

most of the proposed tax cuts as untimely at best and pandering at worst, I would agree that there is one area of tax relief that could be reasonably undertaken at this time, and that is reduction in the capital gains tax rate. The provisions of the bill allowing individuals to exclude 50 percent of capital gains from taxation, while dropping the corporate capital gains rate from 35 to 28 percent, would cost the Treasury some \$40 billion in revenue foregone over 7 years.

As I see it, this would be a worthwhile expenditure. It would help release some \$1.5 trillion in locked-up capital gains to pursue investment opportunities that create jobs and growth in the U.S. economy. By one estimate, this would result in a rise in gross domestic product of 1.4 percent and result in \$12 million in increased Federal tax revenues.

And I might note that the individual beneficiaries of capital gains tax relief are by no means limited to wealthy stockholders. A recently updated U.S. Treasury study shows that nearly one-half of all capital gains are realized by taxpayers with wage and salary incomes of less than \$50,000. And these would include every homeowner who has benefited from an increase in the value of his house over recent years.

Notwithstanding my support for this one tax provision, I must reiterate my view that the overall tax package is untimely and inappropriate. Together with the other major flaws of the bill, there is compelling reason to vote against the bill, and good cause for the President to veto the measure, as he has promised to do, in the likelihood that Congress approves it.

Our task will not end there. Assuming the probability that the President's veto cannot be overridden, the real work will have to begin to devise a compromise that can be enacted. My hope is that reason, compassion, and responsibility will prevail and that the many excesses of this bill will be recast into a more moderate measure.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

Mr. LAUTENBERG. I thank the Chair.

WHOSE SIDE ARE YOU ON?

Mr. LAUTENBERG. I will try to confine my remarks to 10 minutes, not simply to spare the distinguished occupant of the Chair from further duty but to try and consolidate the message so that it has meaning and is clearly understood.

Mr. President, I look at what is proposed in terms of this budget reconciliation, and I truly believe that the American people are being deceived; that there is kind of a sneak attack on senior citizens and the impoverished in our society; that they do not yet know what is planned for them for their future.

The question that arises is a very fundamental one, and that is, Whose

side are you on? Whose side are we on in this body when we pass legislation? Are we on the side of the people who have worked hard, who try to put away a few bucks, who have tried to protect their security in their old age, who worry about what happens to them in their golden years?

Are we on the side of those who are making lots of money, who will get a benefit, the benefits of a tax cut that is being proposed as a result of the exorbitant request that is being made of the senior citizen population of our country or of those who are dependent on Medicaid? It is a backdoor attack.

I do not mean to insult my friends on the other side of the aisle. I am describing what I think is their approach to decimate a program that has been of value. All one has to do is look at the human dimension as we discuss these programs. Forget about the accountant's approach for just a moment, forget about the fact that we are strapped, that we have to figure out ways out of our dilemma in terms of our budget deficit. Just think first about the people who are affected, think of those who worked hard, who put away small sums of money by paying their insurance premiums over the years, who believe deeply that a Government contract, a contract with their Government was something of value that could not be diminished.

We know one thing, Mr. President. That is, that that program, the Medicare Program, has worked incredibly well. All you have to do is look at the life expectancy in our population today and look at the quality of life that people can enjoy even as they age if their health is good, if they take care of themselves at the appropriate time, if they get the right kind of medication, if they get the right kind of physician attention or health care provider attention. The program has worked.

In Russia today, the former Soviet Union, the life expectancy for a male on average is 57 years. Fifty-seven years in this country is beginning to look like the prime of life. I know guys who are becoming fathers for the first time at 57 years of age. It is not something I recommend. I have no opinion on it. I am simply stating a fact. Fifty-seven is young. Age 72, 73 is a time when lots of people can do things that they did when they were much younger. I invite people to go skiing with me sometime to see. I do not like to tell anybody, but my next birthday is going to be my 72d birthday. I served in World War II. I worked hard all my life before I came to the Senate and, I think, since I have come to the Senate, because I believe so deeply in those things that this Government of ours can and should do for its citizens.

We are looking at a \$270 billion cut in Medicare opportunity for our senior citizens, a \$180 billion cut in Medicaid. Mr. President, those who are dependent on Medicaid are either impoverished or disabled. The senior citizen who runs out of funds, who needs nursing home

care, which is becoming an evermore present condition in our society, and who has to spend their time in a nursing home depends on Medicaid for care.

