

SENATE—Thursday, February 3, 2000

The Senate met at 10:30 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Gracious God, thank You for the gift of prayer. You always are the Initiator. You call us to prayer because You want to communicate Your love, forgiveness, guidance, and power. It is awesome that You, Creator and Sustainer of the universe, know each of us and care about what concerns our Nation. Time with You changes things. It changes us, our attitudes, our circumstances, and the people of our lives.

Today, as we met for the National Prayer Breakfast, we prayed specifically for our President, Bill Clinton. Bless him in this last year of his Presidency. Grant him Your grace and peace, wisdom and guidance. Strengthen the lines of communication with the Senate so that consensus may be achieved on matters of crucial legislation.

We commit our day to continuous conversation with You so that all we say and do may be under Your control and for Your glory. You are our Lord and Savior. Amen.

PLEDGE OF ALLEGIANCE

The Honorable JIM BUNNING, a Senator from the State of Kentucky, led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDING OFFICER (Mr. BUNNING). The acting majority leader is recognized.

NATIONAL PRAYER BREAKFAST

Mr. THOMAS. Mr. President, many of us have just returned from the National Prayer Breakfast, and I certainly commend Senator MACK and others who were responsible for putting it together. It is one of the outstanding events of our year. And thanks, too, to the Chaplain for his work.

SCHEDULE

Mr. THOMAS. Mr. President, today the Senate will immediately proceed to the vote on the confirmation of the

nomination of Alan Greenspan. The leader would like to announce that this will be the only vote of the day.

Following the vote, the Senate will proceed to a period of morning business for general floor statements and bill introductions.

As previously announced, the Senate will not be in session tomorrow to accommodate the Democrat conference meeting. On Monday, it is expected the Senate will begin consideration of S. 1052, the Mariana Islands legislation. And on Tuesday the Senate should begin debate on the nuclear waste bill.

I thank my colleagues for their attention.

The PRESIDING OFFICER. The minority whip.

Mr. REID. We appreciate the statement of the acting majority leader. Also, on behalf of Senator AKAKA, I express appreciation to the majority for allowing the Mariana Islands bill to go forward, as it was indicated it would be done before February 15. We are grateful for that.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DASCHLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

NOMINATION OF ALAN GREENSPAN TO BE CHAIRMAN OF BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—Resumed

The PRESIDING OFFICER. The Senate will resume consideration of the nomination, which the clerk will report.

The legislative clerk read the nomination of Alan Greenspan, of New York, to be Chairman of the Board of Governors of the Federal Reserve System.

● Mr. HAGEL. Mr. President, I strongly support Alan Greenspan's nomination to a fourth term as Chairman of the Board of Governors of the Federal Reserve System. While Congress and the President continue to claim credit for our strong economy and projected budget surpluses, one person truly deserves the nation's gratitude for this unprecedented economic expansion—that is Alan Greenspan. His tenure has been a spectacular success.

Chairman Greenspan's decisions regarding monetary policy have helped

lead us to low unemployment, low interest rates and the longest period of sustained economic growth in the nation's history. Given his remarkable record, it is easy to forget that circumstances have not always been this good for him. Chairman Greenspan has also been tested by periods of adversity during his tenure at the Federal Reserve. Immediately following the October 1987 crash on Wall Street, Chairman Greenspan worked with money center banks to ensure that the brokerage firms continued to have the liquidity necessary to calm both markets and investors. Even in times of adversity, his was a steady hand.

Last year, during debate on the financial modernization legislation, Chairman Greenspan served as a crucial advisor to the Members of the Conference Committee. He added indispensable expertise to enacting legislation that will help maintain the competitiveness of our financial services industry in a global economy while ensuring the safety and soundness of our financial markets.

Unfortunately, I will not be present for the full Senate vote on the Chairman's nomination. I have the responsibility of leading a bipartisan congressional delegation to Wehrkunde, the annual world security conference in Munich, Germany and to Moscow, where we are to meet with acting Russian President Vladimir Putin.

