

Mr. President, to blame somehow the House of Representatives for adopting their own budget resolution as the reason why the Senate did not consider its own, simply defies logic.

That is why the Budget Act created a concurrent resolution, that is why the Budget Act established a conference on a House-passed and Senate-passed budget resolution. I have been in many conferences on budget resolutions, and they were tough, but the fact that I knew they were going to be tough, never stopped me from doing my job as Chairman of the Budget Committee, and again the Senate has always adopted a budget resolution.

So what other excuse is made for the Senate not acting on a budget? The President's budget submitted way back in February is the other excuse for us not acting here in the Senate.

This has to be the weakest of all excuses. This is not the President's budget we are expected to adopt. This is not the President's budget resolution. This is the "congressional budget."

We are an equal branch of government in this balancing act between the Executive and the Legislative over fiscal policy.

I have never been shy about expressing differences with Presidents of either party over the years when I thought their budget proposals needed modifications. The same holds true for President Bush's executive budget plan transmitted to Congress last February.

But I have always guarded the congressional prerogative to produce a "congressional budget." This is our responsibility under the Budget Act and I would also go so far as to say, under the Constitution. Because the President has a budget plan that might differ from one that Congress might produce, is certainly no reason for the Congress not to act. In fact, I would argue it is a reason for the Congress to act.

I do not think it should be any surprise that we begin a new fiscal year with no appropriation bills at the President's desk to sign. The failure of this Senate to consider and act on a budget blueprint, to sit down and tough it out back in the spring, has made the appropriation process stumble and fall this year.

Last year in the aftermath of the September 11 attacks, Congress also did not have any regular appropriation bills enacted before the beginning of this fiscal year. This was understandable under the circumstances.

But I contend the major reason the appropriation process has failed this year, is because we were not willing to adopt a budget resolution. You have to go back to 1996 to find the last time no appropriations were enacted before the beginning of the fiscal year. A time under President Clinton and the infamous 26 days of government shut-down and 14 continuing resolutions.

No, there is no other way to say it and it is tough. This Majority Leader and this Chairman of the Budget Com-

mittee and this Senate failed in their one basic responsibility under the Budget Act—produce a budget resolution. And now everybody else is to blame but ourselves. I think those who take the time to understand what is going on here can see the hypocrisy of the Majority Leader and Chairman's statements.

#### THE ECONOMY

Mr. DOMENICI. Mr. President, I have a statement I want to start and then put the remainder in the RECORD, and if we get time in the next 2 weeks, I will come back a couple of times.

The economy is much in the air now. It is not as much as perhaps the Iraq situation. But the Democratic Party and their leaders want to make it the important issue and put the war in the backseat.

I don't think that is going to happen because the people of this country know the war is an imminent problem. And, if we have a war, the amount of money we plan to spend in the budget will probably get changed in a mammoth way to accommodate the needs of the war.

When we had the war in the gulf the last time, our allies paid most of the bill. I recall looking at the formula that was drawn by the OMB. Actually, our allies just took the formula and said we are bound by the formula, and wrote the checks. Some of those paid as much as \$13 billion for that war. That was our friend we were all arguing about which has a little oil. Here is our share. Japan didn't enter that war. They wrote a big check. We didn't pay much for that war. We don't have such an agreement now. Maybe somebody will start thinking about it.

Let me talk about the economy. Federal Reserve Board Chairman Alan Greenspan said recently the U.S. economy has confronted very significant challenges over the past year: Major declines in the equity markets, which none of us thought would ever happen. Many Americans thought it would go on forever. The equity market had ballooned out of all proportion, and people such as Alan Greenspan were giving us warnings. It did begin its downward trend and it still is continuing on that path.

To date, Dr. Greenspan said the economy appears to have withstood this set of blows very well—the blows being the investment spending, the retrenchment, the tragic terrorist attacks of last September. The Federal budget has been able to withstand that, and the economy has been able to withstand that.

The economy is not in great shape right now. But not in great shape either at this time are many individual problems in this country. Consumption is strong. Unemployment gains are creeping back up.

