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House of Representatives

The House was not in session today. Its next meeting will be held on Monday, January 27, 2003, at 2 p.m.

Senate

FRIDAY, JANUARY 10, 2003

The Senate met at 9:30 a.m. and was called to order by the President pro tempore (Mr. STEVENS).

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Gracious Father, Source of all the blessings of life, You have made us rich spiritually. As we begin this new day, we realize that You have placed in our spiritual bank accounts abundant deposits of soul strength, intellectual acumen, volitional aptitude, and physical agility.

You remind us of Your loving-kindness, You give us the gift of faith to trust You for what we will need to meet today's challenges. You promise to go before us, preparing people and circumstances so we can press on with Your best for America. You open doors previously shut and enable serendipities of success so we can work without strain or stress. You give us the magnificent gifts of wisdom and discernment, vision and vibrant hope.

Bless the Senators as they expect great strength from You and attempt great work for Your glory and for the good of America. You are our Lord and Saviour. 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 PRESIDENT pro tempore. The majority leader is recognized.

SCHEDULE

Mr. FRIST. Mr. President, there will be a period for morning business until noon, with the time equally divided, and Senators permitted to speak for up to 10 minutes each.

It is my hope that an agreement can be reached regarding the committee resolutions on which both sides are working very hard at this juncture. Once these committee resolutions are adopted, the committees will then be able to begin their important and very urgent work addressing the issues surrounding homeland security, the war, health care, our economy, and the important agenda before the American people, an agenda they expect us to address as soon as possible. So I do not want these discussions to progress indefinitely because it is important we begin to address the agenda before us in this 108th Congress.

We are making progress, and I am very hopeful over the course of the morning that discussions will continue and I will be able to report back on the progress and, ultimately, agreement on these committee resolutions. One example is that of the Senate Appropriations Committee which is poised to meet to complete action on the fiscal year 2003 bills which is unfinished business from last year. Before we address our agenda for the coming year in the 108th Congress, both sides of the aisle

made a commitment to finish last year's business.

The importance of proceeding with these committee resolutions is that, as of today, the new Senators do not have committee assignments. Although both sides made the assignments, until we officially adopt the committee resolutions, they are not on any committees in the Senate. It is my hope that this agreement can be reached in short order on the committees and that the resolutions can be agreed to after we agree to it at the leadership level and in our caucuses by voice vote. However, at this time we are not quite there, and I regret to say that rollcall votes are still possible today.

Over the course of the morning, as negotiations continue, I will be back on the floor to advise the Senate about the day's schedule.

Mr. REID. Will the leader yield?

Mr. FRIST. Yes.

Mr. REID. Mr. President, I say to the distinguished majority leader that Senator DASCHLE has indicated that he and the majority leader had productive meetings yesterday and that we are very close to working something out on the organizational resolution. I received a call last night from Senator LOTT, the incoming chairman of the Rules Committee, when we get the organizational business done, that he is working on the space problem we have. He has indicated he thinks this can be worked out shortly also.

We hope the leader can come back to the floor later today and indicate to Senators that we have worked out something. It would be good for everyone if we can do that.

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



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Mr. FRIST. I thank the Senator.

Mr. REID. Mr. President, it is my understanding the Chair will announce morning business until noon today; is that right?

The PRESIDING OFFICER (Mr. SUNUNU). The Senator is correct.

RESERVATION OF LEADER TIME

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

MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of morning business, not to extend beyond the hour of 12 noon, with the time equally divided, with Senators permitted to speak therein for up to 10 minutes each.

Mr. REID. Under the order, that gives us time until noon. I have two Senators on this side who wish to speak for up to 30 minutes each. I ask unanimous consent that Senator HOLLINGS, who is now in the Chamber, be recognized for 30 minutes and, of course, if there is a Republican who comes, someone from the majority in between that, that will be fine.

Mr. FRIST. Mr. President, will the Senator yield for one minute?

Mr. REID. Of course.

MEASURES PLACED ON THE CALENDAR—H.J. RES. 2 AND H.R. 16

Mr. FRIST. Mr. President, I understand H.J. Res. 2 is at the desk and is due for a second reading.

The PRESIDING OFFICER. The leader is correct. The clerk will read the joint resolution for the second time.

The legislative clerk read as follows:

A joint resolution (H.J. Res. 2) making further continuing appropriations for the fiscal year 2003, and for other purposes.

Mr. FRIST. Mr. President, I understand H.R. 16 is at the desk and is due for a second reading.

The PRESIDING OFFICER. The leader is correct. The clerk will read the bill for the second time.

The legislative clerk read as follows:

A bill (H.R. 16) to authorize salary adjustments for Justices and judges of the United States for fiscal year 2003.

Mr. STEVENS. Parliamentary inquiry: Is the process concluded?

The PRESIDING OFFICER. Is there any objection to proceeding thereon?

Mr. STEVENS. I object to proceeding on either measure.

The PRESIDING OFFICER. Objection is heard from the Senator from Alaska. The measures will be placed on the calendar.

Mr. FRIST. Mr. President, I yield the floor.

ORDER OF PROCEDURE

Mr. REID. Mr. President, I ask unanimous consent that Senator HOLLINGS

be recognized for 30 minutes. Following his speech, if someone on the Republican side or others wish to use up to 30 minutes, they can go, and following that, Senator CORZINE would be recognized for up to 30 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from South Carolina.

THE ECONOMY

Mr. HOLLINGS. Mr. President, I would like to get the attention of the distinguished majority leader. Pending that, what brings this Senator to the floor is the headlines of the morning paper: "Deficit Predictions Soar with Bush Stimulus Plan."

The economists from Standard & Poor's is quoted as saying:

I don't think it's a near-term concern.

Then, of course, as the story follows on page 6, the headline is to the effect: "Economic Plan Could Lead to a Record Deficit."

I wanted the distinguished majority leader to send a message to Karl Rove. I cannot get the Washington Post to listen. I have been in here regularly for a good 10 years saying we are running record deficits. Now they have the chief economists saying this could lead to a record deficit.

Let the record show on September 30, last year, at the end of fiscal year 2002, the CBO figure was \$428 billion, a record deficit. Let's not come here in January and start talking about making records when we already have made a record. Everybody look up on their Internet, www.publicdebt.treas.gov, and you will see the public debt to the penny is already up some \$155 to \$159 or \$160 billion. So we are already, in this year, \$30 billion to \$40 billion in the red ahead of last year.

Of course, with the so-called tax cut of revenues, the cut of revenues under the Bush plan, we are bound to have an over \$500 billion deficit. That is why I wanted to get the distinguished majority leader's attention because history is repeating itself.

I remember 10 years ago President Bush I, as a result of Desert Storm, the gulf war success, was at all-time popularity. Then they looked economically with these headlines to a record deficit, and they had a \$402 to \$403 billion deficit. And the Governor of Arkansas beat him. That is exactly where we are headed this morning.

I don't know why it is that you cannot get the truth out of these figures. I know what the economists are thinking. You get the money in and spend it and hold what they call the on-budget deficit and off-budget and unified and public debt and government debt. That is all tommyrot. There is not a Governor in America with deficits asking to cut the revenues. Ask Governor Bush in Texas if he would recommend this out of the Governor's office in Austin, they would have run him out of the State.

Come to Washington and nobody listens. If he can carry a message, I think Karl Rove would listen because he is trying to reelect the President. "Economic Plan Could Lead to Record Deficit," and he will be electing John Kerry. Maybe I can get their attention telling them that. Here it comes, 2 years ahead of time, the economic plan could lead to record deficit.

It is almost like working in the CIA here. It is top secret when you talk the truth. I think the axiom of Mark Twain is correct. He said: The truth is such a precious thing it should be used very sparingly. Of course, that is the media with respect to the truth on the amount of money we take in, on the amount of money we spend.

Let's go exactly back to 1992. At that particular time, Governor Clinton had just been nominated and invited Alan Greenspan, among others, down to Little Rock. Greenspan told the Presidential nominee: Look, you are coming up to Washington. You are not only going to have to cut spending, you are going to have to increase taxes. And Governor Clinton said: Are you serious? He said: That is exactly what the country needs. That is what you are going to do to get long-term investment. You are not going to get long-term investment with these deficits upon deficits, the debt going up, the interest costs going up, which I call interest taxes.

When the President says he is cutting taxes, he is actually increasing taxes. They cannot be avoided. They have to be paid. Interest costs run at the rate of \$1 billion a day. This morning at 8 o'clock, the first thing the Government did is add another \$1 billion and add it to the debt. The distinguished Presiding Officer will pick up my bill. Senator Thurmond and I have gotten by. We are home free economically. But the next generation coming along will have to pick up our bill.

In any event, President Clinton came to town. We submitted the plan, and we cut billions of spending, we raised taxes, and for the next eight years had the best economy we have ever had. The Senator from Tennessee, the distinguished majority leader, if I could get his attention. I ask my distinguished friend from Tennessee, I know you will see Karl Rove, and I want him to see he is leading his distinguished President into the same trap that Bush and I got led into. When you see these stories, Senator, to the effect that the economic plan could lead to record deficits, and they are quoting the chief economists of Standard & Poors, that is exactly where we were in 1992.

President Bushsea dpwm I was the most popular President after that Desert Storm you could possibly find. And within a year's time, the economy was at a \$400 billion deficit. The young Governor from Arkansas beat him, and this is what we have right now when you see the economic world saying there will not be any investment, when they are saying they will have record deficits.

Mr. FRIST. Will the Senator yield for a question?

Mr. HOLLINGS. I'd be delighted.

Mr. FRIST. The issue of deficit is of concern to our entire body. But if you look back at history, what was the size of the economy in 1992?

Mr. HOLLINGS. I don't go with percentages, I go with reality. The reality is that the interest costs continue to go up.

Mr. FRIST. Is it not true, though, that even at the worst projected deficit in the very article that the Senator read for 2003, as a percentage of GDP, about \$10.5 trillion, is less than it would be in 1992?

Mr. HOLLINGS. You like that, is that right?

Mr. FRIST. If the Senator would yield for a question, the answer to his question is yes; I would like, as a percentage of GDP, the deficit to be as low as possible. That is correct.

Mr. HOLLINGS. Well, if that is the way they want to run the Government, tell President Bush to go back down—

Mr. FRIST. Will the Senator yield for one more question?

Mr. HOLLINGS. I yield.

Mr. FRIST. In 1992, we were at war. Had we just gone through a fall in the stock market? Had we just got through the corporate scandals? Had we just had a 9/11 incident at that time?

Mr. HOLLINGS. You don't want to jump on Ken Lay this morning. As the new majority leader, heavens above, I thought we got past Ken Lay. Now you want to jump on the poor fellow. Come on. I don't know, I think they are a little addled over there.

What happens is, if the distinguished majority leader can tell me of any Governor in America with deficits who is running around talking about the percentage of his GDP—they would run Governor Bush out of Austin, TX, if he came out with that nonsense. But he comes up here and gets credibility. They have a drive on for dividend tax cuts that could not possibly help anybody until, of course, the election year. That is a Karl Rove instrumentality and strategy if there ever was. We understand that. But then—Karl will understand this—you are not going to be running on the talk shows with the President of the United States talking about the percentage of the GDP. We have to pay the bills. And what happens is, after President Bush came to town, we did raise taxes on Social Security. We raised taxes on gasoline. We raised income taxes. We couldn't get—Mr. President, the Presiding Officer should understand—we couldn't get a single Republican vote. And Vice President Gore had to come in here and break the tie in this body.

So it happened at that time the other Senator from Texas, Senator Gramm of Texas, said: You folks raise taxes on Social Security, and they will be hunting you Democrats down in the street and shooting you like dogs. That is in the CONGRESSIONAL RECORD.

Now that they have the White House, the House and the Senate, has any Republican asked that the increase in Social Security taxes be canceled? Oh, no. They are not interested in saving Social Security. They give you the words, but like John Mitchell says: Watch what we do, not what we say. They will say Social Security, but they will not come back and reduce the Social Security tax. They just couldn't think of it 10 years ago, and they have not been able to think otherwise for the past 10 years.

We had the best 8 years of economic expansion, investment, and everything else, with the raising of taxes during the 1990s. And we are back into the same situation where we have already got a record deficit as of the end of the last fiscal year. The fiscal year 2002 ended on September 30 of last year with a \$428 billion deficit. We are running \$159 billion in the red already this year. You are already at \$587 billion. That is approaching \$600 billion in stimulus. That is stimulating the economy, money that you do not have, money that you have to go out and borrow—for which you are not going to pay back. We have had the most stimulative economic program that you could think of for 15 months, and it hasn't worked. The economy is worse.

Why? On account of voodoo II. President Reagan started this nonsense of what you do is cut revenues, cut taxes, and therefore increase your revenues. We went from less than a \$1 trillion debt before Reagan. We had 200 years of history, all the wars, and we had not reached \$1 trillion in debt. Then we started this charade, which is all for the campaign and not for the country, because everybody can get reelected on cutting taxes.

President Reagan said: Cut the taxes, cut the revenues, and we will grow out of it. As a result, we had the economic downturn in 1987, and we have had the economic downturn in 2001 with the tax cuts.

Vice President Bush under Reagan called it voodoo. Now, young President Bush is giving us voodoo II, and young President Bush recommends voodoo III.

Record deficits? Let me describe it so you can add it up and then subtract it. If you take all the deficits from 1945 up until 1976, 30 years, take the deficits of President Truman, President Eisenhower, President Kennedy, President Johnson, President Nixon, President Ford—take 30 years of all the deficits, the deficits of World War II, the Korean war, the war in Vietnam—take all of those deficits, add them up, and you will come to \$358 billion over the 30-year period. And in 1 year we have got \$428 billion under this administration, and they still play the game.

The Washington Post will not print the truth. They absolutely refuse to do it. All the other papers and everything else—I have gotten a few articles from time to time, but very few—just scattered, little squibs or anything else of that kind. What you end up doing, you

have already got a record deficit. You are going to have record interest costs. We are going to war and immediately the cost of fuel is going up, the interest costs are going up, and we, instead of paying \$1 billion a day, \$360 billion or \$365 billion a year in interest costs, we are going over \$400 billion a year in debt. That \$400 billion is just absolute waste, for nothing. We have to spend it each year. We come in here, but we are playing the political game. That is why this Senator is on the floor. I have been in the game 50 years. I never thought the Government would be turned into a campaign office.

No one is concerned around here about the needs of the country. It is the needs of the campaign and the media. Jefferson spoke it best when he said: As between a free government and a free press, give me the latter. He knew as long as the free press would tell the truth to the American people, the people, through their representatives, would reflect the needs of the country. But that is not what the media does. It is a spectator sport. It is who is running and who is not running, who is elected and who is not elected, who may be elected and not be elected. They are not paying attention to needs. They are just like pollsters—what the polls show. No, I don't have any cosponsors for VAT, a value-added tax. But we ought to institute this, before the war.

It is not the Volunteer Army going to war in Iraq, it is the United States of America, the country, going to war. That is why I put in the draft with Representative CHARLIE RANGEL over on the House side. We need a sense of sacrifice and commitment and togetherness in this country. But all we have is partisan politics for the next campaign, and the media generates it. All the talk shows, "Firing Line," "Crossfire," "Talk Back"—whatever they call those particular programs—they all offset each other, and they are supposed to make news. You can't get this printed. You cannot get the truth of how much came in and how much went out in any fiscal year.

The truth is, by section 21 of the Greenspan Commission report in 1983, they said: Set aside a surplus in trust for the baby boomers in the next century. And we are now in the next century. There is no problem with Social Security if we adhere to it. It took me some 7 years to get it done.

George Herbert Walker Bush, on November 5, 1990, signed into law section 13301 of the Budget Act. It says: Thou shalt not spend Social Security on anything other than Social Security.

Today we are spending Social Security trust funds on anything and everything but Social Security. That is what is happening. We would have \$1.3 trillion banked up, ready to go. There would be no privatized Social Security and all the problems we are going to solve in Social Security. They solve the political problem here in this body. It is politics. They all voted for it.

President Bush I signed it into law. But they don't adhere to it.

So I have another little amendment. In addition to paying for the war, I have one where the Secretary of Treasury has to certify that, in order for the tax cut to take effect, the government does not spend Social Security. I want to see how they vote on that. Any and all tax cuts, whether they have capital gains, dividends, marriage penalty, income—whatever they want to think of—let them pass it, but let it not take effect unless they can certify that it does not cost Social Security. Let's see how they vote on that.

(Mr. CHAFEE assumed the chair.)

Mr. HOLLINGS. They cannot run around here—everyone, to a man, every Republican, every Democrat, says: I want to save Social Security. But then they come around and continually spend it, and the American people wonder why.

So the truth is, the economic plan "could lead" to a record deficit?

The economic plan has led to a record deficit. The distinguished Presiding Officer should have been here. Of course, he couldn't because his distinguished father had the seat. But it was back in the 1980s. I recommended a value-added tax at that time. We had a hearing. I will have to get the gentleman's name from Holland—Dr. Cnossen. He was the Dutch expert who had written the value-added tax for Japan and Canada and helped update it with the United Kingdom. He testified. We needed the money. As we were going out of the Finance Committee room, John Chafee turned to Lloyd Bentsen, the chairman. This was the Finance Committee. He said, Lloyd, if we had a secret ballot, we would pass that out unanimously. That was almost 15 years ago.

We had been running those deficits until we got into the 1990s, and we increased the taxes. We increased taxes on income. We increased taxes on gasoline. We increased taxes on Social Security and all of that. We had over a \$400 billion deficit in 1992 when President Bush One left office. We brought it down in the early part of President Bush Two. We got it into the black. But then we passed the tax cuts. Voodoo Two. President Bush One was Vice President. He called it voodoo. He was right.

This idea of cutting revenues and increasing revenues at the same time is bologna. Everybody knows it. We know from hard experience. Under President Reagan, under President Bush Two now, the Voodoo Two. Now we have before us the economic plan Voodoo Three. When will we ever learn? That was when I came to town. That was the song they were singing during Vietnam. "When will we ever learn?"

I yield the floor.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BENNETT. 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. BENNETT. Mr. President, I ask unanimous consent that I be allowed to speak in morning business for up to half an hour.

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

Mr. BENNETT. Thank you, Mr. President. I appreciate your concern and your helpfulness.

THE PRESIDENT'S GROWTH PACKAGE

Mr. BENNETT. Mr. President, the Senator from South Carolina has just concluded a rather lengthy and significant speech on the President's growth package. I thought it appropriate that there be some kind of response. If I may, I would like to start with something that some of my staff might consider professorial, a little lecture, if you will, on the nature of economics to sort of set the background for what I want to say about the President's growth package.

There are laws in economics that apply regardless of how we like them or do not like them. If I may create a somewhat crude analogy but one I hope makes the point, there is a law in science known as the law of gravity. The law of gravity says two bodies will attract each other when falling in free space, so that an individual who walks to the edge of a cliff and looks down and jumps into space will be attracted to the mass of the Earth below him and end up down at the bottom of the valley. We call this falling off a cliff.

Some people will go to the edge of a cliff and, in desperation, jump off the cliff to commit suicide. Others will be playing at the edge of a cliff, examining the beautiful view, and, by accident, stumble and fall off the cliff. And there are those who say: Well, it isn't fair. It isn't fair. The first person jumped off the cliff deliberately and, therefore, to a certain extent, deserved his fate of death, but the second person had no desire to kill himself, and he just stumbled, and, by virtue of where he was, the law of gravity killed him, too. And it isn't fair.

Well, we can rail all we want about fairness, but the law of gravity operates regardless.

I make that point because a similar situation exists with respect to economics. There are laws in economics that many in this Chamber will stand here and say: It isn't fair. But they operate nonetheless. They operate just as inexorably as the law of gravity operates. And they have an impact on our lives and the way things work.

The most significant of these laws, of course, is the law of supply and demand. The law of supply and demand operates in capitalistic countries; it operates in communistic countries; it operates in dictatorships; it operates in

tyrannies; it operates in free societies everywhere. The law of supply and demand is as inexorable as the law of gravity.

There are some people who stand up and say it isn't fair for Michael Jordan to play basketball for a living and be paid \$20 or \$30 million a year, when someone else plays just as much basketball on a playground, works just as hard as Michael Jordan, expends just as much sweat, and doesn't get paid anything.

Well, there is no demand for the services of the second player. No one wants to pay to see him perform. But there is great demand on the part of sports-loving Americans to see Michael Jordan perform. Therefore, since there is great demand for his services, and there is only a supply of one Michael Jordan, he can command virtually whatever salary he wants in that situation.

There are those who say: It isn't fair for Tiger Woods to be paid millions and millions of dollars just because he plays golf. There are plenty of Americans who would love to play golf all weekend, the way Tiger Woods plays golf all weekend, and be paid millions and millions of dollars for their efforts—it isn't fair—but for those who would like to be Tiger Woods, no one wants to watch them play golf, there is no demand for observing their abilities on the golf links, and the number of people who want to watch Tiger Woods either in person or on television is very high, a very high demand, a supply of only one, Tiger Woods. As a consequence, he can charge, once again, virtually anything he wants for his services.

