

some of whom were economists, stand up and say, "If you pass this legislation, this economy is going to go in the tank. We are going to have a recession, or a depression, and joblessness." I mean, the predictions were very dire.

In fact we passed that legislation and we have had unemployment go straight down, new jobs go straight up, inflation go straight down, and the deficit go straight down. The unified budget deficit was \$290 billion in 1992. This year it may end up at less than \$40 billion. The economy is on better footing. Why? Because it is not the economists that understand what is going on.

This economy rests on a cushion of confidence. If the American people are confident about what we are doing and the direction in which this country is heading, then they make the right decisions. "We are confident about the future," they say, so they buy the next washer and dryer or the next car and make the decision to purchase a home.

If they are not confident, they make the other decision. "We will defer the purchase. We will not buy the car. We won't buy the home. We won't buy the washer and dryer. We won't buy the refrigerator." And, as a result, the economy contracts.

But this economy is expanding. Why? Because in 1993 this Congress made the right decision—the tough decision—to put this country on the right course. It allows us now, in 1997, to make some other decisions. Yes, to make budget choices that are the right choices in many cases and to make tax reduction decisions that will be good decisions for many families in this country.

Are there some things in this piece of legislation that I don't like? Sure. There are probably some of them I don't yet know about.

Watching this crowd work on budget issues is a lot like taking your car to a garage. Once they lift your hood and tell you what they are charging you for, you do not have the foggiest idea what they are talking about. Some of that same mentality can certainly be true about the budget negotiations here in Congress because they are down there outside the regular committee process making deals. And I am sure that I will discover things that give me heartburn and stomach ache with respect to what they have put in this legislation. So, will there be some things that I don't like? Yes.

But, in the main, have we succeeded in pushing and pushing the kind of agenda that is important for this country? Have we expanded health insurance for 5 million kids? Have we provided a \$500 tax credit that goes to working families—yes, all working families? Have we improved your ability to pass on a family farm or a small business to your sons and daughters who want to run it with the estate tax changes that are in this piece of legislation that Senator DASCHLE from South Dakota worked on and that I worked and others have worked on? Have we helped you to more easily send

your kid to college and get tax credit for doing so, helped working families so that their kids have the opportunity to go to college? Have we done all of these things? The answer is: yes, we have.

Are they going to be helpful? I think so.

So I come to the floor today feeling that we are moving in the right direction and we are making the right decisions. Frankly, I am one who believes that the ability for the Republicans and Democrats to get together and work together and have common goals together for the future of this country is good for this country. Sometimes we should fight over things, and we do. We fought, for example, over the question of whether a family that is going to make \$25,000 a year working full time should have access to the \$500-per-child tax credit. Some in Congress said, absolutely not, because they are not paying much of an income tax. We said absolutely that they should get it, because they are paying taxes—significant payroll taxes. So we fight about those things.

But I am pleased to say that in the main much, much more of what we fought for is going to be in this conference agreement. I think the joining of the issues today on these range of issues in this budget agreement will spell good news for this country.

Let me finally mention one additional point. As we proceed to do these things on both the spending side and the tax side of this budget reconciliation agreement, it is very, very important that all of us decide that the budget deficit still matters, and at the first sign of ratcheting up a budget deficit once again, this Congress must take action. What we hope will happen is that this agreement will continue the economic growth we have had, and to the extent it does, that we will have a balanced budget not only in the year 2002 and perhaps even before, but also in subsequent years thereafter.

But when and if it appears that expenditures will exceed revenues—that we will run a deficit—then this Congress must be prepared to take action to stop it, because balanced budgets are important.

Now we have some room to provide some capability of tax cuts and some other things in the budget agreement that makes some sense for the American families. But American families most of all understand that balancing the budget is what will give them confidence in this economy. They know that balancing the budget is what will give this country the chance to grow and to provide jobs and to provide hope for all Americans, now and in the years to come.

