

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will proceed to a period for the transaction of morning business until 5 p.m., with Senators permitted to speak therein for up to 10 minutes each and the time to be equally divided between the leaders or their designees.

STIMULUS PACKAGE

Mr. MCCAIN. Mr. President, I object to the 10-minute time restraint. This is a very difficult issue. We are talking about hundreds of billions of dollars of stimulus. I hope my colleagues on the other side of the aisle would understand that more than 10 minutes may be required for some statements.

Mr. DURBIN. If the Senator will yield, this is a very important matter, and complex, and we are not going to limit the Senator from Arizona. We would like to have rough parity in terms of the time given to both sides of the aisle to explain this matter, but we are not going to limit or even try to limit, under the standing rules, any speech by the other side.

Mr. MCCAIN. I thank my friend. I ask we keep track of the timing on both sides as both sides talk so we can try to make sure there is parity on timing throughout the day. Obviously, it will be dictated by the number of speakers who want to speak on either side, but we should try to preserve parity throughout the day.

I thank the Senator from Illinois.

Mr. DURBIN. I say to Senator MCCAIN, I am sorry to interrupt him again. Could we enter a consent to that effect, that we will divide the time?

Mr. MCCAIN. I would agree with the Senator from Illinois, but I think it is pretty clear there are going to be more speakers on this side than that side. I would like to have our leader, the Republican leader, agree to that before I could.

Mr. DURBIN. I am informed by the Senate staff that it is already part of the agreement.

Mr. MCCAIN. I thank the Senator from Illinois.

Mr. President, today the Senate will pass a \$789 billion bill, \$1.1 trillion with interest added in—and we do, when we calculate the costs of these appropriations bills, count in the interest. It is the so-called stimulus bill, and it is under the guise of a bipartisan compromise.

Let me reiterate what I have so often stated during the past 2 weeks: The Nation needs a stimulus bill. The Nation expects the Congress and the President to act in a truly bipartisan manner to address this crisis. But, unfortunately, this measure is not bipartisan. It contains much that is not stimulative and is nothing short—nothing short—of generational theft.

At times of great challenge, history tells us our Nation will work collectively to remedy the problems we face.

Working on this measure together was that opportunity. Republicans offered a good-faith alternative to the measure that is before us. Our alternative provided the American taxpayers with a stimulus bill devoid of porkbarrel projects and excessive spending programs that fail to create jobs.

Our bill was not simply to advocate policies we could not otherwise pass; our bill, in fact, was a real stimulus proposal. Instead, partisan legislation was pushed through.

Sadly, when we could be uniting to assist hurting Americans, we have exacerbated our differences and burdened our children and grandchildren with a debt the proportions of which have never been seen before.

Mr. President, before I go too much further, the bill is 1,071 pages. We got it last night, I believe, at 10:20 p.m. That was the first moment a copy was made available. It was not numbered correctly. At 11 p.m. we received notification it had just become available on the House Web site.

Compare the process that we have been through with the Web site that is from the Obama campaign. The Web site of the Obama campaign stated, and I will quote in a second—this is a quote from the Obama Web site:

End the practice of writing legislation behind closed doors. As President, Barack Obama will restore the American people's trust in their Government by making Government more open and transparent. Obama will work to reform congressional rules to require all legislative sessions, including committee markups and conference committees, to be conducted in public.

What happened in the last few days—law and sausages—it is certainly a long way from the Obama Web site that said:

Reform congressional rules to require all legislative sessions, including committee markups and conference committees, to be conducted in public.

All day yesterday the media made different reports about the process that was going on, in which, by the way, there was no Republican leadership anywhere in the vicinity.

I recognize this will be greeted as a victory for the administration and the Democrats today. I recognize that, and it is a victory. But I am not sure it is the right kind of victory. I think words which will haunt us for a long period of time were uttered by the Speaker of the House: "We won, we write the bill." "We won, we write the bill."

I think on both sides of the last campaign there was a commitment not to use those words: "We won, we write the bill." That commitment was to sit down together in a bipartisan fashion and work together to come up with solutions to the enormous domestic and foreign policy and national security challenges we face. I understand who won. I think I understand it about as well as anybody in this body. I have often said elections have consequences. This is one of the consequences of my side of the aisle losing. But it was not the promise that was made to the American people.

