods, which inflict property damage mostly on homes and homeowners, the World Trade Center attack did most of its property damage in a small area around ground zero. Most of the loans requested and made have been for economic injury to businesses in a far wider geographic area, stretching over several counties near New York City.

Economic disaster loans to businesses account for three-quarters of the disaster loans approved so far, compared with 20 percent after events like the flooding of the Red River of the North, in North Dakota in 1997, and Tropical Storm Allison in Texas and Louisiana earlier this year. Economic injury loans require more documentation of losses and of a borrower's ability to repay them than property damage loans do.

A bill that would ease eligibility rules for disaster loans as well as create a grant program to go with the loan program was recently sent to the full House of Representatives by the House Committee on Small Business.

Representative Nydia M. Velazquez, whose district includes parts of Brooklyn, Manhattan and Queens and who is the ranking Democrat on that committee, said the current loan program needed to be revised as the bill would require because the existing loan program ''is not suitable for the new reality of this disaster.''

Some businesses that have been turned down for loans say they cannot fathom whom the loan program is supposed to help, if not them. Carla Behrle, who designs, manufactures and sells custom-made leather clothing from a shop on Franklin Street in TriBeCa, said she was told by S.B.A. officials that her application would be rejected because her business did not have enough cash flow to make the loan payments of $143 a month.

''Some people spend more than that on cigarettes,'' said Ms. Behrle (pronounced BURR-lee), who does not smoke. She said the agency did not seem to take into account her plans for the money, which included relocating her business, which had revenues of about $125,000 last year, and shifting her focus to wholesale sales, eliminating her retail store.

''I spent hours and hours filling out all this paperwork,'' she said. ''If I had known what I know now, I would have put my energies elsewhere.''

Other entrepreneurs complain that the city and state efforts to restore the economy are tailored to the needs of large corporations rather than to small businesses. They note that when Gov. George E. Pataki and Mayor Rudolph W. Giuliani appointed members of the Lower Manhattan Redevelopment Corporation last month, corporate and political interests were well represented, but no representatives of small business from downtown Manhattan were included.

Asked what he would say to people who operate small downtown businesses that are ailing, John C. Whitehead, the newly appointed chairman of the group, said: ''I don't know what we say to them, but we want to keep them and we don't want them to be discouraged. I think there is assistance available for them.''

Carl Weisbrod, president of the Downtown Alliance, which represents businesses in the financial district and around the trade center site, said the redevelopment agency's ''primary mission is going to be repairing the infrastructure'' and creating a physical environment that will draw customers back to small businesses downtown.

Whether small businesses downtown can wait for those improvements, which could easily take years, is uncertain. On West Eighth Street, merchants up and down the block who are not covering their expenses say their landlords have so far refused to give them a break on their rents.

At Mofa Shoes, Moses, the manager, who would not give his last name, spoke woefully of the outlook. ''This used to be the shoe capital of the world,'' he said. ''We'd get customers who came to Eighth Street from Italy, Brazil, Spain. Now, well, you see. The street is empty.''

Mr. KERRY. Madam President, I heard the Senator from Arizona. I respect what he said in trying to characterize some discussions as negotiations. But I have been here for 18 years. Senator BOND has been here I think just about as long. He is the ranking member. He and I have worked together when he has been chairman and I, ranking member, and vice versa. The Small Business Committee is probably the least partisan committee of the Senate. We don't do anything if it isn't broadly by consensus. Eighteen members of our committee are cosponsors of this legislation. Sixty-two Senators are cosponsors of this effort to bring emergency assistance to small businesses of this country. We have now been waiting for 2 months while this bill has been held up by the great process of rolling holds and rolling theories of objection.

While the Senator from Arizona politely characterizes it as a negotiation, there is nothing to negotiate based on what we have been offered. It is a basic gutting of the entire approach that is supposed to be in the form of a compromise. We are not to going to do that with 62 cosponsors of a piece of legislation that provides emergency assistance to businesses that need it.

