

## EXTENSIONS OF REMARKS

## THE NEW MEDICARE

HON. VERNON J. EHLERS

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

*Monday, October 30, 1995*

Mr. EHLERS. Mr. Speaker, after months of debate and thousands of meetings across the country, the House passed the Medicare Preservation Act [MPA] on October 19. Crafting the legislation, which generated strong feelings on all sides of the issue, was by no means an easy task. I am pleased with the hard work and sincere effort that was put forth by many people in developing a better Medicare system.

Reforming Medicare is an urgent matter that must be addressed. Because of the complexity of the issue and its widespread effect on our Nation, it is important to understand why the system needs to be reformed and what our reform proposal involves. In April the board of trustees of the Social Security funds reported that the Medicare part A trust fund, which pays for hospital-related services, will be bankrupt in 7 years. The part B trust fund, which pays for outpatient services, is not in danger of bankruptcy, because almost 70 percent of part B premiums is paid by the Federal Government, and the rest is paid by beneficiaries who choose this coverage. In 1996, for the first time since its creation, the part A trust fund will be paying out more in benefits than it collects in taxes. Why? Mainly because the costs of providing Medicare benefits have grown at more than double the growth of private-sector health care costs. If we fail to address this problem and control its excessive costs, Medicare will collapse. It is critical, therefore, that we make reforms to save Medicare because there are thousands of beneficiaries who depend on it. Medicare has served us well for 30 years, but its failure to incorporate private-sector innovations and to end waste, inefficiency, and fraud requires us to develop a better system.

The MPA will expand the types of coverage Medicare offers:

One, current Medicare coverage: A beneficiary can choose to continue the same Medicare coverage they have now. If they choose to do this, their copayments and deductibles will not be increased. They will also continue to pay the same percentage of part B premiums, 31.5 percent, with the Government paying the remainder of the premium.

Two, MedicarePlus: A beneficiary is given choices from a new category of coverage, MedicarePlus. This option will allow beneficiaries to choose the same types of health coverage available in the private sector, such as HMO's and other types of coordinated care, instead of traditional Medicare coverage. These plans will likely offer full health care coverage to beneficiaries, perhaps eliminating the need to purchase costly supplementary insurance plans. These plans might also involve coverage of additional services, such as prescription drugs and eye care, in exchange for

a more limited choice of health care providers. Beneficiaries would get detailed information in the mail each year about types of plans available in their area.

Three, medical savings accounts: Beneficiaries could also choose coverage through a medical savings account [MSA]. This option would require beneficiaries to choose a high-deductible insurance policy paid by Medicare. The savings achieved through this policy will be placed in an individual MSA, which will be used to pay for health care expenses within the deductible, or to purchase long-term care insurance.

The reforms don't stop there. The new Medicare Program will also make significant reforms in payments for doctors, hospitals, and other health care providers, in order to control costs. Government-funded Medicare coverage for the wealthy will be phased out, starting with couples with incomes above \$125,000 and individuals with incomes above \$75,000. A special commission will be created to study the effects of the retirement of the large baby boom generation, when there will be only two workers to support every retiree. Mechanisms to detect fraud and abuse will be strengthened, and beneficiaries who detect any wrongdoing in their bills will be rewarded. Finally, the plan will install a failsafe mechanism to monitor the reforms and ensure that they are achieving the savings necessary to protect the system.

Unfortunately, during the long debate about the MPA some groups and individuals generated misinformation about the proposal. It is important to understand that these reforms were not introduced in order to offset tax cuts or balance the budget. If these reforms are not adopted, the system will simply collapse. This is not a quick fix; these changes are needed to protect and preserve the long-term health of the system.

As is the case with any change, glitches may occur as the plan is implemented. While it would be ideal if the reforms were perfect, it is likely some may need correction. Therefore Congress will monitor the implementation process and correct any mistakes that may occur.

Now that the House has given its approval, the MPA has been incorporated into a larger budget package. It will now move on to the Senate before it is sent to the President for his signature.

## EGYPT'S ECONOMIC BIND

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

*Monday, October 30, 1995*

Mr. HAMILTON. Mr. Speaker, I would like to bring to the attention of my colleagues a recent World Bank study which highlights the economies of the Middle East in general and Egypt as a leader in that region in particular.

The study entitled "Claiming the Future" was the subject of an October 18, 1995 edi-

torial by Thomas Friedman in the New York Times. Mr. Friedman summarizes portions of the World Bank study which show that in 1960 the Middle East had a per capita income higher than Asia, but in 1990, even with oil wealth, the Middle East per-capita income had only doubled while that of Asia had more than quadrupled. Economic reform, privatization, and development have eluded the Middle East to a larger extent.

These problems are acute in Egypt. The need for economic restructuring is enormous. Egypt and the entire Middle East region will need to focus on economic issues if the region is to catch up with the rest of the world. Egypt and the Middle East need economic reform if they are to generate jobs for the burgeoning youth population now entering the job market.

