

in the kind of gross domestic product growth numbers that we are seeing here today, the unemployment numbers that are moving us in the right direction. This is not a time to try to pander to the American public with the suggestion of massive tax cuts for the affluent, paid for by rosy economic figures that are unrealistic and cuts in the very programs we have fought to defend.

Mr. President, I would love to be proven wrong. I would be delighted if next week came and went and all the talk about these wild schemes—wild schemes—to try to breathe life into a campaign by jeopardizing the American economy and the direction we are going, was shelved and we got back to a more rational, thoughtful approach on how to continue the kind of economic growth numbers we have seen here this morning and offer some real promise to the American people.

With that, Mr. President, I will yield whatever time remains to my colleagues from Nebraska or North Dakota.

Mr. EXON. How much time does the Senator from Nebraska have remaining?

The PRESIDING OFFICER. The Senator has 14 minutes.

Mr. EXON. Mr. President, I yield 5 minutes to my friend from North Dakota, followed by 5 minutes for this Senator from Nebraska and 4 minutes to the Senator from Massachusetts, in that order.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. DORGAN. Does the Senator from Nebraska intend to try to get additional time? We had talked about an hour, and we were not able to start because they were talking about welfare reform.

Mr. EXON. Mr. President, I do not see the Republican leader on the floor at this time. I will try to get that time. If people want more time, I will be glad to yield. We are trying to be very fair with the time. Everybody would like to have lots of time, but I only have 14 minutes remaining as of now. I am conserving that as best I can.

Mr. DORGAN. Mr. President, we had talked about trying to have a block of time to talk about the economy. The reason we wanted to do that is because this is very important. This is the question that most people in this country ask themselves, and families reflect on this: Is this country moving in the right direction or the wrong direction? Are we on the right track, or are we on the wrong road? Those are the questions people ask.

We are not here suggesting that everything is wonderful in America. We have a country that faces a lot of challenges. There is no question about that. But we have a country that has gone through an immediate past period causing significant problems, requiring significant remedies, but a country that has begun to address those things head-on.

I want to take us back just a bit to a new President that came to town, who said, "I have a new idea. I have consulted with a man named Laffer, an economist, who has a new graph and curve, the Laffer curve." The Laffer curve says that, if you give folks at the upper end of the income brackets big tax cuts, you actually collect more money because it will filter down and everybody at the bottom will get damp. That is trickle-down economics. So there were big, big tax cuts given, especially to the people at the top. The result was that we ran into massive deficits, unparalleled in the history of this country—massive budget deficits. The rich got richer, the people at the top, during that period. The top 1 percent of Americans had a 66-percent increase in their financial wealth just from 1983 to 1989. The bottom 80 percent lost 3 percent of their wealth. So some people did very well—just the top 1 percent. But almost all the rest of the people did not do well at all under this circumstance.

Well, we had a new President come to town again in 1992. He started in January 1993. He recognized immediately that we faced an enormously serious problem. This country was not going to grow and was not going to realize its potential unless we dealt head-on with this deficit problem. We had a vote here in the U.S. Senate on a deficit reduction plan. I voted for it. I told the people I represented why I voted for it, why I thought it was important for this country. I have never apologized for voting for it. I felt it was the right thing to do. Was it a good political thing to do? No, not at all.

There were some people who sat in these chairs who lost their seats in the Senate over that vote. They had the courage to stand up and say, "Count me in. I want to address this deficit. I want to suggest that we take the medicine necessary to do this."

So the deficit began to come down. We did not get one vote on the other side of the aisle. We got a lot of claims on the other side of the aisle. I see the Senator from Texas is here to visit with us today. I recall his claim. His claim was it is going to lead directly to a recession. But it was not just him. Many others did the same thing. "The sky is going to fall in. There is going to be a big recession." What happened was the deficit fell.

This is what happened to the deficit under President Reagan, under President Bush, and why he did not win reelection, by the way. That line was still going up; and the deficit under President Clinton. He understood that, unless we tackled this problem, this country could not realize its economic potential.

Are we done tackling this problem? No. But this has been a success because we had more jobs and more economic growth.