I voted for Chairman Greenspan's nomination during the Banking Committee's markup and would vote for his renomination before the full Senate had I been present. I urge all my colleagues to do the same.●

Mr. KOHL. Mr. President, I strongly support Alan Greenspan's renomination to Chair the Federal Reserve Board for a fourth term.

The United States is currently enjoying the longest period of economic growth in our history, with price stability and record low unemployment. Welfare rolls have been dramatically reduced, and we have more Americans in homes of their own and invested in the burgeoning stock market than ever before.

As Chairman of the Federal Reserve Board for the past 12 years, Dr. Greenspan deserves no small amount of the credit for this unprecedented growth and prosperity. Chairman Greenspan has consistently steered American monetary policy on a prudent and responsible course. He has won the respect and confidence of policymakers, the financial services industry and the American people. Indeed, we have witnessed that Alan Greenspan's words

alone have the potential to trigger fluctuations on the global markets. Commendably, Chairman Greenspan has also upheld a high standard of evenhanded, apolitical management of our nation's money supply. And last year, Chairman Greenspan played a critical leadership role in the passage of the Financial Services Modernization Law to expand the market powers and competitiveness of our financial institutions, while lowering fees and promoting financial product innovation to the benefit of all Americans.

And this strong economy has coincided with fiscal discipline on our part, rather than the deficit spending of the past. The Federal budget is balanced, and, this year, we will hopefully take continued steps to retire more of the \$5 trillion national debt. As Chairman Greenspan has advised, retiring the debt is one of the most important steps we can take to promote continued economic growth and plan for the future financial challenges of the aging of the baby boomer generation. There is room for tax cuts. There is room to increase spending on important domestic priorities, but debt reduction should remain a centerpiece of our economic agenda.

We can be confident that Alan Greenspan will continue providing vital leadership of monetary policy toward our common goal of keeping the economy robust. Considering his past record and looking to the future, he deserves reappointment, and I urge my colleagues to support his renomination.

Mr. HATCH. Mr. President, I rise today to express my strong support for the confirmation of Alan Greenspan to a fourth term as Chairman of the Board of Governors of the Federal Reserve.

Mr. President, our economy has just completed its 107th month of expansion—a record period of growth in peacetime or war in our Nation. Our economy is the marvel of the world, and for good reason. The unemployment rate is at a record low, and the Gross Domestic Product grew at a rate of almost 6 percent in the second half of 1999.

Despite this low unemployment and high growth, factors that can typically bring about strong inflation, inflation has been kept in check. Part of the reason for this is due to increases in productivity, which resulted in large part from the pro-growth economic policies of the 1980s as well as stunning technological advances.

These technological advances are revolutionizing the way America does business and are changing the face of our economy. Some are calling it a "new economy," because it seems to defy some of the conventional forces that shaped the economy in the past. Some are going so far as to suggest that the economic cycle may be dead and that we do not need to worry as much about these old forces.

Now that the economy has surpassed all previous records of growth, there are signs that it is perhaps overheating. Yesterday, the Federal Open Market Committee and the Federal Reserve, under the leadership of Chairman Greenspan, raised the federal funds and the discount rates as a further measure to counter this possible overheating. Some are criticizing these moves, saying they are unnecessary and that the "new economy" does not need the same kind of restraint as did the old.

But, Mr. President, I would certainly be cautious about second-guessing the wisdom of Alan Greenspan. Over the past 13 years, Alan Greenspan has been the voice of steady reason and common sense for our monetary policy. His policies have shown prescience, and his stewardship has been confident and strong. Chairman Greenspan has been the voice of common sense that the financial markets listen to and respect. I believe we are indeed fortunate to have had the services of Chairman Greenspan over the past 13 years, and I commend the President for reappointing him to this key post. I am greatly pleased and relieved that he is willing to serve another term. We need his experience. We need his wisdom. And we need his continuing steady hand at the helm of our monetary policy.

Whether or not we truly have a new economy that will continue to defy traditional forces, I don't know. But I am very pleased that Alan Greenspan is here to guide us and I enthusiastically support his confirmation and urge my colleagues to do the same.

