

that support this generation and the next generation of family farmers.

A strong farm economy is critical to the survival of many rural communities over the long term. But the number of family farmers, who are the backbone of the agricultural sector, has been steadily declining over the course of the past century. In the 1930s, North Dakota had over 85,000 farms. That number has dwindled to just 30,000 in 2002, the lowest number of farms in North Dakota's history.

More and more of our young people are leaving rural communities in pursuit of jobs elsewhere and the remaining farmers are growing older. A recent report prepared by the Center for Rural Affairs found that almost half of the Nation's farmers are age 55 or older. The already small number of farmers and ranchers under age 25 (about 1 percent of farmers and ranchers) has dropped significantly in recent years. If we don't act quickly to address the aging of the farm sector, the prospects for many farm communities appear bleak.

The Center's report found that one of the major impediments to individuals who want to start a farm or ranch is the cost of land and other farm property. The legislation that Senator HAGEL and I have introduced speaks to this issue by providing substantial capital gains tax incentives for farmers and ranchers who are retiring or forced to get out of farming to sell their farm operations to beginning farmers and ranchers or others who will continue to use the property in farming. Because of the extra benefit the retiring farmer would receive for selling to a first-time farmer, for example, he or she could accept a lower price from such a buyer and still come out ahead economically as compared to a sale that would otherwise take the land out of agricultural use.

Specifically, our legislation allows farmers and ranchers to exclude up to \$500,000 in capital gains that are derived from the sale of qualifying farm or ranch property over their lifetime. The benefit of the capital gains tax exclusion provided by this legislation is greater for the sale of such property to first-time farmers and ranchers or to others who continue to use such property for farming purposes. To encourage farm sales to beginning farmers, this legislation provides a 100-percent exclusion from gross income of the long-term capital gain from the sale of qualifying farm property to a first-time farmer who certifies that he or she will use the property for farm purposes for at least 10 years. Our bill also provides a 50-percent exclusion from gross income of the long-term capital gain from the sale of farm property to any other person who certifies that the property will be used for farm purposes for at least 10 years. Finally, this legislation provides a 25-percent exclusion from gross income of long-term capital gain from the sale of such property to any other person for any other use.

If anytime within 10 years after the sale, the property benefiting from the 100-percent or 50-percent capital gains exclusion is disposed of or ceases to be used as a farm for farming purposes, then a penalty shall be imposed as a proxy for recapturing the capital gains tax benefit. However, the penalty for disposition or cessation of the use of qualifying property as a farm for farming purposes may be waived by the Secretary of the Treasury in the case of hardship.

Senator HAGEL and I believe that if we are going to deal with the economic problems facing much of rural America that we must ensure that tax and other Federal policies are in place to encourage a new generation of young people to enter into farming and ranching. This legislation should help in this endeavor and we urge our colleagues to support our effort.

VOTE EXPLANATION

Mr. BUNNING. Mr. President, I regret that I missed this evening's vote in the Senate on the confirmation of Earl Leroy Yeakel III, to be U.S. District Judge for the Western District of Texas. Had I been present, I would have voted "yea" on his confirmation. Unfortunately, the airplane I was to travel on back to Washington, DC was grounded for some time due to mechanical problems, and this caused a delay in my return.

DEATH OF BOB HOPE

Mr. HAGEL. Mr. President, the death of Bob Hope is a great loss for all Americans. At 100 years old, Hope was truly a legend in his own time. His famous wit and generous spirit endeared him to generations of Americans.

For more than 50 years, Bob Hope headlined USO tours, performing for America's Armed Forces around the world in times of war and peace. While serving on board of directors of the World USO and as president of the USO, I was privileged to have worked with Bob Hope. His selfless commitment to entertaining the men and women of our Armed Forces was unmatched. In 1997, Congress voted to recognize Bob Hope as an honorary veteran. Hope is the only person to ever receive this honor.

For decades, Bob Hope brought American troops laughter and warmth around the globe. We are all grateful for his tireless service and spirited humor. Bob Hope will be remembered not only as a gifted comedian and patriot, but as a humanitarian who used his tremendous talents to lift the spirits of millions of men and women. There will be another like him.

GREENSPAN'S RECORD

• Mr. BUNNING. Mr. President, I want to share with my fellow colleagues an article written by the best selling au-

thor and investor Jim Rogers. Mr. Rogers has been dubbed the "Indiana Jones of investing" and has earned himself a reputation for being one of the world's leading economic minds.

