

of nuclear energy, here is what could happen. From 1995 to 2006, nuclear power helped us avoid emitting more than 8 million metric tons of carbon dioxide into the atmosphere. Many States have started to say no to coal and yes to nuclear power or other forms of clean energy. But other than nuclear power, they are limited, and clearly we should not be saying no.

Our economy, our growth, future jobs for this country, the vitality of our economic leadership in the world is tied to available energy, abundant energy, and reasonable cost energy. We know today the one source of energy that answers all those charges is nuclear.

Yucca Mountain remains a key piece of all of that picture. That is why Senator INHOFE has introduced the legislation, why I am a cosponsor of it. I certainly encourage all my colleagues to look through clear glasses at this issue because we have to deal with the waste stream in a responsible fashion. We need to do so in a way that is acceptable to the industry and acceptable to the American people.

The efforts that have been put forth from day one in the examination of the geology, the development of the core tunnel at Yucca Mountain—all those stages are there for the public to see. The licensing process is now underway, which is the next step. Let's don't arbitrarily and politically step into the middle of it and mess it up.

I must tell you the frustration I have had listening to Presidential candidates out on the road. If you want the endorsement of a single State, you are against Yucca Mountain and that single State was Nevada. This is a national issue; it is not a local issue. This is Federal land properly handled, properly researched, and it can be properly developed in a safe way for all Americans and for our future. That is what this legislation speaks to.

I am pleased to be a cosponsor with Senator INHOFE. He introduced it in a timely fashion. Clearly, in the course of this year, it is something that needs to be debated; it is something with which we need to deal. This administration has moved forward as quickly and responsibly as they could, and the licensing process is certainly something that needs to be completed in the overall effort of the renaissance of nuclear power in our country and that form of generation as an important option in our mix of energy sources for this Nation for now and into the future.

I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GREGG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

## ECONOMIC STIMULUS

Mr. GREGG. Mr. President, I wished to rise to talk a little bit about the proposed stimulus package which is working its way through the Congress and has been agreed to between the President and the Speaker of the House.

First, I congratulate the Speaker, the Republican leader of the House, and the President, especially Secretary Paulson, for sitting down and trying to reach a bipartisan understanding as to how we move forward in what is obviously a very tentative economic time. We know in this Nation we are confronting some very serious issues, most of them brought on by a bubble in the credit markets relative to lending for housing construction. As happens with a classic bubble—and this is a classic bubble—when it bursts, when, in other words, the underlying security and the people responsible for paying back the debt cannot do that because money has been lent to people who are not in a position to repay their loans and the security under that debt has not been able to be maintained to reinstate the value of that debt, when that happens, that not only affects the loans, the immediate loans that are impacted, but it leads to a further contraction in the marketplace.

I have been through this a number of times in my experience, and it always seems to happen the same way with loans which turned out to be not well made being called, and they are then followed by the people who lent the money and the capital markets having to contract in order to basically build back up their capital positions. So people who actually have good loans find that they cannot get credit extended further and it feeds on itself and you start to see a slowdown. That appears to be the type of issue which we may be confronting as a Nation, where we know we have a huge subprime problem. It is very big. We know that may lead to a further contraction. In fact, we are already seeing that.

We know also, ironically, in this market, what happened was a lot of those loans were syndicated out and then they were put in synthetic instruments and actually multiplied their impact and we ended up with an inverted pyramid. We have one little loan with inadequate capital which can't be paid back, and then you have a pyramid with the way that loan is chopped up and can't be sold. So it is exaggerated in size. So this is a big issue for us as a nation. The question is how to address it.

Well, first off, I congratulate the Fed because the Fed has stepped up. I wish they had stepped up earlier, but they have stepped up and reduced rates and, as a result, that should create more liquidity in the market. The second is fiscal policy, and that is where the President's proposal, working with the Speaker of the House and the Republican leader, has come forward. It is called a stimulus package, the purpose

of which, in an economic slowdown, is to pursue classic economic policy, which is to stimulate demand during a time of economic slowdown in order to stimulate the economy, generally. That is a "black letter" rule of how you try to abate the economic slowdown. The question is: Will it work? Will what has been put on the table make sense and will it work?

