To allow them to sell less productive assets and reinvest into more productive assets will be very stimulative to this country's economy. It will produce jobs and economic growth and opportunity. But they are locked out of that at the present time by the Tax Code. My amendment proposes to change that result and I hope we will get an opportunity to consider it during the debate on the economic stimulus package.

One final point: The Kyl amendment, of which I am supportive, dealing with tourism is an amendment to which I want to offer a second-degree amendment dealing with loan guarantees. It would cost $200 million or $300 million over the 10-year period. It deals with a subject about which I have spoken with Senator KYL and Senator REID.

Many of the businesses connected to the airports and the airlines that were shut down post-September 11 are in desperate condition. A program of loan guarantees dealing with the most fragile of those businesses which were shut down through no fault of their own—through edict by the Federal Government—would be appropriate in those unusual circumstances and would be guaranteed by an amendment attached to the Kyl amendment.

I hope to be able to offer that as a second-degree amendment dealing with travel agents, car rentals, and others attached to airports which suffered just as much as the airlines did when the airlines were ordered to be shut down and there was no travel anywhere in the country for a specific period.

As I indicated, I noticed the previous amendments yesterday. I wanted to indicate that I would be prepared to offer a second-degree amendment to Senator KYL's amendment.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

VOICE OF INQUIRY

Mr. TORRICELLI. Mr. President, the President of the United States has challenged the Nation to commit an additional $120 billion in resources for our Armed Forces. Indeed, when the Nation is attacked, that is as it should be. The President has asked us to commit $40 billion to deal with internal security in our country. With the loss of life we have suffered and all of our apprehension about terrorism, that is as it should be. It is, however, an extraordinary request.

While our willingness to commit resources is endless to guarantee the security of our country, our national curiosity about these circumstances and how our country was so vulnerable seems to be very limited indeed.

It has been 5 months since the lives of our people were taken in the most devastating attack on America in history. There have been words of rage and revenge, vows to strengthen our security and to commit endless resources. There has been everything except a voice of inquiry.

On September 10, this Nation was not without resources, with a $320 billion defense establishment larger than a dozen other industrial nations combined; a massive internal law enforcement apparatus; and, by press accounts, a $30 billion intelligence establishment.

The terrorist attack on September 11 apparently was waged with the combined financial resources of $250,000. It was implemented by 19 people. Why is it I believe that probably financial resources were not determinative in the success of this evil attack? Why is it that I suspect it was probably not the numbers of personnel available? The country was not without resources on September 10. But something went terribly wrong. The allocation of resources, quality of leadership, strategy—I don't know. The real point is neither does anybody else, including the President of the United States and Members of the Senate.

At some point, 260 million Americans, with all the rage they feel against our enemy, with all the anger they feel, and with all the sympathy they feel for the victims, are going to want to know what happened and why.

There is no limit to the resources that I will vote to make available to the Commander in Chief to defend this Nation. But there is no limit to the efforts I will make to get accountability in this Government for our people.

In my State, there are hundreds—indeed, there are several thousands—of widows and orphans. As much as any American, as much as history itself, these people are going to demand answers in the course of their lives.

The President has suggested his preference is that we hold private hearings in the intelligence community. That is not how we conduct this Government. There was not an attack on the intelligence committee, nor is it their responsibility alone. Our accountability is to the people of the country. Yet the administration claims that such hearings or inquiries would be a distraction from the war on terrorism. That is not our history or how we conduct our Government.

Ten days after Pearl Harbor, with half of the American fleet in ruins and with fears of an attack on California by the Imperial Japanese Navy, FDR ordered an inquiry into how indeed we were so undefended. The *Challenger* lay in ruins with all of our ambitions for a space program, and Ronald Reagan did the same for NASA. This instance deserves no less. Accountability is at the core of any representative government.

On behalf of the people of my State and the victims—their wives, husbands, parents, and children—I demand it now. This Nation needs a board of inquiry to determine the events of September 11—how it occurred and why; where we succeeded and why we failed—not for the sake of revenge, not to cast blame, but to ensure that it never happens again. Armed only with that knowledge—more than any funding or any new weapon—can we genuinely assure our people that those events will not be repeated.

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

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

ORDER OF PROCEDURE

Mr. REID. Mr. President, during the conferences we have had, it has been determined we could have a voice vote on the Bunning amendment. So I ask unanimous consent that after the Chair reports the bill, we move to the Bunning amendment, followed by the Reid for Baucus amendment. It is not a Reid amendment; I just offered it for Senator BAUCUS.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

HOPE FOR CHILDREN ACT—Resumed

The PRESIDING OFFICER. The clerk will report the bill.

The 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.

Bunning/Inhofe modified amendment No. 2699 (to the language proposed to be stricken by amendment No. 2698), to provide that the exclusion from gross income for foster care payments shall also apply to payments by qualified placement agencies.

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 nonresidents 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 and Foreign Service in determining the exclusion of gain from the sale of a principal residence.

Kyl amendment No. 2758 (to the language proposed to be stricken by amendment No. 2698), to remove the sunset on the repeal of the estate tax.

Reid modified amendment No. 2764 (to amendment No. 2698), to amend the Internal Revenue Code of 1986 to provide a refundable credit for recreational travel, and to modify the business expense limits.

Reid (for Durbin) amendment No. 2766 (to amendment No. 2698), to provide enhanced unemployment compensation benefits.

Lincoln amendment No. 2767 (to amendment No. 2698), to delay until at lease June 30, 2002, any changes in medicaid regulations that modify the medicaid upper payment limit for non-State Government-owned or operated hospitals.

Thomas amendment No. 2728 (to the language proposed to be stricken by amendment No. 2698), to amend the Internal Revenue Code of 1986 to modify the qualified small issue bond provisions.

Craig amendment No. 2770 (to the language proposed to be stricken by amendment No. 2698), to amend the Internal Revenue Code of 1986 to expand the availability of Archer medical savings accounts.

Grassley amendment No. 2773 (to the language proposed to be stricken by amendment No. 2698), to provide tax incentives for economic recovery and assistance to displaced workers.

AMENDMENT NO. 2699, AS MODIFIED

The PRESIDING OFFICER. The question is on agreeing to amendment No. 2699, as modified.

Mr. REID. Mr. President, I ask unanimous consent the yeas and nays on the Bunning amendment, which have been previously ordered, be vitiated.

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

The question is on agreeing to amendment No. 2699, as modified.

The amendment (No. 2699), as modified, was agreed to.

Mr. REID. I move to reconsider the vote and move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2721

Mr. REID. Mr. President, it is my understanding we are now on the Baucus amendment, which has been previously debated.

The PRESIDING OFFICER. The Senator is correct.

Mr. REID. It is my understanding there are others who wish to speak on this amendment. I ask all those within the sound of my voice to come over and renew the debate.

AMENDMENT NO. 2807 TO AMENDMENT NO. 2721

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SESSIONS. Mr. President, I believe we are on the Baucus amendment. On behalf of Senator KYL, I call up amendment No. 2758 as a second-degree amendment.

Mr. REID. Mr. President, does it take unanimous consent to move off the Baucus amendment to the Kyl amendment?

Mr. SESSIONS. I offer this as a second-degree amendment.

The PRESIDING OFFICER. Second-degree amendments are in order.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Alabama [Mr. SESSIONS], for Mr. KYL, proposes an amendment numbered 2807 to the amendment No. 2721.

Mr. SESSIONS. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To remove the sunset on the repeal of the estate tax)

At the end, add the following:

SEC. . PERMANENT REPEAL OF ESTATE TAXES.

Section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 is amended—

(1) by striking ''this Act'' and all that follows through ''2010'' in subsection (a) and inserting ''this Act (other than title V) shall not apply to taxable, plan, or limitation years beginning after December 31, 2010.'', and

(2) by striking '', estates, gifts, and transfers'' in subsection (b).

Mr. REID. Mr. President, will the Senator yield for the purpose of a unanimous consent request? This will require no debate. There is an amendment Senator KYL and I filed on which Senator DORGAN wants to offer a second-degree amendment. He says he does not need to debate it at this time.

I ask unanimous consent that we be allowed to move off the pending amendment temporarily so that Senator DORGAN can offer his amendment to the Reid-Kyl amendment, and then we will be right back on the second-degree amendment of the Senator from Arizona.

Mr. SESSIONS. Do we have a time agreement? How quickly will we be back on the Kyl amendment?

Mr. REID. Two minutes?

Mr. DORGAN. Yes, Mr. President, that will be fine.

Mr. SESSIONS. Will the Senator from Nevada restate the unanimous consent request?

Mr. REID. Mr. President, I ask unanimous consent that the Senate proceed to the Reid-Kyl amendment, which is two amendments down the line, and that Senator DORGAN offer a second-degree amendment, be allowed to speak for 2 minutes, and then we immediately return to the Kyl second-degree amendment to the underlying Baucus amendment.

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

Mr. DORGAN. Mr. President, I wish to offer a second-degree amendment. I ask unanimous consent that we be on amendment No. 2764 which has been proposed by Senator REID and Senator KYL.

Mr. KYL. Reserving the right to object.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. The point of the unanimous consent request of the Senator from Nevada was to allow the second-degree amendment to the Reid-Kyl amendment and to allow the Senator from North Dakota to speak about that amendment for 2 minutes and immediately return to the pending business, which is the Baucus amendment with the second-degree amendment, offered by the Senator from Alabama on behalf of myself, pending; is that correct?

Mr. REID. The Senator from Arizona is correct.

The PRESIDING OFFICER. The last request of the Senator from North Dakota is consistent with the order of the Senator from Arizona.

Mr. KYL. Mr. President, I ask the Senator from North Dakota to restate his request. I obviously misunderstood.

Mr. DORGAN. Mr. President, I ask unanimous consent that the amendment proposed by Senator REID and Senator KYL, amendment No. 2764, which had previously been offered but set aside, be brought back so I can offer a second-degree amendment to it. I ask that amendment No. 2764 be the pending business.

Mr. SESSIONS. Reserving the right to object, my concern is that has already been taken care of by Senator REID. It might confuse matters. I object.

The PRESIDING OFFICER. Objection is heard.

AMENDMENT NO. 2808 TO AMENDMENT NO. 2764

Mr. DORGAN. Mr. President, I send an amendment to the desk. This is an amendment I had filed. It is called the travel industry stabilization amendment. I offer it as a second-degree amendment to the Reid-Kyl amendment that was offered previously.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from North Dakota [Mr. DORGAN] proposes an amendment numbered 2808 to amendment No. 2764.

Mr. DORGAN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To preserve the continued viability of the United States Travel industry)

At the end, add the following:

TITLE _____—TRAVEL INDUSTRY STABILIZATION

SECTION __01. SHORT TITLE.

This title may be cited as the ''American Travel Industry Stabilization Act''.

SEC. __02. TRAVEL INDUSTRY DISASTER RELIEF.

(a) IN GENERAL.—Notwithstanding any other provision of law, the President shall take the actions described in subsection (b) to compensate eligible travel-related businesses.

