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Senate

(Legislative day of Monday, May 15, 1995)

The Senate met at 8:29 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

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

Let us pray:

Lord of history, we gain perspective on the perplexities of the present by remembering how Your power has been released in response to prayer in the past. We think of Washington on his knees, of Franklin asking for prayer when the Constitutional Convention was deadlocked, of Lincoln praying for wisdom in the dark night of our Nation's divided soul. Gratefully, also we remember Your answers to prayers seeking Your strength in struggles and Your courage in crises. Most of all, today we remember those times when Your guidance brought consensus out of conflict, and creative decisions out of discord.

In the midst of the continuing discussion and debate over the budget, once again we need Your divine intervention and inspiration. Watch over this Senate during this strategic week. May the Senators be united in seeking Your best for the future of our Nation. Give them strength to communicate their perception of truth with mutual respect and without rancor. We are of one voice in asking for Your blessing on this Senate as it exercises the essence of democracy in this vital debate. You have been our guide over the 206 years of the history of the Senate of the United States, and we trust You to lead us forward today. In Your holy name. Amen.

RESERVATION OF LEADERSHIP TIME

The PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

CONCURRENT RESOLUTION ON THE BUDGET

The PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of Senate Concurrent Resolution 13, which the clerk will report.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 13) setting forth the congressional budget for the United States Government for the fiscal years 1996, 1997, 1998, 1999, 2000, 2001, and 2002.

The Senate resumed consideration of the concurrent resolution.

Pending:
Rockefeller amendment No. 1112, to reduce the tax cut and apply the savings to Medicare and Medicaid.

The PRESIDENT pro tempore. Who yields time?

Mr. DOMENICI addressed the Chair.

The PRESIDENT pro tempore. The distinguished Senator from New Mexico.

Mr. DOMENICI. Mr. President, does the Senator from Wyoming desire to speak on the pending amendment or the resolution?

Mr. THOMAS. Yes, I do wish to speak on the pending amendment.

Mr. DOMENICI. How much time would the Senator like?

Mr. THOMAS. Ten minutes.

Mr. DOMENICI. I yield 10 minutes to the Senator.

The PRESIDENT pro tempore. The Senator from Wyoming.

Mr. THOMAS. Thank you, Mr. President. I appreciate the opportunity to talk some about the budget considerations that we will have this week. We have had a good deal of discussion about it prior to now, both in the dis-

cussion of a balanced budget amendment and more specifically on the budget resolution that is before this Congress. We have talked, of course, in great detail and should and will continue to do that.

Mr. President, I think it is also useful perhaps to take a moment during the course of this discussion and go back to the real basic issue, and that is the question of whether or not it is morally and fiscally responsible for this Congress and this country to operate under a balanced budget, whether or not we can continue to go forward with endless budgets that are \$200, \$250 billion in arrears.

So, Mr. President, I would just like to talk a minute about the basic issue. Americans, it seems to me, quite clearly voted in 1994 for change. They voted for many changes. I think they voted with the notion that this Federal Government is too large and costs too much. I do not think there is any question about that. I think they also voted in terms of change for a balanced budget. We have not had a balanced budget for a whole generation, 25 years at least.

So I think people say, why should the Government not be fiscally responsible as we are expected to be in our families or in our businesses? Americans voted for change in 1994 and they want us to be fiscally responsible. Some say, "Well, the deficit does not matter, it is just a small percentage of the total." It does matter. It does matter to each of us. It matters to us currently. It matters to us in terms of the cost of interest which will soon be the largest single line item in the budget, interest on a budget that will soon be expanded to \$5 trillion, and each of us each day must pay the interest on that debt.

It matters because it takes dollars out of the economy to finance this debt, dollars that could otherwise be spent for investments in business and

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



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in jobs to strengthen the economy. So it does matter.

It matters to us in that what we do now has great impact on our children and on our grandchildren and who is going to pay the bill. Our credit card is maxed out and we are passing it on to somebody else to pay for the things that we want now. Those are the large questions that are there. We can have a smaller, less expensive Government, and to me that is the most exciting part.

Of course, the dollars are the issue, the budget is the issue, but the exciting part is we have an opportunity for the first time in many years to really take a look at how Government functions, what functions the Government is involved in, how we might better provide those services in a more economic, more efficient way, and I do not think anyone would argue with the fact that most of the services could be delivered more efficiently.