I understand the other side of the aisle—and many in the media—will say: Well, Republicans are recalcitrant. Republicans are trying to block it. Republicans don't want anything.

We had a provision, we had a proposal of over \$420 billion. We had a proposal that got 44 votes for a trigger that, once our economy begins to recover and is in recovery, the spending stops. One thing that Milton Friedman said, among many others I have always appreciated, was: Nothing is so permanent as a temporary Government program. There is nothing more permanent than a temporary Government spending program. So I think we had an opportunity and, hopefully, there will be opportunities in the future, to sit down, Republican and Democrat together—and at the beginning, not the end. If you are not in on the takeoff, then you are certainly not going to be in on the landing.

This bill took off with the Speaker of the House saying: We won, we write the bill. That was repeated on several occasions by the President of the United States.

Now, I want to say again, my side of the aisle, for 8 years, did not include the other side of the aisle. We were guilty. We were guilty of not observing the rights and privileges of the minority party. I do not excuse it, nor do I rationalize it. But I do believe that some Members did work in a bipartisan fashion and that times are different. The times are different. The American people spoke.

So yesterday, not the Republican leadership, not the majority of my colleagues sat by while the bill was finally written, and that is why the final legislation here will have three Republican votes, probably, out of all of the Republicans in the House of Representatives and the Senate. It may pick up a couple in the House. But to call this bipartisan is clearly an inaccurate and false description of the legislation that will pass sometime this evening.

So we passed up an opportunity. I hope we will, in the future, since there will be TARP III somewhere—some estimates, \$500 billion; some estimates, \$1 trillion; no one knows. The Secretary of the Treasury testified the day before yesterday before the Senate. He had no idea. He could give us no clue as to how much the next TARP was going to be. But I hope that will then present us with another opportunity to work together from the beginning, not at the end.

Again, this side of the aisle is not blameless on partisanship. But this was an opportunity for all of us to join together.

USA Today stated in an editorial: Republican opposition seems more like partisan positioning than a sincere effort to reach compromise with the White House at a time of severe economic distress.

I cannot speak for all of my colleagues, but I can, I know, speak for the majority of them. That is a false

statement. That is a false statement. Nothing could be further from the truth. Every Senator here wants a reasonable, workable stimulus bill that will help turn our economy around and put people to work. That is why 40 Republican Senators voted for an alternative that sought to fix our housing crisis—remember, it was housing first, and it is housing that is going to restore our economy. The stimulus package has not a lot of it to start with and comes out of the “conference” with less—invest in our Nation’s infrastructure through effective and restrained spending; put money immediately back in the hands of all Americans through a payroll tax holiday; allow businesses to keep more of their profits to hire new employees, invest in capital, or expand their businesses; finally begin to focus our attention on entitlement reforms; and then, most importantly, put a halt to the spending once our economy turns around. And the total cost of our alternative proposal was about half the cost of this conference report.

There are a couple of cautionary tales. One was a study by John Taylor of Stanford and the Hoover Institution that showed that the last time we gave Americans a paycheck—and that is one of the big parts of this stimulus package, checks of \$400 to \$800—it had no effect on the economy. It is also a cautionary tale as to what the Japanese did over the last decade, and I am afraid some of this stimulus package repeats that.

We missed an enormous opportunity to rein in excessive spending despite the support of 44 Senators eager to get our fiscal house in order when our amendment that would have required unobligated funding to be returned to the taxpayer upon two consecutive quarters of economic growth greater than 2 percent of inflation-adjusted GDP was defeated.

We have seen time after time stimulus packages at other times when we were in fiscal difficulty, financial difficulty—not to the degree of this one—but much of the spending has taken place after the economy recovered and contributed enormously to the deficit and consequently putting burdens on future generations of Americans. Why would we not agree that once the economy has recovered, we should proceed on a path to a balanced budget and stop some of these spending programs that are going to be adopted tonight in the way of stimulus? Why wouldn’t we bring them to a stop? Could it be that some want these spending programs to be permanent?

I repeat, Milton Friedman said, “There is nothing so permanent as a temporary Government program,” and I am sure we will see many of these programs in the stimulus live a long, long life.

In a recent Washington Post op-ed entitled “\$800 billion Mistake,” Martin Feldstein, an economic professor at Harvard University and president emeritus of the National Bureau of

Economic Research, wrote: The fiscal package now before Congress needs to be thoroughly revised. In its current form, it does too little to raise national spending and employment. It would be better for the Senate to delay legislation for a month or even two if that is what it takes to produce a much better bill. We cannot make an \$800 billion mistake.

