

workers have lost their jobs. We could address this problem by temporarily extending unemployment insurance.

What we do not know, is whether a more comprehensive stimulus package at this point is really necessary.

I submit that the danger we face is not that the economy won't turn around—inevitably it will—but that we may unnecessarily worsen our budgetary position by taking unnecessary, but politically popular, action on a so-called "stimulus package."

Any stimulus package, at least in the short-term, will increase the projected budget deficits for fiscal years 2002 and 2003. We may well need to devote more resources to our military overseas and to homeland defense, and we will have to bear the costs of doing so.

The erosion in the budget picture over the past year, along with the defense and homeland security demands placed on our budget and the inevitable long-term Social Security and Medicare deficits overshadowing the retirement of the baby-boomers, suggests that tough choices must be made as to whether the limited dollars we spend will provide a worthwhile return on our investment. From what we have seen from experts ranging from the Federal Reserve Chairman, to Congressional Budget Office officials, to private-sector economists, a stimulus package does not meet that test.

ECONOMIC STIMULUS

Mr. ENZI. Mr. President, I thank you for the opportunity to comment on the Senate's inability to pass an economic stimulus package. I, like most of my colleagues, wanted to pass an economic stimulus package. We wanted to pass such a package not only at the end of last year, but at the beginning of this year in order to jump start our economy.

Finally, the majority leader allowed us an opportunity to look at an economic stimulus bill. But it wasn't a bill that came out of the Senate Finance Committee nor was it the bipartisan/centrist proposal offered by my colleagues and which the President said he would support. Instead, it was a one-man show, put on the floor with no input from other Senators.

As I said on the floor almost 2 weeks ago, the Daschle substitute amendment is much like a patient needing emergency treatment. Our only choice was to patch it up.

So, for the last several days, we were performing emergency surgery—one "amendment bandage" at a time. Some of my colleagues have since described the stimulus package or the economy as a patient on life support.

While I am not a surgeon, I do take great pride in being the only accountant in the Senate. As a result, I think I have a good understanding of what is needed to help the economy. So, I had a few amendments to offer to fix up the substitute amendment offered by the majority leader, and to really help stimulate the economy.

One of those amendments would have repealed the special occupational tax on alcohol. This is an unfair tax imposed on all businesses that manufacture, distribute or sell alcohol products. It is one of the most egregious taxes to affect small businesses. My amendment would have taken a regulation and tax off the books which the General Accounting Office has concluded cost too much to administer compared to the revenues it generates. That is a bad tax.

And it is unfair, too. The same tax is paid by little businesses as large ones. Let me explain. Right now, four small family-owned bait shops which sell beer pay as much in taxes as the nation's largest single site brewery—a whopping \$1,000.

Repeal of this tax would have helped stimulate the economy. Last year, rebate checks put \$300 in American citizens' back pockets, and most people went out and spent it—on much needed back-to-school clothes and supplies; toward that new computer; and to buy groceries.

My amendment would have put \$250 to \$500 back in the hands of small "Mom and Pop" businesses around the country. In turn, those small businesses owners would have used that extra money to make more needed purchases or pay expenses.

I also had a couple other amendments to offer. One would have put more money into the hands of charities, who in turn could buy needed supplies, including food, clothing, shelter, blankets, medicine, and hygiene and other products. When charities buy these things they are not only helping those in need, they are helping businesses and workers who manufacture or sell those products or services. In a small, but important way, this would also stimulate the economy.

How would my amendment have done this? It would have allowed those contributing their IRA's to charities to not have to pay a tax on the distribution to the charity. In other words, the government won't be skimming money off the donation. As a result, charities would have had more money, and the donors would have had the pleasure of giving more and the feeling of helping their communities and our nation.

My colleagues on both sides of the aisle had good amendments to offer too. The senior Senator from Montana and I had a drought relief amendment we could have used to help ranchers and farmers. I proudly endorsed our bipartisan amendment. Wyoming really needs the drought relief contained in that piece of legislation.

The senior Senator from Texas had amendments to speed up the tax rate reductions and tax cuts implemented last year. Senator BOND had an amendment that passed the Senate 92 to 0 to allow an increase in small businesses expensing. This would have given vital assistance to small businesses across this country affected by the recession we are in. The Senator from Idaho had

an amendment to make the death tax repeal permanent.

Well, we do have a death right now to contend with, and it's a casualty that even Senator KYL's death tax amendment can't help. As my colleague from Georgia explained, we are now having to pull the plug on an economic stimulus bill and will be attending a funeral on its demise. Why? Because this country could have largely benefitted from a reasonable economic stimulus package, which now will not be passed.

Like my distinguished colleague Senator MILLER said, we are all here giving our eulogies. Those eulogies extend to those many amendments truly meant to stimulate the economy. It is extremely disappointing we will not be able to help the unemployed, or our American workers and small businesses.

