Iowa: This Senate is dysfunctional. We have not done our work. It is a new year. It has already begun. We have not passed and sent to the President a single appropriations bill.

But I have to differ very strongly with his accusation, which is totally unfounded, that the objection I raised was for political purposes. The objection is raised because this body has before it an appropriations bill. We have the Interior appropriations bill before us, and it has been stalled by my colleagues on the other side. We need to vote on that bill.

One of the reasons we are in this problem is because we have not passed a budget, the first time since 1974 we have not passed a budget. I serve on the Budget Committee. I happen to believe that the budget that was reported out by the majority, on a party-line vote, was and is indefensible. The fact that the majority leader has not brought it up tends to confirm my suspicion.

But when you do not have a budget, you have a great difficulty trying to pass appropriations bills. We have passed good bills out of the Appropriations Committee. And I happen to have not only a great interest in the Labor, Health, and Human Services bill, but in the VA–HUD and independent agencies bill. We have to get those done. And we are going to get those done. It looks as if we are going to have to wait for a new Congress to do it. We are going to get those funds out there because they are vitally needed. And we have, in all of these bills, incorporated many important projects and programs that need to be funded.

But we are stuck. We have been almost, I guess it is, 5 weeks now on Interior. Why haven't we voted on and passed out an Interior bill? Why not? Because Senators from the West—and I include myself in that; it is close; we are on the west side of the Mississippi River—want to have the same protection for our forests, for the neighbors of the forests, for the people who work in the forests—the firefighters—for the people who live by the forests, for the trees themselves, the wildlife in the forests, we want to have the same protection from devastating catastrophic forest fires.

Senators CRAIG, DOMENICI, and KYL offered an amendment which I was proud to support. Very simply, that amendment gave, with many more limitations, the same kind of flexibility to the Forest Service in other States that it has in South Dakota, which is desperately needed.

The Senator from South Dakota included a provision nobody knew about in the Defense bill that said you could go in and clean out the high-density fuel and the volatile compounds lining the floors of the forests in South Dakota, but he made it just for South Dakota.

Fires are raging in the West, in California, Arizona, Colorado, Utah. They are threatened in Missouri. We said: We want the same protection for our forests. We want to be able to use sound forest management, which means getting the dead, diseased logs out of the forest before a spark from lightning or a manmade spark or some kind of machine sets them on fire and causes a catastrophic fire that outraces the wildlife, that burns old-growth trees, that kills people. Over 20 firefighters are dead in the West from these catastrophic fires. It is burning up property.

Do you know what the result is? The environment suffers tremendously because wildlife cannot escape from these fast-moving fires. The forest floor is baked so hard that nothing will grow for decades. What we are saying is, sound forestry management demands that you clean out the high-fuel areas to prevent catastrophic fires. It makes common sense. Except there are special interest groups, specifically the Sierra Club and others, that say you cannot vote for that bill. They have too much political clout.

If we are talking about politics, holding up the appropriations, let's look at the politics holding up the Interior appropriations bill. That is where the politics are being played. That is why people throughout the West and anywhere where there are national forests are in danger of catastrophic forest fires, because the majority refuses to make their Members vote between cleaning up the forests, preventing the fires, protecting their people, and the Sierra Club. They don't want to make that choice.

That choice is easy. If we can get a vote on it, one way or the other, you may beat us. You may have enough votes to say, no, we don't want to give you that protection. But at least we want to have a vote. Then we can pass the Interior bill. We could get to Labor-HHS. We could get to the CJS bill on which my colleague from South Carolina has worked so hard. We can get to the VA-HUD-independent agencies bill on which I have worked with my colleague from Maryland.

There is politics in the holding up of the appropriations. The politics are not on this side.

I yield the floor.

The PRESIDING OFFICER. The Senator from South Carolina.

THE ECONOMY

Mr. HOLLINGS. Mr. President, earlier this morning I heard a distinguished colleague on this side of the aisle refer to ending the fiscal year with a $150 to $160 billion deficit.

Thereafter, I was astounded to hear a colleague from the other side of the aisle say tax cuts increase revenues. If that latter statement were true, we would just come here and cut taxes every day because that is what we need, revenues. Ever since this President took office, we have run the most astounding debt of a free country. Instead of paying down the debt, there isn't any question, when he came here he started cutting taxes. He put in an economic team headed by Larry Lindsey—the only fellow in America who thinks the economy is good.

Until you get rid of that economic team and stop this singsong about cutting taxes, and instead start paying down the debt, the economy is not going to recover.