Of course, it is a \$1.1 trillion mistake. We cannot make that mistake. By passing this conference report, we are essentially engaging in an act of generational theft. How can anyone ignore the cold hard facts? The current national debt is \$10.7 trillion. The 2009 projected deficit is \$1.2 trillion. The cost of this stimulus is \$1.124 trillion; that is, \$789 billion plus interest. The expected omnibus spending bill to fund the Federal Government through September 30, 2009, is \$400 billion. The expected supplemental request for the wars in Iraq and Afghanistan the Armed Forces Committee staff estimates at \$80 billion. The appropriations bills for 2010 that we will consider this year are untold billions. Tarp I and II are \$700 billion, and TARP III is possibly upwards of \$1.5 trillion. These numbers are staggering. These numbers are staggering. We have never dealt with numbers such as this, not in the Great Depression, not in any other era in time of our country. Every dollar of spending in this conference report will be added to our national debt, which now stands, as I said, at \$10.2 trillion or 70 percent of GDP.

According to the Center for Data Analysis, if Congress borrows the funds for its economic stimulus package—which, of course, it will do—total debt could grow to \$13 trillion in fiscal year 2009 or 92 percent of our gross domestic product. By 2010, the total debt could grow to \$14 trillion or 95 percent of our GDP. The center further finds that the stimulus package will add about \$30,000 in new Federal debt per American household.

Remarkably, while we are on the brink of saddling our children and grandchildren and great grandchildren with this enormous debt load, the conference report before us does little to actually address the core issue that brought us to the point of needing a stimulus bill in the first place, and that is the housing crisis.

I would remind my colleagues that history shows us that if you run up enough debt, the answer to it is to print more money, which is the basis of the currency, which inevitably leads to inflation, which is the greatest enemy of the middle class in America.

I see my colleague from New York who is going to talk on many things, including the terrible tragedy that has taken place in the crash of the airliner in New York. But I also want to, while he is on the floor, strongly disagree with his comment that the American people do not care about little poriky projects. Americans care. I can only speak for my constituents in Arizona,

who have flooded my office with calls. They care about little poriky projects that are to the tune of millions of their tax dollars.

Just yesterday, the National Association of Realtors reported the largest drop in home prices—12.4 percent—since the Association started gathering such data in 1979. Prices declined in almost 9 out of every 10 cities. Despite the fact that this extremely sobering statistic was released yesterday, this bill cuts almost half of the only significant housing provision in the conference report.

This provision, written by Senator ISAKSON, a former real estate agent, and approved by all Republicans and Democrats would have allowed any homeowner to take a nonrepayable tax credit of \$15,000 or 10 percent of the purchase price of a house used as a principal residence. Senator ISAKSON argued that such a generous tax credit would help the market recover swiftly. As a real estate agent during the economic crisis of the 1970s, he saw tax credits spur the purchase of many homes, which served to reduce the glut of vacant homes in the market, thereby allowing home values to stabilize, the housing inventory to drop, and the market to recover. We could have achieved a similar result here, I believe. But, instead, it was cut—the only housing provision in the report that was roundly supported by both Republicans and Democrats and millions of potential home buyers. Instead, they decided to cut the tax break to \$8 thousand and limit it to only first-time buyers. My belief is that this will not produce any real change to our sagging housing market.

The Congressional Budget Office has estimated that the stimulus bill would create anywhere from 1.3 million to 3.9 million jobs. At \$789 billion, 1.3 million jobs would work out to cost \$506,923 per job, and for 3.9 million jobs, the cost would be \$202,308 per job. If you add the cost of interest to the price tag, it comes to \$1 trillion. Every economic estimate I have seen lately falls within the category of 1.3 to 3.9 million jobs. The administration says it could be 4 million or more.

In a new letter from CBO dated February 11 providing a year-by-year analysis of the economic effects of spending of the pending stimulus legislation, CBO finds:

Beyond 2004 the legislation is estimated to reduce GDP by between 0 and 0.2 percent. The reduction in GDP is therefore estimated to be reflected in lower wages rather than lower employment. The increased debt would tend to reduce the stock of productive private capital. In economic parlance, the debt would “crowd out” private investment. Workers will be less productive because the capital stock is smaller. The legislation’s long-run impact on output also would depend on whether permanently changed incentives to work are saved. The legislation would not have any significant permanent effects on those incentives.