(b) ACTIONS DESCRIBED.—

(1) IN GENERAL.—Subject to such terms and conditions as the President deems necessary, and upon application, the President is authorized to issue Federal credit instruments to eligible travel-related businesses described in subsection (c) that do not, in the aggregate, exceed $2,000,000,000 and provide the subsidy amounts necessary for such instruments in accordance with the provisions of the Federal Credit Reform Act of 1990 (2 U.S.C. 661 et seq.).

(2) TIME FOR APPLICATION.—An application for a Federal credit instrument shall be filed by an eligible travel-related business not later than 1 year after the promulgation of regulations.

(3) TERMS OF CREDIT INSTRUMENTS.—A loan guaranteed under this title may be used exclusively for the purpose of meeting obligations and expenses to the extent that an applicant demonstrates—

(A) business operations were directly and adversely affected by the events of September 11, 2001;

(B) the loan guarantee is necessary to meet such obligations;

(C) the inability of the applicant to meet such obligations or expenses is directly attributable to the impact of September 11, 2001; and

(D) the applicant has the ability to repay the loan.

(c) DEFINITIONS.—In this title:

(1) BOARD.—The term ''Board'' means the Air Transportation Stabilization Board established under the Air Transportation Safety and System Stabilization Act (49 U.S.C. 40101 note; P.L. 107–42).

(2) ELIGIBLE TRAVEL-RELATED BUSINESS.—The term ''eligible travel-related business'' means a business that was injured by the Government shutdown of the airline industry following the terrorist attacks on the United States that occurred on September 11, 2001, and that on such date—

(A) had a contractual arrangement with an air carrier to provide goods or services, including those with a contractual relationship with the Airline Reporting Corporation; or

(B) was a nonaeronautical for-profit business operating at an airport engaged in the sale of consumer goods or services to the public under an arrangement with the airport or the airport's governing body.

(3) FEDERAL CREDIT INSTRUMENT.—The term ''Federal credit instrument'' means any guarantee or other pledge by the Board issued under section __02(b) to pledge the full faith and credit of the United States to pay all or part of any of the principal of and interest on a loan or other debt obligation issued by an obligor and funded by a lender.

(4) FINANCIAL OBLIGATION.—The term ''financial obligation'' means any note, bond, debenture, or other debt obligation issued by an obligor in connection with financing under this section and section __02(b).

(5) LENDER.—The term ''lender'' means any non-Federal qualified institutional buyer (as defined by section 230.144A(a) of title 17, Code of Federal Regulations (or any successor regulatory) known as rule 144A(a) of the Securities and Exchange Commission and issued under the Securities Act of 1933), including—

(A) a qualified retirement plan (as defined in section 4974(c) of the Internal Revenue Code of 1986 (26 U.S.C. 4974(c))) that is a qualified institutional buyer; and

(B) a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986 (26 U.S.C. 414(d))) that is a qualified institutional buyer.

(6) OBLIGOR.—The term ''obligor'' means a party primarily liable for payment of the principal of, or interest on, a Federal credit instrument, which party may be a corporation, partnership, joint venture, trust, or governmental entity, agency, or instrumentality.

(d) EMERGENCY DESIGNATION.—Congress designates the amount of new budget authority and outlays in all fiscal years resulting from this title as an emergency requirement pursuant to section 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901(e)). Such amount shall be available only to the extent that a request, that includes designation of such amount as an emergency requirement as defined in such Act, is transmitted by the President to Congress.

SEC. __03. ADDITIONAL FUNCTIONS FOR THE AIRLINE STABILIZATION BOARD.

(a) ADDITIONAL FUNCTIONS TO STABILIZE THE TRAVEL INDUSTRY.—The Board shall review and make recommendations to the President with respect to applications for Federal credit instruments submitted under section __02(b).

(b) FEDERAL CREDIT INSTRUMENTS.—

(1) IN GENERAL.—The Board may enter into agreements with 1 or more obligors to issue Federal credit instruments under section __02(b) if the Board determines, in its discretion, that—

(A) the obligor is an entity in a travel-related business for which credit is not reasonably available at the time of the transaction;

(B) the intended obligation by the obligor is prudently incurred; and

(C) such agreement is a necessary part of maintaining a safe, efficient, and viable travel industry in the United States.

(2) TERMS AND LIMITATIONS.—

(A) FORMS, TERMS, AND CONDITIONS.—A Federal credit instrument shall be issued under section __02(b) in such form and such terms and conditions and contain such covenants, representatives, warranties, and requirements (including requirements for audits) as the Board determines appropriate, provided that—

(i) a loan shall be repaid over a period not to exceed 5 years from the date that the loan is guaranteed under this title;

(ii) the Government guarantee shall cover not less than 80 percent of the value of the loan;

(iii) loan guarantees under this title shall be extended based upon the ability of the eligible travel-related business to repay the loan without regard to collateral; and

(iv) any loan origination fee may not exceed 1 percent of the loan value.

(B) PROCEDURES.—Not later than 14 days after the date of enactment of this title, the Director of the Office of Management and Budget, in consultation with the Board, shall issue regulations setting forth procedures for application and minimum requirements.

(c) FINANCIAL PROTECTION OF GOVERNMENT.—

(1) IN GENERAL.—To the extent feasible and practicable, as provided in paragraphs (2) and (3), the Board shall ensure that the Government is compensated for the risk assumed in making guarantees under this title.

(2) GOVERNMENT PARTICIPATION IN GAINS.—To the extent to which any participating corporation accepts financial assistance, in the form of accepting the proceeds of any loans guaranteed by the Government under this title, the Board is authorized to enter into contracts under which the Government, contingent on the financial success of the participating corporation, would participate in the gains of the participating corporation or its security holders through the use of such instruments as warrants, stock options, common or preferred stock, or other appropriate equity instruments.

(3) DEPOSIT IN TREASURY.—All amounts collected by the Secretary of the Treasury under this subsection shall be deposited in the Treasury as miscellaneous receipts.

(e) AUTHORIZATION OF FUNDS.—Congress authorizes and hereby appropriates such sums as are necessary to carry out the purposes of this title.

Mr. DORGAN. Mr. President, I will not take 2 minutes because I will speak on this at another time. I indicated previously I support the underlying Reid-Kyl amendment which deals with travel and tourism-related issues. The amendment I have offered is an amendment that deals with some loan guarantees to those businesses that have a connection to the airports and the airlines that had been shut down by the Federal Government post-September 11. Many of them remain in very difficult straits. They face some very difficult financial troubles.

The Federal Government did provide loan guarantees and grants to the airlines. I was supportive of that. But there were ancillary businesses that are related to the airlines and related to the airports that suffered substantial losses as a result of actions by the Federal Government to shut down air service.

This is legislation I have written to address that situation in the form of loan guarantees. I have spent time with my colleague from Nevada, Senator REID, and others of my colleagues who are supportive of this approach.

I offer it as a second-degree amendment because I believe it is appropriately something that should be attached to the Reid-Kyl amendment which I intend to support as well.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Mr. President, I appreciate the spirit in which the Senator from North Dakota proposed the second-degree amendment. I am hopeful we will be able to adopt the Reid-Kyl amendment at a later time.

AMENDMENT NO. 2807

Mr. KYL. Mr. President, what is pending before the Senate is my second-degree amendment to the Baucus amendment, which for those who are interpreting this means we are back on the question of whether we can repeal permanently the estate tax or, as it is frequently called, the death tax.

As we all will recall, last year when we passed the Tax Reform Act, one of the provisions that was incorporated within that bill was a gradual reduction of the estate tax rates and enlargement of the exemption, and finally, in the ninth year, an actual repeal of the existing death tax.

We were joined in a bipartisan coalition to support that. There were literally scores and scores of organizations—and I am going to ask unanimous consent after a bit to print in the RECORD the list of organizations that supported the repeal of the death tax—and we even defeated an amendment of Senator CONRAD of North Dakota that would have put the Senate on record as saying we should not make it permanent.

Clearly, the intention was to make it permanent; the desire was to make it permanent. I do not think anybody would have stood before the Senate and said we wanted to repeal the estate tax for 1 year. They would have been laughed out of the body. Yet that is precisely what the effect of our action was.

There is a rule in the Senate that does not allow us to work in more than a 10-year window without a 60-vote majority. There is a rule that required us to change the procedure, and by making the procedure for 10 years, the effect is to sunset the repeal. That means we go right back to where it was last year with a 60-percent rate of the death tax and only a $675,000 exemption.

If one wants to see how this works, in the year 2010 you do not have to pay any death tax if you die. It basically pays you to die in that year, but do not try to live a day into the next year because you are then going to have to pay the entire death tax as it existed in 2001.

We go way back, in other words, to a punitive, destructive death tax. Clearly, we did not mean for this to be the way it was. Clearly, we would like to make it permanent, and this is the time to do it because there is significant evidence that making the death tax repeal permanent will significantly stimulate the economy and create jobs. That is the reason for bringing it up at this time.

We are talking about the stimulus package. The President is talking about creating jobs, and by repealing the death tax permanently we can achieve those objectives.

How is that so? In simple terms, people still have to plan for the death tax. They still have to buy the insurance. They still have to pay the lawyers. They still have to pay the estate tax planners, the accountants, and all the rest of it unless they are absolutely sure they are going to die during one of the 365 days of the 10th year. If they cannot be sure they are going to die during that period of time, then they need to plan because the tax is back in effect.

Who, after all, except someone who would be deliberately taking their life, can predict when they are going to die? One sure does not want to be lucky enough to live beyond the 10th year because then they are going to get stuck with the death tax with its punitive rates, just as it was last year. That is why there is a huge expense involved in the existing law, and that expense every year, by farmers and small businessmen and other people in this country, is money that is spent on an unproductive enterprise that could be spent in creating jobs.

Let us get to a couple of specifics, and then I will ask some of my colleagues to join in this debate. A December 1998 report by the Joint Economic Committee concluded the existence of the death tax in this century has reduced the stock of capital in the economy by nearly half a trillion dollars. By repealing the death tax and putting those resources to better use, i.e., investment, the Joint Committee estimates as many as 240,000 jobs could be created over the next 7 years, and Americans would have an additional $24.4 billion in disposable personal income. That is stimulus.

You want to stimulate the economy? You want to create jobs? You want investment in capital and other businesses? Permanently repealing the death tax will do that.

Last year, Dr. Wilbur Steger, a Ph.D. president of CONSAD Research Corporation, and an adjunct professor of policy science at the Heinz School of Carnegie Mellon University, testified before the Senate Finance Committee and disputed the death tax supporters' arguments that only 2 percent of Americans are affected by the tax. Rather than affecting less than 500 family businesses in a typical year, he said the total number of taxable estates that consist largely of family-owned businesses likely exceeds 10,000 families annually. He went on to state an immediate death tax repeal would provide a $40 billion automatic stimulus to the economy.

So what we could do best to stimulate the economy and create jobs is to ensure that the death tax repeal we voted for last year is in fact made permanent.

I am going to provide some additional evidence that we can create jobs and stimulate the economy with the permanent repeal of the death tax, but at this time I yield to my colleague from Oklahoma, who I know wanted to make a few remarks before he has to leave.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I ask unanimous consent to be made a cosponsor of Senator KYL's amendment.

