United States of America

# Congressional Record

PROCEEDINGS AND DEBATES OF THE 107th CONGRESS, FIRST SESSION

Vol. 147 WASHINGTON, TUESDAY, NOVEMBER 13, 2001 No. 156

# Senate

The Senate met at 10:30 a.m., and was called to order by the Honorable PATTY MURRAY, a Senator from the State of Washington.

## PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Gracious God, the source of healing in times of grief, we pray for the loved ones and friends of those who died in the crash of American Airlines flight 587. The more we have learned about the 260 people who lost their lives, the more profoundly we have felt the anguish caused by this tragedy. We ask You to comfort their families both here and in the Dominican Republic. Also, we pray for the citizens of Queens, NY, who lost their family members and their homes in this plane crash. Many of the people in this community were heroic firefighters and police who worked so tirelessly to save the lives of others in the World Trade Center terrorist disaster. We live in a violent time of terrorist attacks, human and mechanical failures. Quiet our agitated hearts so we can turn to the work before this Senate today. Strengthen the Senators in their resolve to press on, and all of us in the Senate family with focused attention on the duties of this day. Lift our spirits with the assurance that physical death is not an ending and with the confidence that even now You are comforting those who are enduring the ache and pain of momentous grief. In the name of Him who is the resurrection and the life. Amen.

## PLEDGE OF ALLEGIANCE

The Honorable PATTY MURRAY led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

## APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. BYRD).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
*Washington, DC, November 13, 2001.*

*To the Senate:*

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable PATTY MURRAY, a Senator from the State of Washington, to perform the duties of the Chair.

ROBERT C. BYRD,
*President pro tempore.*

Mrs. MURRAY thereupon assumed the chair as Acting President pro tempore.

## RECOGNITION OF THE ACTING MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The acting majority leder is recognized.

## SCHEDULE

Mr. REID. Madam President, as we move to the business at hand, we will begin consideration of S.J. Res. 28, regarding budget points of order. There is a 2-hour time agreement.

The Senate will recess from 12:30 to 2:15 p.m. for the weekly party conferences. At 2:15, the Senate is expected to begin consideration of the stimulus bill. At 4:45 today, the Senate will conduct 15 minutes of debate on the nomination of Edith Brown Clement to be United States Circuit Judge for the Fifth Circuit. At 5 p.m., the Senate will conduct two rollcall votes, first on the Clement nomination and second on passage of S.J. Res. 28.

Madam President, all Senators know we are going to do our very best to recess as early this week as possible for Thanksgiving. We have a tremendous amount of work to do. It will take cooperation on both sides. We hope Senators will recognize there are many important items we have to address today, beginning with debate on the stimulus package. This will go over until tomorrow. We have important conferences. Commerce-State-Justice has been completed. The Agriculture conference has been completed. As soon as the House takes action, we will.

If there were ever a time for people to set aside partisan differences, it would be during this week. We hope that will be the case. The majority leader indicated we will work as long as people want to offer amendments, into the evening if necessary, and move forward as quickly as possible.

## RESERVATION OF LEADER TIME

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

## SUSPENSION OF CERTAIN PROVISIONS OF BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of S.J. Res. 28, which the clerk will report.

The assistant legislative clerk read as follows:

A joint resolution (S.J. Res. 28) suspending certain provisions of law pursuant to section 258(a)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985.

The ACTING PRESIDENT pro tempore. Under the previous order, the statutory time limit has been reduced to 2 hours to be equally divided and controlled between the chairman and the ranking member of the Budget Committee or their designees.

The Senator from North Dakota.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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Mr. CONRAD. Madam President, last Thursday, the Budget Committee reported this joint resolution which would suspend several budget enforcement mechanisms. We reported unfavorably in the Budget Committee by a unanimous vote of 22-to-0. I am certain people wonder why we have a resolution that the budget committee rejected unanimously; how that can happen.

It happens because it is required by law to bring this matter to the floor, even though the Budget Committee has unanimously rejected its elements. The reason for that is, whenever economic growth is below 1 percent for two consecutive quarters, the balanced budget amendment requires that the Congressional Budget Office should issue a low-growth report. They did that on October 31.

The Senate is now required to consider this joint resolution which would suspend five budget enforcement mechanisms. Those mechanisms have elements as follows: points of order against tax cuts or spending that violate the budget resolution; the discretionary spending cap point of order; the point of order enforcing 302(a) and 302(b) spending allocations; the point of order against amendments to reconciliation bills, unless the amendments are deficit-neutral; and sequestration of discretionary and mandatory spending. All of those things would be tossed out and would not apply if we accepted this resolution.

Senator DOMENICI, the ranking member of the Senate Budget Committee, and I, and our Budget Committee colleagues, on a bipartisan basis, are united in opposing the resolution and urge all Senators to vote to defeat it. As I indicated, the Senate is required to take up this resolution. It is required by the Budget Act. However, it would be a mistake to adopt it because that would take away all protections to maintain fiscal discipline.

The economic rationale for suspending budget enforcement procedures during periods of low economic growth is that such procedures might make it more difficult to enact stimulative measures quickly. We have already seen that Congress has responded quickly to enact $40 billion in supplemental emergency spending. It is important to weigh the real risk that long-term budget discipline will be undermined against the question of putting in place this resolution.

I believe in current circumstances that the risk is too great and it does not make sense to suspend these elements of budget discipline to provide for the easier passage of tax cuts or additional spending. Again, we have seen Congress act quickly to put in place stimulative spending. We have seen Congress act quickly this session to put in place tax cuts.

When the chairmen and ranking members of the House and Senate Budget Committees issued their principles for economic stimulus a month ago, we recognized that we were facing extraordinary circumstances and that Congress and the President would provide the resources necessary to respond to the events of September 11. I am certain our budget enforcement procedures will not prevent that from happening.

I think every Member of this Chamber understands that our top priority is to defend this Nation. In addition, we must work to rebuild that which has been destroyed and we must be prepared to counterattack those who, in such a vicious way, have engaged in a sneak attack on our country.

We also recognize that an economic stimulus package should not undermine long-term fiscal discipline, which is essential to sustained economic growth. I believe preserving our budget enforcement tools will be very important in helping us to adhere to this critical overall principle.

Policies that adhere to the principles laid down by the joint House and Senate Budget Committee leadership are not likely to be held up by our budget enforcement procedures. In contrast, proposals that violate the principles, especially those that worsen the long-term budget outlook by imposing substantial outyear budget costs, should be subject to normal budget procedures.