Let me go right to what the debt is because today is October 2, two days since the end of fiscal year 2002. Under law, the Treasurer of the United States is required to publish the public debt every day. We ended the fiscal year 2002 on September 30, with a deficit of $421 billion, and a debt of $6.2 trillion, up from $5.8 trillion last year.

I have been up here 36 years. This is the biggest deficit we have ever had. George the first gave us a $402 billion deficit. He exceeded the $400 billion mark. Now George the second, topped it with $421 billion. The Senator from Oklahoma said that if you cut the taxes, you increase the revenues. George the first called that voodoo. This is voodoo two.

Here is how we got into this particular dilemma, because we all are guilty on both sides of the aisle and on both sides of the Capitol. It was Mark Twain who said that the truth is such a precious thing, it should be used very sparingly.

Well, not really kidding about the truth, going to the seriousness of the truth, it was never better stated than by my friend James Fallows, in his book ''Breaking the News'' back in 1996, when he related the debate over how you constitute and maintain a strong democratic government.

The debate was between Walter Lippmann and John Dewey, the famous educator. It was Lippmann's contention that what you really need to do is get the best of minds in the particular disciplines—the best fellow on education, the best on forestry and fires, the best fellow on health care, the best fellow on defense, and whatever it is, the experts in the fields—to sit around the table and agree on the needs of the country and their expert solution to the problem of those needs.

John Dewey, the famous educator, said: No, all we need to do is have the free press tell the truth to the American people. And out of those truths, emanating through their representatives, their Senators in Government in Washington, would come the proper programs to strengthen and maintain that democracy.

That for the first time ever gave me the understanding of Jefferson's observation that as between a free government and a free press, he would choose the latter. Obviously, of course, with that free press telling the truth, we would always maintain a strong democracy. But we haven't been telling the truth.

I have been trying for a good 20-some years now, since I was chairman of the Budget Committee, to get us to tell the truth: Simply, how much in revenues the Government took in, and how many expenditures there were. We need to find out what the net is, so we know whether we ended up with a surplus or with a deficit. Using this technique, the fiscal year 2002 deficit, that ended just two days ago, was $421 billion.

How many Senators, time and time again, say: We have to hold the deficit to $165 billion, but we are not going to touch Social Security? How many Senators have said we have a $5.6 trillion surplus, but we are not going to touch Social Security?

Let me go to the Social Security story. In 1935, under Franklin Delano Roosevelt, we passed the most formative of governmental programs. Between 1930 and 1969, we never used Social Security moneys to pay the Government's debt. However, in 1971, I was here when we had the famous expert on government finance, Congressman Wilbur Mills, and he started up into New Hampshire running for the Presidency, promising a 10-percent increase in the cost of living adjustment to the Social Security recipient.

He said that we have such a surplus in the Social Security trust fund, he would give them a full 10 percent. Of course, President Nixon came back and said in the campaign: If he gives you 10 percent, I will give you 15 percent. With that one-upmanship during the 1970s, we were drained, and the Social Security trust fund almost went into the red by 1980.

We appointed the famous Greenspan Commission, which came out with a report in January 1983 called the ''National Commission on Social Security Reform.'' You will see under section 21—and I read from it:

A majority of the members of the National Commission recommends that the operations of the Social Security trust funds should be removed from the unified budget.

It took this Senator from 1983 until 1990—7 years—to get a vote on this. I finally got it out of the Budget Committee, but not unanimously. There was one vote by someone who said they would ''chase me down like a dog in the streets'' when I was recommending an increase in taxes in 1993. There was one Senator on that Budget Committee, who would surprise everybody, who said, no, he didn't want to put Social Security off budget. But when we came to a vote on the floor, 98 Senators voted for it. President George Herbert Walker Bush, on November 5, 1990, signed section 13.301 of the Budget Act into law, which states:

Notwithstanding any other provision of law, the receipts and disbursements of the Social Security trust fund shall not be counted in any budget of the United States Government.

There it is. That is the law of the land. Unfortunately, there is no penalty if you don't follow it. I tried to get a penalty saying you would forfeit your own Social Security if ever you quoted a budget including the Social Security trust funds.

I ask unanimous consent that this section be printed in the CONGRESSIONAL RECORD at this time, along with section 31 of the report.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

(21) A majority of the members of the National Commission recommends that the operations of the OASI, DI, HI, and SMI Trust Funds should be removed from the unified budget. Some of those who do not support this recommendation believe that the situation would be adequately handled if the operations of the Social Security program were displayed within the present unified Federal budget as a separate budget function, apart from other income security programs.

