RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, leadership time is reserved.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 11 a.m., with Senators permitted to speak therein for up to 10 minutes each. Under the previous order, the first half of the time shall be under the control of the Republican leader or his designee.

The Senator from Florida is recognized.

ORDER OF PROCEDURE

Mr. NELSON of Florida. Mr. President, I have already cleared this with the Senator from Wyoming. I ask unanimous consent that I be allowed to speak for up to 10 minutes and it be charged against the Democrat's time.

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

DEFICIT SPENDING

Mr. NELSON of Florida. Mr. President, during the last few weeks, there has been much discussion about whether or not we should expand our war against terrorism to a specific war in Iraq. A lot of us have been on the talk shows and on the news programs. This morning Senator BROWNBACK of Kansas and I were on CNN talking about this very subject. It is expected that we will take up a resolution with regard to a war with Iraq probably later this week.

In the midst of this very public discussion, largely neglected have been conversations about a battle we are in the midst of fighting on our own soil—an economic battle against the long-term fiscal stability of our country, an economic battle involving the condition of our budget and our national economy.

As we talk about protecting against terrorism and protecting against Saddam Hussein in Iraq, clearly, we have to talk about military strength. But there is also a major component to being militarily strong; that is, to be economically strong.

Let's look at our condition. Last year the administration told us we could expect over $5 trillion of surpluses over the next decade. As a member of the Budget Committee, having gone through a similar situation way back in the early 1980s, I warned that that was a risky gamble. I cited the experiences of 1981 when we voted for a huge tax cut. I recalled, as we had this debate over a year ago about the projected surpluses over time, that those surpluses may not materialize. If you give a tax cut that is too large, it is going to throw you back into deficit financing.

Indeed, that is what happened in 1981. We had a tax cut that was so huge, we had to undo it—not once, not twice, but three times in the decade of the 1980s.

Last year when we were having this debate, I suggested that you just couldn't count on a 10-year forecast, that there was too much risk associated with planning that far in advance. At the time I supported a huge tax cut. I supported one version on an amendment that was up to $1.2 trillion over a decade and one that would give back to our citizens and assist those who were struggling to make ends meet but one that wouldn't break the back of the Federal Government should things not appear quite as rosy as we thought they were going to be, which has been the case.

Things didn't turn out anywhere close to the rosy picture that was painted for us a year ago. After passing last year's tax cut, which goes upwards of $2 trillion over a decade, we find that if we adopt over the next decade the administration's, the President's spending and tax policies, we will not see the $5.6 trillion of surpluses, but we will see instead $400 billion of deficits.

Some point to congressional spending as the root of this problem. That is simply not accurate. We will experience these deficits using the administration's, the President's, the White House's own proposals for spending and additional tax cuts. This doesn't even take into account the trillions of dollars of Social Security funds that are also going to be spent.

The true deficit, not counting Social Security surpluses, is not $400 billion. Over that decade, it is going to be $2.7 trillion. Remember, in the election of 2000 we all said we were not going to touch the surpluses in Social Security; that we were going to leave those alone; that there was going to be a fence off of Social Security surpluses. Then those surpluses would pay off the national debt over a 12-year period. That didn't happen.

The Congressional Budget Office tells us nearly $6 trillion of last year's projected surplus is gone. There is nothing left.

Now, let's recap where it went. According to CBO, 34 percent of the lost surplus went to last year's tax cuts. Twenty-nine percent of it was lost due to the overestimations of revenue by the administration; that was the rosy picture of what the surpluses were going to be, projecting over 10 years. In other words, lost revenue accounts for 63 percent of the disappearance of last year's surplus.

The remainder of the lost surplus went to the war on terrorism—something we obviously have to finance—or was directly related to the recession. Twenty-two percent of that went to increased spending on national defense, and only 15 percent of the disappearance of the surplus is as a result of the economic downturn.

For all of those folks asserting the overspending has eaten through our surplus projects, that is simply not accurate. The two largest reasons for the disappearance of the surplus are tax cuts and the administration's rosy estimates of the revenue.

The third biggest reason is what you would expect: Spending on defense. The smallest cause of the disappearance is the economic downturn.