Let me quote briefly from yesterday's New York Times. It said the following:

> While it was expected that small businesses near the site of the World Trade Center would suffer from the terrorist attack on Sept. 11, which displaced 100,000 potential customers from office buildings in the area and thousands more from their homes, wider economic damage from the attack is still rippling outward from ground zero. . . . Some economic forecasters say they believe a wave of business failures in New York and elsewhere could come soon after the first of the year, as retailers and other entrepreneurs succumb to the continuing lack of new business in what is traditionally their busiest season. . . . while numerous grant and loan programs have sprung up to help small businesses recover from the disaster, business owners have complained, in a growing chorus, that the grants are too small to stem their losses and that loan agencies are not approving loans. Since the disaster, the United States Small Business Administration has approved only about one in three applications for disaster loans . . . [an] approval rate well below the rates . . . [of] other major disasters over the past decade.
>
> Carla Behrle, who designs, manufactures and sells custom-made leather clothing from a shop on Franklin Street in TriBeCa, said she was told by SBA officials that her application would be rejected because her business did not have enough cash flow to make the loan payments of $143 a month. "Some people spend more than that on cigarettes," said Ms. Behrle, who does not smoke. She said the agency did not seem to take into account her plans for the money, which included relocating her business, which had revenues of about $125,000 last year, and shifting her focus to wholesale sales, eliminating her retail store. "I spent hours and hours filling out all this paperwork," she said. "If I had known what I know now, I would have put my energies elsewhere."

Clearly, the administration's approach is not working.

We have seen documented over the past months by a number of different articles from the Bureau of National Affairs and the Washington Post that this bill is being held up by the administration and by two colleagues in the Senate who are suggesting there are a series of different reasons for doing so. The last time there was an objection, Senator KYL said he would return to the floor and explain why later. He never returned, and he didn't explain why. But we have had a different set of explanations in the course of our conversations.

I have heard people say it is not that they really have an objection to the bill but they are acting as an agent, holding it so it can be reviewed, that they don't really have a hold on the bill but they have an objection to the process. Then we heard that it is duplicative of the administration's approach and it helps medium-sized and large businesses. Then we heard that perhaps the defaults will be too high.

My personal favorite excuse for the delay is that some people want to remove the hold but they can't get into the quarantined office in order to get the necessary paperwork to submit to remove the hold, and so on, and so on—anything to try to run out the clock.

The clock is running out on a lot of small businesses in the country. I believe that every single excuse offered to date for not proceeding forward on this bill is subject to an analysis that completely dismisses that particular excuse.

We need to pass S. 1499, the American Small Business Emergency Relief and Recovery Act of 2001. I emphasize that the key word is "emergency." Small businesses need help now. They have needed it since the terrorist attacks three months ago.

However, as documented in several articles over the past months, from the Bureau of National Affairs to the Washington Post, the Administration and two of our colleagues in the Senate do not see the problems of small business as urgent. They have played games with the livelihoods of small business owners and their employees by putting "holds" on S. 1499 and therefore blocking passage of legislation to help small businesses.

On November 27, I moved to bring S. 1499 up for a vote. Senator KYL objected and said that he would explain why later. He never returned to the floor. I hope that he will do so today.

Addressing the concerns of those opposed to this bill as reported in the press or told to small businesses calling to urge passage of S. 1499 is a moving target. One day it's too expensive. Next it's that they have no objection to the bill, but they are an "agent," holding it so it can be reviewed, or, they don't have a "hold" on the bill, "they have an objection to the process." Next it's duplicative of the administration's approach, and it helps medium-sized and large businesses. Then it's that defaults will be too high. My personal favorite is that they want to remove the hold but they can't get into their quarantined office to get the necessary paperwork to submit to remove the hold. And so on, and so on, and so on, anything to run out the clock.

Let me explain why these objections are not well-founded:

No. 1, Senator KYL and the administration contend that this bill costs too much. Senator KYL was quoted as saying in the Congressional Quarterly on November 28: "We have a debt situation in this country right now. This bill is a big deal. It costs too much." Let me just state the obvious—small business is not what caused our debt situation. Even leveraging money to provide loans and venture capital and counseling through the SBA is not what caused our debt situation. In fact, the SBA suffered disproportionately in budget reduction for FY2002 compared to other Departments. The President's fiscal year 2002 budget cut funding for the SBA anywhere from 26 to 40 percent depending on how you look at it.

