

they are paid. That is the American dream? Perhaps it is to President Bush but not to the families across America.

Meanwhile, how are corporate profits doing in the recession, the struggling economy? Very well, thank you. They are up 65 percent under the Bush administration, while workers' wages are going down. The rich are getting richer, the poor are getting poorer, and the middle-income folks are feeling the squeeze. That, unfortunately, is the reality of their tax policy.

Mr. SARBANES. Will the Senator yield on that point?

Mr. DURBIN. Yes.

Mr. SARBANES. It is unparalleled in coming out of a recession that so much of the growth is going to profits and so little of the growth is going to wages. It is a stark contrast with what occurred as we tried to move out of previous recessions in the entire post-World War II period.

The point the Senator makes is extremely important. Productivity is up. The workers are producing, but they are not getting a return in their wages. The benefits are going heavily into corporate profits. The Senator is absolutely correct. And it is a marked departure with previous performance, where there was a much more equitable sharing of the economic benefits of the growth that was taking place, and the wage earner was doing better than under the circumstances we face today.

Mr. DURBIN. I thank the Senator from Maryland.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. There is 1½ minutes remaining.

Mr. DURBIN. In closing, the Senator from Maryland will speak when I finish and talk about the economic statistics, facts, and figures. That is the one thing we believe on this side of the aisle.

If this election is to be decided by facts and evidence, the American people will vote for a new vision of America, a stronger economy at home, and more respect for America around the world. But if we are going to let this campaign disintegrate in the last 3 weeks into sloganeering and name-calling, who knows what the outcome will be. We trust the facts and the evidence. This administration has failed to move this economy forward for working families. It has pushed a tax policy that not only doesn't help them, in many instances it penalizes them.

Look at what families are up against under the Bush administration. The cost of medical care and health insurance, up 59 percent; gasoline is up 38 percent; college tuition is up 38 percent; housing costs are up 27 percent. Even the cost of a bottle of milk is up 13 percent. When this President says in Arizona in the next debate that America is better off under his administration, he isn't feeling the pain families feel every single day when they try to make ends meet.

Mr. President, this election is going to be a historic turning point for Amer-

ica. We are either going to move toward 4 more years of the Bush administration, with economic policies that have taken a toll on the hardest working people in the world, or we are going to move forward with a new vision to help families have a better life for themselves and their children.

We are going to decide, when it comes to foreign policy, if we are going to continue to squander the reputation and good name that America has built up over many decades or whether we are going to move to a new level of respect for America around the world. The choice is in the hands of the voters on November 2.

I yield the floor.

I yield the floor.

The PRESIDING OFFICER (Mrs. DOLE). The Senator from Maryland is now recognized for up to 20 minutes under the previous consent order.

UNEMPLOYMENT FIGURES

Mr. SARBANES. Madam President, on Friday the Bureau of Labor Statistics came out with the latest unemployment figures. I commend the Bureau of Labor Statistics. They are professionals. They bring us the figures. They do not try to put a spin on them. They just lay out the facts. That is a kind of unusual thing in our public discourse nowadays, I have to say. We do not seem to pay much attention to the facts anymore. It is all spin—spin, spin, spin, deception, misstatement, so forth and so on. But there are still professionals in various parts of our Government, and I simply at the outset commend them for sticking to the facts. Members of the Joint Economic Committee tried to draw the Commissioner and her associates into the spin efforts, and she resisted, as she should.

I wish to talk this afternoon briefly about some of the figures and the facts, and I will try to lay them out as best I can.

We produced last month 96,000 jobs—I say a mere 96,000 jobs because we need to produce about 140,000 jobs per month simply to stay abreast of the growth in population. So if we are producing fewer jobs than that, we are obviously slipping backward.

This performance of this administration should be a matter of very deep concern for people in the country. Back at the beginning of the year, the administration did have a couple of months of good, solid production, and I want to put that right up front because, as I said, I want to stay with the facts. But what has happened is over the course of the year, their job production has fallen very sharply, as this chart shows. We are now down to just below 100,000 jobs produced in the last month of this Bush administration.

The cumulative record of this administration over the course of the time it has been here has been a loss of 1.6 million private sector jobs. Private sector jobs are down 1.6 million. In total jobs, because we have had some uptick in

Government jobs, the administration is down 825,000 jobs over the course of its tenure. It is down 825,000 total jobs, 1.6 million private sector jobs, and 2.7 million jobs lost in manufacturing employment. Manufacturing employment is down 2,700,000 jobs.

This job performance—or more accurately put, lack of performance—is the worst in 75 years. We have to go all the way back to the administration of President Hoover to find another administration which lost jobs in the course of its tenure; in other words, failed to produce a net gain of jobs. Some administrations in the interim have done very well, others fairly well, others not so well. All have had a net gain in jobs except for this administration.

