

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 BREAUX, 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 BREAUX, 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 1¾ 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 2007 onward remains the same and 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

last year: a consensus on all provisions addressing the needs of the unemployed, including health insurance assistance, and providing a boost for the economy.

And the bottom line, is that developing a consensus requires compromise. The bicameral negotiators made significant progress during their negotiations last year, but, unfortunately, were unable to break through on several final issues and, consequently, negotiations broke down.

So, given this stalemate and the risks it posed to workers and the economy, members of the Centrist Coalition—which I co-chair with Senator BREAUX and which had already put forward a compromise proposal in November—sat down with Republican leaders and the White House to see if we could reach the agreement that had proven so elusive. And I ask unanimous consent have printed in the RECORD at the conclusion of my remarks a time line of all our efforts on the stimulus package, because I think it illustrates why we had such a strong bipartisan basis for moving forward.

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

(See exhibit 1.)

Ms. SNOWE. The fact of the matter is, we already had bipartisan agreement on issues like stimulus checks for low-income individuals, accelerated depreciation, increased expensing, and an extension of and increased funding for unemployment benefits. So we had a sound foundation for a compromise, and the package that cleared the House was the product of our negotiations.

That package truly reflected the middle ground on both tax and spending issues that had confounded the bicameral negotiators. Just consider where we started on many of these issues and where we ended up.

At the outset, one of the most controversial issues was that of accelerating marginal rate reductions that were adopted last year. While President Bush called for an acceleration of all marginal rate reductions and Democrats opposed any acceleration, the Centrist package would have accelerated the reduction in the 27 percent bracket only, to 25 percent—an imminently reasonable middle ground approach.

This change—which only applied to taxable incomes of \$27,050 to \$65,550 for individuals and \$42,500 to \$109,250 for married couples—would have put money in the hands of 36 million taxpayers, or one-third of all taxpayers, at a time when consumer demand needs a boost. And let me make one point perfectly clear—more than two-thirds of these beneficiaries have incomes under \$100,000.

Or consider another controversial issue: corporate AMT. While the original House-passed package would have repealed the corporate AMT, the Democratic proposal only included a “hold-harmless” so that businesses taking advantage of accelerated depreciation

and other provisions in the stimulus package would not see an increase in their AMT liability.

The Centrist package found the middle ground by ensuring that items that are currently added-back to a company’s taxable income for purposes of calculating the AMT—namely, depreciation, net operating losses, and foreign tax credits—would no longer be included in this calculation. And by achieving that compromise, we dramatically reduced the cost of the proposal as well—falling from \$25 billion in 2002 in the House-passed package, to \$1.3 billion in the White House-Centrist package.

But as we learned from the breakdown in the bicameral negotiations, the most controversial element of the stimulus debate proved not to be over tax policy, but on health care assistance for workers who lost their jobs. However, policy trumped ideology and politics during the Centrist negotiations—and our package provided a better benefit more rapidly for more unemployed workers than anything that had been previously proposed.

The starting positions on this issue were stark, as the original House-passed measure—and White House position—called for \$3 billion in funding to states to help those who could lose their health coverage if they lost their job. The original Centrists package went further by proposing \$13.5 billion in federal health care assistance for displaced workers.

The \$16.7 billion package put forward by Democrats last year proposed a 75 percent subsidy to help displaced workers afford COBRA health coverage, and assistance and coverage through the Medicaid program for individuals who are not eligible for COBRA benefits. The Democratic proposal also offered a temporary increase in federal Medicaid matching funds for states that are struggling with increased Medicaid costs.

Many people, including the nation’s governors, did not believe the Democrat’s proposal for relying on Medicaid was feasible because states would have to contribute about 25 percent of the cost—funds the states do not have because of estimate state revenue shortfalls of \$15 billion due to the economic downturn. In fact, the governors were calling for increased federal funding for Medicaid just to maintain coverage and benefit levels for current Medicaid recipients.

On the health care issue too, the Centrist package found the middle ground and even went further. Specifically, our bipartisan package would have provided a total of \$21 billion in federal health care assistance—or \$21 billion more than Senator DASCHLE proposed in his amendment. I can’t understand why or how we could have denied four million hardworking Americans this kind of assistance this year for the sake of shadings in philosophical positions.