Why the big difference? It is a 40-percent cut if you count the President's request to move the SBA disaster loan program out of SBA, SLASH the disaster loan part of the budget from $826 million to $300 million, and RAISE the interest rates on disaster victims. That's right, if the Bush administration's fiscal year 2002 budget had been implemented, the very program that Senator KYL and the administration are claiming is the answer to the problems of small businesses, would now be underfunded, and would be charging small business disaster victims 5.4 percent versus the current 4 percent. Luckily, Senator BOND and I were successful earlier this year in passing a budget amendment to restore that funding.

Let me go back to the comment, "This bill costs too much." This bill costs too much compared to what? Compared to the $15 billion that will be given to the airline industry? Compared to the estimated $4.75 billion that Senator KYL's S. 1500 would provide in tax credits for airplane tickets? Compared to the administration's approach of essentially declaring the entire Nation a disaster area and providing disaster loans nationwide?

The Congressional Budget Office has informally scored S. 1499 as costing $860 million. Compared to the Kerry-Bond approach, Senator KYL's bill costs 5.5 times more. Compared to the Kerry-Bond approach, the administration's approach through disaster loans costs almost 5 times more—4.67 times, to be exact.

The administration's approach through economic injury disaster loans has a subsidy rate—that's the net cost to the taxpayer of running the program—of anywhere from 14 percent to 17 percent, depending on whose estimate you use. The Kerry-Bond approach, which provides the majority of assistance through the 7(a) loans, has a subsidy rate of 3 percent. The Kerry-Bond approach is more cost-effective.

In practical terms, if we fully funded this bill, for $860 million we could leverage more than $25 billion in loans and venture capital to fill the market's gap in lending. To provide an equal amount of access to capital through the disaster loan program would cost taxpayers about $3.5 billion. These charts illustrate on a State-by-State basis how many small business will be helped by S. 1499 through 7(a) and 504 loans, and how much capital will become available in each state. For example, under this bill, more than 1,700 small business in Arizona could get loans to help recover from the terrorist attacks and the worsening economy. Under the administration's approach, only one small business has been helped in Arizona since September 11.

No. 2, Senator KYL contends this bill hasn't had sufficient review. According to the Washington Post, Senator KYL says ''it is not a hold, but part of his role as chairman of the GOP steering committee to review bills that are being hustled through at the end of the session to make sure they have been properly 'vetted.' 'I'm just an agent,' '' KYL said.

Let me set the record straight on the process. This bill hasn't been ''hustled through.'' It was drafted with the input of small business organizations, trade associations and SBA's lending and counseling partners through more than 30 meetings and conference calls—conference calls because we couldn't ask folks to fly in the immediate weeks after the attacks. It is cosponsored by 18 of the Small Business Committee's members. And overall 62 Senators, including 20 Republicans, have joined me in cosponsoring S. 1499.

On October 15, S. 1499 was cleared by both cloakrooms. It would have passed by unanimous consent that night if OMB hadn't called at the last minute and asked the GOP leadership to put a hold on the bill so that SBA could introduce its own solution the next day. On October 16, the committee sat down with staff from the SBA and incorporated changes to S. 1499 to address their concerns. Nevertheless, when the GOP leadership lifted its hold, Senator KYL put a hold on the bill for the Republican Steering Committee. They have now held this emergency legislation for almost 2 months.

On the House side, the Committee on Small Business passed the companion to S. 1499 by unanimous consent. There's nothing hustled about this bill. It was moved quickly because it is emergency legislation. It is a good bill because it can do a lot of good for a lot of people. It is being held because of shameful politics. If Senator KYL and other members of the Republican Steering Committee want to vote against the bill, then we should give them the opportunity. I say let's bring this bill up for a vote. Small businesses have a right to know exactly who is working against them and who is working for them. And the Republican Steering Committee should know that blocking this emergency small business bill because of politics, or because they oppose the process, doesn't hurt me or Senator BOND, it doesn't hurt our Committee or the Democrats; it hurts small businesses and puts in jeopardy the jobs of thousands of Americans.

