

grew 3.8%. Employment rose by 3.2 million. The unemployment rate dropped below 5% for the first time in 24 years and inflation averaged only 1.7%, its lowest rate in decades.

This remarkable economic performance occurred while the federal budget deficit, which reached \$290 billion in 1992, declined to only \$22 billion in 1997. The deficit is expected to approach zero this fiscal year. By most measures the economy is exceptionally healthy. In the past, such strong growth, coming at a time when the nation's unemployment rate was falling below 5%, would have caused inflation to worsen, but in 1997 the opposite occurred.

The prospects for continued growth with low unemployment and low inflation remain very good for this year. Economists find the U.S. economy free of many of the symptoms that often presage an economic downturn, such as an increase in inflation or a large accumulation of inventories or evidence of financial imbalance.

#### REASONS FOR SUCCESS

There are many reasons for the strong economy. Deficit reduction has reduced government spending relative to overall growth, and strong U.S. exports have also provided a boost. Most of the credit for the economy's performance has to go to American workers and companies. They have met challenges of a competitive global economy and rapidly changing technology.

The role of the government has not been to stimulate the economy, but rather to try to provide individuals and businesses with the tools they need to flourish through their own efforts. Sound economic policies have promoted private investment, and the government has tried to encourage the formation of skills through training and education and to empower marginalized members of our society to join the work force.

#### FUTURE CHALLENGES

Of course challenges remain, particularly in the areas of productivity, savings, trade, and income inequality.

#### PRODUCTIVITY

Productivity, the measure of economic output per worker, is the key to rising living standards. Productivity growth, which has averaged a bit more than 1% in the 1990s, is less than half of the pace of the '50s and '60s. The situation, however, may be improving. The most recent data show productivity growing about 2% for the past two years, twice the rate of the past two decades; manufacturing productivity is even higher. If sustained, that will allow the economy to grow even faster without inflation, with benefits for wages, profits, and unemployment.

#### SAVINGS

Private savings, which are important to investment that increases productivity, are at historic lows. Americans are currently saving about half of what they need to sustain their current living standards and that could soon become everybody's problem.

#### TRADE

The U.S. trade deficit for goods and services reached \$114 billion in 1997, the worst showing in nine years. Most attribute the widening deficit to a strong dollar and a healthy U.S. economy, which absorbs more imports. Experts predict that the economic crisis in Asia will increase our trade deficit this year.

#### Income inequality

Between 1974 and 1994 families in the upper 5% of income distribution enjoyed an average annual gain in income of 1.2% while all others saw their incomes stagnate or shrink. It appears that the lion's share of gains from productivity is going to those with more

education and skills. We must continue to push for high and rising living standards for all our people and ensure that the benefits of a higher standard of living are widely shared.

#### ECONOMIC OUTLOOK

Most of the experts think that the American economy will continue to expand through 1998 although the pace of growth will be slower than in 1997 due to the Asian financial turmoil and the prospect of tighter labor markets. If the current expansion continues through this year, it will have lasted more than 7 years, the longest period of non-stop economic growth since the 1960s. That record will be surpassed if the current expansion extends into January 2000.

Economists point to a number of factors that could derail the good times. Some worry about higher inflation as job markets continue to tighten. Others fret about the threat of sharply declining prices, particularly if Asian countries try to grow out of their financial difficulties by flooding our markets with cheap imports rather than boosting internal consumption. The danger is that declining prices might trigger lower incomes, leaving many Americans without enough money to pay off their debts. Still other economists play out different scenarios: a consumer debt crisis; a sharp decline in stock prices or a punishing trade deficit; higher unemployment; and shrinking corporate profits, with the attendant cost-cutting and layoffs.

Economists are fond of pointing out that every expansion contains the seeds of its own demise: Investors get too enthusiastic and pay too much for stocks or real estate. Businesses flush with profits and new orders invest too much in new plants or build up too much inventory. Banks take on riskier loans. Over-confident consumers take on too much debt. Prices and interest rates rise, shortages develop. And there is always the possibility of some large unforeseen event, such as the oil shocks of the 1970s, that causes a big change in the price or supply of key commodities. In short, things happen during expansions that make them end, but of course, nobody can predict when.

#### UNFINISHED AGENDA

Americans can take pride in our economic record of the last decade. We have the strongest, most successful economy in the world, and have become the model for other countries. Nonetheless, I worry about our country's unfinished, and largely undiscussed, agenda. First, I am most concerned about the widening gap between rich and poor. We must do more to increase the skills of our workers and create more good-paying jobs. Second, I worry about the long-term prospects for a balanced budget, particularly in the absence of serious reform to Medicare, Social Security, and other entitlement programs. Without such reform, the deficit will likely explode again when the baby boomers start to retire. Third, I think that we are not investing enough in our nation's children and their future. We need to make sure that every child has a minimum good start, health care, nutrition and educational opportunities.

#### HONORING DR. EVA EVANS DURING BLACK HISTORY MONTH

#### HON. DEBBIE STABENOW

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 25, 1998

Ms. STABENOW. Mr. Speaker, each year, during the month of February, our nation

comes together to celebrate the history and culture of the African American community.

During Black History Month, it is my honor to acknowledge an outstanding American, Dr. Eva Evans, and her leadership.

Beginning as a child in the Detroit Public Schools, Dr. Evans has always shown a commitment to education. After receiving her Ph.D. in Administration and Higher Education at Michigan State University, Dr. Evans joined the Lansing public school system, where she worked her way from an elementary school teacher to Lansing's highly respected Deputy Superintendent for Instruction.

Along with her professional commitment to Lansing, Dr. Evans is deeply involved in the community. With a roster of community service activities too long to list, she has served virtually every avenue on both the state and local level, from Chairperson of the Capital Area United Way Board of Directors, to Board of Directors of the Mid-Michigan America Red Cross, to Corporate Board of Directors of the United Negro College Fund.

Currently, Dr. Evans is International President of Alpha Kappa Alpha Sorority, serving our nation's oldest Black Sorority, and continuing a tradition that has initiated more than 180,000 college educated African-American women since its founding in 1908.

Black history month is a special time of year to recognize contribution and achievement, but also to recognize the importance of history. Dr. Evans's work has made a real difference within the many communities of Michigan and literally, around the world. Her achievements have become a part of our history and her service to her state and country is unparalleled.

Though Dr. Evans has already been presented with many awards, such as the Diana Award for Outstanding Leadership in Education, and NAACP's Educator of the Year Award, I am proud to include Dr. Evans' great accomplishments in the 1998 CONGRESSIONAL RECORD during this important month. Dr. Evans is a role model for us all.

#### A SUCCESS STORY: ROBERT SNIFFEN AND THE SAN DIEGO VETERANS SERVICES CENTER

#### HON. BOB FILNER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 25, 1998

Mr. FILNER. Mr. Speaker, and colleagues, I rise today to recognize the work of Robert Sniffen, Chairman of the Board of the San Diego Veterans Services Center in Escondido, California. Mr. Sniffen was recently awarded the KGTV Channel 10 Leadership Award for his volunteer service which has made a significant impact on the San Diego County community.

In his acceptance remarks, Sniffen said:

I am deeply humbled and greatly honored to receive this significant award. I do so in the name of the scores of volunteers and hundreds of our supporters. I accept this award in the name of the San Diego Veterans Services Center Board of Directors, as well as our Advisory Board Members, that have made the success of the Veterans Service Center a reality. Our whole purpose for existence is to be here in any way possible for this most noble and worthy cause, on behalf