am going to repeat it. ''A cut in education never heals.''

A cut in education never heals, and in there lies our responsibility.

The PRESIDING OFFICER. Under the previous order, the Senator from New Mexico, Senator BINGAMAN, is recognized to speak for up to 30 minutes.

AMERICA'S WORKING FAMILIES

Mr. BINGAMAN. Mr. President, I commend my colleague from Kentucky for that eloquent statement about the problem, and also the Senator from North Dakota for his eloquent statement about the extent of the problem and our efforts to find at least some partial solutions to the problem.

As both of my colleagues have said this morning, there are millions of American working families that are scrambling to pay the bills each month. They are working longer hours. They are taking home less money in real spendable money. Yet what they are having to pay for education and for health care is going up, and many of these same families are afraid of being laid off from their jobs.

So we do have a problem and the problem is twofold. The problem is that our economy has grown too slowly in the last couple of decades. And, second, the people who are doing the work in our economy, whether they are working for large companies or small companies or nonprofit organizations—the people who are really doing the work in our economy are getting a smaller part of the benefit from the work that they do and from the profit that is being realized.

Last spring I went to our Democratic leader, Senator DASCHLE, and urged that he set up a working group of Senators to explore options for dealing with this problem of stagnant wages. This is not, I should say, a recent problem. This is a problem that has been with us, now, since 1973. I think all economists would agree that it is a new era in our Nation's economy.

Senator DASCHLE, of course, agreed. He was enthusiastic about the idea and appointed me to chair that group. We turned out a report entitled ''Scrambling To Pay the Bills, Building Allies for America's Working Families.'' Mr. President, I think this report summarizes very well the recommendations that we found and that we came up with that we believe seriously address the problem in a variety of areas. What I want to do this morning is to first describe the problem in some detail but then go on and describe at least the broad outlines of the recommendations that we have made.

Many people deserve credit for participating in the preparation of our report. My own chief of staff, Patrick Von Bargen, took a lead role in it; Virginia White and Steve Clemons in my office deserves special thanks, as well as Paul Brown, with the Democratic Policy Committee, and many other Senators and staff people here in the Democratic side of the Senate.

I also want to thank all the experts that we consulted with, many of whom made major contributions to what we were doing.

First, let me talk about the problem. The economy in this country is growing too slowly. It has been growing too slowly for at least 2 decades now. This issue, as I said before, has been recognized by economists. But I believe the best summary of the problem was made by Jeffrey Madrick in a recent book that he published called ''The End of Affluence.'' That book has in it a chart which I have reproduced here so we can make the point very readily.

It points out that the long-term annual rate of growth in this country from 1870 until 1973 averaged 3.4 percent. That is a good rate of growth, and it was one that is discounted for inflation. That is a rate of growth that we had been able to maintain—at least that average rate of growth—through wars, through depressions, and through a whole variety of economic circumstances.

Since 1973, the rate of growth has slowed. That slowing of the rate of growth is a major part of the problem that we face. There has not been enough investment in productive capacity in the country. There has not been enough job creation, nor good-paying, high-wage jobs in the country. So the rate of growth of our economy has slowed to 2.3 percent during the period from 1973 until the present. That slowing of the rate of growth is a serious issue that we are trying to address with some of these recommendations.

The second serious issue that we are trying to address is that the people who are doing the work in this economy are sharing less in the benefits from the growth that is occurring. Again, we have some charts to try to make the point.

The first of these charts is a chart that shows what has happened to real hourly earnings between 1967 and 1995. These hourly earnings, as you can see, for a period from about 1967 to perhaps 1976 were going up and were reasonably high. Since the early 1970's, or the mid-1970's, they have been dropping. Clearly we are in a situation today where we are almost back—not quite, but almost back—to the same real hourly earnings that people in this country were realizing in 1967. This shows part of the problem that American working families are struggling with.

Let me show another chart. This is the drop in real average income. It is a slightly different measure, but, again, it makes the very same point. This chart shows that from 1978 until 1995 there has been almost a continuous decline in real average income for American workers.

The next chart shows the share of workers that have pension coverage in the country. By ''pension coverage'' I am not talking about just Social Security. I am talking about a pension in addition to Social Security. In the period from 1979 to 1989—that is just the 10-year period—you can see a dramatic dropoff in the total number or the total percentage of workers with pension coverage which dropped from 50 percent in 1979 to 43 percent in 1989. When you break that down according to the level of education of workers, you can see a much more dramatic impact on people who have not had the education. For those with less than a high school diploma, the number of those workers with pension coverage was 44 percent in 1979. It dropped to 28 percent in 1989.

