

posed by Iraq's refusal to end its weapons of mass destruction programs.

This was followed by a December 17, 1998, letter calling for the use of military force again by then-President Clinton "to compel compliance or to destroy to the best of our ability Iraq's capability to build and deliver weapons of mass destruction and threaten its neighbors."

What is incredible to me now is that some of those very same people who signed those letters now are questioning whether an honest case was made by President Bush that Iraq had weapons of mass destruction. The very same people signed those letters. So I am moved to ask, What reversed the conclusion that they had so confidently reached 5 years ago? Was it in some way a change of facts or was it a change just in the Presidency?

Yes, my implication is what we have seen over the last week is a matter of politics, and I think, again, of the Prime Minister's visit today and his message of what this war has meant to free people, yes, in Iraq, but around the world. All of this is a serious matter. It demands our attention. I say that because as I speak, we all know that American soldiers, British soldiers, coalition soldiers stand in harm's way. We all sort of stand in fear of turning on the television at night, in the morning, or reading in the paper once again of tragic casualties.

All of that speaks to me that we must redouble our efforts against the small but determined enemy to stabilize Iraq. A democratic and prosperous Iraq, just as the Prime Minister said today, will not only change the Middle East, it will change the world for the better. It is a worthy cause of our Nation and one that we simply will not—will not—permit to fail.

Mr. President, I will, in the interest of time, probably have more to say about this next week. This is the nature of the debate. Again, I express my appreciation on behalf of the Senate to the Prime Minister for joining us today.

THE BUDGET

Mr. CONRAD. Mr. President, the day before yesterday we saw an announcement of the biggest deficits in the history of the country this after the President told us just 2 years ago that we did not need to worry about future deficits; in fact, there were going to be massive surpluses. He said in a speech on March 27, 2001, when he was campaigning for a massive tax cut:

Tax relief is central to my plan to encourage economic growth, and we can proceed with tax relief without fear of budget deficits, even if the economy softens.

This is what the President told the country. It has proved to be totally wrong. These are now the biggest deficits we have ever had in the history of the country, \$455 billion, and that understates how big these deficits really are. Just using that number, which the

administration has put out, is by far the biggest deficit we have ever had. The previous record was \$290 billion. So this is a very large deficit by any measurement.

The President then told us the next year, after it became clear that his earlier statements were not correct, that:

... our budget will run a deficit that will be small and short-term. . . .

Well, that has proved to be wrong again. These deficits are not small, and they are not short term. In fact, these deficits are of record size and we see no end to them. By the administration's own analysis now, we see no end to these deficits.

This chart shows the portrayal of deficits over the last 30 years, and one can see that the deficit this year is the biggest of all time. Look at the trajectory, which is truly stunning. We have gone from surpluses that we ran for a 3- or 4-year period to this extraordinary rise of the deficit. Still the administration is trying to downplay its significance.

Earlier this year, the then-OMB Director said:

I think . . . that at today's levels of 2 to 3 percent of GDP—

Or gross domestic product—these are modest and manageable deficits.

The current OMB Director has continued with that same theme. He said in June:

Our current deficit, as measured as a percentage of gross domestic product, is not large by historical standards and is manageable within the overall context of our economy. Let's examine the claim that these are modest deficits as a percentage of our gross domestic product.

This chart looks at the record of deficits as a percentage of our gross domestic product. This is what it shows. If one takes out Social Security—which one should because it should not be included in the calculations of the operating expenses of the Federal Government—what one sees is, as a percentage of the gross domestic product, this is the second largest deficit in 57 years.

I was reading the Washington Post this morning. The writer of that story said the White House makes a good point that the deficit is 4.2 percent of the gross domestic product and we have had deficits that large before.

What that neglects to take into account is the fact in 1983 there were no Social Security funds to raid. This year, the administration is not only running a \$455 billion deficit but on top of that they are taking \$154 billion of Social Security money. So on an operating deficit basis the deficit is over \$600 billion; that is 5.7 percent of gross domestic product. There were no Social Security funds back in 1983. There were no surplus funds to take. In a fair comparison, this is the second biggest deficit on a gross domestic product basis in 57 years.

Previously, the President has acknowledged the importance of paying down the debt, of not running deficits. In fact, in 2001 he said:

... my budget pays down a record amount of national debt. We will pay off \$2 trillion of debt over the next decade. That will be the largest debt reduction of any country, ever. Future generations shouldn't be forced to pay back money that we have borrowed. We owe this kind of responsibility to our children and grandchildren.

Madam President, now we can check the record, words versus reality. The President said he was going to pay down the debt so there would be almost nothing left by 2008. Now we see, with this latest report from the President's own administration, instead of almost no publicly held debt by 2008, we will have \$5.5 trillion of debt. When is this administration going to admit its plan is not working? How much more evidence will they have to have before they acknowledge this whole plan is an absolute, abject failure? This President has told us repeatedly there weren't going to be any deficits. Then when it became clear there are, he said they were going to be small. Now that it is obviously apparent these deficits are massive and large, they say, don't worry, we are going to reduce them in the future.

