Looking back over it, we are now told the recovery continued in the second quarter with gross domestic product rising at 1.3 instead of 1.1, and the blue-chip forecast which said in the current quarter—the third quarter—we would see gross domestic product rising at 2.7, the same rate it did in the fourth quarter of last year, that those figures are low; that, in fact, the forecast now is the third quarter of this year will see gross domestic product numbers closer to 3 percent instead of 2.7 as previously forecast.

I don't expect anyone to remember all of these numbers I recite. I hope they will remember that the general trend is up and is more encouraging than the Senator from New York and others would lead us to believe.

We keep being told we are in a period of great distress and disaster, and we must do something and do something drastic about it. One of the things that is proposed is we must postpone the effect of the tax cut that was passed by wide margins—both in this body and the other body—at the beginning of the Bush Presidency.

I want to discuss that for just a moment. It has been framed with the same kind of statistical maneuvering I have tried to address here. The question that makes for a good headline in a political stump speech is who lost the surplus? They are talking about a $5.6 trillion surplus that was projected at the time we had the tax cut debate. That surplus has now disappeared in the projections that were being made, and we are being asked again and again, Who lost the surplus?

The first point I want to make on that score is the surplus never existed. The surplus was a projection. I can take the Nation back through every projection made by the CBO; before that by the Office of Management and Budget; before the Congressional Budget Office was created, by the old Bureau of Budget; and before the Office of Management and Budget was created, and demonstrate virtually every projection of surplus or deficit made by those entities has always been wrong. Sometimes it has been wrong on the high side. Sometimes it has been wrong on the low side. But the one consistency is every project, surplus, or deficit in future years has always been wrong.

It comes as no surprise to discover the projection of the $5.6 trillion surplus was wrong in this case as well.

I remember a discussion with Alan Greenspan when he was before the Banking Committee, or perhaps the Joint Economic Committee. I sit on both, and he testifies before both. Someone asked him about the projections that were being given to us at the time with great confidence. They said, Mr. Chairman, how likely is it this projection will be realized? He said it will not be realized. This projection will be wrong. He said I cannot tell you whether it will be wrong on the high side or the low side. I cannot tell you and neither can any other economist tell you whether we will reap the benefits of the new age economy to a degree far greater than demonstrated by this projection or whether we will fall on our face and come in flat.

The problem is—I am not now quoting Greenspan—with an economy doing something like $11 trillion a year and subject to the uncertainties of the business cycle as well as the outside shocks that can occur in this world, no one can look 10 years into a crystal ball and tell you with absolute certainty what is going to happen.

I find it interesting that those who insist the loss of the $5.6 trillion surplus is due to the Bush tax cut and solely to the Bush tax cut also say to us why don't we deal with our current economic problems by postponing the effective date of the Bush tax cut? And, after all, that is going to take place in the outyears, anyway. So postponing the effective date will have no particular impact short term.

All right. Hold onto that argument for just a minute and listen to the other argument that we are being told.

We are being told it was the Bush tax cut that blew the hole into the surplus. Wait a minute. If the impact of the Bush tax cut is going to come in later years so it can be postponed without making any difference, how could it have been the primary mover in creating the deficit right now? Well, I can tell you how. I was part of the discussions as we crafted the tax cut. Democrats said to us at the time the tax cut was being considered it would have to have an immediate impact. We have to put money in the hands of people right now. We can't wait for the tax cut impact in the outyears.

The proposal was made primarily from the Democratic side of the aisle that in addition to cutting the marginal rates for taxes there be an immediate rebate, $300 per taxpayer, right away. That was not part of the original Bush proposal. That came out of Democratic proposals. And, frankly, it seemed like a good idea. The Bush administration embraced it. We have a combination of cutting the marginal tax rates over a period of time into the future and a rebate to get money into the hands of the economy and into the hands of people right away.

If, indeed, it was the tax cut that destroyed the surplus right away, it was the rebate side of the tax cut that was proposed by Members of the Democratic party and endorsed certainly by me and other Members of the Republican party.

You cannot have it both ways. You cannot say postponing the effective date of the tax cut won't affect the present situation. You cannot say there was an immediate impact which was bad and then say our proposal will have no immediate impact and that is good. This debate has gotten somewhat into Alice in Wonderland. I hope we can stay with the facts.

