response to the President has been interesting. From some of my colleagues on the other side of the aisle, and others, it has been said that the President is too bellicose. In fact, I understand today that Senator KENNEDY will bring forth a resolution which will essentially say that. Certainly we have heard from Members of the self-proclaimed peace movement, that is the case.

However, the President made a strong statement of facts that we as a nation are at risk. It is ironic that the Members who may subscribe to this self-proclaimed peace movement which might better be defined as an appeasement movement, that they appear to ignore the fact we are already at war. Approximately 3,000 people died in New York; hundreds died here in Washington; over 100 died on a plane in Pennsylvania; men were killed on a ship, the USS *Cole*, a U.S. military ship, in Yemen; Americans were killed at two embassies in Africa. We are at war.

The representation that we should not fight that war with all our resources and all our capabilities is, I believe, inappropriate.

How do you link Iraq into this war? If this were a period of the 19th century or even large portions of the 20th century, you would not worry about Iraq. You probably would not even worry about al-Qaida. They would be, in the case of Iraq, a government of a petty despot; in the case of al-Qaida, a group of Iraqi murderers. The difference today is that this petty despot and these petty murderers have in their possession or may gain the possession of weapons which can kill not hundreds but can kill tens of thousands of people, weapons which would be used, undoubtedly, against Americans. They intend America harm.

They have shown that in their attacks to date where Americans have died. The President, as our Commander in Chief and the leader of our Nation and the leader of the free world, is unquestionably correct in pursuing the individuals who possess those weapons and who might use them or the individuals who might seek those weapons and use them across the globe.

There is absolutely no question but that Iraq possesses weapons of mass destruction, biological and chemical, and that it has an intention to obtain nuclear weapons. There is also virtually no question, at least among anyone willing to look at the facts, that Iraq is in communication with our enemies in al-Qaida.

The idea we should subjugate our national security to others is also one that I find inherently difficult to defend. Paris was not attacked. Berlin was not attacked. New York City was attacked. It is our national security, America's national security, that is at risk.

The President has made it abundantly clear that his purpose is to defend the homeland. He has every right—in fact, he has every obligation—to do that and to accomplish it. I believe he has laid out a case that, year in and year out, the Iraqi Government, led by a despot of inordinate inhumanity, who has killed thousands, who has used weapons of mass destruction, who has used gas on his own people, who has tortured, raped, and murdered his opposition—that that Government represents an imminent threat to us as a nation and to our allies. Until that Government disarms, it remains such a threat.

We have sought to disarm Iraq for 12 years through a process of inspections guided by the United Nations resolutions. At every turn, Iraq has essentially gamed the process and has retained its capacity to kill while denying that it has such capacity.

At every turn, it has obfuscated and attempted to subvert the efforts of the inspectors, denying them access, just in the most recent weeks, to legitimate needs that they have as inspectors, of overflights, of access to the scientists who produce the weapons of mass destruction, of accurate accounting of where the weapons are that we know are in existence, where the anthrax is, where the VX gas is, where the delivery systems are for those weapons.

There was another period in history when we confronted a time such as this, and that was in the late 1930s to the run-up to World War II. During that period, once again people of good intention said: Give Adolf Hitler a chance. Give him the benefit of the doubt. Appease him. Try to work with him. Neville Chamberlain, in his famous flight to Munich, attempted to accomplish that.

But with people such as Adolf Hitler, with people such as Saddam Hussein, you do not reason in a Western, rational way; you do not reach accommodations, because their purpose is not to accommodate; their purpose is to use their power aggressively and in a manner which will harm the people we consider our allies, and which may harm ourselves, our Nation.

So it is naive of us to presume we are going to succeed here if we follow such a course. We should look to history to confirm that naivete. The President has outlined a definitive purpose for our Nation and for the world. It is that we protect the rights of free nations to defend themselves from despots who have weapons of mass destruction and terrorists who would use such weapons to kill thousands of innocent people. We have that right. His words that ''the liberty we prize is not America's gift to the world but is God's gift to humanity'' ring with incredible accuracy and truth. We, as a nation have an obligation to protect that liberty.

Hopefully, working with the United Nations, we will be able to develop the coalitions necessary to accomplish that. It would still be appropriate to do it in a peaceful way. But that is not our call. We do not have the offense on that issue. Saddam Hussein's government has the offense on that issue. If they wish to proceed in a peaceful way to disarm, that course is sitting there for them. But they have shown no inclination to do that. In fact, just the opposite has been the course they have decided to pursue—one of obfuscation, one of deceit, one of continued commitment to possess and potentially use these weapons which kill thousands of people, innocent people, weapons which they have used in the past.