The fact is, the surplus is gone. We are back up to our eyeballs in national debt. Last year, the administration said the debt held by the public would be virtually eliminated. Last year, the administration said the debt would be eliminated by 2008. It didn't happen that way.

Now we are in the middle of deficit financing. Instead of having no debt, we are going to be stuck over that decade with $3.8 trillion of debt, and the consequences of this enormously increased debt are that the interest cost to the Federal Government will have tripled from $620 billion over the decade to $1.9 trillion. That is going to have real consequences in our national economy.

Why do you think the stock market is going in the tank, it is right now? Every day it is losing. It is down in the 7,000 range on the Dow Jones. It is not just because of the threatened war on Iraq. That is one element of it. But it is a fact that the Federal Government has now gone back into its old ways of deficit financing; that is, borrowing money to pay present bills every year, projected over this decade to the point that we said we were not going to do it. We must pay attention to our bottom line and to the economic security and the fundamental financial strength of America. That is what gives texture and vibrancy for us as a Nation that needs to be militarily strong, as well as morally strong. We need that undergirding of economic strength.

With deficits projected the rest of the decade, we are going to be digging a deeper national debt hole. And when is that going to occur? Lo and behold, it is going to occur just at the time that all of the baby boomers are going to retire and our cashflow situation is going to get worse.

We are living right now on the positive cashflow out of the Medicare and the Social Security trust funds. But by the year 2016, those trust funds go from cash positive to cash negative, and they do it in a very big way.

We cannot afford to continue to cut receipts in the hope that doing so will somehow miraculously turn into more revenues. We have to begin to think more realistically before our overly rosy optimism financially paralyzes our Federal Government. At the same time, our economy is continuing to be sluggish. Although most analysts remain optimistic that we will pull out of this recession eventually, the path is not rising very fast, if it is rising at all.

The economic indicators are disturbing: Last week, leading economic indicators dropped for the third month in a row, and Nasdaq hit a 6-year low. The Dow Jones is down 1,200 points since August 22. Oil prices just recently spiked to a 19-month high, and consumer confidence is at its lowest since November 2001.

Since the beginning of 2001, 2 million jobs have been lost, the first decline in the number of private sector jobs in 50 years. The U.S. poverty rate rose last year for the first time in 8 years.

Last year's administration spending and tax cut plan has resulted in today's collision course of more deficits, more debt, more economic insecurity, higher interest rates, lower economic growth and lower employment.

All of this is occurring right under our noses. Yet I do not believe that the administration is paying attention. I appreciate the ongoing dialog about a potentially impending war in the Middle East—but we also need to pay attention to the battles that we are already waging. We must do something to reinvigorate the economy. We must pay attention to our Government bottom line. We must not continue to raise the debt for our grandchildren to later pay off.

The ACTING PRESIDENT pro tempore. The Senator from Wyoming.

Mr. THOMAS. Mr. President, I want to make a few short comments before I turn it over to my friend from Iowa. I have been listening to my friend from Florida. He is blaming the administration for the deficit. I remind him who it is that spends the money. The administration cannot spend a dime unless it is authorized by the Congress.

We find ourselves in a Congress that doesn't even have a budget. When we talk about spending and deficits, we should talk about ourselves and wonder why we haven't done one of the things we have done every year, and that is have a budget. We don't have a budget.

So I agree, as a matter of fact, with the spending, but we need to take action.

SENATE AGENDA

Mr. THOMAS. Mr. President, there are a lot of rumors about where we are going in the next few days we have remaining, basically the rest of this week and I presume next week, as to what is going to be done. There is talk about pulling homeland defense. I hope that is not the case. Of all the issues we have before us, certainly that has to be one of the most important.

There is talk of bringing all the kind of politically oriented issues to the floor, knowing they will not pass, but to be able to say we tried. I don't think that is the best way to govern. It seems to me we have to make some priorities. We have a shortage of time. We have to decide what are the most important things that need to be done during that time. It seems to me they are fairly clear.

I hope we will address those things. Homeland defense has been on the floor for 4 weeks now. It is one that, obviously, is necessary. I don't think there is a soul here who believes we ought not to be doing that. We have argued about governmental employee unions. Certainly, the highest priority of this administration, and I think for the Congress, would be to put into place a homeland defense program, which we have before us.