The PRESIDING OFFICER. The deputy majority leader.

ORDER OF PROCEDURE

Mr. REID. Mr. President, the majority has 21 minutes. I am going to use a few minutes. Following my remarks, I ask unanimous consent that the Senator from Missouri, Mrs. CARNAHAN, have 6 minutes; the Senator from Washington, Ms. CANTWELL, have 5 minutes; and Senator KENNEDY have 10 minutes. And if we use extra time, that would just be counted against the time we have before the cloture vote. We each have a half hour on that.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

THE ECONOMY

Mr. REID. Mr. President, my friend from Utah—and he is my friend; I think the world of him—has a unique argument: Who lost the surplus? I never heard that until he talked about it. I think we all know who lost the surplus. He never answered that question.

And then the unique observation is: It never existed. We never had a surplus.

Talk about Alice in Wonderland. About a month ago—actually it was in August—I went on a family vacation. I had not read ''Alice in Wonderland'' for a long time. I read ''Alice in Wonderland,'' and there are a lot of strange things that go on in that little girl's life when she takes this strange odyssey.

But part of that is, as the Senator from Utah mentioned, Alice in Wonderland, because the statements he has just made really are—I say this respectfully—illogical and illusionary. They simply do not exist.

The fact is we have, in the Bush economic record, weak economic growth, record job loss, declining business investment, a falling stock market, shrinking retirement accounts, eroding consumer confidence, rising health care costs, escalating foreclosures, vanishing surpluses, higher interest costs, raiding Social Security, record executive pay, and stagnating minimum wage.

In the Bush world, everything that should be up is down, and everything that should be down is up. Job losses should be down; they are up. Health care costs should be down; they are up. Foreclosures should be down; they are up. The national debt should be down; it is up. Federal interest costs should be up; they are down. The Social Security trust, we should not be raiding it. In fact, we are doing just the opposite of what we should be doing.

Those things that should be going up in the Bush economic plan are going down: economic growth, going down; business investment, going down; the stock market, going down; retirement accounts, going down; consumer confidence, going down; minimum wage, going down. Everything you would think should be up economically is down.

They have things reversed.

For someone to come on this floor and tell people we are in the midst of a recovery? Come on. We are in the midst of a recovery? I talked to Senator JOHN KERRY today. He indicated that a company in Massachusetts is laying off, I think he said, 9,000 or 10,000 people today. That is economic recovery? Last week we had all these layoffs taking place with a phone company where they laid off 14,000 people.

More than 2 million jobs have been lost in 18 months. That is economic recovery? We have the weakest economic growth in 50 years. That is economic recovery? Business investment was down each of the last six quarters; the weakest trend in 50 years. That is economic recovery?

There has been $4.5 trillion of lost stock market wealth; the sharpest decline since President Hoover was President of the United States in the early 1930s; $440 billion of lost 401(k) and IRA retirement savings in the last year. That is economic recovery?

The Nasdaq Stock Exchange is down to its lowest level in 6 or 7 years; the Dow Jones Industrial Average is down drastically and still going down; the poverty rate up for the first time since 1992.

Let's at least talk realism. We are not in an economic recovery. We have to address the economy, as Congress should. We are not doing that. We are focusing on only Iraq. I have no problem with focusing on Iraq, but we can do more than one thing. This is the beginning of the fifth week since we came back after the August recess, and we have not done a single thing to address the staggering, faltering, stumbling economy.

Mr. President, was my unanimous consent request granted?

The PRESIDING OFFICER. It was.

Mr. REID. I thank the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

EXTENSION OF UNEMPLOYMENT COMPENSATION

Mrs. CARNAHAN. Mr. President, the state of our economy is causing great concern. The experts may tell us the recession is officially over, but that is cold comfort to many Americans.

Last week, we got some startling new numbers on the pain being felt by working families. The income of middle-class families fell for the first time since the last recession. And for the first time in 12 years, our national poverty rate grew. Today, almost 33 million Americans live below the poverty line.

The stock market is also reflecting the uncertainty Americans feel. Yesterday, the market finished its worst quarter since 1987. The Dow Jones lost nearly 1,200 points in the last month, and the Nasdaq just hit a 6-year low.

