

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.

On September 24, we learned that the poverty rate increased for the first time in 8 years with 1.3 million more Americans falling into poverty. We also learned that median household income fell for the first time in a decade.

The next day, Treasury Secretary Paul O'Neill told us:

The latest indicators are good.

On September 29, the census reported that the number of Americans without health insurance rose yet again—this time by 1.4 million people to 41.2 million. Not only are low- and middle-income families losing income because of the skyrocketing price of health care premiums and prescription drug costs, they are now losing their health insurance.

Two days later, the President said:

I think the economy is strong. There are some rough spots, but we will deal with it.

Last Thursday, Secretary O'Neill and Secretary Evans had a joint press conference. Secretary O'Neill said:

We are on a bumpy road to recovery, but the direction is still up.

Secretary Evans added:

I am one that is pleased with the recovery that is now underway.

The next day—the very next day—this is what we saw: Consumer confidence and consumer spending depicted in this chart both falling, retail sales taking their worst drop since November of last year, and consumer sentiment dropping to levels last seen in the fall of 1993.

This chart shows the consumer expectations and what has happened over the course of the last 6 months. In May, consumer expectations were relatively high at 92.7. Many thought the economy was going fairly well and thought it was going to continue to do better. That index dropped to 87. It went down to 81 in July, and then down to 80. Now it is all the way down to 72. We have lost almost 25 percent of consumer confidence in just 5 months.

"The direction is up." That is what the Bush administration said. Optimistic about job growth, the latest indicators look good, the economy is doing very well. Some rough spots? I don't know where these guys are living, but it must be somewhere within the neighborhood of oblivious. When it comes to America's economic problems, this administration is woefully out of touch.

A couple of weeks ago, the President said:

I spend a lot of my time worried about the job security of our fellow citizens.

Last week, it became even more clear that this administration's focus is not the economy. The White House announced that the President will be hitting the campaign trail for 14 straight days before the November 5 election. In fact, I am told he will be coming to South Dakota—my State—at least 2 of those 14 days.

I would ask President Bush to do one thing: Cancel the political trips and spend less time trying to save jobs for

Republican politicians and more time trying to save the jobs of average Americans.

Unfortunately, not only are the President and his advisers out of touch with our economic problem, but they are out of step when it comes to solutions. They have seemingly pursued ideological goals at the expense of sound economics, and the American people will pay the price.

Last year, it became clear that our economy was starting to slow. Every objective economist told us tax cuts could help solve the problem. But they had to be the right kind of tax cuts. They had to boost consumption by getting money into the hands of people who would spend it—people with moderate incomes. It had to be done now, affecting the economy now, and affecting people's incomes now. At the same time, we were told that whatever we did, we should make sure it didn't do any long-term fiscal damage.

Here is what the Democrats said: let us pass a bill to provide immediate tax relief for all families. Let us do that now—just as the economists proposed we do it. It included a tax cut check. Unlike the plan that passed, it made sure every taxpayer, including those who pay only payroll taxes, would get one. It would have also reduced the 15-percent tax rate—the rate paid by all income-tax payers—to 10 percent, and it would have done it permanently. It would have been fair, fiscally responsible, and stimulative.

Instead of passing that responsible plan, the President and his advisers insisted on a plan that had far less immediate tax relief but had a cost that explodes to \$250 billion in the year 2011 alone. Smart tax relief for everyone was held hostage by the President and his advisers to a massive tax cut for the very few at the very top.

Moderate earners got their \$300 immediate rebate check, but not until millionaires got a tax cut equal to that \$300 rebate check every other day. Now, after going from record surpluses to real deficits, we are seeing just how bad a decision that was.

After September 11 dealt another blow to our already staggering economy, we all agreed that the American economy needed a stimulus. So Democrats and Republicans of the Senate asked the experts, including Federal Reserve Chairman Alan Greenspan and former Treasury Secretary Robert Rubin, what are the most effective steps we can take to shore up our economy? Here is what they told us: Put money into the hands of low- and middle-income workers. They are the ones who will spend it quickly. Make sure that workers who have lost their jobs receive unemployment benefits, and cut taxes for businesses, but limit the tax cuts to those who actually help create jobs.

Finally, they said our plan must be affordable and temporary. After all, the baby boomers start retiring in less than a decade, and we shouldn't be tak-

ing on major long-term spending or revenue obligations that will make it even more difficult to meet our responsibilities to Social Security and Medicaid.

That was the advice we received.

What did this administration propose? They proposed permanently eliminating the corporate alternative minimum tax. House Republicans went a step further and proposed making the alternative minimum tax cut retroactive. Incredibly, that one provision would have given \$250 million in one check from the U.S. taxpayers to the Enron Corporation. That is right—\$250 million from every taxpayer in America to none other than the Enron Corporation.

