

choice of President Bush in this important post.

This is not a lifetime appointment. This is not a judge. This is an appointment of who President Bush and Secretary Rumsfeld want to be inspector general for the Defense Department at a great critical time. He is an individual with a strong background for the job, with impeccable personal and professional credentials. I hope we move forward expeditiously with this nomination. It has been cleared by the Armed Services Committee by voice vote and the Governmental Affairs Committee, yet it is on the calendar with no action.

Individuals who undergo the nomination process put their names and reputations on the line. They open themselves up for intense scrutiny of their past employment, finances, conduct, associations, somebody's opening every door—everybody who wants to say something negative about you, they find. They interview you.

He has been held up long enough. There are no ethical issues impacting this nomination. He has received strong recommendation from those who know him and have worked with him, regardless of party affiliation. You will find it on both sides. Joe Schmitz was a superlative choice by Secretary Rumsfeld and President Bush, and he will make an outstanding attorney general, and that is a fact.

The Senate needs to act. Again, I put this nomination in the same box with Charles Pickering and Clarence Thomas and Robert Bork and John Ashcroft and others. Why do we have to put people through this? Why do we have to attack them publicly in nomination hearings? If you have a problem, be man enough to sit down and talk with them. If I have a problem, I bring them into my office and talk to them privately. If there is still a problem, I might have to say something publicly; but for the most part, if I know something and I need an answer, I am man enough to bring the person in, sit him or her down and say: Here is what I want to know.

It is not real bravery and courage to sit up on the dais in Senate hearings, with the nominee sitting down at the table, and you are pounding away on him, criticizing him in front of everybody. You have the gavel, you are the Senator, what is he going to say? He has to sit there and take it in order to get this job. We do it and we characterize assassinate people day in and day out. It is not right. We wonder why we can't get good people to serve and why there is so much exasperation and condemnation about the people who serve in government. That is why. It is not right.

Schmitz is a good man. I say to my colleagues who have the power to make it happen: Get him on the floor of the Senate and let's vote and give Don Rumsfeld his inspector general.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

#### ECONOMIC RECOVERY BILL

Mr. DASCHLE. Mr. President, earlier this morning, we had the opportunity to vote on the economic package that we have been working on now for some period of time. Our deliberations on this subject began almost 6 months ago.

In fact, I do not think that the timing of this action is a coincidence. Monday will mark the 6-month anniversary of September 11. It will also be the days that workers who lost their livelihoods on September 11 will exhaust their unemployment benefits.

Those who have until now opposed a bipartisan economic recovery bill, and the unemployment insurance extension it includes, have wisely decided to relent in their opposition before the anniversary of that awful day arrives.

Two months ago, I proposed a common-ground economic recovery bill that contained only provisions supported by both parties. It included a 13-week unemployment extension, tax rebates for persons left out of last year's tax cut, business tax cuts to spur investment and create jobs, and fiscal relief for the states.

In an attempt to break the logjam and bridge disagreements between the parties, Democrats agreed to give up the economic priorities we had pressed last year, but which were opposed by Republicans. In exchange, we proposed that Republicans give up their priorities which were opposed by Democrats—namely, repealing the alternative minimum tax for corporations, including Enron, and accelerating the rate cuts enacted last year.

Regrettably, Senate Republicans blocked that measure, despite the fact that when votes were taken our consensus package received 56 votes, while the Republican bill had just 48 votes.

The bill we have just approved is similar in its approach. Like the common-ground bill Democrats proposed in January, it leaves out the highly controversial proposals Republicans insisted on previously. And it includes a top priority for Democrats—an extension of unemployment insurance. For these reasons, I support this legislation—although I would point out one serious omission.

As I said, our bill included one year of fiscal relief for the states through an increase in the match rate for Medicaid. Sixty-two Senators voted for an amendment to provide this relief for 2 years. Unfortunately, the bill passed by the House does not include this important measure.

This fiscal relief provision is the top priority of the bipartisan National Governors Association. It would assist

States with the serious revenue shortfalls they are experiencing as a result of the recession. Given the adamant opposition of some Republicans and the difficult time constraints under which the Senate is operating, it is not possible to address this issue in the time available to us this morning.