We have an opportunity for the first time in a long time to move Government closer to people, to move it closer to the States where you and I as citizens have more input into the decisions made, where the programs that are designed to be used over the country are applied differently in Cheyenne, WY, or in Greybull, WY, than in Pittsburgh and they should be and we need to have the flexibility to do that.

For the first time, we have a chance to do that. For the first time, frankly, in my memory—I came from the House where one party had been in charge for 40 years and there were not many opportunities to evaluate programs and to change programs. If a program was not working, the solution was to put more money in there, put more money in the program, that will fix it. Of course, it does not fix it. You have to go in and see if there are some other kind of changes. For the first time in a very long time we have an opportunity to do that. That is all part of this budget issue.

So it is time to keep our promises. I am talking about a basic concept, and it is tough. It is tough. No one suggests balancing the budget is an easy matter, no one suggests it is not going to cause pain. No one suggests that all of us are going to have to make some sacrifice or, indeed, some change, and change is not easy. But that is what it is all about.

I hope we do not forget the bottom line, and that is the real goal is to become financially and fiscally responsible, and that is what we are seeking to do. The goal is to change Government so that, indeed, we can continue to carry out those functions that are proper for the Federal Government, but carry them out in a manner that is efficient and effective and, indeed, goes to providing services.

The problem, of course, is runaway spending. Spending is much easier than reducing spending. It is great fun to spend. In our State in the late seventies and early eighties, we had a great

economic boon with the oil industry and the mineral industry.

Being in the Wyoming Legislature was great fun. When we had a problem, we just gave them more money, tons of money. That has changed, of course. I went in the legislature in the mid-eighties. It was not nearly as much fun. I was on the Appropriations Committee and instead of saying, "Oh, yes, we can fix your problem, here is more dough, we can do that," we had to say, "I am sorry, we have to set some priorities and we do not have bucks for everything that everybody would like to have." But we did well and continue to do well and continue to have to set those priorities and decide what we think are the most important things that Government should do. I think that is even more important at the Federal level. It is awfully easy to move away from those things that most people would agree are fundamental to the Federal Government and move into things that more properly belong somewhere else.

So the question will be, as we hear it in just a few years, where will we be as we go into the next century, the new millennium? Will we have increasing debt out as far as we can go? Or will we be able to say to ourselves in 5 or 7 years that, yes, it was tough, but we were able to change the course of the Federal Government and the spending patterns to where we are moving or have attained a balanced budget? Will we be able to say we are doing what most people seem to think is reasonable, that is, not to spend more than we take in. You do that on your allowance, with your earnings, and in your family. Of course, there are times you borrow and you repay. Of course, there are times for special things. But, overall, you have to keep your spending where your income is.

If we do not do something, the projected deficits will be in the neighborhood of \$275 billion—more than they are now—out as far as we can see. Is that what we want to happen?

By the year 2000, if we do not do something, we will have a \$7 trillion debt. So we need to do it. We need to stand up now and we need to say come to the snubbing post and make some decisions. There are always reasons not to act. You have heard over the last few days, and listen to the next 3 days, the litany will be that we are all for a balanced budget. Yes, I want to balance the budget. But we will go through 10 or 12 reasons why you cannot do it this way or that way. The political reason, of course, is to be able to stand up and say that I am for that thing everybody is for—in this case, balancing the budget—but then have a number of reasons to justify voting no. And that is what you will hear all week.

Now is the time to stand up and say, yes, the basic issue is that we have to become fiscally responsible. How do we do it? Sure, there is a legitimate argument as to how you do it, a legitimate set of priorities for argumentation, and

I understand that. But the fact is that you have to do it. It is one of those things that is morally and fiscally responsible to do. We are not asking for draconian changes. We are asking that instead of increasing spending at 5.5 percent over time, to increase spending at 3.2 percent over time. Only in Washington would that be considered a cut.

Unfortunately, the Clinton administration and the other side of the aisle do not address the problem. They simply say, yes, we want to balance the budget. We do not like what you are doing, but they do not have a solution. So we need to move forward and commit ourselves to the notion that we can balance the budget—and we can. We can do that over a period of time, and we can do that in 7 years, as proposed—a 7-year glidepath to balancing the budget and fixing things like Medicare.