That had nothing to do with stimulus. To this day, I am not sure what it had to do with. Instead of a temporary business investment incentive, they insisted on a 3-year bonus depreciation, which was passed. That essentially said to businesses: You don't need to invest now. Wait a couple of years and see how it goes.

The Administration and congressional Republicans have refused to provide any aid to hard-hit States which, as a result, are now being forced to cut health care and education programs. They had to be dragged kicking and screaming to an extension of unemployment insurance despite the fact that former Treasury Secretary Rubin called it "a near perfect stimulus."

When the markets were shaken by a wave of corporate scandals, it was clear we needed real reform in order to boost investor confidence. The administration again said and did the wrong thing. On January 14, 1 month after Enron declared bankruptcy, 4 days after the Justice Department confirmed that a criminal investigation of Enron had begun, Secretary O'Neill said:

Companies come and go. It's part of the genius of capitalism.

After dragging their feet on corporate accountability, this administration reluctantly came to the conclusion it had to support it. But now it is standing idly by as its appointees try to undermine the tough reforms that we passed last summer.

Last week, it was reported that Harvey Pitt, the former accounting industry lawyer chosen by President Bush to head the SEC, has given the accounting industry a veto over who will head the new Accounting Standards Board, the centerpiece of the corporate accountability law we passed.

According to news reports, Chairman Pitt blocked the appointment of John Biggs, a highly respected reformer, to head that new board at the insistence—at the insistence—of the accounting industry. If this is true, it means Harvey Pitt intends to let the same accounting industry insiders, who ran Enron and other corporations into the ground, run the new board that is supposed to prevent future Enrons.

Now, as our markets plummet and people are losing their savings, their

jobs, and their confidence, this administration is again proposing the wrong remedies. Even now, they are calling to make the tax cut permanent. Regardless of how you feel about that as a policy proposal, everyone should be able to agree that new tax cuts in the year 2011 will have no immediate effect on our economy. In fact, by piling on another \$4 trillion in debt during the next decade, it could hurt our economy in the short term by pushing up long-term interest rates.

Last week, House Republicans pushed through the Ways and Means Committee a completely ill-timed increase in the capital loss limit. Coming at this moment of intense market volatility, it is likely to cause wealthier investors to sell their stock, thereby forcing the market down and forcing down the value of 401(k) and other investment accounting even more.

When it comes to dealing with our economy, the President, his advisors, and congressional Republicans have put forward two kinds of ideas: old ideas and bad ideas. They have been wrong at every turn. And this dramatic failure of economic leadership is doing real harm to America's businesses and to the economic security of average working families.

America deserves better leadership, better ideas, and a real debate about economic future in this country. Democrats believe there are five areas in which we can take quick action to help our economy in the short term. These are areas where there should be absolutely no disagreement.

First, we should extend unemployment insurance. During the first Bush administration, Democrats and Republicans agreed to extend unemployment insurance three times. We were able to agree that extending unemployment benefits was the right approach to a Bush recession then. We should be able to agree that it is the right approach to a Bush recession now.

Second, we should provide immediate fiscal relief for States. Right now, States are facing severe budget shortfalls, and many are finding themselves forced to cut crucial services, such as education, health care, and transportation.

As Paul Krugman wrote in the *New York Times*, aid to the States will "do double duty, preventing harsh cuts in public services, with medical care for the poor the most likely target, at the same time that it boosts demand."

Third, we need to increase the minimum wage. The minimum wage has lost significant purchasing power since it was last increased in 1996. Raising the minimum wage is not only a statement of our strongly held belief that people who work full time should not live in poverty, but by putting money in the pockets of people who are most likely to spend it, it is a strong stimulus as well.

Fourth, we need a strong bill to protect pensions. Democrats have a plan that allows workers to hold employers

accountable and helps workers get their money back if the people responsible for protecting their investment abuse that trust. It makes it easier for workers to sell their company's stock and diversify their holdings, and it gives workers access to independent, unbiased investment advice.

We should be able to reach quick agreement and pass a bill that includes these elements.

Fifth, we need to make sure that the strong corporate accountability bill we designed, defended, and passed is strongly enforced. The centerpiece of this legislation is an effective, reform-oriented accounting oversight board. It is time for the administration to demand that a strong leader is chosen in order to make this a strong board.

In addition, we should consider some fresh new ideas about how to get our economy moving again.

Last Friday, Senator DORGAN and others hosted a bipartisan economic forum. Unlike the White House economic summit this summer, we heard from people across the political and ideological spectrum. It was a shame the White House decided not only to decline our invitation to participate but to dismiss the forum as a publicity stunt because there were a number of interesting ideas discussed.

