My final amendment will ensure that the best available technology is deployed in our seaports to improve security, identify threats, and prevent terrorist attacks. The grant program would cover technologies to deal with such security risks as: explosives, firearms, weapons of mass destruction, chemical and biological weapons, drug and illegal alien smuggling, and trade fraud. This amendment is so important, because the type of cargo and containers that move through seaports are entirely different than what moves through our airports, and we need to make sure we are developing technology that recognizes those differences. Only about 2 percent of the cargo entering our seaports is inspected, without better technology, we are leaving ourselves too vulnerable to those who would exploit our seaports for terrorist or criminal activity.

Again, I would like to express my thanks to Chairman HOLLINGS and Senator MCCAIN for helping make sure that these amendments were included in the final bill and for making sure that we take aggressive action to protect our seaports.

AMENDMENT NO. 2690

The PRESIDING OFFICER. Under the previous order, there is an amendment in order. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from South Carolina [Mr. HOLLINGS], for himself, Mr. MCCAIN, and Mr. GRAHAM, proposes an amendment numbered 2690.

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted.'')

Mr. HOLLINGS. Mr. President, I urge the adoption of the amendment. It is a managers' amendment agreed to by Senators MCCAIN, GRAHAM, HUTCHISON, and myself.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 2690.

The amendment (No. 2690) was agreed to.

Mr. HOLLINGS. I urge passage of the bill, as amended.

The PRESIDING OFFICER. Does the Senator yield back all time?

Mr. HOLLINGS. I yield back all time.

The PRESIDING OFFICER. All time having been yielded back, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass?

The bill (S. 1214) was passed.

Mr. HOLLINGS. Mr. President, may I be recognized?

The PRESIDING OFFICER. The Senator from South Carolina.

ECONOMIC STIMULUS

Mr. HOLLINGS. Mr. President, with respect to the stimulus bill, let's go right to the point. It really was not a stimulus at all. Over a month ago, Joseph Stiglitz wrote an article entitled ''A Boost That Goes Nowhere.'' I ask unanimous consent that this article be printed in the RECORD.

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

[From the Washington Post, Nov. 11, 2001]

A BOOST THAT GOES NOWHERE

(By Joseph Stiglitz)

The United States is in the midst of a recession that may well turn out to be the worst in 20 years, and the Republican-backed stimulus package will do little to improve the economy-indeed it may make matters worse. In the short term, unemployment will continue to rise and output will fall. But the U.S. economy will eventually bounce back—perhaps in a year or two. More worrying is the threat a prolonged U.S. recession poses to the rest of the world.

Already we see inklings of the downward spiral that was part of the Great Depression of 1929: Recession in Japan and parts of East Asia and bare growth in Europe are contributing to and aggravating the U.S. downturn.

Emerging countries stand to lost the most. Globalization has been sold to people in the developing world as a promise of unbounded prosperity—or at least more prosperity than they have ever seen. Now the developing world, especially Latin America, will see the darker side of its links to the U.S. economy. It used to be said that when America sneezed, Mexico caught a cold. Now, when America sneezes, much of the world catches cold. And according to recent data, America is not just sneezing, it has a bad case of the flu.

October unemployment figures show the largest monthly increase in two decades. The gap between the United State's potential gross domestic product—what it would be if we had been able to maintain an unemployment rate of around 4 percent—and what is actually being produced is enormous. By my calculations, it is upwards of $350 billion a year! This is an enormous waste of resources, a waste we can ill afford.

It is widely held that every expansion has within it the seeds of its own destruction—and that the greater the excesses, the worse the downturn. The Great Boom of the 1990s had marked excesses. Irrational optimism has been followed by an almost equally irrational pessimism. Consumer confidence is at its lowest level in more than seven years. The low personal savings rate that marked the Great Boom may put even more pressure of consumers to cut back consumption now.

It seemed to me that we were headed for a recession even before Sept. 11. In the coming months we will have the numbers that make clear that we are squarely in one now. The economic cost of the attacks went well beyond the direct loss of property, or even the disruption to the airlines. Anxieties impede investment. The mood of the country discourages the consumption binge that would have been required to offset the reduction in investment.

In any case, monetary policy—the Federal Reserve's lowering of short-term interest rates to heat up the economy—has been vastly oversold. Monetary policy is far more effective in reining in the economy than in stimulating it in a downturn, a fact that is slowly becoming apparent as the economy continues to sink despite a massive number of rate cuts; Tuesday's was the 10th this year.

The Bush administration's tax cut, which was also oversold as a stimulus, is likely to haunt the economy for years. Now the consensus is that a new stimulus package is needed; the president has ordered Congress to have one on his desk by the end of the month. Much of the stimulus debate has focused on the size of the package, but that is largely beside the point. A lot of money was spent on the Bush tax cut. But the $300 and $600 checks sent to millions of Americans were put largely into savings accounts.