Seventy-one percent of the funds applied for Medicaid are for senior citizens and the disabled, 71 percent. For the disabled, Mr. President we have seen people who are totally dependent on Medicaid support for the sustenance of their lives.

We had a young man in his 20's appear at the Budget Committee the other day breathing from a device on his wheelchair. And as he spoke, he was obviously straining for breath, straining for volume in his voice. He said, "If they cut out Medicaid the way they are planning, if they reduce it the way they are planning, I will lose my ability to continue my life." He is a college student. And that is what is going to happen. This is just not an accounting exercise.

Mr. President, I want us to see a balanced budget in our society, in our country. Frankly, I am not upset whether it takes 7 years or 10 years. I think if we get on the right kind of a down slope, we will be doing the right thing. We have other ways of getting to a balanced budget than slashing programs that the elderly depend on for their health and well-being. We do not have to spend as much on defense as we are spending. We do not have to spend as much giving away mining claims to the folks out West who get benefits from the Federal Government that are beyond comprehension for most people. We do not have to continue to support wealthy corporate farms or corporate ranches. That is not necessary. But we do have to support those people who depend upon us for their very existence. And those are the senior citizens and those who live as a result of having assistance from Medicaid.

Mr. President, again, the question is simply put, whose side are you on? And when we examine the sum of money, the sums that are being asked for reductions in health care programs, \$270 billion is in the Medicare cut, a \$245 billion tax break, much of it for the wealthiest in our society.

The House proposed that if you had an income of \$350,000 a year, you would get a \$20,000 tax break. How does that square? Mr. President, it does not square. We do not believe that it is necessary to lop \$270 billion off Medicaid to save the program as the proponents are suggesting. This is the case where the medicine is far worse than the cure because it could kill you. The medicine can kill you when we start worrying elderly people about whether or not they are going to be able to continue to have health care, whether or not they are going to have to depend on their kids, having the kids worry about whether or not mom or pop or grandma or grandpop is going to have to come to them begging for them to take over. That is what is going to happen if we go ahead with the program as proposed.

(Mr. ASHCROFT assumed the chair.)

Mr. LAUTENBERG. Mr. President, I ask unanimous consent that a letter I have be printed in the RECORD. It comes from the chief actuary for the Health Care Financing Administration. It says that we need \$89 billion to continue Medicare and its viability until the year 2006. The cut proposed by the Republican majority is to take care of things until 2002. They say it needs \$270 billion. Let me correct the record, Mr. President, because I think there is an arithmetic error here. For \$89 billion we can take care of the program until the year 2002, \$89 billion versus \$270 billion.

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

HEALTH CARE FINANCING
ADMINISTRATION,
THE ADMINISTRATOR,

Washington, DC, August 3, 1995.

Hon. Thomas Daschle, U.S. Senate, Washington, DC.

DEAR SENATOR DASCHLE: This is in response to your request for information about the effect of the Medicare savings in the President's balanced budget initiative on the exhaustion date of the Hospital Insurance (HI) Trust Fund.

Attached is a memorandum that I have received from the Chief Actuary of the Health Care Financing Administration (HCFA). The memo indicates that the year-by-year savings in the President's plan, which would total \$89 billion in Part A over the period 1996-2002, would extend the life of the HI Trust Fund from 2002 to the fourth quarter of calendar year 2006 (the first quarter of fiscal year 2007). This estimate is based on the 1995 Annual Report of the Board of Trustees of the Federal Hospital Insurance Fund intermediate assumption baseline.

Please let me know if I can provide any further information.

Sincerely,

BRUCE C. VLADECK.

Mr. LAUTENBERG. I thank the Chair.

Mr. President, I also want to include in the RECORD an article that appeared in the New York Times a couple weeks ago. It talks about the arrangement made between the House Republican leadership and the AMA and about how, by reducing the reductions that the doctors and the health providers may have to take, that, in fact, they were able to get the doctors, the AMA, aboard for their health plan.

Mr. President, while they were doing that for the doctors, they were not talking to the seniors who are alarmed by the prospects that their health care options are going to be substantially reduced. And I ask unanimous consent that this article from the New York Times be printed in the RECORD as well.

