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 President, I ask unanimous consent that the order for the quorum call be rescinded.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

Studies have shown that temporary workers are paid as much as 34 percent below their occupational counterparts. This is a way to get lower wages, not higher. I even more troubled when I see the type of jobs that these temporary positions are displacing. Since 1995, 252,000 well-paying manufacturing jobs have been lost. This is why real average hourly earnings have been so stagnant under President Clinton. At day's end, I have a hard time understanding why the administration is so pleased with generating jobs that do not generate rising wages.

So those who came to the floor bragging about the performance of this economy did not seek to share with the American people the facts about this economy that cause most Americans to say we are not moving in the right direction. You can give all the song and dance about what it means to have an increase in the gross domestic product in the second quarter, but if the American people are feeling what I have just described—stagnation in real wages; family income extremely stagnant and very, very low; increase in general taxes; lowest personal savings rate in 50 years—than this growth means nothing to them. It's time to be honest with the American people about these underlying weaknesses in the economy—if we won't admit to them, how can we set out legislation to improve them.

I submit that the tax increases imposed under President Clinton, for all they can talk about the increases in revenues, I submit that that is most responsible for all of these negatives that I have stated here. I have begun to believe that it is imperative that we understand we cannot have increased productivity, real wage gains, family income, average family income going up if we have higher tax rates. We must have lower tax rates if we expect that to occur. We cannot lose sight of things we must be doing. But what I have just been describing seems to me, having been briefed by many economists, to be the absolute crux of why there is such lack of stability and such anxiety among Americans because of stagnation in their pocketbooks, in their checkbooks.

I will yield the floor to any Senator who wants to speak on this subject. I yield as much time as Senator MACK desires.

The PRESIDING OFFICER. The Senator from Florida, [Mr. MACK], is recognized for such time as he desires.

Mr. DOMENICI. Mr. President, I say to Senator MACK, we have five or six Senators who want to speak along with us. We have assigned 10 minutes. Is that satisfactory?

Mr. MACK. That will be wonderful.

Mr. DOMENICI. I yield 10 minutes.

The PRESIDING OFFICER. The Senator from Florida is recognized for 10 minutes.

Mr. MACK. Thank you, Mr. President. I thank the Senator for yielding me this time.

I do believe that the issue we are discussing is an important one, even though I must admit many folks, when you start talking about economics and the statistics related to that, have a tendency for their eyes to glaze over. But we are really talking about the engine that provides the hope and opportunity for the future. The engine of growth is what will allow for the formation of new businesses and the creation of new jobs in America. So the subject is an extremely important one. I appreciate the opportunity to address it.

Earlier today, a report came out on the growth rate of the economy. That growth rate for the second quarter of the year was stated at 4.2 percent, which is good growth, and I think we ought to be pleased with what has happened.

But what the administration is trying to create, or why they are so extremely excited about this growth number, really kind of belies the other things that they have been saying. Let me try to put that in perspective.

Earlier this year the President, during his State of the Union Message to a joint session of the Congress, said that this economy is the strongest economy in three decades. Well, if it is the strongest economy in three decades, then there is no reason to be excited about 4.2 percent growth. We should have been expecting that kind of growth each quarter, quarter after each quarter. But that is simply not the case.

In fact, I think the numbers will show that for the four previous quarters the economic growth was less than 2 percent. That is nothing to get excited about. In fact, the effect on the American families is significant. I will get back to that point in a few minutes.

I want to try to put into context what has happened to the economy, picking up on the point of 4.2 percent growth. There is a lot of excitement down at the White House about that. But if we look at the rate of growth that the economy has experienced since President Clinton took office, it is 2.4 percent, and that is including this new quarter, 2.4 percent. Keep that figure in mind. I will continue to mention that number.

I will first compare it to the growth the economy was experiencing the year before President Clinton became President. The growth rate of the economy at that time was 3.7 percent. For the last 3½ years the growth rate in the economy has been 2.4 percent under President Clinton.

