

the alternative minimum tax and an acceleration of the rates passed last spring. The session ended, obviously, without agreement. We got nowhere. They insisted on these issues. We had ideas they didn't like. So we ended in a stalemate last December.

Over the break I kept examining ways that we might break the impasse, try to find ways with which to deal with the clear inability we had at the end of last year to come to some resolution. So what I did was to work with staff and examine just where the overlap was. Certainly all that the Republicans had proposed was not foreign to what the Democrats had suggested. And all that the Democrats had proposed was not foreign to what the Republicans had suggested. So we came up with a diagram that kind of looks like a MasterCard, ironically.

You take the circle on the right-hand side and these two columns represent basically what the Democrats insisted ought to be in an economic stimulus package. We wanted to increase the unemployment benefits. We wanted to provide coverage for part-time workers and recent hires. Republicans said: Oh, no, we can't do that. That is ripping off the Federal Government. How terrible it would be if we gave those benefits to unemployed workers. Heavens. We can't afford that.

Affordable group health coverage for the unemployed, we can't do that. We aren't going to start new entitlements, for Heaven's sake. Let's get real here.

Job creation tax credit for business is something they said might be a possibility but that clearly isn't as good as a corporate AMT repeal.

Republicans had ideas we did not like. We did not like the accelerated rate reduction. When I say "we," I am talking about probably 95 percent of the Democratic caucus. We did not like corporate AMT repeal, or health coverage for the unemployed going through the individual insurance market, pitting an individual against a company, an individual with a pre-existing condition, and just saying good luck—we can't do that.

What I said was if we can't do that, and they don't want us to do it, how about if we do the things we both said might work? We both said we wanted to extend unemployment benefits.

Again, when I say "we both," there were proposals for these issues by large numbers on both sides of the aisle. Not every single Member, but tax rebates, bonus depreciation, and 62 Senators voted for fiscal relief for States—62.

Republicans, to a Governor, across the country, are saying if you are going to do us any good at all, if you are going to help us at all, give us some relief, especially through Medicaid. Letter after letter from Governors has come to the attention of every Member of this Senate, urging support for that fiscal relief.

That was a bona fide effort to try to find common ground. I know the Republicans do not like that either be-

cause what they said, basically—and what they are saying this morning—is if you don't give us everything in our circle, we don't want to have an economic stimulus package. It is all of this or it is nothing at all.

We aren't saying if it isn't all of this it is nothing at all. We are saying we will just take what is here and it's a ticket to conference and then let's see what happens. What could possibly be wrong with sending a bill to conference, allowing both the House, the Senate, and the White House to work out a compromise? They don't want to do that. They are saying it is this entire package or we don't want to work with you. We don't want a consensus. We don't want a bill.

They have said that now for 3 weeks. They have rejected the common ground approach. They are continuing to insist on two things that I hope everybody fully appreciates before they vote this morning. They are insisting on making the estate tax repeal and the Bush tax cuts permanent—that is what they are insisting on.

Making the estate tax repeal permanent presents two concerns. If we are serious about listening to the Budget Committee recommendations, the principles the Budget Committee suggested ought to guide us, then I can't imagine that anybody with a straight face would say we want to repeal the estate tax permanently now under the guise of economic stimulus.

First of all, the Budget Committee said—didn't they?—that you have to make sure it is temporary and that it is immediate. This does not take effect until the year 2011. There may be a recession in 2011, and it might be nice to be able to deal with that 2011 recession, but not with the recession happening in the year 2002.

This thing costs \$104 billion. We agreed the entire stimulus package should not be more than \$75 billion, but they want to spend \$104 billion of Social Security money to make it permanent when it doesn't take effect until the year 2011.

The tax cut, they want to make it permanent. CBO has provided an estimate of \$350 billion in the first 10 years, \$4 trillion in the second 10. There is nothing cost effective about that. And it, too, does not take effect until 2011. Again, what is the stimulative value of a tax provision that takes place in the year 2011? What is the wisdom—I guess that is the word I am looking for—what is the wisdom of exacerbating our already growing deficit this year by adding \$350 billion more?

I don't know the answers to those questions, but I know this. On a bipartisan basis the Budget Committee said this is not the direction we should go.

On a bipartisan basis, they said let us try to contain the cost. Let's do something stimulative, and do something immediate—not in the year 2011, but now.

Really, there are only two choices. We can pass it, or we can block it. I do not know of anything else.

I hope our Republican colleagues will pass it. I hope they won't block it. I hope we will do the right thing. I hope we will send the measure to conference so that we can try to work through these issues and resolve them and come back with a bill which we can support and move on to other priorities.

I yield the floor.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

HOPE FOR CHILDREN ACT

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of H.R. 622, which the clerk will report.

The senior assistant bill clerk read as follows:

A bill (H.R. 622) to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes.

Pending:

Daschle/Baucus amendment No. 2698, in the nature of a substitute.

Reid (for Baucus) amendment No. 2721 (to amendment No. 2698), to provide emergency agriculture assistance.

Hatch/Bennett amendment No. 2724 (to the language proposed to be stricken by amendment No. 2698), to amend the Internal Revenue Code of 1986 to allow the carryback of certain net operating losses for 7 years.

Domenici amendment No. 2723 (to the language proposed to be stricken by amendment No. 2698), to provide for a payroll tax holiday.

Allard/Hatch/Allen amendment No. 2722 (to the language proposed to be stricken by amendment No. 2698), to amend the Internal Revenue Code of 1986 to permanently extend the research credit and to increase the rates of the alternative incremental credit.

Smith of New Hampshire amendment No. 2732 (to the language proposed to be stricken by amendment No. 2698), to provide a waiver of the early withdrawal penalty for distributions from qualified retirement plans to individuals called to active duty during the national emergency declared by the President on September 14, 2001.

Smith of New Hampshire amendment No. 2733 (to the language proposed to be stricken by amendment No. 2698), to prohibit a State from imposing a discriminatory tax on income earned within such State by non-residents of such State.

Smith of New Hampshire amendment No. 2734 (to the language proposed to be stricken by amendment No. 2698), to provide that tips received for certain services shall not be subject to income or employment taxes.

Smith of New Hampshire amendment No. 2735 (to the language proposed to be stricken by amendment No. 2698), to allow a deduction for real property taxes whether or not the taxpayer itemizes other deductions.

Sessions amendment No. 2736 (to the language proposed to be stricken by amendment No. 2698), to amend the Internal Revenue Code of 1986 to provide tax incentives for economic recovery and provide for the payment of emergency extended unemployment compensation.

Grassley (for McCain) amendment No. 2700 (to the language proposed to be stricken by amendment No. 2698), to amend the Internal Revenue Code of 1986 to provide a special rule for members of the uniformed services