I say to the opponents of State fiscal relief: Dropping this provision is a serious mistake, and one I believe they will regret. In the long run, I do not believe we can avoid dealing with this problem.

There are other measures in this bill some of us might have written differently. Many of us would prefer a shorter time period for the bonus depreciation provision, for example, but on balance, the bill is a vast improvement over what Republicans and the administration advocated originally, and I believe it deserves the support it received this morning. I am grateful for its passage.

Mr. BYRD. Mr. President, today the Senate at long last passed a thirteen-week extension of unemployment benefits.

This is a relief to over 3,000 workers in my State of West Virginia who have exhausted their regular unemployment benefits since September 11, 2001, and, it is help that could have—and should have—been provided sooner, if it had not been delayed unnecessarily by those who have sought to provide tens of billions of dollars in tax cuts for a so-called “economic stimulus.”

Much has changed since an economic stimulus was first proposed in response to the September 11 attacks. The economy is growing again, business investment is on the rise, and workers are returning to their jobs. Both the stock markets and the economy have proved to be more resilient than economists had expected.

And so I find it difficult to accept the argument that \$43 billion in tax cuts is necessary to ignite an economic expansion that appears to be already underway.

What is more, I find it difficult to support legislation that would result in a further erosion in the budgets of state governments. I served in the West Virginia Legislature, and I understand and sympathize with their budgetary constraints. The depreciation provision that was included in the bill that was passed today is projected to cost my state \$86 million in revenue. My State cannot afford to lose that revenue.

The Federal budget position is not much better, Mr. President. This year's budget and appropriations process promises to be very difficult, and tough choices will have to be made. With projected deficits for the current and upcoming fiscal years, the mounting costs of our military efforts abroad, the need to improve our homeland defenses, and the long-term financing problems facing Social Security and Medicare, I could not in good conscience vote to spend \$51 billion to spur an economic expansion that, as Federal

Reserve Chairman Alan Greenspan told the Senate Banking Committee yesterday, is already well underway.

What is unfortunate, is that in opposing this package of tax cuts, I was forced to oppose a number of tax provisions that would aid the City of New York. I have tried to be helpful to the people of New York State in the aftermath of the September 11 attacks. Last year, I helped to secure \$11 billion through the Appropriations Committee—almost \$2 billion more than was proposed by the president—to help New Yorkers rebuild their city.

Nevertheless, I am glad a thirteen-week extension of unemployment benefits has at last been approved, and am only sorry that it could not have been provided sooner and without tens of billions of dollars in what is likely to be unnecessary stimulus.

Mr. LEVIN. Mr. President, although I strongly support an extension of unemployment insurance benefits, because this bill—which is called a stimulus bill—would in reality have a detrimental impact on our economy, I cannot support it.

First, while I agree that bonus depreciation for corporations should be included in an economic stimulus package, this bill provides it for three years. The package is intended to stimulate the economy now, in 2002. Giving a company 30% bonus depreciation in 2003 and 2004 does not help stimulate the economy in 2002. The incentive to invest now, when we need it, is not just missing. In fact, since companies know that this bonus depreciation will be around for three years, they don't need to invest now when the economic picture is still uncertain. The incentive will be reversed—companies can choose to delay investments and still take advantage of the bonus depreciation in 2003 or 2004. A three year bonus depreciation provision therefore could actually encourage businesses to wait to invest, and therefore be counterproductive to the goal of jumpstarting the economy.

Not only is the bonus depreciation provision not stimulative, it is also extremely expensive. This provision will cost us about \$97 billion over the next three years at a time in when we are already projected to tap into our Social Security surpluses. That's almost 80% of the three-year cost of this bill in this one provision alone. If we passed bonus depreciation for two years or one year—time periods which may actually encourage immediate investment and stimulate the economy—we would save anywhere between approximately \$30 billion to \$60 billion in revenue. That's money we could use to help protect Social Security, pay down the debt, pay for a prescription drug benefit, or rebuild some of our nation's crumbling schools. Instead, under the guise of "stimulus," this tax break for corporations will have real impacts long after this recession has ended. That's bad policy, and I cannot support it.