Mr. FEINGOLD. Mr. President, I will vote to confirm the nomination of Alan Greenspan to another term as Chairman of the Federal Reserve Board of Governors. While I continue to have some concerns about some of the day-to-day management of the Federal Reserve System, he has helped sustain a period of economic growth that few would have predicted a few years ago.

Mr. President, when I first ran for the U.S. Senate in 1992, my highest priority was reducing the Federal budget deficit. In 1992, that deficit stood at \$340 billion. This past fiscal year, we balanced the budget. That is an enormous achievement, and it was due to the tough fiscal policies of Congress, particularly the 1993 deficit reduction package, and Chairman Greenspan's stewardship at the Federal Reserve. Both were integral to our economy's growth and to the resulting improvement in our budget picture, and I credit Chairman Greenspan for his part in that effort.

I do want to make clear that I have some continuing concerns regarding the Federal Reserve, concerns that stem in part from a 1996 General Accounting Office report which reviewed the Federal Reserve System. Noting that there were no strong external

forces to minimize Federal Reserve costs, the report identified weaknesses in existing oversight and budgetary processes which resulted in a number of troubling issues. The GAO found a \$4 billion cash reserve known as a Surplus Account that the Federal Reserve exempted from its policy of returning all its net profits to the Treasury. The report found evidence from its policy of returning all its net profits to the Treasury. The report found evidence of inefficiencies and excessive spending, and specifically identified the construction of a Federal Reserve Bank as well as overly generous travel, salaries, and employee benefits.

The report noted at least one major instance, the construction of the Dallas Federal Reserve Bank, in which the Federal Reserve missed an opportunity to save money, including the purchase of unnecessary land at the cost of \$7 million.

The GAO also reported that some employees had home security systems installed by the Federal Reserve, costing from \$2,500 to \$8,000, while others had home-to-work transportation using Federal Reserve vehicles. And the GAO found Federal Reserve travel expenses had risen by nearly 67 percent between 1988 and 1994, from \$28.5 million in 1988 to \$47 million in 1994, compared to only 26 percent for the Federal government.

Mr. President, it should be noted that the Federal Reserve did respond to the GAO findings by establishing annual audits of their Reserve banks, and I credit that action.

Those annual audits have since been codified, along with annual audits of the Federal Reserve Board and the Federal Reserve System by a provision added to the financial modernization bill, the Gramm-Leach-Bliley Act. That audit provision was added to the financial modernization bill by the Senator from Nevada (Mr. REID) and the Senator from North Dakota (Mr. DORGAN). They have been vigilant on this matter, and in fact they were the original requesters of the 1996 GAO report.

The Reid-Dorgan audit requirements are an important step, and I am greatly encouraged by it, but we should go further. I feel strongly that we should ask the GAO to update its 1996 report on the Federal Reserve, and hope Chairman Greenspan will join in such a request.

We cannot have a complete understanding of current management practices at the Fed until we hear from the GAO again on this matter, however, I am willing to give Chairman Greenspan the benefit of the doubt. The audit requirements added to the Gramm-Leach-Bliley Act do represent an improvement, and I was encouraged by the modest step taken by the Fed in response to the 1996 GAO report.

Mr. President, I opposed this nomination four years ago, and I very much

look forward to a needed update of the GAO audit of the Federal Reserve. However, given his remarkable record in helping to sustain the economic growth of the past several years and in the improvement in our budget picture, I will vote to confirm Chairman Greenspan.

Mr. DASCHLE. Mr. President, a couple of days ago marked the longest economic expansion in U.S. history: 107 months. Alan Greenspan deserves credit for coordinating closely with the administration foster that growth.

Mr. Greenspan has been described as a master of the art of monetary policy. He has certainly learned and grown in office. His renomination deserves our full support.

President Clinton renominated Chairman Greenspan for two reasons: Our unprecedented record of economic success; and his ability to coordinate Fed monetary policy with our fiscal policy.