The PRESIDING OFFICER. The Senator has consumed 10 minutes.

Mr. HOLLINGS. I ask unanimous consent for another 10 minutes.

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

Mr. HOLLINGS. Mr. President, in 1993, that same Alan Greenspan went down to Arkansas. To meet with President-Elect Bill Clinton at an economic conference. He said what we really needed to do is pay down the debt; then President Clinton came to town, and without a single Republican vote, we cut spending and we increased taxes. That is when the Senator from Texas, Mr. GRAMM, said: If you increase taxes on Social Security, they will be hunting you Democrats down like dogs in the street and shooting you.

Well, I voted to increase taxes on Social Security. I voted to increase taxes on gasoline. I voted to increase taxes on whom? The stock crowd in New York. And the stock crowd in New York rejoiced. They turned around and said: The Government in Washington finally has gotten serious and is going to pay down the bill—that huge debt—and we are going to start investing. Then we had an 8-year economic boom.

Along comes candidate George W. Bush. When candidate Bush came on that campaign trail, I will never forget it. It was about this time, the year before last. He said he was going to cut taxes. I was watching it, being an old Budget Committee chairman and thinking, How in the world are they going to do this? They didn't have any taxes to cut. We got right into the black under President Clinton's economic plan. We were hearing about going in the absolute opposite direction and arguing now why. Everybody knows why.

Immediately after his election in November, on the Friday of that particular week, Vice President CHENEY said we were going to cut taxes. Everybody started taking him seriously. This was not just a campaign statement. Then I can tell you who pulled the plug on the economy—irrationally exuberant Alan Greenspan himself. He appeared on January 25—I ask unanimous consent this be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TESTIMONY OF CHAIRMAN ALAN GREENSPAN

(BEFORE THE COMMITTEE ON THE BUDGET, U.S. SENATE, JANUARY 25, 2001)

OUTLOOK FOR THE FEDERAL BUDGET AND IMPLICATIONS FOR FISCAL POLICY

I am pleased to appear here today to discuss some of the important issues surrounding the outlook for the federal budget and the attendant implications for the formulation of fiscal policy. In doing so, I want to emphasize that I speak for myself and not necessarily for the Federal Reserve.

The challenges you face both in shaping a budget for the coming year and in designing a longer-run strategy for fiscal policy were brought into sharp focus by the release last week of the Clinton Administration's final budget projections, which showed further upward revisions of on-budget surpluses for the next decade. The Congressional Budget Office also is expected to again raise its projections when it issues its report next week.

The key factor driving the cumulative upward revisions in the budget picture in recent years has been the extraordinary pickup in the growth of labor productivity experienced in this country since the mid-1990s. Between the early 1970s and 1995, output per hour in the nonfarm business sector rose about 1½ percent per year, on average. Since 1995, however, productivity growth has accelerated markedly, about doubling the earlier pace, even after taking account of the impetus from cyclical forces. Though hardly definitive, the apparent sustained growth in measured productivity in the face of a pronounced slowing in the growth of aggregate demand during the second half of last year was an important test of the extent of the improvement in structural productivity. These most recent indications have added to the accumulating evidence that the apparent increases in the growth of output per hour are more than transitory.

It is these observations that appear to be causing economists, including those who contributed to the OMB and the CBO budget projections, to raise their forecasts of the economy's long-term growth rates and budget surpluses. This increased optimism receives support from the forward-looking indicators of technical innovation and structural productivity growth, which have shown few signs of weakening despite the marked curtailment in recent months of capital investment plans for equipment and software.

To be sure, these impressive upward revisions to the growth of structural productivity and economic potential are based on inferences drawn from economic relationships that are different from anything we have considered in recent decades. The resulting budget projections, therefore, are necessarily subject to a relatively wide range of error. Reflecting the uncertainties of forecasting well into the future, neither the OMB nor the CBO projects productivity to continue to improve at the stepped-up pace of the past few years. Both expect productivity growth rates through the next decade to average roughly 2¼ to 2½ percent per year—far above the average pace from the early 1970s to the mid-1990s, but still below that of the past five years.

Had the innovations of recent decades, especially in information technologies, not come to fruition, productivity growth during the past five to seven years, arguably, would have continued to languish at the rate of the preceding twenty years. The sharp increase in prospective long-term rates of return on high-tech investments would not have emerged as it did in the early 1990s, and the associated surge in stock prices would surely have been largely absent. The accompanying wealth effect, so evidently critical to the growth of economic activity since the mid-1990s, would never have materialized.

