

WAGES

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 20, 1996

Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, March 20, 1996, into the CONGRESSIONAL RECORD.

WAGES

The issue of stagnant wages for American workers has moved to the top of the political agenda. It has become a leading issue in the 1996 presidential campaign, the focus of speeches by congressional leaders, and a prime topic for magazine covers and news features. Some believe that it will be the dominant national political issue in the U.S. for years to come.

The concern is understandable. Adjusted for inflation, the wages of middle-class Americans have basically not increased for years. People are working hard, being responsible, and trying to make things better for their families, yet they face rising prices and mounting bills and few increases in pay. They are holding second or third jobs, and both parents often must work, and that means less time for community involvement, reading to their kids, or Little League games.

On top of this, workers have been shaken by AT&T's layoff of 40,000 employees, and most Americans have a family member or friend who has lost a job to corporate downsizing. People expect to see layoffs and frozen wages during tough economic times, but they can't understand why all this is happening when the U.S. economy is growing, unemployment is low, companies are seeing record profits, the stock market is soaring to record levels, and compensation for CEOs is skyrocketing.

All of this has led to acute job insecurity and concern about the future. Far too many Americans believe that hard work and company loyalty are no longer being rewarded, and that the American promise of opportunity and a better future is slipping away. They are not proponents of big government, but they wonder if they will get any help out of Washington.

EXTENT OF THE PROBLEM

The problem of stagnant wages is getting a lot of attention now, but it is not new. The wages of American workers basically doubled between 1947 and 1973, with some of the strongest gains among moderate-income workers. But since 1973, hourly wages for the average American have lagged some 10-15% behind inflation. The situation is slightly better now than a few years ago, but wage growth is still weak. Moreover, since 1979, 98% of the growth in income in the U.S. has gone to the top 20% of U.S. households. Some people have been doing very well in today's economy, but not the average American worker. This is not just a personal problem for those families affected; it will ripple across the economy if our workers cannot afford to buy the products we make.

While some economists are fairly optimistic about future wage increases—citing rising productivity, falling prices, tighter labor markets—others are worried. The greatest concern is over the impact of global competition and technology on less skilled, less educated workers.

NO EASY ANSWERS

The national attention to stagnant wages is healthy and long overdue, but we must address the problem carefully rather than jump at the first solution offered. The problem has

been with us for twenty years and the causes are complex; it will not be solved overnight. Indeed, some of the proposals could make things worse. For example, given the importance of exports to states like Indiana, the proposal for a stiff tariff on imported goods could boomerang and devastate many of our industries, particularly agriculture.

ADDRESSING THE PROBLEM

Several steps can be taken to help workers. Among the most important is to create opportunity for them by providing them the tools to succeed in the new economy. Education and job skills are essential. We simply have to put into place effective low-cost college loans, school-to-work apprenticeships, training vouchers for laidoff workers, and effective vocational and adult education.

We also need to make work pay for people at the bottom of the income scale. Work is better than welfare or unemployment. We need to raise the minimum wage and keep the earned income tax credit for working families. We also need to ease the transition from job to job. Health insurers should not be able to cut someone off who loses a job, pensions should be portable, unemployment insurance, job search assistance, and job training should be available at one-stop career centers.

But of course most of the effort has to be by individuals and private companies. Each person must make the most of the opportunities offered, and private companies must do everything they can to help workers make a transition. We certainly need more business investments that make even low-skilled workers productive, and investments in people like the GI Bill that upgrade the workforce. We should end the myriad of subsidies and tax breaks for particular companies and industries that provide no public benefit. Corporate welfare in the United States totals billions of dollars each year.

I am skeptical of sweeping measures to prevent job loss or protect laid-off workers. If we go too far we will deter firms from hiring and discourage the unemployed from finding new work.

Nothing is more important than raising the economic growth rate. The solution to economic anxiety in the country is to expand jobs and opportunities. There is no substitute for sound macroeconomic policies. In the present context that means cutting the deficit, expanding markets, cutting government spending, reducing regulation, increasing productivity by investing in people, plant and equipment, infrastructure, and technology, and running a monetary policy to allow for faster economic growth.

CONCLUSION

One of the toughest challenges today is how to make sense of what's happening in the American economy, with the new and often alarming economic reality. This economy has produced record profits for some corporations, but it has produced pink slips and falling wages for many workers. On many broad measures, it's one of the healthiest economies we've had for several decades with many Americans living better, but there are too many Americans working harder just to keep up and they have many concerns about the financial security of their families. Our nation is struggling today to find the right way to deal with the discontent of the American worker. Few challenges have higher priority.

PERSONAL EXPLANATION

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 20, 1996

Mr. PORTER. Mr. Speaker, on Tuesday, March 19 and Wednesday, March 20, I was at home in Illinois for the Illinois primary election and I was not present for votes on rollcall Nos. 68 through 76.

Had I been able to be present and voting, I would have voted "yea" on rollcall vote 68, "yea" on rollcall vote 69, "yea" on rollcall vote 70, "no" on rollcall vote 71, "no" on rollcall vote 72, "yea" on rollcall vote 73, "no" on rollcall vote 74, "yea" on rollcall vote 75, and "no" on rollcall vote 76.

FORTIETH ANNIVERSARY OF TUNISIAN INDEPENDENCE

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 20, 1996

Mr. GILMAN. Mr. Speaker, today is the 40th anniversary of independence of the Republic of Tunisia. With increasingly strong ties between our two governments, the American people congratulate today the people of Tunisia on this historic anniversary. For the last 40 years, Tunisia has been a model of economic growth and the advancement of women in society.

It may be difficult for many Americans to appreciate Tunisia's situation. Its only two neighbors are Algeria, which has been racked by civil war for several years, and Libya, whose dictator has supported the most nefarious and subversive kinds of terrorism. Mr. Speaker, this is not a good neighborhood.

Nevertheless, Tunisia has maintained internal stability—not without its own controversies—in the face of external chaos. At the same time, years of hard work have produced one of the highest standards of living in the region. Tunisia is one of the few countries to graduate successfully from development assistance and join the developed world. For these accomplishments, Tunisia should be applauded and supported.

In addition, Tunisia has taken positive, cautious steps in the diplomatic realm, particularly in the Arab-Israeli peace process. In January of this year, Tunisia and Israel announced the planned opening of interest sections in each country, to be completed by April 15. This development will be a welcome realization of forward progress in Israel-Tunisia relations. We were also extremely pleased to learn from the Tunisian Foreign Minister that Tunisia plans to establish full diplomatic relations with Israel by the end of 1996.

The United States and Tunisia have also moved closer over the years. Yesterday, officials from our Department of Defense concluded a meeting of the Joint Military Commission with Tunisian officials, evidence of our ongoing visible support of strong United States-Tunisian relations.

Mr. Speaker, on this special day for Tunisia, I urge my colleagues reflect on our strong commitment to our friend in North Africa.