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

Mr. NICKLES. Mr. President, this amendment is a very positive amendment. The Senator from Montana, Mr. BAUCUS, introduced an amendment that would add another $2.3 billion in emergency spending for agriculture. We debated that last week. We defeated it. We defeated it on a budget point of order. I made that motion because we have had a lot of emergency spending for agriculture. As a matter of fact, the last couple of years it has just ballooned. We averaged less than a billion or two for decades, and then all of a sudden the last couple of years we start doing $12 billion, $13 billion, $14 billion of emergency spending.

The Senator from Montana said we have more problems; let's add another $2 billion or $3 billion—not in the context of the farm bill or the budget but just another couple billion dollars. Now that we are in deficits, I question that. My colleague from Arizona offered an amendment that my farmers have been talking to me about for the last 20-some years, and that is to repeal the death tax. Why in the world should agriculture, or anybody who has a business, have to sell the business because somebody happens to pass away? Somebody passes away and all of a sudden the Government says it wants 55 percent of their farm, 55 percent of their business. I happen to think that is wrong.

In the tax bill we passed last year, we reduced the estate tax and we increased the exemptions. We increased the exemption from $675,000 to a million dollars beginning January 1 of 2002. So that is a positive thing, a good thing. Over the course of the tax bill, over the next 10 years, we eliminated the death tax, increased the exemption from $1 million to $2 million to $4 million, where in the year 2010 the death tax is repealed. That entire bill was sunsetted. People who do not follow the Senate and do not know our rules ask why did we sunset it? We sunsetted it because of the reconciliation bill. The reconciliation bill, by law, has to be within a 10-year timeframe. We could not make permanent tax law changes. We could change the law in 10 years. So that is exactly what we did.

The Senator from Arizona says in this particular case the sunset does not work. When people are doing estate planning, they want to know what their tax liability is when they die and, if they have an estate, they can plan accordingly. Maybe they can give their property to a son or a grandson, a grandchild, a granddaughter, or maybe they want to give it to a trust or they want to give it to a charity or they want to break it up. Whatever they want to do, they should have those options. They should not be faced with the current situation of well, OK, we are going to reduce the death tax for years, increase the exemption up to $4 million, in effect reducing the death tax, but in the year 2011 it reverts back and all of a sudden you are looking at an enormous tax rate, a tax rate that would be as high as 50 percent. That is wrong.

So the Senator from Arizona says: Let us fix it. Let us make it permanent. That was the intent of the bill that we passed last year. I believe that is where the votes are in the Senate. If they believe in free enterprise, if they believe in agriculture, if they believe in family farms, if they do not want an enterprise, whether it be a farm or a business, if they do not want somebody to have to sell it because someone passes away, to give Government half

of it, then support the amendment of Senator KYL.

If my colleagues really want to do something, let us make this tax change, which, because we were under reconciliation last year had to be temporary, had to be sunsetted. We are not under reconciliation now so we do not have those constrictions imposed upon us as Members of the Senate. We are not under those rules, so I encourage my colleagues to not say, oh, yes, they supported elimination of the death tax, and in the year 2011 it is reinstated at the previously higher rates. That would be grossly unfair and grossly inequitable.

For people who are trying to do estate planning and trying to estimate what their tax liability would be for their kids or for their grandkids, it is tremendously unfair. It might be great for the estate lawyers, for estate planners and others because the more Congress changes this, the more they get to do in writing wills and rewriting estates and how planning should be done. So the way to solve this problem is to pass the amendment of the Senator from Arizona. That is the best thing we could do for agriculture, not another $2 billion, $3 billion in emergency assistance.

Every Congressman and every Senator knows if we could go back and tell our agricultural community, the Farm Bureau, the farmers union, the wheat growers, the cattlemen, and so on, that we repealed the death tax, we know we would get a standing ovation because of the very fact that many of those farms are second and third generation. They are wealthy on paper but they are cash poor.

So if they pass away now, they know their survivors will have to sell the operation to pay the death tax, to pay the tax that will be owed the Federal Government. When the Government comes in and says they want half, they will have to sell it; they will have to break it up. In the process, it will cost a lot of jobs.

The amendment of Senator KYL creates jobs. It will help maintain small businesses so they do not have to break up. It will help maintain farms and ranches so they will not have to break them up into smaller units or sell them for the taxman.

So I again compliment my colleague from Arizona. I think he has an excellent amendment. He has added it to the amendment of Senator BAUCUS. I encourage people on both sides of the aisle to vote in favor of the amendment.

I yield the floor.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SESSIONS. Mr. President, I ask unanimous consent that I be named as a cosponsor of Senator KYL's amendment.

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

Mr. SESSIONS. Mr. President, when I first came to the Senate and I met with farm people in my State, this was their No. 1 issue—to eliminate the death tax. It is savaging closely held enterprises all over America, particularly farms. It is something that touches people in a very real way. The way this elimination has occurred as part of the budget reconciliation, as Senator NICKLES so ably described, we will have elimination of the death tax 1 year, and a reimposition of it the next year, leaving estate planning problems for people trying to wrestle with that. It has human consequences.

I remember being on an airplane not too long ago with a professional woman. She told me about her grandfather dying back in the 1980s. A tax change in the death tax was passed during the Reagan years. It was to take effect January 1. The family was home for Christmas. He was dying of cancer. He had terminal cancer. Each morning he asked what day it was. He died 11 a.m., January 1—his last contribution to his family. This is personal. It is real. It savages businesses.

Let me try to explain why I believe we have a particularly pernicious consequence as a result of the death tax that has not been sufficiently discussed and is causing damages to our economy far greater than a lot of people thought. This is the reason. I thought about farmers in Alabama. Maybe they own a couple thousand acres, and maybe some of that land is near an airport or town and the value on paper is high but they don't want to sell it. Compare that to an international paper company that may own 600,000 acres of land, 200,000 or 100,000 acres of land. They compete against one another. If they are timber producing, and both grow timber, they compete against one another.

The big multinational corporation that does business all over the world is never impacted adversely by the estate tax. People who own stock in it may be, but not that corporation. But the individual competitor, the competitor of the big international corporations, builds up a little capital, equity, and realizes some success, and they can get savaged, each generation, by a 50-percent tax. This makes them uncompetitive. Is there any doubt why farmers getting to the end of their lives, small businessmen wanting to pass on their business to their family, have to sit down and discuss what they are going to do? They have to sit down and decide if they can pay that generational tax and still operate the business. What if the business has a lot of investment, a lot of capital, hiring a lot of people, but they do not have a lot of cash? How can each generation pay this huge death tax to the Government? Yet the big business competitor, a broadly held international corporation, with which they compete, does not ever become impacted by the death tax.

That is happening in America. We need to encourage locally owned corporations. We need to nurture them, not oppress them. We need more competition in the American economy.

It is troubling that virtually every bank in my home State of Alabama has been sold and bought up by a bigger bank, and they get bought up by bigger banks. Why? One reason is families who used to routinely own banks, that were tied to the community, supporting Boy Scouts, schools and the United Way, cannot compete. They are looking at the death tax coming down on them. They figure they can protect themselves against it more effectively by selling off their small business to a larger corporation that does not have to pay that tax.

I thank Senator KYL for his leadership. I believe we ought to consider that the death tax is an anticompetitive activity that hurts competition by damaging small businesses and farms in a way that does not occur to larger, wealthier international enterprises.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. I ask unanimous consent to have printed for the RECORD a 3-page listing of a variety of organizations, all of which support repeal of the estate tax.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

THE FAMILY BUSINESS ESTATE TAX COALITION

Air Conditioning Contractors of America, American Business Press, American Consulting Engineers Council, American Council for Capital Formation, American Family Business Institute, American Farm Bureau Federation, American Forest and Paper Association, American Forest Resources Council, American Hotel & Lodging Association, American International Automobile Dealers Association, American Supply Association, American Wholesale Marketers Association, American Vintners Association, Americans for Fair Taxation, Associated Builders & Contractors, Associated Equipment Distributors, Associated General Contractors, Association for Manufacturing Technology, Citizens Against Government Waste, and Citizens for a Sound Economy.

Communicating For Agriculture, Construction Industry Manufacturers Association, Farm Credit Council, Fierce and Isakowitz, Food Distributors International, Food Marketing Institute, Guest & Associates, Independent Community Bankers of America, Independent Insurance Agents of America, International Council of Shopping Centers, Kessler & Associates, National Association of Beverage Retailers, National Association of Convenience Stores, National Association of Home Builders, National Association of Manufacturers, National Association of Plumbing-Heating-Cooling Contractors, National Association of Realtors, National Association of Wholesaler-Distributors, National Automobile Dealers Association, and National Beer Wholesalers Association.

National Cattlemen's Beef Association, National Corn Growers Association, National Cotton Council, National Electrical Contractors Association, National Federation of Independent Business, National Grocers Association, National Licensed Beverage Association, National Lumber and Building Material Dealers Association, National Marine Manufacturers Association, National Newspaper Association, National Restaurant Association, National Roofing Contractors Association, National Small Business United,

National Taxpayers Union, National Telephone Cooperative Association, National Tooling & Machining Association, National Utility Contractors Association, Newspaper Association of America, Ocean Spray Cranberries, Inc, and Organization for the Promotion & Advancement of Small Telecommunications Companies (OPASTCO).

Painting & Decorating Contractors of America, Petroleum Marketers Association of America, Printing Industries of America, Rock Hill Telephone Company, Safeguard America's Family Enterprises, Society of American Florists, Southeastern Lumber Manufacturers, Texas and Southwestern Cattle Raisers Association, Textile Rental Services Association, Tire Association of North America, United States Telecom Association, U.S. Business & Industry Council, U.S. Chamber of Commerce, Wine and Spirits Wholesalers of America, and Wine Institute.

MEMBERS OF THE SMALL BUSINESS LEGISLATIVE COUNCIL (71)

Air Conditioning Contractors of America, Alliance of Independent Store Owners and Professionals, Alliance of Affordable Services, American Bus Association, American Consulting Engineers Council, American Council of Independent Laboratories, American Machine Tool Distributors Association, American Moving and Storage Association, American Nursery and Landscape Association, American Road & Transportation Builders Association, American Society of Interior Designers, American Society of Travel Agents, Inc., American Subcontractors Association, Associated Landscape Contractors of America, Association of Small Business Development Centers, Association of Sales and Marketing Companies, Automotive Recyclers Association, Bowling Proprietors Association of America, Building Service Contractors Association International, and Business Advertising Council.

CBA, Council of Fleet Specialists, Council of Growing Companies, Cremation Association of North America, Direct Selling Association, Electronics Representatives Association, Health Industry Representatives Association, Helicopter Association International, Independent Community Bankers of America, Independent Electrical Contractors, Inc., Independent Medical Distributors Association, International Association of Refrigerated Warehouses, International Association of Used Equipment Dealers, International Business Brokers Association, International Franchise Association, Machinery Dealers National Association, Mail Advertising Service Association, Manufacturers Agents for the Food Service Industry, Manufacturers Agents National Association, and Manufacturers Representatives of America, Inc.