Also, this bonus depreciation provision will severely harm our states at a

time when many are facing severe budget shortfalls. The bill is estimated to cost states some \$14 billion over the next three years; Michigan will lose an estimated \$144 million over the next three years from this bonus depreciation provision. That is money Governor Engler has argued Michigan cannot afford to lose. Instead of stimulating growth in our states, we are making the economic picture worse.

I also have concerns about the five year extension to the Subpart F exceptions concerning foreign subsidiaries of U.S. corporations located in tax havens. While many Subpart F exceptions have a valid business purpose, there are loopholes in the law that are being exploited that allow some corporations to combine the exceptions with the use of tax haven jurisdictions to avoid paying a fair share of taxes. Most extensions in this bill are for no more than two years, but the extension for Subpart F in this bill is for 5 years. That's not appropriate given concerns about loopholes in Subpart F. I had hoped we would have provided the extension for no more than 2 years during which time we would have hearings on this important issue to get to the abuses. Instead, this bill extends the exceptions, unchanged, for five years time at a cost of \$9 billion. This issue is something I will continue to pursue. Tightening up Subpart F to prevent it from being used for purposes for which it was not intended requires our prompt attention.

There are some important provisions in this bill. I strongly support the extension of unemployment benefits for an additional thirteen weeks; I support the aid to New York City; and I support the extension of the Welfare to Work and Work Opportunity tax credits. Regarding the extension of unemployment benefits, I voted earlier this year for a bill to accomplish that. Congress should have taken this action months ago. As I have said previously, we have an obligation in times like these to assist Americans who have lost their jobs. Many are suffering right now and need our help. But their needs go beyond just a simple extension of UI benefits. While I am pleased that this bill contains the additional 13 weeks of benefits, it does not go nearly far enough in providing the help that is needed—it does not provide any health care assistance to our unemployed, increase weekly benefits, or expand unemployment insurance eligibility.

Because of this bill's short-term costs, the harm it causes to our states, its lengthy extension of a provision that may be being abused for tax avoidance, and the fact that over 50% of its 10 year costs go to provisions that are not really stimulative to our economy, I cannot support it.

Mrs. CARNAHAN. Mr. President, today I am pleased to vote in favor of legislation that will extend unemployment benefits for workers across America who have lost their jobs since this recession began last March. Congress

ought to have acted much sooner. Thousands of people have exhausted their unemployment benefits and have had to resort to extraordinary measures to take care of their families while they look for another job. They should not have had to wait this long for assistance. I am relieved that they will not have to wait any longer.

This bill also provides tax relief to businesses in order to boost the economy and ensure a robust recovery. I have long supported provisions to provide bonus depreciation and net operating loss carry back to businesses. I believe that these steps will help our economic engine create more jobs. This legislation also includes tax provisions that have recently expired or are about to expire. It extends the Welfare to Work tax credit which is so vital to our hopes for renewed economic growth. And it provides tax deductions to construct the infrastructure necessary for the widespread use of renewable fuels such as ethanol.

In addition, I strongly support the measures included in this bill that will contribute to the recovery of New York City. The devastation suffered in lower Manhattan last September will be difficult to overcome. It will take a long time. But all Americans want to see the city reclaim its standing as a proud center of commercial activity. The measures included in this legislation are an important step in that recovery process.

Let me state for the record, I have some reservations about this bill. I do not believe that this is the best stimulus package the Senate has considered this year. I strongly supported the consensus package offered by Senator DASCHLE in January. That bill would have provided tax rebates to those low-income Americans who did not receive them last year. It would have limited the business tax incentives to a shorter timeframe, thereby really promoting investment in the near future. I have also been very supportive of efforts to help unemployed workers secure health insurance for themselves and their families. I am very disappointed that this legislation make no progress on that front.

And most important, Senator DASCHLE's bill included financial assistance to our states that are facing such dire fiscal crises. I supported increasing the Federal matching money for the Medicaid program to help states meet the additional demands for social services that are being placed on them as they respond to the economic downturn. Most states do not have the option of engaging in deficit spending, no matter what the circumstances. Yet the legislation we have before us today will make their job more difficult. Rather than lending a helping hand to states, we have just reduced their tax revenues. I believe this is the largest failing of this bill. And I will continue to work with my colleagues to find ways that we can help states cope with the pressure on their budgets.