What was the news this morning? The news was in the last quarter this country grew at 4.2 percent of eco-

nomie growth, a very robust rate. The fact is this economy is still growing. Why? Because we are doing the right things. We are not perfect, but we are at least doing the right things.

I want to mention one additional point. It is important. We have another plan by a guy who wants to be President next January. He has a new plan—across-the-board massive tax cuts, which, of course, will benefit the high-income people and cause a hemorrhaging of a new Federal deficit. That is the new plan. At least it has a new title.

The PRESIDING OFFICER (Mr. CAMPBELL). The Senator's time has expired.

Mr. DORGAN. May I have 1 more minute?

Mr. EXON. Mr. President, how much time does the Senator have remaining?

The PRESIDING OFFICER. The Senator has remaining the time between now and 1 o'clock.

Mr. EXON. I yield 1 more minute to the Senator from North Dakota.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. I appreciate the Senator's generosity.

The plan for across-the-board tax reductions that they would implement next January, which would increase the deficit, is augmented by what they are doing with the midnight oil right now. For the last couple of nights they were in the back room and are going to bring a bill to the floor of the Senate in a matter of hours, I assume, that has this in it: opening another tax loophole, several hundred millions of dollars. Amway has been asking for it. So they get it.

Who is going to get the brandnew tax loophole of \$300 million? That is the solution coming from the other side of the aisle. How do you fix what is wrong in America? Increase the deficits by cutting taxes for upper income folks and do secret deals in the back room to bring to the floor of the Senate something that exports American jobs and gives new tax breaks to big corporations that do not need it.

I yield the remainder of my time.

#### PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996—CONFERENCE REPORT.

The Senate continued with the consideration of the conference report.

Mr. EXON. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 3 minutes 44 seconds.

Mr. EXON. Mr. President, the Senator from Nebraska will save his remarks that have to be said to the U.S. Senate for a later time.

I ask unanimous consent that the remainder of my time of 3½ minutes be yielded to the Senator from Massachusetts and that, at the time of the 1 o'clock time period, an additional 15 minutes off the bill to discuss the conference report before us be yielded to the Senator from Massachusetts.

The PRESIDING OFFICER. Is there objection?

Mr. GRAMM. Reserving the right to object, could I hear it again?

Mr. EXON. I am simply saying that the Senator has 3½ minutes remaining. I want to yield that time to the Senator from Massachusetts. Following that, the Senator from Massachusetts would be recognized for an additional 15 minutes off the bill for the remarks that he has to make.

Mr. GRAMM. Mr. President, I was scheduled by our prior agreement to begin speaking at 1, and the time was to revert over to our side. I am here, having rearranged my schedule on the basis of this.

So, while I always like to accommodate the Senator, we had an agreement. Our colleagues have had an opportunity now for an extended period of time to present their views to the world, which were very interesting and very enlightening. But our turn comes at 1 o'clock.

So I feel constrained to object.

The PRESIDING OFFICER. Objection is heard.

Mr. EXON. I have only asked that he be recognized at 1 o'clock. We did not know of the agreement.

The PRESIDING OFFICER. The Chair will clarify. The time for the Democratic side is between 12 and 1. At 1 o'clock there is to be 15 minutes of time available for either side, presumably to be shared.

Mr. GRAMM. To come back to our side.

Mr. EXON. Mr. President, I yield the time remaining between now and 1 o'clock plus 15 minutes off the bill to the Senator from Massachusetts.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, it is my understanding, I say to the Senator from Texas, that we had the time going up to 1:15. That is what I was notified. That is why I am over here, and I arranged my schedule accordingly.

The honorable and widely shared goal of welfare reform is to end welfare as a way of life and make it a way station to work.

If we accept that indisputable proposition, then the two most important principles of welfare reform should be to move able-bodied adults on welfare into the work force, while protecting their children from hunger and want.

This legislation tragically fails on both counts. It fails to provide what is necessary to move people from welfare to work. But it will push over 1 million more children into poverty. People on welfare will get a lecture, but they won't get a job, and their children will suffer.

To call this bill welfare reform is nonsense. It's welfare retreat. Reform means improvement—solving the problem. This bill will bring damage to countless families across America. To label this legislation reform is no more accurate than to call the demolition of a house remodeling.

