

by President Bush's election or any other political event. As I have said here on the floor before, the business cycle has not been repealed. We would like to think we could repeal the business cycle. Indeed, if we knew how, both parties would do it because neither party wants to go into an election situation where the economy appears soft. So both parties—if they understood how to repeal the business cycle—would quickly take the steps to do that.

As a matter of fact, however, as we look at it throughout our history, Congress's record—indeed the administration's record—has not been all that good in terms of dealing with the business cycle. Usually, when we get into the business of trying to outguess it, we make things worse rather than better. I remember reading a book by Paul Johnson where he was talking about the Great Depression and the great efforts being expended by the New Deal. He said the efforts expended by the New Deal administration in the 1930s made the Great Depression last longer and go deeper than would have been the case if they had done absolutely nothing.

I commented on that to some Ph.D. economists and said that I understand that is heresy, and they said: No, quite the contrary, Senator. That is basically what has been understood and is being taught in the schools of economics around the country—that the intervention in an attempt to override the marketplace and the laws of economics, however well-meaning on the part of the Government, actually makes things worse rather than better.

As we look at our last recession, we know now pretty clearly what caused it. It was the bubble of speculation that surrounded the high-tech industry, and people got carried away with their conviction that the bull market was never going to turn to a bear; that we were always going to be going up, up, and up—as Lucy wanted to in the Charlie Brown cartoon. Charlie said, "Life has its ups and downs." She said, "I want nothing but ups." There were plenty of people in the 1990s looking at the market and the economy and saying: We want nothing but ups.

Sometimes that cannot be accomplished. We got out ahead of ourselves—there was too much capacity. The business cycle kicked in, as it always does, and there we were in a recession. The slowdown began—we now know—in the midyear of 2000. I remember, with some interest, because there was an election going on, there were those who criticized then-Governor Bush, who was saying that we were going into a slowdown. They said: No, no, we are not going into a slowdown. You are trying to pretend that it is for political purposes, and isn't it terrible for you to be saying there is a slowdown underway when, indeed, we are still having ups, ups, and ups.

We now know that then-Governor Bush was right; we were going into a

slowdown in the last half of 2000. It turned into a recession that lasted for three quarters—the last three quarters of 2001. Then we started coming out of it. Well, those numbers don't add up. The recession started in the beginning of 2001. We have now had five quarters of growth—admittedly, not as strong as we would like to have. Admittedly, there are sectors of the economy that are still mired in recession. Talk to the people in the hospitality industry. Travel has not come back since September 11 to the degree that it was there before—particularly business travel. Airplanes are full, but the airplanes are not making any money because in order to get them full, the airlines are heavily discounting fares. So that portion of the economy is not doing well.

Housing has done extremely well. Consumer spending stays up because household income has held. The sense of wealth has held because people's houses are worth more. They have lost money in the stock market, but they have seen equity increases in housing, primarily because of lower interest rates. I think the lesson is that we can get carried away with our economic analysis. We can look back and say the economy boomed in the nineties because Bill Clinton was elected President or we can say, no, the economy boomed because Newt Gingrich was the elected Speaker.

The fact is, we need more humility as politicians and we need to understand the economy boomed because the American entrepreneurs and business people did a good job. Those of us in Congress and those in the White House contributed to it basically to the extent that we got out of the way and let it happen. Now, we need to have some of that same understanding.

I would like to pass the terrorism insurance bill. I think that would go a long way toward bringing the commercial real estate sector of the economy back. That sector is hurting, and one of the reasons is that people will not engage in major commercial enterprises if they cannot get terrorism insurance. We have been sitting on that bill in this body for close to a year. We passed it. It has gone to conference. The conferees have not been allowed to produce a product yet. I hope the majority leader will work with the conferees in allowing them to bring a conference report to the floor before we adjourn. I think that is one thing we can do that would make the recovery more robust than it is.

Basically, Madam President, I think we need, as I say, a little humility as politicians, and we need to understand the economy is very sound, very strong, and it is coming back—but a little more steady as she goes rather than a sense of panic is what is called for.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. AKAKA). Without objection, it is so ordered.

