mechanism that uses the rulemaking process.

(2) It does not include any narrative definitions for "major" rule (e.g., "adverse effects on wages").

(3) It incorporates technical changes to risk assessment to track more closely recommendations of the National Academy of Sciences and to cover specific programs and agencies, not just agencies.

LIFTING THE YACHTS, SWAMPING THE ROWBOATS

Mr. DASCHLE. Mr. President, if you look past the headlines and the hype connected to the conference agreement on the budget resolution, I think the American people can get a pretty good sense of who's looking out for whom in the Republican budget.

Republican budget writers talked about putting tax money back into the hands of wage earners. Republican budget writers talked about their big tax cuts to fuel the Nation's economic engine.

But the only engine this budget primes is the full-throttle expansion of incomes for the wealthiest Americans. The Republican budget does nothing to address the fact that middle-income families have been stuck in neutral for the past 20 years, while many low-income Americans are sliding into reverse.

Republican budget priorities will only serve to drive deeper and wider the wedge between Americans at either end of the earnings scale.

This country always had, and always will have, the rich, the poor, and the middle class. Like never before, however, these economic groups are pulling away from each other, and it's tearing at the social fabric of our Nation.

Every year, families in the top 5 percent in terms of income now make, on average, the rough equivalent of what 16 low-wage families combined struggle to earn in a year. In the past two decades, America's top earners enjoyed an average 25-percent increase in cash income. Down at the bottom, the lowest wage workers actually felt a 7-percent drop in pay over the same period.

According to a survey published last Sunday in the Washington Post, no other industrialized nation on Earth has a greater income gap between top and bottom than the United States. And in between, the middle class grows larger in number, but their paychecks are stuck in a rut. Hourly wages of workers with average skills are sliding. The absolute incomes of low- and middle-income Americans are actually below those of people in other industrialized countries that are poorer than the United States.

That, Mr. President, is unacceptable. This country was built on the promise of hope that people can, indeed, come up from nothing. That you can work hard from the bottom and eventually reach the top. That you can build a better future for your family through your own honest efforts.

That promise is becoming a lie to an ever-increasing number of Americans. The road to prosperity now crosses a bridge that spans further than many Americans can see.

Mr. President, Democrats believe in prosperity. We believe in economic progress. We want to help American workers earn more. We want more Americans to be wealthy. We would like more low-wage workers to join the ranks of the middle-class. We would like more middle class workers to join the ranks of the rich.

But it seems to me that the Republican budget aspires to no such progress.

It seems to me that the Republican budget will punish those Americans now mired in this stagnant status quo, and provide a kind of winner's bonus to those traveling on the fast track.

While we don't know yet exactly who will get their hands on this $245 billion tax cut, we do know that the House bill gave over half the tax cuts to the 2.8 percent of families making more than $100,000. It is safe bet to assume that the wealthiest 1 percent will get at least a $20,000 tax cut. That little bonus alone is more than twice the annual income earned by families at the bottom of the scale.

And what do we offer to those families who are struggling to move up? Education cuts that hit 65 million children. Student loans that cost $3,000 more per student; $100 billion in so-called welfare reforms, and cuts in the earned income tax credit. And I will not even begin to talk about the harm that will be felt by their plan for Medicare and Medicaid.

It is painfully clear where the priorities lie in the Republican budget. And its not just Democrats who have figured it out. According to Stanford economist Paul Krugman: "Quite obviously these programs would make unequal incomes even more unequal, particularly at the extremes—the very rich and the very poor." Frank Levy, an economist at MIT says:

> We're going through a period in which trade and technology are like an economic natural disaster for the half of the working population that does not have a college degree . . . the last thing you would want to do right now is to have Government make a bad situation worse by extending tax breaks to the rich.

Democrats and Republicans agree on producing a budget that comes into balance within a decade. But Democrats refuse to forget the working Americans who must struggle to live their lives, pay their mortgages, educate their children, and provide for their families over that same decade. These are the families Democrats will neither abandon nor betray in the face of this $245 billion gold rush within the just-passed Republican budget.

Finally, Mr. President, I commend to my colleagues' attention an op-ed printed in last Sunday's Washington Post, "America's Tide: Lifting the Yachts, Swapping the Rowboats," by Gary Burtless and Timothy Smeeding. I ask unanimous consent that it be printed in the RECORD.

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

[From the Washington Post, June 25, 1995]

AMERICA'S TIDE: LIFTING THE YACHTS, SWAMPING THE ROWBOATS

(By Gary Burtless and Timothy Smeeding)

During the early postwar era, most American families could expect to see their incomes grow from one year to the next. During both the 1950s and 1960s, median family income adjusted for inflation rose about a third. With incomes growing this fast, few people (and even fewer politicians) bothered to inquire very closely into the distribution of income. A rising tide lifted all boats, the rowboats as well as the yachts.

But since the early 1970s, the nation's experience has been much more discouraging. In the past 20 years, incomes have not grown at all, and for families near the bottom of the distribution, incomes have done even worse—they have shrunk.