It is also wrong to describe this bill as affecting only families on welfare. Its provisions will harm working families as well. More than a fifth of all American families with children—8.2 million households—will see a substantial decline in their family income if this bill becomes law; 1.1 million children will be pushed below the poverty line by this bill. The majority of these children live in families headed by a working parent.

What's in a label? For families, this is an abandon-hope-bill, a back-to-poverty-bill, a you-don't-count-bill, a deny-the-American-dream-bill.

The average annual income loss will be significant—\$1,300 per family. This bill is supposed to encourage work. It makes no sense to reduce support for low-income working families. Cruelly, and intentionally, the authors of this legislation have chosen to do just that. Their real goal is not welfare reform. They are Robin Hoods in reverse—robbing the poor to pay for undeserved tax breaks for the rich.

If this legislation honestly intended to move people from welfare to work, we would focus on steps to make them employable. Of the parents whose families will be denied assistance after the time limits, only a third have a high school degree. Yet three-quarters of the available jobs in today's economy require a high school diploma. Sixty percent of those jobs require at least some job experience. Yet this legislation does little about helping recipients obtain the education and job training they need in order to get real jobs in the real world. In this Republican Congress, even the existing meager level of Federal support for such programs is in jeopardy.

According to the Congressional Budget Office, Federal funding in the coming years is approximately \$10 billion less than the amount needed to meet the work requirements in the bill. Without adequate job training, a congressional command that people on welfare go to work is no more enforceable than the mythical king's command to the tide not to roll in to the shore.

Proponents of this bill cannot credibly claim that it is about fiscal responsibility. It is about misguided priorities, for which America will pay an enormous cost in years to come.

Some \$28 billion of the savings from this legislation will come from reductions in food stamps. Approximately 70 percent of the food stamps being eliminated go to families with children. As a result, 14 million children will have their food stamp benefits reduced or cut off. Whether Republicans admit it or not, passage of this legislation clearly demonstrates that this Senate does not consider nutrition and health a priority for children. The Republican majority obviously considers billion dollar tax breaks for the wealthy to be a much higher priority.

All we have to do is look at the most recent Carnegie Commission study on

children and nutrition. Children that do not receive adequate nutrition from 18 months to 3 years fail to develop the kind of brain development that is essential and necessary for academic achievement and for social adjustment. Numerous studies have shown that children who do not receive balanced meals in the early stages of their lives are much less likely to succeed in high school, much more likely to drop out, much more likely to be involved in crime, and much more likely to be on welfare in future years. Yet, this bill includes harsh cuts in nutrition programs.

Almost half of the \$60 billion in cuts are in nutrition programs. Who are the beneficiaries of those nutrition programs? By and large they are children. The children are the ones who are paying the price of this so-called welfare reform bill so that there can be tax benefits and tax breaks for the wealthiest individuals in this country.

In all, Republicans are proposing to take the \$60 billion over the next 6 years from programs supporting poor children and families. Their votes betray their true priorities. As President Kennedy warned in his Inaugural Address, "If a free society cannot help the many who are poor, it cannot save the few who are rich."

Our Republican friends claim that they are not abandoning poor families. They say they are giving States more flexibility to provide for their needs. But that flexibility is a mirage. Substantial restrictions are being placed on State discretion. This bill will actually prevent States from using Federal funds to assist large numbers of children who now have support.

No funds contained in the welfare block grant can be used to assist children whose families reached the 5-year time limit. This harsh bill even prohibits Federal welfare funds from being used to provide vouchers for the most basic needs of these children. This will be no small problem for the States. Close to 4 million children will be in this category when the bill is fully implemented.

In addition, in another shockingly cruel breach of trust, Federal funds can no longer be used to provide for children who are legal immigrants, who lawfully reside within our communities. Their need for food, clothing, shelter and medical care is being dumped entirely on the States.

All the studies that have been done with regard to legal immigrant children show that they use the AFDC program less than Native Americans and they pay their fair share of Federal, State, and local taxes.

We are not talking about illegal immigrants. For the first time in history, Congress will ban legal immigrants from most assistance programs.