National Association for the Self-Employed, National Association of Plumbing-Heating-Cooling Contractors, National Association of Realtors, National Association of RV Parks and Campgrounds, National Association of Small Business Investment Companies, National Community Pharmacists Association, National Electrical Contractors Association, National Electrical Manufacturers Representatives Association, National Lumber & Building Material Dealers Association, National Ornamental & Miscellaneous Metals Association, National Paperbox Association, National Private Truck Council, National Retail Hardware Association, National Tooling and Machining Association, National Wood Flooring Association, Painting and Decorating Contractors of America, Petroleum Marketers Association of America, Printing Industries of America, Inc., Professional Lawn Care Association of America, and Promotional Products Association International.

The Retailer's Bakery Association, Saturation Mailers Coalition, Small Business Council of America, Inc., Small Business Exporters Association, SMC Business Councils, Society of American Florists, Specialty Equipment Market Association, Tire Association of North America, Turfgrass Producers International, United Motorcoach Association, and Washington Area New Automobile Dealers Association.

Mr. KYL. Mr. President, let me give a sense of the businesses and organizations involved—everything from the American Council for Capital Formation, American Family Business Institute, Hotel & Lodging Association, the National Automobile Dealers Association, Citizens Against Government Waste, Citizens for a Sound Economy, a long list of agricultural organizations, Independent Insurance Agents of America, National Association of Home Builders, National Association of Manufacturers, National Cattlemen's Beef Association, National Corn Growers Association, National Taxpayers Union, Chamber of Commerce, and on and on, a whole number of businesses and organizations. As we recall from the debate we had last year, a group of environmental organizations, as well, were involved because of the pro-environmental ramifications of repealing the death tax permanently.

It is very important to focus for a moment on why we are proposing this amendment on this bill at this time. President Bush's budget for the next fiscal year incorporates a permanent repeal of the estate tax. This is something the President knows will benefit our economy and create jobs. That is why it is included within his fiscal year 2003 budget sent here yesterday. This is propitious timing. We have the opportunity to act on this now.

Earlier I indicated the reason this has such a stimulative effect is that there is such a large amount of money being spent on lawyers and estate planning and insurance that could be more productively put into investment in companies for the creation of jobs.

To give an idea of the magnitude of the money we are talking about, I will cite a study done for last year. Alicia Munnell, a member of President Clinton's Council of Economic Advisers, estimates the cost of complying with death tax laws is roughly at the same magnitude as the revenue raised by the tax itself.

In 1998, that was about $23 billion. In other words, for every dollar the death tax raises for the Treasury, it almost costs Americans that same amount of money to prepare to deal with the death tax when their time comes. It is literally a double tax. Half of it is totally unproductive.

I am a lawyer. I don't mean to suggest that paying money to lawyers is a bad thing. But one can hardly argue that it creates new jobs. Perhaps one could say we need to have more lawyers. As long as we keep this law on the books and we do not permanently repeal the death tax, we can put a few more lawyers to work. It is a stretch to argue that justifies keeping this unfair law on the books.

No, the reality is that we can create a lot more jobs, 240,000 jobs over the next 7 years, by a repeal of the estate tax. We can provide another almost $25 billion in disposable personal income, according to the Joint Economic Committee. These numbers do not lie. We have an opportunity to do something positive for our economy, for job creation, for investment. That is why the President has included this permanent repeal in his budget for this year.

Let me show how this works and how unfair it is. Somebody dies in the year 2009. None of us can predict when we will die. If you die in the year 2009, those in your family who succeed you will be faced with a potentially high 45-percent death tax rate. The good news is they have a $3.5 million exemption because that is the way we structured it under our tax bill last year. If you are lucky enough to die in the year 2010, assuming that dying is a good thing—when I say ''if you are lucky enough,'' I don't mean it that way—if you can avoid dying in the year 2009 and stretch your life into 2010, you will be able to have your loved ones avoid the death tax entirely as a result of the bill we passed last year. However, if you are able, through good medicine and health care and the like, to extend your life to the following year, the year 2011, your family is in a world of hurt. Because you lived a little bit longer, they are going to go back to the days when we had a 60-percent death tax rate and an exemption of only $675,000.

What is a sensible small business person, farmer—whoever—going to do, given the fact that it is pretty difficult to predict when you are going to die? And you clearly do not want to take the chance that the only year that you are likely to die in is 2010. What you are going to do is pay lawyers and accountants and estate planners and buy the insurance that needs to be purchased to reduce that death tax liability to as little as possible. That is the expenditure we are talking about that is unproductive. That is to say it does not create any new jobs, it doesn't stimulate the economy; all it does is continue the status quo of a death tax that is going to take effect when you die.

This is the reason it is not only unfair, but what we accomplished last year is really, in some respects, a cruel hoax. I know a lot of people I talk to back home believe we actually repealed the death tax. There was some bragging about the tax bill last year. It was a great bill. The problem with it is, as the Senator from Oklahoma said, because it was done as part of a reconciliation package, it could not exceed a 10-year time span.

I have tried to go back home and explain to people what we did was really good. We established the principle that we did not want the death tax anymore and we had a bipartisan coalition of

Senators who voted overwhelmingly for that. But we now have to finish the business we started. As the President is proposing in his budget, we have to make that repeal permanent. Otherwise, we not only have a very unfair situation, but we have a very inefficient and I would say uneconomical situation here.

We have the opportunity to put that money to work that otherwise would simply go—again, I don't mean to denigrate lawyers—to pay those lawyers to figure out how to enable you to maximize the reduction in your death tax when you die.

Mr. SESSIONS. Will the Senator yield for a question?

Mr. KYL. I am happy to yield.

Mr. SESSIONS. First I want to express my personal appreciation to Senator KYL for his leadership on this issue since I have been in the Senate. There is no one here who understands it more than he, or has fought more effectively to see it become more a reality, the elimination of the tax.

But, I say to Senator KYL, what I was thinking about was the circumstance of a small business seeing a death on the horizon and a death tax coming up. The fact that they know they have to make a payment of significance to Uncle Sam—would that not perhaps cause them to hesitate to invest in new equipment, to modernize or expand their business, knowing that that might cause them to use up their cash or even borrow money, and in fact make the economy less vibrant than it otherwise would be?

Mr. KYL. Mr. President, I say to the Senator from Alabama, that is another entirely separate argument for eliminating the tax and making its repeal permanent. The Senator is absolutely correct.

In addition to the wasteful money we spend trying to avoid the liability or reduce it as much as possible, rather than putting that into productive assets, the Senator is pointing out that because of the possibility—it is almost like a black cloud hanging over your head—if you think you are going to die, you are not going to make that new investment, you are not going to revitalize your plant and equipment or hire that other team that is going to produce a new product, or maybe go out of your way to market the product—all of those things that will be an investment in our economy. You are going to defer that because you know you are going to need it for something else; namely, to pay the grim reaper, because you know you are going to pass away.

I think of an example back home of a company that became very successful. One entrepreneur moved to our State and over time built up a wonderful business employing over 200 people. He was a great contributor to the charities in our community. He was one of those pillars of the community that you just like to think of but he died. His family had a terrible time. The tax liability there was so great that they ended up having to sell this business.

The idea of a death tax is to prevent an accumulation of wealth. That is the theory of it. What happened here? They had to sell to a big company, the kind of big corporation the Senator from Alabama was just talking about. Instead of this small—I would say, with 200 employees, it is getting to be a medium-size business, but it was still a sole proprietorship basically. But instead of having the business in our town, employing all those people from town, contributing to the charities and the local economy, and so on, this big corporation came in. Are they still employing that number of people? No. Are they contributing to the community as did our friend Jerry? No. These people are not making the kind of investment—and I don't denigrate them at all, but they are trying to run a business, and that is fine, but there is a difference here.

The small businessman who built up his business continued to plow everything he had back into the business, which is exactly the point the Senator from Alabama is making here. You put it back into the business so it can continue to grow because it is a family-owned business. You do not have to take out all the money and send it someplace else. Because they did that, they were asset rich and cash poor. You do not want to find yourself in that position if you are going to die, because you cannot pay the taxes. That is why his family had to end up selling the business.

Mr. SESSIONS. I would like to follow up on that. The company that bought them, bought your friend Jerry's business, presuming they were a broadly held stock corporation, maybe of national size—that corporation would never have to plan its economic future with the fear of having to pay an estate tax because corporations do not pay death taxes; is that correct? Isn't that a factor, an economic incentive we have created for small businesses to sell out to big businesses when really they ought to be competing against them and keeping them honest?

Mr. KYL. I say the Senator from Alabama is exactly correct. It is an unfairness for the small business because the small businessmen are taxed in this fashion. The big corporation—I am all for big corporations, too, but they don't have to worry about this kind of thing. So there is, in effect, a perverse incentive working here, but it is one of the things that is not only bad for the economy but it makes it unfair. It is not really an American way of looking at things, to my way of thinking.

If the Senator from Nevada would like to speak, we have had our chance here, so the Senator is welcome to the floor.

The PRESIDING OFFICER. The deputy majority leader.

Mr. REID. Mr. President, I hope people are beginning to see what Senator DASCHLE has put up with now for months on the stimulus package—months. It is never quite right. There is always something just a little bit lacking.

Remember, there were rules set down for what a stimulus package should be. I may not have it down exactly right, but it is supposed to be fiscally responsible, supposed be short term, and would have no effect on the deficit. That is what we were supposed to do to get a stimulus package. And we have tried very hard.

But what are we working on today, now, to divert attention from what the underlying Daschle bill does? We are now talking about something 10 years from now. I don't know if any of the unemployed are watching. There are probably some watching TV because they are not working, so maybe some of them slipped onto C–SPAN. I hope the unemployed understand what is going on here. The minority is now focusing again on the wealthy. We can have all the stories about the poor family farmers, and I understand that. I think the estate tax needs some revision, and we were willing to do that, to work with the minority to do that.

Say what you want to say. This affects the top one-half percent of the people in America as it relates to income. We were willing to change it from the standard before. But no matter how you twist and turn it, this relates to people who have assets—a lot of assets.

How do the unemployed feel? We have given them nothing—zero. Since September 11, we have taken care of the airlines. We have focused on the insurance industry. We have done all kinds of things for corporate America but very little for consuming America.

We talk about meeting the qualifications for having something stimulative. Studies have shown that every dollar invested in unemployment insurance produces $2.52 in gross domestic product. Those unemployed out there should understand that we want to help. We have tried to help.

Part of Senator DASCHLE's legislation deals with extended unemployment benefits. During the previous Bush administration, we extended unemployment benefits five times. We did it during the Reagan years. But now we are not doing it. We are not messing around with something to help the unemployed.

In Nevada, over 100,000 jobs have been lost because of September 11. Indirectly, in the service industry—people who wait tables, waiters, waitresses, park cars—over 30,000 jobs were lost. Those people are now without unemployment benefits. Their time has run out.

I think we should extend it. They did not do anything wrong. We have done it in the past. It is not as if they are not willing to work. They are on the union lists. If something picks up, they will be rehired. In the meantime, they need help.

