United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 108th CONGRESS, FIRST SESSION

Vol. 149 WASHINGTON, WEDNESDAY, MAY 7, 2003 No. 67

Senate

The Senate met at 10 a.m. and was called to order by the President pro tempore [Mr. STEVENS].

The PRESIDENT pro tempore. Today's prayer will be offered by our guest Chaplain, Dr. K. Randel Everett of the John Leland Center for Theological Studies in Arlington, VA.

PRAYER

The guest Chaplain offered the following prayer:

May we pray.

O Lord, our Lord, how majestic is Thy name in all of the earth. When we consider Thy heavens, the work of Thy fingers, the moon and the stars which Thou hast ordained, who are we that You would give thought of us. Yet You have made us a little lower than God and crowned us with glory and majesty.—Psalm 8

Please open our eyes to Your many expressions of beauty in the brilliance of the azaleas, in the warmth of the sunshine and in the gentleness of a friend.

Please open our ears to the sounds of joy in the laughter of little children and in the singing of birds. Speak through us as we seek to encourage someone who is hurting and reach out to someone who is afraid.

Gracious Lord, this day is a gift You have given to us. Don't let us miss out on what You are doing. Let us live in the fullness of Your mercy. In Thy name we pray. Amen.

PLEDGE OF ALLEGIANCE

The PRESIDENT pro tempore led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDING OFFICER (Mr. GRAHAM of South Carolina). The majority leader.

SCHEDULE

Mr. FRIST. Mr. President, today the Senate will be in a period for morning business until 12 noon. Following morning business, the Senate will begin consideration of the NATO expansion treaty. This treaty is a necessary step to include seven new member countries in the NATO alliance.

Under the previous order, the Senate will debate the treaty and dispose of all amendments during today's session. I advise my colleagues that rollcall votes are possible with respect to the two amendments to the resolution of ratification. Once those amendments are disposed of during today's session, the Senate will set aside the treaty, so the Senate will vote on the adoption of the resolution of ratification at 9:30 tomorrow morning.

As a reminder, cloture motions were filed on the nominations of both Priscilla Owen and Miguel Estrada. This will be the second attempt to end the filibuster on the Owen nomination and our sixth effort with respect to Miguel Estrada. The cloture votes on Owen and Estrada will occur during Thursday's session.

In addition, I want to inform all Members that negotiations are ongoing to continue to clear several important pieces of legislation for floor action. These items include the State Department authorization bill, the bioshield bill, air cargo security legislation, the FAA reauthorization bill, the FISA legislation, and a number of pending nominations. Therefore, Members should anticipate additional votes throughout the day.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, while the distinguished majority leader is in the Chamber, I wonder if he has any idea how much time he wants for the debate on the two cloture motions tomorrow or are we just going to vote on them?

Mr. FRIST. Mr. President, I have not talked to our caucus about that, but I will get back to Senator REID shortly so we can plan out the day tomorrow.

Mr. REID. The other question I have is, we have people ready to offer amendments on the energy bill. Is the majority leader still planning on spending some time on that bill tomorrow?

Mr. FRIST. The plan is to be on the energy bill and continue the debate and start the amendment process tomorrow, Thursday. The plan is to hopefully start that—although I am not sure—in the morning after we finish the vote.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER. Under the previous order, the leadership time is reserved.

MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, the Senate will proceed to a period for the transaction of morning business not to extend beyond the hour of 12 noon, with the time equally divided between the two leaders or their designees, with Senators permitted to speak therein for up to 10 minutes each.

The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I had 10 minutes. I ask unanimous consent that my time be extended to 15 minutes in morning business.

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

TAX CUTS

Mr. HOLLINGS. Mr. President, it is fortuitous that the distinguished Presiding Officer is the forerunner of the position: If we are going to cut taxes only $350 billion, you are going to lose his vote. The debate has ensued from $756 billion to $350 billion to try to make for a compromise of $550 billion in tax cuts. But the most responsible voices say at this particular time: No tax cuts.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

The present Chairman of the Federal Reserve, Mr. Alan Greenspan, says: No tax cuts. I ask unanimous consent to print in the RECORD an article from the New York Times, dated May 1, 2003.

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

[From the New York Times, May 1, 2003]

GREENSPAN SAYS TAX CUT WITHOUT SPENDING REDUCTIONS COULD BE DAMAGING

(By David E. Rosenbaum)

WASHINGTON, April 30.—Alan Greenspan, the chairman of the Federal Reserve Board, told Congress today that the economy was poised to grow without further large tax cuts, and that budget deficits resulting from lower taxes without offsetting reductions in spending could be damaging to the economy. Opponents of the large cut favored by President Bush took Mr. Greenspan's testimony as support for their position.

Mr. Greenspan's statements to the House Financial Services Committee were made as new Treasury data showed that tax revenues have arrived at a much slower pace than expected this spring. As a consequence of the revenue shortfall and increased spending enacted this month, government and private analysts said today, the budget deficit this fiscal year will be at least $80 billion higher than the Congressional Budget Office projected last month.

With a large deficit, Mr. Greenspan said, ''you will be significantly undercutting the benefits that would be achieved from the tax cuts.''