You might say that is not a fair reflection to just pick one year and compare the growth in the economy to that one year. Well, let us take the 10 preceding years, the 10 years prior to President Clinton taking office. The growth in the economy was 3.2 percent.

President Clinton wants us to believe that he has created the strongest economy in three decades. I believe he is now using the words the ''strongest economy in a generation.'' I remind you again, the growth under President Clinton is 2.4 percent.

Again, somebody might say that that period of time is not a fair reflection of what has happened over a period of time. So I will just again focus in on the last five expansions. If you take the last five periods of growth that the country has experienced, we know that that growth averaged 4.4 percent. Compare that again to the growth of the Clinton years of 2.4 percent.

To go back even further, since World War II the country's growth rate has averaged 3.3 percent. The President of the United States during his joint session speech told the American people that this is the strongest economy in 3 decades.

But, Mr. President, I really do not have to worry about those numbers in really trying to get that message out because I have listened to the American people. I have listened to the people in my State. I have listened to the families who are struggling, who are working harder today and have less to show for it. We all hear it. We hear it in the sense of the anxiety that they express. We hear it in the fears they have about the future. We hear it in their concern about their children, what their opportunity will be as their children grow up.

There is a lot of insecurity in America today. I am not sure that a lot of Americans have at this point been able to articulate what that is. But they know that there is something wrong. They know that they have not reaped the benefits of the ''strongest economy in three decades.'' All my point there is to say that President Clinton may be saying one thing about the economy, but the people in this country understand that this is just not right. He is not accurate.

I have one additional chart, which is the first time I have seen this. It is the first time I have used it. It is a chart that has gone back to 1870—not 1970—1870. We have charted out every single expansionary period in the U.S. economy since 1870.

We have added the growth during the Clinton years. That is this last bar. As we look from now all the way back to 1870, this chart indicates that this is not the fastest growing economy, not the strongest economy in three decades. It shows it as being the weakest economy in over 100 years. Let me say that again. This is the weakest economy in over 100 years.

So, Mr. President, I am making the point that while we should be pleased that we have experienced some growth in the economy in this last quarter, people should put it in context. There could be some reason for excitement if there was a sense that the number that we heard this morning would continue into the third quarter and into the fourth quarter and into the next year.

But that is not what economists are telling us. They are telling us that the second half of this year is in fact going to be weak. It is going to be somewhere in the 2 to 2.5 percent growth range. That is not coming from just one economist. This is coming from a number of different groups of economists. The so-called blue chip forecasts are in the 2.5 percent range. Wall Street Journal, somewhere in the 2 to 2.5 percent range. CBO forecasted I believe about 2.5 percent growth through the balance of this year.

So while there is excitement, I am telling you, Mr. President, this is a short-lived excitement. We are going to hear a lot about it from the Clinton administration. But I suggest that the people in this country understand from their own experiences that this economy is not providing them with the opportunities that they hope for themselves and for their children.

I will use one additional graph here. It compares real median household income for the period of time from 1983 to 1992. Real median household income, $33,119. The Clinton average, 1993, 1994, $32,153, almost $1,000 less. And, yes, these are figures that have taken inflation into consideration. On average $1,000 less.

We have also calculated out, for example, what would have happened if the growth rate in the economy had been, say, similar to the 10 years prior to President Clinton taking office. How would that have affected the average family in America? And do you know what the number is? It is $260 a month in loss of income because we are growing at this rate versus this rate.

That is why the American people are concerned about the future. That is why they are worried about their opportunities. You cannot, Mr. President, layer on American business and American families a whole new layer of more Government, higher taxes, more spending, more Washington intrusions, more Washington involvement. You cannot layer all of that additional Washington interference and not expect the economy to slow down.

So in conclusion, I say, Mr. President, that the economic policies of the Clinton administration are robbing America of its economic potential. I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. I want to thank Senator MACK, not only for what he said today, but his constant vigilance with regard to what is really important for the average family.