Has anyone looked at the unemployment rates? Over the past 2 months, the nation has lost 799,000 jobs. According to an article in the Christian Science Monitor yesterday, Monday, December 10, the jobless rate is now at 5.7 percent and economists expect it to peak out next year at between 6.5 and 7 percent.

No matter how many tax credits we provide, if people don't think they will have a paycheck and are pessimistic about job prospects, they're not going to spend. The Consumer Confidence Index has declined for 4 straight months. According to Lynn Franco, director of the Conference Board's Consumer Research Center: ''Widespread layoffs and rising unemployment do not signal a rebound in confidence anytime soon. With the holiday season quickly approaching, there is little positive stimuli on the horizon.''

No. 3, Senator KYL contends the defaults will be too high. If that were true, it would be reflected in the Congressional Budget Office's cost assessment of this bill. Subsidy rates for guarantee loan programs factor in not only fee income derived from the borrowers and lenders, but also the estimated defaults and recoveries. As I said earlier, the majority of loans to be made through this bill will be made through the SBA's 7(a) program. The subsidy rate for this program with incentives is estimated by CBO to be 3 percent. So, for every $100 loaned, it will cost $3. That does not indicate excessive default rates. And according to the administrator of SBA, the program is performing so well that in the President's fiscal year 2003 budget, OMB will reduce the subsidy rate for 7(a) loans by 50 percent.

No. 4, Senator KYL contends this bill is duplicative. It is not duplicative. The administration did adopt and implement a couple of provisions of the Kerry-Bond bill by expanding access to economic injury disaster loans through regulations. However, their approach is not comprehensive enough to help the range of small businesses with varying degrees of problems. As reported in the New York Times on October 31, ''more than half of the small businesses in New York City that have applied for Federal disaster loans since the World Trade Center attack have had their applications rejected, resulting in one of the lowest loan-approval rates in recent years among communities that have had to grapple with large-scale disasters.''

While I am glad that the administration finally acted to help small businesses, their approach is not getting at the problem. Their approach doesn't defer payments or allow refinancing. Ours does. The administration didn't meet with small business groups when shaping their approach. We did. The administration didn't sit down with Senators SCHUMER and CLINTON and ask how they could be of particular help to those businesses in ground zero. We did. Consequently, these are reasons why small business groups such as the U.S. Chamber of Commerce are pushing for passage of the Kerry-Bond bill.

Let me give you insight into the damage suffered by just one group of affected small businesses: the chauffeured ground transportation industry. That industry used to employ about a 160,000 people. Since September 11, they have laid off approximately 80,000—half the jobs. Again, that's just one of many industries in trouble. If Senator KYL's office, the members of the Republican Steering Committee and the administration listened to or read the letters from the United Motorcoach Association or the National Limousine Association, they would know that they need working capital to keep their businesses alive until they can restructure or until more normal business conditions return. And to have sufficient working capital, the ones in the New York and New Jersey that make their bread and butter from business from JFK Airport, La Guardia Airport, and Newark Airport need deferments. And they need to be able to refinance their debt. They aren't asking for hand-outs. They are asking for loans that they will pay back. The SBA is supposed to help small businesses. The administration's approach isn't working, so it is our responsibility to tailor SBA's programs so that together they can effectively address the needs of small businesses.

Let me read this quote from an article in the Wall Street Journal published on Tuesday, November 6, 2001. They are the words of Mr. John Rutledge, chairman of Rutledge Capital in New Canaan, CT, and a former economic advisor to the Reagan administration:

> Interest rate reductions alone are not enough to jump-start this economy. We need to make sure cheaper credit reaches the companies that need it . . . The Fed is cutting interest rates—but the money isn't reaching capital-starved small businesses because Treasury regulators are cracking down on bank loans. Credit rationing, not interest rates, is the real problem with the economy. . . . This problem didn't start on September 11. For more than a year U.S. banks have been closed for business lending. Unless the current Bush administration takes steps to restore bank lending to small businesses and heal the asset markets now, the economy will stay weak.