For example, one participant raised the possibility of a second rebate, one that would go to everyone who pays payroll or income taxes, and time-disbursed spending around the holiday season. It was also suggested that we look to improve the investment incentives we enacted earlier this year.

The problem with allowing businesses 3 years to take advantage of a tax break on new equipment purchases is that many have chose to do what we said they would do, they have chosen to wait. Because we want businesses to invest now, one of the panelists suggested making the investment incentive more immediate but more generous.

Earlier today, Minority Leader GEPHARDT laid out a series of other ideas, including a rebate aimed at lower and middle-income Americans, investments in school construction, antiterrorism, and help for States as they struggle with the health care crisis.

These are all ideas that deserve a fair hearing. We should have a real discussion about them, and other ideas, to help our economy in the short term. But we also need to focus on the long term.

As a result of what the President has signed into law, or is currently proposing, our projected surplus of \$5.6 trillion becomes a \$400 billion deficit. The baby boomers are getting ready to retire.

This administration did not invite Democrats to their economic summit, and they did not want to attend our economic forum. This administration needs to realize we are all in this together, and the only way we will spark our economy in the short term and

strengthen it in the long term is by doing it together. Whether that conversation is part of a real economic summit or part of some other forum, it is a conversation that needs to happen.

For the last month and more, the country has been completely consumed with the debate about our proper course in Iraq. Because that debate was about issues of war and peace, and America's national security interests, it was altogether appropriate that we should have a completely focused dialogue. The President asked for that dialogue, and he demanded we have it before the election. We have met his demand. But the American people have their demands as well.

People are anxious, not just about their security against an international threat, but about the security of their jobs, the security of their retirement, the security of their health, and the strength of our national economy.

By virtually every measure, the President's economic plan has put America on the wrong track. He cannot escape responsibility by blaming the previous administration. He has had almost 2 years to generate a recovery. His economic team cannot divert attention with out-of-touch happy talk or appeals to one or two positive economic indicators. People see their income falling, their jobs disappearing, their retirement funds declining, and the cost of health care rising.

We have given the American people the debate the President says they need with regard to Iraq. Now the President should give the American people the other debate they are saying they want: a serious debate about their economic future.

I yield the floor.

Ms. STABENOW. Will the majority leader yield for a question?

Mr. DASCHLE. I am happy to yield to the Senator from Michigan.

Ms. STABENOW. Mr. President, I thank the leader for refocusing on the critical issues of economic security at this time. When I am home in Michigan, there is no question that while people are concerned about national security, the issues in front of them every day—economic security—are at the top of their list.

I also appreciated his focus earlier this year on the issue of lowering one of the biggest costs for our seniors and small businesses and farmers, everyone in the economy, which is the cost of prescription drugs.

I am wondering, as you were talking about the President—now going on a 14-day trip in terms of campaigning—if you might agree that even just picking up the phone and asking the House of Representatives to take up the bill that we passed, S. 812, which would create more lower-cost drugs through generics and open the border to Canada and do a variety of things that would lower the prices, wouldn't be something we could call upon the President to do? And wouldn't it be true if we were simply to have the House pass

that bill we passed this year, the bill that would create more competition and lower prices, we could help our families and businesses tremendously by lowering the prices of prescription drugs, which are one of the main explosions of cost to our families?

Wouldn't you agree that would be an important focus between now and when we leave?

Mr. DASCHLE. Mr. President, I thank the Senator from Michigan for calling attention to yet another economic issue that could have profound consequences on the ability the average working family has today to pay their bills and to keep their standard of living. As she and I have traveled the country, and certainly traveled our States, the issue of the cost of prescription drugs comes up over and over again.

The Senate passed a prescription drug bill that would reduce the cost to every single person purchasing drugs today. It sits languishing in the House of Representatives. I hope the President will do as the Senator suggests. I hope he will pick up the phone from Air Force One, since he is traveling all over the country, and tell the Speaker: Pass the bill, give us some real opportunity for relief this year. That, to me, would be one of the many things he could do to bring about longer term economic security.

The House also did real damage earlier this year. No one has looked at the bill, but I hope some day somebody will write the real story about the atrocious legislation passed by the House in the name of prescription drugs benefits. Basically, as the Senator from Michigan knows so well, because she has become such a leader on this issue, the House of Representatives has turned over prescription drug coverage for seniors to HMOs. Given the horrific examples of abuse in our health system today, in large measure because of abuse by HMOs, can you believe anybody would say, well, that is enough. We are now going to turn over drug coverage for seniors to HMOs, to the private sector, to people who simply are unable to live up to the expectations of all seniors, of the American people?

Again, the Senator makes a very important point. We have not been able to address prescription drugs this year, in part because of their determination to turn over responsibility for drug coverage under Medicare to HMOs and their unwillingness to deal with the generic legislation passed in the Senate by an overwhelming margin last summer.