I was a big supporter of Welfare to Work. I think we did good work during

the Clinton years to get Welfare to Work. As you recall, President Clinton didn't accept proposals that were sent to him. He kept vetoing them until he got it just right. He improved it by his veto.

There are people in Nevada who are working in the service industry. Some of those 30,000 people are people who went into Welfare to Work. These people may be dishwashers. They may be people who assist maids in cleaning up the hotel rooms in Las Vegas and Reno. They may be someone working in some other rather low-paying job, but they get paid certainly a lot better than being on welfare. Those people are out of work and haven't been on the job long enough to qualify for unemployment benefits. We want to give them some help. But no, this isn't quite the right time to do this.

There was the Department of Labor study done in 1999. This is not some new study to justify an unemployment insurance extension. This was done in 1999. Every dollar invested in unemployment insurance extension generates $2.52 in gross domestic product.

Another study by the Department of Labor estimated that unemployment insurance mitigates real loss in gross domestic product by 15 percent. In the last five recessions, the average peak number of jobs saved was 131,000.

Joseph Stiglitz, co-winner of the Nobel Peace Prize in economics last year, stated that we should extend the duration and magnitude of the benefits we provide to our unemployed. This is not only the fairest proposal but also the most effective. People who become unemployed cut back their expenditures. Giving them more money directly would increase expenditures.

But here we are not doing what is called for by the President of the United States, saying that if we are going to do something on an economic recovery plan, it should be short term, fiscally responsible, and it should do anything for the deficit. This amendment fails on all three.

The Congressional Research Service concurs with Joseph Stiglitz. They say that extending unemployment compensation is in fact likely to be a more successful policy for stimulating aggregate demand than any other tax or transfer charge.

There is a time and place to debate whether or not the estate tax repeal should be made permanent. I acknowledge that. There is a time and place to do it. But it is not on this legislation. This is another effort to allow the minority and the President of the United States and the people around him to blame Senator DASCHLE and the Democrats, that we didn't do anything to pass an economic stimulus package.

But the American people aren't that stupid. They know that we have done it. It was laid out here yesterday in detail by Majority Leader DASCHLE. He has tried to get an economic stimulus package passed.

What did he ask for? What does the underlying bill call for? It calls for extended unemployment benefits. It calls for tax rebates for those people who didn't get tax rebates during the first round. Remember, the most successful part of President Bush's tax cut program was our program that he stole from us. I was glad he did. But that was our program. We called for rebates. That was us. We asked for that because we knew those people would spend that money quickly. They have.

Also, part of Senator DASCHLE's legislation was bonus depreciation. What is that? The bill would increase the bonus depreciation deduction for the cost of any capital asset purchased between September 10, 2001, and September 11, 2002, and it would be certified by the end of 2002.

One of the amendments offered by the chairman of the Finance Committee, Senator BAUCUS, extended that. So Senator DASCHLE's 1-year proposal has been extended. The bonus depreciation up to 30 percent of the cost of the asset would be in addition to the normal first year depreciation. Leaseholds would qualify for the bonus depreciation deduction. This would really help small business. It would help big business, but it would really help small business. That is why the majority leader included this in his legislation.

Finally, a provision in his legislation would provide temporary increases for a Federal Medicaid matching rate, called FMAP. The Federal Government matches between 50 and 83 percent of the cost of Medicaid in each State depending on the State's per capita income. Medicaid matching rates for fiscal year 2002 are based on a State's per capita income in 1997, 1998, and 1999, in which the economy was very strong. The most recent economic trends do not reflect a new matching rate. Senator DASCHLE wanted to adjust that.

Why did he pick these four things: Extended unemployment benefits, tax rebates, bonus depreciation, and fiscal relief for the States? The reason he did it is people believed these things would be stimulative to the economy. But he narrowed it down to four things he had heard speeches about given by the majority and the minority in the Senate saying we think this should be done. There was general agreement on the four things he put in this legislation. But, no, it is not quite the right time. No matter what happens, it really is not quite the right time to do it.

Now we are in a debate about making the estate tax repeal permanent. Let us see. Does that stimulate the economy? No. Is it short term? No. Is it fiscally responsible? No. But again it deals with the rich people. I am all for helping rich people. I think it is something we have an obligation to do. I think helping rich people helps everybody. But there is a limit.

I say to those unemployed watching C–SPAN today, keep in mind that we are trying to help. We have tried and tried and tried. This has been going on for months now. On this particular legislation, we tried again after the Christmas break, starting January 23. This is the third week we have been on this. It is never quite right. There just isn't anything we can quite do to get to finality.

Under the Senate rules, it is not like the House of Representatives. If you have one more than a majority over there, you can ram anything through. It is like the British Parliament. When you are in the majority in the British Parliament, you march down the road and get anything you want. But that is not the way it is in the Senate.

For 200-plus years, the Senate has had certain rules. They work well. But it does not make things easy in passing legislation. And you usually have to have 60 votes.

Senator DASCHLE thought he had 60 votes for everything that was done here. But, no, it is not quite the right time to do an economic stimulus package today. Maybe tomorrow. Maybe the next day.

But what we are faced with is a farm bill we would like to complete, we have election reform we would like to complete, and we have energy legislation we would like to work on prior to a week from this Friday. It leaves the majority leader with very few alternatives because it is obvious this is a slow walk—this has been a slow walk since January 23—because no matter what the leader does, it is not quite good enough.

So I respect the feelings, the passion that my friend from Arizona, Mr. KYL, has. He is very good at expressing how strongly he feels about that. I understand the strength of his feelings. My counterpart, Senator NICKLES, I understand the strength of his feelings in repealing the death tax. The manager of the bill today, Senator SESSIONS from Alabama, makes a very good point on why he feels as strongly as he does. And I appreciate that.

But I say to my friends—and all three are my friends—it is so obvious what is happening here. This stimulus bill, which we have been trying to pass since January 23, is going no place. Everyone can see that. We are going to have a cloture vote on it tomorrow to try to get 60 votes. It seems pretty clear to me the minority is not going to allow debate to stop on this legislation. That being the case, it is up to the majority leader how we will proceed. He is the only one who has that decisionmaking power.

We have other things we have to get to, such as the farm bill. Nevada is not really a State that depends heavily on agriculture. We grow garlic. We are the largest producer of white onions in America. We grow a few potatoes. We have many cows. We have some large dairies to supply some very thirsty people in Las Vegas. We even supply Carolina some milk. But we are not a State dependent on agriculture as are so many States.

But the farm bill is very important to many Senators. Of course, that is something we could not complete. We

could not stop the filibuster on that at year's end.

We thought we had a bipartisan agreement on election reform, and I think we do. There has been tremendous work done by Senator DODD, Senator BOND, and others—bipartisan legislation—so we don't have the problems we had in the last Presidential election.

I am not necessarily picking on Florida. I think if a lot of States had been looked at with a magnifying glass like Florida was looked at in the last election, we would all have problems. But this is a bipartisan effort to try to make that no longer the case—that we would have certain standards for elections and that the Federal Government would assist States in obtaining and then maintaining those standards. So we need to do that.

Of course, energy legislation is something for which there has been a hue and cry from the minority, and rightfully so. We need to get to that legislation. Senator DASCHLE, last year, made a commitment that we would get there before the Presidents' Day recess. The Presidents' Day recess starts next Friday, so that leaves very little time.

With all due respect to the fervency of the feelings of those who want to repeal and make permanent the death tax, keep in mind that at this stage it is only an effort to divert attention from what we are really trying to do; that is, pass a bill that will stimulate the economy, will be short term, will have no effect on the deficit, and be fiscally responsible—not legislation that, once again, has the unemployed getting zilch, zero, nothing, and the wealthy, again, getting the largest amount that we throw to them. And even though they deserve attention—and we have given them plenty—I think the time has come to help those people who need help: the unemployed, the underemployed, small business people, and helping States that are having difficult times because of the Medicaid matching funds.

Of course, as I have indicated earlier, we really need to do something to help small business. And in the process, we would be helping big business with this bonus depreciation.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, I thank my colleague for his speech. I think we all share some frustration—obviously, from different viewpoints—about the stimulus bill. I would just like to suggest there is a solution to the problem; and that is, we could have a unanimous consent agreement where we would let our Democrat colleagues put together a stimulus package, we would put together a stimulus package, we would have a unanimous consent agreement to vote on both of them, and if they both got over 50 votes, then the one that got the highest number of votes we would take to conference with the House. And we would, therefore, be on our way to have a stimulus package.

Our Democrat colleagues are not going to accept that proposal because the problem is, we have a majority vote for a bipartisan agreement that was put together by Senator SNOWE and Senator BREAUX it has nice rhythm: SNOWE and BREAUX and it is supported by moderates on both sides of the aisle and has very strong support among Republicans in general.

I remind my colleagues the sad history of the stimulus package is that the President met with Democrats and met with Republicans, took some Democrat ideas, took some Republican ideas, and made a bipartisan proposal, which I believe the President earnestly thought, in the aftermath of September 11, we would adopt.

What happened—almost immediately—is that our Democrat colleagues said: We will take the half of the bill that is ours, but not the half of the bill that came from the White House and from Republicans.

We can go back and forth and make our arguments. We have clever people on both sides of the aisle. We can argue we don't see any stimulus in the Democrat package. Obviously, they can make the same argument. I don't know who would be convinced on either side.

But when that effort failed, Democrats and Republicans in the Senate got together and put forth the only bipartisan proposal for a stimulus package that has been put forward in the Senate. At that point, we clearly had more than 51 votes for a stimulus package. This was way back before Congress adjourned in December.

In an extraordinary action, the President said: Take that bipartisan compromise. Let's agree on it. I will sign it into law. He asked the House of Representatives to take a bill written by the Senate, to introduce the bill in the House, and pass it, and send it to the Senate.

At that point, as the session drew to a close last year, the majority leader, Senator DASCHLE, knew that the bill that had been passed by the House, and had come over here, and was waiting at the desk, that there were a majority of the Members of the Senate—Democrats and Republicans—who would vote for that bipartisan proposal if it were brought to the floor of the Senate.

No one can dispute those facts.

What did the majority leader do? He refused to bring it to the floor of the Senate.

When we came back into session, the majority leader took three provisions from the President's proposal—some in a slightly different form than the President had put in his proposal—because Democrats had proposed them, threw the rest of the package out, and then made up a fourth proposal that no one had seen, and brought that forward as a stimulus package.

He has every right to do that. He is the majority leader. But we have a right to offer our amendments. We have offered amendments. Some have been adopted. Some have been rejected. We have had an orderly debate. We have been willing to set time limits on votes. And now the Democrat floor leader says that we are getting nowhere and that this is not a real effort.

We ought to have an opportunity to vote on a bipartisan proposal. I believe it would pass. It looks as if we are not going to do that.

We want an opportunity to vote on some things we believe will stimulate the economy. I will, before I address the amendment before us, sum up the point I made earlier.

The majority leader has some choices. He can bring up his bill and give us the right to try to improve it. That is what we are trying to do. He says now he is going to pull down the bill because we are trying to improve it. He has the right to do that.