There is not really a question as to whether we have to do something with Medicare. The point is, you do something or it goes broke. In 2 years, it begins to pull out of reserves, and in 7 years it is broke. The basic question there is, do we want to continue a program like Medicare to have health care for the elderly? Of course, we do. But in order to do that, you have to make some changes. Medicare has grown at a rate of 10 percent a year. We are suggesting that, as in the case of the other medical programs of delivery, we can make it more efficient. This weekend, I met in Cheyenne with the TriCare group. It is health care for active duty military or retired military and their dependents. They are changing TriCare, their program, which includes managed care; they are changing the way they have delivered the system. We have done that in the private sector. For the first time, health care costs have stabilized and in some cases have gone down—everywhere except Medicare and Medicaid. We can do that not by taking away benefits but by changing the delivery system and continuing to grow at 7.1 percent instead of 10 percent. Some will say there is growth in numbers. Keep in mind that this projected spending goes from now \$4,600 per capita in Medicare, approximately, to \$6,400 per capita. That takes into account the growth. So we are talking about fixing something that each of you wants to continue to go forward with.

So, Mr. President, first of all, I congratulate the chairman of the Budget Committee for his very tough work and leadership in bringing forth a proposal. Is it perfect? Of course not. Does it get us there? Yes. Does it solve the basic issue of balancing the budget? Yes. We have to keep our eye on the ball and say what is most important to us over time, to be fiscally responsible or to argue about the details? We can argue about details but we should not. I hope we are committed to changing the course of this Government, that we are going to make the changes that the voters asked for and bring forward to

the Appropriations Committee a balanced budget amendment which will put us on a glidepath in 7 years to financial and fiscal responsibility.

I yield the floor.

Mr. President, I suggest the absence of a quorum, the time to be charged to the Republican side.

The PRESIDING OFFICER (Mr. DOMENICI). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. THOMAS). Without objection, it is so ordered.

Mr. DOMENICI. As manager of the bill and controller of the time, I yield to the Senator from Arizona, who is now on the floor.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. KYL. Mr. President, let me speak for a few minutes as well. Mr. President, I noted with interest your comments of just a little while ago using some Wyoming phraseology to explain why we need to get on with this job. I think that is the thinking of most people in this country that kind of wonder why back here in Washington, DC, the people who have the responsibility for managing our financial affairs of the U.S. Government cannot quite see it the way they do, the way they have to manage their lives every day.

During the Easter recess, I traveled all around my State of Arizona, and I talked to people just like the folks you were referring to. They get up early in the morning, get their kids off to school, work hard all day long, come home tired, and they wonder why the Federal Government is asking them to give more and more of what they have earned to the Federal Government so that people back here in Washington can make decisions about how that money should be spent. They wonder why the Federal Government cannot balance its budget like they have to balance their own families' budgets every day.

They understand that the Government is different than an individual or a family. They understand that there are tough decisions, that from time to time we are asked to spend money on things that have large political constituencies. They understand those things.

However, they have also come to the conclusion that by and large Government is not a really great buy. That all of these years they have been asking Government to do things for them they have, in effect, hired the Government to solve problems, it has not been a very good buy.

We have spent \$5 trillion on welfare, and we have more people who are below the poverty line today than we did when the Great Society began, and a host of problems that clearly the welfare system has not solved.

They see a Federal debt that is now approaching numbers that no one can

even comprehend—approaching \$5 trillion, a number that none of us can really comprehend. They see annual deficits, and they wonder why after the politicians a couple of years ago promised them that we would achieve a balanced budget, at least the budgets would be submitted that would get America on a path to achieving a balanced budget, they see the President's budget this year that does not even try. It just gives up. It says, I understand that the American people want a balanced budget, but President Clinton says I am going to be spending, or recommend that the Congress be spending, about \$200 billion each year more than we take in. So at the end of his 5-year budget we have added \$1 trillion to the national debt.

They ask why this cannot stop, why the Congress cannot get its act together. In the very last election on November 8, I think they sent a very strong message which has been responded to in both the House and the Senate, at least by the Republicans. In the House, just about 5 days ago, a budget was passed which achieves balance in 7 years, the same amount of time that was called for under the constitutional amendment that failed by only one vote.

It says that by the year 2002 we will have a balanced budget, and at that time we begin actually paying off our national debt. It is too much of a task to be resolved in 1 year. It would be like asking people to pay off their home mortgage in 1 or 2 years. It is too big for that. But over 7 years, we can restrain the growth in spending to such a degree that even though most programs will continue to grow, it will grow at a slower rate, enabling the Government to save enough money, about \$1 trillion over that 7 years, that by the end of the 7 years we will be in balance.