The suspension resolution would have us decide now, in one fell swoop, whether to suspend budget enforcement for the next 2 years. I think it is very important that everybody understand what would happen if we went against the recommendation of the Budget Committee and threw out these budget procedures. There would be no protections, no special protections for fiscal discipline for the next 2 years. I think such a blanket waiver would be most unwise. We will be much better off if we continue to look at each bill and amendment individually and retain the ability to invoke budget enforcement procedures against those that threaten our long-term fiscal discipline. This is a fundamental way we protect the integrity of the trust funds of Social Security and Medicare for the long term.

I might add that passing this joint resolution would be unprecedented. We have only gone through this once before, in 1991, the last time the economy was in recession. At that time, the Congressional Budget Office issued three successive low-growth reports leading to the introduction of three resolutions to suspend budget enforcement procedures. Each time, the Budget Committee reported out unfavorably and the resolution was defeated overwhelmingly on the Senate floor in bipartisan votes.

The Senate made the right decision then, and we should make the same decision now. We have the will to enact a stimulus proposal. In fact, one will be on the floor this afternoon. We have the ability to do that under normal budget procedures, and it is critically important to maintain our long-term fiscal discipline.

If there is one thing every economist has told us who has come before the Finance Committee, of which I am a member, and the Budget Committee, of which I am a member, it is that we need to couple short-term stimulus with long-term fiscal discipline. It is that combination of policies that is most likely to allow us to emerge from this economic slowdown.

I refer back to what happened in 1991 because I think it is important for our colleagues to know this. In that year, on three occasions these resolutions came before the Budget Committee and then came to the floor. These resolutions were the same as the one we consider today. They would have suspended all of the budget enforcement procedures.

Here is what happened in the Budget Committee. On January 24, 1991, they reported unfavorably, in a vote of 21-to-0 on that resolution. Then the full Senate voted on January 31, and they defeated it 97-to-2.

I think the record with respect to what occurred is very clear. The same thing happened on May 7, when the resolution was taken up again. A second low-growth report was issued by the Congressional Budget Office, and on May 7 the Senate considered it and defeated it 21-to-0, reporting it unfavorably on a unanimous vote.

The Senate took it up on May 9, again under special procedures, and rejected it 92-to-5. Again, on September 12, another low-growth resolution came before the Senate Budget Committee and it was rejected on a vote of 19-to-2. That one came to the floor of the Senate and was rejected 88-to-8.

I think it is clear that the Senate has determined these procedures ought not to be abandoned, even at a time of sharp economic slowdown, certainly not in the circumstances we face today. So we are here to vote on this joint resolution because the Balanced Budget Act requires us to do so. But Senator DOMENICI and I are united in our strong opposition to the joint resolution. We are joined in that position by every member of the Senate Budget Committee. On a unanimous vote we reported this resolution unfavorably and urge our colleagues to reject it.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from New Mexico.

Mr. DOMENICI. Madam President, I will be brief. I have a few remarks.

First, S.J. Res. 28 is an automatic resolution. It is required to be introduced by the majority leader and considered by the Budget Committee and the Senate under expedited procedures. That is why we are here today. The resolution is automatic when the Congressional Budget Office notifies the Congress of an economic slowdown, as described in the Budget Act. On October 31 the Department of Commerce of the United States advanced the preliminary report on real economic growth.

It showed the economy in the third quarter shrank at the annual rate of .4 percent, the largest fall since October of 1991. The report, which will likely be revised downward even more come the January report, triggered the Congressional Budget Office notification of low growth and subsequently triggered the introduction of the resolution before us today.

The provision in the Balanced Budget and Emergency Deficit Control Act of 1985, sometimes referred to as the Gramm-Rudman-Hollings Act, that necessitated the reporting of this resolution was simply that we did not want to initiate major spending cuts in a time of recession.

I might add, the same section of the law that suspends spending cuts in a time of recession also covers events of war.

S.J. Res. 28 was reported unfavorably from the Budget Committee, as indicated by the chairman of the Budget Committee in his remarks just a few moments ago preceding these. The committee is required to report the resolution without amendment, to be discharged without comment. I concurred with the chairman that the committee should express its disfavor with the resolution to send a signal to the full Senate to disapprove it. I understand a vote on this resolution is scheduled for 5 o'clock today. I ask the Senate to join the chairman of the Budget Committee and me in disapproving the resolution.

If this resolution were somehow to make it to the President for his signature—which he would not sign—it would effectively eliminate all fiscal discipline, all the enforcement tools we have in Congress all the way through September 2003. I do not think we need to take such drastic action. I think we understand the situation and we can act accordingly on our own, in a normal manner, to take action that is required by the facts as we find them, quarter by quarter. I do not think we need to take the drastic action that is contemplated by the resolution.

Having taken this position on a bipartisan basis, however, does not mean we should not act to address the economic slowdown and the war on terrorism, and I believe the distinguished chairman has indicated so to the Senate. We must take action on the war on terrorism, and obviously with appropriate legislation we must act against the economic slowdown with some kind of a stimulus package that, indeed, could clear this Senate and that would be acceptable to the President of the United States.

We indeed must move in that regard. I understand the Senate's calendar contemplates that we move in that direction. Whether we can reach an accord or not is still another subject.

In my view, the United States is in a recession, a recession that started even before the September 11 attacks of terrorism on the United States.

Industrial production figures through September were down for the twelfth consecutive month. This is the longest decline in industrial production since World War II. Some of us have been talking about that for quite some time. Economists in the United States have been back and forth, but clearly nobody has been giving high marks to the economy. Whether they want to call it a recession or not, clearly it is not in the best of shape.

We must take action as soon as we can get ourselves together. Some must lead in this institution so that we can do something anti-recessionary that is significant in the short term and in the long run take the right kind of steps.

The unemployment rate has risen from 4 percent at the end of last year to 5.4 today, and it is rising. In October alone, we lost over 415,000 jobs, the biggest percentage increase in joblessness in more than 15 years. The Federal Reserve Board has cut short-term interest rates and the discount rates to the lowest level since 1961 and 1955, respectively. Yet even with these low interest rates, most private companies are having a tough time getting credit—a very interesting phenomenon.

Commercial and industrial loans are down compared to last year. I believe it is going to take some time for our country and the world economy to work on its current problems. Restoring lost confidence will play a key role in the recovery. But working off the excess capacities that built up during the boom period of the 1990s will also be important. We must also maintain the tools of fiscal discipline to convey to the American public and the market that we are keeping an eye not only on the current challenges we face but also on those longer term challenges.

We must maintain the provisions of the Budget Act that provide us with future discipline, and we must deal with both tax and spending legislation today while waiving the Budget Act on a case-by-case basis. I believe that is what we are recommending when we recommend the vote that the Senate should take this afternoon.