None of it is true. These deficits are massive. They are long lasting. And we have not seen anything yet.

This is a chart that shows what has happened to revenue as a percentage of gross domestic product. What this shows is that revenue this year, according to the administration's own projections, is going to be the lowest since 1959. We have a revenue problem and the President's answer is, cut the revenue some more. Let me repeat that: We are going to have the lowest revenue as a share of gross domestic product since 1959 and the President's answer is, cut the revenue some more, not cut the spending to match the reduced revenues. He is advocating increasing spending. But cut the revenue some more, make these deficits even bigger, does that make any sense to people listening? It makes no sense to me.

We look at the 2003 transformation from the administration telling us there would be surpluses to now record deficits; 77 percent of the reversal is on the revenue side of the equation; 23 percent is spending.

Friends, we have a revenue problem. We also have a spending problem. But the revenue problem dwarfs the spending side of the equation.

When we look at the spending side of the equation, this is what we see in terms of the increases in discretionary spending that have occurred over the last 3 years. Where has the money gone? In 2001, ninety-five percent of the increase went to defense, homeland security, and response to September 11. In fact, the lion's share, the green bar on the chart, is defense: 73 percent of the increase in spending that has occurred is because of defense; 15 percent is homeland security; 7 percent is New York City reconstruction and airline relief as a result of the attack of September 11.

If we look at 2002, we see the same thing: 55 percent of the increase is defense; 17 percent is homeland security; 21 percent is for rebuilding New York and airline relief and international funding for Afghanistan and Iraq. So 93 percent of the increase in discretionary spending for 2002 is defense, homeland security, rebuilding New York, airline relief, and, of course, international aid because of the efforts in Iraq and Afghanistan.

In 2003, it is exactly the same thing. The increase in spending, where is it? Defense, 76 percent; 11 percent, homeland security; 7 percent, aid to New York and airline relief and the international initiatives.

The administration says the whole problem is the attack on the country with these burgeoning deficits and the economic slowdown. They have left out the biggest factor of all. The biggest factor of all is their tax cuts. The biggest chunk, 36 percent of the reversals from surpluses to deficits over this budget period, is from the tax cuts implemented and proposed by the President; 27 percent is lower revenue not associated with the tax cuts; 28 percent is spending. As I have indicated, only 9 percent is the economic downturn.

All of this is happening at the worst possible time because right now the trust funds of Social Security and Medicare are producing large surpluses. But we all know those days will not last. We all know there is something coming called the baby boom generation; they will retire and the trust funds that are throwing off hundreds of billions of dollars of surpluses will turn to cash deficits. They will turn cash negative. When that occurs, we can see what will happen to the finances of the Federal Government.

Perhaps most startling about this chart is the President's tax cuts, explode in cost at the very time the cost to the Government explodes because of the retirement of the baby boom generation. So the deficits being run now, which are record deficits, are going to be thought of as the good times because this is the sweet spot in the budget cycle. This is when things are, in fact, manageable for the moment. Why? Because the trust funds are throwing off hundreds of billions of dollars of surpluses.

This chart is not mine. This chart is from the President's own budget proposal, from page 43 of his Analytical Perspectives. This is the President telling the Nation what he thinks will happen if his tax plan and his spending plans are adopted.

This is what it shows. This is the period we are in now. Remember, these are record deficits now, the biggest we have ever had; even on a GDP basis, the second biggest in 57 years. But they are nothing compared to what we are headed for.

Is anybody paying attention? I commend the news media for recognizing that the deficit this year is a record and next year is going to be even big-

ger. But they are missing the big story. The big story is where this is all headed. Not according to me, this is according to the President himself. There is no end to the deficits, and they absolutely explode when we get to the time the baby boom generation is retiring and the costs of the President's tax proposals are fully phased in.

These are deficits, not in dollar terms but as a percentage of GDP. The President's people say they want to have their budgets evaluated on that basis. This is an evaluation on that basis. What it shows is that we never escape from deficits and that the deficits absolutely explode if the President's policies are adopted—not any additional spending by Congress, this is his spending plan, his tax plan. It is an unmitigated disaster for this country.

If we had deficits of this magnitude today, instead of announcing a \$455 billion deficit, the deficit for this year would be \$1.2 trillion. That is where this is all headed. That is the dirty little secret of what is going on here in Washington. This President is digging a hole that is deep, deep, deep, and it is filled with red ink. It is not going to work. It is going to lead us to a future Congress and a future President who are going to have to make really stark decisions, draconian decisions. Because if this plan is adhered to, a future Congress and a future President will have to shred Medicare, shred Social Security, and most of the rest of the Federal Government as we know it. Maybe that is the intention of some. Maybe that is what they want to do. I am beginning to suspect it must be, because they are smart people, they know where all this is headed. This is their own analysis of where it is headed.