This Republican bill permanently bans legal immigrants from SSI and food stamps. It bans them for 5 years from Medicaid, AFDC, and other programs. It gives States the option of

going even further and permanently banning them from Medicaid, AFDC, and the social service block grants.

While we are debating this bill, the Olympics are going on in Atlanta. Forty-seven members of the American Olympic team are immigrants—47 of them are representing and competing for the United States of America. But under this legislation, these 47 Americans would have been denied nutrition programs, help, and assistance if they had needed them as children.

Hundreds of thousands of legal immigrant children will be robbed of a safety net by this bill. Hopefully, they have sponsors who can care for them when they need help because otherwise this bill leaves them out in the cold. But half of all legal immigrants do not have sponsors. What happens to those children when their families fall on hard times?

In our recent immigration bill, we permit 140,000 individuals to come into the United States on special skills programs. They are not sponsored. They do not have someone to deem to.

Now, what happens to them? What happens to them if they fall on hard times? They do not have a sponsor. They and their children are effectively cut off from any kind of help and assistance—even in an emergency.

These are individuals and families who come here legally. By and large, they are family members—sons, daughters, and parents—of American citizens. These are people who play our the rules, pay their taxes, and serve in the Armed Forces. They can be drafted. They can volunteer. We have hundreds of them in Bosnia today. But they would not, as children, have been eligible for nutrition programs or even temporary benefits if their parents fell on hard times.

They are future citizens trying to make it in this country. When they grow up, they become American citizens. Yet this bill repays them by banning them from assistance if they need any help.

Perhaps the cruelest provision in this bill is the ban on assistance under Medicaid for legal immigrants giving birth. Their children being born are American citizens. This outrageous provision means that these American citizen babies will not get the care, attention, and healthy start in life that other American children receive. These babies are doomed to unsupervised home deliveries, substandard care, and a lifetime of potential handicaps if they fail to get adequate medical care during birth. If Congress will not strike that shameful provision down, perhaps the Supreme Court will.

The prohibition on assistance to older children also makes no sense. Many children will be affected and harmed, but many others will not. It depends entirely on where they are born. Children born in the United States are U.S. citizens and will be eligible for assistance, even if their parents are legal immigrants. But children

born overseas will be caught by the ban. This is a wonderful anomaly. So the children in the same family will be treated differently, depending on where they were born. The older brother will be able to get assistance and the younger sister will not. That is the wonderful logic of this so-called welfare reform. This result is fundamentally unfair.

These children are future citizens. Like all other children in America, they need and deserve good health and nutrition. If the Federal Government abandons them, communities will suffer.

When immigrant children get sick, they infect other children. I assume that our good friends on the Ways and Means and Finance Committees understand what happens in every schoolroom in America. When children get sick, they still communicate. Anybody who has children understands that when a bug gets into second, third, or fourth grade kids—most of his or her classmates will also get sick. By banning immigrant children from Medicaid we are also banning them from school-based care, which is part of Medicaid in most States.

These children will not be able to go down to the nurse's office, get some attention, and perhaps be sent home to avoid serious illness and to avoid infecting other children in the class. They will not even be able to get in the door. If they try to see the nurse, the nurse cannot treat them because they are immigrants. They have no private insurance, and they are banned from Medicaid. If the illness gets worse, their parents may take them to the local emergency room—a very expensive alternative and not likely to be pursued unless the illness seems severe—which will add to the costs of our health care system. This is welfare reform under this bill.

The Republican bill also bans legal immigrant children from SSI, which provides assistance to the blind and disabled. Nine thousand legal immigrant children suffer from those conditions. They have some of the most complex and life-threatening needs of all. As a practical matter, such cases often involve tragic accidents, where expensive, long-term care is needed to deal with their debilitating conditions. If SSI is not available, children literally will die.

Nutrition is vital to the development of a child. Immigrant children are no exception. Without access to food stamps, some immigrant children will suffer a lifetime of anemia, stunted growth, and even permanent brain damage. This bill is not welfare reform for legal immigrants. It is cruelty written large into law. It will push families deeper into poverty with no chance of escape, and the victims will be innocent children. Shame on the Republican majority in Congress for washing its hands of their plight.

