

our economy. But they open small businesses, creating jobs; they pay higher wages, or they buy a house, upgrade manufacturing equipment, pay for higher education. The list goes on.

It is a fundamental principle that policymakers need to remember. Money recycled through Washington does not squeeze the most bang out of our almighty dollar, and yet plenty of critics continue to blame the Republican tax cut rather than the bipartisan tax cut for the Federal budget shortfall. This was a bipartisan tax bill because one-quarter of the Democratic caucus in the Senate voted for the tax cuts. In an election year, too many candidates still like to divide the American electorate, and they do that in the demagogic way of pitting the rich against everyone else.

I am sure voters will get their fill of statistics claiming that the Bush tax cut hands out 40 percent of the benefit to the top 1 percent of the taxpayers. This is not merely misleading, it is outright false. Some folks must be under the impression that as long as something is repeated often enough, it will become true. That was how Adolf Hitler got to the top.

The facts certainly are thorny little details for the critics of the bipartisan tax relief package. According to the Joint Committee on Taxation, Congress's official nonpartisan scorekeeper, the Federal Tax Code became more progressive with the tax relief package passed in Congress last year, and taxpayers in the lower to middle income brackets get the biggest break.

For example, taxpayers with incomes between \$10,000 and \$20,000 will see their taxes reduced almost 14 percent when the tax cut takes full effect, whereas taxpayers with over \$200,000 a year in income will see their taxes reduced by a mere 6 percent compared to that 14 percent.

As for the budget, the bipartisan tax cut was a minimal factor in the Federal Government's surplus to deficit situation. In its first year, the tax cut accounted for just 8 percent of the shortfall. Indeed, increased spending outpaced tax cuts by \$6 billion. In other words, Congress spent \$6 billion more than the taxpayers got back in their pocket from the tax bill.

Over the long term, the 10-year surplus declines from \$5.6 trillion to \$300 billion. The tax cut represents 33 percent of the decline. Those who are looking to lay blame need to point their fingers then at Congress's appetite to spend. Folks who decry the tax cut should instead weep for the hard-working taxpayer because of the bite that Uncle Sam takes out of their paychecks.

The Bush tax cut saved Iowa households \$752, on average, in its first year. So I ask Iowans if they can't use that money and if that money probably has not been put to good use, now that the economy has slowed, to keep the economy out of recession once again.

Even with that tax cut, the Federal Government takes 19 cents out of every

dollar earned. That is a record burden, higher than any decade since World War II. So thanks in part to the bipartisan tax cut enacted in the summer of 2001, things are starting to turn around. Weaknesses persist in the manufacturing and employment sectors, but regardless, the U.S. economy is as resilient as the spirit of the American people.

Lowering the tax burden in America triggers growth, creates jobs, spreads economic opportunity. Plus, tax cut opponents need to be reminded that a bigger economic pie will dish up a bigger slice of revenue to fulfill the Government's needs and priorities, including what is a result of the war on terrorism and the need for homeland security.

As the top Republican on the Senate tax-writing committee, I will continue to champion progrowth economic policies. That includes making last year's tax cuts a permanent part of the Tax Code.

We have, as I am told, maybe just a handful of days between now and the end of the session. There are a lot of bipartisan measures that are on the agenda that are going to be left undone because we have wasted the whole month of September not wanting to vote on a lot of critical issues.

We have the Enron-induced 401(k) re-fine-tunings so that workers can control their own 401(k). We have prescription drugs for senior citizens on the agenda. We have the bipartisan approach to recapturing lost corporate tax revenue because corporations overseas set up shell corporations to avoid tax policy. We have welfare reform that needs to be reauthorized. We can go on and on.

Not just economic policy but the management of the Senate needs to be an issue in this election because with so much left undone on the Senate calendar that is bipartisan, there is no excuse for that not having been done because somebody does not want to take some hard political votes between now and the election that could have moved the Interior appropriations bill and homeland security along very quickly.

Management of the Senate is a very important issue in this upcoming election based upon what is left on the calendar's unfinished business.

The PRESIDING OFFICER (Mr. CARPER). The Senator from New York.

THE ECONOMY

Mrs. CLINTON. Mr. President, I rise to talk about hard-working Americans, their needs in our current economy, and the kind of obligations we owe to one another.