Later today we will be considering a bill called the Economic Recovery and Assistance for American Workers Act of 2001 which was reported from the Senate Finance Committee last week. The bill was reported on a partisan basis with no Republican support. It will be subject to a Budget Act 60-vote point of order. But any Republican alternative will also be subject to this same supermajority vote.

These 60-vote points of order would go away if this resolution were to become law. But in an interesting way, with the Budget Act points of order in place and with an almost evenly divided Senate, we are forced to work on a bipartisan basis in order to achieve the 60 votes necessary to enact proposals for spending increases or tax cuts. We all know the only way we are going to produce real stimulus legislation that addresses the economic slowdown is to work together as Republicans and Democrats. I hope we will do that.

We started off right after that ominous day working together, arm in arm, hand in hand. In fact, the people of America looked at us and said: That is fantastic; we haven't seen much like that in a long time.

Now we need to get our argumentative and partisan nature out of the way in the next few days and get on to something that we must do for America and for our people. We need a stimulus package. We need it badly. We need to show the public we can do it together with our President as we did immediately after the acts of terrorism when we did things that we didn't even believe we could do as we look back on them. Some of them were rather hurried. Some might not have been the right medicine. But I think overall the confidence that came from it justified it. It served us well. It will pay significant homage to the Senate in a bipartisan way, as we acted in the public interest exactly at the right time. Let's do it one more time.

We are not going to approve the bill that came out of Finance. We both understand that. If the Republicans have a Republican proposal that doesn't seem as if it will pass, maybe out of those actions will come something better—maybe something that will really work, and I hope it will. I hope I can be part of that. I am not on the committee that is doing the work. Good luck to them. I hope they can get it done. In the meantime, we ought to start thinking together about what might take place with the proposals coming out of the committee in the event the sequence that the chairman and I discussed this morning is going to happen.

If that happens, we certainly cannot leave the floor and be angry at each other, saying: Too bad. We are mad at them and they are mad at us, and it doesn't matter what happens to America.

That can't be the case. We can't do that. I am very hopeful we will not and that within the next 2 days out of this partisan approach will come something much better—something bipartisan that will do the job.

I thank the chairman for making his remarks brief so I could make mine. I state to the Senators that I am not going to be here for the entire time. I will leave for a while and be available very shortly. The chairman is aware of that. He understands that if anyone wants to be heard on our side, they should come down and seek recognition. I am here now saying to any Republican who wants time within our time limits that they are allocated the time by me unless there is objection. If there is none, that is what we will do on our side.

Madam President, thank you very much. I thank the chairman.

The ACTING PRESIDENT pro tempore. The Senator from North Dakota is recognized.

Mr. CONRAD. Madam President, I thank the Senator from New Mexico,

the ranking member of the Budget Committee and the former chairman of the Budget Committee for his remarks, and for his strong support in rejecting the resolution that would abandon fiscal discipline. I think this is another example of our working together in a way that is absolutely great for the country.

After the series of events on September 11, the House and Senate budget committees and Senator DOMENICI and I joined with our House colleagues. We met together to give an update to our colleagues on the fiscal condition of the country. We met with the head of the Office of Management and Budget. We were able to give a report to our colleagues on where we stand at the moment.

We also agreed on a set of principles to apply to a stimulus package. We were able to do that on a bipartisan basis, and I might say without a raised voice and without an angry word between us. We weren't in perfect agreement; certainly not. We compromised. But we did in the end come together around a set of principles that we thought were important.

One of the reasons we thought it was important to come together was that we believed our Nation needed a stimulus package. I think the evidence overwhelmingly proves that is the case.

This chart shows what has happened to economic growth from 1999 to the most recent quarter. What has triggered our being here today are these last two quarters where you can see that we are below 1-percent growth. We are at .3 percent in the quarter previous to the most recent one. During the most recent one, we saw a negative growth in the Nation's economy. That triggered the resolution that has brought us here today. The Budget Act requires that when you have two quarters of low growth, you then must consider in the Budget Committee and on the floor these provisions to suspend all of the budget points of order—those things that we use to maintain fiscal discipline.

All of the indices are telling us that the economy has hit a difficult period. We can see what happened to civilian unemployment. We can see back in 2000 that we were down at less than 4 percent—a remarkable period. In fact, we are at the lowest level of unemployment in this Nation in 30 years.

But look at what has happened since. Look at what has happened since the events of September 11. Unemployment has risen dramatically, and is still rising. The distinguished occupant of the chair knows this well. She represents the State of Washington. One of the major employers there is Boeing. Boeing has announced the layoffs of tens of thousands of their employees. That is through no fault of theirs. It is not through any inability to compete, but it is because hundreds of contracts for airliners have been canceled by the airline industry. Their loads have been reduced 30 to 50 percent. That is the economic reality for one critical industry in this country; and it is very serious business.

It is not just the airline industry. It is industry after industry that is engaged in massive layoffs. I recently met with financial leaders in New York. They told me they are in the process or getting ready to lay off 20 percent of their employees. These are major financial institutions in this country and in the world, and they are getting ready to lay off massive numbers of their employees because of the economic slowdown. Those numbers are not yet seen in this increase in unemployment that is already in evidence.

It does not end there because we also see consumer confidence has plunged. This chart shows consumer confidence—going back again to 1999, and coming forward to the most recent data—has gone to the lowest level since February of 1994. So clearly, we are being victimized by a very serious economic slowdown.

We know the economy was weakening before September 11, and that the attack on this country on that date further weakened our economy. And now we see a very serious circumstance develop.

It is critically important that we respond with an economic stimulus package. It is also critical, we believe, that we couple that with long-term fiscal discipline. One part of maintaining long-term fiscal discipline is to maintain the structures in the law that help us to keep in place fiscal discipline. And those are the very things that would be thrown out if this resolution before us is adopted. But we have no alternative but to consider it. Even though the Budget Committee rejected it on a unanimous vote—a totally bipartisan vote—we still understand that if we do not reject it here, it would go into place if the House took similar action and it got to the President and he signed it. I do not believe any of those things will happen. It is not going to pass here. It would not pass in the House. The President would not sign it because it would be a serious policy error.

I know some will say: Gee, why were these procedures put in law? Why is it a requirement that the Budget Committee take it up? Why is it a requirement that it come to the floor under expedited procedures for a vote? The reasons for that are very simple. The concern was, if we got into a serious economic downturn, that there might be a failure to act, that we should not have any hurdles in the way of Congress acting.

That may not be such a bad thought under certain circumstances. We might find ourselves someday in a situation in which we are being blocked from taking action that the majority of us thought was absolutely necessary for the economy to recover. That is not the case now.