What worries me now is that the new proposals—particularly the one passed by the Republican-controlled House—are also likely to be ineffective. The House plan would rely heavily on tax cuts for corporations and upper-income individuals. The bill would put zero—yes, zero—into the hands of the typical family of four with an annual income of $50,000. Giving tax relief to corporations for past investments may pad their balance sheets but will not lead to more investment now when we need it. Bailouts for airlines didn't stop them from laying off workers and adding to the country's unemployment.

The Senate Republican bill, which the administration backs, in some ways would make things even worse by granting bigger benefits to very high earners. For instance, the $50,000 family would still get zero, but this plan would give $500,000 over four years to families making $5 million a year—and much of that after (one hopes) the economy has recovered. It directs very little money to those who would spend it and offers few incentives for investment now.

It would not be difficult to construct a program with a much bigger bang for the buck:

America's unemployment insurance system is among the worst in the advanced industrial countries; give money to people who have lost their jobs in this recession, and it would be quickly spent.

Temporary investment tax credits also would help the economy. They are like a sale—they induce firms to invest now, when the economy needs it.

In every downturn, states and localities have to cut back expenditures as their tax revenues fall, and these cutbacks exacerbate the downturn. A revenue-sharing program with the states could be put into place quickly and would prevent these cutbacks, thus preserving vitally needed public services. Many high-return public investments could be put into place quickly—such as renovating our dilapidated inner-city schools.

This may all sound like partisan (Democratic) economies, but it's not. It's just elementary economics. If you really don't think the economy needs a stimulus, either because you think the economy is not going into a tailspin or because you think monetary policy will do the trick, only then would you risk a minimal-stimulus package of the kind the Republicans have crafted in both the House and Senate.

But what matters is not just how I or other economists see this: It matters how markets, both here and abroad, see things. The fact that medium- and long-term bond rates (that is, bonds that reach maturity in five or 10 years or more) have not come down in tandem with short-term rates is not a good sign. Nor is the possibility that the interest rates some firms pay for borrowing for plant and equipment may actually have increased.

In 1993, a plan of tax increases and expenditure cuts that were phased in over time, providing, reassurances to the market that future deficits would be lower, led to lower long-term interest rates. It should come as no surprise, then, that the Bush package, with its tax decreases and expenditure increases, would do exactly the opposite. The Federal Reserve controls the short-term interest rates—not the medium- and long-term ones that firms pay when they borrow money to invest, or that consumers pay when they borrow to buy a house, which are still far higher than the short-term rate, which now stands at its lowest level in 40 years. Whatever monetary policy does in lowering short-term rates can be largely undone by an administration's misguided fiscal policy, which can increase that gap between short and long rates; that gap has widened considerably.

Worse still, America has become dependent on borrowing from abroad to finance our huge trade deficits; and the reduction in the surplus is likely to exacerbate this (on average, the two move together). If foreigners become even less confident in America, they will shift their portfolio balance, putting more of the money elsewhere. That adjustment process itself could put strain on the U.S. economy. Before the terrorist attacks, confidence abroad in America and the American economy had eroded, with the bursting of the stock and dot-com bubbles. The two remaining pillars of strength were the quality of our economic management and our seeming safety. Both of these have now been questioned—and the stimulus package likely to become law has nothing to allay foreigners' fears.

As a former White House and then World Bank official, I have had the good (or bad) fortune to watch downturns and recessions around the world. Two features are worth noting.

First, standard economic models perform particularly badly at such times, they almost always underestimate the magnitude of the downturn. One relies on these models only at one's peril. The International Monetary Fund and the U.S. Treasury badly underestimated the magnitude of the Asian downturns of 1997—and this mistake was at least partly responsible for the disastrous IMF policies prescribed in Indonesia, Thailand and elsewhere.

Second, there are long lags and irreversibilities: Once it is clear that the downturn is deep, and a stronger dose of medicine is administered, it takes six months to a year for the effects to be fully felt. Meanwhile, the consequences can be severe. The bankrupt firms do not become unbankrupt and start functioning again.

Downturns are likely to be particularly severe when the economy is hit by a series of adverse shocks. Market economies such as ours are remarkably robust. They can withstand a shock or two. But even before terrorism came ashore, America had been hit badly. The attacks added political uncertainty to the already great economic uncertainty.

So here we are, facing a major downward spiral. This is where eroding confidence in economic management comes into play. John Maynard Keynes, the founder of modern macroeconomics, (including the notion of the stimulus) emphasized the importance and vagaries of *investers'* ''animal spirits''—that is, the unpredictability of their optimism and pessimism. But expectations, rational or irrational, about the future are of no less importance to consumers. Those who are worried about losing their jobs are more likely to cut back on their spending and to save the proceeds from any tax cuts.