I have the greatest respect for the ranking member on the Finance Committee. Senator GRASSLEY is an extraordinarily effective advocate and Senator on behalf not only of the people from Iowa he represents but on behalf of Americans. Of course, we have a difference of opinion about what is the best thing to do to get the economy

going, to start creating jobs, to put people back to work, and to make sure that the economic prospects are bright for our young people. That is an honest disagreement, but there could be no disagreement that we do, unfortunately, at this moment have what is called a jobless recovery.

That is half right. I think the jobless part is right. I think the recovery part is a bit of a stretch. Unfortunately, many hard-working Americans, from New York City to Des Moines to San Francisco, have been unemployed through no fault of their own but through the downturn in the economy, through the economic impacts of the disastrous and horrible terrorist attacks we suffered. I think we owe something to these hard-working Americans. Every other Congress, every other administration, has recognized that obligation.

When you do what you are supposed to, when you get up, you go to your job, and you do what you are asked to do to get the paycheck at the end of the week to support yourself and your family, that is what we want for all Americans. The goal of our economic policy in this wonderful free enterprise society that we cherish is to create enough jobs so everyone who is willing to work can work.

Unfortunately, we now have rising unemployment, and 1.2 million Americans have exhausted the safety net that has always been there for people who lose their jobs. That is called unemployment insurance. Believe me, no one I know wants to be on unemployment insurance instead of having a job. It does not provide enough benefits. It does not take you anywhere. It is the dead end of all dead ends, but it does provide subsistence support for you and your family. I have been talking with so many of the Americans, especially New Yorkers, who are unemployed. That is what they tell me. They have been looking for work.

The economy of the 1990s has receded. There are not enough jobs for the people who are looking for work. Many have told me heartbreaking stories of going to job fairs, of walking the streets, of answering every ad they can find, of absolutely making a nuisance of themselves to try to find some job opening to get working again. Unfortunately, there are not enough jobs right now.

We have an honest disagreement in this Chamber about the best way to start creating jobs again. It will not surprise my colleagues that I come from the Clinton school of economics. We need a balanced approach. Stimulate the economy, have targeted tax cuts, pay down the debt, and make investments that will lead to our Nation being richer, safer, smarter, and stronger.

The administration and my colleagues on the other side of the aisle have a different theory. Evidence does count for something. The evidence is on our side, not their side. Eventually

they will get around to recognizing that and we will go back to a sensible economic policy. In the meantime, honest, hard-working Americans should not bear the brunt for bad economic policies. They should not bear the brunt because the administration does not have an economic plan. We need to help them. We have the means to do so. We should act immediately.

Around the country the headlines read: "Prospects for Work Fade with Economy," "Jobless Recovery," "Help is Needed on the Home Front," "The Jobless Need the Helping Hand of Congress and the President."

In addition to no jobs for honest, hard-working people looking for jobs, the poverty rate has gone back up. For the first time in 8 years, the poverty rate increased by 1.3 million people. For families, that number increased by almost half a million. For the first time since 1991 the median household income dropped by 2.2 percent. The DOW has had its worst September since 1937. The number of Americans who no longer have health insurance has increased by 1.4 million.

How much more of a wakeup call do we need to penetrate the fog of ideology that sits over this Capitol? How much more information and evidence do we require to admit we have millions of Americans who are unemployed, on the brink of financial ruin because we are not giving them a helping hand? We can take steps right now to extend unemployment insurance. It may seem like a small step to some who are not unemployed. That is always the problem. We are sitting here with a cushy job, and we hear of people who do not have work, thinking good luck to them. That is inexcusable. Those fortunate enough to have a job to count on during a jobless recovery know there are a lot of people "there but for the grace of God go us." We should be there with a helping hand. It is not right to ignore their plight any longer.

Many Americans are exhausting all of their unemployment benefits. That is understandable; we only extended it for 13 weeks. I keep thinking of the contrast between the recession of the early 1990s and this recession. In the early 1990s, former President Bush extended unemployment three times. And then President Clinton extended it twice until the economy began picking up and jobs began to be available again. I don't think we need to look any further than our own history of the past 10 years.