JOB FOR AMERICAN FAMILIES

Mr. JEFFORDS. Mr. President, I rise today to discuss the state of our economy. I was heartened to read in this morning's Washington Post that the administration is finally acknowledging our economy is in trouble. Of course, it came as the Republican National Committee was writing a memo to send to its campaign, reporting that internal polling shows the economy is the most important issue to voters. Surprise. It seems the Bush administration is more interested in responding to recent poll numbers than responding to the economic indicators that have been staring them in the face for more than a year.

The economic statistics are most troubling. Business investment is down. The annual growth of business investment is 7.6 percent, the weakest business investment trend under any administration in the past 50 years. Consumer confidence is down. Between January of 2001 and August of 2002, consumer confidence dropped by nearly one-fifth. The stock market is down, as everyone knows. Between January 2001 and September 2002, stocks listed on the New York stock market exchange and the Nasdaq markets lost \$5.2 trillion in market value, a loss of more than 35 percent, or more than \$9 billion per day.

The 23 percent average annual decline in the S&P average index under the current administration is the sharpest decline since the Hoover administration. Last month was the worst September performance for the Dow Jones industrial average since 1937.

The Congressional Budget Office said last Friday the Federal Government 2002 deficit will hit \$157 billion. This onslaught of red ink is truly remarkable. It is being driven by the largest percentage drop in individual tax revenues since 1947. That is over 50 years ago.

Let me give the folks a little Yankee economic wisdom. People pay less in taxes when their earnings go down. We are now spending Social Security revenues to balance our budgets for the first time since 1997. Ninety-four percent of the surpluses projected when President Bush took office have already disappeared. That is a \$5.3 trillion drop in just 2 years. If the past is any guide, we can expect higher interest rates in the future as the Government competes with the private sector for capital.

With all of this, I was stunned to receive a letter from the Congressional Budget Office late Friday which indicates even more layoffs of American

workers may be around the corner. These layoffs can be attributed to the lack of commitment from the administration to fully fund our Federal highway program. The CBO letter made clear that the continuing resolution, which the other body is working on now, will have the effect of cutting future spending on highway construction jobs by over \$4.1 billion and cutting current spending by \$1.1 billion.

I quote the letter of October 11, 2002, from the Director of CBO regarding the amendment being proposed by the other body:

With the amendment, CBO would reduce its estimate of 2003 obligations and outlays under a full-year continuing resolution by \$4.1 billion and \$1.1 billion, respectively.

I am convinced that we need more leadership from the White House on the issue of jobs for American families. Our attention is constantly being diverted by the White House talk of war. Unemployment in September stood at 8.1 million Americans. This does not count those who have given up hunting for work. That is 1 million more unemployed as compared to a year ago. Families whose unemployment benefits have long since run out are focused on how they will pay their rent or make their mortgage payments or, even worse, where they will get their very next meal.

Construction jobs are good jobs. Each \$1 billion spent on highway projects creates 47,500 full-time jobs. These jobs help the entire economy, not just the transportation sector. The cut in funding highlighted by the CBO letter means nearly 200,000 Americans will not find gainful employment, which they could find if it was better handled.

According to the Department of Transportation, our network of highways contributes, on an average, one-quarter of the yearly productive growth rate in the United States.

To quote the Department of Transportation:

This highlights the highway network's importance to maintaining economic growth.

The White House needs to listen to its own transportation department. The U.S. Department of Transportation says for each \$1 billion invested in highways, almost 8,000 direct on-site highway construction jobs are created. For each \$1 billion invested, around 20,000 supply industry jobs are created. For each \$1 billion invested, around 15,000 jobs are supported within the general economy as highway construction employees spend their wages.

I say to the White House, devote at least some attention away from Iraq and to getting Americans back to work. I urge the White House to support funding in the continuing resolution which allows us spending at the rate of \$31.8 billion, equal to last year's level.