The combination of Mr. Greenspan's testimony and the prospects of a higher deficit gave added ammunition to Mr. Bush's political opponents, as the president continued today to press Congress to approve a $550 billion, 10-year tax cut.

''These deficit numbers are just the latest reminder that what many of us have expressed concern about is becoming even more of a problem,'' said Senator Tom Daschle of South Dakota, the Democratic leader.

The president met today on the tax issue with Republican Congressional leaders. Afterward, Senator Bill Frist of Tennessee, the majority leader, said that the president and all the leaders wanted as large a tax cut as possible and that Congress might consider more than one tax measure this year.

Ari Fleischer, the White House spokesman, played down any disagreement with Mr. Greenspan. Last week, the president announced that he would renominate Mr. Greenspan to his fifth term as Fed chairman, and Mr. Greenspan, 77, said he would accept.

Mr. Fleischer said today that Mr. Bush's first priority was creating jobs immediately and that the government could reduce the deficit ''over time.'' He agreed with Mr. Greenspan that the best way to lower the deficit was to hold the line on government spending.

Mr. Greenspan said that with the end of the uncertainties associated with the war in Iraq, the economy was in a position for strong growth. But if that does not occur, he said, the Fed was prepared to lower interest rates further.

As is his practice, Mr. Greenspan spoke elliptically in his Congressional testimony and never addressed the tax legislation before Congress specifically.

But he said that even without additional stimulus, ''the economy is positioned to expand at a noticeably better pace than it has during the past year.''

He also said new academic evidence had strengthened his opinion that budget deficits led directly to higher interest rates.

Mr. Greenspan's view on tax cuts is similar to one he expressed in February, but the environment has changed. Congress is now on the verge of drafting and voting on actual tax legislation, and the Fed chairman's views on economic matters carry more weight in Congress than the opinions of any other economist.

In response to a question about the need for additional economic stimulus, Mr. Greenspan said that with the tax cuts enacted in 2001 and sizable growth in government spending, ''we already have a significant amount of stimulus in place.''

He added that he was skeptical of the ability of changes in tax and spending policy to ''fine tune'' the economy in the short term.

Mr. Greenspan said he strongly supported the president's tax policy, particularly the proposal to eliminate taxes on most stock dividends, ''provided it is matched by cuts in spending.''

Deficits are especially important in the near future, he said, because of the pressure on the economy early in the next decade when the baby boom generation begins to reach retirement age.

The shortfall in tax revenues has been apparent all spring, but the magnitude did not become clear, economic analysts said, until they examined the Treasury's daily reports of tax receipts in the two weeks since the April 15 filing deadline.

William C. Dudley, chief economist at Goldman Sachs, said he was seeing ''a pretty sizable shortfall relative to expectation.''

Goldman is forecasting a $425 billion deficit in the current fiscal year, which ends Sept. 30. In February, the White House projected a deficit of $304 billion. Last month, the Congressional Budget Office, using a different method of calculation, projected a deficit of $246 billion.

A senior Republican staff member in Congress who has analyzed the Treasury data said that revenues were running about $40 billion lower than the Congressional Budget Office expected. He said tax refunds were about $20 billion higher than anticipated and tax payments about $20 billion lower.

One reason for the shortfall in revenues, economists say, is that the poor performance by the stock market in 2002 resulted in smaller tax payments of capital gains taxes and fewer taxes paid by business executives who exercised stock options.

In addition to the deficit increase resulting from lower revenues, the projections by the White House and the Congressional Budget Office do not count the $42 billion in additional spending, mostly for the war, that Congress approved this month. Nor do they consider the likelihood that Congress will approve tax cuts and make at least some of them retroactive to Jan. 1 and the probability that the administration will ask Congress for additional spending authority for reconstruction costs in Iraq.

Mr. HOLLINGS. Mr. President, the former Chairman of the Federal Reserve, Paul Volcker, the former Secretary of the Treasury, Bob Rubin, as well as the former Secretary of Commerce, Pete Peterson, call for no new tax cuts. They took this stand in an article in the New York Times on April 9, 2003. The position they take is that budget deficits matter. There is no question that we had a conscience with respect to deficits. The economists at the Federal Reserve have said that every $100 billion in deficits raises the interest rate a quarter of a percent, and our friends at the Brookings Institution say, no, every $100 billion in deficits raises the interest rate one-half to 1 percentage point.

The point is, look at what we are doing. I ask unanimous consent to print in the RECORD a chart of the budget realities.