The next chart is full-time male workers with health insurance. We spend a lot of time around here talking about health insurance coverage and the importance of that. Again, taking the period from 1979—this chart goes from 1979 to 1992—it shows that the total figures are that 87.3 percent of full-time male workers had health insurance in 1979. That 87.3 percent dropped to 70 percent by 1992.

Again, just to show the way that breaks out by education level, for people with less than a high school diploma, 87.7 percent of those people had some type of health insurance in 1979. That had dropped in 1987 to 53.8 percent, a mere 14 years later.

The next chart shows the job insecurity in the 1970's and 1980's. This is a very interesting chart, in my view, because it shows what is happening to a lot of families. This shows the percentage of workers that are age 24 to 58 who changed employers at least four times during the decade. That is a lot of change. In the 1970's, you can see that something around 13 percent of all workers aged 24 to 58 had to change jobs four times in that decade. When you look in the 1980's, that number, the percentage of workers who had to change jobs four times, doubled and is nearly at 30 percent. This is twice as many workers changed employers at least four times during the 1980's as changed employers during the 1970's.

The final one of these charts that I want to show on the problem is trying to point out what is called ''the mean time to financial failure.'' By ''financial failure,'' we essentially mean if a person loses their job, how long will it be until they have exhausted their financial resources? This is broken down by fifths, or quintiles, according to family income. For the lowest fifth of all families as far as their income level, of course, they have no time. If they lose their job, they are facing financial failure immediately. For the second fifth, it is half of 1 month until they face financial failure; the middle fifth, 3.6 months; the fourth fifth, 4.66; and even the top fifth is only a little over 18 months from financial failure. On average—that is this final column—it is 3.64 months from loss of job to total financial failure for American families.

Mr. President, I think this makes the case that there is a problem. This is not a manufactured problem. This is not a rhetorical problem. This is a real life problem that many working Americans are faced with.

The debate, unfortunately, about this problem has not been particularly productive. The debate which the public hears on the issue sort of veers from those who are surprised to discover that there is a problem on the one hand to those who recognize that there is a problem but have no plan to deal with it other than giving speeches, attacking corporate management, or attacking foreign companies or foreign countries for unfair trade practices.

There is no set of proposals that has been put forward so far in the public debate to try to come to grips with this very real problem. What we tried to do in the report that I referred to earlier was to come up with that set of recommendations and get this debate on to a serious plain.

In putting these recommendations together, we have tried to move the debate past the blame game and name calling and on to thoughtful consideration and policy options.

First, what can we do to stimulate the growth, going back to the first chart I referred to. And second, what can we do to ensure that America's working families fairly benefit from the growth that does occur? In the report that I referred to, we have some 80 specific recommendations. I am sure that no single Senator supports each, but each is a proposal that deserves to be seriously considered on its merits. I hope that this debate we are beginning now will result in that.

Let me describe the three broad areas in which we have made recommendations. First, we have made recommendations to encourage businesses to become better allies of American families, because they have a tremendous impact. And that is in this column here on the left.

Second, we have made some recommendations to make financial markets better allies for America's working families, and that is the center column.

And third, we have made recommendations on how Government can become a better ally for America's working families. Let me just describe briefly the major recommendations in each area.

Businesses, how do we help businesses to be better allies with America's working families? We concluded fairly early in our discussion that the present corporate income tax is a jumble of complexity that does not serve the best interests of any of us. In our view, we should repeal the present corporate income tax and replace it with something like the business activities tax that was proposed by Senators Boren and Danforth in the last Congress. We believe that would be a major improvement in many respects.

Let me cite some of the ways that would improve the situation. First, it would eliminate the existing preference in the tax law for debt over equity.

Second, it would incentivize investment in this country rather than overseas, an issue that the Senator from North Dakota spoke about several times.

Third, it would apply the tax as other countries apply their taxes, on imports and not on exports, so that it would encourage more exports and it would see to it that imports coming into this country pay their fair share of tax.

Fourth, it would impose the tax more equitably across all types of firms than the present income tax does.

Fifth, it would dramatically simplify the Federal corporate tax.

And finally, it would allow us to reduce by half the payroll taxes that are paid by businesses. That is a very major expense to U.S. business today, and the shift to a business activities tax would allow us to dramatically reduce the payroll tax. We would make up any lost revenue to the Social Security trust fund from revenue that we received through the business activities tax. But we believe that would be a major step forward.

One other major advantage to adopting this proposed business activities tax is it would allow us to give better tax treatment to corporations that invest in their workers and invest in America. We designated such businesses as ''A-Corps,'' suggesting that they were allied with America's working families, and we provide that the business activities tax would be imposed at two different rates, one rate for any business with receipts over $100,000, which does not qualify as an A-Corp, a second rate for a business that does self-qualify as an A-Corp.