The Iraq resolution apparently is coming to the floor, hopefully tomorrow, to be discussed a rather short time. It is very obvious that needs to be done.

We have passed no appropriations this year. We are supposed to have been finished with appropriations. Today, we start a new fiscal year—without the passage of any appropriations bills. Obviously, we plan to go with a continuing resolution for most of them, but we cannot do that for Defense or military construction. We have to decide those as priorities. Then we have to have a continuing resolution to carry on Government operations until sometime in the future—whether it is a November return, December, January or February, whatever. That has to be done and, I hope, in a clean way that allows us to move forward with attaching a great many things to it.

So that is where we are. Certainly, we are all aware of the necessity of accomplishing those things in a reasonably short time we have in which to do that. So I urge the leadership and all of us to try to decide how we handle those things and do them as quickly as we can, so we will be able to leave here when the time comes. These things must be done in the meantime.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Iowa is recognized.

DEMOCRATIC LEADERSHIP'S ATTACK ON PRESIDENT BUSH'S FISCAL POLICIES

Mr. GRASSLEY. Mr. President, I want to respond to what has been a coordinated attack by the Democratic leadership on President Bush. This drumbeat, as we all know, started a couple of weeks ago. Our distinguished majority leader, Senator DASCHLE, took the lead on a Senate floor speech to question the leadership of President Bush. He was joined by others in the Democratic leadership who pummeled the President and used many colorful charts and other props to make their points. I was tempted to respond at that time, but, as you know, the Senate has been in debate on homeland security, so I didn't have an opportunity at that time.

It is probably good to reflect upon what was said 2 weeks ago and remind the public once again. The attack basically blamed the President for all that ails our economy. There was an article in the Wall Street Journal, dated September 18 of this year, the day the attacks started, summarizing the strategy of the other party and the substance of their arguments. I will put that article in the RECORD. I will quote from it:

> In a Senate floor speech he plans to make following the breakfast meeting with Mr. Bush, Mr. DASCHLE . . . expected to say the President's policies are responsible for U.S. job losses, weak economy, declining business investment, shrinking retirement accounts, an erosion of consumer confidence, rising health care costs, vanishing budget surpluses and record executive pay.

Indeed, we have seen our Democratic friends on several occasions use charts with the listing referenced in the article. Let me be clear on the attack because this kind of summarizes the various issues I am going to address. According to the Democratic leadership, the President's policies are the cause of job losses, weak economic growth, declining business investment, shrinking retirement accounts, an erosion in consumer confidence, rising health care costs, vanishing budget surpluses, and record executive pay—meaning record executive pay in the private sector.

I will tell you, Mr. President, that is an awesome amount of power that has been attributed to one individual—the President of the United States. But there is a little bit of irony here. The distinguished majority leader ascribes so much power to the President you could almost make the public believe the President is a king. Maybe this much power makes the President an emperor. Now, how many times have we heard another Democrat—the distinguished chairman of the Appropriations Committee, Senator BYRD—pull his Constitution out of his pocket and say the President is not a king. So who is right? Is it Senator DASCHLE, who has made the President such an imperial figure, or is it Senator BYRD, who says the President is not a king?

I think we need to work through this. My view is reality and history favor Senator BYRD's point of view that the President is only the President of the United States and not an imperial power.

So I want to go through the Democratic leadership's attack point by point. According to Senator DASCHLE, the President singlehandedly fired millions of workers. Funny, Mr. President, I thought employers laid off workers, not the President of the United States. It seems to me the President can fire political appointees, such as White House staff, but I don't think he can even fire Federal workers in America. Heck, right now we are hung up on the homeland security debate. That is a fight over the extent of the President's powers with respect to Federal workers in the Department of Homeland Security.

The next charge, Mr. President. All by himself, the President has slowed economic growth. Funny, I thought we had a global economic downturn, we had war on terrorism, we had overcapacity in telecom, and we had a bubble in the stock market during the Clinton years. These things might have had something to do with it—but not acccording to Senator DASCHLE. No.