It was great fun being part of the Great Expansion. Every week brought new records—the lowest unemployment rate in a quarter-century, the lowest inflation rate in two decades, the lowest misery index in three. The good news fed on itself, and the confidence helped fuel the expansion. We took credit where we could, but I knew that much of this was good luck—and the Clinton administration and Fed not messing things up.

Now, every week brings new records in the other direction—the largest increase in unemployment and decline in manufacturing in two decades, the first quarterly fall in consumer prices in nearly a half-century, the slowest growth in nominal GDP in any two consecutive years since the 1930's. Americans love records, but unfortunately, these new ones are contributing to the already pervasive sense of anxiety. The Bush administration will not try to claim credit for these new records; rather, it will blame Sept. 11. Osama bin Laden is a convenient excuse, but the data will show his murderous henchmen were aiding and abetting at best: The economy was already sliding toward recession.

I wish I could be more optimistic about our economy's prospect. I worry that all of this naysaying will simply contribute to the downturn. Perhaps I am wrong, and the economy will, on its own, recover quickly.

But perhaps I am right. Then, without an effective stimulus, the U.S. economy will sink deeper into recession, and the rest of the world with it. An ineffective stimulus could be even worse: It would harm budgetary prospects, raising medium- and long-term interest rates. And when we see the false claims for what they are, confidence in our economy and in our economic management will deteriorate further. We have had a first dose of this particular medicine. We hardly need another.

Mr. HOLLINGS. Mr. President, earlier this week USA Today had an editorial entitled ''Shopping for 2002 Votes, Dems, GOP Raid Surplus.''

I will read the last sentence:

In Washington, putting on a great show of activity to demonstrate concern for anyone's economic hurt may seem to be smart politics. But sometimes the best thing the government can do is nothing. This is one such time.

I ask unanimous consent that the editorial be printed in the RECORD.

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

[From the USA-Today, Dec. 17, 2001]

SHOPPING FOR 2002 VOTES, DEMS, GOP RAID SURPLUS

DESPITE SIGNS OF ECONOMIC RECOVERY, CONGRESS INSISTS ON 'STIMULUS'.

What's wrong with this picture?

Just two weeks ago, the White House announced that not only have last winter's predictions of massive budget surpluses evaporated, but major deficits are predicted for at least the next three years, as well.

State governors from both parties are warning that homeland-security needs are going unaddressed for lack of funding.

Yet, instead of recognizing these new realities, Congress and the White House are spending the last days before their holiday recess trying to enact a hugely expensive ''economic stimulus'' package that is packed with tax cuts and social spending. And they're doing so even as the economy is showing signs of recovering on its own.

Stimulus clearly is not more dangerous than the lack of one. yet, instead of spiking the idea, congressional Democrats and Republicans are seeking a compromise. Not because the economy needs a jolt, but because each party sees it as an opportunity to score some points in the 2002 congressional campaigns:

House Republicans, on a largely party-line vote, passed a $100-billion package of tax cuts targeted overwhelmingly at corporations and individuals with incomes in the top 5% of the nation, coincidentally among the biggest sources of political contributions. The biggest tax breaks for business weren't targeted at job creation but at refunding taxes already paid as long ago as 1986. Many of the cuts for individuals—questionable during a budget squeeze in any case—wouldn't take effect until 2003, when the recession is likely to be long over.

Senate Democrats are headlining a $600 tax rebate for working-poor families that didn't earn enough to benefit from last summer's income-tax rebates, as well as a one-month holiday from payroll taxes. It's a nice appeal to their blue-collar political base, but normally fractious economists almost all agree it's no stimulus: Repeated studies show one-shot cash windfalls are likely to go to reduce debt or bolster savings, not to spending that would stimulate the economy. Similarly, extending unemployment benefits and helping to pay for health insurance sound like noble objectives—but backdoor welfare, even if needed, is no kick-start for a troubled marketplace.

The Bush administration murmurs piously about compromise, but what the president and his aides are hinting at looks a lot like the old Washington game: doling out the political bonbons for both sides to claim victory, with little concern for economic justification.

Meanwhile, the money just isn't there. The return to red ink is so abrupt that the Treasury asked Tuesday for a hike in the government's borrowoing limit, to a whopping $6.7 trillion. The current ceiling, $5.95 trillion and just three months ago headed rapidly downward, may be reached as soon as February.

In Washington, putting on a great show of activity to demonstrate concern for anyone's economic hurt may seem to be smart politics. But sometimes the best thing the government can do is nothing. This is one such time.

Mr. HOLLINGS. Mr. President, the Wall Street Journal printed an article earlier this week on Monday entitled, ''The Stimulus Fiasco.'' I ask unanimous consent this article be printed in the RECORD.