The excellent New York Times editorial follows:

[From the New York Times, Oct. 18, 1995]

## EGYPT RUNS FOR THE TRAIN

(By Thomas L. Friedman)

John Page, the World Bank's chief Middle East economist, likes to say that the difference between the global economy of the 1950's and the 1990's is the difference between two trains. The global economy of the 1950's he says, "was like the old train from Heliopolis [a Cairo suburb] to Cairo. That train stopped at every station, and if you missed one, you could always catch another. It was so slow that if you missed the last one, you could ride your bike and catch up at the next station. If you couldn't afford a ticket, you could always ride on the roof. The global economy of the 1990's by contrast is like the bullet train from Tokyo to Osaka. If you miss it it's gone—goodbye—and you can't catch up."

That's a useful image to keep in mind when visiting Cairo these days because the Arab world in general, and Egypt in particular, is in real danger of missing the train, and the consequences could be catastrophic.

Consider some startling statistics from a new World Bank study of Middle East economies entitled "Claiming the Future," which will be released next month. In 1960, the seven leading Arab economies had an average per-capita income of \$1,521, while the seven East Asian "tigers"—Taiwan, South Korea, Hong Kong, Singapore, Thailand, Malaysia and Indonesia—had a per capita income of only \$1,456. The Arabs were slightly ahead. By 1991, however, the per-capita income of the Arab countries was only \$3,342, while the Asian tigers were up to 58,000 per person.

Today the Arab Middle East attracts 3 percent of global foreign investment, while East Asia attracts 58 percent. Egypt exported and imported more goods and services 20 years ago than it does today, relative to the size of its economy. In other words, Egypt was more integrated with the world economy in 1970, under Gamal Abdel Nasser, than in 1990, under Hosni Mubarak. The Arab world lags far behind East Asia in spending on education, in the number of women in the work force and in every measure of productivity.

Why the difference? One explanation is that in East Asia leaders usually based their political appeal on economics—"Have I made you better off today than four years ago?"—

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

while Arab leaders based their political appeal on fighting colonialism or Zionism, or on ethnic and religious bonds, or on sheer brute force. No Arab leader ever said: "Judge me on my G.D.P." So Arab economies existed to support the state, instead of the state existing to support the economy. Or, as the Egyptian intellectual Tahseen Bashir says: "Egypt was first a state, then the people were created."

A year ago 500 Egyptian businessmen gathered for the country's biggest-ever economic conference. They adjusted the date precisely so President Mubarak could attend. The day of the conference Mr. Mubarak canceled because of another pressing engagement—he had to receive the President of Mauritania.

No wonder Mr. Mubarak has failed to institute the structural reforms that could make Egypt attractive to foreign investors and competitive on the world stage—that is downsizing the bloated bureaucracy, privatizing state industries and reforming investment regulations. President Mubarak is terrified that downsizing will lead to unemployment and riots.

That is a legitimate fear. But even if Mr. Mubarak doesn't want to touch his bureaucracy, he could at least reform Egypt's antiquated commercial codes, arbitrary tax regulations and red-tape foreign investment rules (a foreign investor needs the signatures of 26 different officials to set up shop here) so that the private sector can provide the jobs the Government cannot.

Fact: Mr. Mubarak has more mummies in his cabinet than King Tut. His team of ministers is the oldest in the Arab world. It has not risen to the economic challenge, and so investors go elsewhere.

It is time for the U.S. to stop looking at Egypt as a pillar in the peace process, and start looking at it as an economic laggard badly in need of shock therapy. Egypt doesn't need a shuttle by the Secretary of State. It needs a shuttle by the Secretary of the Treasury. The World Bank estimates that the Arab states and Iran will have to create 47 million new jobs by the year 2010 just to accommodate the population boom that will enter the labor force by then.

If governments here do not reform themselves to meet that challenge, this region won't just miss the tram. The whole station will explode.

#### TRIBUTE TO GEORGE WALLACE

HON. PETER T. KING

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Monday, October 30, 1995*

Mr. KING. Mr. Speaker, it gives me great pleasure to take this opportunity to salute one of my constituents for his role in the global struggle against tyranny during World War II. Mr. George Wallace, from Merrick, NY, is a member of the very best generation this Nation ever produced. Like millions of other men from all across the United States, when war came to America in 1941, he answered the call to duty and did his part.

His service record during the Second World War is both remarkable and typical. I would like to enter into the RECORD a brief outline of his military service.

George Wallace joined the U.S. Army in October 1942. After graduating Officer Candidate School he has commissioned as a 2d lieutenant of the field artillery. Shipped to England in 1944, he graduated Airborne School and was assigned to the 17th Airborne Division, 680th Glider Field Artillery Battalion.