Let me briefly describe what we intend as the criteria for determining qualifications as an A-Corp. To qualify as an A-Corp and thereby qualify for a lower tax rate, a business would self-certify that it is, first of all, investing in its workers, that it is investing in pensions and profit sharing, investing in training and education, investing in their health care, making some contribution to help them acquire health coverage; second, that they are investing in plant and equipment in the United States, and that a reasonable proportion of their new employment created for meeting the demands of this market is in fact made and produced here in this country; third, that they are doing at least 50 percent of their research and development in this country.

Then there are several other items. Let me mention one. We do have a provision in there indicating that there should be some multiple of the compensation of top management as compared to the salary of the lowest paid worker. Now, this is controversial, Mr. President, and I do not know that the specifics of what we recommended will be embraced by everybody, but I think it is an issue that needs to be discussed.

What we basically said was that to qualify as an A-Corp, a company would demonstrate that the compensation of its top executives did not exceed the salary of the lowest paid full-time worker by more than 50 times. That may not be the right figure. I will tell you how we arrived at that. It is somewhat arbitrary. We basically said that if you are paying the lowest paid worker in your company, say, $15,000, which I think may be a low figure for most corporations, but if you are paying the lowest paid worker $15,000, if you want to pay your top CEO 50 times that, you can pay him $750,000 a year. That did not seem like an unreasonably low number to me at the time we were putting the report together. Since then, the new information out makes me doubt whether that is the right number. As the Senator from North Dakota referred to it, this article in the Washington Post of March 5 says CEO's at major corporations got a 23 percent raise in 1995. It says that the average compensation for chief executives of major companies is now $4.37 million. Obviously, 50 times the lowest paid worker does not get you up to $4.37 million. So maybe it should not be 50 times. Maybe it should be 100 times. At some point, however, I do think it is appropriate for the taxpayers of this country to say we want to give the best tax treatment to corporations that have some sense of equity and some reasonable commitment to help their own workers and do not just pay top executives exorbitant salaries at the same time that they are refusing to share any of the profit with the people who are doing the work down in the trenches. So that is another part of the issue which needs to be discussed.

Let me go on to the second column in our earlier chart which was how do we make financial markets become allies of working families as well?

The concept here is very simple. Much of the action that corporate management has to take these days which adversely affects the workers in that corporation is brought about by pressures imposed from financial markets. There is a constant pressure to look at the short-term profitability of the company. There is an inability to invest adequately in research and development, an inability to invest adequately in investments of various kinds that will have a long-term payoff. So what we are trying to do is to get something in the law to discourage the short-term focus and encourage the long-term focus.

So what we have done here is to come up with some recommendations to reduce the financial market pressure for short-term decisionmaking, to reduce financial market pressure for short-term speculation in securities by imposing a security transfer excise tax on sale of securities that occurs within 2 years of the purchase of the securities at issue.

That is the recommendation. This excise tax, this transfer tax would be similar to the ones that are now imposed in Japan and Switzerland, in Sweden, in Hong Kong, in Taiwan, and various other countries, with one

major exception, that the tax goes away at the end of 2 years.

We are not discouraging investment in securities. We are discouraging speculation in short-term trading in the securities. In our view, the country will be benefited, working families will be benefited, corporate management will be benefited if the owners of the corporations have a community of interests with the corporate management and want to help them by focusing more on the long term.

We would use the revenue from the transfer tax on short-term speculation to create an A fund to create long-term investments in working families. The A fund would be dedicated, first, to funding deductions for higher education and work-skill training. Those higher education deductions—that is the $10,000 deduction the President has talked about—would be used, the resources would be used, to fund a tax credit for dependent children. They would be used to fund programs to accomplish work force training, school-to-work, efforts to achieve education goals, technology research and development, and export promotion. All of these activities, we believe, do help promote more job creation and more high-wage job creation in this country.

We also recommend a whole range of proposals to reform the securities regulation and accounting area to promote greater attention to long-term investment and performance of business by those who do invest in corporations.

Finally, one of these areas I want to talk about just briefly, Mr. President, is the issue of how we make Government a better ally of America's working families. We propose, as part of this overall package of recommendations, to reduce the tax burden on working families in several very specific ways—to cut in half the payroll tax paid by employees.