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

HOLLINGS' BUDGET REALITIES

Pres. and year	U.S. budget (outlays) (in billions)	Borrowed trust funds (billions)	Unified deficit with trust funds (billions)	Actual deficit without trust funds (billions)	National debt (billions)	Annual increases in spending for interest (billions)
Truman:						
1947	34.5	−9.9	−4.0	+13.9	257.1	
1948	29.8	6.7	11.8	+5.1	252.0	
1949	38.8	1.2	0.6	−0.6	252.6	
1950	42.6	1.2	−3.1	−4.3	256.9	
1951	45.5	4.5	6.1	+1.6	255.3	
1952	67.7	2.3	−1.5	−3.8	259.1	
Eisenhower:						
1953	76.1	0.4	−6.5	−6.9	266.0	
1954	70.9	3.6	−1.2	−4.8	270.8	
1955	68.4	0.6	−3.0	−3.6	274.4	
1956	70.6	2.2	3.9	+1.7	272.7	
1957	76.6	3.0	3.4	+0.4	272.3	
1958	82.4	4.6	−2.8	−7.4	279.7	
1959	92.1	−5.0	−12.8	−7.8	287.5	
1960	92.2	3.3	0.3	−3.0	290.5	
Kennedy:						
1961	97.7	−1.2	−3.3	−2.1	292.6	
1962	106.8	3.2	−7.1	−10.3	302.9	9.1
Johnson:						
1963	111.3	2.6	−4.8	−7.4	310.3	9.9
1964	118.5	−0.1	−5.9	−5.8	316.1	10.7
1965	118.2	4.8	−1.4	−6.2	322.3	11.3

HOLLINGS' BUDGET REALITIES—Continued

Pres. and year	U.S. budget (outlays) (in billions)	Borrowed trust funds (billions)	Unified deficit with trust funds (billions)	Actual deficit without trust funds (billions)	National debt (billions)	Annual increases in spending for interest (billions)
1966	134.5	2.5	−3.7	−6.2	328.5	12.0
1967	157.5	3.3	−8.6	−11.9	340.4	13.4
1968	178.1	3.1	−25.2	−28.3	368.7	14.6
Nixon:						
1969	183.6	0.3	3.2	+2.9	365.8	16.6
1970	195.6	12.3	−2.8	−15.1	380.9	19.3
1971	210.2	4.3	−23.0	−27.3	408.2	21.0
1972	230.7	4.3	−23.4	−27.7	435.9	21.8
1973	245.7	15.5	−14.9	−30.4	466.3	24.2
1974	269.4	11.5	−6.1	−17.6	483.9	29.3
Ford:						
1975	332.3	4.8	−53.2	−58.0	541.9	32.7
1976	371.8	13.4	−73.7	−87.1	629.0	37.1
Carter:						
1977	409.2	23.7	−53.7	77.4	706.4	41.9
1978	458.7	11.0	−59.2	−70.2	776.6	48.7
1979	504.0	12.2	−40.7	−52.9	829.5	59.9
1980	590.9	5.8	−73.8	−79.6	909.1	74.8
Reagan:						
1981	678.2	6.7	−79.0	−85.7	994.8	95.5
1982	745.8	14.5	−128.0	−142.5	1,137.3	117.2
1983	808.4	26.6	−207.8	−234.4	1,371.7	128.7
1984	851.9	7.6	−185.4	−193.0	1,564.7	153.9
1985	946.4	40.5	−212.3	−252.8	1,817.5	178.9
1986	990.5	81.9	−221.2	−303.1	2,120.6	190.3
1987	1,004.1	75.7	−149.8	−225.5	2,346.1	195.3
1988	1,064.5	100.0	−155.2	−255.2	2,601.3	214.1
Bush:						
1989	1,143.7	114.2	−152.5	−266.7	2,868.3	240.9
1990	1,253.2	117.4	−221.2	−338.6	3,206.6	264.7
1991	1,324.4	122.5	−269.4	−391.9	3,598.5	285.5
1992	1,381.7	113.2	−290.4	−403.6	4,002.1	292.3
Clinton:						
1993	1,409.5	94.2	−255.1	−349.3	4,351.4	292.5
1994	1,461.9	89.0	−203.3	−292.3	4,643.7	296.3
1995	1,515.8	113.3	−164.0	−277.3	4,921.0	332.4
1996	1,560.6	153.4	−107.5	−260.9	5,181.9	344.0
1997	1,601.3	165.8	−22.0	−187.8	5,369.7	355.8
1998	1,652.6	178.2	69.2	−109.0	5,478.7	363.8
1999	1,703.0	251.8	124.4	−127.4	5,606.1	353.5
2000	1,789.0	258.9	236.2	−22.7	5,628.8	362.0
Bush:						
2001	1,863.9	268.2	127.1	−141.1	5,769.9	359.5
2002	2,011.0	270.7	−157.8	−428.5	6,198.4	332.5
2003	2,137.0	222.6	246.0	468.6	6,667.0	323.0

Note.—Historical Tables, Budget of the US Government: Beginning in 1962, CBO's The Budget and Economic Outlook: Fiscal Years 2004–2013, January 2003.

Mr. HOLLINGS. Mr. President, during that 30-year period under six Presidents, with the cost of World War II, the cost of Korea, the cost of Vietnam, the sum total of deficits over that 30-year period under Republican and Democratic Presidents was only $358 billion. Last year, without the cost of Iraq, it was $428 billion. We now are on course for a deficit this year of $600 billion.

If there is any doubt about it, I ask unanimous consent to print page 4 of the conference report budget resolution.

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

Fiscal year 2003: $512,284,000,000.
Fiscal year 2004: $558,382,000,000.
Fiscal year 2005: $487,527,000,000.
Fiscal year 2006: $431,788,000,000.
Fiscal year 2007: $400,325,000,000.
Fiscal year 2008: $405,415,000,000.
Fiscal year 2009: $366,084,000,000.
Fiscal year 2010: $359,961,000,000.
Fiscal year 2011: $380,680,000,000.
Fiscal year 2012: $314,363,000,000.
Fiscal year 2013: $301,506,000,000.