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

DOCTORS' GROUP BACKS PLAN OF
REPUBLICANS ON MEDICARE

(By Robert Pear)

WASHINGTON, OCT. 10.—After receiving assurances that Medicare payments to doctors would be cut less than originally planned, the American Medical Association tonight expressed support for a House Republican

plan to redesign the medical plan for the elderly.

Leaders of the association issued a statement after meeting with House Speaker Newt Gingrich saying, "A.M.A. endorses House G.O.P. plan to transform Medicare."

Republicans in the House and Senate alike want to cut projected spending on Medicare by \$270 billion, or 14 percent, in the next seven years. Of that amount, \$26.4 billion would have come from strict new limits on Medicare payments for doctors' services.

Kirk B. Johnson, senior vice president of the association, said tonight that the doctors would receive billions of dollars more than the Republicans had planned. But he and Mr. Gingrich refused to give details, nor would they specify which other groups might receive less money to make up the difference.

Mr. Gingrich had been wooing the doctors all summer in the hope of winning their endorsement for the Republicans' Medicare plan. But just last week—a few days after details of the Republican plan were disclosed—spokesmen for the American Medical Association complained that the Republican plan would not only slow the growth of Medicare payments to doctors, but actually reduce payments for many services.

In response to such complaints, House Republicans made unspecified financial concessions to the doctors, and their support tonight was apparently one result. Mr. Gingrich, thrilled with the endorsement, said it showed that the Republicans were willing to listen to suggestions from various interest groups.

The president of the association, Dr. Lonnie R. Bristow, said, "This legislation will expand choices for Medicare beneficiaries, allowing them to open medical savings accounts in conjunction with high-deductible insurance policies, enroll in private sector coverage plans or remain in the traditional Medicare program."

For the association, he said, the Republican plan "represents the end of a decade-long quest to put Medicare on a fiscally sound basis, as well as the beginning of a new journey toward delivery of appropriate quality care in a more fiscally prudent environment."

Dr. Bristow praised elements of the Republican plan that would exempt doctors from antitrust laws in certain situations and limit payment of damages to some victims of medical malpractice.

In the debate over President Clinton's health plan last year, the association endorsed the goal of universal health insurance coverage, but criticized many details of the Clinton plan.

The medical association sways votes on Capitol Hill. It has shrewd lobbyists and a political action committee that donates tens of thousands of dollars to congressional candidates. In the battle over President Clinton's health plan, the association endorsed the goal of health insurance coverage for all Americans, but criticized many details of his plan and wavered in its support for his proposal that all employers be required to buy health insurance for their employees. The association's failure to endorse Mr. Clinton's plan was politically damaging to the White House.

Elsewhere on Capitol Hill, Republican efforts to revamp Medicare gained momentum today as House Republicans voted down a series of Democratic proposals that would have established consumer protections for Medicare beneficiaries who join private health plans.

Democrats repeatedly failed in their efforts to set detailed Federal standards for such private health plans, which would serve millions of elderly people under the Repub-

lican plan. Democrats said the standards were needed to protect those who enrolled in the plans. Republicans said they would stifle growth of the health care market.

The House Ways and Means Committee appeared today to be moving on schedule toward approving the Republicans' plan to cut projected spending on Medicare by \$270 billion, or 14 percent, in the next seven years. The committee is expected to approve the legislation on Wednesday, with the full House likely to vote on a Medicare bill next week. The Senate Finance Committee has approved similar legislation.

Democrats noted that the Ways and Means Committee worked on the legislation for 14 hours on Monday, and they complained that the panel was moving too fast. "What is the hurry?" Representative Sam M. Gibbons, Democrat of Florida, asked today. Republicans said they were moving quickly to save Medicare from bankruptcy.

The heart of the Republican measure is a proposal to open Medicare to hundreds of private health plans, so elderly people would have a much wider range of health insurance options. Democrats today offered numerous amendments to remedy what they see as severe weaknesses in the Republicans plan, but the proposals were rejected, generally on party-line votes.

By a vote of 22 to 13, the Ways and Means Committee defeated a proposal by Representative Pete Stark, Democrat of California, to set detailed Federal standards for private health plans enrolling Medicare beneficiaries. He would, for example, have required such plans to serve all parts of a metropolitan area, not just the affluent neighborhoods. Bruce C. Vladeck, who supervises Medicare as administrator of the Federal Health Care Financing Administration, said that under the Republican bill "health plans could gerrymander their service areas so that minorities and low-income people will not be offered the same choices as everyone else."

