

Looking back over it, we are now told the recovery continued in the second quarter with gross domestic product rising at 1.3 instead of 1.1, and the blue-chip forecast which said in the current quarter—the third quarter—we would see gross domestic product rising at 2.7, the same rate it did in the fourth quarter of last year, that those figures are low; that, in fact, the forecast now is the third quarter of this year will see gross domestic product numbers closer to 3 percent instead of 2.7 as previously forecast.

I don't expect anyone to remember all of these numbers I recite. I hope they will remember that the general trend is up and is more encouraging than the Senator from New York and others would lead us to believe.

We keep being told we are in a period of great distress and disaster, and we must do something and do something drastic about it. One of the things that is proposed is we must postpone the effect of the tax cut that was passed by wide margins—both in this body and the other body—at the beginning of the Bush Presidency.

I want to discuss that for just a moment. It has been framed with the same kind of statistical maneuvering I have tried to address here. The question that makes for a good headline in a political stump speech is who lost the surplus? They are talking about a \$5.6 trillion surplus that was projected at the time we had the tax cut debate. That surplus has now disappeared in the projections that were being made, and we are being asked again and again, Who lost the surplus?

The first point I want to make on that score is the surplus never existed. The surplus was a projection. I can take the Nation back through every projection made by the CBO; before that by the Office of Management and Budget; before the Congressional Budget Office was created, by the old Bureau of Budget; and before the Office of Management and Budget was created, and demonstrate virtually every projection of surplus or deficit made by those entities has always been wrong. Sometimes it has been wrong on the high side. Sometimes it has been wrong on the low side. But the one consistency is every project, surplus, or deficit in future years has always been wrong.

It comes as no surprise to discover the projection of the \$5.6 trillion surplus was wrong in this case as well.

I remember a discussion with Alan Greenspan when he was before the Banking Committee, or perhaps the Joint Economic Committee. I sit on both, and he testifies before both. Someone asked him about the projections that were being given to us at the time with great confidence. They said, Mr. Chairman, how likely is it this projection will be realized? He said it will not be realized. This projection will be wrong. He said I cannot tell you whether it will be wrong on the high side or the low side. I cannot tell you and nei-

ther can any other economist tell you whether we will reap the benefits of the new age economy to a degree far greater than demonstrated by this projection or whether we will fall on our face and come in flat.

The problem is—I am not now quoting Greenspan—with an economy doing something like \$11 trillion a year and subject to the uncertainties of the business cycle as well as the outside shocks that can occur in this world, no one can look 10 years into a crystal ball and tell you with absolute certainty what is going to happen.

I find it interesting that those who insist the loss of the \$5.6 trillion surplus is due to the Bush tax cut and solely to the Bush tax cut also say to us why don't we deal with our current economic problems by postponing the effective date of the Bush tax cut? And, after all, that is going to take place in the outyears, anyway. So postponing the effective date will have no particular impact short term.

All right. Hold onto that argument for just a minute and listen to the other argument that we are being told.

We are being told it was the Bush tax cut that blew the hole into the surplus. Wait a minute. If the impact of the Bush tax cut is going to come in later years so it can be postponed without making any difference, how could it have been the primary mover in creating the deficit right now? Well, I can tell you how. I was part of the discussions as we crafted the tax cut. Democrats said to us at the time the tax cut was being considered it would have to have an immediate impact. We have to put money in the hands of people right now. We can't wait for the tax cut impact in the outyears.

The proposal was made primarily from the Democratic side of the aisle that in addition to cutting the marginal rates for taxes there be an immediate rebate, \$300 per taxpayer, right away. That was not part of the original Bush proposal. That came out of Democratic proposals. And, frankly, it seemed like a good idea. The Bush administration embraced it. We have a combination of cutting the marginal tax rates over a period of time into the future and a rebate to get money into the hands of the economy and into the hands of people right away.

If, indeed, it was the tax cut that destroyed the surplus right away, it was the rebate side of the tax cut that was proposed by Members of the Democratic party and endorsed certainly by me and other Members of the Republican party.

You cannot have it both ways. You cannot say postponing the effective date of the tax cut won't affect the present situation. You cannot say there was an immediate impact which was bad and then say our proposal will have no immediate impact and that is good. This debate has gotten somewhat into Alice in Wonderland. I hope we can stay with the facts.

The PRESIDING OFFICER. The deputy majority leader.

#### ORDER OF PROCEDURE

Mr. REID. Mr. President, the majority has 21 minutes. I am going to use a few minutes. Following my remarks, I ask unanimous consent that the Senator from Missouri, Mrs. CARNAHAN, have 6 minutes; the Senator from Washington, Ms. CANTWELL, have 5 minutes; and Senator KENNEDY have 10 minutes. And if we use extra time, that would just be counted against the time we have before the cloture vote. We each have a half hour on that.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

#### THE ECONOMY

Mr. REID. Mr. President, my friend from Utah—and he is my friend; I think the world of him—has a unique argument: Who lost the surplus? I never heard that until he talked about it. I think we all know who lost the surplus. He never answered that question.

And then the unique observation is: It never existed. We never had a surplus.

Talk about Alice in Wonderland. About a month ago—actually it was in August—I went on a family vacation. I had not read "Alice in Wonderland" for a long time. I read "Alice in Wonderland," and there are a lot of strange things that go on in that little girl's life when she takes this strange odyssey.

But part of that is, as the Senator from Utah mentioned, Alice in Wonderland, because the statements he has just made really are—I say this respectfully—illogical and illusionary. They simply do not exist.

The fact is we have, in the Bush economic record, weak economic growth, record job loss, declining business investment, a falling stock market, shrinking retirement accounts, eroding consumer confidence, rising health care costs, escalating foreclosures, vanishing surpluses, higher interest costs, raiding Social Security, record executive pay, and stagnating minimum wage.

In the Bush world, everything that should be up is down, and everything that should be down is up. Job losses should be down; they are up. Health care costs should be down; they are up. Foreclosures should be down; they are up. The national debt should be down; it is up. Federal interest costs should be up; they are down. The Social Security trust, we should not be raiding it. In fact, we are doing just the opposite of what we should be doing.

Those things that should be going up in the Bush economic plan are going down: economic growth, going down; business investment, going down; the stock market, going down; retirement accounts, going down; consumer confidence, going down; minimum wage, going down. Everything you would think should be up economically is down.