Mr. President, I yield the floor.

THE NEED FOR A STIMULUS BILL

Mr. VOINOVICH. Mr. President, with the votes that have been cast this afternoon, we have once again shown the American people that we have put politics before their needs. Quite frankly, I think this body should be ashamed that we could not rise above our party differences and give the American people a stimulus package that will help secure our economy, put people back to work and respond to the human suffering that is occurring as a result of the recession.

Too often, it seems to me, we spend more time trying to score political points than addressing the needs of real people. And I can tell you, there are real needs in the State of Ohio. Despite claims that an economic turn around is just around the corner, the citizens of my State are still suffering the effects of this recession. Many more are "shaking in their boots," wondering if they are going to be laid-off and the next to join the unemployment line.

Since the first week of December, we have had 320 companies in Ohio announce their intention to lay-off workers, affecting nearly 70,000 people.

Right now, we have some 191,000 people receiving unemployment benefits, and each week, thousands file for initial benefits.

Also each week, around 3,000 people exhaust their benefits without having found another job.

In 2001, initial unemployment claims in my state jumped by 41.5 percent compared to 2000—the highest since 1992.

While the U.S. Department of Commerce reported a two tenths of a percent increase in the economy in the fourth quarter, I consider it anemic economic growth, which is providing little benefit—if any to the men and women of Ohio.

We need robust growth, and a balanced stimulus package is critical to getting us there.

The President was right on target in his State of the Union address last

week when he called for an economic stimulus. He did not advocate for a partisan stimulus measure, trying to maximize his political advantage, but rather he elected to press for the stimulus proposal that was initially proposed by the Senate Centrist Coalition.

I am a member of the Centrist Coalition, and I was proud to work with my colleagues Senators SNOWE, COLLINS, BREAUX, MILLER, and BEN NELSON on a bipartisan measure that would be fair, would help stimulate the economy and would respond to basic human needs.

This proposal does not have everything I, the other members of the coalition, nor the President want. In fact, it includes items I might not necessarily support as freestanding legislation. However, this proposal is the embodiment of compromise, and this is how it should be in an evenly divided Senate. That is why I cannot believe that members of this Senate have allowed economic stimulus to fail.

If we are to have any progress this year, we must work together as our constituents elected us to do.

I voted in favor of cloture on both versions of the stimulus package, since I felt it necessary to move the process along and not demagogue the issue just to score a political victory. I had hoped to move something along to a conference committee.

I think if we all had simply agreed to the majority leader's stimulus package when he proposed it 2 weeks ago, we could have gone to conference with the House, hashed out our differences, and today we could possibly be voting on a compromise stimulus bill.

Conversely, if the majority leader had recognized the bipartisan nature of the Centrist Coalition package—crafted by members of his own party here in the Senate and passed by the House—we could possibly be at a bill signing ceremony today. However, the process has degenerated into a political fight.

The Senate could pass a stimulus bill. Senator GRASSLEY proposed a very good compromise by offering the Centrist Coalition package, which should have been adopted because it gets the job done.

In fact, I believe if the Senate was given the opportunity to cast a straight "up or down" vote on the Grassley amendment, it would pass by a large margin since many in this Chamber actually want to pass a meaningful stimulus bill.

However, that is not the way things sometimes work around here, and the American people are the ones who suffer because they will not get the economic relief they need. In the end, the only person who got what he wanted was the majority leader. He did not want a bill, and he got his wish.

Still, I think the American people deserve to know what the Senate could have passed and what the Centrist Coalition package could have provided in the way of economic stimulus to illustrate the good policy that too often falls victim to partisan politics in this Chamber.

One thing the Centrist Coalition proposal would do is provide a real boost to roughly 38 million low-income workers who did not qualify for rebate checks last summer and fall. Those rebates would mean \$13.5 billion would go into the pockets of those individuals to help them through these difficult times. And I am sure it would help stimulate the economy because they would likely spend that money rather than save it.

The Centrist Coalition package would also lower the marginal tax rate on individual income from 27½ percent down to 25 percent. That means single people who make between \$28,000 and \$68,000 a year, and married couples who make between \$47,000 and \$113,000 a year would find additional money in their pockets. About one-third of the taxpayers in this nation, 36 million people, would benefit with these rate reductions.

Add the 38 million beneficiaries of the rebate checks, and the 36 million who would benefit from the reduction in marginal rates, and the Centrist Coalition package would help a majority of the roughly 100 million American households that file taxes.

The thing I would really like to concentrate on is the part of this package that deals with health care. When we got started debating the stimulus package, the House passed a package that had something like \$3 billion for health care. Likewise, the President's package also had \$3 billion. The Democratic Finance Committee proposal was \$16.7 billion. At the end of the day, the Centrist Coalition and White House compromise package had \$21 billion in it for dislocated workers' health care, and money for the States for national emergency grants, including \$4 billion to the States for Medicaid funding. This is a tremendous amount of help for the needy.