The law of supply and demand cannot be repealed by the Senate. The law of supply and demand cannot be repealed by the House of Representatives. It operates, it dominates what happens in the economy.

Now we come to the question of what do we do to make the economy as strong as possible. One of the first rules we should follow is to respect the law of supply and demand and we do not attempt to repeal it through government activity in the name of fairness.

Let's talk about taxes for a moment. Most Americans don't realize that we have two Federal tax systems. We have additional tax systems at the State and local level in sales taxes, property taxes, and other kinds of taxes, but at the Federal level we have two tax systems. They are completely independent of each other. Even though for accounting purposes, the Federal Government mixes the money together and makes it appear as if there is only one source of income, there are two.

The first is the payroll taxes. The payroll taxes have been instituted by the Congress for the purpose of funding the Nation's primary entitlement programs, which are Social Security and Medicare. Everyone who works pays into the Social Security trust fund. Everyone who works pays into the Medicare trust fund. There is no refund.

There is no forgiveness. If you work, you pay into those trust funds. Then at the end, when you retire, you get the benefits that come out of those trust funds.

That is an entirely self-contained, single tax system of payments in and benefits out. We can argue about the fairness of that one because many people pay in all their working lives, die before they reach 65, and get nothing back. Other people who are long lived pay in all their working lives and then get 10 times back what they pay in. If you live until your eighties or your nineties and you have been paying in Social Security since you started work at 14, it is a great deal for you; you get an enormous amount back. But if you pay in and die at 62, every penny you put in is lost. That is the system. We can talk about dealing with it at some point, and perhaps we should, but that is one entirely self-contained tax system.

The other tax system the Federal Government uses is income tax. Income tax is graduated. The more you earn, the more you pay. The fact is that if you separate these two systems as they are separated by law and practice, you discover that roughly 50 percent of working Americans pay nothing into the second system. They make no contribution whatsoever to covering the cost of government. The top 50 percent of American wage earners pay all of the income taxes. Indeed, the top 1 percent pay something like a quarter of all of the income taxes. It is heavily loaded to the top end. There are some who say that isn't fair, some who say every citizen ought to pay something for the management of government: Every working citizen pays something for the entitlements, but every working American ought to pay something for the cost of the Defense Department and the Commerce Department and the new Homeland Security Department and all of the rest of it.

We have made the decision in the Congress that that is not the case. We have made the decision that only the top half of Americans will pay for the cost of general government. We have loaded it in such a way that the very richest Americans pay the very most. Indeed, a very high percentage of the total tax load is at the top 1 percent. When you go to the top 5 percent, you are beginning to get close to half of the whole of Federal revenues. Over half of all Federal revenue comes from the top 10 percent of earnings.

Economics is about incentives. Tiger Woods has an incentive to perfect his golf game better than anybody else's so he can get to that point I have described where he is in short supply and there is great demand. Michael Jordan has an incentive, an economic incentive, to perfect his basketball game so he is better than anybody else so that the law of supply and demand will work on his behalf. If we want to grow the entire economy and, therefore, the amount of money that comes from

those top 50 percent of the taxpayers, indeed from the top 10 percent where the majority of the money comes from, we want to create incentives for those people to perfect their skills and improve their ability to create wealth.

Understand, all wealth is created from two things: One, risk taking. There is no wealth created unless somebody takes a risk somewhere; and No. 2, accumulated capital. Even the Communists learned that. They tried to say, no, wealth is created by labor, but as they built their own economy, they recognized that somewhere, someplace there had to be an accumulation of capital.

The creation of a backhoe that can dig better ditches than people can dig with sticks represents capital that is accumulated for the cost of purchasing that backhoe. Somebody put that much capital together to create that backhoe. We have in the United States the largest capital investment of any nation in the world, and we have the strongest economy in the world. We reward risk taking better than any other country in the world, and that creates more wealth in the world.

This is not an accident. This is the way it happens. When you have the right incentive to the right people, they will respond to that incentive and, under the law of supply and demand, they will then create skills that create wealth that benefits everybody.

As I have said, the top 50 percent pay all of the income taxes in this country. The bottom 50 percent benefit enormously from that fact.

I remember in the Banking Committee, a question was asked of Chairman Greenspan of the Federal Reserve system during the nineties, when the economy was booming: Mr. Chairman, said the questioner, what portion of American society has benefited the most from this economy?

Now, from the way the questioner asked the question, it was clear what answer he expected and certainly the answer he wanted. He wanted Chairman Greenspan to say the top 20 percent have benefited more than anybody else because, look at all the money they have gotten.

Chairman Greenspan surprised the questioner and pleased me with his insight when he said: Without question, the group that has benefited the most from this booming economy is the bottom 20 percent. Oh, said the questioner, look at the amount of money that has gone to the bottom 20 percent compared to the huge amount of money that has gone to the top 20 percent. How can you say the bottom 20 percent benefited the most? Because the lifestyles of the top 20 percent have not changed all that much, he said. If Bill Gates is worth \$80 billion, as opposed to \$60 billion, there is no big difference in his lifestyle. But if someone at the bottom 20 percent, who barely has employable skills and cannot find a job in a tough economy, can suddenly find a job at \$2, \$3 and \$4 above minimum

wage because jobs are scarce—why are they scarce? Supply and demand. The economy is booming. There is a great demand for labor and the supply is small and so the price goes up. He says, in terms of the impact on the lives of people, this booming economy has clearly benefited the bottom 20 percent far more than the other 80 percent.

I think that is the way we have to look at it, Mr. President. I think we have to say, what is the best thing we can do for the citizens who are at the bottom 20 percent. The first answer is that we can get them a job. But if you go back to the Great Depression of the 1930s, 30 percent of Americans were without jobs. In those days, that only included men; women were not in the workforce. If you were to add unemployed women to the statistics, as we would today, because women are now in the workforce, the 1930s would have been absolutely devastating for the number of people who could not find jobs. As the economy got bigger, as wealth was created through accumulated capital and risk taking, people at the bottom began to find jobs.

The statistics are out this morning that unemployment is at 6 percent. This is unchanged from the last number. Some people find that encouraging. I find it a little discouraging. I had hoped that the unemployment rate would start to go down, even though I was taught in school that 6 percent unemployment is full employment. This shows how the economists have changed their attitudes. There was a time when economists said structural unemployment built into the system is 6 percent, and if you ever get below 6 percent unemployment, the economy will overheat and self-destruct through inflation. We know now that isn't true.

We got the unemployment rate down below 4 percent in the late 1990s, as the economy was expanding and growing. Now the economy is still expanding and growing but nowhere near the rate it was. For the year 2002, the growth in the economy will probably come in around 2.9 percent. That is the current forecast. In historic terms, 2.9 percent is a good growth year. In historic terms, there are many years when we would be thrilled with a 2.9 percent growth. But compared to where we were, 2.9 looks anemic. Indeed, compared to where we can be, 2.9 is anemic. I clearly want to see the economy growing at 3, 3.5. I get a little nervous when it starts growing at 4. Then you are getting into the area where you are in danger of tipping over to inflation.

What does all this have to do with the President's growth package? This is a nice lecture on economics. I hope nobody disagrees with it because I think it is sound. But what does it have to do with the President's growth package? Simply this: The President's growth package recognizes the fundamental truths embedded in what I have had to say; that is, all growth comes from capital accumulation and from risk-taking, and the President's growth

package is saying to those who have accumulated capital that we will give you an incentive to take some risks.

There are two incentives built into the President's program: No. 1, lower taxes. If you take your money and risk it and get a return on it, you will get to keep more of it than you can now. That is an incentive for you to take your accumulated capital and risk it more than you are now.

No. 2—almost as important—is certainty. Markets flee uncertainty. Markets get very nervous when we cannot have a sense of what the future will be. The President is saying: Here is a tax cut. We want to move it forward a year and, ultimately, we want to make it permanent so that as you make your plans for how you are going to take risks with your accumulated capital, you can have some certainty that you will be able to keep a little more of it. And if they do that and the economy grows at a rate faster than 2.9 percent per year, who will benefit the most? It will be the people at the bottom. It will be the people who cannot get jobs now who will find that jobs will become plentiful again. It will be the people who are hurting now who will benefit the most from the changes in the economy that will come about as a result of the actions of the President's growth package. There are those who will say: But this isn't fair. It is not fair for you to have an incentive for the Michael Jordans of the world. Your incentives, or your money, should be given to the unemployed. Well, we have extended unemployment insurance. We did that the first day of the Congress, and we should continue to pay attention to that. But the structural needs of the economy are such that the best welfare program we can give the unemployed is to get them a job.

The best way to create jobs is to see to it that the economy grows at more than 2.9 percent per year. So for that reason, I think the President's program is a sound one. There are those who say we cannot afford it in terms of the Federal deficit—look, this is going to cost us \$600 billion over the next 10 years. How in the world can we afford that?

Let's go back to the growth numbers. In the next 10 years, if we grow at 2.9 percent every year for the next 10 years, that is an increase of over 30 percent. So 2.9 compounded over 10 years comes to well over 30 percent. Let's say it is 3 percent and not compound it and say it is exactly 30 percent. The economy is currently operating at the level of \$10 trillion per year. If we can keep the growth rate at 3 percent per year for 10 years, that is a 30-percent increase. Again, we are not compounding this; we are keeping the numbers simple.

Ten years at \$10 trillion is \$100 trillion. If the growth rate is indeed another 30 percent, that is another \$30 trillion. If what we do in terms of incentives in the tax program can raise the growth rate from 2.9 to just 3.1 or 3.2, multiply that over 10 years and you

have \$150 trillion. Does \$600 billion amount to anything when you are talking about \$150 trillion?

The numbers are staggering, but they are very important. If we can raise the growth rate from 2.9 percent to 3.1 percent or 3.2 percent or 3.3 percent with the President's growth program over the 10-year period, we will solve the social problems of those at the bottom. We will get enough revenue for the Federal Government because the Federal Government revenue does not come from the budget. The Federal Government revenue comes from the growth of the economy. We can grow our way out of this problem if we are only smart enough not to fight the basic laws of economics. If we spend our time saying it is not fair, we are like the people who will not build a fence on the edge of the cliff because we say it is not fair for the law of gravity to kill the fellow who stumbled across. Or do we say the law of gravity is going to operate whether we like it or not, and let's go to the expense of building the fence on the edge of the cliff; we will get the benefit of saving the lives of those who stumble across.

I suggest that if we have the right kind of incentives for those who accumulate capital and take risks so that the economy grows, it will be worth whatever it costs, just like building the fence is worth it, even though it is an expense, because of the saving of lives at the other end.

People speak of economics as a science, and it is because it has basic laws on which it is based, but it is also something of an art. Certainly economic forecasting is an art. I have been in this Chamber long enough to see the forecasts all over the place, and no forecast that has ever been made by the Office of Management and Budget, be it Democratic or Republican, or by the Congressional Budget Office, be it Democratic or Republican, has ever proved to be accurate. There are too many variables in the system. It is not that their forecasting tools are wrong, it is that the economy is so fluid and changes all the time and people react differently to incentives than others predict that the forecasts almost always turn out to be either too high or too low.

For many years, OMB and CBO predicted surpluses, and we got deficits. Then for some years, they predicted deficits, and we got surpluses. The economy surprised us.

The plea I have made the whole time I have been in the Senate is, yes, we need to pay attention to the forecasts, we need to pay attention to the economists and their projections, but we need to be a whole lot more humble in our assumption that these are scripture carved in stone. We should focus more on the fundamentals of economics than on the details of today's projections and today's numbers.

Looking at the world as a whole, this is what we see: The United States has less structural taxation built into its

system than any other country in the world. The United States has the greatest rewards for risk taking of any country in the world. The United States respects accumulated capital more than any other country in the world. And guess what. The United States has the strongest economy with the strongest growth rate and the highest standard of living of any other country in the world.

If we were to listen to our European friends who tell us what we need to be doing, we should ask the fundamental question: Do we want the U.S. economy to be like the European economy, which is not creating any new jobs, which has a higher rate of taxation than we have and which is virtually stagnant in terms of their GDP growth?

The Europeans are trying to create the world's second largest economy, maybe the world's largest economy through the Euro zone and the establishment of the European Community, but they are not getting there. I submit one of the reasons they are not getting there is because they do not reward productivity; they do not reward creativity; they do not reward risk taking. In the name of fairness, they are stifling the very activity that would create the wealth that would allow them to solve their problems.

I have owned businesses in Japan. Japan is statistically the second largest national economy in the world. Japan has been virtually in depression for 10 years. Why? Because Japan, once again, is not willing to take the kinds of steps I think President Bush's economic plan represents because they say it is not fair. As a result, the pain is spread over all of the Japanese, and they pay a serious price for their inability to recognize that economics is about incentives and the purpose of government is to get out of the way of those who create wealth to the best degree.

Yes, those who create wealth should pay for the government, and in this country they do. As I have said, once again, it is the top earners who pay for the Government. The bottom 50 percent pay nothing for governmental services. They have taxes deducted, once again, but those taxes are in the entitlement system. They do not participate in any way in the payment of Government services out of the general fund.

One last comment, Mr. President, and I will yield the floor. There has been a lot of discussion here about the unfairness of the President's proposal to reduce taxation on dividends. We can debate the fairness argument, and fairness is in the eye of the beholder. There are some who say, as they do out of the administration, it is unfair to tax income twice. There are those in this Chamber who say: Hey, we tax income twice all the time in America. People earn something and they are taxed; they earn something and they are taxed again; they earn something

and they are taxed again. I will leave the fairness argument aside because, as I say, fairness is in the eye of the beholder, and I will not make the case that it is unfair to tax corporate income twice, even though I think there is some validity to the case. I want to address another fundamental question.

In this Chamber last Congress, we passed what is now known as the Sarbanes-Oxley bill. It was a reaction to the Enron scandal and to the corporate governance excesses we saw throughout all of corporate America. Out of that came a phrase that stockholders had heard but that general Americans had not heard before that scandal. It was the phrase referring to "managed earnings."

I remember when I was running a public company. They talked about, "We can manage our earnings," the accountants were saying, "to produce this kind of quarterly result, and Wall Street is looking for this kind of number and we should manage our earnings to give them that number."

Mr. President, I ask unanimous consent that I be allowed to continue for another 10 minutes.

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

Mr. BENNETT. Mr. President, I remember painfully when our public company fell 1 penny per share short of the projection that Wall Street was looking for. The stock dropped something like 20 percent that day because we fell 1 penny short. When some people in the company said it is not fair for us to be penalized that way, the reaction of the Wall Street analysts was very interesting.

They said: You have the ability to manage your earnings, and if you were not able to find that extra penny and change your number to reflect it, that means you are in a whole lot more trouble than we thought you were. The penny is not important. What is important is what your inability to come up with that penny says about your ability to manage your earnings.

The stock, frankly, has never recovered. When I came to the Senate, it was in the low twenties. At one point in my Senate career it hit 40. Today you can buy every share of that stock you want for \$1.25. Fortunately, I sold all of mine before it got there, but not at a high enough number to leave me with anything like the net worth I had when I came to the Senate. So I have had a very painful personal experience with that situation.

Back to the question of dividends. I know as a CEO you can manage earnings but you cannot manage cash. Earnings are an idea, a concept, a hope, or a prayer. Cash is a fact. We created with the Clinton tax cut an incentive for companies to manage their earnings because we put into the law there could be no corporation deduction as an expense for CEO pay over \$1 million a year. In other words, if a company was going to pay their CEO \$2 million a year, they could only deduct as an

expense the first \$1 million. So there was a disincentive to compensate the CEO with cash. We did it because people on the floor said it was not fair for a CEO to be paid that much money just like, as I say, some people say it is not fair for Michael Jordan to earn so much more money than any other basketball player.

We created an incentive for compensation to be tied to stock options. Boy, did the Enron executives get that message. They and a number of others under that incentive managed the earnings to drive up the stock price so they could cash in. And those who understood that this was phony accounting did cash in. They sold their shares at the highest point.

That did not use to happen in American industry. It used to be that the measure of a company's value was how high a dividend it paid. But dividends are paid in cash. You can manage earnings but you cannot manage cash. You have to manage the business in order to get cash.

If we were to say, OK, we will make it attractive for people to invest in companies that accumulate cash and pay that cash out to their owners, it will be taxed but it will only be taxed once and the owners can look for a cash return, I think that would have a greater impact on corporate governance and decisions in the boardrooms of America's manufacturing corporations than all of the Sarbanes-Oxley bills we can conceive of and pass. If we want to change the corporate culture in America back toward more fundamental sound manufacturing and goods-producing companies, what structural change could we make that would have a more beneficial effect than saying if you concentrate on accumulating cash which comes from real operations rather than managed earnings, and there is an incentive for you to pay out that cash to your shareholders so there will be an incentive for shareholders to reward those managers who manage their business on sound principles rather than managed earnings, we would have a cultural change that would be tremendous.

Back to my beginning point. Ultimately, the solution to all of our economic problems is to have the economy grow, to have it grow on a sound basis, to have it grow on a consistent basis, to have it grow year over year over year. If we can get the growth rate back up from last year's 2.9 percent to 3.1 or 3.2 and maintain that for the next 10 years, at the end of the 10-year period with the 3-percent growth rate sustained and compounded, we will have all the money we need in the Federal Treasury to cover all projections of deficits. We will have an unemployment rate well below today's 6 percent, even though 6 percent is historically considered full employment. We will have all of the things we need. If in the name of "fairness" we ignore economic laws, we ignore the impact of the law of supply and demand, and we do things

now that look good for political rhetoric and hamper the long-term growth of the economy, we will find ourselves 10 years from now with bigger deficits and slower growth and higher unemployment and more social problems.

Ultimately, we must keep our eye on the goal that we have: grow the economy. Grow the economy intelligently on the basis of sound principles, build incentives into the system that will reward those that will contribute to growing the economy. And as we do that, we will then be in a position to solve all of our economic problems.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. CORZINE. Mr. President, I understand we are in a period of morning business.

The PRESIDING OFFICER. The Senator is correct.

Mr. CORZINE. I request I be permitted to speak up to 30 minutes.

The PRESIDING OFFICER. That authority has already been granted.

THE ECONOMY

Mr. CORZINE. Mr. President, I say to the distinguished Senator from Utah, I could very much agree with many of the broad principles I hear. How we rearrange them to get to those longrun growth numbers that do compound and make our economy stronger is an area where men have a difference of opinion. That is one of the things I will discuss. We are seriously at a point in the path of economic history, at least of our Nation, where those choices lead to long-term structural problems, ones we have visited at other points in time, ones that with regard to alternatives could actually stimulate the economy, get us into an investment cycle that could drive that same kind of growth rate that the Senator speaks so eloquently about and which I could agree. If we could get that economy growing from 2.9 percent to 3.5 or 3.4, we could create the kinds of incentives for people to invest and go forward.

The real issue is how do we get on to that path of growth? There are serious differences of opinion. That is a debate we need to have on the floor of the Senate in front of the American people.

I will take a few moments to actually talk through at least my perspective on some of the issues that arise from the President's proposal. I have certainly heard a lot of commentary on it. We have heard from some that it is bold. We have heard from some that it is risky. We have heard from some that it is reckless.

From my point of view, it is more towards the imprudent, at best, and in some ways I find it is reckless with regard to long-term fiscal health and stability.

I consider myself a fiscal conservative, on balance, over a period of time. I think we need to live within our means. I don't think that is going to be accomplished here.

I am pleased the President recognizes our economy has major problems. It is a reality. Unfortunately, it is past the time when we should have addressed some of these issues, but it is an important admission. This and changing the economic team has been an important statement. We needed a new look at where we were.

Since March of 2001 when the recession was declared by a blue-ribbon panel of economists led by Mr. Feldstein, a prominent conservative economist, we have lost 2.1 million American jobs in the private sector. Actually, with this morning's announcement on unemployment, that would be about 2.2 million jobs. The unemployment rate, again, as many have heard, stands at 6 percent. The most important element of the announcement today is that over the last 2 months we have lost 188,000 jobs.

By the way, the President is predicting that the program that we put in place will only produce that amount of jobs over the next 12 to 18 months.

Mortgage foreclosures are at a high. I think everyone knows all too well the kind of lost value we have had in the stock market over the last 2 years, even more substantial over the last 3. Consumer confidence is bumping along at historic lows. Demand has declined to an extent that businesses are operating at 75 percent of their capacity. The average for the country over the last 25 years is about 81 percent.

We are running Federal budget deficit rates of about \$200 billion this year. Just yesterday there was a new study of the State governments. They are running budget deficits cumulatively of about \$90 billion. Many of our local communities are suffering from the same kind of pressures in their local budgets. We are seeing increases in property taxes.

I think, in short, we have a serious economic situation in this country. It is one that does deserve attention and I am glad we are having the debate with regard to it. Frankly, the people of New Jersey have known this for some time. I live in a State where Lucent Technology has shrunk its workforce from 180,000 employees—not all of them in New Jersey but on a worldwide basis—to roughly 30,000. We have closed essentially one of the great intellectual research institutions that created some of the innovation that has driven the American economy—Bell Labs. We are seeing an impending shutdown of the two remaining auto manufacturing plants, certainly cut shifts to one, and they are talking about closing one of those plants in New Jersey. In the northern part of the State we are seeing significant if not massive layoffs in the financial services industry, among others.