This legislation also contains financial penalties for States unable to

move children on welfare into employment as quickly as the bill mandates. Yet the bill refuses to provide the necessary level of job training support and child care assistance. It is better in child care assistance than previous bills, but still short of what is necessary to meet those employment targets.

In fact, many of the strongest advocates of this legislation want to reduce Federal funding for job training. The Congressional Budget Office estimates that only 10 to 15 of the 50 States will be able to meet the work requirements in the legislation. So, in reality, we are setting up the States to fail, rather than giving them the tools they need to succeed.

Another aspect of this legislation which will seriously hurt the States. The funding which each State will receive is not adjusted for population growth or for the impact of recessions. If the number of families legitimately seeking assistance in a State expands, the State will receive no proportional increase in funds. The small contingency fund does not even begin to meet the potential need. The State alone will be responsible for meeting the need, often at a time when that State is least able to respond.

The inevitable result of this legislation on the States will not be sensible new flexibility, but enormous new financial pressures. This bill can only encourage a race to the bottom, in which States compete to have the harshest climate for low income families. Inevitably, States bow to such pressures. They cannot control the national economy. Congress is supposed to represent the national interest. We should not be creating an irresponsible system that punishes States which try to meet the needs of their citizens while rewarding those which do not.

Americans want genuine welfare reform. But that does not mean they will support this legislation once they look behind the Republican bumper sticker slogan. Genuine welfare reform means moving welfare recipients into jobs, while assuring that the basic needs of their children are met during the transition. This legislation will not achieve either of these goals. It will leave many welfare recipients unemployable in the real world. It will leave their children ill-fed, ill-clothed, and ill-housed. This Republican Congress has nothing to be proud of for forcing this bill into law.

By the votes we cast today, we are not improving the quality of life in America. The gap between rich and poor will be wider, the bonds which tie families together will be weaker, and the dreams of millions of children will be farther from reach.

The best that can be said about this bad bill is that the day it is signed into law must be the day we roll up our sleeves and start working together to clean up the mess it will bear. I intend to do all I can to persuade Congress to act this year to eliminate at least some

of the most damaging and least responsible provisions in this bill.

I yield the floor.

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

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

Under a previous order, the hour between 1:15 and 2:15 will be under the control of the majority. The Senator from New Mexico [Mr. DOMENICI] is recognized.

### THE ECONOMY

Mr. DOMENICI. Mr. President, I want to say to Senators who want to speak on the welfare bill, clearly we do not have to use our whole hour in rebuttal of the Democrats. If there are a few Senators who want to come down and engage in that, fine. If not, we will move to Senators like Senator SMITH, who wants to speak on the subject matter before us.

Mr. President, to me it is very interesting that, on a bill dealing with welfare and the most fundamental reform of social policy in 60 years, that Democrats want to change the subject. They want to talk about the economy, so let us talk about the economy for awhile.

We are all heartened today to hear that the economy grew by 4.2 percent in the second quarter. The administration has certainly taken an opportunity to champion today's growth. Let me say, however, that before we get too exhilarated about today's announcement, I think we should look at some of the less rosy economic facts that the administration is not talking about. These are the major reasons why Americans feel insecure about their future.

To start with, we have had the weakest recovery of this century during the early 1990's, with growth averaging only 2.5 percent. In contrast, the 1980's recovery recorded average yearly growth of 4.1 percent over the same time period. I guarantee, that while this appears to be a small difference, it is enormous. It is enormous. The reason why growth has been comparatively weak is that President Clinton has had the second weakest productivity growth of any President in the last 50 years, second only to President Carter. Let me repeat, the second-lowest productivity growth in 50 years.

What that means is that, clearly, those who worry about inflation and are fearful of too much growth find some reason to be worried when they find that productivity increases have been so meager during this administration. Without productivity increases, a increase in noninflationary, trend growth is virtually impossible in today's demographic environment.

