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dpc special report

“Putting Americans First”

The Accomplishments of the 103rd Congress

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Democratic Policy Committee
United States Senate
Washington, D.C. 20510

George J. Mitchell, Chairman
Thomas A. Daschle, Co-Chairman

President Bill Clinton on Democratic Accomplishments September 21, 1994

"If I had told you 20 months ago that by Labor Day we would have passed an economic plan that cut spending by now over \$300 billion; eliminated 100 government programs; increased investment in education and training from Head Start to apprenticeship programs to college loans; that we would reduce the deficit three years in a row for the first time since Truman was President; reduce the size of the Federal government to its lowest level since Kennedy was President; provoke an economic growth that would generate now almost 4.5 million new jobs; make 20 million young people eligible to refinance their college loans at lower interest rates at longer repayment terms; pass a national service program that in its first year would have more kids in a domestic peace corps than the Peace Corps did in its biggest year; break the gridlock on the Brady Bill, family leave, motor voter, the crime bill; finance the crime bill totally by reducing the size of the Federal government; and pass a crime bill that would have the support of every single law enforcement association in the entire United States of America."

"If I had told you that, and for good measure said that in a year and a half we would expand trade by more than any period in our history in 35 years; that for the first time in over two decades we'd actually have a policy to rebuild automobiles, airplanes and ships and their international competitiveness; that we would have worked with Russia to get all the nuclear weapons out of all the other states of the former Soviet Union; that all the Russian troops would be gone for the first time since World War II from Eastern Europe and the Baltics; that we'd be actively involved in peace in the Middle East with two-thirds of the job done; actively involved in peace in Northern Ireland; actively involved in helping the election process in South Africa."

"If I told all that, I'd say, what do you think about that? You'd say, well, that sounds pretty good, Bill, but you won't get that done. But we did. And that ought to be what we're running on out there."

"To make America first by putting Americans first."

Senate Majority Leader George Mitchell
Agenda of 103rd Congress, 1/21/93

"PUTTING AMERICANS FIRST"

The Accomplishments of the 103rd Congress

On the opening day of the 103rd Congress, Senate Majority Leader George Mitchell announced that the Democratic Agenda was "to make America first by putting Americans first."¹

"We want working Americans to prosper, their families to face a brighter future," the Majority Leader declared. "We want our children equipped for the challenges and opportunities that only America can provide."

The 103rd Congress was productive, with a proven record on issues of critical importance to American families. It passed measures to:

- spur economic growth;
- create jobs;
- expand trade;
- restore tax fairness;
- cut government spending;
- reduce the Federal budget deficit;
- expand educational opportunities from pre-school to college;
- fight crime; and,
- reform government.

As a result, America's working families now face a brighter future and America's children will be better equipped for the challenges and opportunities that only America can provide.

"Soon we will receive the President's program for economic growth, job creation and investment for our future. The agenda of the 103rd Congress will be focused on those goals."

Senate Majority Leader George Mitchell
Agenda of 103rd Congress
January 21, 1993

The President's Program for Economic Growth

One of the most important accomplishments of the 103rd Congress was passage of the first phase of the President's program to put the American economy "back on track."

At the time that President Clinton took office, years of Republican trickle-down economics had resulted in a terrible recession, and the worst economic and job growth since World War II. (Commerce Department, 8/4/92)

President Clinton and Congressional Democrats acted quickly to reverse these trends, enacting an economic growth and deficit reduction plan that cut spending, made sound economic investments and revived the American economy. The *Budget Reconciliation Act* (P.L. 103-66,) established the foundation for long-term economic growth, restored tax fairness and reduced the Federal deficit. The plan:

- locked in a half trillion (\$500 billion) dollars for the sole purpose of deficit reduction, making it the single largest deficit-cutting plan in history; and,
- restored tax fairness by reversing the trickle down policies of the 1980s; reduced taxes on low-income working families; left the tax rates of middle income families unchanged; and asked the top 1.2 percent of America's wealthy to contribute their fair share.

Republicans tried to block this needed economic plan and attempted to scare the American people with outrageous predictions about what would happen if it were enacted. Every single Republican Senator voted against the bill.

Senator Phil Gramm, for example, charged that the plan was “a one-way ticket to a recession.”²

They were wrong.