We are having about a \$4 billion budget deficit in the State of New Jersey in fiscal 2003 and projections for about \$6 billion in fiscal 2004.

Our Governors and mayors know we have a problem. I am glad we are now

coming to that recognition here in Washington.

California is looking at a budget deficit, I saw in the paper this morning, of about \$35 billion over the next 15 months to 18 months. The Texas deficit is \$12 billion, New York's is \$10 billion, New Jersey, as I said, is someplace between \$5.5 billion and \$6 billion. We have to understand we have to deal with growth in this economy and it has to happen now or we are going to have incredible stress and strain and I think actions that will end up undermining our longrun economic security here at home.

We need a serious and focused action to get our economy moving. On that front I think there are several parts of the President's program that deserve support. For example, I totally would back accelerating an expanded child credit, the adjustments in the marriage penalty, tax relief for the middle class in the 10 percent bracket, the small business, the AMT provisions. These are all sound and reasonable provisions.

Unfortunately, though, they are a relatively small part of the overall package. I think we need to make sure we are providing help to those who need it most. These do. I think they will help get our economy on track. Unfortunately, so few of these will be hit today, in 2003 and 2004, to really give that drive, that thrust to the economy that I think will make a difference in a way that deals with some of those problems I talked about.

We have 1 million people with 95,000 a week already on long-term extended unemployment. These are people who dropped off the rolls that will allow for benefiting from the unemployment compensation program we put in place this week.

I think it is important that we get moving. There are some elements in the President's plan that I think are supportable, but they are relatively a small piece—about 30 percent—of the overall program. I think in many ways—and I will try to go through this and will make some comments on specific elements of it—you could argue there are elements of this program that are antigrowth.

I would particularly like to talk about some of this cash issue I heard the Senator from Utah talk about. He and I agree that cash is king. It is one of those things that actually drives the valuations of corporations and their ability to do things. I just come out with a different perspective on how we are addressing that in this particular program.

We really do, though, need to stimulate our economy now to provide jobs, absorb excess capacity, get into that investment cycle that I think will drive our economy to creating jobs. Let's remember, most economists and business people believed—and by the way, so did all of our budgeteers around here—that there were some simple principles we need to follow

with regard to stimulus programs. They articulated those last year when we were going through these programs.

We need short-term stimulus. That should be immediate and temporary. We need long-term fiscal discipline, long-term fiscal health and, in my view, the plan we saw put on the table on Tuesday just the reverse. Less than 10 percent of its 10-year cost will go into the economy this year, a very small percentage.

By the way, if we talk for a while longer here on the floor of the Senate, there will be even less going to the economy this year, before the program is implemented.

There is very little argument with the view that it will undermine our long-term fiscal discipline leading to what I believe will be higher long-term interest rates down the road. People argue about whether deficits create interest rates. They only do that when we are operating at full capacity. When there is not full capacity, there is no crowding out issue. What we need to worry about is what are interest rates going to do when there is real competition for money in a fully operating economy. I think those shortfalls that are going to be built in structurally when we come out of this are going to lead to disastrous deficits when we come out of this down the road.

When the baby boomers retire—we have 35 million seniors now—we will have 70 million in 20 years. That will put incredible pressures on our medical system, Social Security system, all elements of our society. I do not think anyone has planned, particularly in the context of these tax cuts, how we are going to get through that.

The bottom line, in my view, is this is a plan that will not work. It is antijobs and antigrowth, from my perspective, on balance, and in many ways it is imprudent.

First, this plan—and this gets at one of the things on which I think the distinguished Senator from Utah and I agree, in principle—the plan to encourage corporations to shift cash from corporate investments and employment into dividends will reduce overall business investment and either cost jobs that could be created, or even the maintenance of them. Certainly in the short run that is going to be the case, and potentially over the long run.

Few people seem to get focused on the fact which I think should be obvious: You can't spend the same dollar twice. So for each dollar contributed as a dividend, 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 new personnel. The end result will be investment in fewer jobs in the short term and potentially less economic growth in the long term as well.

By the way, I have some sympathy for this double taxation of dividend argument. But if you were going to do that, it ought to be a deduction against taxable income on the balance sheet of

the corporation. Then the cash is held, they can make the decisions and treat it as an equivalent of interest, and then we would not have the bias in our system towards debt as opposed to equity. And it should, in my view, be accompanied with reform, other tax reforms, that take away some of the causes of why reported income is about 100 percent higher than what taxable reported income is.

It just strikes me we are addressing this problem wrong, even if we wanted to reduce the double taxation of dividends, but it is absolutely obvious and certainly common sense if you take cash off the balance sheet of the corporation it has less ability to invest in its future, less ability to invest in hiring more people going forward. Cash is king. It is part of the valuation. But it strikes me, as we are approaching this, it is a wrong formulation.

The Bush plan does contain one element that I think is a reasonably decent and dampening incentive to shift money in cash dividends. It is very complicated. It adjusts the shareholder base. Their stock profits are not distributed in the form of dividends. I accept the fact that it will marginally offset the shift of cash dividends. I think that will be the minor scheme of things because I think the competition among corporations showing different returns will be high. But I do think that it is a reasonable attempt to try to make some offset to getting cash off the balance sheet for those who think they have to do marginal rates of return in which they can invest.

It is an incredibly complex concept to be able to explain to the vast majority of Americans. To understand the differences and the increased bases for the vast majority of Americans will be a hard concept to get their minds around. It is going to lead to an absolute deluge of paperwork and shifting of information back and forth between investors, brokers, tax preparers, and all other kinds of folks which I think can lead to all kinds of unintended consequences.

Beyond the lack of fiscal stimulus in the first year and what I believe will be a perverse impact created by the structure of the different proposals, I am also concerned about the distribution of tax benefits provided in the President's plan. Many of my colleagues tried to explain or at least talked about the obvious unfairness of that distribution in a progressive tax system. The Bush administration, in my view, and those who often talk about this obscure distributional impact of the proposal, focus the tax burden exclusively on Federal income taxes and ignore the severe burdens imposed by Federal payroll taxes, all shapes and forms of State taxes, and local taxes, and especially property taxes and sales taxes.

In New Jersey, the budget deficit required us to cut services and raise property taxes 7.1 percent. The State of New Jersey, by the way, also had to

put on a business tax to be able to raise about \$1 billion to close that budget deficit. In the city of New York, which has been troubled by current events, will have to raise property taxes 18.5 percent this year to try to make up for the holes that are being created and the lack of support from the Federal Government.

These additional taxes that I am talking about, such as property taxes in particular, which weigh very heavily on the middle class, and taking into account the distribution of the American tax burden, create an entirely different profile than if you just take a small slice of the pie and look at the Federal income tax.

Without taking a more comprehensive approach, the President is really misleading the American people based on the secondary impacts that will occur. Rather than focusing on the fairness issue, I wish to focus instead on the ineffectiveness of the administration's proposal in promoting economic growth.

I am one of those guys who believes a rising tide does lift all boats, and if we do well everyone will benefit. Grow the pie.

There is a broad agreement among economists that low- and moderate-income people are likely to spend the tax cuts rather than the high marginal income people who would not have a propensity to spend it. It is a well-known fact and it is a matter of economic policy that any stimulus program ought to focus its tax cuts marginally on those who will turn around and spend it because then you will get the multiplier effect on the economy. You will get that growth that we are both trying to get.

My friend from Utah has talked about trying to get it up to 3.5 or 3.1 or 3.2. We can do that if we can get the people to spend the money—reducing inventories of manufacturers and people going back to work. I think the Bush plan does precisely the opposite.

Over the next 10 years, just looking at some of the distributional interests, lots of people with annual incomes of more than \$1 million—by the way, this is a 10-year look—those with \$1 million of income or more will get a break worth \$900,000.

Middle-class-income families—by the way, I define, at least in New Jersey, the middle class as being in the \$75,000 to \$125,000 range because there are different views about what that is. But let us take middle-class-income families of \$75,000 to \$125,000. In that same 10-year period, they would get \$18,000 over 10 years. I think that is roughly 2.5 percent of the \$900,000.

Let us consider people who would be in moderate-income classes. In some parts of the country maybe this is defined as the middle class. Even in New Jersey, it is between \$30,000 and \$40,000.

The median income for an individual in the United States is about \$27,000. But using a \$30,000 to \$40,000 range, I think the total 10-year cumulative

value of this is about \$3,500 under the Bush plan. This is .4 percent of the total benefit that the million-dollar earners get.

Consider the 25 million taxpayers with purported gross incomes of less than \$10,000. They make up 20 percent of the population of taxpayers. They will get, over the 10 years, a total of \$50.

By the way, they are paying payroll taxes. Many of them are paying property taxes. Many of them are paying State sales taxes, and all the other nonconsidered taxes in this view. I think that is a tough way to look at it. This is not intended to say, wow, this is bad; people at the top end are getting such great breaks. It is just that there is a distributional reality that doesn't make sense: \$900,000 over 10 years for those making more than \$1 million; \$18,000 for those between \$75,000 and \$100,000; and \$3,500 for those between \$30,000 and \$40,000; and \$50 for those \$10,000 and below.

I think you can make a fairness argument. But I think the most important piece is that it will not stimulate the economy. The people who will spend money—particularly in the short run—are not going to be receiving the resources to be able to go off to their Wal-Marts or Targets and other places and put the demand into this economy.

I know that the administration and many have argued and are pointing out that those of us who make the kind of case that I just made are entering into what is tantamount to class warfare. My point has nothing to do with that—nothing at all. It is, in fact, just the opposite.

As other Democrats, I believe our goal should be to grow the economy to the benefit of every American—for all Americans. I want to create more millionaires. I want more people to be more successful—not fewer. Handing out tax cuts so disproportionately to the top of the income scale is a highly ineffective way to grow our economy. They just do not turn around and drive the economy—certainly not in the short run.

There are real debates about whether that actually gets back into the investment system, particularly if a lot of it goes off to seniors and a lot of it goes into bonds and coupons and into Federal Government securities. It is just not certain that it is going to grow productive capacity, and certainly it isn't going to eat up the excess capacity we have today. I don't think this is going to grow the pie larger, which is what all of us should look for.

We made more millionaires in the 1990s than we did in any other period in the history of the United States. I think it is absolutely essential that we talk about growing the pie as opposed to getting into this discussion about how we are dividing it.

Keep in mind that all Americans, including the very wealthy, in my view, benefit from a strong economy. Those at the top income scale, as I said, did

well in the 1990s. We adopted policies based on a commitment of fiscal discipline, along with targeted investment in priorities such as education. Abandoning those policies for tax breaks such as the proposed dividend exclusion clearly will not mean more cash in hand for those who invest in our society. There is nothing wrong with that in its own right. But is it going to grow the economy? I think this, in many ways, runs the risk of being antigrowth. It certainly runs the risk of higher interest rates down the road given the fiscal implications that may very well come about.

I just have to say that it seems odd after the growth experience of the 1990s. I know there were problems at the end of the 1990s. But we created 22 million new jobs, we had a balanced budget, and we had tremendous growth and productivity in this country because of investment in technology and the spread of American entrepreneurial skills.

Why we need radical surgery on America's tax structure is just a hard concept to get your mind around. Clearly, we have cyclical problems that can be addressed by dealing with an inventory cycle and investment cycle. And I think that calls for short-term stimulus and managing carefully our long-term fiscal situation.

Next, I want to move on and talk about one claim that has been made repeatedly by proponents of the administration and the administration officials that gets sort of tied up in this class-warfare charge; that is, the administration's tax cut supposedly benefits seniors. This claim, in my view, is about as misleading as anything I can imagine.

There are 37 million seniors in the U.S. Yet only one-fourth of them—less than 10 million; about 9.25 million—will receive dividends. Some 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 will enjoy most of the benefits. Nearly 40 percent of the dividend tax cut for seniors will flow to those filers with incomes exceeding \$200,000. That is a mere 2.5 percent of tax returns filed by senior citizens.

I am trying to figure it out because there are married couples in there, but I think it is around 250,000 seniors out of 37 million seniors who will get 40 percent of that so-called benefit for seniors. So it is highly misleading to argue that seniors will benefit from this plan. Only a small number of the wealthiest seniors will benefit.

And when you take the potential cost of this—in maintaining the real value of Social Security benefits, the ability of our Nation to truly deal with a prescription drug benefit, regardless of what kind of plan comes forward—to talk about this benefitting seniors on a relative basis to the overall needs of the seniors is hard for me to get my mind around. It is virtually mind-bog-

gling. In fact, one could make the case that seniors are among the biggest losers in the President's plan because we are not going to have the ability to deal with this baby boom generation, going from 37 million seniors to 70 million seniors over the next 15 years.

So far, I have discussed the small size of the stimulus in the first year, its incentives for companies to shift cash away from investments and jobs, and targeting the tax cuts to those who are least likely to spend it. I have responded to some of the claims that I think are relatively bogus with regard to benefits for America's seniors.

Now I want to focus on another and critically important issue, which is the failure to address the severe fiscal problems facing our States. In many ways, it makes those problems worse. In fact, it is in this vein that this plan is also seriously antigrowth. And if it isn't antigrowth, it is absolutely anti-state when you come to considering the impact on State finances.

While many of us in Washington are talking about putting more money into the economy, as I suggested, most of our Governors and our State legislators are having to deal with how we pull money out of the economy. That is because almost all of our States have strict balanced budget requirements—48 out of 50 States—and face severe fiscal problems.

The total of the projected deficits, as I said, was just reestimated—about \$90 billion, give or take \$10 billion. I agree with the distinguished Senator from Utah; some of these economic projections are hard to put in print. But if we do not get the economy going, the only way that number is going to go is up. The crisis facing State treasuries is not just a problem for elected officials; it is a problem for all of our citizens and for our economy. States and localities already have begun to raise taxes.

In New Jersey, property taxes have increased 7.1 percent; in the city of New York, 18.5 percent. Across this country, we are raising property taxes because people care about the education of their children, they care about transportation, and they are investing heavily in homeland security to protect the American people. It is a big deal that we are not taking on a fair share of that at the Federal level.

By the way, we just created another unfunded mandate with Leave No Child Behind. And our budget proposals are not meeting our promises according to it. We have not done that with IDEA or in special education. And there are real needs with regard to our homeland security. We are putting burdens on the States and local governments and not coming up with help to make it happen.

These tax increases and spending cuts that the individual States and localities are doing not only hurt taxpayers but they really undermine the efficacy of Government and the program beneficiaries they serve to depress the economy further. That deficit

among the States, in fact, more than offsets the entire stimulus proposed for fiscal year 2003 in the President's plan. And I suspect you will be able to say the same thing about fiscal year 2004. We have different timings on when the two fit together. But we are taking out of one pocket and putting it into another. I think it is really wrongheaded policy and really will limit growth in the country. I think it is really putting unfair burdens on our State and local governments.

Only the Federal Government is in a position to counter these pressures. Instead, the administration's plan does absolutely nothing to address these fiscal crises in our States or to reduce the need for State tax hikes or spending cuts. It just does not deal with these issues. I hope we can understand and adjust this plan to take into consideration the plight of all of our country, all of our various entities that service the American people, by pulling this all together.

By the way, the proposal actually worsens the situation on not only the support level, but every State ties its State income tax—those States that have an income tax—to the Federal tax system. And the States are going to directly lose \$4.5 billion—almost \$100 million in my State of New Jersey, but over \$1 billion in the State of California.

Mr. President, I ask unanimous consent for an additional 5 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. GREGG. Mr. President, reserving the right to object, I would simply ask if we could enter a unanimous consent agreement on order. I certainly do not object to the Senator from New Jersey having an extra 5 minutes, but I understand the Senator from Utah and the Senator from Ohio wish to speak.

I ask unanimous consent that after the Senator from Utah has spoken, who will speak after the Senator from New Jersey, and after the Senator from Ohio has spoken, I be recognized at the completion of the comments of the Senator from Ohio.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. GREGG. I thank the Senator from New Jersey.

Mr. CORZINE. I appreciate very much the courtesy of the Senator from New Hampshire.

Mr. President, we have a problem in the States. And the tie in of the taxes that States collect to the Federal tax system is one of those places where there is a problem.

Another, on which I will not go into great deal, is the issuance of municipal bonds, tax-exempt bonds, the fundamental element of how you fund infrastructure, schools, and all the other elements at the local level. They are going to have to compete now with tax-free dividends and are going to suffer very seriously on a competitive basis in the financial markets.

I can assure you, interest rates for State and local government bonds, on an equal basis—regardless of where the markets go, where interest rates go—will be higher than they would have otherwise been. So there is a real problem.

I will go back and just mention briefly, the lack of attention to these exhausted unemployment benefits is going to put greater burdens on States and create greater rolls in Medicaid. Lots of support is going to have to be delivered to the individual families who are suffering from those kinds of situations. I think we have a real problem there.

I also want to say I think there are other issues involved. Maybe the most important is, where are our priorities? We are at a time of great national insecurity, with good reason. We need to protect the American people at home, abroad, and against terrorists.

We had almost 700 New Jersey people lose their lives on September 11. People are concerned about security. We need to be investing in it. Why and wherefore are we having such a program that brings little sacrifice to those who are doing well at a time when there are such great needs?

I could go on further about some of the complexities of this and how it will offer great opportunity for financial engineering, chicanery, if you will, almost the repetitive nature of some of the things that we saw in the last several years: The unfortunate implication for 401(k)s and IRAs and tax-exempt pension funds with regard to dividends, the disincentives it will create for longrun savings for retirement, the problems it may very well cause to the real estate industry because of the competitive disadvantage of REITs and the financial structure which is an important thing for housing for people.

There are serious, serious flaws in this. Instead of directly addressing the fundamental economic problem, which is excess capacity, both in labor and manufacturing, this reflects, in my view, a return to the discredited economics of radical supply siders.

I don't want to quote only a Republican commentator, but I will. Kevin Phillips put it this way:

This isn't even trickle-down economics. It's mist down economics.

We are on the wrong track. We have a new economic team at the White House. I hope they will step back and evaluate some of these elements. There are places where we can work together on this plan, but 90 percent of this proposal that is focused on the longrun restructuring of economic structure, in my view, is a bad idea. It truly hurts our States and potentially undermines investment at the corporate level, and it has some issues on the fairness side.

It is time that we take a rethink. I hope we can have a great debate over the next few months in the Senate to make this a better program to help all Americans.

The PRESIDING OFFICER. The Senator from Utah.

Mr. BENNETT. Mr. President, I spoke at length and I do not intend to do that again. I congratulate the Senator from New Jersey on his presentation. Even though it sounds as if we are miles apart, we are in fact very much together on our determination to see to it that the ultimate result of what we do is long-term growth for the whole economy. I congratulate him on his analysis.

I have a few things, obviously, with which I would disagree and anticipate that we will have that conversation both in the Banking Committee and on the floor.

There are two specifics I would like to respond to briefly before I turn the time over to my friend from Ohio. The Senator from New Jersey said he would prefer, with respect to dividends, that they be deducted as expenses on the corporate P&L statement rather than made tax free to the recipient. I agree with him absolutely, that that is the more intelligent way to do it. I have said that to the White House as we have had these conversations. The reaction is politically that would be more difficult to sell than making it sound tax free to the recipient.

Maybe if the Senator from New Jersey and I march together in that particular parade, we can move in that direction because the comments he makes about the complexity of the tax system are exactly correct. The difficulties of reporting how this would be handled are just as complex as the Senator from New Jersey suggests they are. I would be with him in seeing if we could make that shift somewhere along the way.

I know he would stop short of doing that because of his feelings with respect to the dividend proposal anyway, but I want him to know that his analysis here is the same as mine and that he has analyzed that one correctly.

The other item we ought to have on the table as we have the discussion, the Senator from New Jersey refers to the impact on the top 1 percent; they would receive \$900,000, et cetera. That is true if we assume that every taxpayer who files a tax return who is in that top 1 percent is in fact an individual.

When I first came to the Senate, I stood on this floor and asked this fundamental question—I know the answer from the Senator from New Jersey will be yes, but the answer from the vast majority of my colleagues was no—do you know what a K-1 is? Overwhelmingly, Republicans and Democrats had no idea what a K-1 is. A K-1 is the form you file for income you are receiving from a partnership or an S corporation.

A majority of the tax returns filed by the individuals who would receive the \$900,000 to which the Senator from New Jersey refers include K-1 income. The K-1 is set up to avoid double taxation. You join an S corporation or a partnership and you say: All right, the profits of that corporation will flow to my individual tax return. I will pay taxes.

I know this very dramatically from my experience in the 1980s when the personal rate was lower than the corporate rate. With four other individuals, we built a company from virtually nothing to a company that today employs over 4,000 people, and we did it in the decade of greed, as it was referred to by some, of the Reagan years when the top personal rate was 28 percent. By putting that on my personal tax return and paying 28 percent rather than today's effective rate of 42, I was able to see to it that that company, which I headed as the CEO, grew with internally generated funds.