Instead of routinely hearing news about growing incomes, Americans now read dismal reports of swelling poverty rolls, rising inequality and shrinking wages. It would be wrong to conclude from these reports that the United States has not enjoyed prosperity since 1973. On the contrary, the nation added more than 40 million jobs and enjoyed three of its longest postwar expansions.

But American prosperity is extremely uneven. Families and workers at the top of the economic ladder have enjoyed rising incomes. Families in the middle have seen their incomes stagnate or slip. Young families and workers at the bottom have suffered the equivalent of a Great Depression. Though the nation is in the midst of a robust expansion, recent census statistics offer no hint that the trend toward wider inequality has slowed. Poverty rates continue to rise, especially among children and young adults. Hourly wages of workers with average or below-average skills continue to slide. At the same time, the percentage of U.S. income received by the top 5 percent of households continues to climb, reaching new postwar highs almost every year.

Although the United States continues to have a large middle class, the disparity between those at the top of the income scale and those at the bottom has widened significantly. Measured in constant 1990 dollars, a family in the bottom one-fifth of the U.S. income distribution received about $10,400 in gross cash income in 1973. In the same year, a family in the top one-fifth received about $77,500, or roughly 7½ times the average gross income of those at the bottom.

By 1992, average gross income in the bottom fifth of the distribution had shrunk almost 7 percent, falling to just $9,700. Average gross income in the top fifth of the distribution had climbed to $98,800, a gain of more than 25 percent. The average income of a family in the top fifth of the distribution now amounts to more than 10 times that of those at the bottom of the distribution.

Gains among the very wealthy have been even more impressive. Those in the top 5 percent of the distribution saw their incomes climb nearly a third in the past two decades so that the average family in the top bracket takes in the equivalent of what 16 families in the bottom bracket earn. The rising tide is now lifting the yachts, but swamping the rowboats.

Not only have U.S. income disparities soared since the early 1970s, the gap between rich and poor has grown much faster than it has elsewhere in the industrialized world. When the recent inequality trend began, the United States already experienced wider income disparities than other countries with similar standards of living.

Income disparities can be measured in a variety of ways. The accompanying table contains information about the distribution of income in 13 rich industrialized countries. The statistics were compiled by the Luxembourg Income Study and are based on household surveys conducted in the mid-1980s. They reflect personal incomes adjusted for differences in family size. Each country on the list is ranked according to its median after-tax income, measured in U.S. dollars using purchasing-power-parity, a calculation used by economists to compare one nation's real income to another's in a way that adjusts for differences in the capacity to consume goods and services in each country.

Not surprisingly, the United States ranks near the top of industrialized countries in median income. With the exception of a few tax havens, we are still the richest nation on earth. But this method of analyzing income does not attempt to define or talk about the size of the middle class; rather it is a means of evaluating the disparity between rich and poor. And by that measure, we are the most unequal rich nation on earth.

Many people become uneasy when the gap between rich and poor grows too wide. No social scientist or philosopher can tell us when this threshold has been passed. But most of us sense that when the gulf separating rich, middle class and poor grows too large, the social fabric is at risk. Low-income citizens, and those whose incomes used to be closer to the middle but have fallen, may begin to feel a weaker bond with the rest of society and see less reason to respect its rules and institutions.

In recent years, opinion leaders have been increasingly willing to lift their voices in defense of inequality and even to suggest that widening income gaps play a useful social function. The New York Times, in a recent front-page story, described the United States as ''the most economically stratified of industrial nations.'' Shortly after the story appeared, it was attacked in three separate Washington Post columns—by George Will, James K. Glassman and Robert J. Samuelson. Each critic mentioned different shortcomings of the story, but all agreed that the United States is doing a lot better than its lowly rank in the inequality sweepstakes might suggest.

Glassman argued, for example, that U.S. incomes are extremely mobile. Americans who are comfortably well off for one or two years often find themselves in tough circumstances a few years later. The starting pitcher who earned $2 million three years ago can find himself throwing in the minor leagues. Similarly, Americans currently stuck on the bottom can climb their way up the income scale through pluck and hard work. The office messenger can hope for promotion to CEO.

Though valid, the argument of higher social mobility does not go far toward explaining the widening gap between rich and poor or why the U.S. disparity is so much higher than in other wealthy countries. Growing inequality might not represent a social problem if the increase in inequality in a single year were matched by a similar increase in income mobility from one year to the next. The problem is, there has been no increase in income mobility to offset the sharp rise of inequality.

The chance of receiving a large one-year increase in income has never been very high. More to the point, the chance of enjoying a big increase has not grown noticeably in the past few decades. Americans with annual incomes that place them in the bottom quarter of the income distribution have an 80 percent chance of remaining there for at least two years in a row. Although studies over a longer period of time are less conclusive, some research indicates that the probability of moving out of the poorest class has hardly budged since the 1970s.