I thank the Senator for asking the question.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. NICKLES. Mr. President, I wish to make a couple of comments. Parliamentary inquiry: Are we going to be in morning business until 3?

The PRESIDING OFFICER. The Senator is correct.

BALANCING THE RECORD

Mr. NICKLES. Mr. President, I have heard a couple of speeches by our Democrat colleagues that are basically saying the entire fault of the economy is that of President Bush. I just have a little different view and wish to share the view somewhat to balance the record.

It is kind of interesting; we are an equal branch of Government, the legislative branch. We are an equal branch to that of the executive. For one branch of Government to say, wait a minute, the economy is bad and it is all the President's fault, I find kind of interesting. We have equal powers under the Constitution. Our powers are a little different. Maybe sometimes the President gets all the credit when things are good and all the fault when things are bad, but that is not quite accurate. Congress shares its portion of responsibility, whether it be good or bad.

We have done a couple things that are good and some things that are bad. Maybe I will point out some of those differences.

I find it interesting where one branch of Government is faulting the other and assuming that is really the solution. That is not the case.

When the recession started, I remember the stock market crashing or falling dramatically in March of 2000. I believe President Clinton was President at that time, and the market continued to fall. It rebounded a little bit in August of 2000, and then it fell a lot more and has been falling since. If you look at the precipitous rise in the stock market, it probably had risen too much too fast, and so it had some falling out to do. It has fallen; I hope it has not fallen too much. Maybe now it has bottomed out and started to increase.

Actually, the last few days have been very promising. If somebody just got into the market last Monday or Tuesday, they have made a remarkable rate of return in the last few days alone. I hope maybe the market has bottomed out. To say that is all President Bush's fault is incorrect.

The Washington Post on October 25 said:

To blame the weak American economy on Mr. Bush is nonsense.

That is a direct quote from the Washington Post, which is not exactly President Bush's biggest cheerleader. But they happen to be right.

Let me say, instead of just trying to throw rocks at the Bush administration, we should be looking at Congress. What can we do. I don't know that we can just pass a few bills and make everything rosy in the economy. Nor does everything we do have a negative impact. But I do believe we can make a difference.

Some of the things we pass can help, and some of the things we don't pass can either help or hurt. I will mention those.

I remember a person all of us respect, Chairman Greenspan. His recommenda-

tion, his advice to Congress was to do two things: Show some fiscal discipline and also do things that would stimulate trade. And we did pass a bill, trade promotion authority, this year. Due to President Bush's leadership, we did get it through the House and the Senate. It wasn't easy. It wasn't even pretty in some respects. But it passed both Houses. It passed the House by one vote; it passed the Senate by more than that after extraneous measures were put on that were not in the committee. That was not a good way to legislate. There were three bills combined into one. But we eventually did pass trade promotion authority. That was good. That will help the economy.

On the second recommendation, Chairman Greenspan said show fiscal discipline. I give the White House high marks in many regards. I give Congress a very low grade. If I was going to grade Congress on fiscal discipline, the grade would be an F. I am critical. I am on the Budget Committee. I used to be on the Appropriations Committee. But for the first time since 1974, we didn't pass a budget. And we have shown no discipline whatsoever. As a matter of fact, for the last two or three Congresses, we have shown very little discipline, whether or not we had a budget. Even when we had a budget in the last 2 or 3 years of the Clinton administration, we continually waived it.

If you are going to waive it by declaring things an emergency, or waive it and say it doesn't count, we basically had no budget. So as a result, we had Federal spending climbing and climbing dramatically. Total outlays increased, in the year we just completed, 2002, the fiscal year, by \$148 billion. That is the largest percentage growth in spending programs in 20 years.

Defense grew by 13 percent. I agree with that. We underfunded defense for many years. Unemployment comp grew by a staggering 72 percent. Medicaid grew by 13.2 percent, the fastest since 1992. Total outlays grew by 7.9 percent in fiscal year 2002. But if you exclude the decrease for net interest, spending grew by 11 percent last year, about 3 times the rate of inflation. And then I look at some of the other things Congress did that affect spending. Now, we can control that. We control how much money we spend. We had a farm bill that was billions of dollars over what was budgeted. The trade adjustment assistance bill had \$11 billion of new entitlement spending. We had an emergency supplemental bill that was \$4 billion over the President's request. I could go on and on.

There was \$6 billion in drought assistance that—when we passed the farm bill that was so expensive, the proponents said we won't need to do drought assistance every year. Then we came back and, sure enough, Congress passes billions of dollars more. So my complaint is against Congress because, for the first time, we didn't pass a budget. Then because we didn't pass a budget, we didn't pass appropriations bills.