I referred earlier to the fact that the adoption of the business activities tax would allow us to cut in half the payroll tax paid by employers. We believe we should also cut in half and can also cut in half the portion of the payroll tax paid by employees. I point out to people that this is not a small item. Something over 70 percent of all taxpayers in this country pay more tax under the payroll tax than they do under the income tax. We are suggesting that the payroll tax, which is the biggest tax burden on most working Americans today, be reduced in half.

Second, we are recommending that we reduce individual income tax by increasing the standard deduction very substantially.

Third, we are suggesting—and I referred to this before—we permit the deduction of up to $10,000 for investment in postsecondary education and training—this is the President's proposal—and that we provide a $500 tax credit—a $500 tax credit—for each dependent child. We believe that all of these actions can be taken. All of them will benefit working families.

In addition to that, we can use some of the funds raised by the shift to the business activities tax and by the establishment of the A fund that will be established with the use of revenues from the securities transfer tax to increase efforts to improve education and training. We would support skill standards and academic standards for students. We would support school-to-work transition. We would support more work force training.

Let me finally say that Government, we also believe, needs to be a better ally for the self-employed worker and for small business. As part of what we recommend here, we would reduce in half the self-employment workers' payroll tax, which is presently 12.4 percent. We reduce that to 6.2 percent. We would exempt all small businesses with less than $100,000 in annual receipts from Federal business tax. Corporate tax returns today indicate that there are about 24 million people filing some type of corporate tax return.

With this change, with this single change of exempting all businesses with less than $100,000 in annual receipts, we would reduce the number of people who have to file a business return from 24 million down to 9 million. So there are 15 million businesses that today file business returns that will be exempt from filing such a return or paying a business tax after this set of recommendations are adopted.

Mr. President, let me just step back from the specific recommendations. I have gone through some of the major ones. I have not tried to give an exhaustive description of all of the recommendations in our report. But the important goal is to begin this national debate. The important goal is to recognize the centrality of this issue of how we stimulate economic growth and to recognize that we all benefit from those Americans who do the work in this country, we share in the benefits from the growth that occurs.

It is not enough to continue to give speeches about the problem. It is not enough to continue to ignore the problem. In my opinion, Mr. President, those of us in the Government need to participate in a very real and important debate at this time in our Nation's history.

Our report ''Scrambling to Pay the Bills'' is an effort to move that debate forward and to get us down to some concrete steps that can be taken to help working families in America to do better in the years ahead. I hope very much that the report has that effect. I hope very much that the report does stimulate this debate. I hope that, during the remaining days and weeks and months of this Congress, we can get off of some of the things that, unfortunately, take up too much of our time here.

Today, I understand we are going to spend a substantial amount of time debating the Whitewater Committee again. We debated the Cuban shootdown yesterday. We have a whole range of things that we debate around here that are not directly impacting upon the welfare of the people we are sent here to represent.

These recommendations try to bring that debate back to the issues that matter to people in our home States. I hope very much that we will seriously debate these issues between now and the end of this Congress. I hope very much that we can adopt some of the recommendations in here so that we begin providing some relief to those who are in fact doing the work in this country.

Mr. President, I thank my colleagues for their attention, and I yield the floor.

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

Mrs. MURRAY addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Mr. President, I ask unanimous consent to speak as in morning business for 15 minutes.

The PRESIDING OFFICER. The Senator is advised we are currently in morning business, with Senators permitted to speak for up to 5 minutes each. This unanimous-consent request—is there objection?

Mr. THOMAS. Mr. President, we reserved the last half-hour for three Members. If the Senator can take a little less than 15, we would appreciate it.

Mrs. MURRAY. I thank my colleague. I will attempt to do that.

The PRESIDING OFFICER. The Senator from Washington.

WHAT REAL PEOPLE ARE SAYING ABOUT CHILDREN

Mrs. MURRAY. Mr. President, when I left here in early February for the Senate's recess, I was exasperated. Nothing productive seemed to be happening here in Washington, DC. Budget stalemates had become an accepted way of life, rather than words to bring Members of Congress to work together to reach agreements. The battles of last year all seemed to end in stalemates. And worse, even the air in the District of Columbia seemed charged with negativity and mean-spirited rhetoric.

Today, however, I feel invigorated. My trip home to Washington State in early February was hardly relaxing, but it was extremely productive. Today, I want to take a moment to share with my colleagues why I feel a renewed sense of optimism and why I am ready to take on new challenges.

Mr. President, like many who work with our young people today, I have become increasingly concerned about what is or, more importantly, what is not happening for our youth today. I have spent my life working with young people as a mother, as a preschool teacher, as a school board member, as a Girl Scout leader, as a PTA member, as a State senator, and today as a U.S. Senator.

There is no doubt in my mind that young people today are becoming increasingly disillusioned with their