The unemployment rate which was reported on Friday as 5.4 percent does not tell the full story of the depth and breadth of unemployment which exists in the country. If we count in amongst the unemployed—and the Bureau of Labor Statistics keeps this index—if you count in people who have dropped out of looking for a job because they are so discouraged by how poor the labor market is and a very substantial number of people who are working part time for economic reasons—in other words, they want to work full time, but they cannot find a full-time job, so obviously in order to try to support their family, they take a part-time job, but they are seeking a full-time job—if you factor in that underemployment, and if you factor in the people who dropped out of the workforce in terms of seeking employment, we end up with an unemployment rate of 9.4 percent—9.4 percent. That is what we are confronting. And that rate, of course, is a consequence of failing to have a net gain in jobs over the course of this administration.

I was fascinated to watch the spin artists go out and try to spin this 96,000 figure into some big success. Quite to the contrary. It shows a serious shortfall in economic performance. And the thing that makes it an even deeper concern is the fact that the administration's performance over the course of this year in producing jobs has seriously weakened. In other words, if we go back to the beginning of this year, job creation has dropped markedly.

Some of the spin is to sort of say 9/11 did it all. They attribute it all to 9/11, but obviously this chart indicates to the contrary because we had some fair job production here, and then it has fallen. The cumulative impact of having that happen is, in fact, now to have an administration which does not have a positive job creation performance over the course of its tenure.

Now, we all know that everyone gets up on the Senate floor and they make long speeches about the best social program is a job. I agree with that. I doubt that there is anyone in this body who would disagree that the best social program is a job, but the jobs are not being produced.

As I said, we can go back through our history to every previous administration, Democratic and Republican alike, until we get back to Herbert Hoover, who had a net positive creation of jobs in the course of his tenure. This administration has failed to do that.

There are now 825,000 jobs less than when this administration came into office. There are 1.6 million jobs less in the private sector. There are 2.7 million jobs less in manufacturing, which, of course, has been the hardest hit of all, and which I think this administration has badly neglected in terms of a whole range of policies. But 2.7 million jobs less in manufacturing, 1.6 million jobs less in the private sector, 825,000 jobs less total, because there has been some increase in jobs in the public sector.

This is the performance of this administration. As I said, if one factors in all of the components of unemployment, including those that have part-time work but want full-time work, those who dropped out of the labor force because they are so discouraged by the job market, we have an unemployment rate of 9.4 percent.

There is one other point I want to make, which I think is highly relevant, and it also, of course, affects efforts in this Congress to deal with the unemployment insurance benefits question. We define long-term unemployed as people out of work for more than 26 weeks—in other words, more than 6 months. The unemployment insurance benefit program is geared to pay 26 weeks of benefits. The assumption is to help people through a difficult period to support their families.

I hasten to point out that one cannot draw unemployment benefits unless they have a work record. In other words, one must have worked and had a work record in order to qualify to draw these benefits.

In previous recessions, when the economy has not strengthened and jobs have not picked up, we have extended the period of time to pay unemployment benefits because how can someone be told, after 6 months, well, they should have found a job and gone back to work, when the job market has not picked up and there is no job to be found and they find themselves in the difficult situation, how are they going to provide for their family if the benefits are cut off and the benefits, of course, pay only a fraction of what they earn, and there is no job to be found?

So now, we have extended the benefits as a consequence. We have done that in this recession, but much less than previously. The administration has not been supportive of further extension, even though the number of long-term unemployed, amongst all the unemployed—in other words, people out of work for more than 6 months, has almost tripled. It has gone from 680,000 long-term unemployed when George Bush took office as President in January of 2001—in other words, we

have really brought that figure way down because of the high job production that had occurred in the Clinton administration. It is now up to 1,750,000 long-term unemployed.

As a consequence, the percentage of the unemployed who are long-term employed, in other words, a consequence of this incredible growth in the long-term unemployed from 680,000 to 1,750,000, is almost triple. The percentage of workers unemployed who are long-term unemployed has jumped from about 10 percent to over 20 percent. It is now almost at 22 percent.

In this period, these high figures above 20 percent of the long-term unemployed, this percentage of unemployed workers, this rapid runup and then this continuing high figure, is a record. It has been above 20 percent for 24 continuous months, which is dramatic evidence of the failure of the economic policies of this administration.

These figures reflect real human hurt. These are men and women who had jobs, who worked, who lost their jobs, and cannot find another job. As a consequence, when their benefits run out and the administration and the Congress fail to extend their benefits, they find themselves in an incredibly difficult situation. How are they then to support their family?