I think it is pretty clear, would you not agree, that whatever the good news that is being announced on that side of the aisle, that it is the working people and the average families in America that are asking: If that is true, how come nothing is happening to my paycheck? How come nothing is happening to my family income, which is in stagnation? Those are the issues causing the anxiety out there. Am I correct in that?

Mr. MACK. I say to the Senator, I think you are absolutely correct. If you will give me just a moment to tell one little story.

Mr. DOMENICI. Please.

Mr. MACK. I think it reflects on the feelings of lots of Americans. I think about the family where both the husband and wife work and get up way before dawn, and in our large cities in America, commuting for a long period of time to get to work, working all day, both of them, getting back home after dark. The only time that they have off, the weekends, if things go right. And they see all of their resources being taxed by every level of government.

Mr. DOMENICI. You got it.

Mr. MACK. For programs and services they believe have failed and do not work. And they are tired of it. And they are not feeling what one would expect would be the results of the fastest growing economy in 3 decades.

Mr. DOMENICI. Before the Senator arrived we spoke of stagnant family income. That is what is causing the anxiety.

Real median family income was virtually motionless from 1992 to 1994. That is the last year for which we have data available. Under President Clinton, it has risen only two-tenths of a percent per year on average. Family income is below the level that it was in 1991 under President Bush. During the Reagan tenure, yearly family income growth was four times as fast. That might account for a poll back then saying people thought we were on the right track and a poll today saying they think we are on the wrong track.

Does that seem to be a correct analysis?

Mr. MACK. Absolutely. What concerns me is that most people do not know or have not been told that during the Reagan years, in which we tried to reduce the size and scope of Government to reduce the tax burden, providing incentives for business creation and capital incentive, that during those years family incomes went up. They went up consistently.

I can remember our former colleague, Senator Wirth, teaming up with now-Vice President GORE, coming to the floor and talking about this tragedy that has occurred in America from roughly 1973 to 1992, just talking about from one point to the next point, how incomes had gone down, but refused to tell people that during the Reagan years, those 7 years of growth, that American families were better off and American workers were better off.

Mr. DOMENICI. Senator BENNETT, I believe, was next, and we have reserved 5 minutes.

The PRESIDING OFFICER. The Senator from Utah, Senator BENNETT, is recognized for 5 minutes.

Mr. BENNETT. Thank you, Mr. President. I do not want to repeat some of the arguments that have been made, but I want to talk about one aspect of the numbers that have been discussed today so glowingly described by the President.

They look upon the last quarter and say, ''Isn't this magnificent? We are growing at over 4 percent a year.'' And I agree that a quarter in that atmosphere is a wonderful thing.

What were they saying just two quarters ago when they were growing at 0.3 percent a year? One quarter does not control what happens in a year. It can be a seasonable circumstance. It can respond to any one of the series of one-time events. You need to look at things over time.

I would like to look at one number over time that we have been hearing about in the Clinton administration crowing about the tremendous economic performance, and that is taxes. We all know that President Clinton made raising taxes the centerpiece of his economic program. He promised when he ran in 1992 that he would cut taxes. But he said when he got into office: I have suddenly discovered that things are far worse than I ever recognized, much worse than I realized. I not only cannot deliver on my promise to cut tax rates, I must give you increased tax rates, or the economy is going to be destroyed. So we had increased tax rates in the United States. He is now saying: Well, you see, because I had the wisdom and the courage to raise tax rates, we are getting all this tremendous revenue, and now I am responsible for the fact the deficit is coming down.

I point out a few things. If we go back to the last year in which the Reagan tax structure was in place, which was 1989, taxes from individuals were producing revenue to the Government at the rate of 8.6 percent of our gross domestic product. Then President Bush broke his tax pledge, and we had the tax increase in rates from President Bush. Then Mr. Clinton broke his tax pledge, and we had the increase in rates. What happened to revenue? Revenue as a percentage of gross domestic product went down, Mr. President—not up, down—from 8.6, where it had been in 1989, down to 8 percent. It started to come back up in 1995. It was 8.4—still not as good as we had during the Reagan years, but coming back a little.