Mr. President, I yield the floor, and I make a point of order that a quorum is not present.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

RESULTS OF THE 1993 BUDGET PLAN

Mr. CONRAD. Mr. President, I rise to comment briefly on the agreement that has now been reached between negotiators on the budget and tax package. That agreement will soon be before us.

I would like to put what has happened in some historical perspective. I have been reading and listening to the commentary over the last several days of how we got to the position we are in today, in which we can consider significant tax relief and continue on a path to balance the unified budget by the year 2002.

I think we have to go back to 1993 when President Clinton came into office and faced a \$290 billion deficit he had inherited from the year before. I think we have to go back to the economic plan that he laid on the table to get our fiscal house in order and to lay the basis for strong economic growth.

When we go back to that period, I think we remember the situation we confronted. Deficits had been growing, were out of control. There were many who wondered if the best years of the United States were behind us.

The President put out an economic plan that proposed cutting spending. It also proposed higher taxes on the wealthiest among us, asking the wealthiest 1 percent in this country to pay higher income taxes. That plan passed the Congress. In fact, it passed in this body only because the Vice President of the United States broke a tie and voted in favor. There were those on the other side of the aisle who said this plan, which was going to raise taxes on the wealthiest and was going to have spending cuts, was going to crater the economy. They said at the time it was going to increase unemployment; it was going to reduce economic growth. All these bad things were going to happen.

Now we can look back and see what has really happened. None of the bad things came true. Instead, what we have seen is really a remarkable economic record.

Just with respect to the deficit, the so-called unified deficit, it was \$290 billion in 1992 and came down every year under that economic plan. This year, the most recent projection was \$67 billion, but even that is now outdated. We are now told that the deficit this year may be \$45 billion, or may be as little as \$30 billion.

So the fact is that the economic plan which passed in 1993, a 5-year plan, has exceeded every expectation. The deficit has come down each and every year under that economic plan and come down sharply. In fact, we are close to balancing the unified budget without any additional action. According to the

Office of Management and Budget, if one looks at long term savings, what one sees is the savings from the 1993 deficit reduction package are \$2 trillion over 1994-2002. The budget agreement that the Senate will consider tomorrow is about \$200 billion, about one-tenth as much. So if we go back and look at what made a difference here, the 1993 economic plan is the reason we have seen such dramatic deficit reduction and is the reason why we are in a position now to have tax relief for hard-pressed American taxpayers.

It is very interesting to go back and review the record of what has happened in this economy since that 1993 economic plan was adopted. By the way, it is the only economic plan that was adopted during that period. It was adopted without any help from the other side, and now we can look at the record.

The misery index. We used to talk a lot about the misery index. That is the combined rate of unemployment and inflation. The combined rate on July 14, 1997: 8.7 percent, the lowest average since the Johnson administration. That is a long time. Inflation: 2.8 percent per year, the lowest average since the Kennedy administration.

Employment. Our friends on the other side of the aisle said when we passed the 1993 plan—it is still ringing in my ears—I remember a Senator on the other side of the aisle saying this was going to crater the economy. It was going to increase unemployment. It was going to reduce economic growth. It was going to be devastating. Well, we can now look back and see what happened. Employment has increased by 12.5 million new jobs—the only administration to exceed 11 million in our history.

Deficit reduction. I have already talked about that. We have seen the unified deficit go from \$290 billion to this year perhaps as little as \$45 billion. Maybe even less. Business investment has grown at 10.5 percent a year, the fastest growth since the Kennedy administration.

The stock market. We all know what has happened to the stock market. It has gone from 3,242 on January 20, 1993, when this President took office, to 7,922 on July 11 of this year. Now we know it is over 8,000—the fastest growth since World War II.

And the poverty rate. The poverty rate in this country has declined from 15.1 percent in 1993 to 13.8 percent in 1995—the largest drop since the Johnson administration. Median family income has gone up \$1,600 between 1993 and 1995—the fastest growth since the Johnson administration.

Mr. President, I recall this history because I think it is important. It is important to understand what has worked in terms of economic policy. Some said in 1993, if you raise taxes on anybody in this country, that will have a devastating economic impact.