Those two reasons are, in fact, inseparable. It is the marriage of fiscal and monetary policy that created and has sustained current economic expansion. This successful working partnership has worked despite his being a lifelong Republican—though we would gladly welcome him as a Democrat.

The best illustration of Mr. Greenspan's ability to coordinate closely with administration is the 1993 economic plan. Mr. Greenspan signaled that if the new President attacked the deficit aggressively, it would produce lower interest rates. The President followed that advice. A Democratic Congress passed that plan.

As a result, we have gone from the biggest budget deficits in U.S. history to the biggest surplus. Largely as a result of the 1993 economic plan, we now have the lowest interest rates since WWII. We have created more than 20 million new jobs. Unemployment is at the lowest level in 30 years. The poverty rate is the lowest in two decades. Homeownership is at an all-time high. Real wages have grown faster and longer than at any time in more than two decades.

What is most remarkable is that we have achieved all of this while keeping inflation under control: 2.7% inflation last year. It used to be an article of faith among many conservative economists that you had to have at least 6% unemployment or you would trigger inflation. Chairman Greenspan had the courage to challenge that orthodoxy and prove it wrong. The result is millions of people are working today who would not have had jobs under the old rules.

He has done so without sacrificing his commitment to taming inflation and has succeeded in maintaining record low inflation.

We should confirm Chairman Greenspan for a fourth term as Fed Chairman. We should also continue to up-

hold our end of the partnership. We have confidence Chairman Greenspan will continue to exercise strong monetary leadership. We should commit ourselves to continuing to exercise strong fiscal discipline.

People sometimes find Chairman Greenspan's messages a little difficult to decipher. They tend to look for shades of meaning in his statements. But on the question of our national debt, he has been absolutely clear and unequivocal. He has said over and over: We must pay down the debt. Huge new tax cuts or excessive Government spending could destroy our prosperity. He could not be clearer on that point.

We need to listen to Chairman Greenspan. Many inside this Congress—and outside—are now seizing on new surplus estimates from the Congressional Budget Office to justify massive new tax breaks. Their plans stand in direct contradiction to Chairman Greenspan's advice to us. Their plans represent a total abdication of the fiscal discipline that has helped get us to this point.

Our best first use of the surplus is not to pay for an election-year tax cut. It is to pay down the debt. That will enable us to protect this economic recovery today and protect Social Security and Medicare tomorrow.

We support tax cuts to help working families with real, pressing needs like child care and college tuition. We support tax cuts to help working families care for sick and aging relatives. We support eliminating the marriage penalty tax.

The American people have made it clear that these are the kinds of tax cuts we should aim for: tax cuts that expand our prosperity, not undermine it; that help all Americans, not just a privileged few. We should listen to them. But we also share Mr. Greenspan's view that the best tax cut for America's families and businesses is to pay down the debt. This year because of the progress we have made since 1993 in eliminating the deficit and reducing the debt, the average American family will save: \$2,000 on its mortgage; \$200 on its car loan; and \$200 more on student loans.

Shortly after it was clear the Asian "flu"—the Asian monetary crisis—had been successfully contained, *Time* magazine ran a cover story. The picture on the cover showed Alan Greenspan and, standing behind him, Bob Rubin and Larry Summers. The headline read: "The Committee that Saved the World: The inside story of how the Three Marketeers * * * prevented a global economic meltdown."

That is strong praise and it is deserved. Chairman Greenspan, working with this Administration, has earned our vote of confidence. I am proud to cast my vote in support of his renomination.

Mr. President, I am very pleased that this nomination is before us, and I am

hopeful that we will see an overwhelming vote in favor of Alan Greenspan this morning. We have made remarkable progress in this economy and in our country, in large measure because of the marriage between fiscal and monetary policy.

That monetary policy was created because of the leadership of Chairman Greenspan. He has been a leader not only in creating monetary policy but in setting the tone for this country as we make some difficult choices in our fiscal policy.