In contrast, the experience of the past five to seven years has been truly without recent precedent. The doubling of the growth rate of output per hour has caused individuals' real taxable income to grow nearly 2½ times as fast as it did over the preceding ten years and resulted in the substantial surplus of receipts over outlays that we are now experiencing. Not only did taxable income rise with the faster growth of GDP, but the associated large increase in asset prices and capital gains created additional tax liabilities not directly related to income from current production.

The most recent projections from the OMB indicate that, if current policies remain in place, the total unified surplus will reach $800 billion in fiscal year 2011, including an on-budget surplus of $500 billion. The CBO reportedly will be showing even larger surpluses. Moreover, the admittedly quite uncertain long-term budget exercises released by the CBO last October maintain an implicit on-budget surplus under baseline assumptions well past 2030 despite the budgetary pressures from the aging of the baby-boom generation, especially on the major health programs.

The most recent projections, granted their tentativeness, nonetheless make clear that the highly desirable goal of paying off the federal debt is in reach before the end of the decade. This is in marked contrast to the perspective of a year ago when the elimination of the debt did not appear likely until the next decade.

But continuing to run surpluses beyond the point at which we reach zero or near-zero federal debt brings to center stage the critical longer-term fiscal policy issue of whether the federal government should accumulate large quantities of private (more technically nonfederal) assets. At zero debt, the continuing unified budget surpluses currently projected imply a major accumulation of private assets by the federal government. This development should factor materially into the policies you and the Administration choose to pursue.

I believe, as I have noted in the past, that the federal government should eschew private asset accumulation because it would be exceptionally difficult to insulate the government's investment decisions from political pressures. Thus, over time, having the federal government hold significant amounts of private assets would risk sub-optimal performance by our capital markets, diminished economic efficiency, and lower overall standards of living than would be achieved otherwise.

Short of an extraordinarily rapid and highly undesirable short-term dissipation of unified surpluses or a transferring of assets to individual privatized accounts, it appears difficult to avoid at least some accumulation of private assets by the government.

Private asset accumulation may be forced upon us well short of reaching zero debt. Obviously, savings bonds and state and local government series bonds are not readily redeemable before maturity. But the more important issue is the potentially rising cost of retiring marketable Treasury debt. While shorter-term marketable securities could be allowed to run off as they mature, longer-term issues would have to be retired before maturity through debt buybacks. The magnitudes are large: As of January 1, for example, there was in excess of three quarters of a trillion dollars in outstanding nonmarketable securities, such as savings bonds and state and local series issues, and marketable securities (excluding those held by the Federal Reserve) that do not mature and could not be called before 2011. Some holders of long-term Treasury securities may be reluctant to give them up, especially those who highly value the risk-free status of those issues. Inducing such holders, including foreign holders, to willingly offer to sell their securities prior to maturity could require paying premiums that far exceed any realistic value of retiring the debt before maturity.

Decisions about what type of private assets to acquire and to which federal accounts they should be directed must be made well before the policy is actually implemented, which could occur in as little as five to seven years from now. These choices have important implications for the balance of saving and, hence, investment in our economy. For example, transferring government savings to individual private accounts as a means of avoiding the accumulation of private assets in the government accounts could significantly affect how social security will be funded in the future.

Short of some privatization, it would be preferable in my judgment to allocate the required private assets to the social security trust funds, rather than to on-budget accounts. To be sure, such trust fund investments are subject to the same concerns about political pressures as on-budget investments would be. The expectation that the retirement of the baby-boom generation will eventually require a drawdown of these fund balances does, however, provide some mitigation of these concerns.

Returning to the broader picture, I continue to believe, as I have testified previously, that all else being equal, a declining level of federal debt is desirable because it holds down long-term real interest rates, thereby lowering the cost of capital and elevating private investment. The rapid capital deepening that has occurred in the U.S. economy in recent years is a testament to these benefits. But the sequence of upward revisions to the budget surplus projections for several years now has reshaped the choices and opportunities before us. Indeed, in almost any credible baseline scenario, short of a major and prolonged economic contraction, the full benefits of debt reduction are now achieved before the end of this decade—a prospect that did not seem likely only a year or even six months ago.

The most recent data significantly raise the probability that sufficient resources will be available to undertake both debt reduction and surplus lowering policy initiatives. Accordingly, the tradeoff faced earlier appears no longer an issue. The emerging key fiscal policy need is to address the implications of maintaining surpluses beyond the point at which publicly held debt is effectively eliminated.