When times get tough and people cannot find work because the economy is not creating jobs, that is what unemployment insurance is for. It is not only the right thing to do, it is also smart. It provides a direct stimulus into our economy. Every dollar we spend on unemployment insurance generates \$2.15 in our gross domestic product. It puts into the hands of people who will spend that money immediately the means to pay their rent, to

buy the food, to buy the school books, to pay the mortgage, to pay the car payment.

I don't think there is any doubt that Americans are the hardest working people in the world. We do not take vacations like the rest of the developed world. We work longer hours. Some of us take more than one job in order to get ahead. It is the story of America. It is a great story. It is filled with optimism. It rests on the bedrock belief that hard work will pay off.

Sometimes, through no fault of someone, something terrible happens, something unforeseen happens. A CEO of a major corporation starts looting the corporation to have a \$100 million house or a \$30 million boat. All of a sudden people are down the drain: Their jobs, their income, their pensions, their retirement security. They are unemployed. Sometimes the worst happens and the waiters and waitresses and janitors and maintenance people who got up every day and for years went to work at the World Trade Center see not just their jobs but their friends' lives and literally the buildings in which they work collapse.

I am hoping we will extend benefits once again. We have only done it once. We have the money in the fund to pay for the right thing and the smart thing. We need to do it because so many of our unemployed will run out of benefits completely by the end of December. I am hoping this Congress will act to extend unemployment insurance and disaster unemployment assistance for an additional 13 weeks for all States and 20 weeks for States such as New York that are suffering from high unemployment, much of it directly related to the attacks we also suffered. I don't think we should take another day. We should send a clear message that we care about the working men and women of this country. We care about their families. We are going to try to help them get back on their feet. We will give them the help they deserve because they paid into this fund. We just have to pull the trigger so it goes out to them in their time of need.

The PRESIDING OFFICER. The Senator from Utah.

THE ECONOMY

Mr. BENNETT. Mr. President, I have listened with some interest to the Senator from New York and I have some comments to make which I hope will clearly set the record in some areas.

She referred to the jobless recovery in which we find ourselves. This is exactly parallel to the jobless recovery that occurred in the early 1990s as we came out of the recession that started in 1990, and the recovery started in 1991. There was a period when the Congress was concerned about the fact that we were recovering, but not enough jobs were created. That is fairly typical of a recovery.

The present recovery is no different in that regard.

Mrs. CLINTON. Will the Senator yield?

Mr. BENNETT. I will be happy to yield for a comment.

Mrs. CLINTON. The Senator is correct, we had a jobless recovery in the early 1990s, and a jobless recovery in the early part of this new century. In the early jobless recovery of the early 1990s, the first President Bush extended unemployment benefits three times. Is it the position of the Senator that this job of recovery means it is so different we shouldn't extend the same helping hand the President did in the early nineties to those who lost their jobs then?

Mr. BENNETT. I have not gotten to the issue of extending unemployment. I have no particular objection to extending unemployment. I am trying to set the record straight about some of the statistics that are being quoted.

Mrs. CLINTON. I thank the Senator for his lack of objection, and I hope it transforms into support for extending unemployment insurance.

Mr. BENNETT. When the bill comes to the floor of the Senate, I will be happy to give it consideration, and I see no reason at the moment why I should oppose it.

The Senator commented on unemployment rising. The fact is the unemployment rate is falling. The unemployment rate hit its high in the circumstance of 6 percent and starting to come down in August. It was 5.7 percent. We do not have the September numbers yet.

I remember being taught in economics if we were at 6 percent unemployment, we were at full employment. The assumption was the economy could not absorb more jobs than that without going into inflation. We have proven that is not the case.

But to panic because unemployment hits 6 percent and is now falling and to say we are not in recovery is, frankly, not accurate. We are in a recovery. However slow it may be, however sluggish it may be, it is a genuine recovery, and we should not panic everybody into believing we are on the verge of a double dip or a major recurrence of recession.

Personal income was unchanged in July and rose in August. The Senator said personal income was falling. Again, that is not sustained by the actual numbers. Personal income is rising, and the recovery is stronger than the Senator from New York would have us believe.

I spoke on this issue yesterday, and pointed out we were in a recovery which began in the fourth quarter of 2001 when the gross domestic product rose at 2.7 percent. From the first quarter of this year, gross domestic product rose at 5 percent. Previous figures for the second quarter of this year indicate the gross domestic product was rising at 1.1 percent. Those figures have now been revised. They have been revised upward.