A second alternative is to bring up the bipartisan bill and give Senator DASCHLE a chance to amend it. I think we can work out an agreement to do that, but I do not believe Senator DASCHLE is going to do that because the bipartisan bill will pass.

A final proposal, which I repeat in case anybody is interested in a compromise, is let the Democrats sit down and write the best bill they can write. We are going to take the bipartisan bill. It is not the best bill we can write, but it is a bill that has over 51 votes. It is not wonderful, but it would help the economy both in the short term and in the long term. We are going to take that bill. Let the Democrats bring forward their proposal as to how we stimulate the economy, and let us bring ours forward. We will vote on both of them, and the so-called ''king of the hill'' parliamentary procedure that we could put into place by unanimous consent is the one that gets the most votes will be deemed passed, and then we can go to conference with the House, and perhaps we might get a stimulus bill.

I do not see how anybody can say that is unfair. Senator DASCHLE could get a vote on his stimulus package. We could get a vote on the bipartisan one, and majority would rule.

I do not think that is going to happen because the Daschle package would get fewer votes. We all know it. The bipartisan bill would pass, and I believe that would be objected to.

What does this all boil down to? The one bill that can pass the Senate, the majority leader will not allow to be voted on.

You can say that is a good thing and you can say that is a bad thing, but it is a fact, and that is the impasse in which we find ourselves.

We now have a bill that very few people are for, and we just want to try to amend it.

We have an amendment before the Senate which is a very important amendment. When we passed the tax cut last year, we faced a parliamentary problem that most people do not understand; that is, we were operating under a process called reconciliation. That is a budget process. It means the things

you do under that process can extend no longer than the budget unless you can waive a point of order and get 60 votes.

Some will sadly remember that the tax cut received 58 votes in the Senate. We did not have the votes to waive this process so the tax cut could last only as long as the budget, and the budget was only 10 years long.

It produced this incredible situation that stuns the American people when we tell them. The tax cuts that we passed—eliminating the marriage penalty, eliminating the death tax, reducing tax rates dramatically—all of those provisions go away in 10 years.

Nothing is more destabilizing to the economy than having a temporary tax system. There is no doubt that we affect behavior when people do not know what the system is going to be in the future. This is especially true with regard to the so-called death tax.

As our dear colleague from Arizona has pointed out very clearly, we have this incredible anomaly that if you die, depending on in what year you die, between now and the 10th year of the tax cut, the taxes you pay will vary. If you die in the 10th year, your family will inherit your business or your farm or your assets tax free. If you die in the 11th year, they are going to have to sell your business or sell your farm, sell or mortgage your life's work to give the Government 55 percent of every dollar you accumulated worth of value on your farm, your business, your assets in your lifetime.

Needless to say, that is an absurd circumstance. I, quite frankly, am concerned that people who have some kind of serious illness might actually choose to end their lives in the 10th year. That is not beyond my imagination.

We had a strong consensus on repealing the death tax. I know our dear colleague talked about rich people, but, we had a consensus that if somebody works their whole life, they pay taxes on every penny they earn and they skimp, they save, and they sacrifice and they build up a family farm, it is not right that their children have to sell the family farm to give Government a double taxation by paying 55 cents out of every dollar they accumulate in their life back to the Government.

The same is true for small business. The National Federation of Independent Businesses, in surveying companies, found that the No. 1 reason small businesses do not survive into the second and third generation is death taxes.

I rejoice. I know some of my colleagues view the whole world as a class struggle. They believe all of existence is a conflict between the rich and the poor. I always get confused about who is who because it changes so often.

I liken the stimulus package to the coldest week of the year, it is snowing, it is sleeting, it is freezing, and a breeze comes along and blows a roof off an apartment building. Logical people say: Why don't we rebuild this roof?

We have colleagues who say: Wait, won't people make money rebuilding this roof? There will be a profit, and don't rich people tend to live on the higher floors of this apartment building? Won't they benefit more by having a roof than the poor people who live in the basement and on the first and second floors?

Really, wasn't that what the stimulus debate was all about? Honest to God, what we do, remarkable as it sounds, is we end up buying a bunch of blankets, stockpiling penicillin, we hire a bunch of doctors and nurses, and we spend a whole winter treating people for exposure rather than rebuilding the roof on the apartment building.

On the death tax—and I am sure my colleague from Arizona will concur—I have never spoken on this subject in my State to any audience no matter what their background, what their education, no matter what their income, no matter what their wealth that did not believe that it was fundamentally wrong to force a family to destroy their life's work in a business or a farm to pay taxes when somebody died. People fundamentally think it is wrong to tax death. You have to die anyway. That is never a happy event. Why should we compound it by rushing in and collecting a tax at that moment?

I have found in watching audiences, when I have spoken on this subject, it does not seem to matter whether it is a local banker or whether it is a guy who works at the filling station. Nobody believes, at least in my State, that it is right when somebody has paid taxes their whole lives, has built up a farm or a business, to take it away from their children when they die.

We reached a bipartisan consensus on that principle, but because of this fluke in the budget process the death tax comes back in 10 years. So we have 1 year where it is repealed. The Senator from Arizona, in an amendment I am proud to support, has proposed we make the repeal of the death tax permanent.

My guess is we are not going to get to vote on that this evening. I assume the Senator from Arizona would love to vote on it today. Our Democrat leader, our dear friend, has said there is a stall underway.

We would like to vote on this amendment now. At some point, the Senator from Arizona might ask unanimous consent that we have an opportunity to vote on this amendment this afternoon. What I am fearful is going to happen is we are going to have a vote on cloture—and nobody knows what that means except people in the Senate, but that means no more amendments can be voted on, the Daschle proposal has to be voted on by a yes or no. If that is defeated, as I believe, A, it should be and, B, it will be, then in listening to Senator REID it sounds to me as if the majority leader is saying he will pull down the bill and we will never get a chance on this bill to vote on making the death tax repeal permanent.

I think this is an important issue. I would like to vote on it. Perhaps if people want to get on with writing the bill, if we could make the death tax repeal permanent, as bad as I believe the Daschle proposal is, I believe it does absolutely nothing for the economy, I would have a hard time not voting for it if we were making the death tax repeal permanent.

Quite frankly, if Senator DASCHLE wanted to pass his bill he could probably pick up at least two votes by supporting our amendment. So, A, I hope we can vote on this today. B, I hope we can vote on it someday. C, I believe when the American people understand we did not really repeal the death tax unless you die 10 years from now and if you do not die in that year it comes back, I think they are going to demand it be repealed, and I believe it will be repealed. I do not have any doubt in my mind we will repeal the death tax.

I thank the Senator from Arizona. I urge him to talk to the majority leader about having a vote this afternoon. We would like to vote. Every Senator in the Chamber right now, except Senator REID, is convinced, and the Presiding Officer, and we are ready to vote. We would like to have a vote on this issue. Perhaps if we could adopt this amendment, we might be moving toward a stimulus package that would be truly bipartisan.

I thank my colleague for his leadership, and I yield the floor.

The PRESIDING OFFICER (Mr. DAYTON). The Senator from Arizona.

Mr. KYL. I thank the Senator from Texas very much for his great set of comments, and also for what he said personally. I agree, when the assistant majority leader says there is an attempt to slow walk this bill, that is simply not the case. In fact, I will not do it right now because he is preoccupied, but at some time when we have the Senator's full attention—he has had a chance perhaps to talk with others on his side—I will propound a unanimous consent to vote as soon as we can, to vote this hour, to vote next hour, to vote sometime this evening, to vote sometime before the cloture vote, on this amendment. If we could vote before 4:30, we would be prepared to do that. Or if there is an effort to get a little bit more debate before the vote, that is fine, too, but there is no effort to draw this out. I am ready to vote right now on this amendment and move on.

The Senator from Nevada made the point that this amendment offered by the Senator from Arizona shows how hard it has been for the majority leader, what he has had to put up with for many months; that it does not matter quite what he does, the bill is never quite right and amendments are offered.

There are three responses to that. First, there have not been that many amendments offered to this bill, certainly not that many which have been debated and voted on, only a handful.

Secondly, I think the Senator from Nevada must concur the bill is not quite right because he and I have an amendment which we both think is a pretty darn good amendment that would make the underlying bill a lot better. Senator REID himself proposed that amendment on our behalf. I believe it was yesterday. So, no, we do not think the bill is quite right either.

Of course, when Senators do not think it is quite right, then we have an opportunity to offer an amendment. Frankly, there are a lot of things I do not like about it. I would love to propose a lot of amendments, but I selected only two: this very important death tax repeal because of the effect it will have in stimulating the economy, and the other is the amendment that Senator REID and I sponsored, which also would have a direct stimulative effect on the economy because it helps the precise industry that was most dramatically affected, the air travel industry. We can relate it to the travel industry generally after September 11.

So, no, there is no effort to slow walk this bill or to prevent it from ever being considered or voted on. We are simply trying to do what Senator REID himself has tried to do, and that is make it better.

I dare say the amendment I have offered would make the bill a whole lot better. As the Senator from Texas said, even though I am not much in favor of the underlying bill, if we were able to adopt this death tax repeal and make that permanent, I would be sorely tempted to vote for the majority leader's bill.

The other point I wanted to make with respect to this business of slow walking is exactly what the Senator from Texas said. We could vote on the Centrist Coalition proposal right now. I think everybody recognizes that would pass. We could be out of here by 5 tonight by allowing the bipartisan Centrist Coalition bill, which President Bush has endorsed, to come to the floor. It is, in fact, the only bill that can pass this body.

So if we are talking about getting something passed and getting it to conference so we can actually have a stimulus package bill, we all know the formula for that. It does not have to take but another few minutes and we could be done with it. We offered to do that. I offered to be sorely tempted to vote for the underlying bill if my death tax amendment is adopted, and I probably would. We can get all this done very quickly.

One other thing I wanted to respond to that my friend from Nevada argued, and it is the same old argument that was made when we considered the death tax repeal the first time around—it was wrong then and it is wrong now—is that the death tax only applies to the top 1 ° percent and therefore it is a tax on the rich, and who would care about the rich?

Well, there are really three responses to that. The first is that it is just not true. As I noted before in my earlier comments, Dr. Wilbur Steger, who is a Ph.D. and president of CONSAD Research Corporation, and a professor, has noted this argument that it only applies to the top 1 ° or 2 percent is wrong.

He says that, in fact, in a typical year, the total number of taxable estates that consist largely of family owned businesses likely exceeds 10,000.

What does that number really mean? First of all, that is 10,000 businesses. Multiply by that the number of employees who work in each business. Pick any number. One certainly has to say the people who work for those businesses are directly affected. If the business goes out of business because the death tax has to be paid, that directly affects every employee in that business, times the number of family members with each one of those employees, times the number of stores that they buy things from and all the rest of it.

A lot more people are affected by the death tax than just the number of people who happen to die each year who end up paying the tax, in addition to which everybody who might have to pay the tax has to be worried every year about the estate planning. They, too, are directly affected.

As I pointed out before, they end up paying at least $23 billion a year, and the lawyers, accountants, estate planners, insurance, and other expenses of estate planning that enable them to deal with this future contingency. They may not die this year, but they are having to shell out a lot of money this year in order to deal with their potential future estate liability.