In spite of its flaws, I support this compromise legislation. It is not the bill I would have crafted myself, but I believe that every Senator here could make the same statement. This is a compromise. And on balance this legislation will be good for our economy, and is vital for those workers who are still struggling to find new jobs.

Mr. BAUCUS. Mr. President, the Job Creation and Worker Assistance Act of 2002 contains a package of technical corrections to EGTRRA, the tax cut bill we enacted last year. Among these technical corrections is a provision that corrects an unintended drafting error that prevented increased contributions to Simplified Employer Pension plans—also known as SEPs. Congress raised the percentage of compensation limit on all defined contribution plans, but the drafters failed to make the conforming change that would also have raised the percentage of compensation limit on SEP plans by an equal amount. Clearly, we intended to include SEP plans when we raised the compensation limit for defined contribution plans. As a result, this technical correction is entirely appropriate.

There is no doubt this Congress intended for employers who sponsor SEPs for their workers to be able to contribute the maximum annual amount that we authorized under the law. However, we also intend that SEP plans comply with the law just as all other pension plans must.

The Treasury Department has authority under existing law—Internal Revenue Code Section 408(l)(1)—to impose reporting requirements on SEPs. However, such requirements have not yet been implemented through any regulation.

The Internal Revenue Service has indicated many SEP plan sponsors may not be in compliance with rules that require SEP plan contributions be provided to rank-and-file employees along with owners and key employees. Much of this noncompliance may well be the result of the absence of reporting requirements.

The tax subsidy for SEP plans is a substantial one, and under the provisions of EGTRRA and this technical correction, that subsidy will grow significantly.

Had this tax package gone through the usual legislative procedure—including a conference from which a conference report containing legislative history would have emerged—it would have included committee report language urging the Treasury Department to exercise their existing statutory authority under IRC Section 408(l)(1) to impose reporting requirements on SEPs.

In the absence of such a committee report, I urge the Treasury Department to act expeditiously to issue clear, simple SEP reporting requirements so that Congress can be confident that those working for SEP plan sponsors are getting all the pension benefits to which they are entitled.

Ms. CANTWELL. Mr. President, I rise today to impress on my colleagues just how important this legislation is to the workers in the Nation who have borne the weight of this recession that was so exacerbated by the September 11 incidents.

My colleagues have heard me say this again and again, but the Pacific Northwest has suffered extraordinarily in the past year. My State of Washington now has the dubious honor of having the second highest unemployment rate in the Nation, behind our neighboring State Oregon.

We had a seasonally adjusted unemployment rate of 7.5 percent in January—and the insured unemployment rate is above 5 percent.

I have analysts in my State who foresee a wave of layoff notices in the pipeline and estimate that the State is going to hit 8 percent unemployment when the February numbers come out later this month.

Why is this the case? Well, we have a number of factors at work. I would like to give my colleagues a better understanding of the economic circumstances affecting my State.

Even prior to the tragic events of September 11 and even prior to the recession that may have begun in the early months of last year, Washington's economy was facing hurdles.

We have seen significant layoffs in aluminum, agriculture, and high technology—due to persistent droughts, the high cost of energy, massive reductions in timber harvests, and declining export markets.

My State is the most trade dependent State in the Nation on a per-capita basis, and September 11 had a devastating impact on the aviation industry. In October, the Boeing Company announced that it will lay off an estimated 30,000 commercial division workers. Approximately 80 percent of those workers are located in the State of Washington.

The first layoff of Boeing workers—nearly 4,000—occurred on December 14, and the company set a schedule of layoff notices for the following months that predicted twelve-to-fourteen hundred job cuts per month through June of this year.

But it does not stop there. We have seen from previous recessions that when a Boeing worker is laid off, approximately two more jobs are lost further down the supply line.

So where does that leave us? When all is said and done, we will probably have at least 40,000 layoffs in our State that will be attributable to the events surrounding September 11. Some projections suggest that the number may go as high as 65,000.