The Democratic Economic Growth-Deficit Reduction plan has helped reinvigorate America's economy and created millions of jobs. In fact, this Administration has achieved a number of economic bests:

- more than 4.6 million jobs have been created — the monthly job growth is the best ever, and, at this rate, American job growth in 1994 will exceed all other OECD countries combined (National Economic Council, 10/7/94; BLS; Senate Budget Cte.; Treasury Undersec. Larry Summers, testimony at Senate Banking Cte., 7/94);
- the economy (real GDP) has grown at an annual rate of 3.67 percent — the highest since the Kennedy-Johnson Administrations (Commerce Department/Senate Budget Committee, 8/94);
- real after-tax income has risen at an annual rate of 3.09 percent — the highest since the Nixon Administration (Senate Budget Committee, 8/94);
- inflation has risen at the slowest rate since John F. Kennedy was in office —growing at a mere 2.74 percent annual rate (BLS/Senate Budget Committee, 8/94); and,
- real business investment has increased at a 13.88 percent rate — the highest rate for any administration since the end of World War II (Commerce Dept./Senate Budget Committee, 8/94)

"Unless we control the deficit, we won't see more jobs and higher incomes."

Senate Majority Leader George Mitchell
Agenda of 103rd Congress
January 21, 1993

Cutting the Deficit

Cutting the deficit is fundamental to solid economic growth and job creation. Yet years of tough talk but no action by what *Newsweek* calls Clinton's "hypocritical GOP predecessors,"⁵ had driven the Federal deficit to record heights.

Congressional Democrats and the President moved beyond rhetoric and made the tough choices necessary to cut the deficit and move our country forward. Working together, the Administration and Congressional Democrats enacted the single largest deficit cutting plan in history (P.L. 103-66, the *Budget Reconciliation Act*). This package included:

- \$500 billion in real deficit reduction;
- a five-year discretionary spending freeze;
- nearly \$100 billion in mandatory spending cuts;
- a ratio of \$1.05 spending cuts to \$1.00 in revenue increases.
(DPC Background Brief #7, 9/94)

Republicans criticized the plan in partisan lock-step.

- ✓ Senate Republican Leader Bob Dole said "the plan does not tackle the deficit head on."

And again, they were wrong.

As a result of the Democratic Economic Growth and Deficit Reduction Plan:

- the deficit as a share of GDP will be cut in half—from 4.9 of GDP in FY 1992 to 2.3 percent of GDP in FY 1995 (CBO/Senate Budget Committee, 8/94);
- in 1995, for the first time since the Truman Administration, the deficit will fall for the third consecutive year (CBO/Senate Budget Committee, 8/94); and,
- discretionary spending as a share of the economy will drop to its lowest level in nearly 50 years (CBO/Senate Budget Committee, 8/94).

Congressional Democrats and the Clinton Administration kept the country on the deficit reduction path in the second session, by reducing the FY 1995 deficit to \$175 billion and lowering discretionary spending below the levels in last year's reconciliation bill by \$13 billion more over a five-year period (**H. Con. Res. 218 [S. Con. Res. 63]**, the *FY 1995 Concurrent Budget Resolution*).

"[James] Madison said that the purpose of government is the well-being of the people. In six words with conciseness and directness, he summed up our purpose and our agenda. We, in this Congress, must join with the new president and the new Administration to enhance the well-being of the people."

Senate Majority Leader George Mitchell
Agenda of 103rd Congress
January 21, 1993

The Well-Being of the People

The many laws and reforms enacted by this Democratic Congress will have real, concrete results for Americans in their daily lives.

A columnist for *Newsweek* recently observed that the Clinton Administration and Congressional Democratic lawmakers have accomplished much more than the public realizes saying that "the standard for measuring results should be ... how actual lives are changed."⁶

Job Creation. As a result of the economic growth and deficit reduction measures enacted by the 103rd Congress, 4.6 million jobs have been created. People who were out of work, now have jobs. That is real progress and the kind of results you won't get from empty rhetoric. (National Economic Council, 10/7/94)

Democrats know that America's families are battling a tight financial squeeze. The Democratic agenda for the future includes measures to improve the employment situation and generate more jobs at higher wages to help American families get ahead.