It turns out a lot of people are affected by the existence of the death tax. What the Senator from Texas pointed out a while ago is the clincher. There is nothing more destabilizing to an economy than having a temporary tax, especially one which no one can predict with any degree of certainty is going to apply in the future. I refer specifically to the estate tax. We phase it down a little bit over the next 8 years. Then we repeal it altogether. Then it goes right back into existence as it was last year with a 60-percent rate. How can I plan against that if I don't know when I am going to die? Do I plan for it in the eighth year, in the seventh year, or maybe in the year that it is repealed altogether? That would be great if I died that year; at least my heirs would not be burdened. But if I live an extra year, they have big problems. What about beyond that? Nobody knows.

As the Senator from Alabama argued earlier, you do not know whether to invest in the plant equipment or put the money away because you have to pay the estate tax with it. It is very destabilizing. In the meantime, you keep shelling out that money to the estate planning folks rather than investing it in your business. That is why it belongs on this bill.

We know it will create jobs, 240,000 jobs in 7 years. Americans would have $25 billion in additional disposable personal income. This is from a report of the Joint Economic Committee, not my numbers. We have other estimates that back up this point. As a matter of fact, Dr. Steger, who I quoted earlier, indicates an immediate death tax repeal would provide a $40 billion automatic stimulus to the economy. That is because of the pent-up capital that citizens do not deal with because of the potential tax liability that exists; a $40 billion automatic stimulus to the economy at virtually no cost to the Treasury. Talk about getting the bang for the buck, I don't think there is anything we can do that would have a greater immediate impact on our economy than the repeal of the death tax.

We talk about extending unemployment benefits for 13 weeks. Does that stimulate the economy in any way? No. Does that create any jobs? No. But it is a central feature of the stimulus bill that is before the Senate.

We may want to extend unemployment benefits for the people currently out of work. But I don't think anyone can argue that stimulates the economy. To anyone who says, Senator KYL, how come you are offering the death tax repeal on the stimulus bill? I say, how come you are offering or supporting the unemployment extension? That does not create a single job. I know people would rather have a paycheck than an unemployment check. Let's do something that would stimulate the economy, create jobs, provide that investment, take the $40 billion in pent-up capital, and get it into our economy, create the 240,000 jobs.

I have heard the arguments in response. I cannot imagine the Senate, which passed the death tax repeal before, would not want to finish the job of making that permanent, given the fact that it does not do a whole lot of good, except if you die in the 10th year, to do the partial repeal, the temporary repeal, the confusing and destabilizing repeal that we effected last year, without going into the final step and making it permanent. It seems to me to make so much sense.

The Senator from Texas made a comment; he thought maybe the effort would be to deny a vote. I certainly hope that is not the case. I think the American public deserves to know where their Senators stand on this issue. Do you believe in making the death tax repeal permanent or not? Do you believe it can help stimulate the economy and create jobs or not?

There are those who are going to differ on this. That is what the Senate is all about. That is fine. Take the vote. Stand where you want to stand on the issue. But we can do that quickly. We can move on to the next amendment. We can consider a whole number of amendments before we have the vote on cloture sometime tomorrow. That would be my proposal.

As Senator GRAMM said, perhaps what we should do, and I will wait until the assistant majority leader is

on the floor, perhaps we should ask unanimous consent, and I will indicate at the appropriate time when someone from the other side is here to respond other than the Senator from Minnesota, who just walked on the floor, we will ask unanimous consent to be able to vote for this at a time of their choosing prior to the cloture vote.

The Senator from Minnesota has arrived. If he wishes to speak to this, I am happy to defer to him.

Mr. WELLSTONE. I thank my colleague. I say to the Senator from Arizona, I thank him for his graciousness.

I do not know what the dynamic is here. I know there is an amendment I want to do again with Senator DURBIN and Senator DAYTON. My understanding is we may not be able to do that so there may be some problems in terms of what amendments we are able to vote on before cloture tomorrow.

However, I want to make it clear, and I assume this would make the Senator from Arizona feel better, I do want to go on record as to where I stand whether there is a vote or not. I am in very strong opposition to the amendment of the Senator from Arizona.

The good news is that in the short run, just a complete repeal of the estate tax would be over the first 10 years about $55 billion. The bad news is, over the second 10 years, when many will be 65 years of age and over, and we will all be looking to see what is in the Social Security trust fund and what is in Medicare, this amendment will cost $800 billion.

I say to the presiding Chair, I had interesting discussions with business people in Minnesota who say I am wrong. They need some help for when we pass our business to our children. I said: How about up to $5 million? And they say that would be reasonable.

But that is not what we are talking about. We are talking about an amendment that does away with all of the estate tax. I have a figure that actually 636 Minnesotans paid the estate tax in 1999.

When we hear about small farmers and small businesspeople, we are talking about the top, of the top, of the top, of the top of the population. For example, I don't pick on Bill Gates. I think he just did a good thing, talking about where is the United States and other countries in terms of our commitment to developing nations. But I don't think the Gates family really needs any help. And I think it is a little outrageous to take $800 billion out of the Social Security trust fund at the very time that many of the baby boom generation are going to be turning 65 years of age and over. That is exactly what we got in the President's budget.

I say to my colleague from Arizona, whether there is a vote or not, I am on record opposed to this, and pleased to be opposed to it. I find absolutely incredible the situation now. We have a budget that comes out from the President. We find we are going to eliminate the empowerment zones in our city. In Minneapolis, they are extremely important. The budget will actually eliminate the grants to the empowerment zones. What is supposed to be for additional child care or affordable housing will not be there, and the budget will cut the 7(a) program in the State of Minnesota. Since 1996, we leveraged $1 billion to small businesses in the State of Minnesota. We will cut the 7(a) program in half. That is $1 billion of capital we have been able to leverage to small business. It will cut the 7(a) program by 50 percent.

I hear Secretary Paige say in order to figure out how to make up for potential cuts in the Pell Program, because we keep the maximum at $4,000 a year, we will take away from true north in Minnesota. It also affects telework, people trying to find jobs and develop businesses at a time when our steelworkers are losing their jobs. Then we will go after child care. Then we go after homeless votes. Then we will cut counselors and there is no additional money for affordable child care, no additional money for Head Start. My gosh.

I hear this administration; they love the children. They are all for the small children. I am sorry to be cynical, but in the words of Fannie Lou Hamer, who once said, ''I am sick and tired of being sick and tired,'' I am sick and tired of this symbolism.

Then, I say to the Presiding Officer, we are still waiting. The Senate did a good job; Republicans did a good job—bipartisan. We were going to make the program for children, for special education, mandatory over 6 years, full funding. It would have helped our State $45 million this year, $2 billion, I say to Senator DAYTON, over the next 10 years. None of that is in the budget. But now what we have is a proposal that over the next 10 years—I mean the first 10 years, $55 billion—is bad enough. The next 10 years, when we are not going to have money because the administration has taken the money out of the Social Security and Medicare trust funds, put us into deficit, and then by the Kyl amendment, over the second 10 years, it is $800 billion. This is simply unacceptable, and I want to make clear how strongly I am in opposition.

Mr. REID. Will the Senator yield for a question?

Mr. WELLSTONE. I am pleased to.

Mr. REID. My good friend from the State of Arizona, Senator KYL, said that unemployment insurance extension does not create a single job to stimulate the economy.

Does the Senator from Minnesota, who has spent a lifetime dealing with those who are not privileged, including the unemployed—would the Senator agree with that statement? Or would the Senator agree with the statement from Joseph Stiglitz, Nobel Prize winner in economics, who says:

> . . . we should extend the duration and magnitude of the benefits we provide to our unemployed. This is not only the fairest proposal, but also the most effective. People who become unemployed cut back on their expenditures. Giving them money will directly increase expenditures.

Would the Senator agree with that statement or the one from our friend from Arizona, Senator KYL, who said unemployment extension does not create a single job to stimulate the economy?

Mr. WELLSTONE. Mr. President, I say to my colleague from Nevada, the truth is—first of all, even if I did think extending unemployment insurance was not a stimulus to the economy, I would be for it because we ought to help people who are flat on their backs through no fault of their own.

Second of all, Joseph Stiglitz, who was with the World Bank, a fine economist, is exactly right. It is not just him, it is just about every economist you talk with, much less people back in Minnesota, talking to people in their homes and coffee shops, who all know, by definition, if you are going to extend unemployment insurance to people and put some additional dollars in their pockets, they have to go out and buy necessities for their families. They are living month to month trying to pay their bills, so of course they are going to use that money to consume, and of course it is going to stimulate the economy as opposed to—here is the interesting question, I say to my colleague—ending all of the estate tax, which, by the way, again, 636 Minnesotans pay; you have to be super, super wealthy, rich. What we are going to do instead is end that for everyone—not target it, not $5 million or $6 million, just end it for Bill Gates, who is doing good work right now, again dealing with the developing world. We are going to give it to him, and that is somehow going to stimulate the economy. But extending unemployment insurance for people who are out of work, that is not going to stimulate the economy? I think that argument is profoundly mistaken.

Mr. REID. Will the Senator respond to one more question? The minority all afternoon has said they want to vote on the package that came from the House. They said it can get more than 50 votes.

Is the Senator from Minnesota aware that just in recent days we, over here, many times have gotten more than 50 votes? On the farm bill, 53 to 45, 54 to 43, 54 to 43; unemployment insurance, we got 56 votes on that; on the Social Security lockbox, we got 53; on the Durbin unemployment insurance amendment, we got 56 or 57 votes; on the Baucus farm amendment, 57 votes.

The Senator from Minnesota and I have been in the Senate a number of years. It is very frustrating to recognize you need 60 votes to pass things here, but that is how much it takes, doesn't it, generally speaking?

Mr. WELLSTONE. That is correct.

Mr. REID. If we used the logic of the minority, we would have passed several Democratic amendments by this point

because they received 50 plus votes. I ask my friend, is the minority's argument sound, when we have had a tradition of more than 200 years that you need more than 50 votes; in fact, you need 60 to get things going—is that a fair statement?

Mr. WELLSTONE. There are two points I would like to make for my colleague. I don't know if he would agree with the second point, but we could have a good colloquy about this.

First of all, the Senate is designed as a deliberative body. There is going to be debate. That is part of what makes the Senate unique. Sometimes it can drive you crazy, but what makes the Senate unique is the unlimited amendments and unlimited debate. So you have the 60-vote requirement, quite often, on all pieces of legislation. That is the Senate. That is the way the Senate operates.

But my second point is a little bit different, which is, frankly, I hate to say this, however many votes you get in the Senate, sometimes there is a disconnect between the Senate votes and the people we represent.

I have to tell you this. The House proposal that comes over here, that House proposal is a proposal that repeals the alternative minimum tax. That House proposal is a proposal that gives away money, gives tax breaks to companies such as Enron. It gives $1 billion General Electric, for this multinational corporation. By the way, that is in the President's budget proposal: $13 billion of tax breaks for the Enrons of this world, yet we don't have the money for children in education; we are cutting the Low Income Energy Assistance Program; we don't have the money for affordable housing.