The Chairman of the Federal Reserve said on July 16, in testimony before the Senate Banking Committee:

There is no question that if you run substantial and excessive deficits over time, you are draining savings from the private sector, and other things equal, you do clearly undercut the growth rate of the economy. That is one of the reasons I have argued for years about getting the deficit down. So I have no question that if we do not come to grips with these deficits issues, it will make it more difficult for us to maintain the type of growth rates which . . . will bring total employment up and bring the unemployment rate down.

Is anybody listening? Is anybody paying attention? Does anybody care about the economic future of this country, the economic strength of the Nation? Because all of it is being threatened by these policies.

The President told us you have to do this because it is going to improve economic growth. He told us 2 years ago, if we adopted his plan, economic growth would return and the country would be on a stronger course. Let's just check the record.

What we see is that this President's record on economic growth is the worst of any President in the last 50 years—and not by a little bit, but by a lot. The fact is, this President's economic plan

is not working. If we look at the critical question of job creation, what we see is that the Bush economic record shows the worst results since the Presidency of Herbert Hoover. This President has been in charge. His economic game plan has been in place for over 2 years—2½ years. It is not working. It is failing. It is just as clear as it can be.

This is the historical record on job creation in the private sector. There has not been a weaker record since Herbert Hoover. In fact, no President in the last 70 years of the history of this country—no President has lost private sector jobs over their term in office. Not one President. This President has. As I have indicated, you have to go back to the Presidency of Herbert Hoover to see this kind of economic record.

Let me just end with the New York Times editorial of yesterday entitled "The Deficit Floats Up and Away." It says:

Having done its utmost to choke back the revenue flow into the Treasury, the Bush administration offered a running tab on this year's exploding budget deficit yesterday. To hear the casual patter of White House aides about the deficit, one would think it was pocket change. In fact, the shortfall has ballooned 50 percent in just five months.

Is anybody paying attention? The shortfall increased, according to the administration's own assessments, by 50 percent in just 5 months.

They have been wrong every step of the way. Every single assertion by this administration about the effect of their economic plan and their fiscal plan has been wrong, and not wrong by small amounts but by massive amounts.

They told us 2 years ago, when they put this plan in place, that we would be having surpluses now, not deficits. Instead, we not only have deficits, we have the biggest deficits in the history of the country and next year is going to be worse. That is their own projection, and they have not even counted in the cost of the war in Iraq. Oh, they put it in for this year, but nothing for next year.

Does anybody seriously believe we are going to be done with the operations in Iraq by October 1 of this year? Apparently the administration does because they have not put one dime in their budget for operations in Iraq next year. That is just irresponsible, wildly irresponsible.

The result is we are going to have deficits that are going to be so large, they will be unlike anything we have ever seen before. Remember, this is the sweet spot. Because not only are they taking money from the Medicare trust fund, they are going to take more than \$160 billion from the Social Security trust fund next year. They aren't counting that. They don't want to talk about that.

The President said, when he brought his plan forward 2 years ago, he could fully protect Social Security. You know what we see now—he is not protecting it at all. He is not only going to

take every penny of Social Security surplus this year, he is going to take every penny of Social Security surplus next year, every penny the next year, every penny the next year, every penny the next year—virtually every penny for the next 10 years. This is a course that is a disaster. It is time for people to stand up and speak out and face up to this fiscal disaster.

I thank my colleagues and yield the floor.

LOCAL LAW ENFORCEMENT ACT OF 2003

Mr. SMITH. Mr. President, I rise today to speak about the need for hate crimes legislation. On May 1, 2003, Senator KENNEDY and I introduced the Local Law Enforcement Act, a bill that would add new categories to current hate crimes law, sending a signal that violence of any kind is unacceptable in our society.

I would like to describe a terrible crime that occurred in Westbury, NY. On September 19, 2001, a 42-year-old man was charged with a bias crime after assaulting a gas-station attendant. Police reported that the victim was punched in the head by the assailant after he had questioned the attendant about his ethnicity.

I believe that Government's first duty is to defend its citizens, to defend them against the harms that come out of hate. The Local Law Enforcement Enhancement Act is a symbol that can become substance. I believe that by passing this legislation and changing current law, we can change hearts and minds as well.

THE TEN WORST "BAD APPLE" GUN DEALERS IN AMERICA

Mr. LEVIN. Mr. President, earlier this week, the Brady Campaign to Prevent Gun Violence released a report entitled "The Ten Worst Bad Apple Gun Dealers in America." This report analyzed national crime gun trace data from 1989 through 1996 gathered by the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives and identified the 10 gun dealers who sold the most crime guns and exhibited sales patterns that ATF considers to be indicative of gun trafficking. According to the Brady Campaign, most gun dealers are never associated with illegal activities, but guns sold by these 10 dealers turn up in the wrong hands over and over again.