Family and Medical Leave. Congress provided much-needed job security for millions of American workers by guaranteeing workers 12 weeks of unpaid leave to respond to a new child or a serious family illness, without losing their job. As a result, American workers no longer will be forced to make the agonizing choice between caring for their families or keeping their jobs. (P.L. 103-3, the *Family and Medical Leave Act*)

Easing the tax burden on lower-income, working families. The Democratic economic plan provided tax cuts — actual credits — for 20 million American families and households by expanding the Earned Income Tax Credit (EITC). In other words, more than 16 percent of all taxpayers who work will receive a tax credit to reward work. This expansion helps working families with low incomes get ahead and helps ensure that hardworking American families do not have to raise their children in poverty.

It means, according to *Newsweek*, that Congress and the Administration are “in the process of pulling 14 million more working poor families (mostly under \$20,000 a year) out of poverty.”⁷

A return to tax fairness. Congress and the Clinton Administration began to reestablish fairness in America’s tax system after a decade of Republican tax breaks for the wealthy.

- Only the most wealthy, top 1.2 percent of Americans face higher income taxes because of the Democratic economic program.⁸
- tax rates are unchanged on middle incomes — 82.2 percent of all tax payers.”⁹
- and one out of six (16.6 percent) taxpayers received a tax cut in the form of the Earned Income Tax Credit Expansion.”¹⁰

"We need education reform to equip our children to be their best, and to give every student with the will to study a chance to earn a college education."

Senate Majority Leader George Mitchell
Agenda of 103rd Congress
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The Education Congress

From pre-school to college education, the 103rd Congress advanced so many important education initiatives, it could be called the Education Congress. This Congress advanced educational quality and opportunity in America through:

Head Start. Democrats expanded Head Start eligibility so that an additional 130,000 children now can be prepared to learn at school. Head Start funding is projected to increase by 28 percent — from \$2.77 billion to \$3.54 billion in FY 1995. In 1993, 713,903 children were enrolled in Head Start (P.L. 103-252, the *Human Services Reauthorization Act of 1994*). (Overview of Entitlement Programs, House Committee on Ways and Means, 7/15/94)

Goals 2000. Congress enacted Goals 2000 legislation to improve educational facilities and expand educational opportunity for all Americans by investing Federal funds to help local schools implement action plans, and promote improved teacher training (P.L. 103-227, *Goals 2000: Educate America Act*). The new law:

- invests Federal funds to help local schools implement action plans based on high academic standards;
- makes the Federal government a partner with States and communities in reforming our Nation's school systems;
- provides \$400 million to help States and local communities initiate and implement their own reform measures to create innovative schools;

The 103rd Congress also took forceful action to protect the safety of women and stop the increase in violence and/or threatening tactics against medical facilities and health care personnel who provide abortion-related services (P.L. 103-259), *Freedom of Access to Clinic Entrances Act of 1993*). This law:

- prohibits violent and obstructive activity intended to interfere with anyone seeking or providing reproductive health services at a medical facility; and,
- prohibits the intentional damaging or destruction of the property of a facility because it provides abortion-related service.

"The NIH bill is an important commitment to focus research on women's health issues, a long-overdue realignment of our nation's research priorities."

Senate Majority Leader George Mitchell
Agenda of 103rd Congress
January 21, 1993

America's Research Priorities

The 103rd Congress acted to improve the quality of America's health care with a measure to preserve America's leadership in biomedical research by revising and reauthorizing NIH programs, the *National Institutes of Health Authorization* (P.L. 103-43).

The NIH Revitalization Act:

- keeps America at the forefront of biomedical research in key areas like cancer, heart disease, women's health, AIDS, and fetal tissue transplantation; and,
- promotes women's health through new investments into women's health research and a new Office of Research on Women's Health to develop an agenda for women's health research; identify research that should be conducted and supported by NIH; and issue biennial reports on the status of women's health research as well as the professional status of women doctors and scientists at NIH.

"Last year's election proved that American's haven't yet lost faith in their system of government.... [But] they demand reform. We owe it to them."

Senate Majority Leader George Mitchell
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Reforming Government

The 103rd Congress took important steps to provide the American people with a Federal government that works better and costs less.

Reinventing government: The Clinton Administration and the Democratic Congress have helped spur innovation and efficiency in the Federal workplace (*Federal Workforce Restructuring Act*, P.L. 103-226).

Reducing the size of the bureaucracy. Reinventing government is about creating a workplace culture that resembles the most efficient and most innovative private sector workplaces. The *Federal Workforce Restructuring Act* reduces the number of Federal employees by 252,000 by the year 1999. Under the Clinton Administration:

- the Federal workforce will be reduced from 2.16 million (1993) to 1.88 million (1999) (When the level drops to 2.02 million in 1995, the number of Federal civilian personnel will be at its lowest level in more than 30 years [OMB/DSG].); and,
- the Federal workforce will drop below 2 million for the first time (in 1999) since the Kennedy Administration.

