

A STRENGTHENED ECONOMY

Mr. NELSON of Florida. Madam President, yesterday I had occasion to begin some remarks, thinking I could make them within 10 minutes, with regard to the economy. There were others waiting in line at the end of my 10 minutes. I rise to continue those comments, pointing out that as we discuss these highly important, weighty decisions we have to make about war and peace and about homeland security, the Nation's military strength is undergirded by its moral strength and its economic strength.

It is due to the lack of that economic strength, as evidenced in an economy that has been in the tank, as evidenced by so many different indicators—unemployment going up, the stock market going down, the weakness of retail sales, the laying off of people, the poor earnings reports of companies all over America—that it is incumbent upon the Senate to bring its attention not only to the highly important matters of war and peace but that if we are to continue this war against terrorism, and if we are to do something about the developing of weapons of mass destruction in Iraq, for us as a Nation to be able to successfully prosecute these wars, we need to have a strengthened economy, a solid foundation in our economy.

There are a number of things we can do. Yesterday, I pointed out that we were faced with, about a year and a half ago, the beneficence, the wonderment of a surplus that was projected over the next decade that not only was going to allow us to accommodate a huge tax cut and spending increases on such things as we anticipated then, such as increased defense spending—this was before September 11—there were other high-priority items such as modernizing Medicare with a prescription drug benefit, increased spending to recognize and honor the veterans, the protection of the environment, a much larger investment in education; that we could accommodate not only a major tax cut along with those spending increases, but then we would also be able to save a part of that surplus—particularly the surplus that was generated in the Social Security trust fund—and that the surplus, in effect, over the next decade, was going to be able to pay down the national debt, and thus save us the sum of \$250 billion to \$280 billion a year that we are paying in interest.

But that did not occur. What occurred was that the projections for the surplus over the next 10 years were way too rosy. How many of us stood on this floor and said exactly that—not only this Senator from Florida but the Senator in the chair from New York said we ought to be conservative in our estimates of what this is going to be so we do not overobligate ourselves. We also said that when we enact a tax cut—and we want to—it ought to be a balanced approach so the tax cut doesn't absorb all of the surplus so that you can do

these other things. The other things were increasing defense expenditures—and we said that before September 11. How true was that prophetic statement. But it didn't happen that way. Now we are running deficits in this year to the tune of about \$150 billion. We have deficits that are projected over the next decade.

When you take into consideration that we are now borrowing out of the Social Security trust fund surpluses—something every one of us in the election of 2000 said we were not going to do—we were going to fence off the Social Security trust fund and it wasn't going to be touched. As a result of that, the surpluses were going to pay down the national debt.

Well, that did not occur because we were not wise and balanced in our approach to the Federal Government. It is a major contributor right now to the stock market being in the tank, and it doesn't make any difference that the stock market went up 350 points yesterday. The two previous days it went down that much. It is still sort of rocking along below 8,000.

What is that? That is a reflection of the lack of American investor confidence in American corporations. Why? In part, it is because the Federal Government has returned to deficit financing on an annual basis—that is, borrowing money to pay expenditures; therefore, it is deficit financing—when we said we had the opportunity to get out of that.

I had a little experience in this back in 1981 as a Member of the House of Representatives. I voted for a big tax cut and it took us not once, not twice, but three times to undo that tax cut in order to get the fiscal house in order.

I said I was for a big tax cut. I voted for a version on this floor last year to the tune of \$1.2 trillion over a decade. But that wasn't what we enacted. What we enacted was \$1.35 trillion—which is what it was billed at—but it really wasn't because, when you consider the 10th year that the tax cut was suddenly reverted to the present tax law, it was, in effect, a \$2 trillion tax cut, which has usurped all of the available surplus.

In my speech yesterday, I pointed out the percentages; the biggest part was taken up by the tax cut. The recession, certainly, was a part of that. The projections were another major factor; they ended up being way too rosy.

Our economy at this time is still continuing to be sluggish, and although most analysts remain optimistic that we will pull out of this recession eventually, the path is not rising very fast. I think we ought to be conservative in how we approach this fiscal house to see if we can get it in order.

