The results were quite predictable: efficient administration of a program with inflation built in. The average annual rate of growth in the daily service charge of US hospitals between 1956 and 1971 was 13 percent. Medicare's definition of reasonable charges paved the way for steep increases in physicians' fees as well. In the first five years of Medicare's operation, total expenditures rose over 70 percent, total expenditures rose over 70 percent, from $4.6 billion in 1967 to $7.9 billion in 1971. Over the same period, the number insured by Medicare rose only 6 percent (19.5 to 20.7 million people).

By 1970, there was broad agreement that health inflation had become a genuinely serious problem. Criticism of Medicare was part of this dialogue, and, for some, Medicare was the cause of what became a pattern of medical prices rising at twice the rate of general consumer prices. Throughout most of the 1970s, however, adjustments of Medicare took a subordinate political position to nationwide medical change. That does not mean Medicare was inert. But it does mean that its changes—experimentation with different reimbursement techniques in the early 1970s; the 1972 expansion of Medicare to the disabled and those suffering from kidney failure; administrative reorganization in the late 1970s that took Medicare out of Social Security into the newly created Health Care Financing Administration—all became the subject of intense but low-visibility interest-group politics. This polities, followed closely by the nation's burgeoning medical care industry, elderly pressure groups and specialized congressional committees, was not the stuff of Medicare's original legislative fight or of the ideological battle over national health insurance.

By the end of the 1970s, alarm had grown over both the troubles of medical care generally and the costs of Medicare specifically. The struggle over national health insurance ended in stalemate by 1975 and the effort to enact national cost controls over hospitals had also failed by 1979. This meant that Medicare, like American medicine as a whole, was consuming a larger and larger piece of the nation's economic pie, seeming to crowd out savings on other goods and services. US health expenditures in 1980 represented 9.4 percent of GNP, up from 7.6 percent in 1970. Medicare alone amounted to some 15 percent of the total health bill in 1980, up from 10 percent a decade earlier.

For the past 15 years, the politics of the federal deficit have driven Medicare. This has had two consequences. The first is that Medicare is no longer an intermittent subject of policy makers' attention, but has become a constant target of the annual battles over the federal budget. Second, concerns over Medicare's effect on the deficit have enabled far-reaching changes in the ways it pays medical providers. In contrast to the accommodationist policies of Medicare's early years, federal policy makers have implemented aggressive measures to hold down Medicare expenditures. They gave priority to the government's budgetary problems over the interests of hospitals and physicians. The result of these changes was a considerable slowdown in the rate of growth in Medicare expenditures that did not compromise the program's universality.

Ironically, these changes in Medicare payment policy received almost no public attention. There has been little recognition of the effectiveness of the 1980s federal cost-containment measures. As a result, the public has a distorted sense of Medicare's experience of inflation, viewing it as inevitable. The experiences of the past decade demonstrate that Medicare costs can actually be restrained through regulatory adjustments, and that these savings do not require a departure from Medicare's basic design as a social insurance program open to beneficiaries regardless of income.

While the changes in Medicare payment policy did not receive widespread public attention, a concurrent expansion of benefits did. For a brief period in the late 1980s, the addition of so-called catastrophic protection to Medicare coverage became a topic of media interest. The passage and repeal of the catastrophic health insurance bill was a searing experience for Washington insiders, but it left little lasting impact on the nation's citizenry. What remained from the 1980s was a large federal deficit, and it was fiscal politics (along with presidential politicking), not Medicare's performance, that has controlled the pace and character of attention Medicare has received.

Before turning to how to cope with Medicare's problems, critical attention should be given to two claims in the recent debate. One is the mistaken view that because Medicare faces financial strain, the program requires dramatic transformation. The experience of the 1980s showed that Medicare administrators, when permitted, can in fact limit the pace of increase in the program's costs. The second misleading notion has to do with the very language used to define the financial problems Medicare faces. Republican critics (and some Democrats) continue to use fearful language of insolvency to express dread of a future in which Medicare's trust fund will be ''out of money.'' This language represents the triumph of metaphor over thought. Government, unlike private households, can adjust its pattern of spending and raising revenues. The ''trust fund'' is an accounting term of art, a convention for describing earmarked revenue and spending both in the present and estimated for the future. The Congress can change the tax schedule for Medicare if it has the will. Likewise, it can change the benefits and reimbursement provisions of the program. Or it can do some of both. Channeling the consequences through something called a ''trust fund'' changes nothing in the real political economy. Thinking so is the cause of much muddle, unwarranted fearfulness and misdirected energy.

To view the crisis-ridden debate about Medicare's finances as misleading is not to suggest that the program is free of problems. But it is important to understand that Medicare can be adjusted in ways that fully preserve the national commitment to health insurance and the elderly and disabled.

What should be done? One place to start is reduction of the growing gap between the benefits Medicare offers and the obvious needs of its beneficiaries. What Medicare pays for should be widened to include the burdens of chronic illness; that means incorporating prescription drugs and long-term care into the program, which is precisely what the Clinton administration hoped to do in connection with its ill-fated health insurance overhaul.