Reducing the size of the Legislative Branch. As a result of legislation passed during the 103rd Congress, the Legislative Branch workforce has been reduced by more than 2,000 fulltime positions. (S. Rept. 103-283, Senate Appropriations Committee; House Appropriations Committee)

Procurement reform. Congress also moved to streamline the Federal government's acquisition process in order to reduce paperwork, promote the acquisition of commercial products, and enhance the use of simplified small purchase procedures (*Federal Acquisition Streamlining Act*). According to Newsweek,

"This bill totally overhauls the way government does business. The era of the \$500 hammer or toilet seat is over; now bureaucrats are authorized to go buy them without the asinine paperwork — a reform American have been demanding for years."¹⁴

Making government more accountable. The 103rd Congress established Social Security as an independent agency. This will make the agency more visible and accountable while improving the administration of Social Security programs (P.L. 103-296, *Social Security Administration Independence Act of 1993*).

"Today's working families and young people deserve a chance to register to vote conveniently."

Senate Majority Leader George Mitchell
Agenda of 103rd Congress
January 21, 1993

Expanding Participation in Our Democracy

The 103rd Congress enabled millions of additional Americans to participate in the political process by making it easier to register to vote. This important law permits individuals to register when they apply for a driver's license, by mail, and at various government offices (P.L. 103-31, *National Voter Registration Act* ["Motor Voter"]).

The 103rd Congress restored the right of Federal civilian employees to participate voluntarily as private citizens in America's political process with the *Hatch Act Reform Act*. Congress first approved this measure in 1976, but President Gerald Ford vetoed it. Congress again approved it in 1990, but President Bush vetoed it. This year Congress passed it again and President Clinton signed it into law (P.L. 103-94, *Hatch Act Reform Act*).

"We must tend first to our needs at home."

Senate Majority Leader George Mitchell
Agenda of 103rd Congress
January 21, 1993

Our Needs at Home

The 103rd Congress took swift action to help Americans in need — both the victims of natural disasters and the victims of economic distress. Congress acted to:

Extend unemployment benefits. With an unemployment rate of over seven percent in early 1993, Congress extended unemployment benefits three times for the victims of the Bush Recession who were having difficulty finding new jobs. Without these extensions, 250,000 to 300,000 long-term unemployed Americans would have fallen through the unemployment safety net every week.

Help communities convert from a cold-war economy. To help communities hurt by the conversion from a defense economy, Congress approved measures that:

- improved the Federal government's response to communities affected by defense base closures and defense industry reductions and gave communities a greater voice in the planning and reuse process (Defense conversion initiatives in the *FY 1994 Defense Authorization Act*); and,
- extended benefits, such as job training, vocational education, and opportunities for higher education, to servicemen and women and DOD civilians to assist in their transition to private sector jobs (Defense conversion initiatives in the *FY 1994 Defense Authorization Act*).

Assist victims of natural disasters. The 103rd Congress came to the aid of victims of natural disasters.

- provided \$5.7 billion in emergency assistance to the Midwest States affected by the disastrous flooding in the summer of 1993, and \$207 million in additional aid to hurricane disaster areas (P.L. 103-75, Emergency Disaster Assistance)
- eased lending regulations and restrictions to make it easier and simpler for institutions to extend credit in Presidentially-declared disaster areas or in the flood disaster areas of the Midwest (P.L. 103-76, Disaster Assistance — Financial Institutions):
- provided more than \$10 billion in assistance primarily to the victims of the Los Angeles earthquake, as well as the 1993 Midwestern floods and the Loma Prieta earthquake. (P.L. 103-211, Emergency Supplemental Appropriations)

Invest in children and families. This Congress put the Federal nutrition program for women, infants and children (WIC) on a path to full funding. Funding will increase by \$610 million from 1993 to 1995 — a 21 percent gain. As a result, a million more women, infants, and children will be reached through the program. (Senate Appropriations Subcommittee on Agriculture, 10/7/94)

The 103rd Congress also moved to reauthorize the Community Services Block Grant program and consolidated several existing programs to provide coordinated services for children and families (P.L. 103-252, *Human Services Reauthorization Act of 1994*).