We have seen already a stimulus package pass in the House of Representatives. Although some of us would strongly disagree with that stimulus package, we know we are going to be considering a stimulus package on the floor of the Senate this afternoon. We also know we have already taken bipartisan action to provide $40 billion of assistance to New York and additional funding for defense and intelligence and the funds and resources necessary to combat terrorism. So Congress has taken rapid action, and has demonstrated the ability to act. Beyond that, we also recognize that Congress has acted in terms of support for the airline industry which has been so devastated by the events of September 11 and the aftermath.

We know that Congress can act, that Congress is going to take the additional steps necessary to give lift to the economy, but we also know it needs to be in the framework of long-term fiscal discipline. Some of us believe—I certainly do—one of the worst things we could do is to take action on long-term changes in our funding and in our tax structure to respond to an immediate downturn, that that could hurt this country very substantially going forward.

We do not want to deepen the hole we already see developing. We can see very clearly that this country faces a serious fiscal challenge going forward. We have already projected that we will be using literally hundreds of billions of dollars of Social Security and Medicare trust fund money to pay for the other functions of Government. That is a mistake. That is not a route we should go down, but that is where we are headed. And to abandon these fiscal disciplines, in the face of an already serious long-term fiscal problem, would be a very serious mistake.

So, Mr. President, and colleagues, I hope very much that when we vote at 5 o'clock this evening, that this body will follow the leadership of the Budget Committee in rejecting the resolution that would eliminate all of these budget enforcement mechanisms.

Later on this afternoon we are going to consider the Senate version of a stimulus package. As I indicated, on a bipartisan basis, those of us who have the most responsibility for the budget aspects of what we do here—the leaders of the House Budget Committee and the Senate Budget Committee—agreed, on a bipartisan basis, that we should have a stimulus package and we should give lift to the economy in the short term when it is needed, but we should also couple that with long-term fiscal discipline so we do not go deeper into the trust funds of Social Security and Medicare, so we do not put upward pressure on interest rates that could undo all of the good that is attempted to be accomplished by a fiscal stimulus package.

With that, I, again, call on my colleagues to join us in defeating this resolution that is required to be brought

before us by the Budget Act, that has already been rejected by an overwhelming bipartisan, unanimous vote in the Senate Budget Committee.

We will have the opportunity to consider that at 5 o'clock this evening. We hope our colleagues in the Senate will join us in a commitment to long-term fiscal discipline.

(Mr. EDWARDS assumed the chair.)

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

Mr. CONRAD. I am happy to yield.

Mr. DURBIN. I thank the Senator. I do not know what the time constraints are for this debate, but I wish to briefly make a point or two. As a former member of the Budget Committee and someone who has followed Senator CONRAD as the new Chair of the Budget Committee, I think you have won a deserved reputation for the kind of fiscal discipline which has really helped this country so much in the last 10 years.

We were able to finally break away from the old deficits in the national debt, which was growing at an unprecedented rate. We saw, over the last 8 or 9 years, an amazing convergence of fiscal discipline, creating annual surpluses and a booming economy, two things which I think the American people would applaud, in terms of economic policy, as the most important things we could achieve.

I think the Senator from North Dakota has been outspoken, as have many of my colleagues, in opposition to some of the tax cuts that have been proposed. Although they are appealing to those who might receive them, you have to take a look and see what they achieve for our economy and what they cost us in the long run.

If I understand the Senator from North Dakota in what he is saying today, it is that, as we try to move toward something that truly moves the economy forward, we should not do it at the expense of the Social Security trust fund, the Medicare trust fund, or long-term deficits. We do not want to see ourselves back into that deficit situation.

I will tell the Senator my concern, and then I will ask him for his response. The House stimulus plan, which gives over $25 billion to the biggest corporations in America—one corporation, IBM, receiving $1.4 billion in tax breaks—money that is clearly being given to this corporation, not to build a plant or hire more people but simply as a reward for whatever—and then with the Senate Republican plan, which tries to provide additional tax cuts to the highest wage earners in America—both of these plans will fail to stimulate the economy but will drag us down in terms of future potential deficits.

I would like the Senator, if he could, to contrast what he thinks is the most important effort we can make now to stimulate the economy without driving ourselves back down into deficit.

Mr. CONRAD. Well, I thank the Senator for his question. As I indicated earlier, on a bipartisan basis the House budgeteers and Senate budgeteers agreed to a set of principles to apply to any stimulus package. We did that, and we did it without an angry word exchanged. I applied those principles to what the House package for economic stimulus was. What we found was that it failed every one of the tests we had agreed to apply.

We said the proposal should sunset within 1 year so that we didn't dig the fiscal hole deeper in the outyears. The House bill, unfortunately, fails that principle because 71 percent of its total costs are permanent tax cuts—permanent tax cuts, not temporary measures—designed to lift the economy now, but permanent tax cuts.

Second, we said a substantial portion of the fiscal stimulus should be out within 6 months. If you are going to give stimulus to the economy, you need to do it quickly. In our history, we have found that every time we have tried to use a fiscal stimulus to give a lift to the economy, we have been too late. That is the history. So we said let's not be too late this time, let's get the money out in the next 6 months when we know we face a problem. Unfortunately, looking at the House package, 40 percent of the 10-year cost occurs after the first year. So, unfortunately, it flunks that test.

Third, we said the size should be about $60 billion. The House bill costs $160 billion over 10 years. And targeting—we said the stimulus should go to those most likely to spend the dollars and those most vulnerable in an economic downturn. If you look at the House bill, 35 percent of the tax cuts go to the wealthiest 1 percent; 35 percent goes to the wealthiest 1 percent. Now the problem with that is the wealthiest 1 percent are the least likely to spend the money. That is the whole idea of stimulus—to give lift to the economy. Only 19 percent goes to the bottom 60 percent of taxpayers under the House package. They are giving crumbs to those at the lower end of the economic ladder, who are the very ones most likely to spend it.

Every economist who has come before us has said: Look, get money into the hands of people and companies that will spend it. Don't do what the House did. Part of their package, as the Senator from Illinois referenced, would write a $2 billion check to a major automobile company in America and $1.5 billion to another large industrial company in this country—not to hire people or to invest, but to just write them a check.

Amazingly enough, so much of their package has nothing to do with the current economic downturn. It has to do with writing checks to wealthy companies and wealthy individuals, and every economist we have talked to has said that can't be taken as a serious stimulus package.