It might also be the case that Americans enjoy greater class and income mobility than Europeans. U.S. incomes may be more unequal at a given point in time, but, according to this theory, Americans enjoy better opportunities for advancement than residents of other countries. This is an inspiring story, and one that is cherished by many Americans, especially by conservatives. The problem with the theory is that there is no evidence to suggest it is true.

Studies of income mobility suggest that the United States ranks about in the middle of industrialized countries. To analyze mobility, a team of economic researchers tracked the same set of individuals over long periods of time in both the United States and Germany. Their findings showed that the level of inequality within each country actually declined, but that the gap between the two countries grew, with the United States showing wider disparities.

A more fundamental criticism of the Times story, suggested by both Will and Samuelson, goes as follows: Although income disparities are larger in the United States than elsewhere, other societies pay too heavy a price to achieve equality. Will concludes that ''. . . increasingly unequal social rewards can conduce to a more truly egalitarian society, one that offers upward mobility to all who accept its rewarding disciplines.'' Samuelson argues, ''What determines the well-being of most people is the increase of national income and wealth, not their distribution.'' Other countries' attempts to equalize incomes have led to higher joblessness and less entrepreneurial activity than we see in the United States, and hence to slower growth abroad. The United States accepts greater inequality, but is rewarded by higher income and faster growth.

Affluent readers may draw comfort from this reasoning. Americans further down the economic scale might find the logic less appealing. The size and growth of national income undoubtedly helps to determine whether individual citizens can enjoy a comfortable standard of living. Each citizen's living standard also depends, however, on the percentage of national income that he or she is permitted to share. If a pie is to be divided among 10 people, the person receiving the smallest slice may prefer to share a small pie that is divided in roughly equal slices rather than a larger pie that is divided very evenly. A little arithmetic will show that it is better to receive 10 percent of a small pie than 2 percent of a pie that is twice as large.

Stacked against other industrial countries, the after-tax incomes of those people at the lowest 10th percentile of Americans tumbles toward the bottom (see chart). Low-income Finns, for example, receive after-tax incomes that exceed those of low-income Americans by 27 percent. Poor Americans are poor not only by the standards of middle-class Americans, but also in relation to low-income people in most other industrialized countries.

Samuelson and Will may be right that wide income disparities in the United States offer a powerful inducement for Americans to work, save and invest (though it is difficult to find evidence for this in U.S. saving or investment rates, which tend to languish near the bottom of the industrialized world). They may also be correct in believing large and rising disparities contribute to U.S. economic growth, though evidence for this is also weak. Recent studies on the relationship between inequality and growth in fact suggest that advanced countries with more equal distributions grow faster than countries that are less equal. Whatever the advantages of faster growth, they are purely theoretical for many low-income Americans, These Americans have not shared the general prosperity. Their after-tax incomes have slipped even though national output has increased.

Even more depressing is the fact that the absolute incomes of low- and even middle-income Americans are below those of residents in industrialized countries that are poorer than the United States. A comparison of Canada and the United States, based on 1991 income statistics, is particularly striking. In 1991, gross domestic product per person was 13 percent lower in Canada than in the United States. Because the Canadian income distribution is more equal than our own, however, Canadians in the bottom 55 percent of the distribution enjoyed higher after-tax incomes than they would have received in the United States at a comparable position in our income distribution. Of course, Americans in the top 45 percent of the U.S. income distribution received higher incomes than their Canadian counterparts. But for a majority of poorer and middle-class Canadians, the higher average income of the United States has little practical significance. These Canadians enjoy more comfortable incomes in Canada than they would be likely to receive in the United States.

The United States enjoys a high rank in one international contest, however. Americans near the top of our income distribution tend to receive much larger incomes than people with a similar position in other industrialized countries.

It is probably safe to assume that Will, Glassman and Samuelson are closer to the upper tier than the bottom tier of the income distribution. From their perch, U.S. economic performance undoubtedly looks quite satisfying. People further down the economic scale can be forgiven. however, if they doubt their economic good fortune as Americans. If wide income disparities have big advantages for the U.S. economy, low-income Americans are right to think the advantages should eventually show up in a tangible way—in larger paychecks and higher incomes. Whatever the virtues of our economic system, one conclusion is certain: Our fatter paychecks have not gone to the poor.

A TRIBUTE TO SHERMAN J. LINDHARDT ON THE OCCASION OF HIS RETIREMENT

Mr. BENNETT. Mr. President, I rise today to pay tribute to a fellow Utahn, Mr. Sherman J. Lindhardt, who retires today, culminating a distinguished career in public education. For the past 34 years, Sherm Lindhardt has served our youth as a high school history teacher and administrator. For all but 2 of those years, he taught and administered in the Utah public school system.

While this day marks the end of his chosen profession, it should be noted that his influence will continue to be felt far beyond the close of a successful teaching career. Many students, now numbered among the upstanding adult members of our communities, looked to Sherm Lindhardt as a role model of successful living. The father of seven children, Mr. Lindhardt participated as a member of the Smithfield city planning and zoning commission, and continues to serve his local congregation as an ecclesiastical leader of the Church of Jesus Christ of Latter-day