(5) DEBT SUBJECT TO LIMIT.—Purusant to section 301(a)(5) of the Congressional Budget Act of 1974, the appropriate levels of the public debt are as follows:

Fiscal year 2003: $6,747,000,000,000.
Fiscal year 2004: $7,384,000,000,000.
Fiscal year 2005: $7,978,000,000,000.
Fiscal year 2006: $8,534,000,000,000.
Fiscal year 2007: $9,064,000,000,000.
Fiscal year 2008: $9,602,000,000,000.
Fiscal year 2009: $10,102,000,000,000.
Fiscal year 2010: $10,601,000,000,000.
Fiscal year 2011: $11,125,000,000,000.
Fiscal year 2012: $11,588,000,000,000.
Fiscal year 2013: $12,040,000,000,000.

(6) DEBT HELD BY THE PUBLIC.—The appropriate levels of debt held by the public are as follows:

Fiscal year 2003: $3,917,000,000,000.
Fiscal year 2004: $4,299,000,000,000.
Fiscal year 2005: $4,599,000,000,000.
Fiscal year 2006: $4,829,000,000,000.
Fiscal year 2007: $5,007,000,000,000.
Fiscal year 2008: $5,169,000,000,000.
Fiscal year 2009: $5,272,000,000,000.
Fiscal year 2010: $5,349,000,000,000.
Fiscal year 20011: $5,428,000,000,000.
Fiscal year 2012: $5,424,000,000,000.
Fiscal year 2013: $5,394,000,000,000.

SEC. 102. SOCIAL SECURITY.

(a) SOCIAL SECURITY REVENUES.—For purposes of Senate enforcement under sections 302 and 311 of the Congressional Budget Act of 1974, the amounts of revenues of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund are as follows:

Fiscal year 2003: $531,607,000,000.
Fiscal year 2004: $557,821,000,000.
Fiscal year 2005: $587,775,000,000.
Fiscal year 2006: $619,062,000,000.
Fiscal year 2007: $651,148,000,000.
Fiscal year 2008: $684,429,000,000.
Fiscal year 2009: $719,132,000,000.
Fiscal year 2010: $755,754,000,000.
Fiscal year 2011: $792,152,000,000.
Fiscal year 2012: $829,568,000,000.
Fiscal year 2013: $869,690,000,000.

Mr. HOLLINGS. Mr. President, you can see that the debt rises during the 10-year period from 2003 to 2013. Mr. President I want you to particularly listen to this—the debt rises from $6 trillion to $12 trillion. I know the distinguished Presiding Officer remembers well how we had the balanced budget amendment running around here for 15 years.

Remember back in 1994, the Republicans stood on the Capitol steps and said: Government is going to be different; we have a contract; we are not going to run any deficits; we are going to have a balanced budget. This particular budget passed the U.S. House of Representatives without a single Democratic vote, all Republicans.

In the Senate, there was only one Democratic vote, the Senator from Georgia. Otherwise, Vice President CHENEY had to come in and adopt this course of $6 trillion to $12 trillion. That is $600 billion a year in deficits each year for 10 years.

The Chair can see I am trying to gain the attention, for Heaven's sake, of this body to where we can get down to reality so that we do not just willy-nilly go on and not even pay for the war.

I put up an amendment to pay for the war. I could get no support for that. We tell GIs to go into Iraq and we hope they do not get killed, and the reason is we want them to hurry back so we can give them the bill. This generation, this Congress, this Government, aren't going to pay for the war.

Now what happens? Treasury Secretary Snow says: Wait a minute now, you have to stimulate, you have to stimulate. Of course, we had that back when President Reagan started that nonsense of tax cuts. That is what President George Herbert Walker Bush called voodoo, and I will never forget the chairman of the Finance Committee, Senator Dole. He was against all of this growth and voodoo. He said: There is good news and bad news.

I said: Senator, what is the good news?

He said: The good news is a busload of supply siders have just driven over the cliff.

I said: Well, what is the bad news?

He said: There was one empty chair.

He was talking about Jack Kemp. We were against supply side and voodoo. But two years ago, we had voodoo 2, with President George Walker Bush's tax cut, which the distinguished Presiding Officer helped pass. Now let us see what President Bush's newest tax cuts, voodoo 3, will do.

Secretary Snow said a dividend cut would boost stocks by 10 percent. But, look, stocks are up 14 percent since March 11. Do you believe you are getting rich? Do you see all the jobs busting out all over?

On the contrary, you see Robert Samuelson talking about ''Stubborn Stagnation.'' I ask unanimous consent that article from this morning's Washington Post be printed in the RECORD.

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

STUBBORN STAGNATION

(By Robert J. Samuelson)

The economic news since the war in Iraq suggests that we remain in the grips of what I've called ''the new stagnation.'' It's a baffling twilight zone. We're not in an economic free-fall, indeed, most Americans enjoy almost unprecedented prosperity. But there's also rising insecurity (over jobs, stock prices) and a persisting squeeze on both government social spending and corporate profits. People yearn for clarity and confidence, while the new stagnation provides mainly uncertainty and contradictions.