The Centrist Coalition proposal would also assist displaced workers by providing an extension of 13 weeks of unemployment benefits—benefits that would be available to those who became unemployed between March 15, 2001, and December 31st of this year. An estimated 3 million unemployed workers would qualify for benefits averaging about \$230 a week. Those extended benefits would be 100-percent federally funded at a cost of about \$10 billion to the Federal Government, so States would not have to pick up the tab.

The bill would allow states to accelerate the transfer of \$9 billion from State unemployment trust funds so they could distribute that money earlier than now possible. This transfer of money, which already belongs to the states, would help state treasuries, which are in dire straits today.

With respect to health care benefits, the Centrist Coalition and White House compromise proposal would provide \$19 billion in health care assistance for all dislocated workers who are eligible for unemployment insurance with a refundable, advanceable tax credit for

the purchase of health insurance—not just individuals who are eligible for COBRA coverage. This is an important distinction since the credit is available to unemployed people who do not have access to coverage through COBRA, since their employers did not provide health insurance or their employer went out of business. Under this bill, these individuals would have been able to get a 60-percent subsidy of their health insurance costs without any cap on the dollar amount of subsidy.

The proposal also would include reforms to ensure that people have access to health insurance coverage in the individual market. If a person has 12 months of employer-sponsored coverage, rather than 18 months as under the current law, health insurers are required to issue a policy and not impose any preexisting condition exclusion.

The Centrist and White House proposal also includes \$4 billion in enhanced national emergency grants for the States which Governors could use to help all workers—not just those eligible for the tax credit. They could use this to pay for health insurance in both public and private plans. In other words, we would be paying \$4 billion out to the States so they can reach out and help people in their respective States who are not covered by some of the particular provisions in the stimulus package.

The Centrist Coalition package would also provide a \$4.6 billion, one-time grant to assist States with their Medicaid programs. Our States are in deep budgetary trouble because, unlike the Federal Government, they have to balance their budgets every year. The money isn't there for them to take care of the many needs they face. This \$4.6 billion grant would go out to the States to help them provide Medicaid for the neediest Americans. In many States, they are going to cut Medicaid payments because they simply do not have the money since their State treasuries are in such deep financial trouble.

All in all, I believe the Centrist Coalition and White House compromise package was a good proposal, one that should have passed easily in the Senate before Christmas and which should have easily passed today.

There are a lot of concerned Americans, men and women who have lost their jobs, and who do not know where they are going to get health care for themselves and their families. We have an obligation to help. At the very least, we have provided an additional 13 weeks of unemployment benefits to our constituents who are out of work. It is only a fraction of what we should have done, but it will give some assistance to those who need it. Still, I believe we must address our unfinished business.

I believe that there is still time to set aside our differences, put the needs of the American people ahead of politics and pass the Centrist Coalition proposal. It is fair, it is balanced and it is bipartisan and I believe it is the best thing we can do to restore people's

faith in the economy and restore people's faith that we do care about them.

BIPARTISAN, BICAMERAL
STIMULUS PACKAGE

Ms. SNOWE. Mr. President, while I am pleased that this body has passed legislation to extend unemployment benefits for thirteen weeks, I rise to express my deep regret at an opportunity lost to help American workers. . .to help create jobs. . .to bolster our economy. . .to provide vital health insurance benefits. . .and to increase our federal surplus projections for the long term.

I voted for cloture on both the Daschle and the Grassley-Snowe amendments because the bottom line is, I am convinced an economic stimulus plan would make a vital difference when it comes to the strength of our economic recovery. And I cosponsored Senator GRASSLEY's amendment not only because it is the product of the work of the Centrist Coalition, which I co-chair with Senator BREAU, but also because it was crafted through bipartisan, bicameral negotiations with the White House and already passed the House of Representatives in December on a bipartisan vote.

I want to thank all of us who worked so diligently on that package, most especially Senators JOHN BREAU, GEORGE VOINOVICH, BEN NELSON, SUSAN COLLINS and ZELL MILLER. And of course I want to thank Senator GRASSLEY for his remarkable commitment to building consensus and getting a strong stimulus package passed. We earnestly believe and I still believe that the adoption of the Centrist package would have been our best means to get a final conference report to the President's desk, and ensure that the economy and America's workers would benefit from the most robust economic recovery possible.

I have said I think it's critical at the beginning of this new legislative session that we start off on the right foot by enacting an economic recovery plan for the American people. I was prepared before Christmas, and many of my colleagues were prepared, to stay here to address the needs of those who have lost their jobs and their health insurance—and to bolster economic growth. Because the fact of the matter is, we knew then what is still very much true today—this economy remains in a recession and people are hurting while Congress has dithered.