I say to my colleague again, if you talked to the vast majority of people in the country, they would say: What in the world are you doing? If you are going to have an economic recovery package, at least extend unemployment insurance, at least help the people who need the help, at least get the money in the hands of people who will consume.

Yes, there is a 60-vote requirement, and then there is the substance. I am sorry to say this. I am well aware that up until very recently the Enrons of this world have had way too much influence here, and I am well aware of the fact that some of these other big multinationals are big givers, heavy hitters, investors, and have a lot of clout. But the truth is, the vast majority of people in Minnesota and the rest of the country cannot understand this at all. They don't know what in the world giving tax breaks and tax loopholes for these big multinational corporations has to do with fairness, or has to do with economic recovery, or has to do with helping people who are unemployed, or underemployed, or subemployed, or among the ranks of the working poor.

Mr. REID. Will the Senator indicate how many millions of people live in the State of Minnesota?

Mr. WELLSTONE. Close to 5.

Mr. REID. The Senator from Minnesota said that last year approximately 650 people paid estate tax?

Mr. WELLSTONE. It was 636.

Mr. REID. So 636 people paid estate tax. How many people would you estimate are now unemployed in the State of Minnesota?

Mr. WELLSTONE. We are up to about—the percentage is about 4.5 or 5 percent, I think, unemployment in Minnesota right now.

Mr. REID. So it is tens of thousands of people?

Mr. WELLSTONE. Oh, yes.

I think it is about 5-percent unemployment, which is quite high for our State. That is the official definition of unemployment. That doesn't include the people who quit looking for work because they are discouraged, or people who are working part time because they cannot find a full-time job, or people working way under the wages they would normally make in a better economy, or people who work but still have poverty wages.

There was a report last week indicating that almost a third of adult Minnesotans are working jobs at under $10 an hour.

Mr. REID. The last question I ask my friend is this: Doesn't it seem we should be spending time on the tens of thousands of people in Minnesota who are out of work, or are no longer looking for work, or those people who are underemployed? Wouldn't it be better if we were spending some time dealing with them rather than something that is going to happen 10 years from now for the wealthiest people in America?

Mr. WELLSTONE. Of course. The Senator's words are near and dear to my heart. The answer is yes. That is why I decided to come out on the floor. I was thinking to myself: We are trying to have a simple extension of unemployment insurance; are we not down to 13 additional weeks?

In my State of Minnesota, we are focused on what is going on with education, what is happening to our children, what is happening to our schools, and where the resources are. Why can't we get the money for special education? Why can't we do better making sure the kids come to kindergarten ready to learn? Why can't we do more with afterschool programs?

Look at this budget from the administration. What you find from what the President is proposing is all of these discussions about priorities and values. But we are not going to have the money for prescription drug benefits. We are going to say in Minnesota if you are an individual with an income of $13,000 or under, or a couple with an income of $17,000 or under, you are eligible, but the rest of you aren't. We have about over 600,000, and closer to 700,000, Medicare recipients. The income profile is not high. Many of them have incomes over this, but they cannot afford prescription drug benefits. They are out.

The small business 7(a) program is cut in half. They are out. One would eliminate homeless programs for veterans. That is out. One would eliminate true north economic development work on the Iron Range in Minnesota. That is out. One would eliminate help in funding for childcare in Minneapolis. That is out. They want to go after empowerment zones and enterprise zones in Minneapolis. That is now out. They want to go after affordable housing. That is out. Help for school counselors is out. Rural education is out—all for the sake of Robin-Hood-in-reverse tax cuts giving away money to the wealthiest citizens in the country.

These are distorted priorities. This is a no-brainer. I think I am going to make this point over and over again. Let me frame the issue differently.

What we have out here is an amendment that says eliminate the estate tax for the wealthiest citizens in the country—I mean the very wealthy. It is not targeted. I would be for actually targeting this. I wouldn't mind at all doing something that would help our family farms and small businesses. We should do that. That is not what this amendment does.

We have an amendment targeted to the wealthiest citizens in the United States of America which will deplete this economy over the next 10 years at the very time baby boomers are 65 years of age and over. I am one of them. This amendment further depletes the Social Security trust fund.

That is one of the issues that people have to understand. With the President's budget proposal, we are talking about over the next 10 years taking close to $1 trillion out of the Social Security trust fund, and now another $855 billion over the next 20 years, all for the sake of tax breaks for the very wealthy, the very powerful, and the very well connected.

My colleagues on the other side of the aisle don't want to move forward with—I don't even know what you call it anymore—lifeline legislation, some help for people who are out of work, some extension of unemployment benefits. They don't want to do that.

I would like to have included coverage for the working poor and part-time workers. I would like to have increased benefits. I would certainly like to have included some help for COBRA and health care coverage. Most of that is not in here. It is just a simple extension of unemployment insurance. It is hardly anything else.

They oppose that but instead come out here with a $855 billion program over the next 20 years with all of it going to the wealthiest of Americans. That is basically the choice we have.

I would love to do a poll in coffee shops in Minnesota and across the country as to what people think about these choices.

Judge me by what I do. Judge me by my budget—not by my words.

When you start to look at the details of this budget, it is breathtaking. I am

for homeland defense. I think we need to do a lot better. We need to do a lot better with our northern border control. We need to get the public health infrastructure out there. God forbid there is a terrorist attack. We need to be prepared. First of all, we need to try to prevent it. If it happens, we need to be prepared. I am for strong defense.

I hope Senators will carefully scrutinize this budget. We have before us—between the dramatic increase in the Pentagon budget and all of these tax cuts with about 40 or 50 percent going to the top 1 percent of the population—I am now talking about tax cuts that have already passed. Now we have this estate tax. With this House proposal, they want to repeal the alternative minimum tax. I don't think they want to reach back to the mid-1980s. That is too embarrassing. Ronald Reagan was for it. The whole idea in 1986 was not to make these multinational corporations pay any taxes when all the other people in the country were.

You have $13 billion in tax breaks for multinational corporations. You have Robin-Hood-in-reverse tax cuts with about 40 or 50 percent going to the top 1 percent of the population.

You have a $855 billion reckless proposal to do away with the estate tax for the richest and wealthiest Americans in the country while at the same time cutting homeless vets programs; cuts in small business programs; cuts in childcare; cuts in empowerment zone; cuts in economic development programs for the Iron Range; cuts in counselor programs; not live up to your commitment and promise on special education, helping our kids, helping our school districts, and helping our children; don't live up to your commitment on the Pell grant program; cuts in job training during a recession and during hard economic times when people in northeast Minnesota, or in greater Minnesota, or in metro Minnesota, many of them are going back to school, or trying to go into a job training program for skills development. They have been spit out of the economy. They are looking for training so they can get back to work—cut those programs.

My party needs to find its voice. Majority Leader DASCHLE has been out there and he has been vilified. I smile. I think sometimes it is an effort to make him out to be a Newt Gingrich of the left. It is outrageous. But this party, my party, the Democratic Party, is supposed to be the party of the people. If there ever were a time for us to find our voice and for us to speak out and for our country to have a real debate about these values, it is now. In the words of Rabbi Hillel: If not now, when?

Personally, I think the thing I feel worse about is the children in relation to the education piece. I am going to be one of these people, in not too many years, who is going to be over 65 years old. Lord, we have six grandchildren. I just took our granddaughter Cari to see ''Fiddler on the Roof.'' There is that song: ''Sunrise, Sunset.'' I don't know what has happened to the time.

I believe that ultimately the way we are judged is in relation to what we have done for our children, what we have done for our grandchildren. Have we made this country better and this world better for them? I think that is how we are judged. I think that is how we are judged as parents and I think that is how we are judged as adults. I think that is how we are judged as Senators. I think that is how we are judged as Representatives. I think that is how we are judged as a nation.

How have we done for our children? We are not doing very well. In this budget, we flat-lined affordable child care. I think only about 10 percent of low-income families are able to participate in affordable child care right now because that is all the funding there is.

We say we love the little children and are concerned about the development of the brain and that we want children to read better, but we have funded Early Head Start at about the 3- or 4-percent level.

We could be a real player for children prekindergarten. We could make a real difference. We could do so much more for our schools. We could live up to our commitment on special education. For title I—I am sorry, I have indignation—they make the claim we have added $1 billion and that this is great. In real dollar terms, there is no additional money because there are more children who are eligible for title I.

We are going to test these children, all in the name of rigor. So you go to a Bancroft Elementary School and, big surprise, 80, 90 percent of them are on a free or reduced school lunch program; 60 percent of them are in homes where English is the second language; and 20, 25 percent of them move several times during the year for lack of affordable housing. There is a key education program, and there is no more funding for that. In fact, they are cutting funding for affordable housing, and we are surprised these children do not do as well? And we do not give them any more help to do better.

I think this is a debate about values. Everybody wants to talk about family values. This is a family value. How are we doing for our children? How are we doing for our grandchildren? Are we making life better for them? Are we going to make it possible for them to be good leaders in the future?

I think we have some seriously distorted priorities out there. I hope my party will directly challenge them.

A reporter said to me: The President is very popular. Does that make it hard for Democrats to be critical?

I said: Look, it is good for people to do well. The President is doing well in terms of the polls. Fine. But the real issue is whether or not we are willing to speak up for what we think is right, for what we believe in, for what we think is best for States and best for the country.

That is what people want us to do. It is important, as Democrats, that we find our voice.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is the Kyl second-degree amendment.

VISIT TO THE SENATE BY THE PRESIDENT OF MACEDONIA

Mr. HELMS. Mr. President, I wish to present the distinguished President of Macedonia, the Honorable Boris Trajkovski, who is a very fine gentleman with whom I have met and with whom the President has met.

RECESS

Mr. HELMS. Mr. President, I ask unanimous consent that the Senate stand in recess for 6 minutes.

There being no objection, the Senate, at 4:45 p.m., recessed until 4:51 p.m. and reassembled when called to order by the Presiding Officer (Mr. DAYTON).

ORDER OF BUSINESS

Mr. REID. Mr. President, the majority leader has asked me to announce to all Senators that there will be no more rollcall votes today.

MORNING BUSINESS

Mr. REID. Mr. President, I ask unanimous consent that the Senate now proceed to a period for morning business, with Senators allowed to speak for up to 10 minutes each.

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

ECONOMIC STIMULUS

Mr. AKAKA. Mr. President, I rise in support of the compromise economic stimulus package we are now considering.

The slowdown of our Nation's economy has been a matter of increasing concern following the terrorist attacks on September 11th. Millions of Americans are dealing with the economic repercussions of the attacks on our Nation. Hundreds of thousands of workers have lost their jobs, and consumer and business confidence has eroded during this time of uncertainty. The decrease in economic activity is affecting companies ranging from small businesses to corporations, not to mention entire industries such as the airlines and the travel and hospitality industry.

The slowdown in our Nation's economy is reflected in the State of Hawaii, where as of January 26, 2002, 56,313 people have filed unemployment claims since September 11th. This is almost double the amount of claims filed for the same time period as last year. In