How is it possible, people say to me, that when you raise rates you see revenue go down? Stop and think about what happens in the real world all the time. I use the example of Ford Motor. They introduced what they thought was a marvelous new car, the Ford Taurus. They thought there would be so much demand for it they could raise rates. They call them ''prices,'' but since we are talking about Government we will use ''rates.'' They will raise the rates on the new car. It hit the marketplace. The marketplace reacted by not buying Tauruses. What did Ford do? They lowered the rates and increased their sales and thereby increased the revenue that they were getting from the sale of the introduction of that new model.

Around here we do not understand that principle. But every businessman in the United States understands it and uses it every day. You raise your prices, you lower your prices, depending on what the market tells you. Here we just feed the numbers into the computer, and whatever the computer tells us, we say that is automatically the way it is going to be.

So President Bush, and then President Clinton, raised tax rates only to see revenue as a percentage of the economy go down, and even now in this wonderful report the President gives us, the tax revenue has not yet gotten back to the level that it was prior to the time when they told us that increased taxes were good for us.

Mr. President, I do not believe that increased tax rates are good for us. I think what we should focus on in the Government is tax revenue, how much money we get in from the economy in order to pay our bills and deal with the deficit. I recommend we go back to the revenue levels that we were getting in the days of the Ronald Reagan circumstance when we were getting 8.6 percent of the gross domestic product coming from individual taxpayers, rather than the anemic 8 percent we hit in the Clinton administration.

Referring to the charts quoted by my friend from Florida, Senator MACK, the increase has been the lowest of any expansion we have had. Just think, Mr. President, what we would have in terms of revenue for the Government and relief from the budget deficit if we had had a historic rate of growth in this expansion and 8.6 percent of that coming in in the form of revenue. We would be better off than the Clintons are claiming we are today.

Do not get carried away with a single order or with rhetoric in an election year. Keep our understanding on the historic pattern that tells us the best way to see growth in our economy is when we have tax rates that allow Americans to earn more and then to keep more so they can do more in their own lives, instead of having Government make all of the decisions. I yield the floor.

Mr. ROTH. Mr. President, I yield myself 5 minutes.

First, let me address the good news. Yes, the good news that we received this morning from the Commerce Department is that the GDP for the second quarter of this year is a strong 4.2 percent. This is up from the anemic growth rate of 0.3 percent in the last quarter 1995, and the first quarter 1996 growth rate of 2 percent.

However, Mr. President, let me remind my colleagues that the average growth rate since 1990 is a weak 1.9 percent. This is, in my opinion, unacceptable.

Let me refer my colleagues to a Business Week cover story in their July 8, 1996, edition. The cover reads ''Economic Growth—Don't be fooled by today's strong statistics. And don't be suckered by the political rhetoric. America needs faster growth.''

While the Business Week feature story goes on to outline their proposals for stronger growth, they highlight critical issues that we must address; namely, increasing savings and investment, balancing the budget, and reforming the Tax Code. Mr. President, it is the Republicans in Congress who have addressed these issues and will continue to fight for real tax reform in the coming years.

Also, a few weeks ago the Office of Management and Budget's new estimates of the deficit for fiscal year 1996 is $117 billion, down from the $211 billion target that Bill Clinton called for in his budget. The deficit is down because a Republican Congress forced the President to control spending. Despite five Presidential vetoes—remember those vetoes—congressional Republicans successfully managed to rescind nearly $40 billion in domestic discretionary spending from this administration's top-heavy budget.

This represents a good start, but it is only a start. Had Bill Clinton not been so wild with the veto pen—had he not vetoed the balanced budget amendment—we'd be even farther down the road. The deficit reduction we're celebrating is for the short term.

Long-term trends show increasing deficits. They show an upward trend, and Congress—along with the President—have a responsibility to reverse deficit growth.

Toward this end, our objective must go beyond controlling the spending side of the equation. Excessive taxation is as dangerous to the welfare of American families as is excessive spending, perhaps even more so.