According to the report, one dealer in Indianapolis, IN, sold 398 guns later used in crimes from 1989 through 1996. These guns were involved in at least 7 homicides, 12 assaults, and 2 robberies. In addition, the Brady campaign found that between October 2001 and January 2002, one man used two straw purchasers to buy 25 handguns from this dealer and then resold them on the streets of Chicago. Another trafficker used straw buyers to obtain 12 and 9 guns on two different occasions in 2002.

Another gun dealer identified in the Brady report, this one in West Mil-

waukee, WI, sold 554 guns later used in crimes. These guns were involved in at least 27 homicides, 101 assaults, and 9 robberies. From 1994 to 1996, 1 straw purchaser bought 10 guns from this dealer. Several of the weapons have been recovered from violent criminals, including a murderer, a rapist, an armed robber who later raped a woman at gunpoint, a man who shot at a police officer, and three juvenile shooting suspects.

The Brady report highlights the potential damage and abuse that just 10 bad apple dealers can cause. The Brady report reveals the disregard of a few in the gun industry for even basic self-regulation. The Lawful Commerce in Arms Act that recently passed the House and that has been referred to the Senate Judiciary Committee would shield negligent and reckless gun dealers from many legitimate civil lawsuits. Certainly, those in the industry who conduct their business negligently or recklessly should not be shielded from the civil consequences of their actions.

INVESTIGATING PREWAR INTELLIGENCE

Mr. ROCKEFELLER. Mr. President, for almost a week now the Senate has been debating the appropriations bill for the Department of Defense. Several amendments have been offered regarding the need to determine the accuracy of our pre-war intelligence and the use of that intelligence by the Executive—specifically, a reference in the President's State of the Union message that has now been acknowledged to be erroneous. I want to take a few minutes to comment on some of these continuing questions regarding the accuracy of pre-war intelligence which became a part of the public debate soon following the invasion of Iraq. I have worked with Chairman ROBERTS to find a bipartisan approach to reviewing these issues. On June 20 we reached agreement on the terms of reference for what was by then an ongoing inquiry. I had proposed a broader, more formal approach but after some discussion agreed to proceed with a structured review and see where the information led us.

The committee has been poring through the volumes of material provided by the intelligence community and interviewing relevant officials, and has held two closed hearings and one briefing.

But as this process has moved forward it has become increasingly clear that a business as usual, oversight review is not going to be able to address our expanding appreciation of the scope of the problem. Every day brings new information, often from the press, which requires us to make sure that we have the right charter and organization for this inquiry.

Tuesday it was the story, reported in the Washington Post, that a four-star general was sent to Niger last year to

inquire about the security of Niger's uranium. According to the article, the general said that he came away convinced that Niger's uranium stock was secure. Obviously, there is much to be learned about this. Why was he sent? What was his mission? Who was aware of the trip? And what happened to the general's report when he returned?

This revelation follows on the heels of a week of accusations, denials, admissions and recriminations among the senior members of the administration's national security team about who was responsible for language related to Iraqi uranium purchases appearing in the President's 2003 State of the Union speech. By week's end, Director Tenet had stepped forward to accept responsibility. His statement, however, raised many other questions about how this information was handled by those outside the intelligence community.

The credibility of the intelligence related to Iraq and Niger first came to public attention in March when the IAEA determined the documents supporting the charges to be fraudulent. I immediately asked Director Mueller to have the FBI investigate the counter-intelligence implications of this revelation. Subsequently, Senator ROBERTS joined me in asking the Inspectors General at the CIA and State Department to investigate how this information was handled by the intelligence community.

These investigations, however, will answer only questions of how we came into possession of these documents and what the intelligence agencies did with them. They cannot, because of the reach of these investigative organizations, deal with the questions that have dominated the public debate in recent days. How did information, known to be dubious at best, find its way into the President's State of the Union speech? Who is responsible for inserting the information? Were reservations properly conveyed to senior officials? If not, why not? If so, why were those reservations not heeded?

It seems clear that the White House staff played a key role in this episode. Unless we follow the evidence wherever it leads, we will end up reporting to the American people only part of the story. And the Niger episode is just the first example of what we can expect as we get further into this process.

I am committed to a complete, bipartisan investigation that covers the full spectrum from collection to the analysis and use of prewar intelligence about Iraq. I believe that the Senate Intelligence Committee has the authority to conduct that investigation. But it has to be willing to use the full authority that the Senate has given it, or to ask the Senate if it needs any additional authority.

We should bite the bullet and authorize a formal investigation, explicitly state that it will examine the full range of activities concerning prewar intelligence—which includes the use of that intelligence—and provide for the