As chairman of the Environment and Public Works Committee, I will work with the congressional leadership to assure maximum funding possible for the reauthorization of the transportation bill.

I feel sad today when I look at the economy and think what it could be or should be; yet we are spending all our time on an important issue, no question, about the status of Iraq. But I hope this body will turn its attention now to economics and the problems we are having and those that will lie ahead if we do not take action now.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

THE ECONOMY

Mr. DASCHLE. Mr. President, last week we completed our debate on Iraq. It was a difficult debate, but at the end we were able to come together to speak with a large degree of consensus on an issue of national security. To Democrats, security means more than national security and homeland security. It also means economic security, retirement security, the security of knowing that if you lose your job, you can find a new one, and if you get sick, you can get health care. And it means the security of knowing that those goals are not being undermined by poor economic leadership and ideologically driven economic leaders.

The news, when it comes to America's economic security today, has not been good. This chart shows one of the many ways with which to determine the state of the economy. Last week, the Wall Street Journal reported that we are experiencing the worst market since the 1930s. This is not just a bear market, it is a grizzly bear market. The broad Standard & Poor's 500 Stock Index has now lost nearly half of its value. Since President Bush took office, Americans have seen the markets lose \$5.7 trillion in value. That is \$9.5 billion a day that has come out of the market. This red piece of the pie chart is an approximation of what has been lost. About one-third of the entire market capitalization has been lost in less than 2 years—\$5.7 trillion.

Here is what that means to a person with \$100,000 in a 401(k) invested in the Standard & Poor's 500 Index when President Bush took office. The value of their investment has now decreased by \$35,000. Many who were invested more aggressively have lost much more. If you had \$100,000 in January of 2001, you now have \$65,000 in September of 2002.

A lot of Americans who are lucky enough to have a little bit of money saved and invested are seeing their children's college investments and their own nest eggs disappear. We have recently seen an increase in the number of 60- to 70-year-olds in the workforce. These people are not wondering

when they will be able to retire. Now they are wondering if they will be able to retire.

This chart shows what has happened in the job market in the last 2 years. The people wondering if they will be able to retire are the lucky ones. To even think about retiring, you have to have a job. Since President Bush took office, unemployment has jumped by 1.5 percent. More than 2 million people have lost their jobs. These are private sector jobs. We started in January of 2001 at 111 million jobs actually being held. We have now dropped from 111 million to 109 million in about 18 months. Many of those who lost their jobs are having trouble finding new work. Nearly 1.5 million people have been unemployed now for over 6 months. These people have not just lost their jobs, they are starting to lose hope.

This chart shows what we had at the beginning of the year 2001. About 648,000 people were unemployed for more than 26 weeks. That number has now jumped from 648,000 to 1,585,000 people. Now they are also losing their unemployment insurance. Unemployment insurance is supposed to provide temporary help to people who lose their jobs to tide them over until they find new ones. But now many who lost their jobs in the months after September 11 are losing their benefits. Now they are trying to find a job in an economy even worse than the one that had caused them to lose their job in the first place.

This chart shows what has happened. In 1992, 1.4 million workers had exhausted their unemployment benefits. Now, in the year 2002, we expect that number to be exceeded by 800,000—the number of people who will experience the expiration of their unemployment benefits.

The market is in steep decline. People are losing jobs. People are unable to find jobs. There is a daily drumbeat of negative economic news. There is no question—any one of these charts points out very clearly—Americans are hurting.

But this administration does not understand their pain because it does not see a problem. On September 5, president Bush said confidently:

I am optimistic about our economy. I am optimistic about job growth.

The next day—the very next day—the Bureau of Labor Statistics reported that in the previous month manufacturing lost 68,000 jobs and retail businesses lost another 55,000.

On September 14, we learned that because homeowners were having such a hard time paying bills, home foreclosure rates reached their highest rate in 30 years.

A couple of days later, Lawrence Lindsey, Director of the National Economic Council, said:

There's a lot of good news out there. We have challenges as well. But given those challenges, I think the economy is doing very, very well.