These dangerous trends must be reversed. We are moving in the right direction to control Federal spending, now we must also push for tax reform to strengthen the economy.

Make no mistake about my feelings on this debate. I'm on record as a proponent of meaningful tax cuts, and this will be the direction I intend to move.

Holding the line on spending and stimulating optimal economic growth through responsible tax reform are the only ways that we will effectively find the resources and means necessary to meet the challenges and the enjoy the opportunities the future has to offer.

Mr. President, I yield 5 minutes to Senator KYL.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Mr. President, I thank the Senator from Delaware for making this time available to talk about this important matter this afternoon. I was reminded of the fabler, Stephen Leacock, who wrote the story about the fleas riding on the back of a chariot. They looked back and said, ''My, what a fine cloud of dust we have made.'' It seems to me that Bill Clinton's crowing about the latest GDP figures is analogous. If it were not for the Republican Congress, as Senator ROTH just pointed out, ensuring that the budget deficit went down to the extent it did, we would not have these GDP figures that begin to show some promise. As Senator ROTH pointed out, if the President had not vetoed the balanced budget we sent up, the figures would be even better. So I don't think this is the time for the President to be crowing.

There is another point here, too, Mr. President. We should be very leery of these preliminary statistics. It has been pointed out that the first-quarter GDP figures this year were actually overrated by 21 percent. The correct number was 2.2 percent growth. But they were originally estimated at 2.8 percent. So we need to be a little cautious about bragging too much about the figures before they are verified.

Third, as has been pointed out before in this debate, the overall economic performance during the Clinton administration is very poor. It is an annual growth rate of 2.3 percent, compared, for example, with 3.7 percent growth the year before the President took office. If you take the entire decade before he took office, it was 3.2 percent. So the President has very little to crow about with respect to the overall performance of the economy.

There is a final and most important point here, though, that I think needs to be addressed. The Senator from Utah, Senator BENNETT, made the point a moment ago. It has to do with the plight of the average American. We can quote these GDP statistics all we want. But what about the average American family? How does all of this affect them? The fact of the matter is that the average American family is not doing so good. The news there is not good. Households have lost, not gained, $2,100 in take-home pay during the 1990's. That is a 5-percent decline. If you look at the 1980's, families increased their income by 11 percent, or $4,100. That was the increase in median family income during the 1980's, mostly the Reagan decade, but the first part of the Bush administration as well.

If you look at the Clinton decade, the 1990's, median household income has actually dropped $2,100. So it is fine for the GDP to be finally showing some strength, but in terms of the average American family, it has not yet translated into a benefit to them.

In the 1990's, by the way, it is the rich who have been gaining, to the extent that there is any gain, and not the middle- and lower-income workers. Consumer debt has hit an all-time high of just over $1 trillion—a 44-percent increase during the Clinton years.

Personal bankruptcies were at an all-time high last year. Why is this? Because of the Clinton crunch, Mr. President, and the historically high tax rates. Americans today are paying the highest percentage of taxes in the peacetime history of the Nation—38.2 percent. I think it bears repeating that this is the highest percentage of their income that Americans have paid in taxes during peacetime in this country's history.

That is the Clinton crunch. That is why the GDP statistics, as good as they may be, are not being translated into benefit for the average American family. The stagnation of wages and incomes and the economic anxiety people feel is the result of three things—the weak performance of the economy under President Clinton, high taxes, and the burdensome regulation of the Clinton administration. These are what have hindered people's ability to get ahead.

Just a month ago, on July 4, we celebrated Independence Day in this country. I would note that July 3 is also ''independence day'' for the people in this country, because, until July 3, Americans literally had been working for the Government. In other words, if they had applied all of their income to taxes, it would not have been until July 3 that they would have fulfilled all of their tax obligations. From then on, they began working for themselves.

So it is really the Clinton crunch that has caused so many problems for American families. Until we can (a) get the economy moving again, and (b) reduce this burden of regulation and taxation on the American people, these generalized statistics are not going to translate into any real benefit for the average American family.