They were wrong. They were simply wrong. I believe the reason they were

wrong is because the benefits of deficit reduction to the economy far outweighed any negative consequences. No question, when you raise taxes that creates some drag in the economy. But it also had a beneficial component. The beneficial component was that deficit reduction took pressure off interest rates because we really did reduce the deficit.

The fact there was a move to ask the wealthiest 1 percent in this country to pay more in income taxes combined with the spending cuts of the 1993 plan meant the deficits came down. That meant there was less Government borrowing. That took pressure off of interest rates. Interest rates came down. In fact, we know every 1 percent reduction in interest rates takes \$128 billion a year off this economy. That is lower borrowing costs for businesses, lowering borrowing costs for farmers, lowering borrowing costs for individuals. And that made a profound difference in this economy. It helped this economy reignite. And, again, since 1993, we see the results—not only this dramatic decline in the deficit as a result of that economic plan, but also a remarkable resurgence of economic growth, savings, and investment. We've seen the lowest level of core inflation in 31 years, and in May the lowest unemployment rate in 24 years. That is a remarkable economic record.

Some who are listening will say, well, Senator, you can't attribute this all to the 1993 plan. Fair enough. You cannot attribute it all to the 1993 plan because economic conditions are a result of not only fiscal policy but monetary policy as well. But make no mistake, the accommodative monetary policy we have had as a result of Federal Reserve Board decisions, follows the fiscal policy decisions that were made in 1993. That is not just my opinion. Alan Greenspan, the head of the Federal Reserve, says that himself. He has indicated that much of the strength we have seen in the economy can be attributed directly to the 1993 economic plan.

I think if one is fair and objective one would say, no question, this economic resurgence in terms of Government policy is a combination of fiscal policy that was passed by Congress in 1993 and the monetary policy that the Federal Reserve Board has followed since that time. But what made possible those Federal Reserve decisions was the fact that we bit the bullet, that we took action to reduce the deficit. Because we took that action in fiscal policy and the Federal Reserve Board responded with accommodative monetary policy, the result has been this remarkable economic resurgence.

There are other factors as well, but in terms of Government policy, what Government can do to affect outcomes, there is no question. The record is absolutely clear. The 1993 economic plan worked and worked remarkably well to strengthen this economy.

Mr. President, I look forward in the coming days to discussing this eco-

nomic package that has now been agreed to by negotiators. I look forward to talking about the spending side of the ledger as well as the tax side of the ledger, the agreement that will be before us tomorrow.

I yield the floor, Mr. President, and suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. ALLARD). The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. STEVENS). Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, what is the pending business?

DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

The PRESIDING OFFICER. The clerk will report S. 1022.

The assistant legislative clerk read as follows:

A bill (S. 1022) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1998, and for other purposes.

The Senate resumed consideration of the bill.

Pending:

Kerry amendment No. 992, to provide funding for the Community Policing to Combat Domestic Violence Program.

Gregg (for Kyl) amendment No. 995, to provide for the payment of special masters for civil actions concerning prison conditions.

Gregg (for Coverdell) amendment No. 996, to require the Attorney General to submit a report on the feasibility of requiring convicted sex offenders to submit DNA samples for law enforcement purposes.

Hollings (for Dorgan) amendment No. 997, to express the sense of the Senate that the Federal government should not withhold universal service support payments.

Hollings (for Biden) amendment No. 998, to provide additional funds for the Violent Crime Reduction Trust Fund.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

SANTA CLAUS IN JULY

Mr. HOLLINGS. Mr. President, pending the approach to this Chamber of our distinguished chairman and the original sponsors of some amendments, including the Senator from Minnesota, let me note the environment of Santa Claus in July.

It seems a lot of us are not here this morning. Instead, they are out selling their homes so they can make that \$500,000 and go back home and live comfortably. We have the so-called agreement for a balanced budget. What a wonderful instrument. Everyone with a home can make up to \$500,000 from this agreement. Couples in the \$110,000 bracket and below would get \$600. And,