These losses are more than numbers. They are a crushing reality for far too many Americans who are working hard to save for their retirement.

The recent declines are especially painful to our seniors who are living off their savings or planned to in the next couple of years.

Congress has taken some important steps to address our economic woes. In July, we worked together to pass accounting reform legislation to begin restoring investor confidence. The American people are now receiving accurate information about a company's financial condition.

Congress also worked across party lines last spring to enact a stimulus package. That legislation provides tax incentives for businesses to help them grow, invest, and avoid laying off employees.

That law also extended unemployment insurance for workers who were hit the hardest by the economic slowdown. At that time, we made sure workers who had lost their jobs and exhausted their State employment compensation received an additional 13 weeks of unemployment insurance while they were looking for jobs.

It is urgent that Congress act again. Our economic recovery is disappointingly slow.

Last quarter, our economy grew at a meager 1.3 percent. Such an anemic growth rate means businesses are struggling to stay afloat and workers are struggling to pay their bills.

Some have called this a jobless recovery. But there is no recovery for the jobless. Over the last year, my home State of Missouri has lost more than 55,000 jobs in manufacturing and farming.

More than 8 million Americans are unemployed today. An alarming number of unemployed workers have been looking for jobs for more than 6 months. By the end of the year, more than 2 million workers are expected to exhaust their unemployment compensation.

Unemployment benefits are supposed to help tide workers over during hard times. It is intended to help them support their families, to help them pay the rent, and put food on the table.

Right now our economy is not creating enough jobs for these people to get back to work. It will take more time for them to find a job.

It is appropriate that we respond to this emergency as we have done in the past. In the early 1990s, Congress provided 26 weeks of additional unemployment insurance.

I am very pleased to be a cosponsor of legislation introduced last week that will provide the same temporary relief. Our bill will ensure that if a worker cannot find a new job, and if that worker has completely exhausted the unemployment insurance currently available, then that worker could receive another 13 weeks of assistance.

Workers and their families deserve this safety net. Congress cannot turn a blind eye to the hardships of jobless men and women, those who are hurting in this economy: the hurting, the helpless, and the hopeless.

I urge my colleagues to act quickly. The time is running out for too many Americans.

I yield the floor.

The PRESIDING OFFICER. The Senator from Washington.

Ms. CANTWELL. Mr. President, I rise today to urge my colleagues to consider a bipartisan effort to pass legislation on which Senators KENNEDY, CLINTON, and WELLSTONE have worked so hard. Their leadership has shown it is critical that we pass this legislation now.

No other State, probably, needs this legislation more than Washington.

Washington State is in the middle of an economic crisis resulting from a downturn in both our aviation and high-tech sectors. With the jobless rate at 7.2 percent, we are teetering among the highest, if not the highest, unemployment rates in the country.

Mr. President, 202,000 Washingtonians are unable to find work. And over the last 12 months, our State has lost 50,000 jobs, and 60 percent of those are in the high-paying manufacturing sector.

Just in the last 2 weeks, Boeing announced it would exceed its original projections of 30,000 layoffs that it has already carried out.

Last month alone, 56,000 unemployed workers of Washington State received extended unemployment benefits. But all those benefits will expire on December 31, 2002, unless we take the proposal before us today and pass it into legislation. That means if we don't pass this legislation, those 56,000 workers will not be adding to our State's troubled economy.

We can no longer wait because things are not getting better. Our State economist Chang Mook Sohn issued a report saying we are not going to see a recovery anytime soon and very little growth in the next 6 months.

We understand that unemployment checks are not long-term answers; jobs are. But while people look for new work, extending unemployment benefits will help unemployed workers make mortgage payments, put food on the table, pay utility bills, health care bills, and, in my State, the high cost of energy bills.

Extending unemployment benefits will give people a new opportunity to upgrade their skills. As has been pointed out, extending benefits will also boost our economy, injecting into communities that have already been strapped with high unemployment rates a little bit of stimulus. A 1999 Department of Labor study concluded that for every dollar spent on unemployment, it generates $2.15 of economic activity. This proposal for Washington State over the next 6 months would mean over $1 billion in economic stimulus.

The cost of extending this program will be paid by the unemployment insurance trust fund, which has nearly $30 billion in it and is a very healthy account.