The time has come, in my judgement, to consider a budgetary strategy that is consistent with a preemptive smoothing of the glide path to zero federal debt or, more realistically, to the level of federal debt that is an effective irreducible minimum. Certainly, we should make sure that social security surpluses are large enough to meet our long-term needs and seriously consider explicit mechanisms that will help ensure that outcome. Special care must be taken not to conclude that wraps on fiscal discipline are no longer necessary. At the same time, we must avoid a situation in which we come upon the level of irreducible debt so abruptly that the only alternative to the accumulation of private assets would be a sharp reduction in taxes and/or increase in expenditures, because these actions might occur at a time when sizable economic stimulus would be inappropriate. In other words, budget policy should strive to limit potential disruptions by making the on-budget surplus economically inconsequential when the debt is effectively paid off.

In general, as I have testified previously, if long-term fiscal stability is the criterion, it is far better, in my judgment, that the surpluses be lowered by tax reductions than by spending increases. The flurry of increases in outlays that occurred near the conclusion of last fall's budget deliberations is troubling because it makes the previous year's lack of discipline less likely to have been an aberration.

To be sure, with the burgeoning federal surpluses, fiscal policy has not yet been unduly compromised by such actions. But history illustrates the difficulty of keeping spending in check, especially in programs that are open-ended commitments, which too often have led to much larger outlays than initially envisioned. It is important to recognize that government expenditures are claims against real resources and that, while those claims may be unlimited, our capacity to meet them is ultimately constrained by the growth in productivity. Moreover, the greater the drain of resources from the private sector, arguably, the lower the growth potential of the economy. In contrast to most spending programs, tax reductions have downside limits. They cannot be open-ended.

Lately there has been much discussion of cutting taxes to confront the evident pronounced weakening in recent economic performance. Such tax initiatives, however, historically have proved difficult to implement in the time frame in which recessions have developed and ended. For example, although President Ford proposed in January of 1975 that withholding rates be reduced, this easiest of tax changes was not implemented until May, when the recession was officially over and the recovery was gathering force. Of course, had that recession lingered through the rest of 1975 and beyond, the tax cuts would certainly have been helpful. In today's context, where tax reduction appears required in any event over the next several years to assist in forestalling the accumulation of private assets, starting that process sooner rather than later likely would help smooth the transition to longer-term fiscal balance. And should current economic weakness spread beyond what now appears likely, having a tax cut in place may, in fact, do noticeably good.

As for tax policy over the longer run, most economists believe that it should be directed at setting rates at the levels required to meet spending commitments, while doing so in a manner that minimizes distortions, increases efficiency, and enhances incentives for saving, investment, and work.

In recognition of the uncertainties in the economic and budget outlook, it is important that any long-term tax plan, or spending initiative for that matter, be phased in. Conceivably, it could include provisions that, in some way, would limit surplus-reducing actions if specified targets for the budget surplus and federal debt were not satisfied. Only if the probability was very low that prospective tax cuts or new outlay initiatives would send the on-budget accounts into deficit, would unconditional initiatives appear prudent.

The reason for caution, of course, rests on the tentativeness of our projections. What if, for example, the forces driving the surge in tax revenues in recent years begin to dissipate or reverse in ways that we do not foresee? Indeed, we still do not have a full understanding of the exceptional strength in individual income tax receipts during the latter 1990s. To the extent that some of the surprise has been indirectly associated with the surge in asset values in the 1990s, the softness in equity prices over the past year has highlighted some of the risks going forward.

Indeed, the current economic weakness may reveal a less favorable relationship between tax receipts, income, and asset prices than has been assumed in recent projections.

Until we receive full detail on the distribution by income of individual tax liabilities for 1999, 2000, and perhaps 2001, we are making little more than informed guesses of certain key relationships between income and tax receipts.

To be sure, unless later sources do reveal major changes in tax liability determination, receipts should be reasonably well-maintained in the near term, as the effects of earlier gains in asset values continue to feed through with a lag into tax liabilities. But the longer-run effects of movements in asset values are much more difficult to assess, and those uncertainties would intensify should equity prices remain significantly off their peaks. Of course, the uncertainties in the receipts outlook do seem less troubling in view of the cushion provided by the recent sizable upward revisions to the ten-year surplus projections. But the risk of adverse movements in receipt is still real, and the probability of dropping back into deficit as a consequence of imprudent fiscal policies is not negligible.