The difference between a 28-percent yield to the Feds and a 42-percent yield to the Feds was the difference between our ability to make that business survive. We built that business entirely with internally generated funds.

My salary was \$100,000. My tax return showed \$1 million because the money that was flowing through that corporation went on to my tax return as K-1 income. I didn't get a dime of that. I would have loved to have had the after-tax income show up, but we had to fund the company. So as we talk about the tax break to wealthy individuals during this debate, let us keep in mind that we are not talking about Michael Jordan or Donald Trump or Tiger Woods. Yes, they would get those breaks, but overwhelmingly a majority of the people who would get those breaks are businesses that, either through an S corporation device or a partnership device, are putting that income on to individual returns. And that would, in fact, be money that would be invested in creating new jobs. That would, in fact, be money that would be invested in growing the economy.

I know the Senator from New Jersey has had K-1 income because he has been a partnership partner in a very successful partnership, and he understands this. But I want to take this occasion to put this on the record and make this part of the debate as we go forward.

Let us understand, as we argue about the amount the top 1 percent is going to get out of this, that we are not talking just about individuals; we are talking about businesses that depend very definitely on the benefit that comes from having S corporation profits reported through a K-1 show up on individual tax returns but are, in fact, not getting into the individual pockets, are, in fact, funding the growth of small businesses and new enterprises.

With those two immediate comments, I will yield the floor and save the other notes I have taken on the Senator's excellent speech for a direct conversation with the Senator from New Jersey. He has made a significant contribution to this debate, and I look forward to working with him to try to eventually come up with a growth package that makes sense.

Mr. CORZINE. Mr. President, I ask unanimous consent to respond for 1

minute, if the Senator from Ohio will not object.

Mr. DEWINE. I have no objection.

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

Mr. CORZINE. I appreciate very much the comments of the Senator from Utah. I think we need a healthy debate to get the best policies. I will make one observation about the S corporations and K-1s, which I know something about. The fact is, I try not to use the sort of distributional numbers. You will notice I did not use the top 1 percent; I used people making \$1 million or more as the basis on which I compare numbers. So there is some element of that which translates into comparability. I think you and I can sort through those in detail. But the fact is, people at \$1 million or more in adjusted gross income are going to have an advantage of \$900,000 cumulatively over the 10 years, and the other brackets are at \$18,500, \$3,500, and \$50.

I believe that a rising tide lifts all boats. That is the theme about which I am talking. We may have differences about how you get there. I want to make sure that we distinguish between talking about percentages, and what I am trying to talk about is the people who actually get the benefit.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

UNBORN VICTIMS OF VIOLENCE ACT OF 2003

Mr. DEWINE. Mr. President, I rise today to speak, once again, on behalf of unborn children. Unborn children are the silent victims of violent crimes. Today, along with my distinguished colleagues, Senator GRAHAM of South Carolina, Senator VOINOVICH, Senator BROWNBACK, Senator ENSIGN, Senator ENZI, Senator INHOFE, Senator NICKLES, Senator SANTORUM, and Senator FITZGERALD, we will once again introduce the Unborn Victims of Violence Act, which would hold victims liable for conduct that injures or kills an unborn child by creating a separate Federal offense for unborn children. I thank my colleagues for their support in this effort. I want to recognize especially Senator GRAHAM of South Carolina who championed this cause so successfully last year on the House side. He has worked tirelessly to see that the most vulnerable in our society are in fact protected.

Mr. President, our bill, which is similar to the legislation that we sponsored in the 106th and 107th Congresses, would establish new criminal penalties for anybody injuring or killing a fetus while committing certain Federal offenses. Therefore, this bill would make the death or injury of an unborn child during the commission of certain existing Federal crimes a separate crime under Federal law and under the Uniform Code of Military Justice.

Mr. President, 26 of our States already have criminalized the killing and injuring of unborn victims during a

crime. Our bill, the Unborn Victims of Violence Act, simply acknowledges that violent acts against unborn babies are also criminal when the assailant is committing a Federal crime.

We live in a violent world and, sadly, sometimes—perhaps more often than we realize—even unborn babies are the targets, intended or otherwise, of violent acts. Let me give some very disturbing examples.

In 1996, airman Gregory Robbins and his family were stationed in my home State of Ohio at Wright-Patterson Air Force Base near Dayton. At that time, Mrs. Robbins was more than 8 months pregnant with a daughter who they named Jasmine. On September 12, 1996, in a fit of rage, Airman Robbins wrapped his fist in a T-shirt and savagely beat his wife by striking her repeatedly about the head and the abdomen. Fortunately, Mrs. Robbins survived the violent assault. Tragically, her uterus ruptured during the attack, expelling the baby into her abdominal cavity, causing Jasmine's death.

Air Force prosecutors sought to prosecute Airman Robbins for Jasmine's death, but found that neither the Uniform Code of Military Justice nor the Federal code makes criminal such an act which results in the death or injury of an unborn child. No Federal law covered that act. The only available Federal offense was for the simple assault on the mother. This was a case in which the only available Federal penalty simply did not fit the crime.

Now, fortunately, Ohio had at the time, and still does, a fetal homicide act. So Federal prosecutors were able to bootstrap the Ohio fetal homicide law under the Federal law to convict Airman Robbins of Jasmine's death. Upon appeal, the Federal appeals court upheld the lower court's ruling.

Mr. President, if it hadn't been for the Ohio law that was already in place, there would have been no opportunity for the Federal prosecutors to prosecute and punish Airman Robbins for the assault against baby Jasmine. That is one reason we need a Federal remedy to avoid having to bootstrap Federal laws to provide recourse when a violent act occurs during the commission of a Federal crime. If this had been a crime that occurred on a Federal enclave in a State that did not have a similar law—and there are 24 States that don't—there would have been no remedy, and there is no remedy today. Federal prosecutors have no remedy in those situations today. Our bill would rectify that.

A Federal remedy will ensure that crime within Federal jurisdictions against unborn victims are, in fact, punished. Our bill also ensures that if certain Federal crimes are committed anywhere in the United States and they result in the death of a child, Federal prosecutors will be able to file charges.

Let me give you another example of another tragedy. In August 1999, Shiwona Pace of Little Rock, AR, was

days away from giving birth. She was thrilled about her pregnancy, but her boyfriend, Eric Bullock, did not share the joy and enthusiasm. In fact, Eric wanted the baby to die. So he hired three thugs to beat his girlfriend so badly that she lost the unborn child. According to Shiwona, who testified in a Senate Judiciary Committee hearing we held in Washington in February of 2000:

I begged and pleaded for the life of my unborn child, but they showed me no mercy. In fact, one of them told me, "your baby is dying tonight." I was choked, hit in the face with a gun, slapped, punched, and kicked repeatedly in the stomach. One of them even put a gun in my mouth and threatened to shoot.

Mr. President, in this particular case, this particular tragedy, just a few short weeks before this vicious attack, Arkansas had passed its fetal protection act. Under that Arkansas State law, Eric Bullock was convicted on February 9, 2001, of capital murder against Shiwona's unborn child and sentenced to life in prison without parole. He was also convicted of first degree battery for harm against Shiwona.

In yet another example—this one in Columbus, OH—16-year-old Sean Steele was found guilty of two counts of murder for the death of his girlfriend, Barbara "Bobbie" Watkins, age 15, and her 22-week-old unborn child. He was convicted under Ohio's unborn victims law, which represented the first murder conviction in Franklin County, OH, in which the victim was a fetus.

Another example: In the Oklahoma City and World Trade Center bombings, Federal prosecutors were able to charge the defendants with the murders of or injuries to the mothers, but not to their unborn babies. Again, Federal law currently fails to criminalize these violent acts. There are no Federal provisions of the unborn victims of Federal crimes.

Our bill would make acts like these—acts of violence within Federal jurisdictions—Federal crimes. This is a very simple step that we can take, one that will have, I believe, a dramatic effect. It is something that we simply need to do.

The fact is that it is just plain wrong that our Federal Government does absolutely nothing to criminalize violent acts against unborn children. We cannot allow criminals to get away with murder. We simply must close this loophole.

As a civilized society, we must take a stand against violent crimes against children. We must close this loophole.

We purposely drafted this legislation very narrowly. Because of that, our bill would not permit the prosecution for any abortion to which a woman consented. It would not permit the prosecution of a woman for any action, legal or illegal, in regard to her unborn child. Our legislation would not permit the prosecution for harm caused to the mother or unborn child in the course of medical treatment. And finally, our bill would not allow for the

imposition of the death penalty under this act.

It is time we wrap the arms of justice around unborn children and protect them against criminal assailants. Everyone agrees that violent assailants of unborn babies are, in fact, criminals. When acts of violence against unborn victims fall within Federal jurisdiction, we must have a penalty. We have an obligation to our unborn children who cannot speak for themselves. The Senate must act.

I strongly urge my colleagues to join in support of this legislation. I thank the Chair, and I yield the floor.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized.

EXTENSION OF MORNING BUSINESS

Mr. GREGG. Mr. President, I ask unanimous consent that the period for morning business be extended to 2 p.m., with the time equally divided, and that Senators be permitted to speak for up to 10 minutes each.

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

Mr. GREGG. Mr. President, I further ask unanimous consent that Senator NELSON of Florida be recognized at the conclusion of my remarks.

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

EDUCATION FUNDING

Mr. GREGG. Mr. President, I wish to address again an issue I addressed yesterday on the floor relative to the funding and the activity under the No Child Left Behind legislation which is landmark legislation we passed a year ago which the President of the United States signed and which was a bipartisan effort.

After I spoke yesterday, a couple of Senators came down to the Chamber and addressed the issue but, once again, misrepresented the facts. I think it is important, therefore, to restate what the facts are and go through some of the history and also review in more depth a letter which was sent by Senator KENNEDY and Senator MILLER to the Department of Education, which letter, in my opinion, is off base and inaccurate.

To begin with, the No Child Left Behind bill is landmark legislation, the purpose of which is to give parents of low-income children and low-income children an opportunity to participate in the American dream by assuring they get a decent education and have a chance to learn what they need to learn to be competitive with their peers, especially as they proceed through the early years of education.

It is a bill that ties four different elements to it.

No. 1, the purpose is to obviously give low-income children a better educational opportunity through a process of giving the local school districts

flexibility over how they deal with the rules under title I, which is the low-income child education part of the Federal law.

No. 2, there is an initiative in this bill to make sure that low-income children are reaching the standards of their peers through putting in place a testing regime which basically sets up accountability and to establish that children of all ethnic groups in the same classroom are learning at a level which is necessary for them to move on so that the children are not being warehoused, are not simply being passed through the system—as we discovered, unfortunately, was happening for years and, at the end of their educational experience in public schools, they really did not know enough to compete in America and to have a successful life.

No. 3, if a child was found to be in a school that simply was not working, was not educating that child, there are certain rules put into the bill which empower the parent to take some action so they can get their child the educational assistance they need, such as public school choice, such as getting tutorial support outside the school. And if the school continued not to work, then the public school system was given a lot of funds and resources to correct that problem.

No. 4, there was a significant amount of Federal dollars—a dramatic increase in Federal funding—that was put into local schools for the purpose of addressing this bill. That is what I want to talk about today because, once again, that was misrepresented on this floor.

The amount of funding which President Bush has put into the new bill represents the most historic increase in the educational funding in the history of Federal funding. It has been a 132-percent increase in funding. We have seen a 132-percent increase in funding in education over the last 6 years, and that compares to a 48-percent increase in Defense, or a 96-percent increase in Health and Human Services. It is a dramatic increase in educational funding.

One might say that ties to the Clinton years, too. Yes, it does, but if we look at what President Bush has done in his first year in office, he increased funding in education by approximately \$20 billion over the last year of the Clinton administration. That is a dramatic increase, a 50-percent increase almost in funding over the last year of the Clinton administration.

The request of the President for new funding in areas of, for example, special education, was historic compared to President Clinton who essentially requested no increases in special education until his last year, this being a chart showing President Clinton's request. The red represents the \$1 billion increase in special education funding that President Bush requested and received in his first year, and the \$1 billion increase in special education fund-

ing which President Bush requested on top of that \$1 billion in the coming year.

If one looks at the history of the commitment of this President to educational funding, it dwarfs—dwarfs—the commitment made by the Clinton administration. For example, if one looks at the 7 years of increases in educational funding under the Clinton administration, they are almost 25-percent less than the increases which President Bush has put into educational funding in just 2 years. He has not only made this type of a commitment in 2 years, but he has already stated that he intends to increase title I funding by another \$1 billion this year. He has asked for that, and I expect we are going to see the same type of dramatic increase in special education funding and across the board.

This letter was sent by Senator KENNEDY and Senator MILLER to Secretary Paige, and it outlined their concerns with the No Child Left Behind legislation. I think it is important to respond to this because this letter was truly an inaccurate letter. It began—and I heard Senator HARKIN yesterday parroting this position—by saying that the President has cut No Child Left Behind spending. That is absolutely inaccurate. Not only has he not cut it, he has increased that specific account, title I, by over \$4 billion since he has been President.

How do they define it as a cut? There is one program—one program—that they did not fund. It was a \$90 million program called the Fund for Improvement of Education. Because they did not fund that one program, that is a cut in the minds of Senator HARKIN and Senator KENNEDY. That is a very interesting way to account. If you increase spending in one year by \$1 billion, but as part of that \$1-billion increase you eliminate a program worth \$90 million, you have cut spending, according to Senator KENNEDY and Senator HARKIN. That is a truly unique way to look at the way math is done. I think maybe they should go back and do math in the third grade and see if they pass the test which we are going to try to make sure kids have to pass to be competent in the third grade.

Clearly, if the funds have been increased by \$1 billion, you have not cut the program. If you have eliminated an earmarked program—which is not working to begin with and which has virtually no purpose other than to fund special interest activity—which is worth \$90 million, but at the same time you have increased funding over \$1 billion in that account, you have not cut the program; you have improved the program and you have made sure that billion dollars is going to be spent much more effectively. What do we do with the \$90 million they eliminated? We sent it back to the towns, the cities, and let the teachers and principals and the school boards decide how to spend that money rather than have it be a categorical program. That representation in the letter was specious.

The letter goes on to say the bill is filled with an unfunded mandate to build schools and hire highly qualified teachers to comply with the bill's public school choice capacity requirements. But that is not the case. It should be noted that in 1995 Congress prohibited unfunded mandates. With regard to school construction, the Department of Education has never required districts to build new schools. Of course, it has not required that in order to accommodate the No Child Left Behind law.

Furthermore, the Department is still waiting for the States to draw down \$900 million in school construction renovation money that was passed in the year 2001. So the money is still sitting there and has not even been spent.

With regard to the new teacher requirement, which simply says the teachers have to be highly qualified teachers, that is not a mandate. In fact, what this bill does is dramatically increase and has dramatically increased the funding for teacher training and for teacher pay and for teacher support. A \$742 million increase in one year. Three billion dollars is now going out to the States to assist them with teacher training, teacher qualification, and teacher support.

What we did in this bill which is unique and special and is going to help the local school, instead of having a whole set of categorical programs, one of which says you must have this number of teachers in your schoolroom depending on this number of kids, instead of telling schools that is how they have to educate their children, we said we are going to take all this money, this \$3 billion—we have increased it now by \$742 million—and we will put it together in a pool and we will say to you, the principal, you tell us how you can use this to improve your teachers. If you need more teachers in the classroom, if you need to hire more teachers, you can use the money for that. If you have really good teachers you want to keep in your classroom, you can pay them more. If you have teachers who need technical support, computers, whatever, in their classroom to help them, you can use it that way. If you have teachers who need a little extra help, a little extra education, or want that to improve themselves, you can use it that way. We gave the flexibility to local school districts to make the decisions as to how they were going to use this money to improve their teachers so all the teachers would be of high quality.

But that does not satisfy the Senator from Iowa or the Senator from Massachusetts. They want that categorical program which says with this money you have to hire this number of teachers if you have this number of students. That was rejected in No Child Left Behind. You cannot come around the corner now and say you have to do it now because that is not the law anymore. Therefore, you cannot claim there is an unfunded mandate.

Let's remember, this President has increased funding for teachers by 35 percent over what the Clinton administration funded.

The letter also says the final regulations established an incentive for schools to focus on test scores while ignoring high school dropout rates, thereby jeopardizing the law's accountability provisions. Nothing could be further from the truth. The regulations are actually stronger than the statute. The statute was unclear on graduation rates and the regulations state even if all children are doing well in school, if the dropout rates are high, the school is still identified as being in need of improvement, a tougher standard than what we passed in the Congress.

The letter also criticizes the Department for not allowing teachers who are alternatively certified or working on becoming alternatively certified to be counted as highly qualified. This is a perfect example of how my colleagues on the other side of the aisle do the teachers union bidding by trying to prevent individuals who do not go through the traditional teacher certification process, which is dominated by, unfortunately, union rules which sometimes have no relevance to capacity to teach. It restricts those people from being hired. They do not want competition. They do not want teachers coming in from the Teach for America Program or other programs and encourage professionals from other fields to move into the teaching arena. This bill, No Child Left Behind, encourages drawing into our school systems people who are qualified but are not necessarily professional teachers—going to the military services, for example, to get people out of the Army and the Armed Forces into teaching. And as I said, Teach for America. That language was a strong addition to the bill, not a weakening of the bill.

The letter also states that the No Child Left Behind prohibited norm-reference tests which measures students' achievements against that of their peers. This is patently false. Patently false. The House bill originally had that language; this language was dropped. It is another example, as is the example that I pointed out prior, of using the old law of the way things used to be to attack the new law, the way things are and the way things are improving.

The letter also claims the Department allowed States to use a patchwork of local tests to meet the new annual testing requirements, making it possible to measure whether achievement gaps are closed. The Department has made it crystal clear if you use local tests they have to be comparable tests. That is the way it should be. There is no reason to deny school districts from using local tests. If they put together a plan which makes it clear that those local tests are comparable, of course we should let them use local tests. That is called flexibility. As long as there is a way to

compare them and the Department has said that is a commitment, that is something a State has to do in deciding their plan.

And let's remember here, one of the States that has met the test of putting forward an accountability system that will work happens to be Massachusetts. Massachusetts has proved you can do it. As has New York. As has Indiana. As has Ohio. Big States. States with lots of kids in their system. Their plans have been approved, ahead of schedule, that they can meet the tests of this bill.

And what is the purpose of this bill? Remember, the purpose of the bill is to make sure kids learn. These people who put these plans together are excited about the fact they now have a law they can follow which allows them to make sure that kids do learn. All the teachers in this country, all teachers, that is their purpose. They are altruistic people because they want to help kids learn. Now we put in place a system to help them find out whether the kids are meeting those standards and whether they are learning. These States which have already come up and put forward plans and initiatives which work under the bill are reflecting the energy out there to do good under this bill, and yet we get a letter like this which is basically trying to undermine the bill.

Last point. This letter engaged in a bit of what I call revisionist history when it claims No Child Left Behind allows Federal educational programs to directly fund religious organizations and to permit organizations to discriminate based on religion. After many hours of negotiation—I was there; Senator KENNEDY was there; Senator MILLER was there—and I am very surprised to see this language in this letter. We reached a bipartisan agreement to be silent. That is to allow current law to operate on the issue of the Civil Rights Act. Title VII of the Civil Rights Act prohibits discrimination based on race, sex, religion, national origin and employment, except with regard to employment by religious institutions. We did not nor did we intend to reverse this precedent. To claim otherwise is simply to ridicule the process we went through for months and misrepresents the outcome of the process which we resolved over those months.

What my colleagues are asking for in this letter is to have the Department of Education pile more and more regulations onto the States and the local communities as they try to come into compliance and make the No Child Left Behind bill work. That is just the opposite of our goal. Our goal was to free up the local communities in the States to give them the opportunity to use their energy, their creativity, and their individuality to address this very serious problem we have in America, which is that so many kids, especially low-income kids, are not being educated well enough to participate in American society.

We don't want to go back to the old way where there were strings running from every desk in this Chamber out to every school district. We were saying: You must do this or we are going to pull that string and jerk you around. We want to go to the new way, which says: We are going to give you flexibility; we are going to give you money; we are going to empower parents to know what is going on. But at the end of the day we are going to expect accountability; we are going to expect results; we are going to expect these kids actually are learning.

We are going to test them. The tests will be designed by local folks, but we are going to expect them to learn to the standards the local folks design. It is a reasonable bill. It is going to help a lot of kids in America. And it is unfortunate there appears to be this orchestrated effort to undermine it.

It is extremely unfortunate that we hear, again and again, misrepresentations on the floor of this Senate about how much money is committed to it and about the commitment of this President to funding education.

I yield the floor.

Mr. NELSON of Florida. Mr. President, I ask unanimous consent to speak for up to 15 minutes.

The PRESIDING OFFICER. The Senator is recognized without objection.

NORTH KOREA

Mr. NELSON of Florida. Mr. President, we have heard some weighty subjects discussed here today. The Senator from New Hampshire was discussing the issue of education. Prior to that, Senators from Utah and New Jersey were talking about tax policy, trying to get our sickly economy revved up and moving again. If those were not enough of weighty subjects to talk about, I want to bring up one of grave concern to the foreign policy of this United States, indeed to the very defense of these United States: That is the subject of North Korea.