No. 5, Senator KYL contends this bill helps medium-sized and large businesses. This bill does not help medium-sized and large businesses. For 1 year only, S. 1499 allows businesses for certain industries in limited areas—the areas hardest hit—New York, Virginia and the contiguous areas designated as disasters—to be considered small for purposes of accessing disaster loan assistance. In addition, like the administration's own legislative request in the DoD appropriations bill now pending in conference, S. 1499 gives discretion to the Administrator to raise any size standards not named in this bill to respond to the higher costs in New York City. These businesses are included in those eligible for assistance in order to compensate for the unique magnitude of their damage and the expensive markets they are in. The ones named in this bill were created in cooperation with the New York City Economic Development Corporation through the offices of Senators SCHUMER and CLINTON. For example, S. 1499 raises the size standards for restaurants from $5 million to $8 million. Annual revenues of $5 million for a restaurant in States like Arizona or Massachusetts or Florida might seem like a medium-sized or large business, but according to Mayor Giuliani's staff, it could be merely a fancy coffee shop in Manhattan. In order to really help small businesses in New York City, the city recommended raising the size standard to $8 million. These are loans, not grants, and it makes sense to take advice from those experts who know the markets of their small businesses.

Travel agencies have been hard hit in all of our States. Raising the size standard from $1 million to $2 million is not excessive. In fact, the travel agents want to know why we can help the airlines but not them.

Size standards need to keep pace with inflation. The current standards are inadequate under normal market conditions, much less a disaster of this gravity and so unique in nature.

No. 6, the administration contends that the Kerry-Bond approach displaces the private sector. Weighing in on this bill for the first time in writing almost 2 months after S. 1499 was introduced, here's what the Administrator said to me in a letter dated November 30: ''SBA is also concerned with Section 5 and Section 6 of S. 1499. . . . [because it] could make government guaranteed small business loans more attractive than conventional loans, potentially displacing private sector options.''

I think the administration has our proposals confused. It is the Kerry-Bond approach that uses 5,000 plus private-sector lenders who are experienced at making SBA loans to help deliver this assistance to small businesses. It is the administration's approach that makes loans directly from the SBA, which cuts out the private sector.

This bill does not cost too much. This bill is not duplicative of what the administration has already put into place. This bill does not encourage defaults. This bill does not help big businesses. This bill does not cut out the private sector. This bill has not been rushed through the Senate. On the contrary, this emergency legislation has been blocked from being considered for 2 months.

I want to emphasize that this obstruction should not be blamed on all Republicans. My colleague Senator BOND has worked in earnest to pass this bill, and the bill has 20 Republican cosponsors. I greatly appreciate their cooperation, and I know small businesses, their employees and the groups that represent small business appreciate their support. If they really want to prove their support, before we adjourn for the holiday, they will vote in favor of invoking cloture, and they will vote in favor of the bill when it comes up for a final vote.

It ought to be the subject of a debate in the Senate. We ought to have a vote. Let the Senate do its work. We could dispense with this bill in 3, 4 hours or less. If someone wants to bring an amendment, let them bring an amendment. We have an opportunity to be able to do that.

The Senator from Arizona was quoted in the Congressional Quarterly on November 28 saying:

> We have a debt situation in the country right now. This bill is a big deal. It costs too much.

Let me state the obvious. Small business is not what caused the debt in this country. Even leveraging money to provide loans and venture capital and counseling through the SBA is not what caused our debt situation. In fact, the SBA suffered disproportionately in budget reductions for fiscal year 2002 compared to other departments. The President's budget cut the funding for SBA anywhere from 26 to 40 percent, depending on how you make the analysis.

Senator BOND and I came in with an amendment. I am pleased to say we were able to try to prevent that cut. But let me go back to the comment of the Senator from Arizona that it costs too much.

Mr. KYL. Might I ask the Senator from Massachusetts a question; will he yield for a question?

Mr. KERRY. I will yield for a question.

Mr. KYL. Since the Senator has invoked my name on several occasions and not made it clear when he was connecting various criticisms to my name, I would like the opportunity to respond. The problem is, as the Senator knows, we have a 10:30 briefing on a very important subject. I would like the opportunity prior to that time to be able to respond to the comments. Could the Senator advise if he thinks that might be possible before 10:30?

Mr. BOND addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts has the floor.

Mr. KERRY. Madam President, I want my colleagues to take part in this.