The economic indicators are disturbing. Last week those economic indicators dropped for a third month in a row and Nasdaq hit a 6-year low. Of course, most people know about the Dow Jones—it is really in the tank. Since the beginning of 2001, 2 million

jobs have been lost—the first decline in the number of private sector jobs in half a century. The U.S. poverty rate rose last year for the first time in 8 years. Last year's administration's spending and tax cut plan is part of the reason it has resulted in today's collision course of more deficits, more debt, higher economic insecurity, higher interest rates, lower economic growth, and lower employment.

I come back to the floor of the Senate to again say to my colleagues what some of us in the moderate sphere of politics were trying to say last year as we were going through these budgetary discussions—that we ought to use moderation and we ought to use balance and take an approach that ultimately would get the fiscal house in order of stopping the annual deficit spending and fulfilling the promise that we made that the Social Security trust fund surpluses would not be used for other spending but, rather, would be fenced off and left so their surpluses could start paying down the national debt.

I appreciate the ongoing dialog about this impending war, but we also need to pay attention to the battles that we are already waging in order to keep a strengthened national economy, to help support the necessary battles that we are fighting in terrorism around the world.

I yield the floor.

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

THE EMERGENCY UNEMPLOYMENT COMPENSATION ACT

Mr. LEVIN. Madam President, the decline of our economy in the last year and a half is truly staggering. It is absolutely critical that we in Congress, before we leave, do everything we possibly can to help Americans who have been hurt by this downturn—in particular, the people who are unemployed and having trouble getting back into the workforce. That is why it is essential that before we leave we extend unemployment benefits and adopt the Emergency Unemployment Compensation Act of 2002, which has been introduced by Senator WELLSTONE, Senator CLINTON, myself, and others.

Over 8 million Americans are unemployed. Since January of 2001, the national unemployment rate has risen from 4.2 percent to 5.7 percent. According to the Center on Budget and Policy Priorities, between May and July of this year, approximately 900,000 workers exhausted all of the additional weeks of Federal unemployment benefits that they received as a result of the economic stimulus legislation that passed the Congress last March. By the end of this year, that number will swell to 2.2 million workers having exhausted their unemployment benefits.

We have lost more than 2 million private sector jobs since January of 2001. For the first time in 50 years, the number of private sector jobs has actually

declined in this country. Now, the rate of increase in those jobs has gone up and down over the last 50 years but never in the last 50 years has there been an actual decline in the number of private sector jobs until this last year.

The legislation introduced last week would do something about these problems by providing all States with an additional 13 weeks of temporary extended unemployment benefits. It would also authorize States with the highest levels of unemployment to get funds for an additional 7 weeks of benefits on top of the 13.

This is especially important to my home State of Michigan. Michigan has one of the higher unemployment rates nationwide, currently 6.2 percent.

The PRESIDING OFFICER (Mr. JOHNSON). The time controlled by the majority has expired.

Mr. LEVIN. Mr. President, I notice a number of our colleagues are in the Chamber, and my time has expired. I ask unanimous consent that I be given an additional 3 minutes to complete my remarks.

The PRESIDING OFFICER. Is there objection?

Mr. INHOFE. Reserving the right to object, I am sorry, I did not hear the Senator's question.

Mr. LEVIN. I ask unanimous consent that I be given an additional 3 minutes to complete my remarks.

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

Mr. LEVIN. I thank my friend from Oklahoma.

Mr. President, the legislation we introduced last week would do something about these problems by giving all States an additional 13 weeks of temporary extended unemployment benefits and would authorize States with the highest levels of unemployment to get funds for an additional 7 weeks of benefits above the 13 weeks.

As I indicated, my home State has one of the highest unemployment rates in the Nation, currently 6.2 percent. That is the seventh highest in the Nation, and it is almost a full percentage point higher than it was just a year and a half ago. More than 60,000 workers in Michigan currently receive Federal unemployment benefits, with an additional 50,000 Michigan workers having already exhausted their benefits.

Michigan's median household income fell by 4.1 percent last year. Only four other States fared worse. In the country as a whole, median household income fell 2.2 percent last year, the first drop since 1991. So this legislation is crucial for Michigan's hard-pressed workers and their families, as well as for workers across the land.