I rise today to speak on this subject as a member of the Senate Foreign Relations Committee. This question of development of nuclear weapons by North Korea is something we should address. That is the occasion to which I rise today.

Over half a century we have seen North Korea struggle along in its totalitarian, repressive regime. If there is any question about that, look at the fruits of that repressive labor—the starvation there among the people while the leaders, indeed, lead very comfortable and cushy lives. Nobody questions the starvation among the people in North Korea. The free world has been trying to do something about it.

To those in this Chamber who have had the privilege, as I have, of going to the DMZ, to the line, to see the stark differences on either side of the line, it is very apparent. One, is a side that is lush in vegetation, highly developed.

Then, just looking across the line, you see quite a contrast with the sparse vegetation on the north side of the line.

But I saw North Korea also from a different perspective, from the window of a spacecraft on the night side of the Earth. There is quite a contrast for the lights reflecting from Earth back up into space—there is a distinct difference between North and South Korea from space at night. The South Korean peninsula is lit up, vibrant in its economic activity, whereas north of the line there are very few lights discernible from the view of the window of the spacecraft.

In North Korea, we have had a regime that has isolated its own country. Now this situation is urgent, vis-a-vis the foreign policy of the United States. It requires sustained attention from our administration even as we deal with a separate and growing crisis in Iraq. Unfortunately, the Bush administration is approaching the events on the Korean peninsula in an inconsistent and incoherent way, in the opinion of this Senator, even as it continues to build up our forces in the Persian Gulf region.

This is dangerous. We cannot, in my opinion, and we must not, allow the North Koreans to develop an effective nuclear weapons arsenal. Yet it is a very difficult situation. Go back to 1994. The Clinton administration faced a similar crisis in 1994, which it averted by striking an agreement with North Korea. This Agreed Framework provided the United States would provide North Korea with economic assistance and more open diplomatic communication in exchange for a cessation of operations and infrastructure development of reactors and facilities used to build its nuclear weapons program. This agreement, while flawed, allowed the United Nations to come in and monitor the disposal of the plutonium rods to ensure they would not be used to develop weapons. Indeed, it helped prevent North Korea from having dozens of nuclear weapons by now.

One year ago, President Bush, in his State of the Union speech, referred to North Korea as a member of the axis of evil for its repressive and brutal actions against their own population. In that respect the President was correct.

But we see now what the consequences of that speech are. Instead of speaking softly and carrying a big stick, President Bush decided to speak harshly without a coherent policy to back it up. Though this pronouncement did not cause the North Koreans to begin their bad behavior and cheat on their agreements—it certainly didn't cause them to start that bad behavior or cheat on their agreements with the United States and the international community which, by the way, the North Koreans have now admitted—it did embolden them to harden their position, to renounce the 1994 agreement and to begin in earnest to openly pursue more nuclear weapons.

This is now the situation in which the Bush administration, by its own words, has painted our Nation into a very difficult corner.

U.S. policy regarding North Korea has been inconsistent. The President has demanded North Korea give up its nuclear weapons programs, which is a good starting point. He said he wants to solve this peacefully, through diplomatic means, but until this week—indeed, until day before yesterday—the President refused even to speak directly to the North Koreans. The administration has said it wanted to isolate North Korea, possibly with sanctions.

Look around the world. That option is opposed vehemently by the governments, friendly to us, of South Korea and Japan. Even China has stated its position, that it supports a non-nuclear Korean peninsula. Yet the administration has scarcely engaged the Chinese in a meaningful way. We ought to be encouraging them to join us to stop the development of North Korean nuclear weapons.

Russia also needs to be included in these discussions. The lack of a clear strategy increases the risk of a volatile and destabilized atmosphere in the face of a North Korean nuclear threat. This danger is underscored by today's news that North Korea has announced its immediate withdrawal from the Nuclear Non-proliferation Treaty. U.S. leadership is needed for the world's declared nuclear powers to work together, perhaps through the United Nations, in a common response to this immediate danger.

If we fail to do so, the nightmare scenario of North Korea selling its nuclear weapons to terrorist groups and other rogue states and other provocations could become a reality.

I welcome the President's belated decision to engage the North Koreans directly. I hope it has not come too late. I also hope that these talks will be conducted at the highest possible levels. We must make North Korea understand that the building of an arsenal of nuclear weapons will not be tolerated, and that all options to combat this threat are on the table.

At the same time, we must work to form a viable, regional solution with South Korea, Japan, China, and Russia. No policy that we pursue can possibly work unless it is carried out in consultation with these key countries. We must devise workable policy options that the United States and North Korea may consider to de-escalate the situation immediately. These talks must be substantive and be conducted in good faith, which has been a consistent problem over the years with North Korea—but now the world is watching—immediately, now.

Finally, I hope that the Senate Foreign Relations Committee will hold hearings on North Korea as soon as possible. Hearings should explore the administration's detailed plans and policy prescriptions for this crisis and

its implications. I know Senators LUGAR and BIDEN care a great deal about this. I thank them for their leadership.

I call upon President Bush to stop sending mixed signals on this urgent matter. Consistency in policy and leadership is demanded in these very hazardous and uncertain times. Then one day, maybe from the window of a future spacecraft—with a North Korea that has become a part of the world community of nations, a North Korea that reaches out in friendship to her neighbors—then maybe one day from the window of a future spacecraft on the night side of the Earth, we can look down and see a North Korea joining a South Korea lit up like a glittering jewel showing economic and political progress and freedom in that part of the world.

Thank you for the opportunity to address this most important matter.

I yield the floor.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The senior assistant bill clerk proceeded to call the roll.

Mr. KYL. 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. KYL. Mr. President, I ask unanimous consent to speak as long as I may speak beyond 10 minutes.

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

The Senator from Arizona is recognized.

Mr. KYL. Mr. President, I want to talk today about a subject that is very much on our minds—the subject of North Korea and the threat North Korea poses to the entire world because of its development of weapons of mass destruction, including nuclear weapons, and the fact it is the world's largest proliferator of those kinds of weapons.

Next week, Senator MCCAIN and I will be introducing a bill called the North Korea Democracy Act of 2003. The purpose of this legislation is to establish American policy, from a congressional standpoint, that will help us to move North Korea toward a more democratic regime and forego the development of these weapons of mass destruction and the proliferation of them as well as missiles throughout the world. As we are all very much aware, today, right now, North Korea is ruled by a leader and leaders who have cheated on agreements in the past not to produce these weapons, and has really brought the world to the brink of military conflict, and has removed itself from numerous agreements it had earlier entered into, which have constrained its activities to date.

As a result, the United States is presented with a challenge of what to do in North Korea that has a very short timeline on it, a challenge in which, as one pundit put it, “the clock is tick-

ing.” Just as an aside, we know we have to deal with countries such as Iraq as well. Iraq is one of the fronts of the war on terror, and we are all aware of the fact the President has been preparing for the potential for military action should Saddam Hussein not comply with the U.N. resolutions that require him to come clean on his weapons of mass destruction program and to dismantle those weapons.

The President has made it clear that while he is proceeding for those preparations with regard to Iraq, that he also understands the importance of dealing with the problem of North Korea, because North Korea has nuclear weapons already, we believe, and because of its recent actions, it could create more nuclear weapons quite quickly and, from our past understanding of North Korea's policies, could begin to sell those weapons to other countries.

To not put too fine a point on it, think about the prospects of dealing with a Libya or an Algeria or a Syria or a Sudan or a country such as these that bought a nuclear weapon from North Korea. It is a very troubling prospect, indeed. Yet in a matter of months—not years, not some time way down the line, but literally in a matter of a few months under the current program in which it is engaged—North Korea could develop nuclear weapons and sell them to countries such as those I have mentioned. Of course, it could also sell a weapon to a terrorist organization, other than a state that sponsors terror.

This is, indeed, a troubling prospect, and that is why I say the clock is ticking. That is why it is important for the United States to have a very firm policy, a very clear policy for dealing with this and for the Congress to be engaged in the development of that policy; hence, the reason for the introduction of this legislation.

I will set the stage with what this threat is, what the U.S. policy has been, what our current strategy is with respect to dealing with North Korea, and then I will describe in a little more detail the bill about which I am talking.

The President has said that the centerpiece of our policy with respect to North Korea is that it must promptly and verifiably dismantle its nuclear enrichment program. Of what exactly is the President speaking?

In the past, North Korea created a plutonium enrichment facility that produced only 5 megawatts of electricity, so it was clearly not something to produce power for the country of North Korea—in fact, it requires coal to operate—but was for producing fissionable material to put into nuclear weapons.

In 1994, North Korea agreed that it would no longer produce fissionable material from that facility and that it would not produce any other fissionable material. That plant was put into a standby mode, in effect, and the

International Atomic Energy Agency, IAEA, was permitted to install devices that would monitor the compliance of that commitment, as well as people who were onsite to verify compliance.

In the interim, North Korea began to develop a uranium enrichment project in deep underground facilities in North Korea. North Korea began this program and only recently 'fessed up to the fact that it had been engaging in this program for a long time.

It, too, is in violation of agreements that North Korea had entered into, including the Nuclear Non-Proliferation Treaty, or the NPT. North Korea today, I believe, announced it was, in fact, withdrawing from the NPT. It had been threatening to do so for some time. At the time it developed this fissionable material, North Korea was a signatory to the NPT.

Throughout the last several years—and we do not know precisely how long—North Korea had been developing a clandestine nuclear fissionable program with which to build nuclear weapons. We believe that as a result of the previous program, as well as perhaps what might have been developed in the uranium program, North Korea does, in fact, possess nuclear capability at this time. The exact number of weapons we believe they have is a classified number.

That is what the President was talking about when he said that North Korea must promptly and verifiably dismantle its nuclear enrichment program—both the plutonium enrichment program, which it has now restarted, as well as the uranium fissile material program that it has recently admitted to possessing.

I mentioned the NPT, but North Korea has also agreed in other fora to not produce these kinds of weapons. Another agreement that it entered into was the North-South Declaration on the Denuclearization of the Korean Peninsula.

It also in 1994, as part of what is referred to as the agreed framework with the United States, forswore the development of any of these nuclear weapons. There are actually four specific different agreements that North Korea is currently in violation of as a result of these two nuclear programs with which it is engaged.

When we confronted the Koreans last September with the fact that we were aware of the development of its uranium enrichment program, at that point North Korean leaders threatened to pull out of the NPT and, as a result of that, the United States and the other nations that had been involved in the agreed framework on the Korean peninsula agreement decided the violation of these accords could not be rewarded with continued sale or providing of heavy fuel oil or other products to North Korea, as a result of which the last shipment, I believe, went to North Korea in September or October.

That was part of the quid pro quo for North Korea forswearing these nuclear

programs. We said: We will build nuclear facilities for you; we will provide you with fuel for your current facilities, including this heavy fuel oil; if you will continue to forswear those nuclear weapons, we will continue to supply that material and that fuel to you.

Once they threatened to pull out of the NPT and agreed they were in violation, we stopped those fuel oil shipments. That is what brought the current controversy to a literal boiling point when the Korean leaders said they would pull out of the NPT ostensibly because we cut off the fuel shipments, and, of course, it was the other way around.

The question is what to do at this point with the North Korean leaders having not only threatened now to pull out of the NPT, but actually giving notice that they pulled out, and their admission they have been in violation of these other agreements.

There have basically been three schools of thought. One school of thought is we should actually engage in a military attack on the plutonium facility which has been restarted by North Korea. Some people who worked in the Clinton administration, and perhaps President Clinton—I am not sure—actually said that was part of President Clinton's threat against North Korea: That if they ever started that facility again, we would bomb the facility. I do not know if that was conveyed to the North Koreans. I do not know whether we ever would have done so.

The problem with military activity is that North Korea is a country that today possesses a very large number of rockets and artillery pieces, as well as missiles, all of which could very quickly, within a matter of minutes, literally kill millions of people in the area of Seoul, Korea, only 30-some miles away from the DMZ.

It is a good example, by the way, of why, if we are going to have to deal with Saddam Hussein, it is better to do it today when he does not pose that kind of threat to us than tomorrow when he might, just as North Korea does today.

So, the military option, while probably not one that should be taken off the table, is one that is fraught with peril and difficulties. North Korea could very probably cause great destruction not only on South Korea, killing South Koreans and American servicemen, about 37,000 of which are stationed in South Korea, but also, if they desire to do so, could strike Japan and possibly even Hawaii. Its missiles are that well developed.

Because of that, the potential for military action, while it probably should never be taken off the table because we do not know just how serious North Korea will be with its aggression, is not one most experts believe should be threatened as a means of making North Korea comply.

At the other end of the spectrum are those who say we should talk with

North Korea. There are two problems. One, it has been tried and found to have failed. North Korea is willing to talk, but it is not willing to make concessions or, if it does make concessions, it is not willing to keep them. So talk alone is clearly, at least in my view, not a solution to this problem. Originally, North Koreans said if you will talk to us, then we can get a dialog going that will actually result in our compliance with these agreements. But as soon as the Secretary of State hinted maybe the United States would talk, all of a sudden there are new conditions. As a matter of fact, it is reported in the news media that the North Korean leaders said they were going to pull out of the nuclear non-proliferation treaty today—unless we would resume fuel oil shipments to them.

This is the point. That is the way the North Koreans talk. They are always bargaining. They will talk to you today if you will give them something today; otherwise, no dice. And the problem is you give it to them and then even if they have made a commitment, we find they will break it. So the North Koreans are not exactly the kind of partners you can rely upon and negotiate. For the same reason, we are not negotiating with Saddam Hussein or the al-Qaida. We do not believe it is in our best interest to negotiate with the North Koreans. So talk alone will not solve the problem.

Somewhere in between military action and talk there has to be a solution to this problem. As I pointed out, the clock is ticking. We do not have a long time to wait. So even though the legislation I will be describing in a moment contains components that would gradually pressure North Korea to become more democratic, to become more peaceful, to eschew its weapons of mass destruction and stop its nuclear program, the question is whether even this kind of approach can take hold quickly enough to force North Korea to stop before it develops the nuclear weapons and gets them in somebody else's hands. That is the real question.

So, even this middle ground, this third wave, as I call it, has the potential of not working if North Korea believes it can gain enough time to build these nuclear weapons and sell them to somebody else or build them and threaten to do that as a way of extracting concessions from us. That is the problem. I don't want to get too specific about the timing. I will say that in a matter of months, much less than a year, North Korea could develop a number of nuclear weapons. That is the kind of timeframe we are talking about.

Mr. DORGAN. Will the Senator yield for a unanimous consent request.

Mr. KYL. I am happy to yield.

Mr. DORGAN. I apologize for interrupting. I ask unanimous consent that I be recognized following the presentation by the Senator from Arizona.

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

Mr. KYL. I ask unanimous consent to have printed in the RECORD a very well thought-through op-ed piece called "Don't Rule Out Force," penned by Dennis Ross, which appeared in today's Washington Post newspaper.

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

[From the Washington Post, Jan. 10, 2003]

DON'T RULE OUT FORCE

(By Dennis Ross)

Why is the Bush administration suggesting there is no crisis in Korea? Is it because it doesn't want to be diverted from taking on Saddam Hussein and, in effect prefers dealing with each threat sequentially? Perhaps. But I suspect it has less to do with Hussein than with what is clearly a weak set of options.

True, it would not be easy to fight both North Korea and Iraq at the same time. But even more to the point, North Korea has formidable conventional military capabilities. If the United States decided to bomb the nuclear processing center in the Yongbyon complex, one could not rule out the possibility that the North Koreans would react with a massive attack against the South. They certainly want us to think they would, and it would be irresponsible not to take this threat seriously.

Does that argue for the administration's approach of isolation and containment of North Korea? It might, if the North Koreans were two or three years away from being able to produce a half-dozen nuclear devices. But it's more likely that they are only six months away, and that is not sufficient time for the effects of isolation and containment to work on Kim Jong Il. The price to North Korea in six months will not be appreciably different from what it is today. In six months North Korea will be in a position to sell a nuclear device, and its record to date demonstrates unmistakably that it will sell anything to anybody any time.

To put it simply, the clock is ticking. And paradoxically, by publicly taking the military option off the table, the United States is sending Kim Jong Il the message that he has time. From his standpoint, that will permit him to become a nuclear power, making him, in his eyes, a factor internationally and requiring us to deal with him on his terms.

He may, of course, be miscalculating. But even the Bush administration's preferred strategy of isolation and containment has no real support from those who would be essential to making it work over time. Neither the South Koreans nor the Chinese nor even the Russians seem to accept it. Each country favors a policy of engagement. While South Korea's desire to mediate the crisis is understandable, North Korea will continue to use the South's fears to erode its positions and to try to drive a wedge between Washington and Seoul.

If we want diplomacy to stand a chance, we cannot divorce it completely from possible military responses, and we must look to those who actually do possess leverage given current realities. Our readiness to use military force—alone if necessary—has been essential to the administration's ability to isolate Iraq and build a consensus on disarming it. By taking the military option off the table in Korea, we not only signal the North Koreans that they have time, but also reduce the sense of urgency that might alter Chinese and Russian behavior. And it is the Chinese and Russians who have the greatest leverage on Kim Jong Il.

The Chinese provide half of North Korea's food and fuel assistance. Russia's leverage stems less from what it provides now, though

its economic ties are important to North Korea, than from the relationship President Vladimir Putin has with Kim Jong Il. He has feted him in Moscow and seems to take him seriously. The North Korean leader clearly values his connection to Putin.

While neither the Chinese nor the Russians are pleased with North Korean behavior, their public reactions have been tepid. (Moscow "regrets" the North Korean threat to withdraw from the Nuclear Non-Proliferation Treaty.)

Both the Russians and the Chinese would undoubtedly oppose a U.S. military response. But if we want to mobilize more vigorous action from them, those two countries have to become seized with the seriousness of the moment. They have to believe that the resumption of reprocessing is not acceptable to us and could trigger a military reaction.

The purpose is not to make the military option inevitable but to build the pressure to produce a diplomatic alternative.

At the minimum, the administration must introduce greater ambiguity into its posture. For example, it could make clear that no option is being excluded, including military ones. Similarly, without calling attention to it, we could also build our naval presence in the area, something that would please neither the Chinese nor the Russians. Should we feel the need for more dramatic and extreme measures, the administration could say that a continuing North Korean capability to produce nuclear weapons is so threatening that we would reserve the right to act militarily and would even contemplate extending our nuclear umbrella to South Korea.

The goal would be to promote a greater sense of urgency, without making an empty bluff or triggering worse North Korean behavior. Making clear we have been left with no choice but to consider the military option need not be done in public, but it does need to be done if we are to persuade the Russians and the Chinese to help us alter North Korean behavior.

Neither the Russians nor the Chinese want a war on the Korean peninsula; nor do they want the U.S. presence to be expanded or the U.S. nuclear umbrella to be extended, making us even more of the arbiter of Asian affairs. We have to play on these fears, while making it clear that it is in the hands of Russia and China to head off the very possibilities that are so troubling to them.

The Russians, in particular, could organize a diplomatic initiative that could finesse the administration's unwillingness to "negotiate" with North Korea, while creating the indirect engagement that will be necessary. In this connection, Moscow could host a meeting of all the interested parties: the United States, China, South Korea, Japan and perhaps the European Union and the United Nations.

Ground rules for settling this crisis could be established, with the clear understanding that North Korea's wishes will not be addressed until Pyongyang is ready to stop its nuclear program, subject all parts of its nuclear efforts to intensive and continuing inspection and turn over all existing spent fuel.

No doubt if the Russians were to present such demands to North Korea, the North Koreans would seek to negotiate on these conditions and what they might receive in return. Provided the Russians knew clearly what our red lines were—and convinced of our readiness to act militarily if necessary—diplomacy might yet succeed.

Mr. KYL. The reason I do this at this point, Mr. President, Dennis Ross makes the point, and I think eloquently, that the administration should not rule out force; that it ought

to make it clear not only to North Korea but to North Korea's neighbors, Russia and China, that, of course, force is always an option; that there have to be some consequences to an absolute refusal of North Korea to agree to abide by the norms all the rest of us abide by, and to abide by the agreements it has entered into.

I hasten to point out neither Dennis Ross nor I are advocating the use of force. He points out, and I reiterate the point, one would hope it would never come to that because the use of force against North Korea is fraught with the perils I discussed before.

But Ross makes the point, and I think it is a valid one, that without consequences to failing to agree to be reasonable, it is unlikely North Korea will be reasonable. And more importantly, without that kind of a potential development, it may well be our allies in the region—the Russians and Chinese—who may also not be willing to put the kind of pressure they can and should against North Korea to cause North Korea to back down.

So that is the reason why this kind of action by the United States should not necessarily be ruled out, even with all of its potential dangers.