My colleague introduced a bill himself that provides tax credits for airplane tickets that costs five times this bill; $4.75 billion the Senator's bill costs. What are we talking about when we talk about ''costs too much?'' Let me ask the Senator from Arizona, could we bring this bill to the floor of the Senate within the next couple of days? I will curtail my comments, if we could get an agreement to bring this bill to the floor.

Mr. KYL. Madam President, I say to the Senator from Massachusetts that he knows very well the administration has significant objections to the bill as written, that the President announced almost immediately after September 11 emergency programs for small business loans, that the White House believes that is sufficient under the circumstances today, and that the bill is too expensive for the needs of the people about whom the Senator has talked.

Therefore, until there is more willingness than the Senator has expressed—and the Senator has made it clear there is no willingness to compromise—then the answer to the question is no.

I would also be pleased to talk about the other subject, the travel and tourism tax credit, as part of the stimulus package, if the Senator wished to further yield on that.

Mr. KERRY. Let me say to the Senator from Arizona, all of the analysts, all of the small business entities, the Chamber of Commerce of the United States and others, do not find what the administration is doing adequate. And the President did not, as you say, announce almost immediately after September 11 emergency programs for small business loans. The administration waited more than 1 month to act, and they did so after OMB put a hold on S. 1499. The consensus of the community is that the administration's response is simply not adequate.

They didn't sit down and talk with the same groups we did in putting this bill together. They didn't reach out to the Senators from New York to find out what the needs of the city were in doing this the way we did. We have done that, and we have even incorporated provisions into the bill to address concerns by the administration. The Senate deserves to have an appropriate debate notwithstanding. There are plenty of things we debate on that the President does not agree with, the White House does not agree with.

I ask my colleague from Missouri whether or not in his judgment he thinks what the administration is doing is adequate. Without losing my right to the floor, I ask him if he might respond to that.

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

Mr. BOND. Madam President, I concur wholeheartedly with my colleague from Massachusetts. The needs of small business are great. Not only the small businesses directly impacted in New York and in Virginia by the tragic terrorist actions, but many other small businesses throughout this country are suffering. I think every Member of this body can tell you about general aviation companies in their States who were shut down, put out of business for up to a month, some even longer because of the FAA restrictions. The bill we have sponsored is very modest, $851 million. We are talking about the need.

We just passed $40 billion in relief. We passed another $20 billion on Friday night, an allocation of $20 billion for antiterrorism. We are talking about a stimulus that could be anywhere from $40 to $80 billion.

The beauty of 1499 is that it only spends money if the small businesses that have been crippled as a result of this terrorist action will borrow the money and put it to work hiring people, buying goods, getting the economy moving again. It is absolutely critical. I ask my colleagues to let us debate the bill. Let us bring out the problems on the floor.

If the administration were ultimately to decide we have not made the case, then they still have the right to veto it. We cannot get into the details of this legislation. My last count was we had 64 Members—at least we have over 60 Members supporting the bill. It is something we need to do this month because small businesses may be out of business, if they are not already, by the time we get back next year. I urge my colleagues to let us debate the bill.

I also join with my colleague from Arizona in saying that it is absolutely unconscionable that we not act on the nomination of Eugene Scalia, ultimately qualified to be the lawyer for the Secretary of Labor. If people have objections to him, let them bring them to the floor. I don't think they will withstand the scrutiny of the light of day. We have just a few days remaining. It is very important that we act on the Secretary of Labor nomination, the lawyer the President selected, who is adequately qualified and deeply committed to this cause.

It is absolutely essential that we act now to provide small business the stimulus it needs by making it easier to get over the hurdles that have been caused by the terrorist acts of September 11 to borrow money to get back in business to expand their business. I hope we can vote on both of these measures.

I strongly support my colleague from Massachusetts on the need to move to 1499 and my colleague from Arizona on the need to move to the appointment of Eugene Scalia. I hope we can get on with both of them.

Mr. KERRY. I say to my colleague from Arizona, the administration's approach proceeds through the economic injury disaster loans. It has a subsidy rate—That is a net cost to the taxpayer of running the program—of anywhere from 14 to 17 percent, depending on whose estimate you use. The base is 14 percent.