I know my colleagues are going to say we are going to do other things.

And we need to do other things—reform entitlements. We should have, in this legislation, put ourselves on a path to entitlement reform by setting up commissions for both Social Security and Medicare reform, but we did not, just as we should have had a trigger to stop spending and put us on a path to a balanced budget once our economy recovers.

It is unfortunate that even in these difficult economic times, Members of Congress couldn't resist the temptation to lard up this bill with billions of dollars in unnecessary spending that will do nothing to stimulate the economy. What makes this most disturbing, in order to include these questionable provisions in the final measure, the conferees cut some of the few truly important spending provisions that had been included in the House and Senate bills.

For example, I don't understand how, on the one hand, the conferees can cut close to \$3 billion from the Senate bill for Department of Defense and veterans hospital and medical facilities and, on the other hand, add funding above either House- or Senate-passed bills for State Department information technology upgrades, totaling \$290 million. Information technology may be worthwhile, but I am dumbfounded as to the conferees' rationale for adding funding for information technology programs that exceeds either Chamber's recommendations and cuts defense and veterans. We all talk about our commitment to veterans. Certainly VA hospital and medical facilities are badly needed, as we found in the scandal of Walter Reed.

Just as egregious, the conference report provides \$1 billion for prevention and wellness programs that were previously struck by the Senate and reported to be for smoking cessation programs and STD prevention. Why is this added back in, even though it may be worthy, at the expense of military members, families, and veterans whose funding was cut?

The conference report provides more funding for grants to provide high-speed Internet to Americans, \$7.2 billion, than it does for military and veterans affairs construction—again, at the expense of our Nation's bravest and most worthy. The conference report falls short in addressing the needs of our military and veterans who have given so much in support of this country and our democratic values.

Again, these are not tiny, porky amendments. The American people do care what we are talking about. If the American people don't care, then on behalf of the American people, we should take out these little tiny, porky items that will provide questionable stimulative effects.

I have a long list, and I ask unanimous consent that it be printed in the RECORD.

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

EXAMPLES OF QUESTIONABLE PROVISIONS IN THE CONFERENCE REPORT—STIMULATIVE?

\$200 million to consolidate the DHS headquarters in Washington, DC.

\$15 million for historic preservation grants for historically black colleges and universities.

\$25 million for the Smithsonian.

\$50 million for the National Endowment for the Arts.

\$5.55 billion for the Federal Buildings Fund, including \$750 million for Federal buildings and U.S. Courthouses; \$450 million for the Department of Homeland Security headquarters; \$4.5 billion to convert GSA facilities to "High-Performance green facilities".

\$300 million for new energy efficient vehicles for the Federal government including hybrid vehicles, and electric vehicles, and "commercially-available, plug-in hybrid vehicles" which many believe would include golf carts.

\$100 million for grants to small shipyards.

\$7.2 billion to accelerate broadband deployment in unserved and underserved areas and to strategic institutions, split between the Department of Commerce, to administer \$4.7 billion in grants, and the Department of Agriculture, to administer \$2.5 billion in grants and loan activity.

\$50 million to upgrade the computer systems at the Farm Service Agency.

\$50 million for aquaculture producers.

\$300 million in grants for a diesel emission reduction program.

\$50 million to build biomass plants.

\$165 million for U.S. Fish and Wildlife Service fish hatcheries and wildlife refuges.

\$25 million for habitat restoration, trails repairs, and the cleanup of abandoned mines on BLM lands.

\$140 million for USGS stream gauges, and volcano monitoring systems.

\$200 million to repair leaking underground storage tanks under the Leaking Underground Storage Tank Trust Fund.

\$85 million to upgrade the computer systems at the Indian Health Service.

\$1 billion for the Bureau of the Census, including \$250 million for partnership and outreach efforts to minority communities and hard-to-reach populations.

\$650 million for digital television converter box coupon program, with \$90 million for education and outreach to vulnerable populations.

\$230 for operations, research and facilities at the National Oceanic and Atmospheric Administration (NOAA).

\$600 million for the procurement, acquisition and construction at the NOAA.

\$400 million for science at the National Aeronautics and Space Administration (NASA).