The fact of the matter is, it didn’t have to be that way. Our package pro-

vided \$13 billion in health care tax credits to displaced workers who are eligible for unemployment insurance who do not have other health care coverage, \$4 billion in National Emergency Grants, and almost \$5 billion in emergency Medicaid funding so states would not have been forced to cut back their current health care programs for children, workers, and families with low-incomes.

Indeed, our displaced worker proposal went further in covering displaced workers than any other proposal that was considered—increasing funding to provide health coverage to displaced workers by almost 700 percent from where we started. This package would have helped those workers who lost their jobs regardless of whether they worked for the largest corporation or the smallest business or even if they were self employed.

Under this plan, any worker who involuntarily lost their job and who is eligible or formerly eligible for unemployment insurance benefits would have been eligible for a 60 percent tax credit to use for continued health coverage. Workers would have automatically received a tax credit certificate when they applied for unemployment compensation.

The tax credit certificate could have been used toward COBRA coverage from their former employer, if eligible, or for purchasing health insurance coverage of the individual’s choosing. The monthly premium payment would have been reduced by the amount of the tax credit so that displaced workers would not be forced to pay the full cost of their health coverage up front, while waiting for federal assistance that would arrive at a later date. In addition the states would have used the \$5 billion in National Emergency Grant funding to provide further assistance and additional benefits.

The bipartisan agreement gave displaced workers portable assistance that they could use in any part of the country to get health coverage. Displaced workers who cannot continue coverage with their current plan, would have had federal-law protections that require health plans to offer guaranteed issue coverage with no pre-existing condition exclusions.

Our proposal for assisting displaced workers with their health benefits was a straightforward proposal that could have been implemented quickly for all firms and all states because the Department of Labor would have made the funds immediately available to states so they could deliver assistance to displaced workers.

The bottom line is that the Centrist package provided the most comprehensive approach to addressing the needs of those who are out of work and an economy trying to pull itself out of a recession. And by enjoying bipartisan, bicameral support as well as the support of the White House—it would have ensured that this relief would be on the way in the fastest manner possible.

Again, I deeply regret that stimulus delayed has now become stimulus denied.

## EXHIBIT 1

## CBO PROJECTED ECONOMIC GROWTH

	2001	2002	2003	2004–07	2008–11
January 2002 .....	1.0	0.8	4.1	3.3	3.1
January 2001 .....	2.4	3.4	3.3	3.0	3.1

CBO January 2002, Budget & Economic Outlook.

## TIMELINE

September 25, 2001: Finance Committee meets with former-Secretary Rubin and Chairman Greenspan to discuss basic principles of economic stimulus package.

October 17, 2001: Centrist Coalition lays out principles to leaders Daschle and Lott.

October 24, 2001: (1) Centrist Coalition meets with Secretary O'Neill; (2) House passes first version of stimulus plan.

October 31, 2001: Centrist Coalition meets to consider compromise package.

November 8, 2001: Stimulus markup in Finance Committee, Democrat package reported.

November 13–14, 2001: Senate Finance stimulus plan (Baucus) on Senate Floor. Plan was defeated on a Budget point of order. On the same day (11/14), Centrist group laid out its alternative plan.

November 15, 2001: Leaders of both parties and both houses agreed to try to come together and pre-negotiate . . . but couldn't agree on who would comprise the negotiators.

November 16, 2001: Talks stalemated.

November 19, 2001: Centrists, including Senators Snowe, Breaux and Grassley, had conference call with Secretary Paul O'Neill about their plan; O'Neill called it a "basis for a deal".

November 20, 2001: Secretary O'Neill, on Good Morning America, called Centrist approach a basis for a deal; Senators agreed to talk after Thanksgiving.

November 26, 2001: Senators returned from recess; recession declared by National Bureau of Economic Research. There was still no agreement over who would negotiate.

November 28, 2001: Wednesday Leadership Meeting with Bush—breakthrough on negotiators to jumpstart negotiations.

November 29, 2001: Divisions over exactly how negotiations could begin remained.

November 30, 2001: Continuing impasse over negotiations; House wanted more negotiators Senate, fewer.

December 3, 2001: Negotiations began.

December 11, 2001: Centrists meet with Senator Lott and President Bush at the White House on a plan.

