

cancer patient who is going through a costly divorce. The happiest event is an earthquake or a hurricane. The most desirable habitat is a multi-billion-dollar Superfund site. All these add to the GDP because they cause money to change hands."

The most bizarre example is the \$32 billion diet industry. "[The GDP] counts the food that people wish they didn't eat and then the billions they spend to lose the added pounds that result."

Instead of GDP, the authors propose a different measure—a Genuine Progress Indicator—that would total up the nation's expenditures (including intangibles like the value of parenting) and then subtract the obviously negative components: costs of crimes, family breakdown, loss of leisure time, commuting, automobile accidents, pollution and environmental damage.

Lo and behold, they come up with figures—debatable to be sure—indicating that in terms of genuine progress we have not come very far since 1960. We have an abundance of gadgets but the costs—in family breakdown, safe neighborhoods, good public schools, jobs that let a single earner raise a family—have offset the technological gains.

The "growth" myth has been a terrific weapon in persuading Americans to accept a worse quality of life. NAFTA, the Mexican trade agreement, is good for us because it will add to "growth"—never mind what it does to a community that loses a factory. Cutting down old-growth forests adds to growth. The gambling industry is growth. Gangster rap is growth. "Showgirls is growth. The millions spent on the O.J. Simpson trial—it all adds to our economic "growth".

What the three authors have figured out is that we spend so much of our incomes not to add to our quality of life but merely to insulate ourselves from a world that has grown less civil. We work harder, spend more, have less time, and the economists tell us we are growing. No wonder there's a funk.

[From the Financial Times, Oct. 2, 1995]

BETTER WAYS TO MEASURE PROGRESS

It may be time to consider new yardsticks of economic and social progress. Gross domestic product has grown robustly for years in the US and many other countries. Yet, ordinary families believe they are worse off than in the past. The official data do not appear to measure economic life as it is experienced by real people. They ignore the "feel bad" aspect of growth.

GDP has acquired an extraordinary aura of authority over the years. Yet it is worth recalling that national accounts in their present form were invented quite recently. They were a response to the needs of the generation that endured the Great Depression and fought in the second world war. The priority then was to find ways of utilising spare resources, first to combat unemployment and then to further the war effort. A measure of "final monetary demand" was essential if Keynesian policies were to succeed. GDP filled the bill perfectly. And, in an age of slide rules, it was not practicable to supplement it with more sophisticated measures of economic well-being.

Today's needs are different. Our ability to sustain the growth of monetary demand is not in question. The focus of attention is now on ecological and social concerns. After decades of rapid industrial expansion, we worry that growth may inflict irreparable damage on the natural environment. We also worry that the social fabric of nations is being ripped apart. Economic growth will not bring happiness if the quality of life is simultaneously being destroyed by social shortcomings, such as rampant crime, family

breakdown, inadequate education and so forth.

The Roosevelt generation devised the statistical measures it required to solve its problem. Should we not do the same? This seems to be the thought underlying two recent attempts to devise broader measures of economic well-being. A group at the World Bank argues that economic health is best measured by a broad yardstick of wealth or net worth, not by the annual flow of monetary income. Instead of simply focusing on "produced assets"—the products of the market economy—it draws attention to three other classes of assets: natural capital (such as forests and mineral deposits); human resources (the value represented by education) and social capital (the value of human organisations and institutions).

A Californian think-tank called Redefining Progress has a somewhat similar philosophy. It is promoting a new measure of economic health called the Genuine Progress Indicator (GPI), which adjusts for many social and ecological factors ignored in GDP figures. The group has persuaded 400 US economists to sign an anti-GDP manifesto stating that "new indicators of progress are urgently needed to guide our society: ones that include the presently unpriced value of natural and social capital". Luminaries backing the GPI initiative include Prof Herbert Simon, a Nobel economics laureate, Alvin Toffler, the futurologist, and Ted Turner, the media magnate.

How economic well-being is measured makes a bigger difference than you might suspect. Measured by per capita GDP, the US is one of the world's richest nations. Yet it ranks a poor 12th on the bank's per capita wealth measure, behind countries such as Norway and Denmark. Per capita GDP figures indicate that the US has been growing robustly for decades. Per capita GPI, on the other hand, peaked in 1969 and has since fallen substantially.

These large discrepancies are not altogether surprising if you remember that the alternative measures are trying to capture wealth not reflected in monetary transactions. The bank team discovered, to its surprise, that the value of human resources—accounts for about two-thirds of the typical nations's total wealth. One reason is that people tend to become more valuable over time: they learn as they generate income and so become capable of generating more income. Produced assets such as durable goods and factories, by contrast, rapidly become obsolescent. Yet this principal source of national wealth is ignored in conventional national accounts.