\$150 million for aeronautics at NASA.

\$2.5 billion for the National Science Foundation (National Science Foundation), of which \$300 million is for the Major Research Instrumentation program, and \$200 million for academic research facilities modernization.

\$400 million for major research equipment and facilities construction at the NSF.

\$375 million for Mississippi River and Tributaries.

\$2.5 billion for applied research concerning energy efficiency and renewable energy including \$800 million for biomass and \$400 million for geothermal activities and projects.

\$5 billion for the Weatherization Assistance Program.

\$2 billion for Advanced Battery Manufacturing grants.

\$300 million for the Energy Efficiency Appliance Rebate program and the Energy Star Program.

\$3.4 billion for Fossil Energy Research and Development including: \$1 billion for fossil energy research and development programs; \$800 million for Clean Coal Power Initiative Round III Funding Opportunity Announcement; \$1.52 billion Clean Coal Demonstration plants; \$50 million for competitive solicitation for site characterization activities in geological formations; \$10 million for geologic sequestration training and research grants; \$10 million for program direction funding.

\$1.6 billion for DOE Science program.

\$1.2 billion for summer youth jobs (for individuals up to age 24).

\$1.5 billion to provide short term rentals assistance for families who may become homeless.

\$2.25 billion to install new windows and furnaces for HUD homes.

\$100 million to remove lead-based paint.

\$8 billion for high speed rail.

\$90 million for additional passport facilities.

\$53.6 billion for a State Fiscal Stabilization Fund for education—\$14 million for administration, oversight, and evaluation; \$5 billion for State Incentive Grants and an Innovation Fund.

\$86.6 billion to State Medicaid programs through a temporary increase in the Federal Medical Assistance Percentage.

\$1.1 billion for comparative effectiveness research: \$300 million for the Agency for Healthcare Research and Quality; \$400 million for the NIH; \$400 million to be used at the discretion of the Secretary of HHS.

\$2 billion for the Office of the National Coordinator for Health Information Technology.

\$13 billion for Education for the Disadvantaged: \$10 billion for title I formula grants; \$3 billion for School Improvement grants.

\$720 million for School Improvement Programs: \$650 million for Enhancing Education through Technology program; \$70 million for Education for the Homeless Children and Youth program.

\$10 billion for the National Institutes of Health: \$1.3 billion for the National Center for Research Resources; \$8.2 billion for the Office of the Director; \$500 million for buildings and facilities for Bethesda, MD.

Mr. MCCAIN. Among these are \$200 million to consolidate the DHS headquarters in Washington, DC; \$15 million for historic preservation of Historically Black Colleges and Universities; \$25 million for the Smithsonian; \$50 million for the National Endowment for the Arts; \$5.55 billion for the Federal Buildings Fund, including \$750 million for Federal buildings and U.S. courthouses.

The list goes on: \$300 million for new energy-efficient vehicles for the Federal Government; \$100 million for grants to small shipyards; \$7.2 billion to accelerate broadband deployment in unserved and underserved areas and to strategic institutions. By the way, certainly the Presiding Officer knows we cannot spend within the next year \$7.2 billion or anything like it to accelerate broadband deployment because of the nature of the challenge. There is \$50 million to upgrade the computer systems at the Farm Service Agency; \$50 million for aquaculture producers; \$300 million in grants for a diesel emission reduction program; \$50 million to build biomass plants; \$150 million for USGS stream gauges and volcano monitoring systems; \$200 million to repair leaking

underground storage tanks under the Leaking Underground Storage Tank Trust Fund; \$1 billion for the Bureau of the Census. We will be talking more about this issue. We can't have the census taken from the Department of Commerce and put in the White House. We can't politicize the process of the system. We will be talking more about that later on.

There is \$230 million for operation, research, and facilities at the National Oceanic and Atmospheric Administration. You can make arguments for all these programs as worthwhile. You cannot make arguments that they stimulate the economy in a short period. There is \$150 million for aeronautics at NASA; \$2.5 billion for the National Science Foundation, of which \$300 million is for the Major Research Instrumentation Program and \$200 million for academic research facilities modernization; \$275 million for the Mississippi River and tributaries; \$10 million for program direction funding in fossil energy research and development; \$1.6 billion for DOE science program; \$2.25 billion to install new windows and furnaces in HUD homes; \$3 billion for high-speed rail.