He has said to all of us we need to be very prudent in making decisions about how we spend our surplus, about how we manage our budget, about the commitments we make to tax cuts we cannot afford, about the importance of paying off the debt and bringing long-lasting fiscal responsibility by eliminating the public debt.

That kind of advice is advice we all ought to take. It is the kind of advice that has given us the longest economic expansion in history. It is an expansion that ought to be continued for years and years to come. It will if we follow the advice of Alan Greenspan. It will if we keep this marriage of fiscal and monetary policy. It will if we pay off the debt and do what we should to ensure the fiscal prudence we have demonstrated in our budgets over the last couple of years.

I very enthusiastically endorse this nomination and hope that on a bipartisan basis we can provide the kind of vote of confidence this Chairman deserves.

I yield the floor.

Mr. THOMAS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The question is, Will the Senate advise and consent to the nomination of Alan Greenspan, of New York, to be Chairman of the Board of Governors of the Federal Reserve System? The clerk will call the roll.

The bill clerk called the roll.

Mr. NICKLES. I announce that the Senator from Montana (Mr. BURNS), the Senator from Arizona (Mr. MCCAIN), the Senator from Nebraska (Mr. HAGEL), the Senator from Alaska (Mr. STEVENS), and the Senator from Arizona (Mr. KYL) are necessarily absent.

I further announce that, if present and voting, the Senator from Montana (Mr. BURNS) would vote "yea."

Mr. REID. I announce that the Senator from California (Mrs. BOXER) and the Senator from Rhode Island (Mr. REED) are necessarily absent.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. REED) would vote "aye."

The PRESIDING OFFICER (Mr. ALLARD). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 89, nays 4, as follows:

[Rollcall Vote No. 6 Ex.]

YEAS—89

Abraham	Enzi	Lott
Akaka	Feingold	Lugar
Allard	Feinstein	Mack
Ashcroft	Fitzgerald	McConnell
Baucus	Frist	Mikulski
Bayh	Gorton	Moynihan
Bennett	Graham	Murkowski
Biden	Gramm	Murray
Bingaman	Grams	Nickles
Bond	Grassley	Robb
Breaux	Gregg	Roberts
Brownback	Hatch	Rockefeller
Bryan	Helms	Roth
Bunning	Hollings	Santorum
Byrd	Hutchinson	Sarbanes
Campbell	Hutchison	Schumer
Chafee, L.	Inhofe	Sessions
Cleland	Inouye	Shelby
Cochran	Jeffords	Smith (NH)
Collins	Johnson	Smith (OR)
Conrad	Kennedy	Snowe
Coverdell	Kerrey	Specter
Craig	Kerry	Thomas
Crapo	Kohl	Thompson
Daschle	Landrieu	Thurmond
DeWine	Lautenberg	Torricelli
Dodd	Leahy	Voinovich
Domenici	Levin	Warner
Durbin	Lieberman	Wyden
Edwards	Lincoln	

NAYS—4

Dorgan	Reid
Harkin	Wellstone

NOT VOTING—7

Boxer	Kyl	Stevens
Burns	McCain	
Hagel	Reed	

The nomination was confirmed.

The PRESIDING OFFICER. Under the previous order, the President will be notified of the confirmation.

LEGISLATIVE SESSION

The PRESIDING OFFICER. The Senate will now resume legislative session.

MORNING BUSINESS

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that there now be a period for the transaction of morning business, with Senators permitted to speak therein for up to 10 minutes each, with the exception of myself, and that I be permitted to control up to 30 minutes.

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

The Chair recognizes the Senator from Texas.

THE ALAN GREENSPAN CONFIRMATION

Mrs. HUTCHISON. Mr. President, I extend my congratulations to Alan Greenspan. I think the Senate has done exactly what it should have done, which is overwhelmingly approve the nomination of the Chairman of the Federal Reserve Board. He has been in that position for 13 years and has guided our country on a very even keel while going through an economy that could have been volatile but because of

his leadership has not been. I look forward to continuing this long string of prosperity in the economy we have been able to have under the leadership of Chairman Greenspan.

