

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-

nomics 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 universals 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,