The high-speed rail program is very interesting. It started out at \$2 billion and now has been raised to \$8 billion, a remarkable increase in funding, when we think about it. There are media reports that state this could probably be used for the Las Vegas-Los Angeles high-speed rail. The list goes on.

The fact is, there are also policy provisions. The conference report still includes the protectionist "Buy American" provisions that will damage the ability of U.S. corporations to export and create jobs at home. If passage of this bill triggers retaliatory trade action by foreign countries against the United States, Congress will have succeeded in deepening one of the worst recessions of our time.

There is an article in this week's Economist magazine entitled "The return of economic nationalism. A specter is rising. To bury it again, Barack Obama needs to take the lead." It talks about the "Buy American" provisions. At the end it states:

Once again, the task of saving the world economy falls to America. Mr. Obama must show that he is ready for it. If he is, he should kill any "Buy American" provisions. If he isn't, America and the rest of the world are in deep trouble.

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

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

[From the Economist, Feb. 5, 2009]

THE RETURN OF ECONOMIC NATIONALISM

Managing a crisis as complex as this one has so far called for nuance and pragmatism rather than stridency and principle. Should governments prop up credit markets by offering guarantees or creating bad banks? Probably both. What package of fiscal stimulus would be most effective? It varies from one country to the next. Should banks be

nationalised? Yes, in some circumstances. Only the foolish and the partisan have rejected (or embraced) any solutions categorically.

But the re-emergence of a spectre from the darkest period of modern history argues for a different, indeed strident, response. Economic nationalism—the urge to keep jobs and capital at home—is both turning the economic crisis into a political one and threatening the world with depression. If it is not buried again forthwith, the consequences will be dire.

DEVIL TAKE THE HINDMOST

Trade encourages specialisation, which brings prosperity; global capital markets, for all their problems, allocate money more efficiently than local ones; economic co-operation encourages confidence and enhance security. Yet despite its obvious benefits, the globalised economy is under threat.

Congress is arguing about a clause in the \$800 billion-plus stimulus package that in its most extreme form would press for the use of American materials in public works. Earlier, Tim Geithner, the new treasury secretary, accused China of "manipulating" its currency, prompting snarls from Beijing. Around the world, carmakers have lobbied for support (see article), and some have got it. A host of industries, in countries from India to Ecuador, want help from their governments.

The grip of nationalism is tightest in banking (see article). In France and Britain, politicians pouring taxpayers' money into ailing banks are demanding that the cash be lent at home. Since banks are reducing overall lending, that means repatriating cash. Regulators are thinking nationally too. Switzerland now favours domestic loans by ignoring them in one measure of the capital its banks need to hold; foreign loans count in full.

Governments protect goods and capital largely in order to protect jobs. Around the world, workers are demanding help from the state with increasing panic. British strikers, quoting Gordon Brown's ill-chosen words back at him, are demanding that he provide "British jobs for British workers" (see article). In France more than 1m people stayed away from work on January 29th, marching for jobs and wages. In Greece police used tear gas to control farmers calling for even more subsidies.

Three arguments are raised in defence of economic nationalism: that it is justified commercially; that it is justified politically; and that it won't get very far. On the first point, some damaged banks may feel safer retreating to their home markets, where they understand the risks and benefit from scale; but that is a trend which governments should seek to counteract, not to encourage. On the second point, it is reasonable for politicians to want to spend taxpayers' money at home—so long as the costs of doing so are not unacceptably high.

In this case, however, the costs could be enormous. For the third argument—that protectionism will not get very far—is dangerously complacent. True, everybody sensible scoffs at Reed Smoot and Willis Hawley, the lawmakers who in 1930 exacerbated the Depression by raising American tariffs. But reasonable people opposed them at the time, and failed to stop them: 1,028 economists petitioned against their bill. Certainly, global supply-chains are more complex and harder to pick apart than in those days. But when nationalism is on the march, even commercial logic gets trampled underfoot.

The links that bind countries' economies together are under strain. World trade may well shrink this year for the first time since

1982. Net private-sector capital flows to the emerging markets are likely to fall to \$165 billion, from a peak of \$929 billion in 2007. Even if there were no policies to undermine it, globalisation is suffering its biggest reversal in the modern era.