We now know we lost more jobs last year than in any year since 1982, which was during the worst recession since the Great Depression, and we lost almost a million jobs since the President proposed an economic stimulus plan on October 5. And while the unemployment rate in January fell to 5.6 percent—the first decline in 15 months and certainly better than the alternative—the two-tenths percent drop was likely more a sign of job-seekers giving up than the economy improving.

As a February 4 Wall Street Journal article put, "Economists warned the drop in the jobless rate could be misleading. The January decline was largely due to the fact that the Labor Department reported an unusually large drop of 924,000 in the size of the labor force, to 141.4 million people. A shrinking labor force, say economists, could be a sign workers have become discouraged and have stopped looking for jobs."

And, finally, consider this statement from the Federal Open Market Committee on January 31—in deciding to keep its target for the federal funds rate unchanged at 1¼ percent, it said, ". . .the Committee continues to believe that. . .the risks are weighted mainly toward conditions that may generate economic weakness in the foreseeable future."

Of course, the economy may, in fact, be on the road to recovery. I certainly hope that's the case. But it's also a question of what kind of recovery. Will it be a robust recovery with rising employment and new job opportunities, or a "jobless recovery" as we had back in 1991? Given our nation's war on terrorism both at home and abroad—the future is far from certain. Any "shock" could immediately send our economy reeling, so I am especially disappointed that we haven't taken the appropriate steps to ensure that the road to recovery is an "expressway," rather than a dirt road.

The bottom line is, a well-structured, comprehensive stimulus package is the means by which we could have at least laid the foundation for such a road. The reality is, such a package could have had an impact on the kind of recovery we ultimately realize. And you don't have to take my word for it. Just two weeks ago, Chairman Greenspan testified before the Senate Budget Committee on the state of the economy. And while some have latched onto Chairman Greenspan's remarks that ". . .the economy will recover in any event" and argue that a stimulus package is, therefore, no longer necessary, it's critical to listen to the rest of testimony.

Specifically, when I asked Chairman Greenspan about whether or not a stimulus package could aid in the type of economic recovery we experience, he stated that, although it was difficult to judge how the economy would develop this year, quote:

. . .with the potential, at least, that the economy may be more tepid than we would like later in this year, some form of stimulus program probably would be useful.

So I, for one, was not prepared to risk a more "tepid" recovery—not with millions of Americans already out of work and America engaged in a war that will be carried out over a matter of years, not months. And based on the Chairman's response, a strong and effective stimulus plan could have been the difference.

Moreover, let's not forget—restoring economic growth would not only re-

store jobs, it would also help restore our projected budget surpluses.

Specifically, last week, the Congressional Budget Office outlined new budget surplus estimates for the coming 10 years. As we learned, the projected surplus through the year 2011 has fallen 70 percent, from \$5.6 trillion last year to \$1.6 trillion today—the most dramatic decline in budget projections ever. While a combination of factors has brought about this decline—including last year's \$1.3 trillion tax cut and \$550 billion in projected new spending—the most dramatic impact, fully 40 percent of the lost surpluses—or nearly 1.6 trillion dollars—arose from economic and technical changes linked to our current economic decline.

What is both alarming and instructive is that a downgrading in projections of economic growth for just a relatively short amount of time clearly has a dramatic impact on our 10-year surplus projections. As you can see by this chart, the contents of which I'd like to submit for the record, CBO has only lowered its economic growth projection for 2001 and 2002—by 1.4 percent and 2.6 percent respectively—while 2003 to 2007 is actually higher. And yet, those lowered growth projections for just those two years have dramatically reduced the surplus projections in the long run.

This fact, coupled with CBO's estimates that an annual increase in economic growth of only one-tenth of one percent translates into a \$244 billion increase in the surplus over 10 years, should tell us something. It should tell us that the benefit of a strong recovery in the near term—and the resulting increase in average economic growth in the long-term—cannot be understated. And the stimulus could have helped us achieve that critical goal.

In fact, Bruce Steinberg, a chief economist with Merrill Lynch, estimated in November that a stimulus package could add one percent to economic growth this year. The White House put the figure at half a percentage point, which would put 300,000 more Americans to work, while Macroeconomic Advisers of St. Louis estimated a stimulus package could actually double economic growth projections.

And Allen Sinai of Decision Economics argued that a package could mean the difference between a weak rebound, such as in the 1991 recovery, and one with real potency. He said, "At this point what you're doing, with both monetary and fiscal stimulus, is loading powder into the recovery."

Which brings me to what happened today on the floor of the Senate. The fact of the matter is, we should have passed the bipartisan Centrist plan that already passed the House of Representatives on a bipartisan vote and enjoyed the support of the White House—and that accomplished what several weeks of bicameral negotiations failed to achieve at the end of