We have made repeated efforts on the floor to extend the unemployment insurance. They have been blocked by the other side. The administration has not been supportive of this effort. So we have one and three-quarter million people long-term unemployed no longer eligible for benefits, not able to find work in a job market last month, where they produced 96,000 jobs. That is not even close to keeping abreast of the growth in population, let alone putting people back to work. In my judgment, there is no way that these economic figures can be spun to represent some economic success which is, of course, what the President has gone across the country to try to do.

In fact, he keeps going into States and saying we have turned the corner. I think when one looks around the corner that we have supposedly turned, one finds we are moving in the wrong direction. This is not the right direction to be moving with respect to the long-term unemployed. Who would want to turn a corner and find that the long-term unemployed is rising from about 10 percent of those unemployed to over 20 percent of those unemployed? This steady diet of over 20 percent for 24 months is unparalleled. Who would want to turn the corner and find that the monthly job creation was on this downward trajectory?

The President says we have turned the corner, and I say to myself, well, let us look at what we see when we turn the corner. What we see when we turn the corner is this decline in job creation.

We see, when we take a look in context—in other words, when we look

over the period—that this administration has not created a net gain in jobs. It is no wonder that working people all across America are concerned and anxious, not only those who have lost their jobs, but those who fear they are going to lose their jobs, or those who maybe found another job but found themselves in this situation, that the jobs gained on average pay \$20,000 less than the jobs lost. In other words, you have long-term unemployed who cannot find a job, you have people very apprehensive about their job situation because the number of jobs produced month by month is on a declining line, and then you have those who manage to find a job only to find it is at pay levels far less than they were previously receiving. The consequence of this is to put an enormous squeezing pressure on working and middle-income people in this country.

The costs of everything are up, wages are almost level, and all across the country working families are sitting down at their kitchen tables, trying to figure out how they are going to pay their bills.

I said earlier, when we were having this discussion, that in this economic cycle a far greater percentage of the benefits are going to corporate profits than are going to wages. When you look at the figures, it is absolutely startling the contrast with what we experienced at this point in previous economic cycles. So there is a tremendous skewing of whatever benefits there are from growth to profits and away from working people. This, I submit, ought to be a matter of deep concern all across the country.

I yield the floor.

THE PRESIDING OFFICER. The Senator from Texas.

THE AMERICAN ECONOMY

Mr. CORNYN. Mr. President, I have sat here for the last 2 hours 15 minutes and listened to a number of speeches by my colleagues on the other side of the aisle. I can only conclude that they are invoking the memory of Mark Twain, who said: "I am not one of those who when expressing opinions confines myself to the facts."

What I mean is I find it curious that speaker after speaker has criticized the Bush administration, and indeed, the majority in this Congress, for our progrowth economic policies when, in fact, the results of those policies worked to the betterment of the American people and create hope and opportunity and not despair and hand wringing. The only thing I believe contributes to despair and hand wringing and increased anxiety among the American people, and indeed the voters who are going to vote on November 2, are speeches made by supporters of the Democratic nominee on this floor and elsewhere, talking gloom and doom and despair as if America was no longer the last best hope on the planet.

First, I wish to talk about the bill that was passed a couple of hours ago, the FSC/ETI bill, more appropriately

named the JOBS bill. I was proud to be 1 of the 69 Senators who voted in support of that bill, for a number of reasons. First, we were able to eliminate a 12-percent penalty against exported goods made by American companies exported to the European Union. That is something that was long overdue. We really would not have had to wait this long to do that but for some obstruction on the other side of the aisle.

The second reason I am proud to have voted for this bill is because it ends the discrimination against those States such as mine, Texas, which have no income tax. In Texas, we tend to adhere to the idea that government should not be a burden any bigger than absolutely necessary upon the people who earn the money, so they can save it, they can invest it, and small businesses can create jobs. So we do not have an income tax. We have a sales tax.

But for many years now, Federal laws discriminated against States such as Texas and I believe Washington—I see the Senator from Washington on the floor. I believe her State was also affected by this change. Now taxpayers in Texas can deduct the sales tax they pay from their Federal income tax. I am very pleased that 69 Members of the Senate today saw fit to end that unjustified discrimination.

The reduction in the corporate tax rate for manufacturers that was accomplished by the passage of this bill earlier today has effectively reduced the corporate tax rate for these manufacturers by 3 percent. In other words, the corporate tax rate in the United States, which is 35 percent across the board, has now been reduced 3 percent for this class of taxpayers—manufacturers. This will, no doubt, provide an opportunity for manufacturing concerns to increase their competitiveness in a global economy where they have to compete with much lower wage-paying countries, such as China and elsewhere.

