

news and further proof that the economic recovery plan we enacted is producing positive results. I repeat, what would it have been had we not done that?

So that is the good news. But many Americans still continue to struggle. Many in Nevada continue to struggle as a result of the economic crisis. Over the next several weeks, long-term unemployed workers will begin exhausting their unemployment benefits. Some estimates put the number of unemployed workers who will have used up their benefits by the end of September at 500,000. By the end of the year, the number of unemployed workers who will have exhausted their benefits will be 1.5 million. With the job market as depressed as it is, most of these workers will not be able to find work and will then have no means to survive and take care of their families.

Soon after Congress returns to Washington, we will need to address this matter. We must do so with the understanding that most experts believe job growth will be one of the last things to recover in this economic crisis. It always lags behind economic recovery.

There is an economic case to be made for extending unemployment benefits. Last year, when analyzing the effectiveness of various stimulus proposals, Mark Zandi found that extended unemployment benefits generated \$1.64 for every dollar it cost the American people. That means unemployment benefits are a sound investment.

There should be no disagreement that we must help those who are suffering as a result of the economic crisis they didn't create. We will keep fighting until unemployed workers in Nevada and across the Nation find employment.

#### RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

#### MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will proceed to a period of morning business, with Senators permitted to speak therein for up to 10 minutes each.

Mr. REID. Mr. President, I note the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. KYL. Mr. President, I ask unanimous consent to speak for up to 20 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

#### CASH FOR CLUNKERS

Mr. KYL. Mr. President, I am not sure I will need that much time, but there are four or five things I wanted to address this morning now that the Senate has completed its work through July and we will all be going home to visit with our constituents over the August recess.

What I did was I pulled together three or four topics I wished to address but, because of all the business we had this past week in dealing with the Sotomayor nomination and the cash for clunkers legislation, in particular, I had not yet had an opportunity to address them.

Let me start with the so-called cash for clunkers legislation which was adopted last night. This is legislation which I think was, as I said, a very well-intentioned concept in two respects: No. 1, to help auto dealers get off the mat—they had all been suffering from a lack of business—as well as to promote the idea of more fuel-efficient cars. But the well-intentioned plan ran into a lot of problems, and I think there were two reasons for that.

The first was the fact that it was rushed through. It was put on an emergency piece of legislation without hearings, without legislation having gone through the committee process, and, frankly, without anybody really thinking through how the program would be implemented. As a result, there were a lot of problems with it.

I got calls from car dealers. They had no idea whether they were going to be paid. The Department of Transportation had no idea whether it still had money left to pay the car dealers. As a matter of fact, one of them called me and said, as of Thursday a week ago, the Department had said they didn't need to kill the vehicles anymore that they had taken in on trade-in—that is to say do what they do to them so they can never operate again—because they weren't sure the money would be available to send to the dealer for the transaction. So the dealer may need to resell the car as a used car. The program, in other words, was very confusing and they got a lot of confusing signals out of the Department of Transportation.

That is why I offered an amendment yesterday that suggested we ought to call a timeout, a pause, to make sure all of the transactions that qualified could clear the process, the dealers could get paid, and we would know how much money we spent. Did we spend \$1 billion? More than \$1 billion? My amendment would have said whatever it takes to pay for all of the deals that had been made as of today, but then establish some process whereby the sales could be tracked, so that each day, at least by the end of the day, we would know how many cars were sold and what the obligations of the government were to the dealers that had acquired those trade-in cars. That way, we would know when we got close to the additional money that had been allocated.

Well, my amendment didn't pass. As a result, it is quite likely we are going to continue to have problems with this program. So I hope the Department of Transportation can find a way on its own to do this without direction from Congress so we don't have the same kinds of problems we have had in the past.

But there is a more fundamental problem with the program, and that is that it subsidizes a specific segment of the economy, as several of my colleagues pointed out, for the most part to simply advance the sale of a car that would have occurred anyway. So at the end of the day, there was no new economic activity—simply the expensive replacement of a vehicle that might have been used as a secondhand vehicle for several more years but because of the requirements of the program is actually destroyed. So as a matter of fact, we actually took value out of our economy rather than putting it in, and at a great cost. It was estimated that it was about \$20,000 per vehicle.