Mr. DURBIN. Mr. President, I ask the Senator this question: When you put it in terms of what they actually do, when you say the Republican approach in the House and Senate favors large corporations and the wealthiest Americans, while the Democratic approach tries to provide a benefit to working families, to those who have been recently unemployed, and to smaller businesses to deal with depreciation, clearly what emerges from this is a question of justice and fairness. Why in the world would you reward a profitable corporation with over a billion dollars in tax cuts when they don't even promise to create a job? Why would you send a massive amount of tax rebate to somebody making a million dollars a year when, clearly, they are not sacrificing, and then ignore those who are struggling?

That justice and fairness argument is one that we have heard on the floor. I have made it myself. I think most people would react positively to it. We are talking about stimulating the economy, and a question that has to be asked and answered is: Regardless of to whom you give the money, will you get the desired result? If you gave the money to the wealthiest corporations, whether it was fair or not, and America's economy went flying forward, you would say it worked; conversely, if you gave it to those who were recently unemployed, whether it was fair or not, and the economy moved forward, you would say it worked.

Let me ask about the economic effectiveness of the approach of the Republicans versus the approach of the Democrats when it comes to stimulating the economy.

Mr. CONRAD. I don't think there can really be any question about which approach is going to be more effective from an economic standpoint. What virtually every economist who has come before the Finance Committee and the Budget Committee has told us is the following: No. 1, you need to get the money out there into the hands of people and companies quickly so that it gets spent. That is what will stimulate the economy. So to the extent you are getting money into the hands of people who are the most likely to spend it and companies that are the most likely to spend it, you are getting the job done, you are stimulating the economy.

So with respect to individuals, it doesn't make much sense to give the lion's share of the tax cut to the wealthiest because they are the least likely to spend it. Therefore, they are the least likely to stimulate the economy. With respect to companies, it doesn't make much sense to write billion-dollar checks to companies that are already profitable because, again, they are the least likely to spend the money that will stimulate the economy.

Unfortunately, that is what the House Republican package does, as I have indicated, overwhelmingly. Beyond that, they also suffer from the second part of the equation. The first part of the equation is to stimulate the

economy in the short term, give it a boost, a lift. The test is getting money into the hands of individuals and companies quickly who will spend the money. That is the economic test.

On the longer term question, every economist, including Chairman Greenspan and former Secretary Rubin, has told us: But you have to couple that with long-term fiscal discipline. You have to demonstrate to the markets that you are not going to just go out and spend money and undermine the tax base and make our long-term fiscal condition worse, because that will put upward pressure on interest rates and you will undo all of the good you are trying to accomplish with a short-term fiscal stimulus. If you abandon fiscal discipline for the long term, that has the effect of raising interest rates; that has the effect of smothering the economy.

So we have to be smart about this, and we have to adopt two principles: One, yes, stimulate the economy in the short term, but, two, couple it with long-term fiscal discipline so we don't put upward pressure on interest rates and don't undo what we are trying to accomplish.

Mr. DURBIN. Mr. President, I ask the Senator to yield on this question as well: We have focused our discussion this morning on the question of tax policy and the impact of tax cuts on the people or companies that receive them. I want to ask the chairman of the Budget Committee to reflect for a moment on the difference between tax cuts and spending programs at this moment in our economy.

One of my colleagues noted that last night on the television they had the scroll that went across the screen and it said the difference between the economic stimulus package is that the Republicans are for tax cuts and the Democrats are for spending. That certainly doesn't express the contents or the direction of our own stimulus package, which includes tax cuts for working families as well as spending.

Could the Senator reflect on the effectiveness of spending contrasted to tax cuts when it comes to stimulating the economy? What value is there to providing a tax break of $1.4 billion for a major corporation, as opposed to saying we are going to take $1.4 billion and invest it in America? As a contrast, President Bush has proposed that to deal with bioterrorism we should give to State and local public health agencies nationwide $300 million.

That is supposed to respond to our concerns about bioterrorism. I think that is woefully inadequate.

Interestingly enough, the House Republican stimulus package gives $1.4 billion, almost five times as much, to one corporation, with no promise they will do anything in return.

So will the Senator from North Dakota comment on the use of spending for such things as school modernization, improving law enforcement at airports, protecting our infrastructure, and investing in public health to deal with bioterrorism as an economic stimulus?

Mr. CONRAD. I am happy to. We had a hearing on this before the Senate Budget Committee. We had very distinguished economists from both sides come and give their testimony. It is very clear, both tax cuts and spending can be stimulative.

The first test is: Do they get out in time to be stimulative? That test applies to spending and to tax cuts. The first test is: Do they get out in time to give lift to the economy when it is weak, No. 1?

No. 2, the question is: Do they go to companies and individuals who will spend the money or invest the money? Because if people save the money, that is not stimulative to the economy in the near term. So that is critically important.

This is not a question of tax cuts versus spending. Our proposal on the Democratic side has a combination of tax cuts and spending, but they are designed to meet both principles, No. 1, that it gets out quickly and, No. 2, that it goes to companies and individuals who will actually spend or invest the money to stimulate the economy.

With respect to tax cuts on the Democratic side, the package of tax cuts we have endorsed include the following: bonus depreciation. Now, why are we doing that? Why are we giving a bonus if one buys capital goods now? If a company makes an investment now to buy equipment, why do we give them a bonus on the depreciation? The reason is, all of the economists who came before us said behavior has to be changed. People who are not buying now have to buy. One way to do that is to give bonus depreciation. Actually, that provision is common in the two approaches, the Republican approach and the Democratic approach.

No. 2, we provide for what we call net operating loss carrybacks so a company that has been hard hit by the events of September 11 and has losses now but had income in previous years can take back the losses now and get a refund against earnings in previous years. That is a provision that is common between the two sides.

The third provision we have is to increase expensing for small businesses. Small businesses that now expense can write off $25,000 worth of purchases a year. We increase that to $35,000. Again, that is a provision common to us both.

The fourth tax cut that is in our plan is to provide rebates to those who were left out of the last round. People who pay payroll taxes but not income taxes, they were left out. They did not get anything last time. They are, by the way, the very people most likely to spend the money to actually stimulate the economy.

So those are provisions that are in our bill, that are in the Republican bill as well, with some differences, because both of us recognize those are stimulative.

In addition, we have some spending provisions on homeland security issues. What we are talking about with respect to homeland security is strengthening security at airports, strengthening security at harbors, improving local law enforcement. Those are things the economists have told us may give a double hit. That is, not only will the spending be stimulative but if people are given a greater sense of security and, in fact, improve their security, that will also help the economy, because one thing we are suffering from now is a lack of confidence, a reduction in consumer confidence.

Frankly, people do not feel safe. That is inhibiting air travel. That is inhibiting economic activity. So to the extent we have spending, that stimulates the economy because it is moving into businesses and buying goods and services from them but it also gives people a greater sense of security that may be the most stimulative part of the package according to economists who came before the Senate Budget Committee.