Widening the benefit package does not mean, contrary to what many claim, that total expenditures must rise proportionately. Expenditures represent both the volume of services and their prices. Many other nations have not only universal coverage and wider benefits than Medicare, but spend less per capita than we do for their elderly. Canada, for example, is able to do this because they pay their medical providers less, spend less on administration and use expensive technology less often. Medicare's expenditures should be restrained below the current projected growth rate of 10 percent a year. There is no reason that the program's outlays need rise at twice the rate of general inflation—or more. What has to be changed is the amount of income medical providers of all sorts receive from the Medicare program.

Medicare's financing also could use some overhauling. Raising payroll taxes will have to be part of the answer. This option appears to be ruled out of the current debate, a good example of fearfulness defeating common sense. But, the breadth of public support for Medicare suggests it is possible to mobilize popular backing for a tax increase to support the program where the problem is clearly defined and the justification convincingly offered. As for beneficiaries, it is time to reconsider the idea of charging wealthier beneficiaries more for Medicare's physician insurance program, another idea likely, if explained, to have popular support.

We need a debate as well over how Medicare should be improved. What we do not need is one that scares the country about Medicare's future by disseminating false claims about its affordability. It would indeed be a ''crisis'' if we concluded that the legitimate health costs of our aged and disabled were unaffordable. What is unsustainable is the pattern of increasing health expenditures at twice the rate at which our national income rises.

Medicare's early implementation stressed accommodation to the medical world of the 1960s. Its objective was to keep the economic burden of illness from overwhelming the aged or their children. Thirty years later, the setting is radically different. The difficulties of Medicare are those of American medicine generally. We pay too much for some procedures and we do too many things that either do some harm or do little good in relation to their costs. In the world of private health insurance, cost control has arrived with a vengeance. Medicare is unsettled and is likely to remain so in the context of budget-deficit politics unless we accept that containing what we spend on Medicare need not mean transforming the program. It will mean, necessarily, that the burdens of cost control will have to be borne. Our suggestion is that they should be borne by those whose incomes are higher, both payers and payees.

THE DEDICATION OF THE KOREAN WAR VETERANS MEMORIAL

Mr. HEFLIN. Mr. President, on the Mall this afternoon, just across the reflecting pool from the Vietnam Veterans Memorial, another unique symbol commemorating the sacrifice of our Nation's veterans was dedicated. The long-overdue memorial to our Korean war veterans was finally and officially opened to the public today, July 27, 1995, the 42d anniversary of the armistice agreement ending that conflict.

This stirring memorial truly deserves its rightful place on the national Mall, for, as a Washington Post editorial succinctly put it yesterday, '' 'Korea' was a convulsive but finally proud event in the tradition of the presidents honored on this hallowed national ground.'' On the Korean Peninsula over 40 years ago, brave Americans led a score of nations in successfully thwarting Communist aggression. ''It was a moment in the history of freedom, and the 54,000 Americans who died and the many others who fought there earned the benediction in stone and steel now * * * bestowed.''

Some have called the Korean war ''the forgotten war,'' since it did not

end in triumph—like World War II—or in bitter defeat—like Vietnam. It neither united us the way World War II did, nor did it divide us to the degree that Vietnam did. It was not even called a war, as such, but was generally referred to as a ''police action,'' or ''conflict.'' The memorial dedicated on the Mall today not only honors those who served and died in the Korean war, it also gives them their proper place in our Nation's collective memory.

The Korean war is significant in our history for many reasons, one of those being that it was the stage for the first war in which a world organization—the United Nations—played a military role. It was a tremendous challenge for the United Nations, which had come into existence only 5 years earlier. We only recently commemorated its 50th anniversary, so it is perhaps fitting that the opening of the Korean Veterans Memorial coincides with that celebration, since it was the United Nations' first major test.

The Korean war began on June 25, 1950, when troops from Communist-ruled North Korea invaded South Korea. The United Nations called the invasion a violation of international peace and demanded that the Communists withdraw from the south. After the Communists refused and kept fighting, the United Nations asked its members to provide military aid to South Korea. Sixteen U.N. countries sent troops to help the South Koreans, and a total of 41 nations sent military equipment or food and other supplies. As we know, the largest share of U.N. support for South Korea came from the United States, and the greatest burden was born by American servicemen and women. China aided North Korea, and the former Soviet Union gave military equipment to the North Koreans.

The war went on for 3 years, ending on July 27, 1953, with an armistice agreement between the United Nations and North Korea. A permanent peace treaty remains an elusive goal as 37,000 American troops to this day remain in South Korea to discourage a resumption of hostilities.

In many ways, the Korean war set the pattern for future United States military efforts. It saw important innovations in military technology, such as fighting between jet aircraft as American F–86's battled Soviet-built MiG–15's. It was the first conventional war that could have easily escalated to atomic dimensions.