What does this mean to the average American? They know instinctively it has to be done. They know what happens when they do not balance their budget. They realize that their standard of living, and more importantly, their children's and grandchildren's standard of living is being threatened as a result of this huge deficit.

One of the problems, of course, caused by the deficit, is that it raises interest rates. By crowding out the market for money, interest rates go up. We have estimates that if we could get the budget balanced it would reduce interest rates by about 2 percent. Think what a reduction of 2-percent interest rates would mean on the average home mortgage or the car purchase, or anything else that we buy on time.

Of course, having a big deficit requires citizens to pay more in taxes. For one thing, we have to pay \$200 to \$300 billion interest on the Federal debt every year. Until we begin to pay that debt off, we will continue to have the interest expense every year. Not only is that more taxes we have to pay, but it is money that we cannot spend on

other things that people would like Government to spend on.

There have been a lot of speeches particularly on the other side of the aisle during the last week that say, look what will happen if we pass this budget. Look what will happen if we balance the budget.

Mr. President, look what will happen if we do not balance the budget. That is the question. It reminds me of the true story one of my colleagues was telling me about. An oil rig was burning in the North Sea. It was 1,200 feet from the rig down to the North Atlantic. It was pitch black, except for the fact there was oil burning on the surface of the water. One of the people who was working on the rig jumped off of that platform, over 1,200 feet into the water. He survived.

A television person interviewing him in the hospital asked him the question, Why, knowing that it was 1,200 feet down, you could not see anything, it was pitch black except for the oil that was burning on the water, why did you jump in the water? And his answer was, of course, because there was so much fire at my back, I knew that if I did not, I would be burned alive.

In other words, the question was not might something bad happen to me if I jump off; the question is, most certainly something bad will happen to me if I do not.

The question is not, will something bad happen if we pass the balanced budget; the question is, what will happen to this country if we do not?

I think almost everyone recognizes that while there may be some concerns about the restraining of the growth in spending if we do pass this balanced budget, that the alternative is far worse, an alternative that relegates our future generation to a lower standard of living than we have been able to enjoy in this country. That is why we have to pass the balanced budget.

Now, Mr. President, one of the concerns that I have had is that we have not gotten a lot of leadership on the other side. There is no alternative budget. We put the President's budget on the floor last Friday, and said what about this? Do any Members think this is a good idea? Nobody did. It failed, 99 to 0. One of the reasons, of course, was that it did not even attempt to restrain spending and achieve a balance. Instead, it has deficits at the rate of about \$200 billion each year, for the next 5 years.

Right now, the national debt is approaching \$5 trillion. It is \$4.8 trillion to be exact. That is about \$18,500 for every man, woman, and child in the country. I just had a new grandchild born about 12 days ago. His share of the national debt, right now, is \$18,500. That is unfair to him.

In the last election, people were saying it is important we do something about the debt, because they saw for the first time in history that future

generations did not have the same opportunity that we did, that the American spirit of optimism that each succeeding generation would do better than the last was not necessarily going to come true.

When they gave that message, they also gave a mandate to do something about it, to eliminate that \$18,500 of debt for every man, woman, and child in the country. That is an average of about \$74,000 of debt for the average family of four.

Even if Congress balanced the budget this very moment, the average American family would still be stuck with that bill of \$74,000. Of course, that rivals the mortgage on most homes in this country. In order just to pay the interest on that, the average family will have to pay about \$5,000 a year annually.

Mr. President, stop and think about that for a moment. What we are saying is, just to pay the interest on the debt, every family has to pay about \$5,000 in taxes. This is one of the reasons we have to get the debt down, and why balancing the budget will help the average American people, because every year that that debt remains at the level it is that \$5,000 in taxes goes to pay the interest on the debt. It cannot be used for other expenditures and we cannot reduce the tax burden. At least it said we cannot reduce the tax burden, because, obviously, the interest on the debt has to be paid.

Now, this \$5,000 in taxes annually is about \$430 a month, just in interest payments. That assumes no other payment. So, that is what the average American family is spending every single month with the debt we have today.

As I said, put this into perspective for every year in which the Federal Government runs these \$200 billion deficits. The average young person will pay an additional \$5,000 in taxes over his or her lifetime. Right now, a child born this year will pay about \$187,000 in taxes because of this debt. That is what my brand-new grandson is relegated to if we cannot get this debt under control.