Mr. DURBIN. I might say to the Senator from North Dakota in asking another question, it seems the point he made is critical, and that was reflected in a piece that appeared in the Washington Post over the weekend by Joseph Stiglitz, in which he talked about the impact of anxiety on the economy. At one point he said, ''Anxiety impedes investment.'' Certainly we know that anxiety breeds pessimism. So what we are trying to do in the economic stimulus package, from the Democratic side, as has been described by the Senator from North Dakota, is to provide tax cuts and tax rebates to the people who can use them, who will spend them for the things they need to survive, as opposed to the Republican approach in the House, which is to give tax cuts to corporations with no strings attached, over a billion dollars that might not result in a single new job, perhaps more dividends for the shareholders but no guarantee of a single new job.

So the tax cuts we are for are focused on the people who will spend them effectively to get the economy moving, and then the spending part of our proposal is focusing on homeland security, issues that genuinely concern people, whether we are talking about bioterrorism and making certain we have a response to it or improving and enhancing law enforcement so wherever we might go there will be an adequate response.

Yesterday I was in New York City when the plane crashed. At that point, they closed everything. They closed down the airports. Many of us changed our plans and rushed over to Penn Station to get the Amtrak train back to Washington. Trains were so crowded many of us had to stand the whole way. It was an indication people were concerned, and they responded to that anxiety by changing their habits. Instead of taking the airplane, they came to Amtrak. That sort of thing is happening across America in ways large and small.

Is it the belief of the Senator from North Dakota that in putting investments in this homeland security we are not only stimulating the economy by putting people to work to do the things to improve aviation security but we are also trying to build confidence back in this economy which has been shaken not only by bad economic news but by the news since September 11?

Mr. CONRAD. Precisely. I do not know what could be more clear. There are some on the other side who will stand up and decry spending. I did not hear them decrying spending to increase our military preparedness. I think we are all joined as one, understanding we have to strengthen our military to respond to what is happening. But it is not our uniformed military that is on the front lines of response to this crisis. It is also our firefighters and our policemen and all local law enforcement, and those elements of this fight against terrorism need to be buttressed.

Does anybody doubt we need to add money to fight bioterrorism? Does anybody really believe we are prepared to do all of the things necessary to cope with bioterrorism? I do not believe there is a single Member who can possibly believe we do not need to spend more money to protect ourselves against anthrax and smallpox and all the other things that could be used as weapons against this Nation.

Now, that happens to give a double hit. Not only is that spending stimulative to the economy because it buys goods and services; it also provides people greater protection, and we need to do that. We need to strengthen national defense. We need to strengthen law enforcement. We need to strengthen our ability to wage war against those who would engage in terrorist attacks against us.

Yes, that is spending but it is spending for a purpose, and it is an important purpose.

Mr. REID. Will the Senator from North Dakota, the manager of this bill, yield for one question? I will be brief. The Senator has about 15 minutes.

Mr. CONRAD. I am happy to yield to the Senator from Nevada.

Mr. REID. I have heard the Senator from North Dakota and the Senator from Illinois speaking about security and how people feel. I think something that would not cost any money but would be good for the economy is do something about airline security, which has been floating around now for more than a month. We had the terrible incident September 11, with over 6,000 people killed. We had this terrible accident.

This bill is being held up because they don't want people to have the same protection as the firemen and police who lost their lives in New York protecting innocent people.

Do you think it would create economic security if we had airline security?

Mr. CONRAD. Again, I don't know what could be more clear. What some are endorsing is a continuation of the policy that failed catastrophically on September 11. Some would say that system is good enough; stay with the status quo and have some of these same private contractors, who have failed abysmally, continue.

We saw an incident with one of the companies in Chicago where a guy got on board with seven knives and a stun gun. That system is not working. I don't know what could be more clear. We need tighter airport security. That costs money, but it is an expenditure that we need to make. Yes, it will stimulate the economy. More than that, it will provide greater security to the American people.

As chairman of the Budget Committee, I have had many people come to me with things that need to be done to strengthen local law enforcement, strengthen our national defense, strengthen protection of our borders through the Border Patrol. Those need to be done. We need to do a better job of policing those who come into our country with visas. Right now people come and say they will go to school and nobody checks to see if they showed up at school.

One terrorist who engaged in the attack on September 11 was scheduled to go to a school and never showed up. We have no system for tracking to find out if somebody doesn't show up, why they didn't show up. That costs money. That also will strengthen the security of this country.

I yield the floor.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. I think we are all unhappy with airport security. Despite all of its failings, the private security company and the private airline did catch the guy; and then Government employees came, law enforcement officials, and let him go. We had to go back, find him, and arrest him.

Eight people were fired on the spot as a result of the mistake. If they had been civil servants, they could never have been fired.

The debate is whether we are basically going to add a political rider on airport security. The political rider is to force the President to use Government employees alone. It seems to me that is a political agenda, and it is not a safety agenda. We ought to give the President flexibility. Where Government employees work, use them. Set Federal standards and enforce them. Where private contractors work, and work better, use them.

We have heard all the talk about the Republicans in the House who have this strange idea that if we provide lower taxes, it will induce people to work, save, and invest. All this talk about it being distinctly inferior to the Democrat Senate bill which provides subsidies to watermelon production, bison meat, distilling rum in Puerto Rico and the Virgin Islands, new subsidies for tobacco, and tax cuts for people who don't pay taxes. I guess beauty is in the eye of the beholder. It is up to the American people to decide what makes good economic sense and what doesn't make good economic sense.

We will have an opportunity later today or tomorrow to debate this issue. I do not believe the American people are going to buy this grab bag of spending as a stimulus package. It is always interesting to me, having watched this whole process now going on 24 years, that every time something new happens, everybody in politics goes back and takes all the old, tired, rejected ideas they ever had and dresses them in new clothing. The new opportunity now is stimulus. All the old ideas that never passed the laugh test in the past now have come forward as part of the stimulus package.

I hope we will get serious. I hope we will write a bipartisan bill. I certainly intend to support that.

I didn't come over to talk about those things today. I came to talk about the resolution before the Senate. Under the old Gramm-Rudman law, one of the compromises in getting it adopted was a triggering mechanism where, if you had low economic growth or a projection of low economic growth, there was an opportunity for Congress to opt out of binding restraints on deficit spending. I am pleased we are deciding through the recommendation of the Budget Committee not to opt out of those binding constraints. I congratulate the chairman and the ranking member for their support to vote no on the resolution. I will certainly vote no on it.