The reason I make this point is as follows: Talks can only succeed if we change the circumstances on the ground today. As of right now, talks result in promises by North Korea in exchange for fuel oil or food or whatever to North Korea, and then they violate the agreements and we are left in a position of reacting to their violation. We have to change that dynamic in some way so that North Korea feels some pressure to come to terms with its violations, some pressure to comply with the commitments it has made, some pressure to begin to dismantle its nuclear programs. Without that kind of pressure, without something to lose by refusing to go along in our negotiations or violating the agreements they make, talk alone is not likely to change anything. We have to change the circumstances.

How do we do that? That is where our legislation comes in. This legislation would put into place several circumstances which we believe would cause North Korea to more seriously consider negotiations as a means toward real, peaceful resolution of the dispute and real disarmament of its nuclear facilities. But without these kinds of pressures or conditions or circumstances, they are not likely to do so.

Let me briefly summarize the legislation. The first thing is to recognize what the North Koreans themselves have said, but to make it official: That the agreed framework entered into 9 years ago has failed and is no longer extant and it related to a circumstance North Korea has no longer permitted to exist and, as a result, the subsidization of North Korea called for under the agreement will cease; that they are not going to continue to be supported

by the United States under the agreed framework.

The second thing we do is prohibit the United States assistance to North Korea or the Korean Peninsula Energy Development Organization under the agreed framework. This is designed, among other things, to help deny North Korea the funds, the hard currency it needs, to continuing the development of its nuclear program.

That is the third thing the act would do. It would reinstitute the sanctions that were previously in place and permit the President to invoke new sanctions. In effect, what I have called for is a resolution similar to resolution 611 against Iraq. Same terms, prohibiting exports and imports, as a way of denying hard currency to a country to engage in illicit activity. In the case of North Korea, this is especially important. The biggest source of hard currency for North Korea is the illicit drug trade and the weaponry it sends to other countries.

Where do countries such as Iraq get Scud missiles? North Korea. Where did Pakistan get some of its equipment? North Korea. Where do other countries get weapons of mass destruction? North Korea.

If we impose sanctions that both prohibit the importation and the exportation of these items from North Korea, we can help to impose upon their regime an economic circumstance which might persuade them it is more beneficial to talk and to make promises they intend to keep than to continue on their present course of action.

Another provision of the act would prohibit any nuclear cooperation agreement or type of nuclear interaction with North Korea unless and until the President made several determinations and sent them to the Congress and Congress approved of such an interaction or agreement by congressional action.

We would also encourage the President to obtain multilateral sanctions including the blocking of remittances from ethnic Koreans to North Korea. That's the other source of hard currency, the remittances from North Koreans elsewhere in the world to their relatives in North Korea itself.

But with regard to multilateral activity here, it is interesting to me that probably the most significant pressure that could be put on North Korea to begin complying with its commitments would come from China. China supplies approximately 80 percent of the fuel oil to North Korea. It provides over half of the food and fuel generally to North Korea. It has a long border with North Korea. It clearly would be called upon to help enforce sanctions if they were imposed. And it clearly would suffer, probably more than any other country, from any kind of nuclear explosion on the North Korean peninsula or any other explosion in which poison gases or nerve agents or biological agents of some kind were released from the atmosphere since the wind is prevailing south to north.

China has a great deal to lose from North Korea acquiring a nuclear capability as well. In the first place, I don't think China wants other countries in the region to have nuclear weapons. China has those weapons, but I don't think it wants Japan to acquire those weapons. I don't think it would want South Korea or Taiwan to acquire nuclear weapons. I am not sure it would want the United States to extend its nuclear umbrella to South Korea, for example.

All of those things could happen if North Korea is permitted to develop nuclear weapons. It seems to me, therefore, it is very much in China's interest to quietly, if that is the way they have to do it, but firmly dissuade the North Koreans from progressing with its nuclear development program.

It is especially troublesome that very recently China has continued to supply North Korea with materiel and other assistance for the further development of North Korea's nuclear program. Again, without going into details, we are well aware of what China has been doing. The United States needs to come down very firmly against this kind of export from China to North Korea. Not only do I think we should argue to China what we believe is in China's best interests, but in other ways to exert what other kind of influence we can on China to stop this kind of activity and assist us working with the North Koreans to stop their program.

To some extent, arguments similar to that relate to Russia, although Russia is not as close to North Korea as are the Chinese. But in both cases, both Russia and China could assist us. One of the things our bill urges is the development of those multilateral kinds of agreements and actions that would stop North Korea from furthering its program.

We would also in this act do a variety of things which we think would help to put pressure on North Korea, in terms of democratization and in terms of liberalizing its country in general. For example, granting North Koreans refugee status in the United States, encouraging the executive branch to work with other countries to care for and resettle refugees from North Korea and provide money for that purpose. We would require Radio Free Asia to increase its broadcasting to North Korea to 24 hours a day and authorize whatever money is necessary to do that.

We also believe it is important for Congress to actually take measures, including military reinforcements, if that is called for, and enhanced defense exercises and other steps as determined appropriate to assure the highest level of deterrence against North Korea.

This is important for two reasons. First, there are those who called on us to bring our troops home from South Korea and, frankly, the temptation is great, when South Korean leaders basically talk about not wanting the United States in South Korea anymore, to do precisely that. Why should we

have our own troops there when they allegedly do not want us there? Unfortunately, that's a shortsighted way of looking at the problem. If we are to put the pressure on North Korea to make dialog meaningful, the third way I was talking about, to back it up with some potential action, then you do have to have a military presence and demonstrate you mean it when you talk about the North Koreans needing to comply with their agreements. Therefore, it would be the wrong time to either remove our troops or suggest they are not prepared. Thus, the reason our bill calls for enhanced measures to ensure our deterrence in that area.

What these provisions of the bill demonstrate is that there are a lot of alternatives in between just talk which, as I said, is cheap, and military action, which is to be avoided at all costs here because of the consequences of it. There are a lot of things we could be doing in between that. I have described in not very much detail what our bill provides in that regard, to just demonstrate there are a lot of things we could be doing to cut off its supply of hard currency, to isolate it, and to put pressure on North Korea to begin to comply with the agreements it has made in the past.

Some might say this is provocative. Frankly, I don't think it is very provocative. It is certainly not as provocative as having to resort to military force. It seems to me it is also not provocative to let the North Koreans know there are consequences to violating agreements they have made with the rest of the world.

If we are not able to back up these agreements, then why ever have agreements in the first place? Why couldn't any country simply get out of the NPT and say, We didn't really mean it when we signed up? The United Nations charter itself—I have forgotten the exact chapters; I think it is chapters 6 and 7—provides for the imposition of international norms of behavior in cases where the peace of the world is threatened by a particular country. That applies directly to North Korea in this case.

So we have the ability to act as an international group of nations, in addition to unilaterally in the case of the United States. But I would also say to those who say this is dangerous and provocative, that's the same thing people criticized Ronald Reagan for when he talked about the Evil Empire, Russia. It was the pressure the United States put on Russia in the latter stages of the Soviet Union, during which time the President not only built up our military to create a strong deterrence to any military action by the Soviet Union but also began to expand our push for democratization and freedom in Eastern Europe and in the outlying areas of the Soviet empire.

Many think it was the combination of those factors that caused the Soviet Union to break up, the combination of a strong deterrence on our part, the

peace-through-strength concept of Ronald Reagan, but also the declaration that it was an evil empire, the assistance to Lech Walesa, the characterization of the country and all of the eastern satellite countries of the Soviet Union as evil and nondemocratic and abusive of human rights, the Jackson-Vanik amendment. Those actions, over time, I believe, had a very salutary effect on the people in the Soviet Union and caused them to eventually conclude they could not confront the democratic nations of the world. As a result, Russia has been the product, fortunately for the people of Russia, of that kind of push.

I do not think you create a more dangerous or provocative situation here. I think in the case of North Korea you begin to lay the groundwork for the North Koreans to become a democratic society that can actually take care of its people and not starve them to death and engage in the human rights abuses it has in the past.

Let me just quote something Ronald Reagan wrote to himself. This is in a book called "Reagan's War." It is talking about the philosophy Reagan had in dealing with the Soviet Union, but I think it is relevant to North Korea as well. In his diary the President wrote the following with respect to a meeting that had been convened, an emergency meeting of the NSC. He jotted these notes to himself about his goal with respect to Poland. He said:

I took a stand that this may be the last chance in our lifetime to see a change in the Soviet empire's colonial policy re Eastern Europe. We should take a stand and tell them unless and until martial law is lifted in Poland, the prisoners were released and negotiations resumed between Walesa and the Polish government, we would quarantine the Soviets and Poland with no trade or communications across their borders. Also tell our NATO allies and others to join us in such sanctions or risk an estrangement from us.

Bearing in mind that all know what the result of President Reagan's policies were, I think that is the same philosophy that should animate our policy today toward North Korea. We should not be seen as vacillating. Some have characterized the administration as vacillating.

We should be sure the positions we are taking are clear-cut, firm, and no one can mistake what our intentions are, as the first step. Second, we should adhere to the President's policy of forcing North Korea to promptly and verifiably dismantle its nuclear enrichment program. And third, Congress can play a role in this by enacting legislation of the kind I have described that would not only create the conditions for more democratization in the country by granting refugee status to political refugees, broadcasting into North Korea the message of freedom to its people, but also squeezing economically the military leaders of the country to deny them the hard currency they are currently using to build up this nuclear capability, to prevent them from exporting these weapons of mass destruction to other countries.

Just as a final point, such an export limitation or quarantine as part of the sanctions that could be imposed here would not only deny the economic reward to the North Koreans from the production of this material, but it could result in an interdiction of such material if in fact they are going to try to send it some place else. Remember that shipment from North Korea that was recently intercepted going into Yemen. This kind of sale of weapons of mass destruction by North Korea, therefore, if interdicted, would not only deny the country the hard currency that it uses for its nuclear program but perhaps ultimately more importantly would prevent this kind of equipment from getting into the hands of terrorists or terrorist nations that mean us harm.

This is the approach we believe is appropriate for the United States to take. Neither military action nor just plain talk, but a dialog backed up by firm, positive, constructive actions on the part of the United States would put a lot of pressure on North Korea and would hopefully bring countries such as China and Russia along with us to help us put pressure on North Korea to cause it to come to meaningful agreement with the United States that is verifiable and that would result in peace in the region and the dismantlement of dangerous nuclear weapons they have been building.

We will be introducing this legislation next week. I appreciate the support Senator MCCAIN has provided in putting this legislation together, and I look forward to visiting with my colleagues and getting sponsorship of the legislation with an early commitment to get it passed by this body and sent on to the President.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

HIGH-SPEED PURSUITS

Mr. DORGAN. Mr. President, in this morning's Los Angeles Times there was a story headlined "Border Pursuit Crash Kills Two, Hurts Thirteen".

The paper reported that 2 women were killed and 13 people were injured—7 of them critically—when a pickup truck full of suspected illegal immigrants overturned, after a pursuit by the Border Patrol. The 15-year-old truck was packed with people huddled under a tarp as it sped west on Interstate 8.

That pickup truck apparently smashed into a guardrail and overturned sending bodies tumbling down an embankment. According to the California Highway Patrol, two women were pronounced dead at the scene 20 miles north of the U.S.-Mexican border. Seven victims were taken to local hospitals in critical condition, and six other people with minor to moderate injuries.

The issue of high-speed pursuit by law enforcement officials is not new. In

fact, on Tuesday of this week, the Los Angeles Police Department announced that they were severely restricting circumstances in which officers could engage in high-speed pursuits, following a series of deadly crashes in that city involving fleeing vehicles.

Los Angeles has become known as the car chase capital of the world. We have all seen the helicopters following police chases on live television. In 2001, the Los Angeles Police Department launched 781 pursuits. One-hundred and thirty-nine people were injured. Six people died in those pursuits. Fifty-nine percent of the police pursuits in Los Angeles resulted from minor traffic infractions.

According to the Border Patrol, in 1996, 8 illegal immigrants were killed and 19 were injured when their vehicle tumbled into a ditch as part of a high-speed pursuit by the Border Patrol. There is a list of such cases.

Look, this is not the fault of law enforcement officials. It is the fault of the people who are fleeing law enforcement officials. But we ought to have policies and training on high-speed pursuits, to make sure pursuit is appropriate. In cases where we have minor infractions, in cases where there is no imminent danger, we ought not have chases at 60-, 80-, or 100-mile miles per hour, in which innocent people get killed.

Today I am writing to the head of the Border Patrol asking for an investigation into what happened yesterday. I want to understand what kind of pursuit policies the Border Patrol uses, and what kind of pursuit policies and training they have.

This is happening too often. I think more law enforcement ought to follow the model of Los Angeles.

I have a personal interest in this issue. My mother was killed in a high-speed police chase. She was driving home from a hospital one night about 9 o'clock in the evening on a quiet street in Bismark, ND. A couple of drunks driving a pickup truck fishtailed. Witnesses said the police were chasing them at 80 to 100 miles an hour, down a city street in Bismark, ND. There was a crash. My mother was an innocent victim.

Three-hundred to four-hundred people a year in this country suffer that fate; some say up to 1,000.

This is not some mysterious illness for which we don't know a cure. We understand what causes the death of innocent people with respect to police pursuits. We understand how to stop it.

I believe if there is a bank robbery and guns are blazing and a getaway car is moving, the police ought to chase and ought to pursue because they have no choice. The public is desperately endangered in that circumstance. But such chases are inappropriate in many other circumstances.

I have spent a lot of time on this issue in recent years. I remember talking to a county sheriff in North Dakota about this issue. He said: Just last

week we had a police pursuit. We started this pursuit, and one of my deputies saw someone horribly drunk weaving all over the road. He began immediately to apprehend this person. The person took off at a high rate of speed, and my deputy saw two little children in the backseat of that car and immediately disengaged. We got the license number. We didn't chase. We arrested that person about 3 hours later and those children were safe.

If they had not made that judgment call, perhaps that would have resulted in a car crash and the death of those children.

I mentioned my family's acquaintance with this issue in a deadly way. Here are some other examples, which occurred recently in Los Angeles. In March of 2002, Henry and Anna Polivoda, 79 and 76 years old, were struck and killed by a fleeing suspect in a pursuit that began over a car registration. Henry and Anna were Holocaust survivors, but they couldn't survive a high-speed pursuit on a city street. They were innocent victims of that pursuit.

A couple of months after that, a 4-year-old girl was killed when an auto theft suspect ran a red light on a busy downtown street, causing a chain reaction that knocked over a traffic light, killing the girl.

This goes on and on and on.

Yesterday's incident is one I know very little about—only that which I read in the newspaper. Of course, it brought back to me some very sad memories.

I know that those who were attempting to smuggle illegal immigrants into this country yesterday are ultimately at fault. I know those smugglers who decided not to stop when the Border Patrol tried to apprehend them are at fault.

But I also know this requires us, once again, to review when it is appropriate for us to engage in high-speed police pursuits and when it is inappropriate.

I have undying admiration for the work law enforcement officers do every day and every night. While we lie safely in our beds at night, there are people patrolling our streets and keeping us safe. They deserve our enormous admiration for the work they do. It is dangerous and difficult.

But I only ask this: How many more crashes, how many more deaths will it take for this country—all of us—to decide that in some circumstances it is inappropriate for law enforcement to engage in high-speed chases?

I know a city police chief from a southern State. His daughter is dead as a result of a high-speed police chase. Now, this is a police chief. This is a law enforcement official. His daughter was killed in a chase that occurred as a result of a broken taillight. That broken taillight was a cause for law enforcement to want to stop the vehicle. The vehicle did not stop. It took off at a high rate of speed. Because of that broken taillight, the police pursued, and

the police chief's daughter was killed—an innocent bystander at an intersection down the road.

And it is always the innocent bystander who is killed. The drunk driver who killed my mother had almost no injuries, as is almost always the case with drunks. He was fleeing from the police. It was his fault. But in the circumstance I described with my mother, in that community, they did not have the kind of training I think they needed with respect to police pursuit. I think that is the case in many communities around the country.

Today, I say to the police chief in Los Angeles: Good for you. Thanks for the announcement you made on Tuesday, to decide to restrict police pursuit and high-speed chases to circumstances where they are essential.

We do not need to be entertained on a television network by having a helicopter following a chase. That ought not be what entertains the American people. Police chases are appropriate and necessary in certain circumstances. But in other circumstances they are killing innocent Americans.

So what I wanted to say today is this: There have been too many examples with the Border Patrol of high-speed pursuits in which people are being killed, especially on Interstate 8. I think it is time for us to take a look at what is going on. I am going to ask the head of the Border Patrol to investigate this and report to us exactly what happened.

I want the head of the Border Patrol, and all other Federal law enforcement authorities, to tell us about their policies and training with respect to high-speed law enforcement pursuit.

I am not suggesting they should not be able to pursue; I am saying they need training and policies that determine when it is appropriate and when it is not.

Mr. President, this is always a painful subject for me. I have been dealing with it for a long while.

There are of course many others who have also been dealing with this. There was a wonderful woman in the State of Wyoming who lost a loved one to a high-speed police pursuit. She created a national organization called STOP, to deal with the problem. She and many other people who suffered and whose loved ones suffered as a result of being on the wrong end of a police pursuit—an innocent victim—tried very hard to make progress in requiring uniform policies and uniform training in this area. I am sorry to say that she died of cancer some while ago.

I hope we will make more progress than we have in the past. We have made some progress in some areas, but not nearly enough. Yesterday's incident—this morning's news—I think reflects that once again.

I do not come here assigning blame with respect to the incident yesterday. Clearly, the ultimate blame lies with the smugglers who decided not to stop

when law enforcement authorities tried to apprehend them. But I want to know if perhaps policies which allow chases in certain circumstances are also contributing to the death of innocent people. If that is the case, we need to ask law enforcement to better train their officers, and create better policies.

So I will send a letter today and call the head of the Border Patrol and ask for this investigation. I will share with my colleagues the results of it.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SESSIONS. Mr. President, I believe we are in morning business with Senators allowed to speak for up to 10 minutes each.

The PRESIDING OFFICER. The Senator is correct.

NORTH KOREA

Mr. SESSIONS. Mr. President, I express my appreciation to Senators KYL and MCCAIN for the introduction of the legislation to cause us to confront the unacceptable behavior of North Korea. That is a situation that is dangerous. It is a situation that has gotten out of hand, for a number of reasons; one of which is, over the years, through bad behavior, North Korea has obtained what they consider to be benefits as a result of misbehaving, violating world standards. As a result of that, I think they have been encouraged, in a way, to continue that misbehavior. So we need to change that cycle.

I have not studied the legislation completely, but it strikes me as a good step in sending a message that this Congress and this country will not continue to reward bad behavior.

This time last year—maybe just about this time—I was in Korea, and I went just across the DMZ, as you can do, in that building that splits the boundary line, and actually had a few minutes in North Korea. It is a remarkable situation in so many ways.

South Korea is one of the most booming economies in the world. Buildings are going up everywhere. Interstates with cloverleaves are all around Seoul. We flew all over the country in helicopters, visiting our military bases and air bases. And you could see it so clearly. There are traffic jams. People are well dressed. They are healthy. They are industrious. They are highly educated and doing very well.

In fact, while I was there I had an opportunity to meet with a number of Korean business leaders and to ask them to invest \$1 billion in the creation of a world class automobile plant in Alabama. They were considering several locations in the United States. They chose to take the wealth they have created—through a free market, a free country, with technology and science and education—and expand their capacity to produce world class automobiles. And Hyundai expects to be one of the top five automobile manufacturers in the world in the next several years.

Just north of that DMZ, less than—what?—50 miles from Seoul, Korea, is the North Korean countryside. The people of North Korea are suffering the most terrible privations. Starvation is all about. This country is unable to feed its own people.

But what do they do well? They have a good military, which they spend millions and millions of dollars on. They have a State police system that oppresses the people to a degree that is almost unsurpassed in the world's history.

I asked one of the American officials at the Embassy: Why don't we do more to send in Radio-Free-Europe-type messages to the people? Let's send in a "Radio-Free North Korea," as Senator KYL proposes in this legislation. And he said: Well, it's much more difficult than you think. For example, the TV sets the people can obtain, have only three channels, and all of those channels are full-time government channels. Thus, one can't send in a television message. And they asserted there are similar problems even with radios in North Korea.

This is a nation that has suffered the most oppression of almost any nation I can name. Their oppression is as systematic and as deliberate as one can imagine. And the results are so stark, so dramatic.

Many people have seen the famous and stunning photograph of the Korean peninsula at night. In it, you can see the DMZ. You can also see south of the demilitarized zone into South Korea.

There are lights everywhere in South Korea. You can see into China and there are lights everywhere, but North Korea is just dark, without electricity, without lights, for the people. How long does this continue? What plan do we have to try to change this situation?

The President has expressed concern about it. From the world leaders and the Europeans and others who like to be engaged in these issues, do I hear sufficient outrage as to the moral unacceptability of what is occurring in this country? If there is any decency, if there is any concern for fellow human beings anywhere in the world, we ought to be outraged by what is happening to the good people of North Korea who have little if any chance to free themselves from this oppression.

They say we have to send aid and food and other things or else the country might implode. We know people are dying now. We know the population of North Korea is shrinking. We know the population of North Korea has fallen to probably half that of the population in South Korea and just in the last 20 years. How much worse could an implosion be? What should we think and how should we analyze this situation?