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

[From the Wall Street Journal, Dec. 17, 2001]

THE STIMULUS FIASCO

In the not-so-epic battle over fiscal ''stimulus,'' the shouting has all come down to this: The White House is demanding that the 27% income-tax rate, be cut to 25%, while Senate Majority Leader Tom Daschle is insisting on a mere 26%. Only in Washington would anyone believe that either one is going to make much economic difference.

If this is all that the politicians can come up with, we have a modest proposal: Pack it in. The economy will be better off if President Bush calls the whole thing off and instead focuses on abosrbing the lessons of this political fiasco.

Not that we expect this to happen. The point of this exercise long ago stopped being economic growth and became political advantage. Mr. Bush wants to be able to sign something—anything—he can call ''stimulus'' to show voters he isn't like his father and cares about more than foreign policy. Mr. Daschle knows this, so he wants to deny Mr. Bush any tax cuts that might actually stimulate in favor of loading up on tax rebates, jobless benefits, health-care subsidies and other things that will redistribute income to his political constituencies. And it looks as if he's going to prevail.

This is clear from Mr. Bush's latest counter-offer last week to Mr. Daschle dictating the terms of his own surrender. Gone was the across-the-board acceleration of individual income-tax rates that he originally wanted and that his own economists believe would be the best economic medicine. Mr. Bush is still requesting some corporate tax relief, such as a temporary speedup in depreciation and scaling back the corporate alternative minimum tax. But these will only pad business balance sheets for a while and do little to alter long-term incentives. Meanwhile, the President gave in to Mr. Daschle on tax rebates for low-in-come Americans who didn't get them last summer—that is, for people who pay little or no income tax anyway.

What really matters now is not whether a deal is struck this week but what lessons Mr. Bush learns from his looming defeat. We'd suggest at least two. The first is that only thing bipartisan abut Mr. Daschle is his smile. Like his mentor, George Mitchell, who destroyed Mr. Bush's father, Mr. Daschle wants to make Mr. Bush a one-term President. Rumors abound that the South Dakotan plans to run himself, but even if he doesn't he represents a Senate Caucus loaded with other potential candidates (John Kerry, Joe Lieberman, John Edwards, Hillary Clinton, Joe Biden).

All of them are pursuing the Daschle strategy of wrapping their arms around a popular President on the war. But on domestic policy they are competing against one another for advantage among the Democratic Party's liberal interest groups. This critical mass of Presidential ambition is inevitably pulling the entire Democratic Senate to the left. In the stimulus debate, it explains why Mr. Daschle established the absurd condition that any ''bipartisan'' compromise had to be supported by two-thirds of all Senate Democrats. That means any 17 Democrats can kill anything, and there are more than enough Caucus liberals to do that.

If Mr. Bush wants to know where Democrats will go next, all he had to do was watch Mrs. Clinton a week ago Sunday on NBC's ''Meet the Press.'' While praising Mr. Bush to the skies on the war, she also came out for repealing the tax cuts that the Congress already passed this summer. By not fighting harder to accelerate all of his rate cuts now, the President has left himself open to a three-year defensive battle to keep what he's already won.

Mr. Bush might as well recognize this now and plan accordingly. The only way he will get anything done in the Senate between now and 2004 is to move public opinion on the issues or beat Democrats at the polls in 2002. The worst habit in this environment is to negotiate with yourself, which is what has happened to Mr. Bush on ''stimulus.'' The President first gave Democrats $40 billion in new spending, but got no tax promises in return. Then he conceded on jobless benefits, but also got nothing, then on tax rebates, for which Mr. Daschle seems to have handed him only the token one-percentage point cut in the 27% rate.

The second lesson is that Mr. Bush's economic team failed him. Counselor Larry Lindsey gave him outdated Keynesian advice, assuring him against all evidence that tax rebates would spur growth. Treasury Secretary Paul O'Neill has provided no direction that we've noticed, offering only tentative counsel on policy and tripping over his own tongue on the politics. If this team were running the war in Afghanistan, the Marines would be the ones surrounded at Tora Bora.

The silver lining is that the economy may recover on its own without any fiscal stimulus. Ed Hymen of the ISI Group says he sees more signs of recovery by the week, oil prices are down and the Fed has provided ample liquidity (maybe too much if you look at the 10-year Treasury bond rate that hasn't fallen with Fed easing). This means Mr. Bush can afford to reject the phony stimulus that is now emerging from Congress. But in the long run he owes Americans coping with hard times a better domestic political strategy and a stronger economic team.

Mr. HOLLINGS. I will read the last sentence:

But in the long run [Mr. Bush] owes Americans coping with hard times a better domestic political strategy and a stronger economic team.

That is the first time I heard the Wall Street Journal ask for a stronger economic team. The reason is because we are in deep trouble.

We ended up last fiscal year, which ended just 3 months ago, on September 30 with a deficit of $141 billion. That was not as a result of September 11.