This \$5,000 in taxes, increased taxes for every year that we run these deficits, is not only a fiscal matter, Mr. President, but it is a moral matter. I think we can get bound up in all the numbers but we have to realize what we are doing to future generations. It is immoral to be spending money in our generation and not be willing to pay for it. It is as if we were running up credit card debt, and as we exit the scene we hand that debt to our children and say, "Will you please pay the bill for the excesses during our lifetime."

The \$1 trillion in new debt that is proposed by President Clinton's budget over 5 years represents an additional \$25,000 in taxes for every family, or I should say for every individual. That is \$25,000 for every young man, woman, and child in this country. There is not a whole lot, Mr. President, that we can do worse for the future generations

than to continue to run up this debt, because it guarantees a lower standard of living for future generations.

So, as we discuss the plans for achieving balance over the course of the next 5, 6, 7 years we have to examine the arguments pro and con that are being made here. A lot of arguments against this balanced budget from the other side expressed concerns about what will happen if we do not do it. They attack particular parts of the budget. They represent no alternatives.

The amendment that is pending on the floor right now, as a matter of fact, accepts the fact that we are going to achieve balance, and it says with the \$170 billion that we are going to save as a result of that because of reduced interest rates, the so-called dividends that will result by doing the job we are supposed to do, the amendment on the other side says we will spend that money. We have a way of spending that money. So not only do many of the Senators on the other side of the aisle here object to balancing the budget by the year 2002 and raise arguments against balancing the budget by the year 2002, but they are very willing to take the savings that result from what we are willing to do by biting the bullet here, and spend that money before it has even been saved.

That is not being very constructive about solving these problems when we know we have a big deficit, we know we have to solve it, the President's budget was defeated by 99 to 0, there is no alternative budget on the other side, all that the Senators on the other side, most of them, have done is to carp about the fact that some segment of our society is not going to get quite as much money as they have been getting over the years if we balance the budget by the year 2002. Notwithstanding the fact that spending is going to go up in most categories, it will simply go up at a lesser rate than it would otherwise, the arguments are that somebody is going to suffer because they will not get quite as much money as they otherwise would have gotten; just negative criticism of what we are trying to achieve.

And, at the same time that negative criticism is coming out with no constructive alternative, the amendment on the floor now says, "By the way, with the money you are going to save by what you are willing to do, we would like to spend \$100 billion of that."

That is not very constructive to this debate. So, as I said, during the next 3 days as we debate this and we consider the arguments back and forth, I think the primary thing we have to consider is the future of our grandchildren and our children. That is why it is important for us to accomplish this. It is important because of the savings, it is important because of what we can do with that money today, but more important, what it means to their future, what it means to the future prosperity of this country and the opportunity to

create a better living in this country for those future generations.

If we do not accomplish our goal of achieving balance in our budget within the next 7 years, we will not deserve the title of Senator. We will not deserve to be serving in this body because we will have failed in our obligation to those future generations. And that ultimately is why most of us sought election in the first place and are so privileged to serve in this body.

The PRESIDING OFFICER (Mr. LUGAR). The Chair recognizes the Senator from Minnesota.

Mr. WELLSTONE. Mr. President, my understanding is that by prior unanimous agreement, at 9:15, Democrats were to speak; is that correct? If not—is there no such understanding?

The PRESIDING OFFICER. The Chair states there is no agreement to that effect.

Mr. WELLSTONE. The Senator from Florida wants to speak now and that is absolutely fine with me. I just ask unanimous consent, after the Senator from Florida speaks, that the Senator from Minnesota have up to half an hour to speak.

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

Mr. WELLSTONE. I thank the Chair.

Mr. KYL. Mr. President, at this time, let me yield to the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. MACK. Mr. President, during the next several days, as during the past few days, we are going to hear a lot of discussion about the numbers within the budget and a lot of statistics in the debate about economics. But the underlying reality of what we are debating is not really economics, and it really does not directly relate to numbers. What we really are talking about is the future of this great Nation. We are talking about the futures of our children and our grandchildren. We are talking about the futures of our moms and dads and our grandparents. And we are talking about the futures of working men and women in this country.