When the President calls our Nation together and asks us as a society to join to protect ourselves and to protect the liberty which God has gifted to humanity, I believe we have an obligation to follow and to respect that call. This Congress has voted twice, once under President Clinton and once under President Bush, to empower the President to use the necessary force, to take the necessary action to protect our Nation and to protect the liberty of the world. This President has stepped up to that charge. If he had failed to step up to that charge, he would not be doing his job as Commander in Chief and as President. I believe this Congress has an equal obligation to step up to that charge.

I hope as we move down this road, we will move united and recognize that this is a time when it falls on all of us to support the defense of freedom and liberty as defined by the President in his extraordinary speech last night.

Madam President, I reserve the remainder of our time, yield the floor, and make a point of order that a quorum is not present.

The PRESIDING OFFICER (Ms. MURKOWSKI). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CORZINE. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

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

THE STATE OF THE UNION SPEECH

Mr. CORZINE. Madam President, I will speak a little bit on part of the main topic the President talked about last night, where we heard President Bush eloquently address America's challenging agenda—an agenda of war and peace, of health care, and the American economy.

In fact, as it relates to the economy, he said our first goal is clear, that we must have an economy that grows fast enough to employ every man and woman who seeks a job. He suggested that we work to have a prosperity that is broadly shared. I am certain his rhetoric resonated well with the American people. It sounds good.

Today, I want to talk not about the rhetoric of the President's address but of the reality of the policies that have both been implemented and the purposes and possibilities of the policies he has laid on the table, which he suggests would turn our economy around and meet those lofty objectives.

Let me be clear in my own view. There is a huge gap between the rhetoric and the reality of the President's economic stewardship and certainly with respect to the policies and proposals laid on the table. Let me begin by saying I am glad the President seems to finally recognize that our economy has problems. You will recall that the Vice President, only 2 weeks ago, was arguing at the National Press Club and at the Chamber of Commerce that the President's economic policies were succeeding.

In this particular case, we will take the President's analysis because I think there is a need to get job growth and economic momentum back into our economy. I am afraid he really doesn't appreciate the depth of the problems we have in our overall economy and the compelling need to take effective and strong action now.

Since March 2001, 2.4 million Americans have lost their private sector jobs. That is a lot of folks. The unemployment rate stands at 6 percent, which is the highest it has been in 8 years. Mortgage foreclosures are at record highs. The stock market has declined dramatically in the past 2 years, losing about $5 trillion in value—a significant amount of value. Consumer confidence has been seriously undermined. In fact, yesterday we had an announcement that the consumer confidence level is at its lowest in 9 years. By the way, that is lower than in the 2 months that followed September 11. Demand has declined to such an extent in American business that businesses are operating at about 75 percent of operating capacity—well below the mid-1980s, which is on average. We have had 2 years of declining business investment. Our current account deficit is exploding—it is at record highs—and our Federal deficit is growing, with little improvement in sight for years.

I think all of us know that as recently as 2 years ago, we were talking about projections of a $5.5 trillion surplus for America. Today, projections over the next decade have us anywhere from $2.5 trillion to $3 trillion in deficits. I think we have some serious issues today. CBO announced they project a $200 billion deficit for this current fiscal year, and that is before tax cuts and any changes; and those estimates are based on our activities in the Middle East and a war on Iraq.

I could go on. But, in short, we have serious economic problems and we need a serious and effective economic stimulus program, something that will really deal with the soaring rhetoric the President talked about to make sure every man and woman who seeks a job can have one and make sure prosperity is broadly shared in the American economy.

I don't think the prescriptions on the table do the job, frankly. I will try to talk about it in specifics. In many ways, I think some of the President's suggestions are actually antigrowth. The President's rhetoric would lead one to think his plan would provide a stimulus. But the reality is very different. Look at some of the facts. Only $36 billion of the plan's $675 billion in total tax cuts would kick in this year. By the way, that $675 billion—if you add the interest, it would be $950 billion in the decade, and if you take the acceleration of the tax cuts that the President also has proposed, the cost to the Federal Treasury would be about $1.5 trillion—a relatively serious amount of money.

The $36 billion the President is targeting for fiscal year 2003 is a mere drop in the bucket. It is not even half of 1 percent of GDP. I do not read anywhere or hear in broad discussions from the Congress that this is going to do much of anything with regard to stimulating growth today and creating jobs today. The right and the left—it is almost universal—talk about growth packages as opposed to stimulus packages because it is such an insignificant amount of input into the current economy.

In fact, the President's plan, in my view, actually could do real harm in the short run. Its proposed dividend exclusion will encourage corporations to do something that is negative with regard to growing the economy. It will shift cash off the corporate balance sheet, away from investments, away from employment into dividend payments. It may be nice for the people who receive it, the very narrow segment of folks who actually will receive dividend payments, but it reduces the capacity of business to do anything.

