domestic product (GDP) and employment that encompasses a majority of economists' views. By CBO's estimation, in the short run the stimulus legislation would raise GDP and increase employment by adding to aggregate demand and thereby boosting the utilization of labor and capital that would otherwise be unused because the economy is in recession. Most of the budgetary effects of the legislation would occur over the next few years, and as those effects diminished the short-run impact on the economy would fade.

LONG-RUN EFFECTS

In the long run, the economy produces close to its potential output on average, and that potential level is determined by the stock of productive capital, the supply of labor, and productivity. Short-run stimulative policies can affect long-run output by influencing those three factors, although such effects would generally be smaller than the short-run impact of those policies on demand.

In contrast to its positive near-term macroeconomic effects, the legislation would reduce output slightly in the long run, CBO estimates, as would other similar proposals. The principal channel for this effect is that the legislation would result in an increase in government debt. To the extent that people hold their wealth as government bonds rather than in a form that can be used to finance private investment, the increased debt would tend to reduce the stock of productive private capital. In economic parlance, the debt would ''crowd out'' private investment. (Crowding out is unlikely to occur in the short run under current conditions, because most firms are lowering investment in response to reduced demand, which stimulus can offset in part.) CBO's basic assumption is that, in the long run, each dollar of additional debt crowds out about a third of a dollar's worth of private domestic capital (with the remainder of the rise in debt offset by increases in private saving and inflows of foreign capital). Because of uncertainty about the degree of crowding out, however, CBO has incorporated both more and less crowding out into its range of estimates of the long-run effects of the stimulus legislation.

The crowding-out effect would be offset somewhat by other factors. Some of the legislation's provisions, such as funding for improvements to roads and highways, might add to the economy's potential output in much the same way that private capital investment does. Other provisions, such as funding for grants to increase access to college education, could raise long-term productivity by enhancing people's skills. And some provisions would create incentives for increased private investment. According to CBO's estimates, provisions that could add to long-term output account for between one-fifth and one-quarter of the legislation's budgetary cost.

The effect of individual provisions could vary greatly. For example, increased spending for basic research and education might affect output only after a number of years, but once those investments began to boost GDP, they might pay off over more years than would the average investment in physical capital (in economic terms, they have a low rate of depreciation). Therefore, in any one year, their contribution to output might be less than that of the average private investment, even if their overall contribution to productivity over their lifetime was just as high. Moreover, although some carefully chosen government investments might be as productive as private investment, other government projects would probably fall well short of that benchmark, particularly in an environment in which rapid spending is a significant goal. The response of state and local governments that received federal stimulus grants would also affect their long-run impact; those governments might apply some of that money to investments they would have carried out anyway, thus lowering the long-run economic return on those grants. In order to encompass a wide range of potential effects, CBO used two assumptions in developing its estimates: first, that all of the relevant investments together would, on average, add as much to output as would a comparable amount of private investment, and second, that they would, on average, not add to output at all.

In principle, the legislation's long-run impact on output also would depend on whether it permanently changed incentives to work or save. However, according to CBO's estimates, the legislation would not have any significant permanent effects on those incentives.

NET EFFECTS ON OUTPUT AND EMPLOYMENT

Taking all of the short- and long-run effects into account, CBO estimates that the legislation implies an increase in GDP relative to the agency's baseline forecast of between 1.4 percent and 3.8 percent by the fourth quarter of 2009, between 1.1 percent and 3.3 percent by the fourth quarter of 2010, between 0.4 percent and 1.3 percent by the fourth quarter of 2011, and declining amounts in later years (see Table 1). Beyond 2014, the legislation is estimated to reduce GDP by between zero and 0.2 percent. This long-run effect is slightly smaller than CBO estimated in its preliminary analysis of the Senate stimulus legislation last week due to refinements in our methodology.

Correspondingly, the legislation would increase employment by 0.8 million to 2.3 million by the fourth quarter of 2009, by 1.2 million to 3.6 million by the fourth quarter of 2010, by 0.6 million to 1.9 million by the fourth quarter of 2011, and by declining numbers in later years. The effect on employment is never estimated to be negative, despite lower GDP in later years, because CBO expects that the U.S. labor market will be at nearly full employment in the long run. The reduction in GDP is therefore estimated to be reflected in lower wages rather than lower employment, as workers will be less productive because the capital stock is smaller.

I hope this information is helpful to you. If you have any further questions, I would be glad to answer them. The staff contacts for the analysis are Ben Page and Robert Arnold, who may be reached at (202) 226–2750.

Sincerely,

DOUGLAS W. ELMENDORF,
Director.