The rationale for GPI is explored at length in the October issue of the Atlantic Monthly magazine. The main reason why it shows a decline in US economic welfare is because it insists on fully accounting for the depletion of non-renewable natural resources, the cost of pollution and many other forms of environmental degradation not captured in GDP figures.

But it also allows for many aspects of social welfare ignored in official statistics, such as the economic value of housework, volunteer labour and leisure time. It treats many types of market transaction as negatives rather than positives; for example the spending associated with crime, family breakdown and commuting are regarded as costs not benefits. It even adjusts for income distribution, deeming greater inequality a negative for social and economic progress.

I have reservations about all "macro" indicators. Any attempt to measure "social welfare" involves a host of subjective judgments. A measure such as GDP that fails to value natural capital or non-market labour can hardly be construed as neutral or objec-

tive. The issue is not whether we have macro indicators, but whether we have indicators that are relevant to people's needs. We cannot live forever on the Roosevelt generation's intellectual capital. We have to move beyond GDP.

The PRESIDING OFFICER (Mr. DEWINE). The Senator from Wyoming is now recognized for up to 1 hour.

CHANGE

Mr. THOMAS. Mr. President, my purpose in requesting an hour was to share with my freshman colleagues an opportunity to talk some about change, an opportunity to talk about the real chance we have to bring about change here in the next 3 weeks. So I intend to take 10 minutes and share the rest, then, with other members of the freshman and sophomore class. I wanted to talk just a little bit about change. I wanted to talk a little bit about the development of policy.

I must confess, I am concerned we are seeking increasingly to formulate public policy in this country based on something other than facts, to formulate public policy based on what seems to be a marketing technique to oppose change. I want to talk about that just a little bit.

My friend from North Dakota just finished. He just finished talking in some areas I think are not factual, that I think probably do not represent where we are really going with policymaking in Medicare.

What we are doing is, those who are opposed to change in Medicare are seeking to use scare tactics to cause people to think Medicare is going out the window, we are not going to do it, when the fact is if we do not make some changes, then we will lose Medicare. Those of us who want Medicare for the elderly, for those of us who want Medicare soon for ourselves and others, know you have to make some changes. The idea we are going to cut and ravage Medicare just is not true. Whether it is Phillips or whoever it is, the fact is that the spending is going to increase. What we are talking about doing is changing a growth pattern that is not maintainable—more than 10 percent—bringing it down to 6.5 percent.

Mr. DORGAN. Mr. President, inasmuch as the Senator from Wyoming mentioned my name, I wonder if I might just ask the Senator from Wyoming a brief question. If the Senator from Wyoming believes—

Mr. THOMAS. The Senator has had his time. I really do not yield to him. I would like to go ahead and make my presentation, sir. You have made yours.

Mr. DORGAN. The only reason I ask the question is the Senator from Wyoming suggested they were not facts coming from this side; in fact, we were misstating facts. I wonder if the Senator would be prepared during the hour at some point to discuss specifically

what he means by that, so we can discuss what he means is factual and not factual.

Mr. THOMAS. If the Senator will yield back my time, I will be happy to, because I intend to do that. We are talking here that it is being done to save taxes. That is not true. That is just not true. If there was no budget crisis at all, if there were no tax reductions being talked about, you have to do something with part A of Medicare. Kevin Phillips and others seem to ignore that.

The fact is, the money that goes into part A of Medicare is taken from your salary and mine, 2.9 percent, and goes into this fund. And this fund, according to the trustees, three out of six of whom are Cabinet members, they say that by the year 2002 that fund will be paying out more than it is taking in. That is a fact.

The fact is, even if you did not have anything to do with the budget, you would have to do something if you want to continue to have Medicare based on that premise of paying for part A from what is withheld from salary and from the employer. That is a fact.

So, that is where we are. The people who oppose change do not talk about that. They get into this tax thing, which really, really has nothing to do with it. And, on the contrary, the opposite is they do not have any suggestions. They simply want to complain about the idea that people are saying we need to make some changes there. And our friends stand up and say "Oh, yes, we need to make changes," and then resist every change that is made.

So, I think we need to start talking a little more about the facts and get a little off this idea of a marketing rhetoric that is designed, simply, to oppose what it is we are doing. We have a basic difference in philosophy. I understand that. That is perfectly legitimate. That is what elections are about. That is what two parties are about.

I happen to think we are better with less government and less taxes, and trying to find a way to reduce the costs of Medicare, not to simply find more money to put in it.