I ask unanimous consent to print in the RECORD a Wall Street Journal editorial dated August 16.

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

[From the Wall Street Journal, Aug. 16, 2001]

NASDAQ COMPANIES' LOSSES ERASE 5 YEARS OF PROFIT

(By Steve Liesman)

Mounting losses have wiped out all the corporate profits from the technology-stock boom of the late 1990s, which could make the road back to the previous level of profitability longer and harder than previously estimated.

The massive losses reported over the most recent four quarters by companies listed on the Nasdaq Stock Market have erased five years' worth of profits, according to figures from investment-research company Multex.com that were analyzed by The Wall Street Journal.

Put another way, the companies currently listed on the market that symbolized the New Economy haven't made a collective dime since the fall of 1995, when Intel introduced the 200-megahertz computer chip, Bill Clinton was in his first term in office and the O.J. Simpson trial obsessed the nation. ''What it means is that with the benefit of hindsight, the late '90s never happened,'' says Robert Barbera, chief economist at Hoenig & Co.

The Wall Street Journal analysis looked at earnings excluding extraordinary items going back to September 1995 for about 4,200 companies listed on Nasdaq, which is heavily weighted toward technology stocks but also includes hundreds of financial and other growth companies. For the most recently reported four quarters, those companies tallied $148.3 billion in losses. That roughly equaled the $145.3 billion in profit before extraordinary items these companies have reported since September 1995. Because companies have different quarter-ending dates, the analysis doesn't entirely correspond to calendar quarters.

Large charges that aren't considered extraordinary items were responsible for much of the red ink, including restructuring expenses and huge write-downs of inventories and assets acquired at high prices during the technology bubble.

Analysts, economists and accountants say these losses raise significant doubts about both the quality of past reported earnings and the potential future profit growth for these companies. Ed Yardeni, chief investment strategist at Deutsche Banc Alex. Brown, said the losses raise the question of ''whether the Nasdaq is still too expensive. These companies aren't going to give us the kind of awesome performance they did in the '90s, because a lot of it wasn't really sustainable.''

The Nasdaq Composite Index stood at around 1043 in September 1995, soared to 5048.62 in March 2000 and now stands at 1918.89. Because companies in the Nasdaq Composite Index now have a cumuluative loss, for the first time in memory the Nasdaq's value can't be gauged using the popular price-earnings ratio, which divides the price of stocks by their earnings. That means it is impossible to say whether the market is cheap or expensive in historical terms.

The extent of the losses surprised a senior Nasdaq official, who asked not to be named. ''I wouldn't have thought they were that high,'' he said.

Nasdaq spokesman Andrew MacMillan, while not disputing the losses, pointed to the $1.5 trillion in revenue Nasdaq companies generated over the past year, saying that represented ''a huge contribution to the economy, to productivity, and to people's lives . . . regardless of what's happening to the bottom line during a rough business cycle.''

Satya Pradhuman, director of small-capitalization research at Merrill Lynch, says the recent massive losses tell a story of a market where investors became focused on revenue instead of earnings. With billions of dollars in financing chasing every glimmer of an Internet idea, Mr. Pradhuman says, a lot of companies came to market long before they were ready.

''The underwriting was very aggressive, so earlier-stage companies came to market than the kind of companies that came to market five or 10 years ago,'' he adds. He believes there is plenty of potential profitability out there in this crop of young companies, But, he notes, ''only among those that survive.''

The data show that the very companies whose technology products were supposed to boost productivity and help smooth out the business cycle by providing better information have been among the hardest-hit in this economic slowdown. ''Management got caught up with how smart they were and completely forgot about the business cycle and competition,'' says Mr. Yardeni. ''They were managed for only ongoing success.''

To be sure, some of Nasdaq's largest star-powered companies earned substantial sums over the period. Intel led the pack with $37.6 billion in profit before extraordinary items since September 1995, followed closely by Microsoft's $34.6 billion in earnings. Together, the 20 most profitable companies earned $153.3 billion, compared with losses of $140.9 billion for the 20 least profitable. Included in the losses was a $44.8 billion write-down of acquisitions by JDS Uniphase and an $11.2 billion charge by VeriSign, also to reduce the value on its book of companies it had bought with its high-price stock.

These charges lead some analysts and economies to believe that including these losses overstates the magnitude of the decline. According to generally accepted accounting principles, these write-offs are treated as regular expenses. But corporate executives say they should be treated as one-time items. ''It's an accounting entry rather than a true loss,'' maintains Bill Dudley, chief U.S. economist at Goldman Sachs Group.

Removing these unusual charges, the losses over the most recently reported four quarters shrink to $6.5 billion on a before-tax basis. By writing down the value of assets, companies have used the slowdown to clean up their balance sheets, a move that should allow them to move forward with a smaller expense base and could pump up future earnings.