In keeping with weak productivity growth, there has been virtually no gain in real wages, virtually no gain in real wages. Real average hourly earnings in 1992 were \$7.42. Today, they are \$7.43, a very big gain of 1 cent. No wonder Americans are worried. No wonder we are finding anxiety about the future. No wonder they are saying that we do not think we are on the right path, because they see taxes going up and average real wages being stagnant. Clearly, the gain in real average hourly earnings, from 1992's \$7.42 to today's \$7.43, is nothing. With this backdrop, you can see how today's impressive headline growth doesn't mean anything to ordinary citizens, since the benefits of growth are not filtering back to them. They just continue to work hard and wonder why they are not getting ahead.

Wage stagnancy can be seen in another, equally troubling way as well. Family income is stagnating. Despite the ongoing economic recovery, average annual growth in real median family income has been only 0.2 percent under President Clinton. Under Ronald Reagan, the growth in real family income was four times as fast.

Low productivity, stagnant real wages, and lackluster family income growth strike a louder chord with the American people than does today's announcement. They are wondering what is happening to their economy as it applies to their paycheck and their families, and they are not impressed with announcements that say things are getting better and that this growth is phenomenal, when they are feeling the reality of what I just described: virtually no gain in real wages and stagnating family incomes.

Another point is being missed, and it is very relevant—rising tax burdens. This is one of the main reasons for poor productivity growth, no gain in real wages, stagnating family incomes. In 1992, the ratio of Federal tax revenues to GDP was 18.4 percent; by 1995, this had climbed to 19.3 percent.

That means that the portion of GDP going to taxes, went up almost 1 percent. Those who think the tax increases of the last 3 years are good because of who they impact and who they do not, still have to answer the questions: What happened to productivity growth? What happened to real wages, that is real average hourly wages? What happened to family incomes? By diverting resources from the private sector toward the less efficient public sector, there are fewer funds available for household saving and investment. This leads to lower productivity, lower wages and lower standards of living for the average citizen.

Let's go on to yet another item that ought to temper the enthusiasm about the announcement of a 4.2 percent GDP growth in the last quarter: the lowest personal savings rate in 50 years. As mentioned above, we believe that the Clinton tax hikes have played a large role in this dubious milestone. Every-

body believes that for America to increase its productivity, to get the wages up, to get the family incomes up that we must increase our savings so that American business, large and small, have resources to grow with. And yet, we have the lowest personal savings rate in 50 years. This is unsurprising when much of what is saved is taxed away and, thus, personal savings are reduced.

Let's look at another one of President Clinton's economic legacies. We now have the worst income inequality in 50 years. So for those who think they solved the problem of income inequality—the highs and the lows—by raising taxes and saying we are only raising taxes on the higher brackets, they are in for a great surprise. It does not generate more equality between the low earners and the high earners in America. Inequality got worse with the tax increase, the largest in American history, that apparently prides itself in saying it didn't tax moderate-income people, it only taxed the high brackets.

What is the purpose of it? The purpose of it, if we have one, is to lower the deficit and make us grow more and perhaps bridge the inequality gap by letting the wage-earner part of this go up, none of which happened. The idea is to use a constructive strategy of boosting growth for the lower and middle income families and not use a destructive strategy of socking it to the rich. I'll say it again, the latter strategy just doesn't fix the grave problem of inequality.

Let's also look at soaring trade deficits—this is something not even mentioned these days. It goes right along with the bad news that is being kind of overshadowed by one fact: That for one quarter, the gross domestic product went up some 4.2 percent.

The Clinton trade deficit is three times as large as under President Bush, despite postwar lows in the dollar versus the German mark and the Japanese yen that should have created smaller trade deficits. Instead, we got larger deficits. However, given meager levels of U.S. saving, this worsening external position should not surprise us.

A byproduct of accumulated trade and current deficits is soaring foreign indebtedness. In 1995, foreigners owned \$815 billion more of our securities than we owned of theirs. This is a 40-percent increase since 1994. This is not a fear today, but over the long run, we are placing our future in the hands of foreign banks. It is even more of a worry when we realize that foreign debt service is a net loss to U.S. incomes and constitutes a steady mortgaging away of our children's future living standards.

Lastly, I want to turn to jobs. The administration has been particularly proud of their job growth figures. However, the breakdown of these jobs is far less encouraging than they suggest. Do you realize that 10 percent of the jobs created under Clinton have been temporary jobs. These are not good jobs.