In this article, Mr. Rogers does something that I have found rare when it comes to examining Chairman Greenspan's record. He actually looks at the Chairman's monetary stances throughout his tenure at the Federal Reserve and examines what kind of effect they had on the economy. In most cases, Mr. Rogers finds that Mr. Greenspan's policies were ill-timed or simply economically absurd. I urge my colleagues to read this article so that we may better understand the role the Federal Reserve and Chairman Greenspan specifically have played in our economic well-being.

I ask unanimous consent to have the article printed in the RECORD.

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

FOR WHOM THE CLOSING BELL TOLLS

At a recent symposium sponsored by the Federal Reserve Bank of Kansas City in Jackson Hole, Wyoming, Alan Greenspan reflected on causes of the stock market bubble that grew at the end of the 20th century. He discussed how difficult it was to recognize when a bubble began and how anything he could have done as Federal Reserve chairman would have only made matters worse for the economy at the time.

"Bubbles," Greenspan said toward the end of his speech, "thus appear to primarily reflect exuberance on the part of investors in pricing financial assets . . . Bubbles appear to emerge when investors either overestimate the sustainable rise in profits or unrealistically lower the rate of discount they apply to expected profits and dividends." He said he did not know there was a bubble and could have done nothing even if he had figured out there was a mania. I wonder if he really believes that. Even my mother knows there was a bubble. Is he a charlatan or a foot? Perhaps both as we will see from his own earlier words and deeds.

I've got news for you, Alan: This stock market bubble was yours and could have been prevented. It didn't have to happen. Don't go blaming investors for so-called exuberance. Irrational or rational. The only one who has acted irrationally, it seems to me, is you. You could have prevented it in the first place and certainly could have stopped the bleeding a long time ago.

I know, I know. This is not the way people want to think about Alan Greenspan. The way people often talk about him, you'd think he was up for sainthood. Back in 1999, Time magazine nominated him to the "committee to save the world." Legendary journalist Bob Woodward wrote a flattering book about Greenspan called "Maestro." Senator Phil Gramm of Texas called him the greatest central banker of all time. Even the Queen of England recently added her voice, knighting Greenspan and saying that Sir Alan has brought "economic stability to the world." I guess she didn't notice that there have been at least five major financial crises in the past eight years with perhaps more on the horizon.

Could someone please give me the phone number of Alan Greenspan's public relations firm? Actually it was down in the board rooms of investment firms who used him to coin money, but even they have caught on by now.

Our current master of monetary policy has been at the helm since 1987, one of the longest-running tenures of any Fed chairman. Four different presidents—a Democrat and three Republicans—have held court at the White House, but Alan himself remained safely ensconced about a mile away at the Fed. I'm the first to agree that Alan Greenspan has had a tremendous impact on our economy. It's just the facts and reality of his tenure that will look horrible to historians. Looking back over his career in the past decade and a half, it's pretty clear he made major mistakes that have gotten this country into a huge economic bind today.

Hindsight, as the saying goes, gives us 20-20 vision, but it does something else: it usually tells us the truth, even if it's a little late to correct the mistakes.

In the long run, history's going to remember Greenspan as the man who caused the stock market bubble and worse. If he doesn't change his monetary policy, he'll also be remembered as the man who created other bubbles to follow in its wake.

Let's take a step back in time and take a little history lesson. Think back to the gray days of the 1990s. From 1992 to 1997, the S&P 500 soared 130 percent, or roughly 27 percent annually. It was the biggest bull market that many of us who'd been in the business for years had ever seen. All the economic indicators were pointing the right direction: Unemployment was down, manufacturing hours were up. Corporate profits rose about 120 percent over that period. The trade deficit wasn't ballooning at its typical breakneck pace. The Japanese Central Bank was flooding the world with money so we had an unusually good period so far, but nothing too dangerous here. These were good days for the country and the Maestro began taking the credit.

But here's the funny thing about the stock market, something even the most educated investors seem to forget when the going gets good: the stock market and economies move in cycles. It's just the way it goes. Don't take it personally. Markets have always done it; they always will. (Alan, are you listening?) A lot of people hoped the stock market had gone to a new, special place, that cosmic zone where stocks never go down. They continue to rise and we all get rich. The New Economy, I believe it was called—somewhat reminiscent of the New Era of the 1920s.

Well, we all know what happened to that myth. Corporate profits, we now know, peaked in 1997 and started to decline. Manufacturing hours were down. In the fall of 1997, the stock market, in turn, started to dip. Remember the other key thing about the stock market: It anticipates the future. It looks ahead. In other words, the stock market was recognizing that 1998 might not be a banner year for profits. When companies don't earn as much, their stock loses value. It's reality. Forget the Amazons: you need earnings to keep your stock price up.