''It sets the table for future dramatic growth,'' says independent accounting analyst Jack Ciesielski. Because of the write-downs, ''when the natural cycle begins again, the returns on assets and returns on equity will look fantastic.'' But Mr. Ciesielski adds that this benefit will be short-lived.

Cicso Systems in the first quarter took a $2.25 billion pretax inventory charge. This quarter, it partly reversed that write-down taking a gain of $187 million from the revaluation of the previously written-down inventory. The reversal pushed Cisco into the black.

But Mr. Barbera warns that investors shouldn't be so quick to ignore the unusual charges. For example, during good times it wasn't unusual for companies to book large gains from investments in other companies. Now that the value of those investments are under water, companies are calling the losses unusual. ''If they are going to exclude the unusual losses, then they should exclude the unusual gains,'' says Mr. Barbera.

Mr. HOLLINGS. I read from the article:

The Wall Street Journal analysis looked at earnings excluding extraordinary items going back to September 1995 for about 4,200 companies listed on Nasdaq, which is heavily weighted toward technology stocks, but also includes hundreds of financial and other growth companies. For the most recently reported four quarters those companies tallied $148.3 billion in losses. That roughly equaled the $145.3 billion in profit before extraordinary items these companies have reported since September 1995.

It is as if the last 5 years never occurred. What did I have to listen to as a long-time member of the Budget Committee? Surpluses as far as the eye can see, they said in June when the President signed the $2.3 trillion tax cut. I want to say it right as a Senator saying we ought to be increasing revenues, paying our way.

I see the distinguished former Governor of Florida in the Chamber. We could not get by as Governors in our States unless we had a triple-A credit rating. None of these industries are going to expand and come to us at all.

What really hearkened this particular Senator because we never seem to learn. The same act, same scene 20 years ago: David Stockman, the head of President Reagan's economic team, the Director of his Office of Management and Budget, in his book, ''The Triumph of Politics,'' talks about the Trojan horse, growth-growth, Kemp-Roth, and what we had entitled ''voodoo No. 1.'' Now we have voodoo No. 2. Referring to voodoo No. 1 on page 342, at the end of the year in November after they passed the tax cuts, we immediately went into recession, which is exactly what has happened in the year 2001.

I quote:

[President Reagan] had no choice but to repeal, or substantially dilute, the tax cut.

Can you imagine that?

He had no choice but to repeal, or substantially dilute, the tax cut. That would have gone far toward restoring the stability of the strongest capitalist economy in the world. It would have been a great act of statesmanship to have admitted the error back then, but in the end it proved too mean a test. In November 1981, Ronald Reagan chose not to be a leader but a politician, and in so doing he showed why passion and imperfection, not reason and doctrine, rule the world. His obstinacy was destined to keep America's economy hostage to the errors of his advisers for a long time.

That is exactly our dilemma now. For those who regret the non-passage of the stimulus bill, go to Sunday school and thank the Good Lord because—as Stiglitz said and as the USA Today said and as the Wall Street Journal said and now as Dave Stockman said 20 years ago—we ought to be removing those tax cuts, repealing that $2.3 trillion.

It is not the confidence of consumers, it is the confidence of the market. The money boys who really govern the economic affairs of this country—the $2 trillion is still going to be lost.

How much are we up? I ask unanimous consent to print in the RECORD, the deficit to the penny as included by none other than the Secretary of Treasury.

It is entitled the Public Debt to the Penny. That is the Secretary of the Treasury. I ask unanimous consent that this document be printed in the RECORD.

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

THE DEBT TO THE PENNY

	Amount
Current:	
12/19/2001	$5,883,339,152,814.48
Current Month:	
12/18/2001	5,881,570,635,636.22
12/17/2001	5,875,160,714,473.71
12/14/2001	5,875,869,812,211.80
12/13/2001	5,875,559,240,572.48
12/12/2001	5,877,463,679,105.98
12/11/2001	5,879,691,857,799.79
12/10/2001	5,877,125,427,843.37
12/07/2001	5,874,922,950,915.27
12/06/2001	5,877,883,213,016.24
12/05/2001	5,868,016,815,751.26
12/04/2001	5,867,886,281,057.86
12/03/2001	5,862,832,382,763.04
Prior months:	
11/30/2001	5,888,896,887,571.34
10/31/2001	5,815,983,290,402.24
Prior fiscal years:	
09/28/2001	5,807,463,412,200.06
09/29/2000	5,674,178,209,886.86
09/30/1999	5,656,270,901,615.43
09/30/1998	5,526,193,008,897.62
09/30/1997	5,413,146,011,397.34
09/30/1996	5,224,810,939,135.73
09/29/1995	4,973,982,900,709.39
09/30/1994	4,692,749,910,013.32
09/30/1993	4,411,488,883,139.38
09/30/1992	4,064,620,655,521.66
09/30/1991	3,665,303,351,697.03
09/28/1990	3,233,313,451,777.25
09/29/1989	2,857,430,960,187.32
09/30/1988	2,602,337,712,041.16
09/30/1987	2,350,276,890,953.00

Source: Bureau of the Public Debt.