Consider some contrasts. Since late 2000, annual U.S. economic growth has averaged about 1.5 percent (1996–2000 average: 4 percent). This barely exceeds the rate of population growth. By one government survey, 2.1 million jobs have vanished. The stock market has lost about 40 percent of its value (roughly $7 trillion) since its peak in early 2000, says Wilshire Associates. But most people are doing all right. There are still 130 million non-farm jobs. And the median price of existing homes—most Americans' biggest financial asset—rose 7.1 percent last year.

Japan pioneered the new stagnation. In the 1990s, its economy foundered; unemployment rose gradually. But most people lived well. Prosperity, if not growth, was widespread. There was no alarm. The Japanese were cocky. Hadn't they overtaken the United States economically? Everyone acknowledged ''bubbles'' in stocks and real estate. But once the aftershocks passed, the economy would revive smartly. It never did. Since 1992 Japan's growth has averaged 1 percent (1980s average; 3.8 percent).

We're not Japan—but we could slip into the same trap. After the euphoria of the '90s, Americans believe that their economy can't be held down for long. The standard diagnosis now is that it's suffered from temporary setbacks: the stock bubble, Sept. 11, corporate scandals and, most recently, the war in Iraq. These will fade; the economy will rebound. Perhaps. Since the war, oil prices have declined and consumer confidence has risen. But the standard diagnosis minimizes deeper weaknesses.

First, the boom's aftermath. It wasn't just stocks. As consumers celebrated new stock wealth, they borrowed heavily and went on a spending spree. The personal savings rate dropped sharply. Now the market's decline suggests sluggish spending as households rebuild savings. Similarly, businesses went on an investment binge in the 1990s. They overinvested in computers, fiber optics, office buildings and machinery. There's huge surplus capacity. Consumer spending and business investment represent about 80 percent of the economy; if they're weak, growth can't be strong.

Second, Europe and Japan. Their stagnation deepens global stagnation. Germany, Europe's largest economy, is a mess. Its banks are weak; unemployment is almost 9 percent. Together, Europe and Japan account for about 30 percent of the global economy and a similar share of U.S. exports. If vibrant, they would cushion the U.S. slowdown. They would import more from the United States and elsewhere.

Third, twisted trade. Global trade is usually a force for good. Countries specialize and spend abroad (via imports) what they earn abroad (via exports). Unfortunately, most Asian countries—led by Japan—strive for permanent trade surpluses. This depresses the global economy by breaking the chain of spending. In 2002 Asia had a current account surplus of roughly $230 billion, reports the International Monetary Fund. Much of this was with the United States. Jobs and production flow from here to there. China looms increasingly large in this process.

These fierce demons are devouring economic growth—and efforts to revive it. Recall: Since early 2001 the Federal Reserve has cut overnight interest rates from 6.5 percent to 1.25 percent. Meanwhile, the Bush tax cuts and weak economy have shifted the federal budget toward ''stimulus.'' A surplus of $236 billion in 2000 became a $157 billion deficit in 2002 (and is headed higher). Tax cuts enhanced purchasing power. Low interest rates enabled millions of homeowners to refinance mortgages. Auto companies provided cheap credit for buyers. Still, the economy sputters. In the past six months, consumer spending has grown at less than half the rate of the previous year. The housing boom may have stalled.

Stubborn stagnation has led some economists—notably Stephen Roach of Morgan Stanley—to fear deflation, which is a general decline in prices. A few years ago, this seemed preposterous. No more. Global demand remains weak; surplus capacity discourages new investment; gluts depress prices. Deflation could be dangerous: Lower prices could squeeze profits and depress stocks; and lower prices could prevent corporate debtors from repaying loans, leading to defaults and bank failures.

Whenever the economy unexpectedly weakens, we're told it's a ''pause.'' Maybe. But the present bust may be as misunderstood as was the previous boom. It is worldwide, not just American. It defies textbook economic models and therefore may defy textbook remedies. In Japan, low interest rates and big budget deficits haven't restored growth. European and Japanese weaknesses fundamentally reflect social and political preferences. The desire for social protections has stifled economic growth with regulations and taxes. As for America, recovery requires patience. Surplus capacity must be shut or absorbed; debt levels must be cut.

What can be done? Good question. Unfamiliar problems may require unfamiliar responses. If things get dramatically worse, that may concentrate people's attention. But for now, Republicans and Democrats are using the petty debate over the proposed dividend tax exclusion to avoid harder questions. In Japan, those questions rarely got raised, because the economy's slow-motion unraveling never presented a clear crisis. The danger of the ''new stagnation'' is that, by creating a false sense that a strong recovery is always imminent, it could cause the same thing to happen here.

Mr. HOLLINGS. We all know it is not going to stimulate anything in that we already have a $428 billion budget deficit this year that is stimulus, plus $600 billion next year. We have over $1 trillion in stimulation. That is why Alan Greenspan says we do not need any further stimulation, and adding $30 billion or $40 billion more is not going to do it. But let's assume that it does. It is not going to stimulate Peoria. It is going to stimulate Shanghai.