Politicians know that, with support for open markets low and falling, they must be seen to do something; and policies designed to put something right at home can inadvertently eat away at the global system. An attempt to prop up Ireland's banks last year sucked deposits out of Britain's. American plans to monitor domestic bank lending month by month will encourage lending at home rather than abroad. As countries try to save themselves they endanger each other.

The big question is what America will do. At some moments in this crisis it has shown the way—by agreeing to supply dollars to countries that needed them, and by guaranteeing the contracts of European banks when it rescued a big insurer. But the "Buy American" provisions in the stimulus bill are alarmingly nationalistic. They would not even boost American employment in the short run, because—just as with Smoot-Hawley—the inevitable retaliation would destroy more jobs at exporting firms. And the political consequences would be far worse than the economic ones. They would send a disastrous signal to the rest of the world: the champion of open markets is going it alone.

A TIME TO ACT

Barack Obama says that he doesn't like "Buy American" (and the provisions have been softened in the Senate's version of the stimulus plan). That's good—but not enough. Mr Obama should veto the entire package unless they are removed. And he must go further, by championing three principles.

The first principle is co-ordination—especially in rescue packages, like the one that helped the rich world's banks last year. Countries' stimulus plans should be built around common principles, even if they differ in the details. Co-ordination is good economics, as well as good politics: combined plans are also more economically potent than national ones.

The second principle is forbearance. Each nation's stimulus plan should embrace open markets, even if some foreigners will benefit. Similarly, financial regulators should leave the re-regulation of cross-border banking until later, at an international level, rather than begging their neighbours by grabbing scarce capital, setting targets for domestic lending and drawing up rules with long-term consequences now.

The third principle is multilateralism. The IMF and the development banks should help to meet emerging markets' shortfall in capital. They need the structure and the resources to do so. The World Trade Organisation can help to shore up the trading system if its members pledge to complete the Doha round of trade talks and make good on their promise at last year's G20 meeting to put aside the arsenal of trade sanctions.

When economic conflict seems more likely than ever, what can persuade countries to give up their trade weapons? American leadership is the only chance. The international economic system depends upon a guarantor, prepared to back it during crises. In the 19th century Britain played that part. Nobody did between the wars, and the consequences were disastrous. Partly because of that mistake, America bravely sponsored a new economic order after the second world war.

Once again, the task of saving the world economy falls to America. Mr Obama must show that he is ready for it. If he is, he should kill any "Buy American" provisions. If he isn't, America and the rest of the world are in deep trouble.

Mr. McCAIN. Of course, we know about Davis-Bacon that will inflate the construction costs of the bill by \$17 billion. Section 604 requires that only domestic apparel and textile products may be procured by the Department of Homeland Security, unless the Secretary of DHS determines the quality and quantity cannot be procured in the United States at market prices, whatever "market prices" means. There is a provision which states that within 45 days of enactment, the Governor of each State shall certify that they will request and use taxpayer funds provided in the bill. It goes on to say that if any of the money provided by this bill is not accepted by the Governor, then that State's legislature can simply pass a resolution to bypass the Governor and receive those funds. I have never seen a provision such as that in the Congress.

I repeat, if the Governor of a State says his State doesn't need the money, then the State's legislature can simply pass a resolution to bypass the elected Governor of the State and receive the funds. What does that say about States rights and States electing their Governors to lead. It is remarkable. Every Governor in America should be on notice that we may have established a precedent that if you don't want to take taxpayer money, then you can be bypassed by your legislature. It is unconstitutional and should be challenged in court.

It adds a new far-reaching policy with respect to unemployment compensation entitled "Unemployment Compensation Modernization"—an interesting description. The new policy would allow a person to collect unemployment insurance for leaving his job to care for an immediate family member's illness, any illness or disability as defined by the Secretary of Labor. This provision stems from legislation introduced in the Senate during the 110th Congress that was not approved. Each State would need to amend their unemployment insurance in order to receive a portion of the \$7 billion added to the bill for this additional unemployment compensation program. It provides a total waiver of cost savings related to inland waterways projects; 50 percent of the cost is supposed to be carried by private companies that utilize the waterways.

The report establishes the Federal Coordinating Council for comparative effectiveness research. The bill text does not use the term "clinical" when referring to comparative effectiveness research, leading to the possibility that the bill does not protect against the research being used to make coverage decisions based on cost-effectiveness rather than clinical effectiveness.