Taking cash off the balance sheet is the opposite of what we want to be doing if we are trying to stimulate the economy. Accelerated depreciation puts cash on the balance sheets. It lets business retain value of cash. It is hard for me to understand why anyone thinks that is a stimulus program. In fact, as I suggest, it may actually be antigrowth.

We cannot spend a dollar twice, so for each dollar distributed as dividends, companies will have one less dollar to invest in plant and equipment, one less dollar to plow into research and development, one less dollar to hire or retain personnel. The end result will be lower investment and fewer jobs in the short run.

By the way, it takes a long time for those dividends to work their way back into the job growth and economic expansion that all of us would like to see.

Another point I believe is very important within the context of the view that this proposal is antigrowth, the President's plan does absolutely nothing to help our State and local governments which are suffering severe fiscal crises throughout our country. The estimates are that it is a cumulative $90 billion deficit for States. That is before the local governments. That is much larger than that $36 billion we are going to put into the economy.

Back home, our State governments are raising taxes and cutting services $90 billion while we are putting $36 billion into the economy. I do not see how that relates to stimulating growth, and it fits pretty clearly into a commonsensical analysis to say we are not on the right track to get this economy moving again.

New York City, New Jersey's neighbor, is having to raise property taxes 18 percent. In my State, property taxes have been raised 7 percent. Everywhere I go across the country, State and local governments are raising property taxes to offset those very actions we are trying to take to stimulate the economy in Washington.

I do not understand why we are not thinking about this in a more holistic and comprehensive approach. These cuts in services and rises in taxes are going to create more economic problems and lead to almost an antigrowth policy if we implement it as it now stands. The Federal Government needs to be a partner in this process.

By the way, in the long run, there are even more serious problems if there is no help to the States. Dividend exclusion is actually going to create an investment instrument that will compete with how State and local governments borrow in the tax-exempt market. It is going to increase the borrowing costs, that is at the same time we are laying down new mandates with regard to homeland security and education—Leave No Child Behind—where we are underfunding the mandates we promised we would bring to bear, and I think we are putting our State and local communities in a financial vise that is actually going to offset a lot of what we are trying to accomplish in Washington, regardless of how one feels about specific elements of the program.

All these reasons—the very small amount of stimulus for 2003, its incentives to take cash off the balance sheets, which is incomprehensible, in my view, and its failure to help States—make this plan one that is failed on arrival, even if it is not dead on arrival, and I certainly believe it is misguided. Again, the President's rhetoric sounds good. We are all for making sure every man and woman has a job, but I think the reality of the program is substantially different and should be evaluated accordingly.

Let's take a look at another part of the rhetoric of the speech last night: The claim that somehow this plan would benefit ordinary middle-class families and create a broad-based prosperity. I feel strongly that it is not particularly an effective macroeconomic stimulus program, but I think there is a big gap in rhetoric and reality with regard to where the money goes.

We talk about averages as opposed to means. There is a general agreement among economists that people with low or moderate incomes are more likely to spend; they have a higher propensity of consumption for tax cuts than people with higher incomes. This is a matter of general economic policy.

Any stimulus plan ought to focus—if you are really trying to stimulate the economy—largely on tax cuts for middle- and lower-income families. The Bush plan does exactly the opposite. Over the next 10 years, those with annual incomes of more than $1 million will get a tax break worth almost $90,000 a year. That is $900,000 over 10 years. Yet some middle-class families with incomes—by the way, middle class in New Jersey might very well fall into this category—$75,000 to $100,000 would get only about 2 percent of that tax break, about $1,800 annually or $18,000 over the 10 years. Consider people making between $30,000 and $40,000, which is closer to the $27,000 median income for the U.S. as a whole, and that would be $350 from the Bush plan.

We are looking at different segments of income earners and seeing what this actually means, and that is about four-tenths of 1 percent of the benefits going to $1 million earners. It certainly does not jibe with trying to put the stimulus into the pockets of people who will turn around and spend it to stimulate the economy.

This is a hard sell. Consider the 25 million taxpayers who reported adjusted gross income of less than $10,000. These are people worrying how they are going to put food on the table. They are 20 percent of all taxpayers, if you consider payroll taxes. What will they get? They will get a grand total of $5 a year. Let's review: $90,000 a year for people over $1 million, $1,800 for those with incomes of between $75,000 and $100,000, $350 for those with incomes between $30,000 and $40,000, and $5 a year for 20 percent of taxpayers below $10,000 adjusted gross income. I don't know, it does not sound to me we are going to put money in the hands of people who will spend it.

This is not class warfare, it is how we are going to get an effective, efficient stimulus program; how do we get this turned around so the economy is growing. Businesses are taking inventories off the shelf and restarting their businesses to restimulate those inventory growths. We need to go back to the principle of the President, which is we want to promote prosperity for all Americans, and to do that, we ought to make sure that a program works.