I mentioned previously our statewide unemployment rate of 7.5 percent, but even more unsettling is the fact that 14 of Washington's 39 counties have unemployment rates above 10 percent. In Ferry County, we are facing 15.1 percent unemployment. That same figure is 13.3 percent in Franklin County, 16.8

percent in Adams, 12.1 in Chelan, 11.5 percent in Grays Harbor, and the top-per is 17.1 percent in Klickitat.

If this is not an emergency, I do not know what is.

That is why we have insisted, for months now that the Senate pass a simple unemployment insurance extension of at least 13 weeks.

It is extremely disconcerting for me to know that so many workers displaced after September 11 have already reached or are nearing the end of their benefits eligibility. Since September 11, about 1.3 million workers have exhausted their unemployment benefits throughout this Nation. In Washington State alone, more than 42,000 workers exhausted UI claims from September 11 through the beginning of March.

And at the same time, heavily affected States and workforce areas throughout this Nation are running out of training dollars.

That is why I and my colleagues have fought for emergency training dollars; that is why we have fought against cuts in WIA funding that were proposed in budget; and why we have fought for this temporary extension in UI benefits.

This is about giving workers a chance to get back on their feet. It should also be our priority to invest in training those workers, so that we'll be ready with the highest-skilled workforce when we get the economy jump-started again.

My State has taken an aggressive approach to retraining our workforce, and has invested State dollars to provide the necessary support for displaced workers to put food on the table while they get skills training.

This is the direction that our Nation should be heading—and it is one that we should be encouraging as we finally take this step to get the federal aid to the States. With the help of the majority leader in February, we were able to pass a clean 13-week unemployment benefit extension that took into account the unique situation of States that have aggressively worked to provide more substantial benefits for displaced workers. The majority leader and his staff have been tremendously helpful in recognizing these concerns and ensuring that we were providing the maximum assistance to all States.

I want to be clear, I am extremely pleased that the House has finally come to the conclusion that workers are desperate for this 13-week federal support, and has finally set politics aside to do the right thing for our workers, and our Nation as a whole.

I have worked to ensure that the language of this legislation is consistent with the extended benefits offered by our State—so that one of the most heavily impacted States in the Nation is able to fully benefit from what we are doing today.

I understand that the Department of Labor has promised to provide a letter of interpretation of the House-passed legislation that is expected to clarify

these issues, and specifically, the technical order of benefits that workers will be expected to receive. I urge the Secretary to get this assurance to us immediately, so that our State can plan to meet the needs of workers who have exhausted or will soon exhaust their benefits.

It was my intent, and I understand it was the expressed intent of the drafters in the House, to provide the 13-week temporary federal UI benefit immediately after the expiration of regular State unemployment insurance benefits—which is typically 26 weeks.

While I am disappointed that the House language is not explicitly clear on this matter, as was the Senate bill, I am pleased to hear that the Department understands our intent and will reportedly carry out these provisions in keeping with that intent.

I will be watching to ensure that the Secretary follows through on this commitment and puts the Department's priority where it should be—on providing as much assistance as possible to the areas of this Nation that desperately need it—and to provide it in a timeframe that truly reflects the urgency of the situation.

Again, I appreciate the phenomenal work of the majority leader and the entire Senate in doing its work on this bill months ago; and now that the House has finally come to the table, I urge that we move quickly to get it enacted and get extended benefits out to workers who need it most.

Finally, I will add that I am pleased with the targeted business tax incentives contained in this stimulus package. By providing both bonus depreciation for capital investments, and increased write-offs for business losses, we encourage economic expansion and development. By giving workers the resources to invest in themselves through training, education and health care, we provide the means for this expansion.

Additionally, I am pleased that this package contains the so-called tax extenders that promote research and development across so many industries in our country.

The country is at an economic crossroads and the choices we make today will affect us for years. We must maintain our fiscal discipline and invest in the nation's future business, education and worker needs.

The package we are approving today invests in the next generation of our economy as businesses recover from the weakened economy.

#### ECONOMIC STIMULUS IN THE NORTHWEST

Mrs. MURRAY. Mr. President, I rise today with my colleague from the State of Washington to impress on this body just how important elements of this legislation are to the workers in the Pacific Northwest and the Nation.