In the end, the outlook for federal budget surpluses rests fundamentally on expectations of longer-term trends in productivity, fashioned by judgments about the technologies that underlie these trends. Economists have long noted that the diffusion of technology starts slowly, accelerates, and then slows with maturity. But knowing where we now stand in that sequence is difficult—if not impossible—in real time. As the CBO and the OMB acknowledge, they have been cautious in their interpretation of recent productivity developments and in their assumptions going forward. That seems appropriate given the uncertainties that surround even these relatively moderate estimates for productivity growth. Faced with these uncertainties, it is crucial that we develop budgetary strategies that deal with any disappointments that could occur.

That said, as I have argued for some time, there is a distinct possibility that much of the development and diffusion of new technologies in the current wave of innovation still lies ahead, and we cannot rule out productivity growth rates greater than is assumed in the official budget projections. Obviously, if that turns out to be the case, the existing level of tax rates would have to be reduced to remain consistent with currently projected budget outlays.

The changes in the budget outlook over the past several years are truly remarkable. Little more than a decade ago, the Congress established budget controls that were considered successful because they were instrumental in squeezing the burgeoning budget deficit to tolerable dimensions. Nevertheless, despite the sharp curtailment of defense expenditures under way during those years, few believed that a surplus was anywhere on the horizon. And the notion that the rapidly mounting federal debt could be paid off would not have been taken seriously.

But let me end on a cautionary note. With today's euphoria surrounding the surpluses, it is not difficult to imagine in the hard-earned fiscal restraint developed in recent years rapidly . . .

He said that ‘‘by continuing to run surpluses beyond the point of which we reach zero, Federal debt brings to center stage the critical longer term fiscal policy issue of whether the Federal Government should accumulate large quantities of private assets. I believe that the Federal Government should eschew private assets accumulation. Of course, having the Federal Government hold the significant amounts of private assets would risk sub-optimal performance of our capital markets, diminish economic efficiency, and lower overall standards of living.''

He talked of ‘‘burgeoning Federal surpluses.'' That was just last year, in January. He said that surpluses should be lowered by tax reductions rather than by spending increases.

He said:

The most recent data significantly raised the probability that sufficient resources will be available to undertake both debt reduction and surplus lowering.

Does anybody here need better permission than that, than to have Alan Greenspan give you the stamp of approval for cutting taxes?

Mr. President, the President talked a month later, in February, in his State of the Union, and he said:

To make sure the retirement savings of America's seniors are not diverted in any other program, my budget projects all $2.6 trillion of the Social Security surplus for Social Security, and for Social Security alone. At the end of these 10 years, we will have paid down all of the debt. That is more debt repaid more quickly than has ever been repaid by any nation in history.

He says, going further:

My budget sets aside almost a trillion dollars over 10 years for additional needs.

I could read more. But don't come now and say we have huge deficits because of 9/11. The cost of 9/11 is under $32 billion. The terrorism war didn't cause this huge deficit. If it did, the President said just a year ago, he had a trillion dollars ready to take care of anything unexpected.

So there you are, Mr. President. What we did is to give out some rebates. I had an amendment on the floor on this. We passed it in June and paid it out around September. It was too late; it wasn't enough. More than anything else, it didn't give the payroll taxpayers—the ones who would spend the money, the people who were pulling the wagon, paying the taxes, keeping the schools going, and everything else of that kind, working around the clock—they didn't get any particular tax cut.

So then this August I moved finally on the budget with respect to the SEC certification. If the SEC was busy asking the CEOs of America's largest companies to swear that their financial reports were in order, I thought that Mitch Daniels should do the same for the Office of Management and Budget.

Here on this chart we have listed more than 600 CEOs who complied. On August 14, the deadline day, there were only two exceptions—the CEO of the IT Group, Mitch Daniels of the United States of America. Let me scratch out the IT Group because they have since been heard from.

I wrote Mitch Daniels, the Director of the Office of Management and Budget, and I said: Are you going to also certify on August 14? The next day, the New York Times reported that Mr. Daniels said he would have a reply to Mr. HOLLINGS ready in a day or two.

That was on August 15. I still do not have a reply. I guess he wants an extension.

How are we going to get truth in budgeting? It is very interesting that we passed, in 1994, the Pension Reform Act whereby companies are not allowed to use pension money of corporations to pay off company debt. We had Carl Icahn and all of those quick artists who took money from these corporations and ran.

Unfortunately, our friend, the famous pitcher, Denny McLain in Detroit, when he headed up a corporation and took money, was convicted of a felony. I said: If you can find the jail where he is serving—I am confident he is out by now—tell him next time to run for the U.S. Senate. Instead of a jail term, you get the Good Government Award. That is what we have going on.