Consumers Union and the American Association of Retired Persons supported Mr. Stark's proposal, but Republicans rejected it, saying such Federal regulation would frustrate the development of a private health insurance market for the elderly. Representative Bill Thomas, Republican of California, said the Democrats would establish "an entangling bureaucratic structure."

Today's debate was bitterly partisan and acrimonious, full of snide remarks. Lucia DiVenere, a lobbyist with the National Association for Home Care, said: "What you see here, in microcosm, are two totally different approaches to Government, two philosophies completely at odds with each other. It's all black or white. There is no gray area."

Mr. Stark said the elderly needed the Government to protect them because the Republicans were "forcing Medicare beneficiaries into the arms of private for-profit insurance companies." Republicans replied that the Democrats' proposals for more Federal regulation would perpetuate the heavy hand of Government. Representative Nancy L. Johnson, Republican of Connecticut, said the Democrats' proposals were evidence of "old thinking, the view that Government can serve seniors better than the private sector" can.

To help control Medicare costs, the Republicans would limit the growth of Federal payments to health maintenance organizations and other private health plans. Democrats today proposed to eliminate these limits, saying they would force H.M.O.'s to cut services or increase premiums. "Let's not tie Medicare payment levels to arbitrary budget caps," said Representative Sander M. Levin, Democrat of Michigan.

The Democrats' basic theme is that some of the Republicans policy proposals would

make sense if the Republicans were not simultaneously squeezing \$270 billion out of Medicare.

The Republicans describe the various private health insurance options as "Medicare Plus." But Mr. Gibbons told them: "You ought to call it Medicare Minus. What you're doing is herding all the seniors together and forcing them to accept managed care."

Mr. LAUTENBERG. I thank the Chair.

I would just like to read from the article for a couple seconds.

After receiving assurances that Medicare payments to doctors would be cut less than originally planned, the American Medical Association tonight expressed support for a House Republican plan to redesign the medical plan for the elderly. * * *

Republicans in the House and Senate alike want to cut projected spending on Medicare by \$270 billion . . . in the next seven years. Of that amount, \$26.4 billion would have come from strict new limits on Medicare payments for doctors' services.

Obviously, that was obviated or the AMA in this case would not have come along.

Mr. President, what this budget does is painful. It doubles the premiums for part B from \$46 a month to \$93 a month. It doubles part B deductibles from \$100 to \$210. It hurts seniors who want to stay in fee for service. It will

mean a cut of \$6 billion in the State of New Jersey that would cause us to lose the services of 40 out of 110 hospitals in our State, when combined with the Medicaid cuts.

In short, this proposal, as it is outlined, would result in disaster for our senior citizen population.

The arithmetic is very simply displayed on this chart. "The GOP's New Medicare Plan: The Untold," I call it the sneak attack, "The Untold Story." Mr. President, \$270 billion worth of proposed cuts, \$89 billion is needed for the trust fund. It leaves \$181 billion, and where is it going? It is going for tax breaks for the well-off.

And so, when we finally vote on this reconciliation bill, one I voted against in committee—I am on the Budget Committee—and one that I continue to view as harmful to the very structure of our society, breaking promises with people to whom we have had arrangements, I know one thing: That I am going to be on the side of the senior citizen. I am going to be on the side of the students in this country who are depending on our Government for help in getting their education. I am going to be on the side of those who need Medicaid for their support, and I am going to vote "no" on this budget reconciliation bill.

The one thing I hope will come out in the debate these next couple of days is that the American people will fully realize what it is that is being proposed; that the notion that these cuts have to be made to save the program are patently false, they are untrue and that what we have to do is put our thinking caps together, sit down and take the time necessary to redesign a program that will fit the bill, that will not continue to exacerbate the budget deficit situation.

So, Mr. President, as we close the debate this evening, I hope that our colleagues in the Senate will continue to examine this proposal that is in front of us and reject it when the time comes and to think about the folks back home and those who are depending on it.

With that, I yield the floor.

ADJOURNMENT UNTIL 10 A.M.
TOMORROW

The PRESIDING OFFICER. Under a previous order, the Senate will now stand in adjournment until 10 a.m. on Wednesday, October 25.

Thereupon, the Senate, at 8:03 p.m., adjourned until Wednesday, October 25, 1995, at 10 a.m.