THE DEBT TO THE PENNY AND WHO HOLDS IT

[Beginning 1/31/2001]

	Debt held by the public	Intragovernmental holdings	Total
Current:			
12/19/2001	3,410,253,888,547.10	2,473,085,264,267.38	5,883,339,152,814
Current month:			
12/18/2001	3,409,529,106,007.83	2,472,041,529,628.39	5,881,570,635,636
12/17/2001	3,409,404,133,952.59	2,465,756,580,521.12	5,875,160,714,473
12/14/2001	3,411,315,816,347.79	2,464,553,995,864.01	5,875,869,812,211
12/13/2001	3,411,300,511,893.02	2,464,258,728,679.46	5,875,559,240,572
12/12/2001	3,410,599,497,172.45	2,466,864,181,933.53	5,877,463,679,105
12/11/2001	3,410,412,991,136.99	2,469,278,866,662.80	5,879,691,857,799
12/10/2001	3,410,374,030,620.89	2,466,751,397,222.48	5,877,125,427,843
12/07/2001	3,410,332,012,889.24	2,464,590,938,026.03	5,874,922,950,915
12/06/2001	3,409,948,417,231.43	2,467,934,795,784.81	5,877,883,213,016
12/05/52001	3,399,263,255,412.91	2,468,753,560,338.35	5,868,016,815,751
12/04/2001	3,399,212,246,226.65	2,468,674,034,831.21	5,867,886,281,057
12/03/2001	3,399,094,184,616.49	2,463,738,198,146.55	5,862,832,382,763
Prior months:			
11/30/2001	3,404,026,838,038.17	2,484,870,049,533.17	5,888,896,887,571
10/31/2001	3,333,039,379,996.92	2,482,943,910,405.32	5,815,983,290,402
Prior fiscal years:			
09/28/2001	3,339,310,176,094.74	2,468,153,236,105.32	5,807,463,412,200

THE DEBT TO THE PENNY AND WHO HOLDS IT

[Thru 1/30/2001]

	Debt held by the public	Intragovernmental holdings	Total
Prior months:			
01/30/2001	3,369,903,111,703.32	2,370,388,014,843.13	5,740,291,126,546
12/29/2000	3,380,398,279,538.38	2,281,817,734,158.99	5,662,216,013,697
11/30/2000	3,417,401,544,006.82	2,292,297,737,420.18	5,709,699,281,427
10/31/2000	3,374,976,727,197.79	2,282,350,804,469.35	5,657,327,531,667
Prior fiscal years:			
09/29/2000	3,405,303,490,221.20	2,268,874,719,665.66	5,674,178,209,886
09/30/1999	3,636,104,594,501.81	2,020,166,307,131.62	5,656,270,901,633
09/30/1998	3,733,864,472,163.53	1,792,328,536,734.09	5,526,193,008,897
09/30/1997	3,789,667,546,849.60	1,623,478,464,547.74	5,413,146,011,397

Mr. HOLLINGS. We are already $76 billion in the red in addition to the $141 billion we ended up in the red this last fiscal year. We had to listen to Alan Greenspan say, ''Oh, wait a minute; we might pay off the debt too quick.''

We had $5.6 trillion and surpluses as far as the eye could see, and now what do they need to do? They need to increase the debt limit. They asked us the other day, let us increase the debt limit.

The debt limit, according to the budget and economic outlook for fiscal years at the beginning of the year, they said, and I quote: ''Under those projections, the debt ceiling would be reached in 2009.'' That is what they told us 11 months ago, that in 2009 the debt limit was going to be reached. The first order of business when we come back in January and February is to increase the debt limit, all on account of a rosy scenario, all on account of—what do they call it?—voodoo number two.

We better sober up and start paying the bill in Washington.

I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

LACK OF ACTION ON STIMULUS BILL

Mr. GRASSLEY. Mr. President, I am happy to be able to have some time to comment on the fact the Senate is not bringing up the stimulus package. It is to my chagrin, after all the hard work Senator BAUCUS and I have put into these negotiations. Albeit what we have in front of us is not a product of a conference committee, it is still a White House bipartisan compromise, a White House Centrist compromise, that would get a majority vote of the Senate if we had actually had an opportunity to vote on it.

In normal circumstances, I would not be one to say we ought to pass a House bill. These are, however, not normal times and this is not a normal process. Some will say this is a House product that needs to be amended and debated. That assertion, while technically accurate, does not capture the essence of our situation today or right now that we are in a war on terrorism.