But in the fall of 1997, something happened. We caught the flu, the Asian flu. Several key Asian economies, including Thailand and Malaysia, were the first to suffer when economies started heading down. Again, this was nothing unusual in economic cycles; marginal countries and companies always get caught first when declines begin. There is often an "event" which signals the normal end to bull markets, but the simple reality always is that it is time for that bull run to end for whatever reason. Schumpeter showed that instability is one of the strengths of capitalism. There is always destruction upon which the dynamic thrive and create for future growth. But it was bad news for major investment firms like Goldman Sachs and Fidelity who'd invested tons of money,

through loans, bonds, and other financial instruments, in these countries. The phones started ringing in Washington. Who came to the rescue? Sir Alan. Greenspan started printing money and extending credit, pumping liquidity into the U.S. economy to make sure that the problems in the East wouldn't rock his friends in the West.

To me, this was a pivotal moment in Greenspan's career and a problematic decision. He should have let the markets correct themselves as they were already trying to do. Stocks would have fallen. Companies would have been hurt or possibly destroyed by the normal, economic decline. There would have been a bear market, panic and a selling climax. Many investors would have lost money. But that's what bear markets often do: they chasten those who get a little too greedy. As the late Fed Chairman William McChesney Martin once put it, the central bankers' job has always been to take away the punch bowl just when the party gets going. They have to step on the brakes before things get out of control. It's no wonder Martin held the position of Fed chairman from 1951-1970, longer than any one else in history.

The problem is that Greenspan didn't take away the punch bowl or even let it empty naturally. He just kept pouring more into it. He overrode what would have been normal stock-market behavior. The same process repeated itself over the next three years. In the fall of 1998, it was the Russian collapse and the fall of the legendary hedge fund Long-Term Capital Investment. The stock market was already in trouble: roughly 60 percent of all stocks were down in 1998 and decliners also outnumbered advancers in 1999, even with Greenspan's pumping. Remember profits had already peaked in 1997 and were in decline. The LTCM crisis probably would have been the normal selling climax for the bear market which had begun the year before, but the Maestro kept the presses running. After all, he was getting panic calls from his Wall-Street friends who feared some would fail. Again, it was just the normal workings—more creative destruction—of financial markets, but Greenspan has never really understood markets. In 1999, it was Y2K.

All along, Alan Greenspan's Federal Reserve was pumping out cash and extending credit, helping to float the U.S. economy. From 1997 to 2001, M3, a broad measure of the money supply that includes all currency in circulation, and liquid assets like bank deposits, money-market mutual funds and time deposits, grew 48 percent, the fastest it's ever grown. Greenspan pumped roughly \$2.6 trillion into the economy, adding fuel to the fire. Off-balance-sheet debt and derivatives rose 185 percent to \$59 trillion while non-government debt rose 52 percent. In 1997, syndicated loans totaled \$423 billion. By June 2002, they were up 64 percent to \$692 billion. Our foreign debts skyrocketed. Remember this was in a period when profits were declining steadily after a long climb from 1992 to 1997. Greenspan was trying to override normal economic history and laws for some reason.

Why did he do it? Why didn't he let the markets simply correct themselves? I'm not sure. From what he said in Wyoming, it appears he thought he was doing the right thing. My guess is he was also doing it to appease his friends on Wall Street who went into a panic when the markets began normal declines. After all, these are the people who are always singing his praise. Heck, I'd praise him too if he kept bailing me out of the poorhouse.

It may well be that he too was eventually swept up in the fantasies he was creating. After all, on Feb. 17, 2000, he said, "Security

analysts' projections of long-term earnings, an indicator of expectations of company productivity, continued to be revised upward in January, extending a string of upward revisions that began in early 1995. One result of this remarkable economic performance has been a pronounced increase in living standards for the majority of Americans. Another has been a labor market that has provided job opportunities for large numbers of people previously struggling to get on the first rung of a ladder leading to training, skills, and permanent employment."

He seems to have actually believed all the New Economy stuff we now know was garbage. Our Maestro was relying on Jack Grubman, Mary Meeker, Abby Cohen, and Henry Blodget to justify his credit pumps.

Remember how he began marveling at the "remarkable wave of new technologies" and a "once-in-a-century acceleration of innovation" and "a pivotal period of economic history" where "I see nothing to suggest these opportunities [of high rate of return productivity enhancing investments] will peter out any time soon" in 2000? He went on to tell Congress on Feb. 13, 2001: "From all indications, however, technological advance still is going forward at a rapid pace, and investment will likely pick up again if, as expected, the expansion of the economy gets back on more solid footing. Private analysts are still suggesting the current sluggishness of the economy has not undermined perceptions of favorable long-term fundamental." Now we know this "Maestro" was relying on Wall Street "analysts" and bubblevision for his "genius." It is bad enough he listened, but he actually believed all this hype.