December 15–16, 2001: Centrist plan emerged as likely basis for any final deal.

December 19, 2001: President Bush meets with Centrists, declares agreement on plan.

December 20, 2001: House passes Centrist plan.

Ms. SNOWE. Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. DAYTON). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. REID. Mr. President, the hour of 1:30 having arrived, I call for the regular order.

# AGRICULTURE, CONSERVATION, AND RURAL ENHANCEMENT ACT OF 2001—Resumed

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

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

Pending:

Daschle (for Harkin) amendment No. 2471, in the nature of a substitute.

Wellstone amendment No. 2602 (to amendment No. 2471), to insert in the environmental quality incentives program provisions relating to confined livestock feeding operations and to a payment limitation.

Harkin modified amendment No. 2604 (to amendment No. 2471), to apply the Packers and Stockyards Act, 1921, to livestock production contracts and to provide parties to the contract the right to discuss the contract with certain individuals.

Burns amendment No. 2607 (to amendment No. 2471), to establish a per-farm limitation on land enrolled in the conservation reserve program.

Burns amendment No. 2608 (to amendment No. 2471), to direct the Secretary of Agriculture to establish certain per-acre values for payments for different categories of land enrolled in the conservation reserve program.

Mr. REID. Mr. President, what is the pending issue before the Senate on the farm bill?

The PRESIDING OFFICER. The Burns amendment No. 2608.

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

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

Mr. HARKIN. Mr. President, here we are. It is now February 6, 2002. That comes as no shock to anyone. We are back on the farm bill—where we were back on December 6, 2001.

Again, we are trying to get this bill finished before it gets too late in the planting season. I am hopeful that we can work out some arrangements to do that. The beginning of a new session always marks an opportunity for a renewed effort to solve the challenges before us. In a spirit of cooperation, I look forward to working with my colleagues to pass this new farm bill without further delay, in order to provide farm families in rural communities critically needed stability and insurance for this year and in the future.

There is widespread agreement that farm families and rural communities are in dire need. The Senate has dealt

with the farm bill for 12 days already. Again, I want to underscore that rural America cannot survive under the current Freedom to Farm bill. It will suffer severely if the farm bill here is further delayed. I look forward to working with Senators on both sides of the aisle to get the bill finished deliberately but quickly, and we will work our way through amendments. I hope that maybe even this afternoon sometime we may reach an agreement on a finite list of amendments, with a reasonable amount of time to debate them. Then we can work through that list of amendments and, hopefully, within 2 or 3 days, go to third reading and passage.

I believe we can get the conference done in adequate time to have the bill enacted for this crop year. A tremendous amount is at stake in this farm bill, not only for farmers but for rural and agriculture-related businesses, rural communities, conservation, trade, nutrition programs, and renewable energy.

The Department of Agriculture recently predicted a 20-percent drop in net farm income for this year if we do not take action on this new legislation—20 percent. Farmers are struggling as it is. They most certainly cannot afford to take a fifth off their net income.

I understand that after the farm bill the Senate will take up an energy bill. During debate on the energy bill there will be a lot of discussion about CAFE standards, and about drilling for oil in the Arctic National Wildlife Refuge, which I am sure will be a hotly contested issue. Well, this farm bill has a new energy title in it. As it is written now, the energy title calls for an investment of half a billion dollars in mandatory money over 5 years to spur production of renewable energy.

Even if we do drill for oil in ANWR, we will remain dependent on foreign oil unless we begin making significant investments in the production of renewable energy. Moreover, a greater emphasis on renewable energy in our nation's energy policy will also create new markets for agricultural products. We need to develop these new markets, and I submit that one of the biggest opportunities we will have to do this in the future will be in the area of renewable energy. It has been said that anything that can be made from a barrel of oil can be made from a bushel of corn, soybeans, cottonseed oil, or any number of other crops that we grow in this country.

I visited a project in northern Iowa last week involving agriculture-based industrial lubricants. It is a project sponsored and supported by the University of Northern Iowa. I actually visited a farm where they have set up equipment. They bring in raw soybeans, crush them, take out the oil, and they mix it and put it through another machine I can't describe, and they get grease, like axle grease. It looks just like that—the same thing you use in your grease gun when you