Remember the last time we did this—with what is known as the tax rebate, which are not tax rebates because most of the people getting these don't pay taxes, it is an income transfer—we were coming off a period of surplus, the only time of surplus in the last 30 years we have had as a Federal government. We had 3 years of surplus, and we felt we had cash in the till to rebate or to pay out. Now we don't have the surplus. In fact, we have a deficit. It is not a huge deficit but still a deficit. It has been coming down over the last few years, which is the good news. But it does mean any stimulus package we pursue is going to have a debt effect.

In other words, we are going to have to borrow the money in order to pay it out to people through this tax rebate or basic payment process. So who ends up paying it? Well, our children are going to pay the cost of this stimulus package, and it is going to be because it is a debt-compounding event. In other words, if the package represented today is to be \$150 billion in cost over its lifetime, which is supposedly confined to this year, that debt that you have to borrow to pay the \$150 billion will have interest earned on it. So after 10 years, that becomes \$200 billion in debt because it won't be paid back over 10 years and our children and our children's children will have to pay the burden of that.

So basically we are saying to our children, some of whom haven't even started earning money yet, we are going to give you a \$200 billion bill for this stimulus package we are going to put in place over the next 6 months. So if we are going to do something such as that, which is fairly significant, we better make sure the stimulus package works; that it actually stimulates the economy; that it actually does retard the slowing of forces slowing down the economy and, hopefully, reenergize it.

The proposals which we have on the table and came from the House break into two basic approaches: First is a pure consumption approach, where you basically give people of middle and low incomes in this country—I think it is \$80,000 of individual or \$175,000 of joint income—a tax rebate of \$600 to \$1,200. That is a payment. It is structured in a way that some people who don't pay taxes will actually get the payment. The theory is they will take that money and they will go and spend the money and, as a result, the economy will see a boost.

There are two problems with this theory we need to address, however. First, under the present structure of our Internal Revenue Service, the CBO,

which is a fair arbiter—they do not have prejudice in this debate—the CBO has testified—the Congressional Budget Office—that the IRS—and they have consulted with the IRS on this—the Internal Revenue Service cannot get these checks out before midsummer, probably, or late June at the earliest.

CBO has further testified that the actual economic impact of people spending this money, these rebates, these payments, will probably not occur until the late third quarter, early fourth quarter of this year. Interestingly enough, Dr. Orsak, the head of CBO, has also testified—and again this is a fair arbiter—that the slow period, the period when you need stimulus, is the next two quarters or the next two-and-a-half quarters. And he has said, quite simply, that because of the limitations within the IRS, this rebate probably would not help those quarters.

So that should be a concern to us. The money may not end up coming into people's hands—taxpayers or non-taxpayers—to be able to be used in the timeframe when it is going to be most needed.

In fact, toward the third quarter of this year and into the fourth quarter of this year, it is again the testimony of the CBO Director that the cuts the Fed has put in place, the  $\frac{3}{4}$ -percent prime cut, is going to cause the economy to react to that cut in a positive way, hopefully, and that will occur in the third and fourth quarter mostly. So you could actually end up with two events on top of each other acting as a stimulus at the same time when we no longer need a stimulus. So we need to be concerned about that. That is of concern.

The second problem which this proposal has—of taking a large amount of cash and putting it on the table for people—is that, again, it may not stimulate our economy. In other words, if somebody goes out with their \$600 rebate and they buy a television made in China or they buy an iPod made in Vietnam—I don't know if that is where iPods are made—or if they buy a washing machine made somewhere else—if the product isn't actually physically produced here—then, basically, you are not stimulating our economy, you are stimulating the economy where the product is produced. Since the assumption is most of these dollars will be spent on consumable items or will be used to pay down credit cards, which has no stimulus effect at all—theoretically, if it is spent on consumable items and, for example, is apparel or consumable goods which are manufactured overseas, then the stimulative effect for the United States is extremely limited, only at the margin. Again, this was testified to by the Director of CBO.