On Jan. 25, 2001, he explained to Congress on that budget surpluses would continue for years because of the "the extraordinary pickup in the growth of labor productivity experienced in this country since the mid-1990s." He went on to marvel at the "structural productivity growth." You would think someone with the brains and ability to "save the world" would remember what happened "once in a century" in 1917-1927 when electricity, automobiles, airplanes, telephones, radio, wireless, refrigeration and several other things came together to generate productivity growth over twice as high as under Dr. Greenspan. Even in the 1950s and 1960s, U.S. productivity grew more than 60 percent faster than during the mania he was creating and justifying as "once in a century."

Now we all make mistakes, but most do not have PR machines calling us maestros when we are actually just selling snake oil. He began by trying to bail out his old cronies and then by trying to override a normal bear market. The more money he printed and the more credit he created, the deeper we all got. Then he started believing Time [who also named the CEO of Amazon as Man of the Year a few months later] and the Washington Post. Everyone loves a bubble, so few wanted to know the Emperor actually had no clothes, especially when the party seemed to be getting better and better. The few Cassandras were ignored again.

As we know, even Alan Greenspan couldn't stop the stock market from correcting itself in the end. Bubbles all work the same way. They eventually pop. In his speech in Wyoming, Greenspan said the Fed was "confronted with forces that none of us had personally experienced." That's just not true. There have been plenty of bubbles in his experience, from the stock-market bubble of the 1960s to the Kuwait Stock Exchange bubble in the 1970s to gold and silver two decades ago to the Texas real-estate bubble of 1980s to the Japanese bubble to the S&L/junk-bond bubble. Evidently history does not mean much to our wise Maestro since there are also numerous descriptions of past bubbles

and how they have always worked. You'd think someone with the ability "to save the world" would have read a few books about markets.

The problem is the glut of money and credit that has been poured into the U.S. economy has created a host of new problems. The U.S. Government's fiscal budget is now in huge deficit because so many projections were based on revenues from capital-gains taxes that won't be realized. Employee 401(k) plans are in the dumps, insurance companies, pension plans, whether they are corporate or government, are in trouble, some in danger of disappearing. Social Security and Medicare are certain to suffer in the long run.

It's caused problems on a corporate level as well. All the easy credit that's available is propping up companies that are basically zombies, companies that should have long gone out of business (read: Lucent?) to cleanse the system for the survivors. My guess is many of the corporate accounting problems now surfacing might not have happened if Greenspan had allowed the stock market to correct itself as profits declined. After all, he kept creating credit to prolong the bubble so companies played the stock-market game to keep their stocks and options participating.

Greenspan could have raised margin requirements—the ability to buy equities on credit—during all this to control the animal spirits loosened by his credit machine. He is even on record in 1996 stating: "I recognize there is a stock-market bubble problem at this point." He went on to say: "We do have the possibility of raising major concerns by increasing margin requirements. I guarantee that if you want to get rid of the bubble, whatever it is, that will do it." He was dead right. If he had followed through, many of these companies wouldn't have been jiggering the books when times got tough.

More important, Greenspan's reaction with regard to the stock-market bubble has caused two more bubbles to grow: a real-estate bubble and a consumer-debt bubble. Faithful readers know I believe the real-estate market will pop within a year or so. Many investors have simply transferred their assets from the stock market to the real estate market, thinking they can get rich quickly. Greenspan himself is certainly helping the effort, lowering interest rates 11 times in the last two years along, allowing homeowners to refinance their mortgages, often borrowing even more money, without raising their monthly payments. This might be fine if people were using the money to pay off their credit cards and car loans and other debts, but that doesn't appear to be true. Consumer-debt levels continue to soar as people take money from their homes and spend rather than lower debt or save. The U.S. savings rate, after all, is roughly 1 percent, one of the lowest in the world. A consumer-debt bubble is building and it will devastate many people when it bursts. Our Maestro is on record as saying this use of more unsustainable, non-productive credit is a sound basis for keeping the economy humming. I fail to see how pouring more debt into our houses which only produce more negative cash flow will save us down the road.

