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

Saints. In addition to his education career, Sherm Lindhardt served in our Nation's Armed Forces, attaining the rank of captain in the U.S. Army.

Again, Mr. President, I would like to pay tribute to Sherman J. Lindhardt for his dedication in teaching our youth. The success of his efforts are clearly evident as we enjoy the benefits of a new generation of community leaders and upstanding citizens. While this day marks the setting of the Sun on a fine career, I am sure that it also marks the beginning of many continued years of service and honorable pursuits by Sherm Lindhardt. In those pursuits I wish him the very best.

WHERE'S WELFARE?

Mr. DASCHLE. Mr. President, as we all know, welfare reform has been one of the most hotly debated issues of this Congress. Two and a half years ago President Clinton promised to end welfare as we know it, and the public has reinforced that message by telling us unequivocally that they want to see this done.

The ball lies in Congress' court, and we have a clear task in front of us. The House has set the stage by passing the Personal Responsibility Act almost 3 months ago. In fact, the House felt this issue was so pressing that they included welfare reform as one of their 10 highest priorities in the Contract With America.

While many of us may disagree with the substantive course the House chose to take, they were clearly responding to a mandate from the public to address this issue in some way.

It is now the Senate's turn. The Finance Committee has completed action on a bill that has been reported to the full Senate, and I think I speak for all Senators on my side of the aisle when I say that we are ready for floor consideration of this legislation.

Mr. President, we had been led to believe that welfare reform might be on the floor as early as the 12th of June. And then we were told by the majority leader that welfare reform would be considered immediately upon completion of action on the telecommunications bill.

That bill was wrapped up last Thursday. It is now the 22d of June, and we are hearing rumors that welfare reform may not be considered in June at all, and may not be considered this summer at all. It may be considered in July—but, then again, we're told by some in the Republican leadership that we may not get to welfare until September.

Mr. President, the notion that the Senate may put off consideration of welfare reform until September is unacceptable.

We are ready. We are ready now.

President Clinton challenged us to have a bill on his desk by July 4, not because of politics, but because it is important for the Nation that we fix a welfare system that is not working—not working for those on it, and not working for those who are footing the bill.

The public has told us that they view the welfare crisis as one of the most pressing problems facing our Nation today. The public is clearly ready for us to address this issue. And Democrats are ready to address it.

The question is, Are Republicans ready?

More to the point: Are Republicans serious about addressing this issue? Are they serious about reform, or just serious about rhetoric?

The Finance Committee reported a welfare bill on June 9. It is now June 22, and I understand my colleagues on the other side of the aisle are divided on how to proceed. They are divided on a number of provisions, either included in, or excluded from, that bill.

Mr. President, I understand division. And I, too, have concerns about the Finance Committee bill. But the proper forum to address these concerns is on the Senate floor.

Bring the bill to the floor and let those who want to offer amendments to modify current provisions do so. Let those who want to add provisions through the amendment process do so.

That is the legislative process.

What concerns me and many on my side of the aisle is that the welfare bill will be delayed until July as Republican Senators meet behind closed doors to try and work out problems.

Then, in July, those doors will still be closed as secret discussions continue. Before we know it, it will be September.

Yes, there are problems with the Finance Committee bill. But let us air those problems on the floor and address them through the open legislative process.

As for the Finance Committee bill, I too, am troubled by many aspects of that legislation.

First, the Finance Committee bill does not solve the problems with our welfare system. It merely boxes up that system and ships it to the States. That is not reform.

Second, the Republicans have said that they want to put welfare recipients to work. But, although the Finance Committee bill requires increased numbers of people to be participating in programs intended to move them toward work, it provides no resources to meet these participation requirements.

The Congressional Budget Office has said that 44 States will be unable to meet the participation requirements in the Finance Committee bill. The U.S. Conference of Mayors has said that this is the mother of all unfunded mandates.

What is clear is that Finance Committee bill is not reform. And it is not about work. In fact, if it is about anything, it is about shipping the welfare problem to the States and—ironically enough—passing the largest unfunded mandate in history.

In essence, the Finance Committee bill represents the kind of typical two-step about which the public is most cynical: It says one thing and means another. It sounds, but is actually disastrous. The Finance Committee bill is about rhetoric, not reform.

It will reap exactly the kind of results the unfunded mandates bill was meant to prevent, and having it come so quickly upon the heels of he unfunded mandates legislation represents hypocrisy at its worst.

It is ironic that most Members put their serious face on when they say that they do not want to hurt children. Mr. President, I want to believe them. But again, it is the difference between rhetoric and reality.

The reality of the Finance Committee bill is that some 4 million children will be cut off from assistance. Some 4 million children could be put out on the street.

Children should not pay for the mistakes or misfortune of their parents.

That is not fair. That is draconian. That is mean.

And that is plain old un-American.

It is one thing to require that able-bodied people go to work. That was the original intent of welfare: To provide out-of-luck families with a helping hand to get back on their feet. I believe most Americans support that kind of a safety net today.

But the Finance Committee plan cuts kids off welfare while doing nothing to help their parents find work. That is wrong; it is unfair; it is shortsighted.

This leads to yet another problem I see with the Finance Committee bill. Anyone who has kids knows that one of the real linchpins between welfare and work is child care. It is impossible to work unless you have some means of caring for your children—it as simple as that.

Nevertheless, the Finance Committee bill fails to address the child care issue in any serious way. It mandates child care for welfare recipients who are working only until the child is 6 years old.

What happens to a 7-year-old? Or an 8-year-old? Or any child that should not be left alone?

Beyond that, the bill does not increase funds for child care, so that as the participation requirements increase—requiring a greater population of welfare mothers to participate in the JOBS Program—there is no corresponding increase in funds for child care.

If we are to increase the mandate for adults to work, but not provide for a corresponding increase in child care funds to enable parents to work, then we are not really expecting parents to work.

Or we are expecting the States to pick up the tab—a sort of unwritten unfunded mandate.

Or we are suggesting that young children can be left alone.

None of these alternatives are acceptable.