It is curious, though, to me, that America still has one of the highest corporate tax rates in the world. Indeed, the University of Michigan, in a study from the Office of Tax Policy Research, says that in 2002, the last year for which figures were ready available, the average corporate tax rate for countries all across the world was 29 percent across the board—29 percent. America's is 35 percent, except for now when this bill becomes law, it will be reduced for a certain class of taxpayers in the manufacturing business.

This chart shows that, for example, the Slovak Republic has a 25-percent corporate tax rate. Indeed, this past year I was privileged to travel from Bratislava, with other Members of the Senate, to represent the United States at a meeting of the Presidents of the new members of NATO, including the Slovak Republic. We learned from the Ambassador that, indeed because of the low corporate tax rates, that small country had been able to attract three major car manufacturers to the coun-

try, creating thousands of jobs, primarily because of the low corporate tax rate and because of the population that is eager and willing to work.

The fact is, our policies do impact our competitiveness in the global economy, and have a direct impact on the quality of life and the prosperity of the American people, something I am afraid is too often ignored.

I am so glad to see some of my colleagues from the other side of the aisle who rail against reduction in taxes for individual taxpayers agreed—all of us combined—by a vote of 69 to 17 that lower taxes promote economic growth and promote greater job creation. That is exactly why I believe we were wise to pass this bill in the Senate today. Unfortunately, what we hear too often when talking about issues such as economics and job creation is a lot of cynicism. I heard someone on the floor today talking about elite corporate interests will benefit when tax rates are lowered, or I think there was a reference made by the Democratic nominee for President about Benedict Arnold corporations are traitors, in effect, of America by taking jobs out of America into other countries. I want to talk about that more in a minute. But what these amount to is a philosophy of claim to love the worker but hate the employer. In other words, speaker after speaker today claimed that the policies of this administration were hurtful to the worker at the same time they claimed that the only ones who benefitted were the big corporations.

The fact is you cannot claim to love the worker and hate the employer who provides the worker their job. That is why I believe we need more progrowth policies. I think we need to look at our tax policies across the board.

We need to look at our civil justice system which imposes a tort tax on every consumer in this country and which stymies innovation and business growth and thus job growth.

We need to look at our regulatory policies which make it difficult for America to compete. And, yes, we need to look at policies which will provide greater opportunities for innovation not by the Federal Government but by the men and women, the risk takers, the investors and people who create jobs all across this great land—indeed, all across the world.

What I have heard earlier today with regard to condemnation of elite corporate interests and the like also reminds me of some of the debate we heard earlier about outsourcing. It is my view that a lot of the debate on outsourcing is largely based on the same sort of fearmongering and anxiety and hammering we have heard generally today in attacks against this administration and its economic policies, not on the facts. The facts are that markets are rational.

In other words, if a company can open a business here in the United States or increase the size of its business, but because of a higher tax bur-

den and more litigation risk environment, more regulation and the like, they are going to take a look at places such as India, China, and Mexico, and other places that do not have a lot of those same regulatory and legal burdens and tax burdens.

One reason why America continues to prosper is because, of course, we have what many places in the world do not have; that is, stability in the rule of law that promotes security of investment. So we can continue to attract foreign dollars in this country.

For example, the Congressional Research Service has produced a document entitled "Outsourcing and Insourcing Jobs in the United States Economy, An Overview of Evidence Based on Foreign Investment Data."

This research document reveals that by 2003 U.S. firms accumulated \$1.5 trillion worth of direct investment abroad compared to the \$1.4 trillion foreign investors spent to require or establish businesses in the United States. For 2003 alone, foreign direct investment in the United States was about \$82 billion, whereas U.S. direct investment abroad rose to about \$155 billion in 2003.

As I said, markets tend to be rational. People, unlike the Federal Government, have to look at the bottom line and make sure that they don't operate in the red and thus go bankrupt and risk going out of existence. They have to be rational. They cannot make the kinds of emotional decisions that are made too often in the political realm.

But it is no wonder because of the regulatory environment, the tax, the high taxes in this country, because of the legal system which unfortunately rewards a few at the expense of the many, that we are finding more jobs going overseas. And there is something we can do about it. The fact is we in this Congress are well situated to enact progrowth policies which will decrease the likelihood that companies will go overseas or outsource jobs to other countries and other locations around the globe. But we are not doing the things we need to do to promote growth right here at home and ensure greater employment opportunities for the American people.

For example, we know that one of the biggest drags on the economy and on job creation is expensive oil imports. We know a barrel of oil is currently selling on the spot market in excess of \$50 a barrel. We had an opportunity—and unfortunately we didn't avail ourselves of that opportunity—to pass an energy bill which I think would have created more domestic production here in America, and we would have had a greater supply, and thus bring the price down. But we didn't do it.