The war unalterably changed the nature of superpower relations. The dramatic American demobilization after World War II was reversed and the United States has since maintained a strong military force. Cold war tensions mounted, and some historians argue that the war fostered dangerous ''McCarthyism'' at home.

Hopefully, this moving memorial will help Americans of all ages come to better understand and appreciate the importance of the sacrifices made by those who fought and died during the Korean war. On this day of the dedication of their memorial, I stand with each of my colleagues in saluting all veterans of the Korean war. Their service and sacrifices—as well as that of their families—are not forgotten.

I ask unanimous consent that the text of the Washington Post editorial, ''The Korean War: On the Mall,'' from July 26 be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE KOREAN WAR: ON THE MALL

A memorial to American veterans of the Korean War (1950–53) is to be dedicated tomorrow on the Mall across the Reflecting Pool from the Vietnam Memorial. It deserves to be there, for ''Korea'' was a convulsive but finally proud event in the tradition of the presidents honored on this hallowed national ground.

In Korea the United States led a score of nations successfully resisting what was pure and simple Communist aggression. It was a moment in the history of freedom, and the 54,000 Americans who died and the many others who fought there earned the benediction in stone and steel now being bestowed.

The Korean War can seem a grim and inevitable episode in the grinding global collision of the Cold War. Yet at key moments it was anything but fated. Secretary of State Dean Acheson simply erred when he said in January 1950 that the Korean peninsula, divided by Washington and Moscow as World War II closed, was outside the U.S. ''defensive perimeter.'' A fortnight later Stalin, the Soviet Communist leader, instructed his envoy to tell North Korea's dictator, Kim Il Sung, that ''I am ready to help him in this matter'' of reuniting Korea.

It was far from certain that the struggling American president, Harry Truman, would reverse course and respond resolutely when North Korea invaded in June. It was even less predictable that Gen. Douglas MacArthur, author of the Marines' legendary Inchon landing, would ignore the new Chinese Communist government's warnings and, tragically, end up fighting China too.

With its evocative poncho-clad figures, the new memorial captures the war's signature of foot-soldiers trudging into endless combat. Once the battle had gone up and down the peninsula several times, the war stabilized on the original dividing line but continued at dear cost—until the stalemate was mutually confirmed, until North Korea accepted the American insistence that its soldiers who were prisoners in the South would not be repatriated against their will.

That the war ended not in World War II-type triumph but in anticlimatic armistice has encouraged the notion that the outcome was a compromise or even a defeat. But although the aggressor was not unseated (the goal of Gen. MacArthur's rollback strategy), North Korea was repulsed and South Korea saved. Time and space were bought for a competition of systems in which the South came to exemplify democratic and free-market growth, while North Korea stayed a stunted and dangerous hermit state. If there is yet a chance that things may go better, it is because the United States did what it had to in the war and then stayed the course, to this day.

KOREAN WAR MEMORIAL

Mr. D'AMATO. Mr. President, I rise today to recognize the sacrifices of the many hundreds of thousands of American servicemen who bravely fought the forces of communism in that far-off peninsula of Korea. As the primary contingent of an international force that succeeded in halting the tide of Soviet and Chinese expansion and influence, Korean war veterans won what many have seen as the first battle of the cold war.

The experience of the Korean war forever changed the nature of the superpower relationship as well as America's bilateral relations with its overseas allies. In defending the democratic South Korean Government against the aggression of the communist North, America won the friendship of a government committed to furthering American values and ideals. Today we look at South Korea as a important ally and model of political, social, and economic development.

Many have referred to the Korean war as the forgotten war because its significance has only been truly realized after our eventual triumph over totalitarianism. With today's dedication of the Korean War Veterans Memorial by President Clinton and South Korean President Kim Young Sam, the sacrifices of the over 54,000 Americans killed and the 1.5 million men and women who served will finally be recognized. The memorial will serve to forever preserve a place of honor that these heroes have always deserved. Let these America's Korean war veterans never again be forgotten.

THE RYAN WHITE CARE REAUTHORIZATION BILL

Mr. MCCAIN. Mr. President, I rise to congratulate the chairwoman of the Committee on Health and Human Resources, Senator NANCY LANDON-KASSEBAUM, on the passage of the Ryan White CARE Reauthorization act of 1995. The act assures that AIDS-related services will be available to people in big cities, small towns, and rural communities all across the country, it also ensures that funding is provided for Indian AIDS victims.

Some may recall that during the original debate on the Ryan White CARE Act in 1990, I, and several of my colleagues on the Senate Indian Affairs Committee, offered an amendment to title II of the bill to ensure that Indians with HIV and their families were eligible to participate in the special projects of national significance. That provision was accepted and as a result, hundreds of Indians with HIV, who would otherwise have had great difficulty accessing services, have been served.

Many in the Congress are not aware that in comparison to other populations, Indians are among the highest at-risk populations for the HIV infection. In fact, the Centers for Disease Control reported that in just 2 years, from 1988 to 1990, the number of reported American Indian AIDS cases increased by 120 percent in comparison to an overall national increase of 35 percent. Unfortunately, this trend still