TABLE 1.—ESTIMATED MACROECONOMIC IMPACTS OF A STIMULUS PACKAGE (AVERAGE OF HOUSE-PASSED AND SENATE-PASSED VERSIONS OF H.R.1), FOURTH QUARTERS OF CALENDAR YEARS 2009 THROUGH 2019

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Real GDP (Percentage change from baseline):											
Low estimate of effect of plan	1.4	1.1	0.4	0.1	0.0	−0.1	−0.2	−0.2	−0.2	−0.2	−0.2
High estimate of effect of plan	3.8	3.3	1.3	0.7	0.4	0.3	0.0	0.0	0.0	0.0	0.0
GDP Gap [1] (Percent):											
Baseline	−7.4	−6.3	−4.1	−2.2	−0.7	−0.1	0.0	0.0	0.0	0.0	0.0
Low estimate of effect of plan	−6.2	−5.3	−3.7	−2.0	−0.6	−0.1	0.0	0.0	0.0	0.0	0.0
High estimate of effect of plan	−3.9	−3.2	−2.9	−1.7	−0.4	0.0	0.0	0.0	0.0	0.0	0.0
Unemployment Rate (Percent):											
Baseline	9.0	8.7	7.5	6.4	5.5	5.0	4.8	4.8	4.8	4.8	4.8
Low estimate of effect of plan	8.5	8.1	7.2	6.3	5.4	5.0	4.8	4.8	4.8	4.8	4.8
High estimate of effect of plan	7.7	6.8	6.5	6.0	5.3	4.9	4.8	4.8	4.8	4.8	4.8
Employment (Millions of jobs):											
Baseline	141.6	143.3	146.2	149.3	152.1	153.9	154.9	155.7	156.4	157.0	157.7
Low estimate of effect of plan	142.4	144.5	146.8	149.6	152.2	154.0	154.9	155.7	156.4	157.0	157.7
High estimate of effect of plan	143.9	146.9	148.1	150.1	152.5	154.2	154.9	155.7	156.4	157.0	157.7

[1] Real GDP is gross domestic product, excluding the effects of inflation. The GDP gap is the percentage difference between gross domestic product and CBO's estimate of potential GDP. Potential GDP is the estimated level of output that corresponds to a high level of resource—labor and capital—use. A negative gap indicates a high unemployment rate and low utilization rates for plant and equipment.

Source: Congressional Budget Office.

Mr. BUNNING. I yield the floor.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from New Hampshire is recognized.

STIMULUS PACKAGE

Mrs. SHAHEEN. Mr. President, I rise today in support of the economic recovery package on which we will soon vote. We are in the midst of the most severe recession since the Great Depression. Families and small businesses across this country and in my home State of New Hampshire are hurting. As a former Governor and small business owner, I know it is business and not government that creates jobs and drives new ideas and innovation. But I believe government has a vital role to play in helping business create jobs, especially in these very difficult economic times.

These are very difficult economic times. New Hampshire is a small State. We have just over 1.3 million people. Yet, in December alone, nearly 73,000 weekly claims were filed for unemployment compensation. As you can see on this chart, that is more than double the number of unemployment claims of a year ago and almost triple what the unemployment claims were 2 years ago. Nationally, we lost almost 600,000 jobs in January alone. We are shedding jobs at an alarmingly fast rate in New Hampshire and across this country. That is why it is critical that we pass a robust economic recovery package and that we do it immediately.

The economic recovery bill we are going to vote on is not perfect. I would have preferred more investment for roads and bridges, for water treatment plants, for K–12 and higher education buildings. Over the past year in New Hampshire, we lost almost 10 percent of our construction jobs, and investing in infrastructure creates good-paying construction jobs now, with the money earned by these workers generating a multiplier effect of economic activity so that it strengthens our economy, not just now but in the future. If it were up to me alone, we would be investing more heavily in infrastructure. But, as President Obama said the other day, we cannot let the perfect be the enemy of the good.

This economic recovery bill is good. For example, with this bill, over $132 million in highway funding will come to New Hampshire for road and bridge construction. Monday, I toured the construction site for a long planned access road to our major airport in New Hampshire, the Manchester-Boston Regional Airport. The highway funding in this economic recovery package will expedite the completion of that access road to our major airport in Manchester. It will create 1,000 construction jobs, and it will unleash the full potential of the Manchester Airport.

Almost $60 million will come to New Hampshire for water and wastewater treatment plants. That will create good construction jobs. It will enable cities and towns to move forward with long overdue projects.

The economic recovery package will also help small businesses obtain the financing they need to retain and create good jobs. This is critically important in New Hampshire, where 94 percent of our businesses have fewer than 100 employees, yet they employ half of the State's workforce.