We have high natural gas costs because we simply have put too much of the domestic supply out of our reach by moratoria and other policies which said we may have the gas but we are simply not going to explore and drill for it. It should be no surprise that the cost of natural gas is at historic highs.

It is no surprise that gasoline is so expensive when regulations have resulted in no new refineries being created in the United States since about the early 1970s. The fact is most of the refineries are operating at maximum capacity.

One reason for oil and gas being expensive is because emerging economies such as China and India and others are consuming more and more energy and thus driving up the price.

We had a chance to do something about that by passing an energy bill this year, and we simply have been unable to do that because of objections on the other side of the aisle.

We also know one reason companies don't come to America or don't expand jobs here in America relative to other countries is because of our legal system. Unfortunately, we have a mentality in this country that says frivolous lawsuits are simply the order of the day. We know that the costs of those lawsuits are passed on ultimately to the consumers who pay in effect a tort tax. We also know that it affects access to health care which is another cost that businesses incur when they do business in the United States as opposed to other countries.

We had a chance to pass medical liability reform to improve access to OB-GYN doctors, emergency room doctors, and the like. We had a chance to reduce the paperwork that adds about a quarter of the cost to the health care expenses incurred by Americans and by American businesses when they provide health care coverage to their employees. Unfortunately, these policies resulted in a large number of people simply going without health insurance because of the cost.

If no one believes what I have said to this point about low taxes being progrowth and being in the best interests of the American people, and people who want to work, I think all we would have to do is look at what happened after we passed the historic tax relief and growth package in 2003. We know in June 2003 unemployment rates in this country were at 6.3 percent. Today, they are 5.4 percent, a .9-percentage point difference lower.

We remember hearing day after day discussions about the jobless recovery. The fact is, since August 2003, as a direct result of the progrowth economic policies of this administration and the leadership of this Congress, according to the payroll survey, 1.9 million new jobs have been created in the United States.

I heard one of the distinguished Senators refer earlier to "we" produced new jobs. I am sure they did not mean to suggest that the Federal Government produced the jobs because we know the Federal Government does not produce jobs. More often than not, it is the burdens imposed by the Government on employers that kill new jobs. The fact is, if you look at the household survey—of course, we will get into the difference between the payroll sur-

vey and the household survey—more and more Americans are no longer working in a traditional employer-employee relationship. Indeed, they are pursuing their own dream by starting their own business. According to the household survey, 2.2 million new jobs have been produced since August of 2003.

We are seeing a restructuring of the economy not only in the United States but globally. Obviously, we know there is going to be some human pain associated with that. None of us likes, regardless of whether we are Republicans or Democrats or Independent, when anyone wants to work and they cannot find a job. Our goal should be to keep our eye on opportunities for everyone to live up to their potential, to get a job, to provide for their family.

Unfortunately, the antigrowth policies pursued by many of our friends on the other side of the aisle in terms of bigger government, greater taxation, more regulation, runaway litigation, have exactly the opposite effect. They limit opportunity; they limit jobs; they limit investment.

I have heard the President criticized time and time again today and elsewhere for his economic policies. But I remind my colleagues when this President came into office, we were in a recession. Not only that, a short time after he came into office, we had the terrible events of September 11. Osama bin Laden himself said his goal was to establish about \$1 trillion of cost to the American economy. Indeed, we know that much of the economy suffered a body blow as a result of that tragedy over and above the human loss of life that we suffered on that terrible day.

Then we also know that the birds came home to roost, so to speak, on corporate scandals, some of which are still being prosecuted, that caused a tremendous loss of public confidence in our markets and in businesses, resulting again in further economic distress.

The truth is, during this administration the American economy and the American people have had many challenges. One of those challenges has been the attacks not only on us as human beings but on our economy and on the economy's ability to generate new jobs.

Despite all the hand wringing, despite the naysaying, despite those who would claim there is no hope unless we get a new President on November 2, the fact is there is tremendous reason for hope and, indeed, tremendous reason to believe that it is the policies of this administration and the leadership in this body as well as the House of Representatives that have caused, have created the conditions whereby the risk takers, the investors, those who create jobs, do so, and they have done so at remarkable levels.

I used to be very skeptical of the speeches I have heard of the Senator from North Carolina, the Democratic Party's nominee for Vice President, who talks about two Americas. Indeed,

sometimes in listening to the debate in the Senate today and elsewhere, maybe he is right—but not quite in the way he says. There is one America that is hopeful, that seeks opportunity and believes that everyone, no matter who they are, where they come from, or how they pronounce their last name, is entitled to pursue their dream, the American dream. On the other side, there must be another point of view, another America, so to speak, for those who believe they should pursue their political objectives by fearmongering, by hand wringing, and increasing the anxiety of the American people when it comes to their job security by making fallacious claims about how good the economy really is and the policies that have produced tremendous growth in the economy and tremendous opportunity for people who have previously been out of work.