It includes the Health Information Technology for Economic and Clinical Health Act, a massive overhaul of our health IT infrastructure that deserves more consideration.

It is 1,071 pages and a 41-page statement of the managers, a total of 1,492

pages. It was negotiated in a partisan fashion, behind closed doors, in direct contradiction to President Obama's commitments during the campaign. I understand his spokesman yesterday said it was "an emergency." It may have been an emergency, but that was not mentioned during the commitments made by then-candidate Obama.

Among other things, the conference report contains \$450 million for Amtrak security grants through the Department of Transportation. It wasn't in the House bill, wasn't in the Senate bill. It duplicates a program that already exists.

I urge my colleagues, when they have a few spare moments, to look at the history of Amtrak, a railroad that was taken over by the Federal Government with the intent to turn it over to the private sector in a short period. We have propped it up with billions and billions of taxpayer dollars, funding that will never become profitable.

A provision recreates the slush fund that was unanimously rejected by both the House and Senate. The slush fund allows agency heads to move money around between programs as they see fit without any real oversight by Congress.

I mentioned high-speed rail. That is \$8 billion. The Senate included \$2 billion for these programs, and the House didn't include anything. The conference now has added \$6 billion. I mentioned earlier the veterans and military construction spending has been cut by over \$3 billion below both the House and Senate bills. Of course, the conference report, among many other items, contains \$50 million for NEA, a worthwhile endeavor, but I don't see how you can make the argument it creates jobs.

A commitment was made that the spending would be done quickly. The conference agreement drops provisions that require all funds in the bill to be awarded within 30 to 120 days of enactment. Instead, the report allows numerous programs to have 3 years or more to actually begin spending the funding.

I know many of my colleagues, including my friend from Illinois, are here. I don't want to take too much time, as many of my colleagues wish to discuss the legislation. I wish to mention there is \$2 billion for a neighborhood stabilization program which could go for money for groups such as ACORN. You could make arguments about whether ACORN should be funded. I do not see how that possibly creates jobs.

I understand this bill will be passed this evening. I hope the next time—maybe with TARP—because there are going to be other issues of enormous consequence that the Congress and the President of the United States will face in the coming weeks and months. I do not believe things are going to get better in the world real soon. We see activities around the world, from the behavior of the Russians to the Iranian

testing of a missile, to renewed aggressive rhetoric by North Korea, to others, including developing a strategy for Afghanistan. But there are also enormous economic challenges here at home.

The American people would like us to, and the message they have sent us is, that they want us to sit down and work together. As I said, this bill began with a statement by the Speaker of the House: We won. We write the bill. We need to sit down together before the bill is written, outline the principles, turn those principles we share into concrete legislation, and work together. I hope we never again have a repetition of a bill that has such enormous consequence that would pass through both bodies with literally no Republican support—three Senators out of 178 Members in the House and 40 in the Senate. That is not bipartisanship.

I think we passed up an opportunity this time. I hope the American people will respond again by sending us the message. They want us to address the economic woes we face, but they want us to address them together. This legislation, in my view, is very bad for the economic future of America.

Mr. President, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from New York.

CONTINENTAL AIRLINES FLIGHT 3407

Mr. SCHUMER. Mr. President, I rise today to honor the lives and the memories of the victims of the tragic crash of Continental Airlines Flight 3407 in Clarence, NY, last night. Our Nation woke up this morning to the deeply saddening news that 50 lives were lost in this inexplicable tragedy, and our hearts, our prayers, and our minds are with the families and friends who lost a loved one, the first responders at the scene, and the residents of Clarence.

I was deeply saddened to hear that one of the victims was Beverly Eckert, whose husband Sean Rooney perished in the tragic events of September 11. I knew Beverly. I worked with her and so admired her fight to make sure another 9/11 never happens again.

Beverly was a national role model who turned tragedy into inspiration. She was traveling to Buffalo for what would have been her husband's 58th birthday, to take part in a presentation of a scholarship award in his memory at Canisius High School. She, and all the victims of this accident, will be greatly missed. Of course, the family members of the other victims, whose names have not been made public yet, will relate in the future episodes of quiet strength and bravery of their loved ones as well.

I spoke with Transportation Secretary Ray LaHood early this morning, and he reassured me that the Department of Transportation is taking quick action to figure out what caused this accident. Secretary LaHood told me the first responders who rushed to the