Mr. D'AMATO. Mr. President, I yield Senator ABRAHAM 5 minutes.

Mr. ABRAHAM. Mr. President, I, too, would like to put into perspective the statements made earlier today on the other side of the aisle relating to the economy. While it may be true that in this one quarter, growth statistics are up; the fact is, for this Presidency, as was clearly documented by the Senator from Florida earlier, growth has been anemic, 2.3 percent, the lowest economic growth for any recovery in this country, literally, in this century.

What is also important, as was pointed out, is the fact that the median family income of America's working families has stayed stagnant. What has not stayed stagnant is the rate of taxes paid by those average families. That has been going up, as the Senator just indicated, to an all-time record high of over 20 percent. That is why American families are feeling a squeeze. They are working harder, their incomes are not going up, but their Federal taxes are going up. We need to address that, Mr. President.

Now, earlier today, we heard from the other side of the aisle several critics of letting Americans keep more of what they earn. Tax cuts were criticized. It is not surprising that it came from the other side of the aisle; it is the other side of this aisle that voted in 1993 for the largest tax increase in the history of this country.

Let us talk about the kind of tax cuts that can help America's families, like those we saw in the 1960's under a Democratic Presidency and in the 1980's under a Republican Presidency. Those tax cuts stimulated economic growth and created millions of jobs for working Americans. Those tax cuts also stimulated the chance for this economy to grow, and grow at record rates.

In the 1980's we saw economic growth that greatly eclipsed what we are seeing this year. It is interesting. Notwithstanding the criticism that was leveled earlier at those tax cuts, and notwithstanding the myths that have been created about those tax cuts, the truth is those tax cuts did stimulate far greater revenue to the Federal Government from taxpaying Americans, because the economy did grow, and it grew at record levels, especially during the 1980's.

It is interesting also as to who paid those increased taxes. It was people at the highest ends of the income spectrum who, freed from the high-tax burdens, decided to invest and risk their dollars in creating new jobs and economic growth. That is what we had. We had economic growth. We had more jobs, and we had higher tax revenues to the Federal Government.

Interestingly, in the 1990's when tax rates were raised, upper income groups are paying less and lower and middle-income groups are paying more because the upper income groups have found ways to shelter their income to avoid taxation. In the 1980's they did not do it. They used their moneys to create jobs and opportunity, and paid more taxes.

The other myth that I think needs to be exploded here today is the myth that somehow cutting taxes created the deficits that we had in the 1980's. The fact is, revenues increased during the 1980's after the tax cuts by approximately 56 percent. What increased faster was Federal spending in virtually every dimension by almost 70 percent. That differential, Mr. President, is the reason we saw deficits increase—deficits increase—under a Democratic-controlled House of Representatives.

So, Mr. President, let us put this in perspective. Under this Presidency, median family income has remained stagnant while taxes have gone up. Under this Presidency, the growth rate has been the most anemic in any recovery of the Nation's history over the past century. That is not a track record of great accomplishment no matter how much it is sugar-coated.

What we need to do is to give the working families of this country a chance to really keep up with the needs that they have by being allowed to keep more of what they earn, and a chance for the people who create jobs and opportunity to have the incentives to invest, to risk and to create entrepreneurial activity that will give us the jobs we need for the balance of this century and the next.

Thank you very much.

Mr. D'AMATO. Mr. President, I yield 5 minutes to the Senator from Georgia, Mr. COVERDELL.

The PRESIDING OFFICER. The Senator from Georgia has 5 minutes.

Mr. COVERDELL. Mr. President, as everyone has said here this morning, we have had a trail of good news from the other side on the economy. I go back to a quote:

> We have the most solid American economy in a generation.

That was President Clinton's remark on July 6 of 1996. But perhaps of equal standing, perhaps even more, are these quotes. I have heard so much on this side of the aisle about what the real status of the economy is, but I have been taken with the remarks on the economy from the other side of the aisle:

> We have an anemic rate of economic growth.