THE MARRIAGE TAX PENALTY

Mrs. HUTCHISON. Mr. President, today, for the next 30 minutes, we are going to talk about a subject that I think perhaps is the highest priority we have in Congress, and that is to correct a terrible inequity in the tax laws of our country—a penalty that we exact on married couples.

You may ask, penalty on married couples? Are you serious? Well, the fact is, yes, I am serious. The Tax Code, over the years, has not kept up with what has happened in our country demographically, which is that over 64 percent of the married couples in this country today have two incomes; both spouses work outside the home, in addition to working inside the home. The Tax Code has not caught up to treating them fairly when they get married. In fact, what has happened is that we have not increased the standard deduction to be double for a two-income-earning couple; nor have we expanded the tax brackets for a two-income-earning couple. So if you take the example of a schoolteacher and a sheriff's deputy or a policeman, one of whom makes \$27,000 a year, the other of whom makes \$31,000 a year, they will pay an extra \$717 in taxes just because they got married.

Now, generally, this is a young couple who is getting married, who need the extra money now more than ever. It is a couple who want to buy their first home, want to have their first child, want to buy the extra car they will need to fulfill their responsibilities. But, in fact, we take money away from their ability to fulfill their hopes and dreams.

Americans should not have to choose between love and money and, most certainly, the Government should not encourage this. We need to have policies that encourage marriage, encourage families.

I read an interesting article recently pointing out that marriage is one of the key factors in determining poverty. One in three poor families is headed by an unmarried parent. In contrast, 1 in 20 married couples are considered to be in poverty. So being married is one of the factors in people being able to lift themselves out of poverty. So, of course, knowing this, we should be even more attuned to this inequity.

The Congressional Budget Office estimated that 21 million married couples are paying this penalty; that is, 42 million Americans are paying a higher tax because they are married. This tax hits hardest those couples with two incomes. Two-thirds of those married couples, that have two incomes, will

pay a tax penalty simply for being married. These couples are paying an average of \$1,400 more; that is \$29 billion in taxes being sent to Washington—money which our Treasury should not be receiving—\$29 billion in money just because people are married and not single.

Why are many people working? In many instances, it is because of the incredibly high tax burden. We have the highest tax burden since World War II on families in this country. Nearly 40 percent of the income families earn goes straight to the tax collector. How can we solve this problem? We can start by increasing the standard deduction for married couples from \$7,200 to \$8,600. This would make it exactly double what is available to single taxpayers.

Senator ASHCROFT, Senator BROWNBACK, and myself have introduced legislation to do exactly this. That should be our very first step. In fact, that is exactly what the Congress passed last year and sent to the President, but he vetoed it. It was part of a balanced tax package that would have put \$790 billion back in the pockets of the taxpayers of this country. But the President chose to veto that legislation.

This same legislation was introduced this week by Congressman ARCHER, chairman of the Ways and Means Committee on the House side. His legislation would increase the standard deduction in 2001 for married couples to twice the rate applicable to singles.

The second thing we can do is to widen the tax bracket for married couples so that it is twice the size of the corresponding bracket for singles.

Let me give you an example.

A married couple is taxed at the 15-percent rate up to \$43,350 in income. But if two single people make the same salary, they could be taxed at 15 percent on income up to \$50,700. That means \$7,350 is taxed just because people are married.

We need to change this policy. Senator ASHCROFT, Senator BROWNBACK, and myself have introduced a bill that would adjust every bracket so that married couples would not pay a penalty. They would not go into higher tax brackets just because they are married. If one person makes \$20,000 a year, and another makes \$55,000 a year, they should pay taxes on what they earned, not putting it together and penalizing them by making the entire \$20,000 that is earned by one spouse to be taxed at the higher 28-percent bracket of the other spouse.

This week, Congressman ARCHER introduced legislation that would widen the 15-percent bracket. This is clearly the right direction. But I also want to make sure we don't forget those people in the 28-percent bracket. They get hit hard by the marriage penalty as well. The people who move up to the 28-percent bracket when they are earning the