What has happened is, and Mr. Samuelson talks about this, is that we have made it too expensive to do business with our high standard of living. Before one can open, for example, Jones Manufacturing in the United States, you have to meet requirements for clean air, clean water, Social Security, Medicare, Medicaid, plant closing, parental leave, safe working place, safe machinery, just go right on down the list.

You can go down to Mexico for $1 an hour, $2 an hour, or you can go to China for 50 cents an hour. So they are going like gang busters there. We have a tremendous imbalance of trade—a $500 billion imbalance. We are going out of business. We have to get with reality. We cannot treat foreign trade as foreign aid any longer. We have to get a competitive trade policy. We have to cut out the tax benefits companies have when they go overseas, and instead include tax benefits for manufacturing in this country.

We have to straighten out many other items dealing with trade. There is no question that we have to say to the Export-Import Bank and the Overseas Private Investment Corporation that they shall not finance any product that does not have at least 80 percent U.S. content; that we ought to prohibit the sale in interstate commerce of any manufactured product by an individual 12 years of age or younger. We have to require the Buy America provision not just in defense but in homeland security. We have to get what Senator Dole tried to do 10 years ago with the World Trade Organization judicial body to review the WTO determinations. There are a lot of things we have proposed.

I ask unanimous consent that this article of mine from the State newspaper in Columbia last week be printed in the RECORD.

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

[From the State, May 3, 2003]

WASHINGTON'S WILD WAYS CHOKE RECOVERY

(By Ernest F. Hollings)

President Bush storms the country, lamenting that ''people are looking for jobs and can't find them.'' Two big reasons: First, industry is not about to invest or re-hire with Washington spending like drunken sailors. Second, any expansion of jobs will probably be in China, Mexico or India.

Business people look at how government does business. For 30 years, from 1945 to 1975, the sum total of government deficits, including the costs of World War II, Korea and Vietnam, amounted to $358 billion. Last year's fiscal deficit—without the cost of Iraq—amounted to $428 billion.

Instead of levying taxes to pay for Iraq, the president says: ''In time of war, a country runs deficits.'' False. The United States raised taxes to pay for every war since the Revolution—until now. President Lincoln put a tax on estates and dividends to pay for the Civil War. This president says to eliminate the tax on estates and dividends; the economy needs stimulating.

We just had a $428 billion deficit, or stimulus, last year; and this year's deficit (stimulus?) will exceed $500 billion. A tax cut of $50 billion more is not going to stimulate. What's more, the business executive sees on Page 4 of the Republican Conference budget just passed that the national debt in the next 10 years goes from $6 trillion to $12 trillion.

Interest costs are headed through the roof. Economists at the Federal Reserve have just estimated that each $100 billion of deficit raises interest costs a quarter of one percentage point. The Brookings Institute says interest costs rise between one-half and one percentage point for every $100 billion of deficits.

Interest rates will soar, and this is no time to invest or re-hire. We have just lost 2.6 million jobs with the 2001 tax cut stimulus, and there is no education in the second kick of a mule.

Let's assume the Bush tax cut stimulates. Jobs created will not be in Columbia, but in Shanghai. Corporate America's is moving fast to cut labor and environmental costs. Before opening Jones Manufacturing, U.S. law requires clean air, clean water, Social Security, Medicare, Medicaid, minimum wage, a safe workplace, safe machinery, plant closing notice, parental leave, etc. A plant can locate in Mexico for $2 an hour labor and none of these requirements—or to China for less than 50 cents an hour.

Corporate America has banded together a conspiracy for ''free trade'' to facilitate imports and export jobs faster than we can create them. Led by the U.S. Chamber of Commerce, the conspiracy includes the Business Roundtable, National Association of Manufacturers, Conference Board, think tanks, funded universities, the retailers making bigger profits on the imported articles and newspapers making most of their profits from retail advertising, all for ''free trade.''

As a result, we have lost most of our hard manufacturing. And now we have a $5 billion deficit in the balance of trade in semiconductors and the worst trade deficit in farm products in 16 years, including such products as cotton, with China.

Free trade is an oxymoron. We must stop treating trade as aid and compete in the global economy. We must first eliminate the tax benefits for offshore production. Second, prevent the Export Import Bank or Overseas Private Investment Corporation from financing any product that does not contain at least 80 percent U.S. content. Third, prohibit the sale in interstate commerce of any manufactured product by anyone under 12 years of age. Fourth, require the Buy America provisions for both the Defense Department and Homeland Security. Fifth, eliminate the International Trade Commission, which never finds ''injury'' from a dumping violation. Sixth, return anti-dumping money to injured parties. Seventh, reform the World Trade Organization dispute settlements by establishing a panel of federal judges to review WTO determinations.

In 1993 with a similar fiscal deficit and gross domestic product, we cut spending and raised taxes, putting the government on a pay-as-you-go basis. This resulted in the strongest economy in the history of the United States. Eight million jobs were created. Today, we must put government again on a pay-as-you-go basis, reform trade and create jobs.

In addition to rebuilding Bosnia, Afghanistan and Iraq, now is the time to rebuild America.

Mr. HOLLINGS. Now is the time to sober up and approach it the way we did in 1993. When Governor Clinton was first elected, he invited the best of the best in financial minds to Little Rock. Greenspan went. The Governor was advised: you are going to not only have to cut spending when you take office, you are going to have to raise taxes. And we did.