But to blame President Bush is pure unadulterated, partisan politics. For those who talk about it being his prob-

lem, the issue would be what would they do to fix it? Some would raise taxes by an enormous amount; or by repealing the cuts that were made. Nobody with their right mind about the economy would suggest that.

But when you say it is not in very good shape today, what would you do about it? We will blame the President. What would you do positive about it? A large group would say raise taxes.

I find it hard to believe if we had to do that and came to that point, very many people would vote for it when they finally understood the negative consequences of that.

I want to mention every now and then I look to a Democratic economist who is of renown, and is of the other party, and everybody knows who he is; that is, Democratic economist Joe Stiglitz. He was Vice Chairman of the Federal Reserve under President Clinton. He has written many articles and books on the economy.

He has indicated, and I quote:

This economy was slipping, and it was slipping into a recession even before Bush took office as President and before the corporate scandals—

That we haven't yet determined the breadth and number of them, but even before they started—

were rocking America.

That was earlier yet than when the President took office.

He says we were moving into a recession. What we did were the right things to get out of the recession. We cut taxes, and we increased spending of things that would spend quickly.

We also at the same time, working with the Federal Reserve Chairman, got interest rates to come down. You remember how many times he cut them. And so you had the triad that would help a recession.

I wonder how bad it would be if we had not done that. I wonder how bad the economy would be if we had not cut taxes at the right time and if, in fact, we did not have the Federal Reserve working in harmony reducing the interest rates, and if we had not spent some additional money, some which came because of the war costs.

So the economic growth has started slowing down. It started in mid-2000, well before the President took office. In 1997, more than 3 years before he was elected, you could begin to see, as you analyze corporate profits, they were coming down. This is 3 years before he went out on the steps and took the oath and became President of the United States.

Rather than call this a Bush recession, we ought to call it a Clinton hangover. If you want to use another word for each one so there is nothing negative about it, that would be all right.

In the late 1990s, we had a stock market boom and an investment boom.

Much of the rise in the stock market and investment was sustainable, but some of it was not.

We are now making up for the excesses of that period. We are finally

coming to grips with the need to make sure companies are honest when they account for their profits.

It seems as though for a few years there in the late-90s, some CEOs forgot about ethics and morals. They could say just about anything about their profits and no one was there to check. As long as the stock market was going up, no one seemed to care ethics and morals, and laws were not enforced.

But now we're checking. Now the SEC is doing its job of making sure shareholders aren't getting ripped-off. Now we're going after the corporate criminals.

A few years ago, the federal government looked the other way. Now, thanks in large part to President Bush, that's not happening any more.

Having said that, I believe that when the economic history of this era is written, what will strike people is not that we had a recession but that things were not worse.

In early 2000 the NASDAQ hit 5000. If you had told people that two years later the NASDAQ would be treading water at about 1200, as it is now, they might have assumed we had gone through some sort of Depression. Well, as bad as things got last year, we did not have a Depression.

The policies we enacted over the past two years have made the economy better, not worse. If it weren't for those policies who knows how weak the economy would be now.

Over and over again we hear that our policies are bad for the economy because they turned surpluses into deficits. That is just not true.

I have staked a large part of my career arguing for fiscal discipline, much of it when it was unpopular, even with many members of my own party. But now is not the time quibble about the budget deficit.

The deficit this year will be about 1.6 percent of GDP. But look at the same point in previous business cycles. Back in the 1976 recovery, the deficit was 4.2 percent of GDP. In the 1980s it peaked at 6 percent. In the early 1990s it peaked at 4.7 percent. So 1.6 percent is not large considering we are in the early stages of a recovery and in a war.

If fiscal mismanagement were hurting the economy we would see rising interest rates. But interest rates are going down, not up. The rate on 10-year Treasury Notes is the lowest in 40 years. Homeowners are refinancing their mortgages at a record rate. Notice that those who claimed the Bush tax cut would lead to higher interest rates have been very quiet of late regarding that key point in their argument.

Yes, things could be better. But long term, our economic fundamentals are strong. Productivity is growing at about a 5 percent rate and new innovations continue.