However, this is largely symbolic. We are in one of the great spending sprees in American history. Since September 11, we have had a dramatic swing from a commitment to balance the budget and reduce debt and save Social Security to ''anything goes'' in the way of spending.

Obviously, we were all affected by September 11. I don't think there is any opposition anywhere to doing what we need to do to hunt down and kill these terrorists and to try to help people who were hurt by the terrorists and whose lives have been diminished, wrecked, or lost as a result. However, nobody can claim all of the add-on spending has anything to do with terrorism. What we are going to have to decide pretty quickly is if we have completely given up our commitment to balancing the Federal budget and paying down debt. The only way we can show that is not through some resolution which, again, I applaud. I certainly would be unhappy if we were supporting the waiving of these old budget restrictions which represent the only protection we have against deficit spending, but I would have to say we are now in a situation where appropriators in both parties—it is almost as if we have three political parties: Republicans, Democrats, and appropriators—are saying even though the President believes he can complete the year with the $40 billion we have given him to

deal with September 11, we are going to force him to take all this money.

The President has said after the first of the year, if it becomes clear he needs more money, he will come back and ask for it and—what I think is even better—tell us what he wants it for. There seems now to be a mad rush to force-feed the President into spending money.

I hope, first of all, we will reject the resolution today, disapprove it, and when we vote on all this new spending, we will remember the gesture we made today, and when a point of order is raised against this new spending, as it will be, we will sustain that point of order.

Finally, simply drifting back and not getting into debate with the very able chairman of the Budget Committee, it is clear the stimulus package that passed the Finance Committee can't pass on the floor of the Senate. I don't believe it has 51 votes, but it certainly does not have 60. I simply urge the majority leader and the minority leader to sit down together and see if we can work out a compromise. We are heading toward Thanksgiving and Christmas. We need to do a stimulus package if one can be put together that helps the economy. In all honesty, I do not believe the stimulus package that passed the Finance Committee would help the economy. My guess is it would probably be harmful. So if that were the only choice, I would simply vote no. But I don't think it is the only choice. I think we can put together a compromise. If we can do that, I suggest we get on with it.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, let me thank the Senator from Texas for his support of the position on the low-growth suspension of the budget points of order. He is a respected member of the Senate Budget Committee, and he joined us in our recommendation to our colleagues that we disapprove the resolution that would abandon the provisions that help us maintain fiscal discipline. I thank him very much for that.

When the Senator says we have been on a spending binge—if we have, he has been part of it. I have gone back and looked at the votes. On the emergency supplemental appropriations bill that provided $40 billion to respond to the attacks on this country, that vote was unanimous. The Senator from Texas joined on that vote to support $40 billion to respond to the attacks and help rebuild and repair those things destroyed. On the air transportation safety and system stabilization to rescue the airline industry that was faced with imminent collapse, the Senator from Texas voted for that, too. Those are the only two things we have passed that are over and above what was agreed to by Republicans and Democrats with respect to the spending provisions for this year.

So when he says we are on a spending binge, let's get this straight. Every Member, with the exception of one in this entire body, voted for the spending we have done in response to the sneak attack on the United States—every single Member, with the exception of one. That one was not the Senator from Texas.

Let me also indicate, in the Senate provision, the stimulus package the Senate has put forward that we will be considering this afternoon, $5.5 billion of that $67 billion package is for agricultural economic emergencies. The Senator from Texas ridiculed some of them. They are easy to ridicule. The Washington Post over the weekend, on Sunday, in a column of theirs, ridiculed one of the provisions of which I am a prime mover and a prime supporter. I take this moment to explain what that provision is about and let people judge for themselves: Does it have merit or doesn't it? I believe it does.

Out of a $67 billion package, there are some $200 million for commodity purchases, the purchase of commodities for school lunch programs and for other feeding programs. This is typically what we do in a stimulus package. At a time of economic downturn, more people can't feed themselves, they can't feed their families, so we typically buy commodities to strengthen the feeding programs we have in this country. That is a compassionate thing to do. That is the right thing to do. It should not be ridiculed by a Senator or the Washington Post or anybody else. It is the right thing to do.

Let's talk about this provision for the purchase of bison, buffalo—whatever people are calling them. In this commodity program, to buy $200 million of commodities, there is $10 million to buy bison. Why? No. 1, it is probably the most nutritious meat anybody can eat because it is low in fat, high in protein, and it goes very well in our feeding programs—$10 million. But it has an added benefit because the bison industry is flat on its back. It is about to go broke. That will jeopardize thousands of families who are dependent on the bison industry to strengthen their agricultural operations.

I know it is so easy to ridicule these provisions. The Washington Post regularly ridicules anything for farmers because all they can see is that in every farm program there are some who are wealthy people who benefit. I agree with them, that is wrong. I wish we had much stricter payment limitations. I introduced a bill with the most strict payment limitations anybody has ever introduced, but it did not pass. And they are focusing on the exception rather than the rule.

If they would go to my State, they would find—are there some abuses? Yes. Are there some wealthy people who get farm program benefits? Yes. I wish it didn't happen. But do you know what else they would find? The vast majority of farm families in my State are struggling, they are in deep trouble. Farm prices in real terms are the lowest they have been in 50 years. More than that, in the last month the prices farmers received went down 9.5 percent, the biggest 1-month drop since they started keeping records 91 years ago.

There is a crisis in agriculture. There is a crisis in rural America. Farm families are going under by the thousands. If we do not act and we do not respond, it will get much worse. They can ridicule all they want and go to their cocktail parties here in Washington and believe they really have the moral high ground because they ridiculed spending for feeding programs for people who are hungry and to support hard-working farm families who are on the brink of going under, they can feel smart and smug—go ahead. They are wrong. They are not being very thoughtful.

To suggest somehow this was related to lobbyists—that was the essence of the story in the Washington Post, that lobbyists are writing this stimulus bill. I agree with them with respect to a lot of what I see in the House stimulus bill. That has been well lobbied. But $10 million to buy food for our feeding programs from farmers who are going under? I have not seen a single lobbyist in this town working for the bison industry. I have not seen one. Not one has come to me—not one. There is no bison industry pact of which I am aware.

When people get smart and smug and ridicule—it is easy to ridicule, really easy. But I don't think it is very smart and I don't think it is very compassionate to ridicule putting money into an economic stimulus package to buy commodities to help hungry people and to help farm families who are going under. I don't see that as very smart, and I don't see that as very compassionate.

I yield the floor.

The PRESIDING OFFICER. If no one yields time, time will be charged equally to both sides.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. CONRAD. Mr. President, let me go back to what this larger discussion is about and the resolution that is before us.