I am not against people doing well in our economy. As a matter of fact, we made more millionaires in the 1990s with an entirely different proposal with regard to taxes and structure with regard to taxes than at any time in the history of America. Rising tides do lift all boats, and I think it is important that when we are thinking about our tax policy, we talk about how do we grow the total economy.

I think this program is focused in an upside down way completely ignoring payroll taxes, State, local, sales and property taxes, and the distribution of all of those taxes together on all these individuals, and we are getting too much of it going in one particular area.

The next type of Presidential rhetoric I want to address is in the administration's claim that the President's plan benefits seniors. The reality is very different. There are 37 million seniors. I think most people would agree with that number. Yet only about one-fourth of them, less than 10 million, receive dividends, according to the President. So 75 percent, or 27 million, of America's seniors will get absolutely nothing from the President's dividend exclusion.

Moreover, only a small fraction of the wealthiest seniors would enjoy most of the benefits. Nearly 40 percent of the dividend tax cut for seniors would flow to those filers with incomes exceeding $200,000. That may be a high concentration of seniors in a lot of States, but I do not know too many seniors in New Jersey, 65 years and older, who have $200,000 incomes.

That is a mere 2.5 percent of the tax returns filed by senior citizens. They get 40 percent of that so-called 10 million seniors benefiting from the dividend exclusion. It is less than 500,000 of the 37 million seniors that we are talking about. It can be cut and sliced in other ways, but we are talking about a very narrow segment of seniors in America getting the benefit from the dividend exclusion.

It is great rhetoric to claim that seniors will benefit, but the reality is it is a very small number relative to those who are doing well and have a great deal of wealth.

More fundamentally, the truth is this plan will dramatically increase Federal deficits in the long term, and the problem with that is, how are we going to continue to sustain our Social Security programs and our Medicare programs if we are running serious deficits and they are going to explode as the baby boomers retire in the outyears. So if one wants to put all of these programs together, as we talk about seniors, I think we have a real gap between the rhetoric and the reality of who is going to benefit and how this is going to benefit our economy.

I have some other examples with regard to small business. With most of the numbers we hear talked about, the rhetoric does not match the reality. I think there are a whole series of flaws with regard to that. I would love to see us go back on a bipartisan basis and talk about an immediate, temporary and substantial stimulus program more fairly distributed across the breadth of America, as suggested in the President's opening remarks last night as he talked about the economy. I think we could all benefit.

If there is growth in the economy, our deficits will be reduced. We will have greater resources to take care of the needs in this Nation. It is hard to understand, at a time when we are talking about going to war, when we are trying to ask people to sacrifice, that we have such an economic program so focused on those already doing well and doing so little to stimulate the economy. If one reviews almost all of the economic literature and commentary, a lot of it from business, they will find many of the views are that this program has grave weaknesses as far as the stimulus program and needs to be rethought. I hope we can stand back, work together, make a serious effort to come together to produce an effective, efficient, bang-for-your-buck stimulus program, and get on with meeting those high-minded objectives that were part of the rhetoric.

The quality of life for millions of Americans depends on our success and being able to come up with that integrated, cooperative, and bipartisan approach. There are a number of great ideas on the table. I hope we can sit down and work together to make that happen.

I yield the floor.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Madam President, it is my understanding I have until 4 o'clock to speak. Therefore, if I need a unanimous consent request for that I will propound it at this time. If I do not, I will simply proceed.

The PRESIDING OFFICER. The Senator has the right until 4 o'clock.

THE STATE OF THE UNION

Mr. KYL. Madam President, I will speak about the President's proposals articulated last night in his State of the Union speech to ensure job creation and economic growth for the United States for the benefit of all American families, and for our future.

I note with interest some of the comments my colleagues have uttered. I will respond to some of those before I get into what the President said last night.

I noted that the Senator from New Jersey and other colleagues have been very quick to criticize the President, but I have heard absolutely no proposals emanating from that side of the aisle that offer an alternative to what the President has proposed. There is an old phrase that you cannot beat something with nothing, and I think that is true here. If they have a better plan, then I would like to see it. If they understand better than President Bush and his economic advisers how to ensure and sustain long-term growth in this economy, how to provide more jobs for American families, how to better protect the investments of our senior citizens and the like, then let us see those proposals.

It is easy to stand on the sidelines and criticize, but it is not as easy to present good, solid information and be willing to defend it. I am ready to defend what the President has proposed, and I would like to see those who have been critical come up with some ideas of their own rather than rhetoric.

Most of the people who have been critical of the President, especially if they are Members of the Senate, begin that criticism by noting the President's proposal, in their view, will increase the deficit and they regard this