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Senate

ECONOMIC STIMULUS

Mr. CARPER. Mr. President, earlier this morning--in fact, just a few minutes ago--our colleague from Georgia, Senator Miller, spoke quite eloquently about a patient on life support and said the life support was about to be withdrawn.

The patient in his comments was the economic stimulus package we have been trying to negotiate since October. I like his analogy, but I think he may not have picked the right patient.

The patient we have been trying to bring back to health is not a stimulus package. The patient that has been in the hospital bed has been the economy. We have had a sick economy, and we have been working to try to figure out how we might ensure the full, complete, and healthy recovery of that economy.

Today, we pull the plug, if you will, from that recovering economy. We pull the plug on hope for a stimulus package. It is not going to happen. I do not think we ought to spend our time today, tomorrow, or this week casting aspersions--Democrats on Republicans or vice versa. There has been a lot of good will and a lot of effort exerted in October, November, December, January, and even earlier this month by both sides, people of good will trying to figure out how we infuse capital investments, how we reach out to those who lost their health care, how we reach out to those who are losing unemployment benefits, how we help States that are struggling financially right now.

There is an old saying which I think everybody has used once or twice: The first

rule is do no harm. By essentially walking away from this debate today, we will have done no harm. Had we been able to act in October, November, or December with a reasonable package that was consistent with the three principles we talked about for the last 4 or 5 months--a stimulus should be temporary, it should be truly stimulative, and it should not exacerbate the deficit over the long haul--if we could have come to agreement on that and presented a package for the President's signature, that would have been fine. We just could not do that.

Now we face a time when the Federal Reserve has launched the most aggressive monetary policy, ratcheting down interest rates for the last year, infusing extra money in our money supply, a drop in energy prices that fueled economic recovery and shortened the recession, and we have been doing a lot of deficit spending.

Those three factors, rather than harm, have done great good. Because of those three factors, as we disconnect from the patient, if you will, this hope of a stimulus package--the economy itself--the patient is going to get well. The patient is going to check out of the hospital and go on to live, hopefully, a reasonably long, healthy life until we have another economic downturn.

Meanwhile, as we turn our attention from the economic recovery and the need for a stimulus package, I would have us keep this in mind: If by a miracle we were able to pass a stimulus package today, before it would have effect, a couple months are going to go by. It has taken almost 12 months for the full

force of the monetary policy, the interest rate cuts of the Fed to have their impact, but they are having it today.

Now the Federal Reserve is reversing course. Instead of cutting interest rates when they met last week, they decided not to further their cuts in interest rates. Before long, they are going to be turning their attention not to how we get the economy moving again but how do we dampen down inflationary expectations.

Congress is real good at coming in when the recession is basically over and passing a package which, in the end, will probably be inflationary, and what we really do not want to do is have the Federal Reserve working in a few months on the other side of the domestic monetary policy trying to dampen inflationary expectations by raising interest rates at the same time that a stimulus package from the Congress, adopted late, begins to have an effect. We will be at cross-purposes, which we do not need.

I am encouraged, I am bullish on the economy. I know people are suffering today. I hope we can pass at least an extension of short-term benefits for 13 weeks and help people. That will stimulate the economy

and, more importantly, it will help people who are suffering.

Another action we can take--and I hope we will--to promote a healthy recovery for an extended period of time--not a couple of months or a couple of years—is as we go into these investigations as to what led to the collapse of Enron and what led to people losing their pensions, their 401(k)s, to do the hard work, the long work, the steady work that is required to find out why things went wrong at Enron, why so many people got hurt, and how we can ensure that does not happen again to a company, to its employees, to those who invest in a company, and those whose pensions are tied to a company. We can do that.

Today, as we walk away from this economic recovery package, I just want to say a word of thanks to a lot of people who worked very hard to try to get us to a consensus.

We could not get there. It is not the end of the economic recovery. I think we are just beginning that economic recovery, and I am encouraged that it will continue and we will have done no harm.