Cutting taxes was the right thing to do and we did it just in the nick of time. I am proud of the work we did this year and last year in cutting taxes

and my fellow Republicans and a few Democrats should be proud too.

I thank the Senate for yielding time to me, and I yield the floor.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Mr. President, I listened to my distinguished colleague with great interest. If my colleague wishes to speak for a few more minutes, I will follow my colleague. I say to the Senator, I was very interested in what you were saying.

Does my colleague wish to take some additional time?

Mr. DOMENICI. I say to the Senator, that is very nice of you to offer. When you want to speak on the floor, you take the gamble. I have some other things to do. I had to wait a little longer for my position. You can rest assured that since I think it is pretty good, the Senate will hear more before we go out. And they will hear another one on two subjects that have to do with who is to blame for what, suggesting we ought to get on with doing things rather than blaming, which is what I think the American people would like.

Thank you very much, I say to the Senator.

Mr. WARNER. Mr. President, I thank my colleague. He is clearly one of the elder statesmen of this institution, with some almost 30 years of service in the Senate.

#### THE GRAMM-MILLER AMENDMENT TO THE HOMELAND SECURITY BILL

Mr. WARNER. Mr. President, I rise today, with other colleagues, to support the Gramm-Miller amendment. I wish to address very specifically some provisions.

The overall amendment addresses the concerns which I had very early on and are outlined in a letter to the Governmental Affairs Committee. At that time, I said to the then-chairman, in writing, I had specific concerns. This particular amendment by GRAMM and MILLER has taken care of those concerns. It is for that reason I lend my support.

It provides the President with the authority he needs to organize our Government at this critical time to deal with these most unusual threats that are confronting our Nation today.

The Presiding Officer and I are privileged to serve together on the Armed Services Committee, and he full well appreciates the diversity and the unprecedented threats that face this Nation today.

I think Senators GRAMM and MILLER have gone about this in a very balanced way. I specifically thank the Senator from Texas and the Senator from Georgia because I approached them, asking that they include a provision in their bill which I had devised with the help of my colleague from Tennessee, Mr. THOMPSON, my colleague from Utah, who is in the Chamber, and my col-

league from Virginia, Senator ALLEN. Senator ALLEN and Senator BENNETT have taken the lead in the high-tech caucus.

In the course of one of our periodic meetings on this subject, the group brought to our attention the need to have this type of indemnity legislation, and once Senator BENNETT, Senator ALLEN, and I approached the Gramm-Miller team, they accepted this amendment. I wish to talk about it today and the importance of that amendment within the amendment that is on the floor now.

The legislation I am proposing with others would authorize the President to apply basically the same indemnification authorities now available to the Secretary of Defense, such that it can be applied to a much larger number of the departments and agencies of the Federal Government, as well as State and local—as well as State and local—governments so these entities of the Federal and State government can go about the business of contracting with our private sector and enable the contractors to have certain protections regarding the products which are the subject of the contract or the services, which products and services are directly contributing to the war on terrorism and the protection of our Nation.

It is quite interesting, I find there is an urgent need for this authority. It has existed in the Department of Defense for so many years. I was privileged to serve in the Department of Defense from 1969 through 1974 as Secretary and Under Secretary of the Navy. The Presiding Officer, I think, was on active duty at that time and had an exemplary career in the military.

But, for example, contractors today would not sell the chemical and biological detectors to a wider range of Federal agencies and departments, and State and local, but they can take the same product and sell it to the Department of Defense. So we are kind of caught up in interpretations of a Presidential directive, the existing law. I think we do not have the time to sort it out in the courts, and it is best to clarify it here in Congress.

This is a bipartisan effort, I assure the Presiding Officer and others.

Some of our Nation's top defense contractors simply cannot sell these products to the other agencies, State and Federal, today. In the meantime, our vulnerability here in the United States, in my own experience, is of great concern to me.

We should give the President the option that he currently does not have of deciding whether other departments and agencies, Federal and State, should have this authority.

The liability risk has been a longstanding deterrent to the private sector, freely contracting with the Department of Defense, but now wishes to broaden its contracting with other departments and agencies.