The House bill is really the product of an agreement between the White House and Senate Centrists so I am going to call the House bill what it really is. It is a White House Centrist agreement, if you are looking for a bipartisan, bicameral product the President will sign. The President said he would sign this. This agreement is the only game in town.

To anyone opposing this agreement, including the Democrat leadership, I ask them to show me where they are being bipartisan. All I have seen from the leadership throughout this process is an iron fist cloaked in a velvet glove.

Today, we did witness, with the objection to consideration of the stimulus package, the iron fist clothed in an eloquent velvet glove, displayed once again, similar to what we have done on other issues like insurance and like a stimulus package earlier on.

Today that iron fist smashed the White House Centrist agreement. The American people will not be well served by the destruction of the White House Centrist agreement. All it means is that after 3 months of long meetings, committee action, floor debates, we, the Senate, will not deliver to the American people.

The House has delivered. The President has delivered. One has to wonder, then, why are we stuck? If we can get a bipartisan majority in the Senate, action by the House and a signature by the President, why does a partisan minority of the majority party decide to thwart the will of the people? Why, especially now?

Our Nation is in a state of war on terrorism. Our President is necessarily occupied as Commander in Chief to run that war. Why, on a matter of economic stimulus and aid to dislocated workers, did the President have to come to the Hill yesterday to try and break a logjam? Why did the Democratic leadership give his effort the back of their hand? Why did the bipartisan objectives go by the wayside? I will take a few minutes to talk about how we got here.

Shortly after September 11, we started out with meetings with Chairman Greenspan and other economic policymakers. For the most part, they were called by the good chairman of the Senate Finance Committee, Senator BAUCUS. In that period, right after September 11, the President took first steps and took the risk by committing to a stimulus package, fully aware we might be going in the budget ''red'' if we did.

We should not discount this leadership by the President. Certainly it took courage, and it was the right thing to do. Chairman Greenspan also took the lead and gave the ''Greenspan green light'' to pursue a stimulus package. It seemed everyone realized our responsibility was to heed the President's directive and Greenspan's advice. Both of these men said Congress should address the economic slowdown. They told us the slowdown started over 1 year ago. Subsequently, the National Board of Economic Research told us the economy might have recovered but for the September 11 attack.

The President took the lead in meeting needs of dislocated workers. He proposed extension of unemployment insurance benefits. He also proposed providing health care benefits through the National Emergency Grants.

In addition, the President proposed, as a concession to the other party, a new round of rebate collection to those who do not pay income tax.

Was there any reciprocation, any movement from the Democratic leadership? No.

President Bush, much to the consternation of many in the Republican Party, took capital gains tax off the table because it was not well received by Democrats. Was there any reciprocation on the part of the Democratic leadership? No.

This is not to say we did not agree on some things. Bonus depreciation, for instance, was agreed to by each side. Although we did not have it in our caucus position, Republicans agreed with Democrats on liberalizing the net operating loss rules and expensing for small business.

I do not also discount the ideologically based opposition to accelerating the reduction of the 27 percent bracket, but it is amazing to me that many on the other side see taxpayers in the 27 percent bracket as rich people.

A 2 percent rate cut for single folks earning between $27,000 and $65,000 is seen as a tax cut for the very wealthy by the Democrat leadership. Likewise, a married couple with incomes between $45,000 and $109,000 are considered rich. I recognize this tax cut proposal was difficult for the Democratic leadership to accept. After a series of bipartisan, bicameral talks, the House went its own way with a bill; too heavy for me on corporate AMT. It passed by just two votes.

The Senate Democratic leadership responded in kind. The result was a Democratic Caucus partisan position paper reduced to legislation they rammed through our Finance Committee on a party line vote. That bill dead ended in the Senate. The reason is the bill was designed for partisan point making. Its partisan design was its weakness in an institution like the Senate where one only gets things done on a bipartisan basis. That design guaranteed its failure.

We could have ended there, but the President forced us back into action. Frankly, the House also yielded on a very bad bill they first passed.

The result was a quasi-conference environment to work out differences. By virtue of this quasi-conference, my friends JAY ROCKEFELLER and MAX BAUCUS, our chairman, and I spent many long hours debating the merits of economic stimulus and aid to dislocated workers. In many ways, the discussions were vigorous exchanges of views with our House colleagues. A lot of that discussion was healthy, and some of it helped move the process along.

Little real progress was made. Once again, the President intervened and endorsed the Senate Centrist position. Eventually, the House leadership came toward the Centrist position because they wanted to find a way to get a bill through the Senate, and that can only be done if it is done on a bipartisan basis. Even with movement to the Centrist position, the quasi-conference was at an impasse. Senator DASCHLE's edict about 3 weeks ago that one-third of his caucus could veto a stimulus plan came into clear focus. The sentiments of the House or White House, let alone the sentiments of Joe Six-pack out there