"All people want freedom; a world where trade and economic growth improve the lives of all the world's people."

Senate Majority Leader George Mitchell
Agenda of 103rd Congress
January 21, 1993

Improving The Lives of All the World's People Through Trade and Economic Growth

North American Free Trade Agreement (NAFTA)

The 103rd Congress approved the most comprehensive free trade pact ever negotiated. The North American Free Trade Agreement (NAFTA) (P.L. 103-182) is a trade agreement among the governments of the United States, Canada, and Mexico designed to reduce tariffs and open markets. It creates the biggest market for goods and services in the world, with a combined economy of \$6.5 trillion and 370 million people. The NAFTA agreement:

- virtually eliminates all tariff and nontariff barriers between the three countries;
- improves access for trade in services;
- establishes rights and obligations regarding investment;
- provides protection for intellectual property rights;
- promotes environmental and labor standards in all of the involved countries as stipulated in the "side agreements";

- establishes procedures for the resolution of trade disputes; and,
- maintains the right of countries to set health and safety standards.

Studies are now showing the beneficial results of this trade agreement. These studies show that in the first six months of NAFTA:

- U.S. exports to Mexico have shot up 17 percent; and,
- about 100,000 new jobs are being create this year to help fill orders from Mexico and Canada.¹⁵

The Uruguay Round of the General Agreement on Tariffs and Trade (GATT)

On April 15, 1994 in Marrakesh, Morocco, 123 countries signed one of the broadest, most comprehensive global trade agreements in history. This bipartisan global trade agreement soon will be considered by the 103rd Congress.

The accord, produced by the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), will open markets, lower foreign tariffs on American-made products, strengthen protections on intellectual property rights in the international marketplace, and expand free-trade rules to cover industries not covered previously, such as agriculture and services. Most importantly, it will create more high-wage jobs, and improve standards of living for millions of American families.

The big winners are American businesses and American workers.

Because of the agreement's ability to create high-paying jobs by expanding trade and business opportunities, the agreement is a key component of President Clinton's economic strategy.

The agreement, negotiated over a seven-year period, and through three Presidents — begun in the Reagan Administration, advanced by the Bush Administration, and completed by the Clinton Administration — has drawn enthusiastic support from both sides of the political aisle and strong support from the business community. The agreement will:

- result in a worldwide tax cut. Tariffs around the world will be cut by more than a third — an estimated \$750 billion over the next decade. As a result of this tax cut, American consumers will pay lower prices for merchandise and services.
 - lower permanently or eliminate tariff and nontariff barriers in sectors important to the United States, such as construction equipment, medical equipment, steel, pharmaceuticals, and paper, to name a few.
 - provide American families with more high-paying jobs and more buying power. Workers will gain from new employment opportunities as production of goods for export increases to meet the demands of the expanded foreign markets. As consumers, families will benefit from lower prices, and from more competitively priced, higher quality merchandise and services.
- Conservative Administration estimates are that from 300,000 to 700,000 jobs will be created as a result of GATT implementation in 2004.¹⁷
- A Treasury study estimated that the agreement will result in a \$1,700 a year pay raise for American families over the next decade.¹⁸
- provide a needed boost to the economy. In the 1994 *Economic Report of the President*, the Council of Economic Advisors concluded that implementing the agreement would increase annual U.S. income between \$100 billion and \$200 billion over ten years — a cumulative increase of between 1.5 to 3 percent of current Gross Domestic Product (GDP).

Improving the Efficiency of the Banking System

Historically, U.S. banks have been subject to State law restrictions on their ability to establish new branches. These restrictions have resulted in a fragmented system of thousands of independently chartered banks that contrasts sharply with the highly concentrated banking systems which exist in Europe, Japan, and Canada. As regions have overlapped and States have opted for a more open approach to interstate banking and branching, these restrictions have become less important.

To respond to these changes, the 103rd Congress enacted the *Interstate Banking and Efficiency Act*, to bring more rationality to the banking system. The new law lifts prohibitions which prevent banks from expanding across State borders, except where expressly authorized by the State. As a result, banks may acquire or establish banks in any State, and banks with subsidiaries located in more than one State may combine the subsidiaries into interstate banks.

Enactment of the new law will make banking more convenient for customers and foster a leaner, stabler, and more profitable banking system.

End Notes

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4. Cite for jobs.
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18. U.S. Department of the Treasury, 6/23/94.