When we are faced with two consecutive quarters of growth below 1 percent, the Budget Act then requires that the Senate Budget Committee consider a resolution which would eliminate all of the budget protections—all those things we use to maintain fiscal discipline. That has happened. The last two quarters have been below 1-percent growth. So we have before us the resolution to eliminate the budget protections.

The Senate Budget Committee met and on a bipartisan basis rejected the notion of abandoning all of our budget protections—those approaches we use to maintain fiscal discipline. We rejected it and sent what is called the

resolution of disapproval to the Senate by a vote of 22–0.

Now the Senate has to vote because there are expedited procedures that bring these provisions to the floor. We will vote at 5 o'clock. The vote will be: Do we set aside the budget points of order that allow us to maintain fiscal discipline? Do we set those aside for the next 2 years? The Budget Committee has said no. I hope the Senate in a resounding way says no this afternoon at 5 o'clock. That is what we have done in the past.

In 1991, when we had a similar circumstance, the Senate Budget Committee rejected the idea and reported unfavorably abandoning fiscal discipline 21–0. The Senate vote was 97–2 against giving up those budget points of order and those protections for fiscal discipline.

Later that year, a second low-growth resolution came before the Senate Budget Committee. It was rejected 21–0. The Senate rejected it 92–5.

In September, again, there was a low-growth resolution. The Senate Budget Committee rejected abandoning fiscal discipline on a vote of 19–2. The Senate rejected it on a vote of 88–8.

Once again, because the economy has been growing at less than 1 percent, this automatic resolution has come before the Budget Committee and has come before the Senate. The question is, Do we eliminate all of those budget points of order that help us to maintain fiscal discipline? The Senate Budget Committee has acted saying no on a vote of 22–0. They voted out a disapproval resolution. Now the full Senate is going to have its chance to register its opinion at 5 o'clock this evening.

I hope that we reject it unanimously and send a clear message to the country and to the market that we intend at the same time we provide fiscal stimulus and a short-term lift for this economy to also maintain long-term fiscal discipline and the integrity of our trust funds.

The PRESIDING OFFICER. All time under the control of the majority has expired.

## MORNING BUSINESS

Mr. REID. Mr. President, I ask unanimous consent that between now and 12:30 the Senate go into a period of morning business with Senators permitted to speak therein for up to 10 minutes each.

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

## THE BUDGET SURPLUS

Mr. NELSON of Florida. I compliment our chairman of the Budget Committee for the leadership he has given us and how steadfast he has been to be conservative in his outlook and his projections on what we should do with the projected budgetary surplus. It was the Senator from North Dakota, our chairman, who kept saying earlier this year: Watch out. These budget projections are too rosy. The budget, as projected over the next 10 years, is going to be considerably less.

Isn't it astounding that before September 11 the debate was over the use of the surplus and whether to pay down or pay off the national debt over a 10-year period. Now we find ourselves in a shrunken surplus with a wartime condition.

I also extend my compliments to the ranking member, our dear friend, the Senator from New Mexico.

The point I want to make is how quickly the landscape shifts—that before September 11, if the Senate had taken the advice of the chairman of the Budget Committee, what we would have done would have been very conservative in our approach as to how we were going to use the projected surplus. We wouldn't have frittered a lot of it away.

As the Senator from North Dakota has pointed out, that surplus was very likely to, if not disappear, be reduced. With the events of September 11, which put us on a wartime footing with new expenditures we had not planned on, combined with the diminished surplus—we were planning back in the summer to use the surplus to pay off the national debt. That is not even in the cards. Indeed, what is happening is the surplus that is left—the surplus in the Social Security trust fund—is going to be used up for other things to the point that we are facing the prospects of deficit financing, which is spending more than we have coming in in tax revenue in any one given year. That, of course, adds to the national debt.

How sad it is that we did not take the advice of the chairman and be conservative in the way that we were going to plan our spending and our tax cuts for the next decade so that we would have a greater cushion when the emergency came, as surely as it was going to come, only it came sooner than we thought; it came on September 11.

I thank the chairman for his leadership and for his knowledge about what this Nation is facing fiscally.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. I thank the Senator from Florida, who is a very valued member of the Senate Budget Committee and also throughout his career has been dedicated to fiscal discipline.

We did make some mistakes earlier this year, unfortunately, collectively, in going too far, I believe, on the tax cut package in the face of a very optimistic set of forecasts but a set of forecasts over a 10-year period that I think almost anybody could have anticipated was unlikely to ever come true. We tried to warn our colleagues repeatedly that it was unlikely to come true; that you could not trust a 10-year forecast, that it was filled with risks, that it was filled with uncertainty, and we ought to be cautious.

Unfortunately, caution was thrown to the wind, and as a result we now face a circumstance where we will have budget deficits in this fiscal year, and perhaps for several years thereafter, and for the next 10 years we will see all of the Medicare trust fund money being used to fund the other operations of Government and a very substantial portion of the Social Security trust fund being used to fund the other operations of Government. That should not be done. That is a mistake.

We will regret it when the baby boomers start retiring in 10 years because, unfortunately, we had a budget in place before September 11 that did not add up, and now it is even further off in the red because of the tragic events of September 11 and the aftermath.

The PRESIDING OFFICER (Mrs. CLINTON). The Senator from Florida.

Mr. NELSON of Florida. Madam President, I would like to address the Senate on another subject in addition to the budget. It is my understanding we are in a period of morning business.

The PRESIDING OFFICER. The Senator is correct.

Mr. NELSON of Florida. Madam President, may I be recognized?

The PRESIDING OFFICER. The Senator from Florida is recognized.

## AIRLINE SECURITY

Mr. NELSON of Florida. Madam President, I call to the Senate's attention the fact that the travel and tourism industry is a most important industry to all of our States but especially to 30 of our States. The travel and tourism industry is one of the top three industries in those States. As a result, we see that the reluctance of people to travel, particularly on airliners, is having a devastating economic effect upon areas of the country that are magnets for travel and tourism.

Clearly, two such areas are in my State: Orlando, which is the No. 1 tourist destination in the world, and Miami, a central hub of travel and tourism throughout the Americas and of a huge cruise ship business to which passengers come by airliner. But you can look at other cities in the country—Atlanta, New York, Las Vegas—you could go to any number of the cities where travel and tourism is a major economic component, and they are devastated.

For example, in Orlando it is very interesting; you see the dramatic effects of people afraid to be on airplanes and thus the reduced airliner traffic. You can go into downtown Orlando, in hotels that are more accommodating to business travel, and you will find that they are doing fairly well. But if you go out on International Drive, outside of Orlando, toward the tourist destinations, you will find hotels that have less than 50-percent occupancy.

Indeed, I talked to the owner of one hotel—it is a hotel with 800 rooms—and