The chairman of the Finance Committee, Bob Packwood, said: I will give you my home if this works. Newt Gingrich said: This is going to put us into a depression.

John Kasich, the chairman of the House Budget Committee, said: I will change parties and become a Democrat if this thing works. Oh, it was going to be disastrous.

The disaster turned out to be 8 years of the strongest economy. We paid the bills, putting Government on a pay-as-you-go basis. We created 22 million jobs. Now with President Bush's voodoo 2 that we passed in 2001, we are just more in debt. And the Democratic proposal just announced is nothing but Bush lite. You can either have the Bush proposed program of $756 billion in tax cuts, or $550 billion in tax cuts from the House, or Bush lite of $150 billion. None of them are going to stimulate anything.

Since the President has taken office, the country has lost 2.6 million jobs already. Don't you think we ought to stop now and get a hold of ourselves and realize what we have with all of these deficits; that interest rates are bound to go up, as well as the cost of a car, home payments, the cost of a washing machine, the cost of a refrigerator, and everything else? America is seeing this because back home every mayor is having to cut back, every Governor is having to cut back. They are having to release prisoners from the penitentiary. They are having to charge children to ride on the schoolbus. They are doing any and everything to try to get fiscal discipline back into their particular budgets.

But up here, we're like drunken sailors, saying oh, no, do not worry about it. We have to get reelected next year. To dickens with the needs of the country. It is the needs of the campaign, and we have to have tax cuts. So there we go. We have a big argument around here whether it should be $750 billion or $550 billion or $150 billion in tax cuts. And the best of minds say: Wait a minute, we are in trouble.

As Mr. Samuelson says, we have financial stagnation. We have the threat right this minute of deflation, and we are not creating jobs at all. We have a deficit in the balance of trade in not only hard manufacturing, but in high tech, high tech the motor of growth.

Again, with respect to the service economy, the Wall Street Journal this last week, said:

> U.S. financial-services companies plan to transfer 500,000, or 8 percent, of total industry employment to foreign countries.

I ask unanimous consent that this article from the Wall Street Journal 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, May 1, 2003]

THE ECONOMY: MORE FINANCIAL JOBS GO OFFSHORE

(By Michael Schroeder)

In an accelerating trend, U.S. financial-services companies plan to transfer 500,000 jobs, or 8% of total industry employment, to foreign countries during the next five years, according to a new study.

Offshore job transfers have primarily focused on back-office functions such as data entry, transaction processing and call centers. But the job shift now is involving a wider range of professional lines of work, including financial analysis, regulatory reporting, accounting and graphic design, according to A.T. Kearney, a management-consulting subsidiary of Electronic Data Systems Corp.

The main reason remains the same: cost cutting. The study estimates an annual cost savings of $30 billion for the financial-services industry. A call-center employee earns about $20,000 in the U.S. and about $2,500 in India. A Wall Street researcher with a college business degree and a few years experience can earn as much as $250,000, compared with $20,000 in India.

The study was based on interviews in February and March with senior executives from 100 of the largest U.S. banks, brokerage firms, insurance companies and mutual funds. Corporate chiefs list India as the most attractive country overall for offshore business processing, followed by China, the Philippines, Canada, the Czech Republic, Mexico, Australia, Brazil, Ireland, Hungary and Russia.

China particularly should see significant growth, despite U.S. companies' experience with the Chinese violating intellectual-property laws. A.T. Kearney Managing Director Andrea Bierce said that problem is being addressed by a major U.S. insurer that is developing a new policy protecting intellectual property.

Among the most aggressive U.S. companies are General Electric Co.'s GE Capital Corp. unit, Citigroup Inc. and American Express Co. GE Capital has nearly 15,000 employees in India alone and plans to add 5,000 by year end, said Stefan Spohr, one of the study's authors. A.T. Kearney itself moved 50 jobs in creative-presentation service to India.

Mr. HOLLINGS. We are going out of business, and the discussion here is between $350 billion and $550 billion in tax cuts, and all they want to know is who can do the most? I can go home next year and run for reelection and say: Look what I have done. I have given you a tax cut—when we do not have any taxes to cut. We are running a $600 billion deficit in the Republican budget, when the Republicans are supposed to be financially responsible.

We never heard of $600 billion deficits. You folks came to town and said, Look, we not only want a $600 billion deficit, we want it each year, every year, for the next 10 years. It is the budget on page 4. People don't see that.

I can see the Presiding Officer is going to call my time. He has been very courteous. I will be glad to yield him time when he can take the floor and answer these things because I have not been able to find a good answer.

I am trying to sober them up. Let's put the Government on a pay-as-you-go basis. Let's start getting competitive in industry and manufacturing and create real jobs. Let's start rebuilding—not Bosnia, not Afghanistan, not Iraq—but rebuilding the United States of America. That is the need of the hour.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. CRAIG. Mr. President, are we in morning business at this time?

The PRESIDING OFFICER. Yes, that is correct, until 12 noon.

Mr. CRAIG. I thank the Chair.