Wallace served with this unit in the Battle of the Bulge and Operation Varsity, the largest airborne operation of the war. Fighting throughout, the Rhineland Campaign, Wallace took part in the capture of Wesel, Munster, and the Ruhr Valley complex.

After V-E Day, he transferred to the 101st Airborne for occupation duties and training for possible action during the then-likely invasion of Japan. Following the deactivation of the 101st, he transferred to the 82nd Airborne and marched with that unit under Gen. James M. Gavin during a victory parade in New York City on January 6, 1946. During the war years, he had had the honor of serving in three different airborne divisions.

Not yet through serving his country, George Wallace stayed on with the Army Reserve until April, 1953. Following his distinguished military service, Wallace joined the New York City Fire Department, where he served for 29 years before retiring as assistant chief of the department.

I was very proud on October 11, 1995, to be joined in Washington by Mr. George Wallace for the special joint meeting of Congress in honor of World War II veterans. We must never forget the courage and sacrifice of those millions of American young men, who like George Wallace answered their country's call during World War II.

#### HONORING FAROOQ KATHWARI

HON. GARY L. ACKERMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Monday, October 30, 1995*

Mr. ACKERMAN. Mr. Speaker, I rise today to join with my constituents and with the members of the American Jewish Committee as they honor Farooq Kathwari, who will receive the Institute of Human Relations Award on November 2 in Manhattan.

This prestigious award is presented annually by the American Jewish Committee to an individual who represents the bold and humanitarian beliefs and ideals that foster civil and human rights and promote democracy. The Human Relations Award embodies the practices of a pluralistic society and the belief that the goals of justice, freedom, and democracy for one group will be achieved only by guaranteeing them for all peoples.

Mr. Speaker, Farooq Kathwari is a most fitting recipient of this high honor. His story illustrates what our great country stands for, and the bountiful opportunities the United States offers its citizens. Farooq Kathwari came to America 30 years ago as a political refugee from Kashmir, and he now leads one of the Nation's largest home-furnishing companies. He arrived in New York City at age 20 armed with a BA in English and political science, and with a determination to live and grow in a free society. Two years later he earned an MBA, went to work for Newcourt Securities, where he rapidly rose to the position of vice president, and simultaneously launched his own importing business. Soon thereafter, Ethan Allen purchased an interest in his company. In 1980, the firms merged, and Farooq Kathwari became vice president of Ethan Allen. By 1989, he had risen to the post of chairman, president, and CEO.

While becoming a leader in the American and international business communities, Mr.

Kathwari did not forget his origins. He enthusiastically undertook a variety of projects supportive of freedom and human rights. Of special note is his work as founder of the Council for Human Rights in Kashmir. Through this organization, Farooq Kathwari has dedicated himself to help foster a dialog for peace in this much-troubled region, and to promote human rights around the world.

Mr. Speaker, I ask all my colleagues in the House of Representatives to join me now in honoring Farooq Kathwari, a most compassionate and selfless citizen. May his good works serve as a model for countless others to follow.

HONORING STEPHEN WARD  
TUTTLE II ON ATTAINING THE  
RANK OF EAGLE SCOUT

HON. CARRIE P. MEEK

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

*Monday, October 30, 1995*

Mrs. MEEK of Florida. Mr. Speaker, I rise to pay special tribute to an outstanding young man in my district, Stephen Ward Tuttle II of Miami, a member of Boy Scout Troop 840 of St. Louis Church. Stephen has earned the highest honor a Scout can achieve, the rank of Eagle Scout.

Stephen Tuttle began his long, arduous climb toward the rank of Eagle Scout as a Cub Scout over 5 years ago. During that time, he has constantly striven for excellence in school, church, and scouting. He has consistently demonstrated discipline, leadership, commitment, and integrity and provided an outstanding example to the Scouts around him and to the community as a whole. He has earned the respect and admiration of his fellow Scouts, schoolmates, family, and those in our community.

Mr. Speaker, I want to congratulate Stephen Tuttle on a job well done. I join with his mother, Laura Tuttle, his scoutmaster, Capt. Roy Hamlin, his troop, and our entire community in recognizing his achievement and wishing him continued success in the future.

SECRETARY WEINBERGER SEES  
B-2'S STRENGTHS

HON. RANDY "DUKE" CUNNINGHAM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Monday, October 30, 1995*

Mr. CUNNINGHAM. Mr. Speaker, among the many budget issues that Congress continues to work on is our effort to revitalize our national security. In these tight budgetary times, every spending decision we make must be cost and benefit justified.

The following commentary, written by former Secretary of Defense Caspar W. Weinberger in the November 6, 1995, issue of Forbes magazine, provides some of the many outstanding arguments for our Nation to continue to fund the B-2 Stealth Bomber Program. As Secretary Weinberger notes, "few people understand just how good, how revolutionary, this stealth bomber is." That said, I recommend that all of my colleagues in the