This comes to my mind, frankly, because over this weekend I had the opportunity to speak both to my mom and dad and to my grandchildren. My dad is 82 years old. My mother is 80. And I had the opportunity, believe it or not, to speak to the youngest of my grandchildren, who is 2 years old.

I thought about this earlier this morning. Some things never change. Because my little grandson said to me as we were chatting on the phone, "I am going to go watch baseball." You can imagine that out of a little 2-year-old, he said—"I am going to go watch baseball."

Talking with my mom and dad and to my daughter and my grandchildren over the weekend made me realize that what we are focusing on is the future of our Nation and the people of this great country of ours. My dad still volunteers over at one of the hospitals in my

community—if you can imagine that—at the age of 82. He helps lift people out of their hospital beds, and puts them on a stretcher to take them down to the X ray or to the operating room. People from all over my hometown come up to me and tell me that my dad helped them when they were over at the hospital. The interesting thing is my dad just got out of the hospital a few weeks ago. My mother just returned from some 3, 3½ weeks in a nursing home.

In a sense, they represent the elderly of our Nation and their reliance on health care. Virtually every family in America experiences the same kind of thing I am talking about—the need of our elderly to look to health care. And the question we must consider is what their future going to be like if we do not address the question of Medicare.

The trustees of the Medicare trust fund have said now for 2 years in a row that Medicare is going to be bankrupt in the year 2001 or the year 2002, depending on what set of economic assumptions one uses. How will other folks' moms and dads and grandparents be able to rely on Medicare if we do not act? Frankly, this is not a Republican problem. This is a problem for the entire Nation. This is one where the President of the United States should be taking the lead. There should be a bipartisan plan.

Frankly, when you look at the trustees' report and you see the hesitancy on the part of our colleagues on the other side of the aisle, and the President, to lead, we do not have any choice than to take the lead ourselves. We must act because 6 or 7 years from now there will not be a Medicare fund capable of paying the beneficiaries. We cannot allow that to happen. So I am proud to be part of this effort to solve the overall budget crisis and to address the question of Medicare, because we have to preserve Medicare for others in the future.

As I said, this is an American problem. It is one to which there ought to be a bipartisan response. Let me share some of the numbers which suggest the extent of the problem. Some of the reports indicate that the average retired couple today will receive back in benefits from the Medicare health system \$126,700 more than they pay in. Common sense suggests this cannot continue. Common sense suggests that as long as you do have a system like that, it makes sense that it could go bankrupt. And that is exactly what the trustees have said.

Our response has been to recognize that we need to slow down the rate of growth in the Medicare system. It is growing now at over 10 percent per year. We are suggesting its growth should be slowed to 7.2 percent. What does this mean to the average beneficiary? Today, that average beneficiary is receiving about \$4,800 per year from Medicaid. Under the proposal, it would go up to somewhere in the neighborhood of \$6,800 to \$7,000 per

year. Certainly, we ought to be able to put together a Medicare system that can operate with those kinds of numbers. And that growth, by the way, is still 1½ times faster than the private sector. Certainly we can find a way to accomplish this task. And in the end what will we have done? We will have improved, protected, and preserved the Medicare System.

I think frankly the people in the country want this to happen. I would much rather this be a bipartisan effort. But, frankly, we cannot wait for the other side, if they are not going to be involved in solving the problem with respect to Medicare.

I mentioned earlier about trying to put this discussion within the framework of real people, and I know we have heard a lot from our colleagues on the other side of the aisle about the tragedy that will occur if some proposal like this budget resolution is put together. As a matter of fact, I heard over the weekend that Laura Tyson, Chairman of the Council of Economic Advisers to the President, said, if this balanced budget plan were to go into effect, that it would create a larger divide between those who have and those who do not have. She states that cutting down on education we will deprive the next generation of education benefits which will widen the gap.

Mr. President, I think most people in this country clearly understand that education is the responsibility of the local communities. In fact, most could make the claim that the larger the Government role in education, the worst off the education system in this country has gotten. And, our children are not receiving the kind of education that is necessary to enhance their ability to be able to compete in the 21st century.

I think that this comment by the Chairman is incredibly misleading, and I think it is important that we focus on what the benefits really are.

Let me talk for a moment about the kinds of people for whom this budget was drafted. I am thinking about the couple that gets up at 4:30 in the morning to begin their commute to work, whether that be by train or by car. Both work all day long, and by the time they get back home at night in the dark they are exhausted. And they do that 5 days a week, some 6. What about them? How much more are we going to ask them to provide to Washington to fund a set of programs that frankly they feel, and I feel, have failed us?