There was a great editorial—or column, I should say—in my hometown newspaper, the Arizona Republic, today by Bob Robb, who is one of the smartest people I know, especially when it comes to economic matters. The title of it is "Cash for Clunkers a Lemon." In it, he points out what is wrong as a matter of economic policy with programs like this that subsidize a particular piece of economic activity but end up in effect simply costing the taxpayers of the country without advancing an economic cause.

I ask unanimous consent to have this very erudite column printed in the RECORD at this point.

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

[From the Arizona Republic, Aug. 7, 2009]

#### CASH FOR CLUNKERS A LEMON

(By Bob Robb)

The cash for clunkers program is a perfect illustration of what's wrong with economic policy and thinking in this country.

The program is widely hailed as a successful economic stimulant. Congress is rushing to pour more money into it.

And it has been a success, if success is defined as selling more cars in the short-term.

Basically, the program offers owners of old cars a subsidy to buy a new one. If government subsidizes something, demand for that thing will increase—whether it is cars, or toasters or cosmetic surgery.

And if there is a quick expiration date on the subsidy, as is the case with cash for clunkers, demand will be artificially goosed even more.

This is obviously good news for car sellers and qualifying new car buyers. It may be good news for those in the car-making business, if production picks up to replace depleted inventories.

However, for the economy as a whole, the effect of cash for clunkers will be negligible, and slightly negative if anything.

In the first place, the federal government has no money. So, every dime of subsidy it is offering has to be borrowed. That puts a burden on future economic activity.

To the extent the subsidy induces people to make a car purchase they otherwise would

not have made, the money so spent would have otherwise been spent on something else or saved. There is no clear evidence that the economy will be better off for the money to have been spent on a new car than the alternatives.

In political economy, it is virtually always better to look to the long-term than the short-term. Government has neither the wit nor the tools to manage short-term economic performance. Despite all the happy talk about shovel-ready projects, very little of the stimulus money has gotten out the door. The Fed has been flooding the economy with liquidity, but lending is still contracting.

Virtually everyone agrees that Americans need to spend less, borrow less and save more. President Obama has given speeches lecturing us about that.

Yet the federal government continues to offer massive inducements for consumption and borrowing.

The federal government will pay more for your old car than it is worth if you'll buy a new one.

The housing bubble was caused by an overinvestment in housing and lax lending standards. Yet the federal government is offering a sizable tax credit for the purchase of a new home and the Federal Housing Administration will guarantee mortgages with a down payment of as little as 3.5 percent of the purchase price.

Lax monetary policy is a subsidy for borrowing in general.

In other words, the message from the federal government is that Americans need to spend less, borrow less and save more. Just not now.

But it is during downturns that behaviors change. A respect for economic uncertainty is what causes people to live below their means and save for the future. When things are humming along, few see the need to change their behavior.

This isn't to say that government should remain idle during a downturn, particularly one as severe as this one. Government should be in the business of helping people cope, through such things as extended unemployment benefits and other income transfer programs.

Government shouldn't, however, be offering new inducements for consumption and borrowing. That's sacrificing the long-term for the short-term.

The reason policymakers do this is, in significant part, our fault. We hold federal elected officials, particularly the president, responsible for the short-term performance of the economy. If the economy is doing well at any given moment, we're likely to think the president is doing a good job. If not, we're looking to get rid of the bum.

Presidents do not an economy make. They can affect the long-term trajectory of the economy through wise or unsound long-term fiscal policies. But day-to-day, we're pretty much on our own.

Of course, any presidential candidate who actually said that would never get elected. And therein lies the heart of the problem.

#### SUPPORTING THE INTELLIGENCE COMMUNITY

Mr. KYL. Mr. President, my colleague, Senator LIEBERMAN from Connecticut, had put an item in the CONGRESSIONAL RECORD that was a letter to the President urging that the President and the Attorney General take action to stop the further notion of investigating members of the U.S. intelligence community for activities long

since past related to the interrogation of terrorists after the September 11 attack on the World Trade Center. I found this to be a particularly well-reasoned statement as to why this kind of continually looking backwards, this kind of politics that seems to want to continue to scratch at old wounds, can be very destructive to our safety and security in the future.

