

That's a lot of jobs and a lot of growth, Mr. President. Particularly when we can achieve them simply by allowing the American people to keep more of what they earn. And we are well on our way to spurring this growth and job creation. For example, Mr. President, Congress' Joint Committee on Taxation estimates that the recent cut in the top capital gains tax rate from 28 to 20 percent will increase capital gains realizations by \$1 trillion over the next 10 years. That's a trillion dollars, Mr. President, that will be freed from stagnant investments for more productive purposes.

We should also keep in mind, Mr. President, that this tax cut will benefit the vast majority of the American people. In addition to creating jobs and keeping our businesses competitive in the global marketplace, this capital gains tax cut will directly aid America's working families.

It is time to recognize, Mr. President, that America's middle class is fully integrated into our free market economy. The vast majority of working Americans are not just wage-earners, they are investors as well.

Americans who own stocks, bonds and other investments on which they may take capital gains are investors. Small business owners, nonprofessional salaried employees and blue collar workers with a company retirement plan are investors.

As economist Lawrence Kudlow points out, "Today's investor class could total as many as 125 million people. That's equivalent to virtually the entire working population of the U.S."

How does Mr. Kudlow come up with this number? According to a recent Nasdaq survey, 43 percent of all Americans own stocks—more than double the 21 percent reported in 1980. An NBC/Wall Street Journal poll found that 51 percent of Americans own at least \$5,000 in stocks, mutual funds or other retirement saving vehicles. And the American Savings Education Council reports that nearly half of all American workers contribute an average of 5 percent of their gross income to 401(k) individual retirement plans.

Forty-nine percent of America's investors are women, 38 percent are non-professional salaried workers—and both groups have annual incomes of \$75,000 or less. Nearly two thirds of investor families have incomes under \$50,000.

Mr. President, these responsible, hard-working, middle class Americans are concerned about their futures; they are attempting to build and nurture a nest-egg for themselves, their retirement and their children.

These Americans know that wealth is created through innovation and hard work in free markets. They know that saving is crucial to their future and to the future of this nation. They saw the dangers big-government social engineering posed to our economy and brought about the most significant political revolution in this country in 50

years, putting the free-market Republican party in control of both Houses of Congress.

Mr. President, middle class investors in America support our nation through disproportionate savings and investment. In return these middle class Americans seek fair treatment. They seek policies that do not penalize them for their hard work and financial responsibility. And in my view it is time we gave it to them. And that means lowering the capital gains tax to 15 percent.

It is also important to note, Mr. President, that it is the moderate income person who is penalized most by high capital gains tax rates. The increase in moderate income workers reporting capital gains is largely due to the increasing use of mutual funds. These funds allow more and more Americans to invest in the stock market by pooling resources in the hands of a fund manager who buys and sells stocks.

The only down side to this profitable arrangement, Mr. President, is created by the tax code. Individuals investing in mutual funds cannot balance their capital gains by selling off other stocks showing capital losses as wealthy people can. This means that a significant proportion of mutual fund investors show capital gains on a regular basis—and see their returns reduced because of capital gains taxes—even though they are not controlling individual investment decisions.

If we want Americans to save more, Mr. President, in my view it makes sense to make savings pay more by taxing it less. This cut in capital gains taxes will make savings and investment more attractive to Americans by increasing the net return on investments.

Finally, Mr. President, I believe it is important at this point to address the fear expressed by a number of people that this tax cut would bust the budget. Fortunately for us, that simply is not true.

As I have already mentioned, the Joint Committee on Taxation has estimated that the most recent cut in the capital gains tax rate will produce \$1 trillion over the next 10 years in increased capital gains realizations. That translates, Mr. President, into an increase of \$47 billion in federal revenues. This further cut in the top marginal capital gains tax rate will only magnify that increase in revenue.

Indeed, Congress' own Joint Economic Committee last year published a study, written by economists James Gwartney and Randall Holcombe of Florida State University, finding that revenue from the capital gains tax would be maximized at 15 percent. Thus, the tax cut we are considering today would achieve the maximum federal revenue possible from this tax, while in addition spurring economic growth and job creation.

This is a truly win-win situation, Mr. President. We now have an opportunity

to encourage savings and investment, spur continued economic growth and maximize federal revenues. I urge my colleagues to grant the American people the benefits of this important legislation.●

#### CORRECTING THE AGRICULTURAL RESEARCH, EXTENSION, AND EDUCATION REFORM ACT OF 1998

Mr. GRASSLEY. Mr. President, for the leader I ask unanimous consent that the Senate proceed to the immediate consideration of S. 2275, which was introduced earlier today by Senator LUGAR.

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

The clerk will report.

The legislative clerk read as follows:

A bill (S. 2275) to make technical corrections to the Agricultural Research, Extension, and Education Reform Act of 1998.

The Senate proceeded to consider the bill.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the bill be considered read a third time and passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill appear at this point in the RECORD.

There being no objection, the bill (S. 2275) was considered read the third time and passed as follows:

S. 2275

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. TECHNICAL CORRECTIONS TO AGRICULTURAL RESEARCH, EXTENSION, AND EDUCATION REFORM ACT OF 1998.

(a) FOREST AND RANGELAND RENEWABLE RESOURCES RESEARCH.—Section 3(d)(3) of the Forest and Rangeland Renewable Resources Research Act of 1978 (16 U.S.C. 1642(d)(3)) (as amended by section 253(b) of the Agricultural Research, Extension, and Education Reform Act of 1998) is amended by striking "The Secretary" and inserting "At the request of the Governor of the State of Maine, New Hampshire, New York, or Vermont, the Secretary".

(b) HONEY RESEARCH, PROMOTION, AND CONSUMER INFORMATION.—Section 7(e)(2) of the Honey Research, Promotion, and Consumer Information Act (7 U.S.C. 4606(e)(2)) (as amended by section 605(f)(3) of the Agricultural Research, Extension, and Education Reform Act of 1998) is amended by striking "\$0.0075" each place it appears and inserting "\$0.01".

(c) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of the Agricultural Research, Extension, and Education Reform Act of 1998.

#### ORDERS FOR THURSDAY, JULY 9, 1998

Mr. GRASSLEY. Mr. President, for the leader I ask unanimous consent that when the Senate completes its business today it stand in adjournment until 9 a.m. on Thursday, July 9. I further ask that when the Senate reconvenes on Thursday, immediately following the prayer, the routine requests through the morning hour be granted.