You cannot treat expenditures as revenues. That is exactly Kenny Boy Lay's Enron program, but Kenny Boy did not invent it. We invented it up here under voodoo Reagan and now with voodoo Bush 2, George W. He broke the Government. He has the sorriest economic team you have ever seen. He still naively does not understand the economy, asking for tax cuts. He is continuing to wreck us, and until he gets rid of that team and quits talking tax cuts and starts talking economic sense, the market will never turn around, I can tell you that right now.

Mr. President, let's please tell the truth. I ask unanimous consent that the public debt to the penny by the Treasurer of the United States, Secretary O'Neill, be printed in the RECORD showing we ended fiscal year 2002 with a $421 billion deficit.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE DEBT TO THE PENNY

	Amount
Current: 9–30–2002	$6,228,235,965,597.16
Current month:	
9–27–2002	6,193,334,713,434.45
9–26–2002	6,195,917,334,028.10
9–25–2002	6,201,863,128,192.67
9–24–2002	6,202,454,383,502.58
9–23–2002	6,201,634,677,013.67
9–20–2002	6,199,849,505,001.03
9–19–2002	6,199,158,297,617.64
9–18–2002	6,203,601,028,501.77
9–17–2002	6,206,073,469,907.30
9–16–2002	6,198,239,142,009.48
9–13–2002	6,206,509,037,316.48
9–12–2002	6,207,448,344,943.44
9–11–2002	6,212,731,396,360.16
9–10–2002	6,206,134,982,821.32
9–9–2002	6,200,848,240,187.31
9–6–2002	6,203,279,922,857.50
9–5–2002	6,203,621,876,964.50
9–4–2002	6,201,449,286,859.25
9–3–2002	6,194,089,703,019.91
Prior months:	
8–30–2002	6,210,481,675,956.26
7–31–2002	6,159,740,790,009.39
6–28–2002	6,126,468,760,400.48
5–31–2002	6,019,332,312,247.55
4–30–2002	5,984,677,357,213.86
3–29–2002	6,006,031,606,265.38
2–28–2002	6,003,453,016,583.85
1–31–2002	5,937,228,743,476.27
12–31–2001	5,943,438,563,436.13
11–30–2001	5,888,896,887,571.34
10–31–2001	5,815,983,290,402.24
Prior fiscal years:	
9–28–2001	5,807,463,412,200.06
9–29–2000	5,674,178,209,886.86
9–30–1999	5,656,270,901,615.43
9–30–1998	5,526,193,008,897.62
9–30–1997	5,413,146,011,397.34
9–30–1996	5,224,810,939,135.73
9–29–1995	4,973,982,900,709.39
9–30–1994	4,692,749,910,013.32

THE DEBT TO THE PENNY—Continued

	Amount
9–30–1993	4,411,488,883,139.38
9–30–1992	4,064,620,655,521.66
9–30–1991	3,665,303,351,697.03
9–28–1990	3,233,313,451,777.25
9–29–1989	2,857,430,960,187.32
9–30–1988	2,602,337,712,041.16
9–30–1987	2,350,276,890,953.00

Source: Bureau of the Public Debt.

Mr. HOLLINGS. I yield the floor.

The PRESIDING OFFICER (Mr. CARPER). The Senator from Nevada.

ORDER OF PROCEDURE

Mr. REID. Mr. President, I ask unanimous consent that in the order of speakers already identified, Senator KENNEDY be removed from the list and that following Senator BYRD—Senator BYRD has indicated he will speak for 20 or 25 minutes—Senator ENZI then be recognized, followed by Senator DORGAN. Following that, Senators BOND, BINGAMAN, and LINCOLN will then be next recognized. They have some legislation on which they want to have a colloquy. Following Senator DORGAN, we will have a presentation by Senators BOND, BINGAMAN, and LINCOLN.

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

The Senator from West Virginia.

APPROPRIATIONS BILLS: AT AN IMPASSE

Mr. BYRD. I thank the Chair. I also extend my thanks to the distinguished Democratic whip for his help in arranging for me to speak at this moment.

Mr. President, today is October 2. In 2 days, the continuing resolution that Congress approved last week will expire. While the days flip by on the calendar, the work on appropriations bills remains at an impasse, a standstill.

As a result of White House efforts to slow down the appropriations process—and those efforts have been successful—not 1 of the 13 appropriations bills has been sent to the President as of October 1, the beginning of the new fiscal year. This is the worst record for progress in the appropriations process since 1987.

In 1987, my wife and I celebrated our 50th wedding anniversary. Here it is 15 years later, so we are now 65 years along on our journey, but how much further along are we in the appropriations process? Let me say again, this is the worst record for progress in the appropriations process since 1987.