Among other things, Senator LIEBERMAN quoted President Obama and said:

President Obama had it right when he said that with regard to past behavior by the intelligence community, he is "more interested in looking forward than . . . looking backward."

And Senator LIEBERMAN said:

Given the threats that we face as a Nation, it is imperative that we follow the President's lead.

He went on to point out that if we don't, we are going to chill the activities of the intelligence community.

He noted—and I will note, as well—that there are so many very hard-working, dedicated Americans working in a frequently very dangerous environment whom we have asked to find out the most difficult things, such as: What are these terrorists up to? And might they have plans to attack us again? It is very difficult to get this information.

Anything we do that chills the methods by which they do that—short, of course, of violating the law or engaging in torture or other impermissible activity—simply hastens the day when there is another successful attack against the American people. We need to do everything we can to prevent that. The reason I was reminded was there are reports this morning we have been successful in taking out one of the most dangerous terrorists in Pakistan, someone who was allegedly involved in the planning of the death of Benazir Bhutto and who had been sought for a long time.

I was thinking about the activities of some of my colleagues in the Senate attacking the previous administration for considering a program that would involve the use of intelligence community assets to track down and find and then either capture or kill these terrorist leaders who are responsible for so many deaths. The assumption was it was somehow wrong for the United States to consider doing this. This program was begun back when President Clinton was in office, and he issued a directive which basically said: If there is a way we can find and either capture or kill these people, we should do so. The program was never implemented because there were potential problems with it. The same thing occurred during the Bush administration. It wasn't implemented. The Intelligence Community wasn't advised about it. Had there been a decision to go ahead with the program, the law would have required that the Intelligence Committees in the House and Senate be briefed. But there was great criticism of the Bush

administration and Vice President Cheney.

I wondered at the time, how about these people whom we send into harm's way to try to find these terrorists and either capture them or, if they attempt to fight or flee, to kill them, what does it say to the people we send into harm's way to accomplish this, when there is all the criticism back home that somehow there is something wrong with it?

I was pleased this morning when the news of the alleged attack and killing of this terrorist leader was greeted with a great deal of approval in the media and by the people who commented on it. That is the kind of reaction our intelligence officials need to see when they go after these very dangerous terrorists—not a reaction that, gee, maybe we need to read this guy the Miranda rights before we try to capture him.

The reality is, these people are not generally subject to capture. We have the facilities and the means to track them and, frequently, we do track them by these means, and we are able to take them out. Since we are engaged in a war with these terrorists and they would kill us if we don't kill them, if you don't have the ability to capture them, then killing them and taking them off the battlefield in that way is totally appropriate and under the rules of war.

That is why I am pleased this kind of event is greeted with enthusiasm and approval because it might send the kind of signal to the intelligence community we want to send, which is: Do your best to defeat the opposition in the war on terror. I think Senator LIEBERMAN's point was well taken in the letter he wrote.

#### WITHHOLDING STIMULUS FUNDS

Mr. KYL. Mr. President, I ask unanimous consent that an editorial from the August 7 Arizona Republic be printed in the RECORD, called "Cabinet Chiefs Play the Heavies."

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

##### CABINET CHIEFS PLAY THE HEAVIES

The political hit job perpetrated—reportedly—by infamous tough guy Rahm Emanuel, the president's chief of staff, against Arizona Republican Sen. Jon Kyl continues to roll.

And it continues reminding us that hardball, hyperpartisan tactics did not suddenly disappear from the White House when Karl Rove left the building.

Indeed, in some ways, the tactics have gotten worse. Since when are Cabinet secretaries supposed to act like wise guys in a political goon squad?

On July 12, Kyl went on the Sunday Washington talk show *This Week* and criticized the \$787 billion economic-stimulus program. He said the program was ineffectual and suggested it be wrapped up and ended.

The administration came down on the senator like a ton of Chicago-baked bricks.

The very next day, four Cabinet secretaries sent letters to Arizona's Republican Gov.