Ultimately, we have to do two things: Continue to do what we have done with regard to people who are out of work and provide temporary benefits until they can get back on their feet and get back in the workforce—not a permanent subsidy for not working but provide help for those who are truly looking for work, and then we need to continue to provide educational opportunity to every American.

We need to change our frame of mind when we think about education. When I was growing up, I somehow got this idea that I would go to school and graduate from high school and then I would go to college and I would "finish" my education. The truth is, that is not what happened. The truth is, it cannot happen in today's economy and in today's competitive work environment. The truth is, we need to change our frame of mind and commit ourselves to life-long learning. That is one reason I appreciate the President's emphasis on community colleges, which in many areas of the country are working in conjunction with the private sector to learn what sort of skills need to be taught to a workforce in order to get the good high-paying jobs that exist. Indeed, community colleges are working closely with the private sector to do just that in places such as the State of Texas and elsewhere.

We need to recommit ourselves to education because the one area that America has always surpassed its competition anywhere in the world has been in the area of innovation. It is our brain power, our spirit, our freedom and opportunity that have made us the envy of the rest of the world.

I cringe when I hear my colleagues on the other side of the aisle, or when I hear on the political stump about hope being lost, about those people not having opportunities anymore, about the American dream leading to a nightmare, because the facts, No. 1, contradict that; and, No. 2, the only way that America can be defeated in a global competition is if we defeat ourselves and give up.

It was Professor Harold Laswell who called politics a fight over who gets

what, when, and how. If all we are going to talk about in the Senate and in Washington, DC, it is about who gets what, when, and how, we will be defeating ourselves. Indeed, we need to continue to enact progrowth policies that will provide opportunity for everyone in this country. If we ever lose sight of our vision as America being the last best hope of freedom-loving people around the world, we will have hurt ourselves and hurt the American people at the same time.

Finally, those in this Senate who complain so mightily about lower taxes for individual taxpayers and use class warfare to talk about the rich not paying their fair share, these are the same people in many instances who voted for this tax cut for corporations that manufacture goods.

I think their vote today was right. I think their rhetoric, when they talk about the President's policies and tax relief being wrong, is wrong, because it is higher taxes, more regulation, out-of-control litigation, and a burdensome regulatory environment that are hurting America's ability to compete in the global economy and are hurting the opportunity for American employers, including small businesses, to create those new jobs.

Indeed, I think any fair observer would conclude that it is the policies of this administration and this Congress that have created greater opportunity. I do not believe we should give in to the hand wringing, to the anxiety-provoking rhetoric, or, indeed, the fearmongering that happens way too often in our political discourse because the facts point to the fact America is still and—as long as we retain our commitment to progrowth policies—will continue to be the last best hope of the world.

Madam President, I yield the floor.

The PRESIDING OFFICER. Under the previous order, the Senator from Washington has 8 minutes.

Ms. CANTWELL. Madam President, I rise today to address the legislation we passed earlier, but I say to the Senator from Texas, it has been a pleasure working with him and the senior Senator from Texas on issues that we are going to talk about, the sales tax deduction for individual States.

But I also say that I know this side of the aisle very much believes in pro job-creation activities. As somebody who has been in the private sector and seen the job creation that can happen in the private sector, no, I do not believe Government creates jobs, but I do believe Government has an investment strategy, that we are a partner with the private sector; and a good investment strategy then allows for capital to flow to people who need it most.

I guess I would say that this bill is not the perfect solution, and not what 51 Members on this side of the aisle would have drafted, as there are certainly things that have been overlooked. I think we have heard about them, including Senator LANDRIEU's

language about a \$15,000 tax credit to employers that would help them maintain their employees who have been called up by the National Guard and Reserve on their payrolls.

As the Senator from Maryland has articulated, another item is the unemployment benefits that would have worked to benefit many Americans while they can't find jobs, because jobs the job growth we have been promised has not happened. Unemployment benefits are, therefore, something to help keep economic stimulus in our communities.

Another is the fact that when we talk about community colleges and job creation, we really are not keeping pace with the training and retraining dollars from the previous years' budgets to actually help make this transition.

I would just point out that while we are having this discussion today about where we go further with the policy, it is a fact that this side of the aisle definitely believes in investing in the human infrastructure, not just in the corporate side of the equation but in individuals, for unemployment, for job training, for our National Guard, for people who need the help and support to continue to do their jobs.

But let me address, if I may, the key issue I wanted to talk about; which is, the issue of tax fairness. It is ironic. My colleague talked about this side of the aisle and tax fairness, the two issues about which I am going to talk.