This is not just doing what is fair and what is right and what is equitable. Those reasons ought to be sufficient. In addition to that, providing additional benefits is a good stimulus for our ailing economy. The money we are talking about is money that will be spent. Those eligible to receive these benefits

are people trying to make ends meet on a day-to-day basis, people who need money to put food on the table, to buy a prescription drug, to make a car payment, to pay rent, or to pay a mortgage. They spend this money.

According to a 1999 Department of Labor study, every dollar invested in unemployment benefits generates \$2.15 in gross domestic product. This bill extending unemployment benefits will put money into the hands of people who need it, people who will spend it, and that is good for our economy, as well as for them, because it sustains the jobs other people still have.

There may be Members who will argue we cannot afford to extend unemployment benefits. Obviously, we should be concerned about our current budget situation. The 10-year surplus projection has declined by \$5.3 trillion, or 94 percent, since January of 2001. But our budget problem does not come from extending desperately needed benefits to out-of-work Americans.

The major problem is last year's \$1.5 trillion tax cut which provides more benefits to the top 1 percent of all taxpayers than it does the bottom 80 percent of taxpayers combined. According to analysts who reviewed the CBO numbers, last year's tax cut is the single largest cause for our evaporated surplus.

September 11 and its aftermath had an enormous impact on an economy that was already sputtering. The economy has not recovered. There are signs that it will not recover for a while longer. The tax cut has blown a hole in our budget, yet it is not just the centerpiece of the administration's economic policy, it appears to be the only economic policy we hear about from the administration.

Since Congress passed a bipartisan extension of unemployment benefits in March, nearly 2 million people have exhausted those benefits without finding new jobs. The ability for them to receive additional benefits has expired. Yesterday, Senator WELLSTONE attempted to pass this bill by unanimous consent, but was prevented from doing so. This issue should be one of our top priorities. We should not leave this year without extending these benefits for America's unemployed. I am hopeful that Democrats and Republicans in Congress will be able to come together as we have done in the past and support the Emergency Unemployment Compensation Act of 2002.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. LEVIN. I thank the Chair.

The PRESIDING OFFICER. Under the previous order, the next 1 hour shall be under the control of the Republican leader or his designee.

The Senator from Oklahoma.

THE ECONOMY

Mr. INHOFE. Mr. President, it is my intent today to make a few comments about someone I hold in such high es-

teem, perhaps in higher esteem than anyone else I can think of at this moment. Before doing that, I am compelled, however, to respond to some of the statements that have been made concerning the economy.

I think we all recognize our economy started turning south about 3 years ago. We did see this coming. I really do not like people saying—because I am always afraid someone is going to believe it—that somehow when we reduce tax burdens on individuals that is going to automatically reduce the revenues that would have otherwise come from those taxes.

History tells us just the opposite. In fact, yes, we are going to have a deficit. We understand that. We are currently in a war, and we understand even though the amount of additional money, some \$48 billion, that went into the war effort is totally inadequate, it is going to have to be more, and we are going to see deficits.

The other factor causing deficits is a downturn in the economy. We all know for every 1 percent drop in economic activity, that translates into \$24 billion of lost revenue. Turning that around, for every 1 percent increase in economic activity, revenue will increase by \$24 billion. It has been proven over and over throughout the history of this country that every time we have had the opportunity and the courage to reduce taxes, not raise taxes, it has resulted in increased revenues.

The best evidence of this is 1980. My colleague from Florida talked about the decade of the eighties, but let's look at what happened in the decade of the eighties.

In the 1980s, the total amount of money that was raised from marginal rates was \$244 billion. In 1990, that same figure was \$406 billion. We can see in a 10-year period revenue almost doubled, and that was the 10-year period when we had more reductions in marginal rates and in capital gains taxes and other taxes than any other 10-year period in this Nation's history.

Is this a Republican idea? No, it is a conservative idea. Liberals do not like to think we can return money to the people. They do not understand this adds to our economy. I hate to think of where we would be today if we had not had the tax cuts because they have, in fact, had a positive effect on the economy.

This is not a Republican idea. I remember a great President of the United States in the sixties. It was President Kennedy. President Kennedy felt Government needed to do more for the Great Society. He said we are going to have to have more revenues. He said: The best way to increase revenues is to decrease taxes. So President Kennedy decreased taxes and revenues increased.

Mr. President, I say to my liberal friends, I know they do not believe the private sector and individuals left with freedom in their hands can operate as well as Government can. They are wrong.