The credit crunch has hit small businesses particularly hard. By temporarily waiving the Small Business Administration fees and increasing the loan guarantee cap, this economic recovery package is estimated to stimulate up to $20 billion in small business loans.

We may need to do more in the coming months to help small businesses access the working capital they need to survive during the recession. Too many small businesses today are relying on credit cards and they are paying exorbitant interest rates to obtain working capital. As a member of the Small Business Committee, I will be vigilant at monitoring whether the actions we are taking now in this economic package are sufficient to provide small businesses with access to financing.

This economic package will also put us on the path to energy independence by doubling our renewable energy-generating capacity over the next 3 years. By passing this legislation, we will make it possible for great projects across the country to get up and running.

I had the opportunity to talk to some people behind one of those projects in our capital city of Concord, NH. A company called Concord Steam has a fully permitted 20-megawatt biomass plant that is ready to go right now. Their challenge is getting the financing they need. If they are able to go forward, this combined heat and power plant will be built on a restored brownfields site. It will employ over 100 construction workers for the next year and a half, and it will create 25 permanent jobs at the plant. Because its fuel will be New Hampshire forest waste, this renewable powerplant will also create about 100 jobs in the timber industry. This project will benefit every single American because the steam heat and power that it produces will displace 12 million gallons of foreign oil each year.

We need to pass this economic recovery package, not only because it will put people back to work and lay a foundation for long-term economic growth but also because we need to restore confidence in our economy. The American people have always risen to meet every challenge. They need to see their Government is ready to meet this economic challenge as well.

I urge my colleagues to join me in voting for this economic recovery package and doing it as soon as possible.

I suggest the absence a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

200TH ANNIVERSARY OF PRESIDENT LINCOLN'S BIRTH

Mr. BROWN. Mr. President, today, as we all know, if we read the papers, we celebrated the 200th anniversary of Abraham Lincoln's birth. Our Nation's 16th President is remembered and celebrated, of course, for his many accomplishments that shaped our Nation.

Most of us recall hearing about the Lincoln-Douglas debates in 1858, a series of debates between the two Senate candidates over the issues of slavery, and how that led to the 1860 Presidential election.

President Lincoln is celebrated for signing the Emancipation Proclamation, the beginning of the end to slavery. All of us remember learning in grade school, some of us failing to perhaps memorize it, but learning of the Gettysburg Address, the prophetic words to a nation in turmoil that a ''government of the people, by the people, and for the people, shall not perish from the earth.''

One of the great places to go in Washington, DC, on a hot summer night is to sit on the marble floor at the Lincoln Memorial and read the Gettysburg Address on one side, then turn around and walk over and read perhaps Lincoln's greatest speech, in my opinion, the second inaugural address: With charity for all, with malice toward none, and all that he said in the second inaugural.

We often remember elements of his legacy but sometimes forget the world view that drove his actions. Lincoln's fight for social and economic justice changed the face of our Nation forever. His fight for economic justice, his fight to ensure that work is rewarded and that wealth accrues to those who produce it, has also changed the face of our Nation.

He forged a path toward prosperity, shared rather than hoarded, a path toward economic opportunity, rather than economic stratification.

President Lincoln knew then what so many of us are reminded of today. That is one reason we celebrate him the way we do, not just his 200th birthday but what he stood for, and especially in light of today's economy. He knew that a nation with the economic priorities skewed toward the wealthiest citizens is a nation with a fragile foundation.

One of my favorite Lincoln quotes:

> It has so happened in all ages of the world, that some have laboured and others have, without labour, enjoyed a huge proportion of the fruits. This is wrong, and should not continue.

President Lincoln could stand before this Chamber and deliver those same words and find equal resonance within the these walls and in the homes of middle-class families in the Presiding Officer's State of Colorado, and my home State of Ohio.

President Lincoln's commitment to economic opportunity for America's workers was a tenet of what he stood for from his early days in the State legislature, in Springfield, IL, all the way to his final days in the White House.

Those efforts were amplified through the fight against slavery, the hallmark of his legacy, which was founded on a fight for economic opportunity, opportunity for all.

President Lincoln saw the fight for our Nation's workers, all workers, as a moral, a political, and an economic issue, one that put the Nation on a new path to prosperity and opportunity. Lincoln, in effect, fought for what we would today call the American dream. Americans who work hard, play by the rules, should get the opportunity and will get ahead.

While he may have not have said it in so many words, he may have not have used the term American dream, he may not have mentioned the framework ''work hard and play by the rules,'' he was laying the groundwork for the creation of our Nation's middle class.

He applied his philosophy that ''labor is the true standard of value'' and that