The first one was actually implemented under a Republican administration and a Republican Senate. That was in 1986, not allowing the State of Washington and six other States in the Union to be able to deduct their state and local sales taxes in lieu of state and local income taxes from their Federal income tax.

Now, since I have been in the Senate, since 2001, I have worked to make the deduction of state and local sales taxes from their federal tax liability permanent for my constituents. When I entered the Senate, I first worked with the Senator from Tennessee, Mr. Thompson, who had introduced legislation, and then later with Senator KAY BAILEY HUTCHISON from Texas with whom together we have introduced legislation in the 108th Congress to reinstitute the state sales tax deduction. Washington and Texas have known a long time that we needed to restore tax fairness to the people of these States. And while we have passed, this afternoon, legislation that restores that fairness temporarily for the next 2 years, we need to continue to work to make it a permanent resolution for people in those States.

Restoring that sales tax deduction will help strengthen our economy. What people do not realize is that when the 16th amendment to our U.S. Constitution was ratified, in 1913, it said you could make the way for a Federal income tax, and Congress allowed taxpayers to deduct State and local taxes so that income would not be taxed

twice. That was what the exemption was about.

So why, in 1986, after 74 years of a precedent, was this tax equity abruptly ended? As I said, I am just pointing out to my colleague, it was actually done by a Republican Senate, a Republican administration. I am saying that only because we need to move forward in correcting these policies, as the previous speaker said, and work together on commonality.

The taxpayers from the States that were given this raw deal—I believe because it was a budgetary squeeze, not based on, I think, really valid principles—it was a great impact to States such as mine, which has just over 60 percent of our State revenue coming from sales tax—about 61-point-three percent. So for us, that is a huge impact. When you are asking constituents not to be taxed twice by what they paid to the State and what they pay to the Federal Government, not being able to deduct that was an inequity in our tax laws. We know that for Washington State this could mean as much as \$421 million that would be saved by taxpayers. I am sure the number is higher in many other States around the country.

But it also means job creation. The Economic and Revenue Forecast Council in our State says that it would create as much as 2,000 to 3,000 jobs, and it would be about a 50-cent stimulus for every \$1 spent in Washington State. So for an economy that has been hard hit by this recession and continues to have one of the highest unemployment rates in the nation, this is the kind of tax policy we think helps us grow our economy and create jobs.

But the bottom line is that after this period of time, after 18 years, Washington State is finally—instead of getting a raw deal—going to get a fair deal, in the fact that residents are going to be able to deduct their sales tax from their Federal income tax obligation. So I think that is the kind of job-creation stimulus and fairness we need to be focusing on as we look at these tough choices.

Another issue that is bringing tax fairness to our State and to many other rural parts of our country is an issue that Senator CRAIG THOMAS and I worked on, the National Health Service Corps Loan Repayment Program. That also was passed this afternoon as part of this legislation.

What this bill did was to focus on the fact we are trying to get and continue to push rural health care needs.

We have a deficit in some parts of our country in getting doctors into rural communities. We have had a great program on the books for a number of years. I am proud that a previous Senator from our State, Warren Magnuson, actually created the National Health Service Corps Program. What it did was, it said to physicians, if you will go practice in rural communities, we will either give you a scholarship for doing that or we will give you loan repayment assistance.

Well, I can tell you, in talking to physicians throughout my State, the cost of repaying those loans can start off a career in hundreds of thousands of dollars of debt. Somewhere along the process we ended up taxing the National Health Service Corps scholarship and loan money to these physicians, as the IRS saw the payments as taxable income. In fact, later Congress realized: Well, that was not such a great idea of taxing, so we will give more money to the National Health Service Corps to pay for those taxes and then tax that money on top of it. We ended up paying 40 percent of the program in taxes instead of creating the opportunity for those physicians. So this program will help get about 67 percent more physicians into rural health care in America.

The last thing I would like to say is that as we continue to move through the rest of how we finish up this year, we want to continue to give an opportunity to make sure the National Guard and Reserve men and women in our country are well taken care of. I am proud the Senate passed back to the House a bill that also included Senator LANDRIEU's language about helping the National Guard.

Washington State is a State that is greatly impacted, and we certainly need to help and support taking care of our National Guard.

I yield the floor.

The PRESIDING OFFICER. The Senator from Alabama.

THE ECONOMY

Mr. SESSIONS. Madam President, I want to share a few thoughts about the status of the economy. As we finish up this session, everybody has a lot of different views, and we are in a political season. I think it is good to talk about it and discuss the issue and see what the facts are, and let the American people make up their own mind about what the circumstances are that face our country.

One thing that I think is important for all of us to remember is that without economic growth we will not create jobs.