What would I do? I'm not the Federal Reserve chairman and it's not a job I'd want. That said, I wouldn't keep forcing lower interest rates. Way back when, before the central bank got involved, interest rates used to set themselves. If people borrowed a lot of money, rates were higher. If people didn't borrow money, rates fell. Why shouldn't it be any different now? The rest of the world is following these eternal verities these days. Plus, I'd aggressively encourage people to pay down their debt and start saving. Our

system discourages saving and investing, but encourages consumption. The only way to make it through the hard times is if you've prepared for them. The U.S. desperately needs more saving and investment, not more SUVs and vacations in the casinos. We need to let inefficient companies fail to clean out the system. Japan over the past decade has proved that for all of us. Greenspan has even talked of Japan's "ensuring failures of policy." We need to build future productivity, not more bubbles. Hopefully, it's not too late.

Greenspan is up for reappointment in 2004. He's already lobbying to be reelected, hoping to surpass the last William McChesny Martin as the longest-running Federal Reserve chairman in history. He shouldn't be reappointed. By then, things may be so bad that even he won't be able to hide what he's done. In his recent speech in Wyoming, Greenspan said, "As history attests, investors too often exaggerate the extent of the improvement in the economic fundamentals." Boy, did he speak from the heart and get that right, although he was trying to blame others for his mistakes. But who can blame investors for their rose-colored glasses when the Federal Reserve chairman—the man who allegedly makes the most important financial decisions for the entire nation—ignores history in order to protect his friends and his legacy?

On Sept. 25, 2002, Greenspan told a group of economists again not to worry about his approach of sustaining the economy with a new housing and consumption base with more credit piled on top of the huge debt increase of 1997-2001. He is getting in deeper while still trying to override normal economic history and rules. He said, "These episodes suggest a market increase over the past two or three decades in the ability of modern economics to absorb shocks." We do not need to worry he said because the world economy "has become more flexible." He is now a believer once again—in a New Flexibility.

Among the most dangerous words in the world are: "It is different this time." The Maestro still believes once again that things are now different. History will judge him one of the worst Central Bankers ever. ●

ADDITIONAL STATEMENTS

EARTH RESOURCES OBSERVATION SYSTEMS DATA CENTER CELEBRATES 30 YEARS

● Mr. JOHNSON. Mr. President, it is with great honor that I rise today to congratulate the Earth Resources Observation Systems, EROS, Data Center in Sioux Falls, SD, which will hold its 30th anniversary celebration on Tuesday, September 30, 2003.

Opened in the early seventies, the EROS Data Center was staffed by only a handful of people and the largest mainframe computer in the State of South Dakota. Thirty years later, the EROS Data Center has grown to an organization with over 600 employees and they are responsible for supplying data to a worldwide community of users. Scholars, engineers, and land managers use their data to study a growing list of environmental issues such as resource development, global change, and land use planning. In addition to maintaining Earth science data, EROS scientists are working constantly to discover new ways to utilize this information.

Within the EROS Data Center lies a computer room that was associated with NASA's Earth Science Enterprise initiative. The robotic mass storage systems within this room hold approximately 920,000 separate images and make much of the EROS Data Center's NASA satellite information immediately available to scientists working at desktop workstations in both South Dakota and around the world. A major part of NASA's Earth Science Enterprise initiative is the Earth observing system which will collect data required to measure changes in the Earth system. Beginning in 1999, and running for at least the next 15 years, The EOS will collect data through a series of satellites and field experiments to observe the Earth. In addition, since 1991, the EROS Data Center has supported the United Nations environment programme/global resources information database making environmental data available to developing countries.

While the EROS Data Center's mission has changed and grown over the years, its original mission, which was to receive, process, and distribute data collected and transmitted, still holds true. It is my belief that the center will keep on growing and continue to make a large impact within the Department of the Interior. As a small state, South Dakota can be extremely proud of the impact such a center has not only on the State but on the United States and other nations.

I am proud to have this opportunity to honor the EROS Data Center for its 30 years of outstanding service. It is an honor for me to share with my colleagues the exemplary leadership and strong commitment to data management and research the EROS Data Center has provided. I strongly commend their years of hard work and dedication, and I am very pleased that their substantial efforts are being publicly honored and celebrated. ●

TRIBUTE TO KEVIN A. POPE

● Mr. DODD. Mr. President, I rise to pay tribute to Kevin A. Pope, of Waterford, Connecticut, who passed away on July 14, 2003 at the age of 53.

I join all those who knew Kevin Pope in expressing my sadness at his untimely passing, and extending my deepest sympathies to his wife Donna, their two sons Jeffrey and Jason, their grandchildren, and Kevin's entire family.

In an age when so many of us move around from place to place, Kevin was a true Connecticut son—he was born in our state, grew up there, got married and raised children there, and lived there until his unexpected passing last week.

Kevin was a devoted husband and father to his two sons and was a vital member of the Waterford community. He was especially active in youth sports in Waterford, coaching Little League and Babe Ruth baseball and Preteen Basketball, umpiring baseball,