I will have more to say about it, but any humane, forward-looking foreign policy ought to consider what we can do to change the fundamental nature of the Government in North Korea. It is oppressing its people to an extraordinary degree. Through threats and

bluster, we have been allowing North Korea to obtain benefits pursuant to agreements. Now they have admitted before the entire world, flat out, that the benefits they have been receiving pursuant to the agreement with the United States and the Clinton administration were built on a lie, that they were, in fact, in violation of the very agreement they signed.

The Economist magazine had an interesting piece recently that said, yes, agreements are good in the world. Multilateral agreements are good. Bilateral agreements are good. Peace agreements are good. But they said this: What happens when the country doesn't abide by it? What happens when they say they are going to do something and just don't do it? If there are no consequences for their failure to comply with solemn agreements that they have made, presumably for the good of the region and the world and their own nation, then what is going to occur here? Are we not creating a circumstance where a country may conclude that they may, indeed, gain by a lie, gain by cheating, gain by threatening and destabilizing and selling weapons around the world?

We need to reexamine our policy. We need to understand that this is not a normal regime in North Korea. This is an abnormal regime of the worst kind. It is hurting its own people more than anything else. It is threatening the stability of that region and the world. Something needs to be done about it. We cannot continue to ignore it.

One thing we cannot do, we cannot expect to sign an agreement with them and expect it to be honored because their history is not to honor agreements.

I support the legislation. We need to do something such as this and move it forward. We need to strengthen our relationship with South Korea. They have so much to offer to the world. We need to do what we can to change that regime in North Korea that is so unhealthy, a regime that is doing so much damage and threatening the stability and safety and security of the world.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

LOCAL LAW ENFORCEMENT ACT OF 2001

Mr. SMITH. Mr. President, I rise today to speak about the need for hate crimes legislation. In the last Congress Senator KENNEDY and I introduced the Local Law Enforcement Act—a bill that would add new categories to current hate crimes law, sending a signal

that violence of any kind is unacceptable in our society.

I would like to describe a terrible crime that occurred January 26, 2002, in Houston, TX. Hugo Cesar “Bibi” Barajas was found dead from multiple gunshot wounds to the neck, arm, and chest near a club that caters to the gay and transgender community. Barajas was dressed as a woman at the time of the murder. Police are investigating the murder as a possible hate crime and have investigated six similar murders of transgender women in the last 3 years alone.

I believe that government's first duty is to defend its citizens, to defend them against the harms that come out of hate. The Local Law Enforcement Enhancement Act is a symbol that can become substance. I believe that by passing this legislation and changing current law, we can change hearts and minds as well.

PERU AIRBRIDGE PROGRAM

Mr. LEAHY. Mr. President, since 1994, the U.S. Government has provided tactical aerial intelligence assistance to the Government of Peru, to help it stop the shipment of illegal drugs across its borders.

U.S. surveillance aircraft owned by the Defense Department and operated by contractors employed by the Central Intelligence Agency are tasked to locate potential drug flights, which Peruvian military jets then intercept. Occasionally, the Peruvian military has shot down those aircraft.

Unfortunately, the mistaken shoot-down on April 20, 2001, of a civilian missionary aircraft resulting in the deaths of two innocent Americans, including a young child, and the wounding of the pilot, revealed serious deficiencies in the procedures governing this program.

After a thorough investigation and revision of the procedures, the State Department has recommended that this program be reinstated in Columbia, and it is anticipated that it may also resume at some point in Peru.

I understand the motivation for this program is to stop the shipment of illegal drugs. That is a goal we all share, and we are spending hundreds of millions of dollars each year in the Andes to do so. However, a policy of shooting down civilian aircraft in such circumstances would not be lawful in the United States, and I am concerned that the foreign pilots are performing the role of prosecutor, jury and executioner, even when there may be no cause for self-defense and no proof that the operators of the targeted aircraft have broken any law.

This policy, in essence, presumed any civilian aircraft in drug-producing areas to be guilty unless proven innocent, and permitted the use of deadly force when there was only the suspicion of involvement of smuggling drugs.

I have read a report issued by the Senate Select Committee on Intel-

ligence in October of 2001, which describes the serious flaws in the aerial interdiction program in the Andean countries. I agree with many of the report's findings. The Intelligence Committee report I refer to was commissioned specifically to investigate the April 20, 2001 incident in Peru.

Despite the appearance of legitimacy, the missionary plane was singled out by a U.S. surveillance jet as a possible drug smuggling flight. The U.S. surveillance aircraft was participating in the joint U.S.-Peru counter-drug aerial interdiction program. The surveillance jet tracked the path of the missionary flight and a Peruvian military jet responded.

A confused and ultimately unsuccessful effort was made by Peruvian military and Peruvian civilian authorities to identify the missionary plane and to surmise the intentions of its crew, all of which are mandated by the standard operating procedures that govern operation of the aerial interdiction program.

That information was available to the Peruvian authorities. But due to the lack of access to records of flight plans kept by Peruvian aviation authorities; the failure of a Peruvian officer to check a list of aircraft tail numbers that would have identified the missionary plane as a legitimately owned and operated aircraft; and inefficient communications between the aircraft involved and ground personnel, a presumption of guilt, without supporting evidence, led to this avoidable tragedy.

This incident is a glaring example of the dire consequences resulting from attempts by law enforcement and military agencies to take the place of prosecutors and courts to mete out justice to suspected criminals.

I am sympathetic to the motivations for this policy. But absent an imminent, serious threat to human health or safety, I do not believe that deadly force of this type should be used against civilian aircraft. While I hope I am proven wrong, I worry that the new procedures, while well-intentioned, may not be adequate to prevent another tragic mistake. I am also concerned that we risk providing other countries with an excuse to shoot down civilian aircraft over their territory, whether to stop illegal drugs or for some completely different reason which they may deem to be legitimate.

I urge the administration to reconsider this policy. Yes, we want to stop drugs. Yes, we want to conduct aerial surveillance of suspected aircraft. But shooting civilian aircraft out of the sky, when there is no cause for self-defense, no imminent threat to innocent life, and not even proof of illegality, I believe goes too far. We have seen what can happen. Let us not repeat that mistake.

THE TRUTH IN TUNA LABELING ACT OF 2003

Mr. HOLLINGS. Mr. President, I rise today in support of the Truth in Tuna Labeling Act of 2003. This act would amend the Dolphin Protection Consumer Information Act by reinstating an important consumer provision that had been a part of U.S. law since 1990. The provision in this bill would ensure our consumers that tuna fish sold in the United States that is labeled "dolphin safe" in fact was caught in a way that will not harm dolphins.

My colleague Senator BOXER and I believe that restoring the original "dolphin-safe" standard is necessary after a recent—and surprising—decision by the Secretary of Commerce that would now allow tuna caught by chasing and encircling dolphins to be deemed "safe" for dolphins.

The "dolphin safe" label came about as an entirely voluntary consumer label. It was created in reaction to public outrage about fishing methods specific to the eastern tropical Pacific Ocean, ETP, where dolphins that swim with schools of yellowfin tuna were intentionally encircled by purse seine tuna vessels and killed in fishing operations. Hundreds of thousands of dolphins died as a result of this practice over the years. A massive consumer boycott of tuna was launched. The U.S. tuna industry stepped up to the plate and voluntarily committed to abandon this "encirclement" practice. This commitment is what the 1990 "dolphin safe" labeling provision recognized. Since that time, the U.S. fishing fleet has not used the encirclement method, and has stopped fishing in the ETP entirely.

In 1997, the act was amended after conclusion of an international dolphin protection agreement among many ETP tuna fishing nations. The change would allow the Secretary of Commerce to consider whether a modified encirclement method could qualify for the dolphin safe label. But, there were those who strongly questioned that any encirclement method could be safe, and a condition of agreeing to this charge was that there would be a scientific study to ensure there would be no adverse impact on the dolphin populations. The amended law directed the Secretary of Commerce to make his decision based on the scientific study.

The deadline for making this decision came at the end of last year. The Secretary had to find that encirclement had no significant impact on dolphins in order to change the standard to allow tuna caught by this method to call itself "dolphin safe." Well, the National Marine Fisheries Service study found that:

concerns remains that the practice of chasing and encircling dolphins somehow is adversely affecting the ability of depleted stocks [of dolphins in the eastern Tropical Pacific] to recover.

Yet, on December 31, 2002, the Secretary of Commerce made a remarkable finding, saying that despite these

stated scientific concerns about chasing and encircling dolphins, there would be "no significant adverse impact" on dolphin populations. As a result, they weakened the labeling standard, allowing tuna caught by encircling and chasing dolphins to be sold as "dolphin safe." Mr. President, this decision did not follow the intent of Congress, which was to base this decision on the science alone. I was particularly concerned about a report in the New York Times this week that scientific studies on dolphin stress were discontinued by NMFS due to political pressure on this very issue. I hope and trust that is not the case, and I am sure we will get to the bottom of this in Committee hearings. But until these scientific questions are sorted out, we need to restore the standard that was in place prior to the decision.

My own interest in this issue has always been threefold: to ensure sound conservation of marine mammals, to provide consumers with the information they need when purchasing tuna, and ensure U.S. tuna fishermen a level playing field on which to compete. This bill is consistent with this philosophy. It sets forth an even-handed measure that gives consumers the straight story. In addition, any country can export tuna to the United States. But to get a specially authorized "dolphin safe" label on the can, they must fish in a dolphin safe way. Quite simply, anyone who wants to use the specific "dolphin safe" label needs to follow the same standards. That's as fair as you can get.

I understand that there may be additional ways we can help restore the dolphin populations of the ETP, including through international action, and I look forward to discussing those ideas. But this is a simple provision that we can surely all agree upon. It says if you want to label your tuna "dolphin safe," you can't harm dolphins. The American consumer wants and deserves clarity when they purchase tuna. I look forward to working with my colleagues to ensure we get to that result.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Ms. Evans, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the PRESIDING OFFICER laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MEASURES PLACED ON THE CALENDAR

The following bill and joint resolution were read the second time, and placed on the calendar:

H.R. 16. An act to authorize salary adjustments for Justices and judges of the United States for fiscal year 2003.

H.J. Res. 2. Joint resolution making further continuing appropriations for the fiscal year 2003, and for other purposes.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Mrs. FEINSTEIN (for herself and Mr. VOINOVICH):

S. 140. A bill to amend the Higher Education Act of 1965 to extend loan forgiveness for certain loans to Head Start teachers; to the Committee on Health, Education, Labor, and Pensions.

By Ms. SNOWE (for herself, Mr. BOND, Mr. KERRY, Mr. CRAPO, Mr. BENNETT, Mr. ENZI, Mr. BURNS, Mr. LEVIN, Ms. LANDRIEU, and Mr. ALLEN):

S. 141. A bill to improve the calculation of the Federal subsidy rate with respect to certain small business loans, and for other purposes; considered and passed.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mrs. LINCOLN:

S. Res. 17. A resolution recognizing The First Tee for its support of programs that provide young people of all backgrounds an opportunity to develop, through golf and character education, life-enhancing values such as honor, integrity, and sportsmanship; to the Committee on Health, Education, Labor, and Pensions.

ADDITIONAL COSPONSORS

S. 35

At the request of Mr. DASCHLE, the name of the Senator from New Jersey (Mr. CORZINE) was added as a cosponsor of S. 35, a bill to provide economic security for America's workers.

S. 90

At the request of Mr. GREGG, the name of the Senator from Rhode Island (Mr. CHAFEE) was added as a cosponsor of S. 90, a bill to extend certain budgetary enforcement to maintain fiscal accountability and responsibility.

S. 105

At the request of Ms. STABENOW, the names of the Senator from Washington (Mrs. MURRAY), the Senator from Massachusetts (Mr. KERRY), and the Senator from Wisconsin (Mr. KOHL) were added as cosponsors of S. 105, a bill to repeal certain provisions of the Homeland Security Act (Public Law 107-296) relating to liability with respect to certain vaccines.

STATEMENTS ON INTRODUCED
BILLS AND JOINT RESOLUTIONS

By Mrs. FEINSTEIN (for herself
and Mr. VOINOVICH):

S. 140. A bill to amend the Higher Education Act of 1965 to extend loan forgiveness for certain loans to Head Start teachers; to the Committee on Health, Education, Labor, and Pensions.

Mrs. FEINSTEIN. Mr. President, I rise today with Senator VOINOVICH to introduce legislation to expand the Federal loan forgiveness program to include Head Start teachers and administrators.

Nationwide, only 22 percent of Head Start teachers have completed a baccalaureate or advanced degree program. In California, that number is even smaller: about 16 percent of Head Start teachers have completed a bachelor's degree.

A survey completed by the U.S. Department of Health and Human Services in June 2000 called the Head Start Family and Child Experiences Survey, FACES, found a strong relationship between the education of the Head Start teacher and classroom quality. "Teachers with higher education levels were found to be more sensitive and responsive to their children, to have more high quality language activities, and more creative activities in their classrooms."

Teachers with higher levels of education also had classes with more high quality language activities such as reading books to the children and provided more opportunities for children to develop skills in expressing thoughts.

Equally important, teachers with higher levels of education were found to be more responsive and sensitive to the children in their classes.

Head Start is one of the most important Federal programs because it has the potential to reach children early in their formative years when their cognitive skills are just developing.

We know that poor children disproportionately start school behind their peers, they are less likely to count to 10 or to recite the alphabet.

Providing low-income children with access to programs that encourage cognitive learning and prepare them to enter school ready to learn is important.

Head Start is one example of a Federal program that has the potential to reach every low-income child; to help every eligible child learn to count to ten and begin to recite the alphabet.

Many of our Nation's youngsters, however, enter elementary school without the basic skills necessary to succeed. Often these children lag behind their peers throughout their academic career.

As taxpayers, we will spend millions on efforts to help these children catch up. Many of these children will never catch up.

Several studies confirm the importance of providing low-income children

with the opportunity early on to gain basic cognitive skills: a study conducted on a preschool program in Chicago showed that for every dollar invested, \$8 was saved by society in projected costs. Additionally, 26 percent more children were likely to finish high school and 40 percent were less likely to repeat a grade.

The National Head Start Association found that for every dollar invested in Head Start, at least \$2.50 is saved because these children need less remedial education and are less likely to be on welfare programs or involved with the juvenile justice system than non-Head Start peers.

The Rand Corporation found that for every dollar invested in early childhood learning programs, taxpayers save between \$4 and \$7 later by reducing the need for alcohol and drug treatment programs, special education programs, mental health services, and the likelihood of incarceration.

We can save millions by providing low-income children with access to quality preschool where they will gain the necessary skills to succeed in school and life.

In order to give every child a head start in life, we must continue to recruit qualified teachers to the Head Start field who have demonstrated knowledge and teaching skills in reading, writing, early childhood development, and other areas of the preschool curriculum with a particular focus on cognitive learning.

Obtaining and maintaining teachers with such qualifications is the only way to jump-start cognition learning and to ensure that our youngsters start elementary school ready to learn.

In 2000, the Head Start 2010 National Advisory Panel presided over fifteen national hearings and open forums. The panel found: "There was a tremendous amount of testimony about the fact that, despite increases resulting from Federal quality set-aside funding, relatively low salaries and poor or non-existent benefits make it difficult to attract and retain qualified staff over the long term."

Witnesses stated that many staff positions remain vacant and turnover is likely to worsen if compensation does not improve significantly. . . . comments included passionate exhortations for greater investment in staff, observing that, in Head Start . . . the quality of the program is tied directly to the quality of the staff."

Many Head Start programs in California are losing qualified teachers to local school districts in part because the pay is better, nationally, the average Head Start teacher made \$20,700 in 2000 compared to \$40,575 for an elementary and secondary school teacher.

Head Start teachers are making half of that elementary and secondary teachers are paid on average.

Low pay, combined with mounting student loan debt, is a real deterrent to getting college graduates to become Head Start teachers.

And every teacher Head Start loses impacts access to services for our Nation's youngsters.

Today, there are no educational requirements for a Head Start teacher other than a child development associate CDA, credential, requiring 24 early child education credits and 16 general education credits.

By 2003, 50 percent of Head Start teachers will be required to have at minimum an associate or 2-year degree.

Following the recommendation of the Head Start 2010 National Advisory Panel, I believe we must elevate the compensation to attract and retain qualified individuals to commit to long-term careers in Head Start.

The loan forgiveness incentives in this bill are meant to encourage recent graduates, current Head Start teachers without a degree, and college students to enter and remain in the Head Start field. In exchange for 5 years of service, a Head Start teacher administrator could receive up to \$5,000 of the Federal Stafford Loan forgiven.

I believe we must continue to improve the Head Start program such that children leave the program able to count to ten, to recognize sizes and colors, and can begin to recite the alphabet, to name a few indicators of cognitive learning.

This is just the first step. To further ensure cognitive learning, we must also continue to raise the standards and pay for Head Start teachers.

Ensuring that our nation's youngster have access to highly educated and qualified teachers should be a priority of this Congress.

I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 140

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. LOAN FORGIVENESS FOR HEAD
START TEACHERS.

(a) SHORT TITLE.—This section may be cited as the "Loan Forgiveness for Head Start Teachers Act of 2003".

(b) HEAD START TEACHERS.—Section 428J of the Higher Education Act of 1965 (20 U.S.C. 1078–10) is amended—

(1) in subsection (b), by striking paragraph (1) and inserting the following:

"(1)(A) has been employed—

"(i) as a full-time teacher for 5 consecutive complete school years in a school that qualifies under section 465(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such a school; or

"(ii) as a Head Start teacher for 5 consecutive complete program years under the Head Start Act; and

"(B)(i) if employed as a secondary school teacher, is teaching a subject area that is relevant to the borrower's academic major as certified by the chief administrative officer of the public or nonprofit private secondary school in which the borrower is employed;

"(ii) if employed as an elementary school teacher, has demonstrated, as certified by the chief administrative officer of the public

or nonprofit private elementary school in which the borrower is employed, knowledge and teaching skills in reading, writing, mathematics, and other areas of the elementary school curriculum; and

“(iii) if employed as a Head Start teacher, has demonstrated knowledge and teaching skills in reading, writing, early childhood development, and other areas of a preschool curriculum, with a focus on cognitive learning; and”;

(2) in subsection (g), by adding at the end the following:

“(3) HEAD START.—An individual shall be eligible for loan forgiveness under this section for service described in clause (ii) of subsection (b)(1)(A) only if such individual received a baccalaureate or graduate degree on or after the date of enactment of the Loan Forgiveness for Head Start Teachers Act of 2003.”; and

(3) by adding at the end the following:

“(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary for fiscal year 2007 and succeeding fiscal years to carry out loan repayment under this section for service described in clause (ii) of subsection (b)(1)(A).”.

(c) DIRECT STUDENT LOAN FORGIVENESS.—

(1) IN GENERAL.—Section 460 of the Higher Education Act of 1965 (20 U.S.C. 1087j) is amended—

(A) in subsection (b)(1), by striking subparagraph (A) and inserting the following:

“(A)(i) has been employed—

“(I) as a full-time teacher for 5 consecutive complete school years in a school that qualifies under section 465(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such a school; or

“(II) as a Head Start teacher for 5 consecutive complete program years under the Head Start Act; and

“(ii)(I) if employed as a secondary school teacher, is teaching a subject area that is relevant to the borrower's academic major as certified by the chief administrative officer of the public or nonprofit private secondary school in which the borrower is employed;

“(II) if employed as an elementary school teacher, has demonstrated, as certified by the chief administrative officer of the public or nonprofit private elementary school in which the borrower is employed, knowledge and teaching skills in reading, writing, mathematics, and other areas of the elementary school curriculum; and

“(III) if employed as a Head Start teacher, has demonstrated knowledge and teaching skills in reading, writing, early childhood development, and other areas of a preschool curriculum, with a focus on cognitive learning; and”;

(B) in subsection (g), by adding at the end the following:

“(3) HEAD START.—An individual shall be eligible for loan forgiveness under this section for service described in subclause (II) of subsection (b)(1)(A)(i) only if such individual received a baccalaureate or graduate degree on or after the date of enactment of the Loan Forgiveness for Head Start Teachers Act of 2003.”; and

(C) by adding at the end the following:

“(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary for fiscal year 2007 and succeeding fiscal years to carry out loan repayment under this section for service described in subclause (II) of subsection (b)(1)(A)(i).”.

(2) CONFORMING AMENDMENTS.—Section 460 of the Higher Education Act of 1965 (20 U.S.C. 1087j) is amended—

(A) in subsection (c)(1), by inserting “or fifth complete program year” after “fifth complete school year of teaching”;

(B) in subsection (f), by striking “subsection (b)” and inserting “subsection (b)(1)(A)(i)(I)”;

(C) in subsection (g)(1)(A), by striking “subsection (b)(1)(A)” and inserting “subsection (b)(1)(A)(i)(I)”;

(D) in subsection (h), by inserting “except as part of the term ‘program year’,” before “where”.