When we are in an economic situation in which we do not have growth, then we are not going to have jobs created. We may not lose those jobs immediately, but as growth lags, the number of jobs will fall as well. As growth goes up, jobs will be created. Jobs, as the economists say, tend to lag behind growth, but they follow growth. When economic growth is declining, the number of available jobs will decline. When economic growth is going up, the number of available jobs also will be going up.

Growth in the American economy is affected by many different things. The economy can be affected by world events, or by the strength of the economy in other nations. Generally, we are not threatened by strong economies in other parts of the world. Our

economy does better when other economies are doing well, and when other economies are doing poorly, our economy tends to be dragged down.

The American economy is also impacted by business factors, by psychological factors, and by governmental factors that impact jobs and growth. If the President could snap his fingers and make everything happen right, we would never have any problems. But we know the President cannot do such a thing. We know we need to be careful about placing blame and credit.

I would like to show this chart. These are the years beginning in 1995 going into 2003. We had good years through the 1990s.

The chart shows these undisputed facts. Former President Bush suffered an economic slowdown in the second year or so of his administration and it resulted in the phrase: It's the economy, stupid. But the truth is, the nation's economy began to rebound significantly before former President Bush's term was finished. In fact, during his last year in office, he got little or no credit for the rebounding economy because he had been tagged by his political opponents for causing an economic slowdown earlier. The fact is that this characterization was inaccurate, and that there was pretty solid economic growth during this time.

President Clinton, I submit, inherited a growing economy from former President Bush. That is just a matter of fact. And it grew well through the 1990s. We had low quarters and good quarters, but overall the economy showed strength during this period.

In President Clinton's last year in office, however, things began to sour. By the time he had left office, the Nasdaq, the high tech stock market, had lost one half of its value. During the third quarter, of President Clinton's last year in office, the economy experienced negative growth, though there was growth in the fourth quarter of his last year in office.

But the first quarter that President Bush inherited, in which the dynamics in the economy were already set, and upon which he cannot be fairly said to have influenced, the economy suffered further negative growth. The second quarter that President Bush inherited also experienced negative growth. The third quarter was 9/11, with its negative impact on the economy. That is what President Bush faced when he took office. Yes, we had some great years in the 1990s, but he inherited an economy that was in trouble, and I submit that fact is not disputable.

He had to make some choices. Are we going to take the liberal idea, the big Government, the tax-and-spend idea that we were going to get out of an economic slowdown, a recession, by increasing taxes and by increasing the size of Government, or are we going to place our faith and hope in the ingenuity, the creativity, the work capability, of the American people?

President Bush placed his faith in the American people. He fought for, and we

battled on the floor of this Congress and passed, a substantial tax cut that was designed to revive the economy, which was in trouble and was costing people jobs, making people worried. The stock market had gone down. It was a nervous time for all of us. We remember that.

President Bush led. And look what happened. As the chart shows, in the wake of his actions the economy starts coming back. When we had the second tax cut that took place in 2003, in June, the middle of the year 2003—and this chart only goes through 2003—we ended up with 8 percent growth during the third quarter of that year. Eight percent growth in that quarter is the highest growth rate we have seen in 20 years. The fourth quarter was also about 4 percent. The first quarter of this year was 4.5 percent growth. The next quarter was 3 percent growth. So we have been blessed to see that this recession is one of the shortest recessions in history. It is something for which we ought to be thankful.

Mr. SARBANES. Will the Senator yield for a question?

Mr. SESSIONS. I am pleased to try to answer a question. I know how knowledgeable the Senator is in these areas.

Mr. SARBANES. If the Senator's chart continued out into this year—I take it the chart stops in 2003?

Mr. SESSIONS. I found that in my office a few moments ago. The first quarter was 4.5 percent.

Mr. SARBANES. If it continued out into this year, it would show a descending line, would it not?

Mr. SESSIONS. It would show the first three quarters of this year would average higher than the last 20 years of growth in America.

Mr. SARBANES. I want to focus on—

Mr. SESSIONS. It would show a decline from probably 4.5 percent to 3 percent growth.

Mr. SARBANES. That is all I wanted to hear.

Mr. SESSIONS. You are not going to stay up there at 4.5 forever. But I think the numbers look pretty good. And we did it by investing and putting our faith in the private sector to create jobs and growth. It is pretty exciting.

We don't know how the economy will go. President Bush, as I said, is not a magician. He can't make things happen by waving a magic wand. Any of us who have been around here long enough know that. You get blame and you get credit. Sometimes it is not the President's fault, sometimes it may be the Congress's fault. Sometimes it may be factors beyond any of our control, historic factors.

Because we have had substantial productivity increases, which means we can produce more widgets for less investment and often fewer workers, that has made us competitive and helped our economy, but it has also placed stresses on job production. We have had particularly noticeable productivity increases in manufacturing. As a