ENERGY POLICY

Mr. CRAIG. Mr. President, I am here this morning to speak to the bill that is now before us, S. 14, brought to the floor yesterday by Senator PETE DOMENICI, the chairman of the Energy and Natural Resources Committee of our Senate. It is a work product that a good many of us have been involved in for well over 3 years, in looking at the issue prior to the Bush administration coming to town and certainly with the initiative of the Bush administration to recognize the need for a national energy policy and to produce for us an outline of their vision of a national policy and asking the Congress to work its will over the last good number of years to produce that policy.

Of course, that came in the backdrop of brownouts and blackouts in California, of a jigsaw or certainly unprecedented ties or ups and downs in the gas markets of our country and a real recognition that over the last good number of decades the Congress of the United States and our Government had not minded the energy store of our country very well.

We were resting on the laurels of a relatively substantial surplus in electrical energy—the ability to produce hydrocarbons here at home; be less dependent upon foreign oil; and, to watch all of that change with the growth of our economy and some of the other government regulations that denied or limited the ability to produce energy for our country.

We know during the decade of the 1990s we went into a mode of deregulating the electrical industry all in the name of spreading that surplus out around the countryside but all based on the premise that you could lower the cost to the consumer because, in fact, there was a surplus.

Of course, during the decade of the 1990s we saw that surplus rapidly disappear with the phenomenal growth we went through with the country and the fact we were not adding to the energy base of our country. I believe while consumers in the short term experienced some relief—and ratepayers in the end—we saw price spikes, instability, brownouts, and a greater concern about a constant, stable flow of energy—the high-quality kind that is critical to fuel an industry and making sure that it was available upon call and when necessary, something that in the late 1990s and certainly at the turn of the decade was all in question.

That is one of the reasons we are here on the floor debating energy, and will be for the next several weeks in our effort to pass a comprehensive energy policy that will promote the kind of production that will advance conservation, and that will certainly promote the protection of the environment and the production of clean energy. In all of that context, what is most significant is, in fact, the production area. We now know with our capabilities and our technologies that we can produce it cleanly in a nonpolluting way, or certainly in a less impacting way to enhance the availability of supply.

One of the areas I have spent a good deal of time on over the last number of years is the issue of nuclear energy. Certainly during the decades of the 1970s and the 1980s and into the 1990s there was a concerted effort on the part of a variety of interests to argue that somehow nuclear energy was not a safe form of energy; that it was one that we ought to take out of our energy portfolio. What they failed to recognize was that about 20 percent of our generating capacity is based on nuclear energy. It really was a scare tactic to panic an uninformed public, on the safety and the stability of nuclear energy, into a sense of urgency as related to eliminating nuclear energy. During that period of time as knowledge began to grow, another fact began to emerge out of all of these issues. That was that nuclear energy was rapidly becoming a least cost part of our total energy package—that the cost of production was stable, that the reactors had operated very effectively, and that in retrofitting them, modernizing them, relicensing them, we were extending their life and getting greater efficiency.

In the last spike in our electrical costs, the nuclear energy industry—the electrical side of it—became the least cost producer of electrical energy.

At the same time, we have not brought any new reactors on line. The public and/or the interest groups have driven the costs by their concern over the siting of them and the building of them. And the constant demand of retrofitting them and building into them comprehensive and redundant systems has driven the costs and the ability to build one beyond the reach of the consumer and the ratepayer, and, of course, therefore, the utilities.

Understanding that we continue to push forward not only to develop a waste repository system to take the high-level waste out of the interim storage facilities at these reactors, as we have promised the public we would do, and move them to a permanent repository that is now sited and in the process of being licensed in Yucca Mountain in the deserts of Nevada, but we also have opened up another geological repository at Carlsbad, NM, known as a waste isolation pilot plant that handles transuranic waste—what I call ''garbage waste'', such as the tools and smocks of nuclear workers. The WIPP facility takes waste from our defense facilities, but the point is this facility has been operating for a number of years and we have demonstrated that we can deal with this type of waste safely.

This government has worked hard to keep good on its promise while there are many who would deter it and try to deny those promises to the consuming public, arguing that somehow we couldn't handle waste; therefore, we shouldn't have new reactors, and, certainly, therefore, we shouldn't build them if we couldn't manage the waste stream.

While all of that was going on, another issue began to emerge in the context of global concern. It was the issue of climate change. I will be speaking to that in a few moments. But the issue of climate change began to be argued by many as a product of greenhouse gas emissions, and in part certainly produced by the emission of greenhouse gases from the production of energy, and mostly electrical energy. While that grew, it allowed many of us to argue that the ability to produce electricity through a nuclear reactor was nonemitting, or an emission-free system. That has clearly become recognized. I think many of our experts now in the field of energy worldwide, as we see the need for energy constantly growing, will admit that over the course of the decades to come 20 percent of the electrical production, which is nuclear in this country, probably has to grow into 30 or maybe 40 percent of the total package to work to keep our air clean.

In France, I believe now nearly 80 percent of their electrical capacity is nuclear. Many other countries are following that route. They are managing their waste effectively and responsibly. It is also true in Japan. Here is a nation that not very long ago was most antinuclear for obvious reasons. But they came to recognize also that the ability to produce electricity for a growing economy in their country could be produced safely by nuclear energy.

All of that realization and all of that work in part came together with the