I repeat:

> We have an anemic rate of economic growth.

Senator BYRON DORGAN on June 20, 1996, in the CONGRESSIONAL RECORD. Or how about this one:

> When I go home, I hear a lot of anxiety from farmers, small business people and families just trying to make a living wage. In fact, wages have stagnated. For many middle class working families, every year it seems harder and harder to make ends meet.

Mr. President, that is the statement of Senator TOM DASCHLE, the minority leader, and that statement was made on June 20, 1996.

Here is another:

> Even though some Clinton administration economic advisers have begun to highlight certain positive economic news, it is still true that for many, especially low and moderate income working people, the economic recovery is spotty, partial and has failed to increase their real take home pay.

That is Senator PAUL WELLSTONE of Minnesota, May 2, 1996.

Here is another one:

> We all know that the American people are anxious about their economic future. They are worried about the security of their jobs and their ability to take care of their families.

That is Senator JOE LIEBERMAN, the colleague of Senator DODD, who is on the floor. That was a statement made on May 17, 1996.

DASCHLE, WELLSTONE, LIEBERMAN, DORGAN, all contemporary statements reflecting anxiousness and anxiety among the average working families in America, and they are right. In a recent article in the Washington Times, we read that last month 63 percent of the American people said the country was on the wrong track compared with only 24 percent who thought it was on the right track. It says:

> A lot of people say their income is not keeping them ahead of the cost of living. Only 10 to 15 percent say they are doing better.

So the remarks by DORGAN, DASCHLE, LIEBERMAN, and WELLSTONE are right on the mark. The middle class, the average working family does not feel very good today. Why would that be? I can tell you one reason, Mr. President. It is because their checking account has $2,000 to $3,000 less since President Clinton came to office than they had in that account before he came to office.

I might add, that is about a 7 percent reduction in their disposable income. The average Georgia family today has to forfeit over half its wages to one government or another now, over half. If Thomas Jefferson were here today, he would roll into his grave that it would ever come to the point that over half a family's income is being consumed by the Federal, State, or local government. And here we are, with this administration having taken another $2,000 to $3,000 out of a family who only has about $25,000 of disposable income. That is like a 10 percent reduction in their disposable income in just 36 months. So it does not take a rocket scientist to figure out why there is so much anxiety in the working family. They have less to work with. The median household income has declined from $33,119 to $32,000.

Job lock: Anemic economic growth has frozen many workers into jobs they would like to leave for better employment, but they are afraid those jobs will not be there if they try to go someplace else.

Or how about credit cards? The delinquent payments on credit cards, which is a real consumer-connected device across our country, are the worst they have ever been in 50 years. Why? Because we have, by Federal policy, pushed the average family to the wall. And the policies of this administration have created the anemic economy, just as Senator DASCHLE has alluded to. Those policies have reduced the disposable income in that family's checking account and they have made middle America very worried.

Mr. GRASSLEY. Mr. President, but for the strength, determination and leadership of the Republicans in the Congress—and I am referring to this and past Congresses—we would not today have a better budget situation or have an article like the one which was printed in the Wall Street Journal this morning.

But for the economic wisdom of the Federal Reserve and the steady guiding hand of its chairman, Alan Greenspan, we would not today have the economic footing that we need to be closer to a balanced budget than we have been in recent years.

There are two facts of economic life. One is that Republicans have been more steadfast and committed to balancing the budget than has the President. I remind my colleagues of the vetoes he issued on our attempts to balance the budget last year. But for our steadfastness and commitment to this goal, but for Republican leadership, this President would be no where near to working on a balanced budget.

The second is a fact that this Senator addressed during Chairman Greenspan's confirmation. The Federal Reserve has played, and continues to play, a crucial role in stabilizing the economy and maintaining investor confidence in the face of big spending Congresses. This confidence has lead to increased participation by some Americans in the stock market. This increased capital investment is what has led to new jobs, and expansion.