The Kerry-Bond approach, which provides the majority of assistance through the 7(a) program loans, has a subsidy rate of 3 percent. So the administration's approach is a 14- to 17-percent cost to the taxpayer. Our approach is 3 percent to the taxpayer.

In practical terms, if you fully funded this bill, you could leverage more than $25 billion in loans and in venture capital to address the market gap in lending.

Let me say to the Senator from Arizona, under our bill, Arizona could make 1,700 small business loans right now. Under the administration's program, only one business in Arizona has had any help since September 11. That is the difference between the bills. The cost to the taxpayer is less and the coverage is greater. And the leverage is higher. It is a more effective and cost-effective piece of legislation.

While I am glad the administration finally acted on this program, their approach does not allow refinancing. The administration approach does not allow deferral of payments. I remember in 1991, when we had the RTC and the savings bank problem, we had a lot of programs that were falling.

I am sorry to see the Senator leave. I would love to see if we could get agreement to proceed forward.

Well, Madam President, I hope the record is clear that small businesses in this country could be significantly helped if we were to proceed forward with this legislation. We now understand that the administration and some in the Republican caucus—I regret to say it—are unwilling to proceed forward to help small businesses with a program that would be more effective than what is happening now.

Let me give an insight into some of the damage suffered. You can look at the ground transportation industry, at travel, and at others, all of which have viable industries, but they need help to be able to tide them over in order to proceed forward. It seems to me that providing them with working capital is an essential ingredient.

Let me quote from the Wall Street Journal of November 6. These are the words of John Rutledge, chairman of Rutledge Capital in New Canaan, CT, and a former economic adviser to President Reagan:

> Interest rate reductions alone are not enough to jump-start this economy. We need to make sure that cheaper credit reaches the companies that need it. . . . The Fed is cutting interest rates—but the money isn't reaching capital-starved small businesses because Treasury regulators are cracking down on bank loans. Credit rationing, not interest rates, is the real problem with the economy. . . .

That is exactly the same problem we faced in 1989, 1990, and 1991 when we had failures in the savings and loan and the banking industry, and we had an entity called Recall Management come in to try to process some of the small loan portfolios. What happened is a whole lot of viable businesses got lumped into the bad loans so that the viable businesses were, in effect, put into a category where they could not get the credit they needed simply to tide them over. We lost thousands of jobs. Viable business was liquidated because of bad judgment. That is precisely the situation in which we are now putting people. People who have a viable business, who simply need to ride out this momentary downturn, which all of us know was exacerbated by the events of September 11, need small amounts of working capital in order to be able to tide over their workers, to be able to pay the various legal obligations they have to stay in business.

If you don't want to create a cycle of self-fulfilling prophecy, where you drag your economy down as a consequence of not helping all of these small businesses to be able to sustain those jobs, this is the way to do it. If you provide emergency small business lending in a way that is in keeping with the emergency efforts in the past, the standards of the SBA will still be met. These are not throw-away loans. These are loans that can leverage some $25 billion of economic activity in the country. That is why this legislation has 62 cosponsors in the Senate.

Madam President, 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. 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.

AGRICULTURE, CONSERVATION, AND RURAL ENHANCEMENT ACT OF 2001

The PRESIDING OFFICER. The Senate will resume consideration of Calendar No. 237, S. 1731, which the clerk will report.

The assistant legislative clerk read as follows:

> A bill (S. 1731) to strengthen agricultural producers, to enhance resource conservation and rural development, to provide for farm credit, agricultural research, nutrition, and related programs, to ensure consumers abundant food and fiber, and for other purposes.

The PRESIDING OFFICER. The Senator from Nevada is recognized.

Mr. REID. Madam President, we are going to be in a posture very quickly where we will be able to start doing things other than just talking about the farm bill. Amendments will be offered and, hopefully, we will complete this most important legislation very quickly.

What I wanted to come to the floor today to talk about is what has appeared in newspapers all over America today, including a Washington Post editorial. Syndicated columns all over America are running articles today talking about something going on in Washington that is simply invalid. But I think, as far as I am concerned, kind of the culmination, or the synthesis of all these articles and columns and editorials in America today appeared in the New York Times this morning. That editorial has a headline: ''Tom Daschle Isn't the Problem.''