Do you want to talk about fraud? The Senator mentioned fraud. Most experts indicate that there is \$30 billion of fraud in Medicare now. So I feel very strongly that, if we are going to have public policy that is good public policy for all of us, public policy needs to be made based on some facts and not simply some kind of marketing technique.

The other is change. Mr. President, we have a great opportunity now to make change. We have an opportunity in the next several weeks to finish the job the American voters asked us to start last November, to finish the job we said we would do: To have a less intrusive Government, to have a Government that costs less, to have a Government where the programs that are in place have been evaluated in terms of their effectiveness, whether or not the

expenditure of taxpayers' money is getting to the people it is designed to assist. For a program such as welfare, the job is evaluating whether it is indeed accomplishing what it set about to do, and that is to help people who need help and then to help those people into a position to help themselves. Is that happening? The answer is no.

So, if you would like to have different results, I think it is imperative that you change. It is pretty hopeless to look for something to happen, to continue to do the same thing and expect different results. Mr. President, that does not happen.

We have a great opportunity in the next several weeks to talk about fundamental change for the first time in 40 years; for the first time in 25 years, to balance the budget. Who would argue with the idea that we need to balance the budget, that it is not morally and fiscally responsible to balance the budget? We hear that—yes, yes, that is a good thing to do. But, when we seek to do it, all we hear is resistance to it.

We are going to do that. We are going to save Medicare, and Medicare has to be changed to be saved. We are going to reform welfare. These are the things we are setting about, necessarily, to do.

It is tough when you talk about change. It is hard to change the direction of Government. It is increasingly difficult as the Government is in more and more programs, that more and more people are involved in lobbying for those programs, that more and more people are involved in the bureaucracy that supports those programs. So it is difficult to make change.

Change is what President Clinton talked about almost 3 years ago when he was elected. Has he brought about change? The biggest change was the largest tax increase we have had in the history of this country. But I think change was the basis for the 1994 elections. I think change is something that almost everybody embraces, but it is difficult to do, and I do understand that. But if we are to have different results, we have to change the way we do things.

Mr. President, we have worked now for a number of months. We are down to the critical decision time, when all this work now will result in a decision and we will decide whether we are going to balance the budget. We will decide what kind of country we want to transfer to our kids and their kids, as we go into another century.

What happens if we do not? In a few weeks we will be talking about voting on a debt extension to \$5 trillion. In just a year or two, unless we change, we will find that all the available tax revenues will be used for entitlements and interest on the debt. If we do not change, we will not have a Medicare Program by the year 2002.

So, change is not an option, in my view. Change is exactly what has to be done, and, of course, there are different

views of how you do it. But the idea that you use a marketing rhetoric designed to scare people and say change will devastate the programs that the country is committed to carrying out just is not the case.

I think we need to continue to say, here are the good things that happen when we balance the budget and ultimately reduce the amount of money we take out of families to pay for Government. We can reduce the growing inflation. We can create more jobs by putting more dollars into the private sector. And we can be more effective in what we do.

So we are talking about change. We are talking about public policy based on facts. We disagree, then, as to the remedy. But we ought to start, at least, by recognizing these facts that are there, that are described not by the Members of Congress but by the trustees of Medicare.

Mr. President, our time is to be shared among several of our freshman colleagues, so I would like now to yield to my colleague and friend from Georgia. And he then will be followed by another. I yield to the Senator from Georgia.

Mr. COVERDELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

HISTORIC DECISIONMAKING

Mr. COVERDELL. Mr. President, as my good colleague from Wyoming has noted, the contemporary custodians of this great democracy are coming upon a decision in the next several weeks that will be historic. For the first time, we will be considering major questions with regard to how we are going to govern ourselves. We will be taking under advisement major changes. We will be talking about balancing the budget for the first time in 32 years. We will be talking about dramatically changing the welfare system that has been developed over the last 30 or 40 years. We will have before us a proposal to protect Medicare, and we will be talking about lowering the economic burden on every working family and business by lowering taxes.

Obviously, when you are talking about changes of this magnitude, which I believe the vast majority of Americans believe should occur, they want taxes lowered. They are tired of a welfare program that does not work. They cannot believe we do not balance our budgets, and they are worried about a Medicare Program that is collapsing.

In the midst of this, of course, you will have very adversarial debate, contentious debate. Essentially, the debate is centered between two very different ideas about governing America. On the one hand, mostly on the other side of the aisle, we have defenders of Washington as it is, that we should not balance our budgets, it is too difficult to balance our budgets; we do not need