The President has raised taxes, though. The Clinton tax increases have taken away from all Americans' ability to take care of their families. The Clinton tax increases have decreased the amount of money which mothers and fathers have to buy necessities for their children. This is wrong.

Several of my colleagues have very accurately described the reality of the so-called Clinton economic growth rate. I wish to associate myself with their remarks. The charts which they have shown the Senate depict an economy which is not growing as fast as past economic expansions. In fact one of the charts show that this is the weakest economy in 100 years.

Another of the charts clearly shows what has happened to real medium household income. It has decreased. As the Senator from Florida pointed out, real medium household income in the years between 1983–1992 was $33,119. During the Clinton years of 1993–1994 real median household income dropped to $32,153.

No wonder American workers are concerned about their future. This drop in income hurts hard working Americans.

Let us continue to reform Government programs, as we are with this welfare reform legislation. And let us continue our efforts in Congress to balance the budget. This is true economic stimulation. This will lead to real economic growth. This will put more money into the pockets of Americans.

Mr. D'AMATO. Mr. President, I yield 5 minutes to the Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Excuse me, I thought I had 10 minutes on welfare.

Mr. D'AMATO. We are running a little behind. We would appreciate it if you could keep it—

Mr. GRAMM. Mr. President, let me just reschedule time to talk about welfare.

Mr. D'AMATO. If the Senator would like to be yielded 10 minutes, why don't we start, instead of just talking about it.

Mr. GRAMM. All right.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, it is an incredible paradox that while today we celebrate one of the most dramatic legislative victories certainly in this Congress and in the last decade, we are here responding to our Democratic colleagues who came over to give us a lesson in perverted economics this morning. They tell us how things are great because they had the courage to raise taxes, and if only we had raised taxes more and spent more, things would even be better. I personally do not believe the American people are going to adopt that brand of economics.

I would simply like to say that if we had not raised taxes in 1993, but rather had cut spending and adopted the balanced budget amendment to the Constitution, the economy would be stronger, and we would not be having an economic recovery, which happens to be one of the weakest economic recoveries in any postwar period.

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

The Senate continued with the consideration of the conference report.

Mr. GRAMM. Mr. President, let me now talk about welfare. We are going to pass here in the Senate tonight a welfare reform bill that has the promise of dramatically changing a system which has failed in America. Let me begin by talking about the failure.

In the past 30 years, we have spent $5.4 trillion on welfare programs; programs where we were trying to help poor people. Nobody in America knows what a trillion dollars is. So let me try to put that number in perspective.

If you take the total value of all buildings, all plants and equipment, and all productive tools in American industry and agriculture combined, they are worth about $5 trillion.

So if you want to know how much we have invested in the old welfare program over the past 30 years, it is roughly the equivalent of the value of all buildings, all plants and equipment, and all of the tools of all the workers in the United States of America. No society in history has ever invested more money trying to help needy people than the United States of America has invested.

Yet, what has been the result of all of those good intentions? What has been the result of that investment? The result of that investment, 30 years later, is that we have as many poor people today as we had 30 years ago. They are poorer today, they are more dependent on the Government today, and by any definition of quality of life, fulfillment, or happiness, people are worse off today than they were when we started the current welfare system.

When we started the War on Poverty in the mid-1960s, two-parent families were the norm in poor families in America. Today, two-parent families are the exception. Since 1965, the illegitimacy rate has tripled.

I know that we have colleagues on the other side of the aisle who are going to lament the passage of this new welfare reform bill. But I do not see how anybody with a straight face, or a clear conscience, can defend the status quo in welfare. Our current welfare program has failed. It has driven fathers out of the household. It has made mothers dependent. It has taken away people's dignity. It has bred child abuse and neglect, and filled the streets of our cities with crime. And we are here today to change it.

Let me outline what our program does. I think if each of us looks back to a period when our ancestors first came to America, or back to a time when those who have gone before us found themselves poor, we are going to find that there are two things that get individuals and nations out of poverty.