As my colleagues know, Washington and Oregon have the highest unemployment rates in the Nation right now.

The economy of the Northwest has been struggling for some time and September 11 only made things worse.

Last year, Boeing, Washington's largest employer, announced they would be cutting 30,000 jobs within a year. Most of those jobs would be out of Washington State. To date, 10,000 dedicated Boeing workers have been handed their pink slips. That number doesn't include the thousands of jobs that are being lost by those dependent on Boeing.

Washington State is also a high-tech dependent State. The downturn in that sector has left many in the Northwest without a job.

These massive lay-offs, uncertainty in the economy, and fear of another terrorist attack have crippled the economies of the Northwest.

We are expecting that the layoffs may reach 40 to 65,000 by the end of this year.

So the importance of the legislation is paramount—but the devil's in the details—and so we have worked to make sure that the language passed by the House will provide the maximum stimulus possible to workers throughout this Nation.

My colleague, Senator CANTWELL, has been diligent in monitoring this legislation and we have worked in tandem to ensure that States in such great need do not have their support decreased because those States have proactively made efforts to provide extended benefits to workers in advance of the passage of this legislation.

I understand that the majority leader has agreed to engage in a colloquy on this matter with myself and Senator CANTWELL so that we may clarify that the legislation will, in fact, have its intended stimulative impact on our State.

At this time, I yield back to the majority leader and look forward to his response.

Ms. CANTWELL. If the majority leader yield for a question, I thank the majority leader and my colleague Senator MURRAY.

I am pleased to join her in support of this legislation.

My colleague shares my concern over the serious situation in our State and throughout the Northwest. In Washington State alone 42,070 workers exhausted UI claims from September 11 through the beginning of March; and 14 of Washington's 39 counties have unemployment rates above ten percent.

If this is not an emergency, I do not know what is.

That's why we have insisted for months now that the Senate pass a simple unemployment insurance extension of at least 13 weeks.

But, we do want to make explicitly clear how the bill will conform with state laws providing extended benefits, so that we preserve the intended purpose of this legislation.

I cannot emphasize enough how pleased this Senator is to have this legislation is finally approaching enact-

ment. I am extremely pleased that the House has finally come to the conclusion that need this 13-week Federal support, and has finally decided to do the right thing for our workers, and our nation as a whole.

But we have meticulously worked to ensure that the language of this legislation would conform with the extended benefits offered by our State, so that one of the most heavily impacted States in the nation is able to fully benefit from what we're doing today.

The distinguished majority leader worked very hard with us last year and earlier this year to craft language that would achieve this purpose. The language passed by this body in February made very clear that the temporary federal benefits would begin immediately after the 26th week, across the board. The UI provision is crafted in a less clear manner in the House bill, but I am aware that the House Ways and Means chairman yesterday expressed his intent in drafting that language that the federal benefit would begin before wholly State-financed benefits.

We understand that the Department of Labor has promised to provide a letter of interpretation of the House-passed legislation that is expected to clarify these issues, and specifically, the technical order of benefits that workers will be expected to receive. This Senator urges the Secretary to get this assurance to us immediately, so that States can adequately plan to meet the needs of workers who have exhausted or will soon exhaust their benefits.

While I am disappointed that the House language is not explicitly clear on this matter, as was the Senate bill, I am pleased to hear that the Department understands this intent and will interpret the language accordingly.

We will closely be watching to ensure that the Secretary follows through on this commitment and puts the Department's priority where it should be—on providing as much assistance as possible to the areas of this Nation that desperately need it—and to providing it in a time frame that truly reflects the urgency of the situation.

Again, I appreciate the phenomenal work of the majority leader and the entire Senate in doing its work on this bill months ago; and now that the House has finally come to the table, I urge that we move quickly to get it enacted and get extended benefits out to workers who need it most.

At this time I ask the distinguished majority leader if it is his understanding that the intent of this legislation was to provide a Federal benefit immediately after regular state UI benefits, and I will yield back for his response.

Mr. DASCHLE. The Senator is exactly right, that is the intent of the legislation.

As I understand it, the House chairman did clarify yesterday that his intent in drafting the legislation conformed to the Senator's view that the