If one could make the argument that all of these programs have worked and have improved the lives of so many people, that would be a different story. But what do we see? We see the number of people who are relying on these programs is growing year after year, which is an indication, frankly, that we have failed to provide them opportunities. What we have done is to develop a trapdoor of dependency, and that needs to change. We ought to start

thinking about those families whose moms and dads are working all day long struggling to take care of themselves and their children, to provide for their future. It is these families, frankly, who are getting tired of seeing more and more of their income taxed away by a Federal Government that continues programs that have proven to be a failure.

I also think about the young family, married couple with a young child, the husband has two jobs, works all week long at those two jobs, comes home for the weekend, and takes care of the child while the wife and mother goes to her job over the weekend. What about their future? What about developing a society and economy that provides them a future, one filled with opportunity and hope? Nobody seems to talk about those. All we hear about is the harm that may be caused by proposals that are put forward.

I ask my colleagues to think about those hard-working men and women who have been taxed year after year after year. Those are the kind of people on whom I think we ought to keep focused; or the family whose husband has to be away from home 3 or 4 or maybe 5 days a week traveling around his sales territory while his wife is at home. Many such wives having to manage a job and having to raise the children as well.

So, again, Mr. President, I say there is a debate which is much more about people and their futures as opposed to just hard statistics and cold numbers.

But we do have to talk about numbers. I would like to relate a story about the first budget hearing that I attended as a Member of the Congress. It occurred back in February 1982 during the Reagan administration. Stockman, Regan, and Feldstein, Director of OMB, Secretary of the Treasury, and Chairman of the Council of Economic Advisers all came to the Congress in February 1983 and told the Congress that if we did not change the spending patterns of this Nation that we would see deficits out into future as far as one can see—\$200 billion plus.

Frankly, Mr. President, this Congress, controlled by the other party, that entire time did nothing to address their spending habits. Their response to a continuing deficit over and over and over again was to say to those families that I have just spoken about that you just are going to have to give up a little bit more of those hard-earned dollars for which you have been working. Well, frankly, in November of this past year the people of this country said enough is enough. And they supported the ideas of less taxing, less spending, less Government, and more freedom. That is what this debate is about as well.

Again, for the last 12 years, after being told we were going to see deficits of \$200 billion plus out into the future, nothing was done by the Congress of the United States.

So what did we get from the President of United States for his budget proposal? We got a budget that was referred to by a member of the administration at the time as a source of shame. Frankly, he was right. It is a source of shame. And I suspect that is why our colleagues on other side of the aisle—every single one of them—ran from it, would not vote, not one as far as I can recall, not one voted for the President's budget proposal.

That is an abdication of leadership. I would say that our colleagues find themselves, frankly, in somewhat of an embarrassing position. I mean, after all, they told us during the debate for the balanced budget amendment that were for a balanced budget. Many said that they really believed that we ought to get to a balanced budget just not with a constitutional amendment.

I think that the President's actual words were something like "We don't need the balanced budget amendment, all we need is will." We are still waiting to see that will.

We know that they are opposed to our plan. We now know that they are opposed to the plan put forward by the President. But we see no plan at all from the other side; no plan at all when we are talking about the future of this Nation and the future of our children and our grandchildren. I can understand why they did not support the President's plan because, frankly, in today's environment, today's debate, it was not serious. It simply was not serious. In fact, it did not even stand up to the objectives that were established by the administration itself.

The one economic argument that Laura Tyson placed on why that was a good proposal was that, over a period of 5 years, it was showing a reduction in the deficit as a percentage of GDP. And after all, that was a worthwhile economic goal, and, frankly, a number of economists around the country support the concept that a reduction of the deficit as a percentage of GDP is a good goal. But guess what happened?

As a little interesting side comment here, I remember in the State of the Union Message a couple of years ago the President of United States saying to us we are not going to use OMB to establish our budget numbers, the economic data. We are going to use the CBO, the Congressional Budget Office. We do not want anyone to say we are recalculating our way out of this deficit.

So we started out in 1993 and 1994 using the Congressional Budget Office. But now that we have entered into this debate about this budget, the President has moved back to the Office of Management and Budget, to use the numbers from the OMB. And when the CBO recalculated the President's budget, guess what happens? It is not a national \$200 billion deficit for the next 5 years. It grows from \$177, or \$176 billion, to something like \$276 billion.