So these are two concerns with this idea of infusing money into the package. The second part of the package says: Well, we are going to do an inventory of basically a business incentive

event. We are going to allow people to expense capital purchases, versus depreciate, over a number of years. We are going to allow people bonus depreciation. Both of those are probably good tax policies from the standpoint of strengthening our economy over the long run because they make the economy more efficient. It means some small businessperson will be able to go out and buy a machine which makes their business more efficient, and as a result of being more efficient, it makes the American economy stronger. So yes, that is good policy, but it will have very little stimulus effect on the underlying economy.

So the concern is the House package may not have the stimulus it claims to have and may end up being a debt event which our children will have to repay. What concerns me even more, though, is what is being talked about in the Senate. We are talking about taking the House package and significantly bidding it up. The House package bothers me to begin with, but to bid it up in the Senate is a mistake.

We are talking about expanding the rebate to everybody. Now, that will have absolutely no stimulus effect, in my opinion. To say that high-income individuals or people with joint incomes over \$100,000 should get a stimulus, should get a \$500 payment—first off, they probably don't need it; and, secondly, they do not need it if we are going to borrow from their children; and, thirdly, they are probably going to save it, which is great in the long run but has no immediate stimulus effect.

Secondly, there is a proposal to include an extension of unemployment compensation benefits—unemployment insurance. Well, that would make sense if we were in a recessionary event, but right now the national unemployment rate is about 5.1, 5.2 percent, which is deemed full employment. Anything between 5 and 5.5 percent is historically a full-employment situation.

There are pockets of communities around this country which have higher unemployment, no question about it. But to put out a nationwide extension of unemployment insurance for an additional year, which is what is being talked about, or for an additional 6 months, which is also being talked about, that creates an incentive, in a full-employment economy, to not co-operate, to not go out and find jobs. It has the opposite effect. It is intuitively obvious that has a perverse impact on what you want in the area of human reaction, which is to go and find a job, if the jobs are available. Jobs in a 5-percent economy are available.

So any unemployment extension should be tied to a trigger, and that trigger should be set at what has been the historical levels of what is deemed to be recessionary, or a significant slowdown, which is around 6 or 7 percent, so you don't extend unemployment insurance unless you hit that level of unemployment. You can also

make it regional. If one region has 6 percent unemployment, then you give them the extended unemployment insurance. If one region doesn't have 6 percent unemployment, you don't give them the extended insurance.

We are also talking about, on our side of the aisle, adding food stamps, adding FMAP, adding LIHEAP, adding infrastructure, and adding State and local tax deductibility. All this has been thrown out by other Members on our side of the aisle. State and local aid. It is making it a grab bag of everybody's ideas of whom they want to take care of and whom they want to attract in terms of political support or what is important to say to supporters or a group of people they think are important as their constituencies.

And that makes no sense at all. First, it is going to slow this package dramatically if you do that. Second, you are not going to improve stimulus activities around here by doing that. So I would hope we would not proceed that way.

I have a lot of problems with the initial package. I do congratulate the White House. I do congratulate Speaker PELOSI and Congressman BOEHNER for putting together a package and for recognizing the need.

I have big reservations as to whether it is the most useful package from the standpoint of stimulus, but it appears, in light of what the Senate is now talking about, to be the high watermark. Maybe we should take the House package and pass it and acknowledge the fact that we have done something.

The biggest impact of this event is very obvious; it is psychological. It is a big price to pay for a psychological event, \$150 billion, which adds up to \$200 billion over 10 years to our children. That is the big impact, that the American people and the world can see the Congress and the President can work together to address what we see as an economic slowdown, even though what we are proposing probably will not have the effects we hope it will have in the short term.

But we should not aggravate this problem by significantly increasing the lack of focus of the package by throwing in all these other ideas, by expanding the rebate to high-income individuals, by extending unemployment insurance in areas where there is basically full employment. Literally, the House package becomes the high watermark. I thought I would never say that, but that is the way it looks right now from the Senate activity.

So I wished to make those points because I think we may have to have an open discussion of what goes on around here, but we also have to have expedited activity. I do not want to slow it down.

I do want to make the points that if we start throwing all this baggage under the bill, we will probably set the train in the wrong direction.

I appreciate the courtesy of the Chair and I yield the floor.