(d) CONFORMING AMENDMENTS.—Section 428J of the Higher Education Act of 1965 (20 U.S.C. 1078–10) is amended—

(1) in subsection (c)(1), by inserting “or fifth complete program year” after “fifth complete school year of teaching”;

(2) in subsection (f), by striking “subsection (b)” and inserting “subsection (b)(1)(A)(i)”;

(3) in subsection (g)(1)(A), by striking “subsection (b)(1)(A)” and inserting “subsection (b)(1)(A)(i)”;

(4) in subsection (h), by inserting “except as part of the term ‘program year’,” before “where”.

Mr. VOINOVICH. Mr. President, I rise today to again join my friend and colleague, Senator FEINSTEIN, to reintroduce legislation which will encourage young teachers to go into early childhood education, encourage further learning and credentialing of early learning educators, and lead to better education for our Nation's youngest children.

There is no more important time in a child's life than their earliest years. Scientific research tells us that babies are born with 100 billion neurons, or brain cells, that are waiting to make connections, or synapses, with one another. These synapses empower the brain and dictate healthy development and future learning. By the time a baby is three, 1,000 trillion connections have been made, twice as many synapses as most adults have.

However, at age 11, children start eliminating those brain connections that have not been used, thus decreasing their potential for learning and development.

To maximize their learning potential, we must begin to teach our children the necessary skills before they reach kindergarten. Researchers have found that focusing on these earliest years can make the greatest difference in a child's development and learning, and I know of few other programs that provide the same focus as Head Start.

Our bill, the Loan Forgiveness for Head Start Teachers Act of 2003, is designed to encourage currently enrolled and incoming college students working on a Bachelor's or a Master's degree to pursue a career as a Head Start teacher. In exchange for a 5-year teaching commitment in a qualified Head Start program, a college graduate with a minimum of a bachelor's degree could receive up to \$5,000 in forgiveness for their Federal Stafford student loan.

I was pleased that in the 107th Congress, during debate over the No Child Left Behind Act of 2001, this bill was offered as an amendment and was overwhelmingly passed by the Senate. Unfortunately, the amendment was not included in the final version of the No Child Left Behind Act. However, the

support our bill received in the Senate gives me great hope that this legislation will be enacted in the 108th Congress.

When I was Governor of Ohio, we invested heavily in Head Start so that there was room for every eligible child in Ohio. Because of our efforts, Ohio is 4th in the nation in terms of children served by Head Start with nearly 38,000 students served in the year 2000.

I have carried my passion for early childhood education with me to the U.S. Senate. I continue to believe that it is absolutely critical that we do more to help our young people prepare to begin school and it is why I was pleased to work with Senators JEFFORDS and STEVENS to help pass the Early Learning Opportunities Act of 2000. Still, we must now do more to help those teachers who educate our youngest children.

The results of a survey undertaken by the U.S. Department of Health and Human Services over the past two years has shown a significant correlation between the quality of education a child receives and the amount of education that child's teacher possesses. That is, the more education a teacher has, the more effectively they teach their students cognitive skills, and the more likely that students are to act upon those skills.

Current Federal law requires that 50 percent of all Head Start teachers must have an associate, bachelor's, or advanced degree in early childhood education or a related field with teaching experience by 2003. Under Ohio law, by 2007, all Head Start teachers must have at least an associates degree. The more education our teachers have, the better off our children will be. Unfortunately, as we all know, education is expensive.

In Ohio today, only 11.3 percent—242—of the 2,126 Head Start teachers employed in the state have a bachelor's degree. Additionally, less than 1 percent—20—of Ohio's Head Start teachers have a graduate degree. We must do more to help our teachers afford the education that will be used to help educate our children.

Recruiting and retaining Head Start and early childhood teachers continues to be a challenge for Ohio and other states. The Loan Forgiveness for Head Start Teachers Act of 2003 will help communities, schools and other funded Head Start providers to meet the challenge of recruiting and retaining high quality teachers. It is one of the best ways that I know of where we can make a real difference in the lives of our most precious resource—our children.

I am pleased to have been able to work with the National Head Start Association and Ohio Head Start Association, and my colleague Senator FEINSTEIN, on this legislation, and I urge my colleagues to join as cosponsors of this bill.

STATEMENTS ON SUBMITTED
RESOLUTIONS

SENATE RESOLUTION 17—RECOGNIZING THE FIRST TEE FOR ITS SUPPORT OF PROGRAMS THAT PROVIDE YOUNG PEOPLE OF ALL BACKGROUNDS AN OPPORTUNITY TO DEVELOP, THROUGH GOLF AND CHARACTER EDUCATION, LIFE-ENHANCING VALUES SUCH AS HONOR, INTEGRITY, AND SPORTSMANSHIP

Mrs. LINCOLN submitted the following resolution; which was referred to the Committee on Health, Education, Labor, and Pensions:

S. RES. 17

Whereas The First Tee, a youth character building organization, teaches young people positive values reinforced through the game of golf;

Whereas The First Tee is working to make the game of golf more affordable and accessible to young people across the country;

Whereas The First Tee is implemented through a partnership of parents, civic and corporate leaders, State and local governments, youth-serving agencies, schools, and the golfing community;

Whereas community-based programs such as The First Tee play an important role in educating youth in the positive values that build strong character;

Whereas, through the teachings of The First Tee Life Skills experience, young people learn the importance of maintaining a positive attitude, considering the consequences of their decisions, setting and achieving objectives, holding themselves to high standards, and applying to their everyday lives values such as responsibility, honesty, integrity, respect, confidence, and sportsmanship;

Whereas the strong values that The First Tee teaches to youth will positively impact their lives, their education, and their experiences in school;

Whereas the character traits youth learn in The First Tee Life Skills experience and Annual Life Skills and Leadership Academy complement the character education programs found in many schools;

Whereas these lessons are taught through a variety of golf-related exercises designed to enhance fundamental golf skills while promoting strong character;

Whereas these lessons will remain with participants for a lifetime, regardless of whether they play golf professionally or as a hobby; and

Whereas The First Tee has established and incorporated 9 core values that reflect the principles of character education, namely: confidence, courtesy, honesty, integrity, judgment, perseverance, respect, responsibility, and sportsmanship: Now, therefore, be it

Resolved, That the Senate recognizes The First Tee for its support of programs that provide young people of all backgrounds an opportunity to develop, through golf and character education, life-enhancing values such as honor, integrity, and sportsmanship.

Mrs. LINCOLN. Mr. President, I rise today to submit a resolution which recognizes the many benefits provided to our Nation's youth by the First Tee Golf program. The First Tee, a youth character building organization, provides young people of all backgrounds an opportunity to develop life-enhanc-

ing values such as honor, integrity and sportsmanship through golf.

Golf is a unique sport that teaches many of life's important lessons and promotes the best of character through fellowship and good sportsmanship. This resolution recognizes the contribution of the First Tee Golf program which, through the game of golf, provides many youths the lessons they will use to succeed as young men and women. By mitigating the high cost associated with this sport, the First Tee program gives young people an opportunity to reap the numerous benefits the game offers. Participants involved with First Tee learn to interact more effectively with others and to be a positive influence in their communities through curriculum specifically designed to teach interpersonal skills, self-management, goal-setting, and resistance skills. These are difficult life skills to teach, and I believe that the game of golf and the First Tee program is an ideal way to foster these values.

I am proud that such an honorable program is finally becoming a reality in my State of Arkansas, and I am pleased to introduce this resolution recognizing the First Tee.

7(a) CREDIT SUBSIDY RATE

Mr. FRIST. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of S. 141, which was introduced earlier today by Senators SNOWE, BOND, KERRY, and others.

The PRESIDING OFFICER. The clerk will state the bill by title.

The legislative clerk read as follows:

A bill (S. 141) to improve the calculation of the Federal subsidy rate with respect to certain small business loans, and for other purposes.

There being no objection, the Senate proceeded to consider the bill.

Ms. SNOWE. Mr. President, I rise today in support of legislation that I introduced today to permit the Office of Management and Budget, OMB, and the Small Business Administration, SBA, to use a recently-completed econometric model to calculate the credit subsidy rate for the 7(a) small business loan guarantee program, the flagship loan program at the SBA. I am very pleased that Senators BOND, KERRY, CRAPO, BENNETT, ENZI, BURNS, and LANDRIEU are original cosponsors of this important legislation.

Our bill, once signed into law by President Bush, will allow the 7(a) loan program to meet the borrowing demands of our Nation's small businesses, which is approximately \$10 billion for fiscal year 2003. Without this bill, the program would limit 7(a) loans to less than \$5 billion for FY 2003. Currently, the 7(a) program is operating at a very reduced capacity, with a loan size cap of \$500,000, to avoid exceeding the program limitations.

By limiting the 7(a) guaranteed small business loan program, we are unnecessarily hampering much-needed job

growth in the United States. Just 2 days ago, we here in the Senate passed much-needed legislation to extend jobless benefits for 20 more weeks. These benefits are intended to help those persons who have already been unemployed for 6 months. This is much too long for someone who is actively looking for a job. And we should be doing everything possible to support job creation opportunities.

The SBA 7(a) small business loan program is just the answer. According to the SBA, the 7(a) program is its most efficient program for creating new jobs. Historically, the SBA maintains the "job coefficient" for the 7(a) loans is \$32,382. The SBA "job coefficient" is the amount of an SBA-guaranteed 7(a) loan that leads to one job.

Based on the SBA's "job coefficient" for the 7(a) program, the impact of the small business guaranteed loan program is staggering. According to the OMB, enactment of our bill and implementation of the econometric model will reduce the credit subsidy rate of the 7(a) program from 1.76 percent to 1.04 percent. This reduction will expand the size of the 7(a) program from \$4.85 billion to \$8.2 billion, an increase of nearly \$3.5 billion. Based on the SBA 7(a) "job coefficient," the increase in lending from our bill will result in nearly 21,000 more loans to small businesses that will support 103,690 jobs. And no additional Federal Government spending will be needed to support this change.

The good news about the expansion of the 7(a) small business loan program does not stop here. Part of our strategy to expand the 7(a) loans program is to reprogram leftover, no-year funds previously appropriated for the SBA's STAR terrorist disaster recovery loan program, which is set to expire on January 10, 2003. If the reprogramming is approved later this month as part of the Omnibus Appropriations bill, the leftover STAR funds would be used for the regular 7(a) loan program. At this time, there is approximately \$20 million remaining, which would support an additional 12,000 loans to small businesses totaling \$1.92 billion, while assuming a credit subsidy rate of 1.04 percent established by the new econometric model. SBA-guaranteed loans to small businesses made with these funds would support 60,000 more jobs.

Unlike many stimulus plans that project benefits that occur years after enactment of the proposal, the expansion of the SBA's 7(a) program makes a critical expansion of the jobs a "today" event rather than a promise in the future. Once our bill is enacted, the increased lending between now and September 30, 2003, will guarantee 21,000 small business loans that support over 103,000 jobs. And after the STAR reprogramming is approved, 12,000 loans can be made to small businesses that support another 60,000 jobs. That's over 163,000 more jobs between now and the end of fiscal year 2003. How incredible is that?

The "econometric model" is a significant reform in the way the SBA and OMB calculates the credit subsidy rate for the 7(a) loan program. Our bill provides that the OMB and SBA will adopt the new econometric model effective retroactively to October 1, 2002. Developed by the SBA and OMB, the econometric model will use far more comprehensive data about individual borrowers and loans when forecasting anticipated defaults and establishing loan reserves to cover them.

Under the Credit Reform Act of 1990, the annual appropriation for the SBA must, in advance, provide sufficient funds to cover the cost of a Federal loan guarantee, after taking into consideration the fees paid by small business borrowers and lenders under the 7(a) program. This amount, referred to as the credit subsidy rate, is determined by the OMB prior to the submission of the President's annual budget request to the Congress.

Critics of the credit subsidy rate for the 7(a) program have cited the use of historical loan performance data that pre-dates the enactment of the Federal Credit Reform Act as a major cause of a credit subsidy rate that greatly exceeds actual loan performance. The consequence is the use of the most conservative loan default rates, year-in and year-out, and the failure by the OMB and the SBA to adjust historical loan performance data to reflect 7(a) program changes, both statutory and regulatory, that have led to real reductions in the default rates and improved program performance. According to an in-depth analysis undertaken by the General Accounting Office (GAO), the excessively high credit subsidy rates have resulted in nearly \$1 billion in unnecessary fees being paid by small business borrowers and lenders to the U.S. Treasury.

It is very unrealistic to believe that a 100 percent accurate credit subsidy rate estimate can be derived for the 7(a) loan program, or for any other Federal credit program. The econometric model, designed to calculate the 7(a) credit subsidy rate, is a major improvement over the "old" model.

Originally, the administration stated that the econometric model would not be available until FY 2004. After extensive discussions with the senior White House staff, the administration has agreed to accelerate their use of the model retroactive to October 1, 2002, the beginning of FY 2003. Their policy change is a very positive effort to help small businesses and promote job growth.

Our bill is designed to waive a key provision of the Federal Credit Reform Act that prohibits the Congress from changing a credit subsidy rate estimate once it has been transmitted to the Congress as part of the President's annual budget submission. This may be the first time this provision has been waived since implementation of the act in FY 1992.

We would not be where we are today resolving this important matter with-

out the tireless efforts of my colleagues in the Senate and the House of Representatives. Mr. MANZULLO, chairman of the House Committee on Small Business, fought for this change every step of the way. The ranking member, Ms. VELÁZQUEZ, was especially vigilant in her efforts. In the Senate, my friend and colleague from Massachusetts, JOHN KERRY, has kept the committee focused on resolving this issue for the past year. We have all fought hard to resolve the credit subsidy rate controversy for the past year. We have all fought hard to resolve the credit subsidy rate controversy for FY 2003.

Resolving the 7(a) credit subsidy rate issue is good for small businesses, is good for those seeking work and is good for America. It will mean more jobs, more opportunity and economic fuel for start-up companies. It will also be invaluable in growing small businesses. I urge each of my colleagues to vote a resounding "aye" for this important bill.

Mr. FRIST. Mr. President, I ask unanimous consent that the bill be read a third time and passed, the motion to reconsider be laid upon the table, and that any statements regarding this matter be printed in the RECORD.

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

The bill (S. 141) was read a third time and passed, as follows:

S. 141

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SUBSIDY RATE FOR SMALL BUSINESS LOANS.

Notwithstanding section 502(5)(F) of the Federal Credit Reform Act of 1990 and section 254(j) of the Balanced Budget and Emergency Deficit Control Act of 1985, the Director of the Office of Management and Budget, in calculating the Federal cost for guaranteeing loans during fiscal year 2003 under section 7(a) of the Small Business Act (15 U.S.C. 636(a)), may use the most recently approved subsidy cost model and methodology in conjunction with the program and economic assumptions, and historical data which were included in the fiscal year 2003 budget. After written notification to Congress, the Small Business Administration shall implement the validated, OMB-approved subsidy rate for fiscal year 2003, using this model and methodology. Such rate shall be deemed to have been effective on October 1, 2002.

ORDERS FOR MONDAY, JANUARY 13, 2003

Mr. FRIST. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until noon Monday, January 13. I further ask that following the prayer and the pledge, the morning hour be deemed to have expired, the Journal of the proceedings be approved to date, the time for the two leaders be reserved for their use later in the day, and that there then be a period of morning business until 2 p.m. with the time equally divided and with

Senators permitted to speak therein for up to 10 minutes each.

Mr. REID. Mr. President, reserving the right to object, if I may address this request, I know the majority leader was going to make a statement about what our program is on Monday. I have just left Senator DASCHLE's office, and it appears there is one issue to be resolved on the committee reorganization plan. I hope we can get that done. It is somewhat of a delicate issue. I spoke with the staff person that leads our Rules Committee. She has been in touch with her counterpart who is assigned with Senator LOTT to work on these problems. I have spoken to Senator MCCONNELL today, and I am hopeful and confident that we can have that done Monday. I know some of this housekeeping material is hard for those outside the Chamber to understand—why it takes so long. I tell the majority leader that we are doing the very best we can to get this worked out.

Mr. FRIST. Mr. President, I thank the leadership on the other side of the aisle because we have had a very productive week. For our colleagues in the Senate and also the people who watch these proceedings, I want to reiterate that we have all been working in good faith on a range of issues with respect to these committee resolutions. I very much appreciate that cooperation.

The PRESIDING OFFICER. The Chair will rule on the request that was made. Without objection, it is so ordered.

Mr. FRIST. Mr. President, just to update our membership, I think that we have made tremendous progress, to be honest with you, in terms of the last 6 or 7 days on the committee resolutions. There are a couple of issues that we have worked on all day today and yesterday, and I know that is not apparent before the Senate, but there has been real progress. What we would like to do—it is an objective for both sides—is to have the committees organized. There are 21 committees with new chairmen, and the Presiding Officer is one of the newer Members right now who does not have a committee presence. That is the sort of thing we are waiting on, and we have all agreed that we need to have that done as soon as possible. The new Members, right now, don't sit on any of the 21 committees. We are working to get the committee assignments on both sides of the aisle. That is the particular issue that we are talking about now and putting the new committee chairmen in place.

As we just heard, we will be able to do that in the very near future.

PROGRAM

Mr. FRIST. We will be leaving here shortly. I will mention what time we may have votes on Monday afternoon. I do hope that we can use as a goal Monday completion of these committee resolutions. There are a number of issues that we are working on, but until the

committees are organized, assignments are made, we cannot fully address the issues before us.

Senators should anticipate a busy week next week as we address a whole range of issues, including the committee resolutions; and then, I should add the appropriations, which is the next big challenge for us—the 11 appropriations bills that we were unable to finish in the 107th Congress. I very much would like to have as a goal by the end of next week completion, if at all possible, of that unfinished business.

I think we should remain in session—and this is unfinished business from the last session—until we finish the committee resolutions, as well as the appropriations. I hope Senators can plan their schedules accordingly.

Rollcall votes are possible during each day next week, including Monday, although we would not have a vote before Monday at 5 o'clock. We don't anticipate any votes. We don't know absolutely for sure that we will have a vote at that point in time, but I think it is important to proceed in that direction with the business before us.

I want to thank my colleagues for their cooperation and all the kindness they have shown in the last few days as I have taken on this new position. We have addressed a number of issues that are important to the American people during this first week of the 108th Congress. If I may look back over the last several days, it has been one of active negotiation. It is not all that apparent to the world at large, but we have had action and accomplishment and achievement. It has been a productive start.

By working together over the course of the last week, there are three things in addition to the debate on the floor that we have been able to accomplish.

One is the unemployment insurance, which, again, working in a bipartisan way, we were able to pass within several hours of opening the session. That will aid thousands of our fellow citizens in need. It is a problem that we addressed in this body before. We were able to address it in a very cooperative spirit, and we have accomplished that. A number of us had the pleasure of meeting with the President 2 days later as he signed that bill. That is to the benefit of Americans.

Secondly, we passed a continuing resolution that will keep our Government functioning and give us the time we need to complete the spending bills, the appropriations bills, that I mentioned earlier.

Third, just a few minutes ago, we wrapped up one other issue that came from the 107th Congress, one report. To our colleagues who are here and are listening, that was a promise made in the 107th Congress that we have been able to fulfill in the last few minutes.

Many will recall that immediately prior to passage of the homeland security bill in the Senate, Senator LOTT secured an agreement with Speaker HASTERT and Majority Leader DELAY to revisit in this Congress certain provisions in the homeland security bill. I am pleased to tell my colleagues that we have done just that in a manner that is acceptable to our Members. We have reached agreement. The changes will be included in the omnibus appropriations bill that I hope we will be able to consider shortly. The specifics of that will be released in the coming days.

I thank Speaker HASTERT for his willingness to work with the Senate to address these specific issues. I thank Majority Leader DELAY for his assistance, and I thank Senators CHAFEE, COLLINS, and SNOWE for their coopera-

tion, as well as Senators GREGG and ROBERTS for their assistance.

In closing, I wish to acknowledge the help of my colleagues because, as I said in my opening remarks, the spirit of working together in cooperation, I know—I absolutely know—will be to the benefit of the American people. I hope the 108th Congress will be increasingly characterized by that spirit of cooperation.

On Tuesday, we promised the American people we would get right to work. We have in a strong bipartisan way. It has been a good week. We extended the unemployment insurance, we passed the continuing resolution, and we have made good on a promise to revisit those provisions in the homeland security bill.

I am delighted to report that after 72 hours, I got voice mail in my office.

ADJOURNMENT UNTIL MONDAY, JANUARY 13, 2003

Mr. FRIST. Mr. President, if there is no further business to come before the Senate, I ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 2:12 p.m., adjourned until Monday, January 13, 2003, at 12 noon.

NOMINATIONS

Executive nominations received by the Senate January 10, 2003:

DEPARTMENT OF HOMELAND SECURITY

CLARK KENT ERVIN, OF TEXAS, TO BE INSPECTOR GENERAL, DEPARTMENT OF HOMELAND SECURITY. (NEW POSITION)

ASA HUTCHINSON, OF ARKANSAS, TO BE UNDER SECRETARY FOR BORDER AND TRANSPORTATION, DEPARTMENT OF HOMELAND SECURITY. (NEW POSITION)