I would be very unhappy to say this with respect to my wife's and my journey of wedding anniversaries. Fifteen of them have passed since we had our worst year in 1987 in the appropriations process. So today, 15 years later, we are as bad as we were then.

As a result of White House intransigence on total discretionary spending for this fiscal year, the other body, the House of Representatives, has not taken up a single appropriations bill on the House floor for 10 weeks—10 weeks. God created the Earth and all of the universe and created man in 1 week—6 days and rested on the 7th. Here we are, the House has not taken up an appropriations bill on the floor for 10 weeks—10 weeks. Rather than working with the House Appropriations Committee and moderates in their own party on a level of spending that could be approved on the House floor, the House Republican leadership, at the request of the White House, simply shut the appropriations process down. That is it.

As a result, one of the most fundamental duties of the President and the Congress—namely, to make careful and responsible choices about how to spend the taxpayers' hard-earned dollars—has been put on automatic pilot.

While the days slip away, the 4 million veterans in this country who rely on the Veterans Administration for their health care will have to worry as to whether or not that care is going to be available for them.

While the days slip away, the 11,420 FBI agents who are supposed to be combating the war on terrorism will have to wonder whether they have the necessary resources to continue to fight that war. Why? Because of this administration's do-nothing policy when it comes to the appropriations process. Slow down the process. Stall.

While the days slip away, the Government's effort to root out corporate fraud would be put on hold.

While the days slip away, the President appears to be satisfied to forget his ''no child left behind'' promise and turn the commitment to educating America's children into another unfunded mandate, another unfulfilled promise.

The President is quick to champion homeland security on the political speech tour. Yes, he will stand out there with a backdrop of marines, a backdrop of soldiers, a backdrop of sailors, a backdrop of the National Guard, and he will say: Congress, pass my homeland security bill.

The President is quick to champion homeland security on the hustings when he is making fundraising trips, raising big dollars for the campaign. He is quick to champion homeland security, but his budget priorities reflect an entirely different agenda. The administration's adamant refusal to move off the dime in these appropriations discussions could jeopardize homeland security—and already has jeopardized homeland security.

No matter when or how or whether any new Department of Homeland Security is created, by jeopardizing the appropriations bills, the White House jeopardizes critical funds for the new Transportation Security Administration. Many of the requirements of the Transportation Security Act require large expenditures in the first quarter of fiscal year 2003. Are they going to flow?

Local airports are required to purchase explosive detection equipment to keep bombs from being placed on airliners. To do that, the airports need help. But the administration's refusal to be more flexible in its appropriations approach means that help is not on the way.

Federal funds are also needed to hire new Federal screeners to make our Nation's seaports more secure. Is help on the way?

Help is not on the way.

The Immigration and Naturalization Service is at a critical juncture in developing a comprehensive entry and exit system to protect our Nation's borders. The Senate bill provides $362 million for this initiative. Is help on the way? No. The administration's inflexibility means that help is not on the way.

The Customs Service is scheduled to hire more than 620 agents and inspectors to serve at the Nation's high-risk land and seaports of entry. Homeland security? The Senate provides the funding for the Customs Service. But is help on the way? No. The administration is being inflexible. Help is not on the way.

Thousands of FEMA fire grants, grants for interoperable communications equipment, grants to upgrade emergency operations centers, grants to upgrade search and rescue teams, grants for emergency responder training, and grants to improve State and local planning would be funded under the Senate's appropriations bill. Is help on the way? No. The administration is inflexible.

These are the special interests, I suppose, that the President was talking about, these firemen, policemen, and emergency health personnel who appeared before the Senate Appropriations Committee last spring in support of more money for homeland security.

So here are these special interests—the firemen, the policemen, the emergency help personnel, the people from the hospitals, and the nurses who came before our Senate Appropriations Committee and pleaded for more money for homeland security. Are these the special interests the President is talking about?

Help is not on the way.

Talk is cheap. Homeland security is not cheap. By forcing the Government to operate on autopilot, the administration wants the Nation to fight terrorism at home with one hand tied behind our backs. The President needs to come out of the White House war room long enough to focus on the situation at home. There is no need to go to Iraq, no need to go to the Middle East. The war on terrorism is being waged at home.

Is help on the way? No.

By December 31, 2.3 million unemployed Americans will be cut off from employment assistance. As the days slip away, our Nation's farmers and ranchers are left with no assistance in the face of the worst drought since the Dust Bowl days of the 1930s. I remember those Dust Bowl days of the 1930s.