In other words, it is a growing deficit, not a deficit that is staying still or

declining. It is a growing deficit. And by their one measure, that is, as a percentage of GDP, the Congressional Budget Office says it goes from 2.5 percent of GDP up to 3.1 percent. So by their own measure, their own budget does not meet that target.

And so I think it is very unfortunate that we find ourselves in a situation where a budget has been proposed by Republicans without the help or support of our colleagues from the other side of the aisle. Frankly, I think that this budget is based on courage, commitment, and conviction and I am proud to be a part of that effort, to get us to a zero deficit in the year 2002. And again I think it is unfortunate that an alternative approach has not even been offered by our colleagues on the other side of the aisle.

We ought to ask ourselves the question, what happens if we do not act? I remember I made some comments during the balanced budget amendment debate a few months ago about the potential consequences for not acting. I have often thought it was quite interesting, as I listened to my constituents in the State of Florida and my colleagues here in the Congress, that there is an attitude which honestly believes the United States is so powerful and we are so right we would never have to pay the consequences associated with bad economic policy.

If you recall, the debate on the balanced budget amendment was taking place about the time that Mexico was going through some very difficult times. There was this feeling that somehow or another the United States would never have to pay for the consequences of bad economic policy, and I think that is fundamentally wrong. I would encourage people to take a look at what happened to the value of the U.S. dollar when this body defeated the balanced budget amendment.

I would also say take a look at what has happened to the U.S. dollar since this administration has come into power: a whole series of misdirected economic policies—higher tax rates, more regulation, more Federal spending, no constraint. People around the world have lost faith in U.S. currency.

Now, some people say, why should I worry about the value of the dollar? If I go to a local store, does that dollar not buy me the same thing? The drop in the value of the dollar, if it affects me in my purchasing power, does it not affect the value of the product as well? I do not see anything that has happened to me as a result of it.

Think of the currency of our country as being the common stock of our country, and what has happened in the last 2 years is we have lost one-third of the value of our common stock of this country because of failed economic policy.

There is an opportunity here to change that devaluation of our currency. Just to give you again an idea of what the consequences are for not acting, when interest rates, for example,

go up by half a percent with the FHA fixed-rate mortgages, applications drop 27 percent. A half a point change, a 27-percent decline in the applications for FHA mortgages. In the conventional mortgage, we saw that where interest rates moved up 1.5 percent, somewhere around 200,000 to 300,000 people no longer could afford to buy a home.

Job creation: The rate of growth in job creation in this recent recovery is roughly half of what it has been in previous recoveries, and statistical data indicates to us that probably for the fourth year in a row we are going to see a decline in real median income earnings of America's families. And that will just continue to get worse, not better, if we do nothing. It appears this is what is being proposed by our colleagues on the other side of the aisle, or would result if we were to follow the plan that has been put forward by the President.

Now, we have some conflicting feelings with respect to what will happen economically. Again Laura Tyson tells us that it would be a tragedy to balance the budget. But Chairman Greenspan has said—and he has said this many times in the past—he never really has to worry about the Congress coming up with too much in the area of spending cuts. Chairman Greenspan has, in fact, embraced what we are doing. If I have to make my choice about which one of those economists to focus on and pay attention to, I think it is pretty obvious it would be Chairman Greenspan over Laura Tyson.

So again, the consequences are dramatic. We have an opportunity here to do something to change the direction of this Nation. We have an opportunity to provide for more jobs, more business formation, and greater opportunity for our children and our grandchildren if we pass this budget proposal. I would ask my colleagues to cast a vote in favor of this budget resolution.

I yield the floor.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. WELLSTONE. I thank the Chair.

Mr. President, I was going to ask my colleague from Florida to yield while he was speaking, but I did not want to break into the flow of what he had to say, so some of what I say in my remarks will be a response to my colleague from Florida. I do not know whether he will be able to stay or not, but I wish to let him know.

Mr. President, sometimes we do not know what we do not want to know. And as I was listening to my good friend from Florida speak, it occurred to me that that was an example of not knowing what he did not want to know.

There actually is a proposal out on the floor right now, and I will talk more in this overall debate about deficit reduction as I go forward with my remarks today, and that particular proposal is a Democratic amendment to restore some of the funding to Medicare and Medicaid using money that is

currently slated to pay for tax cuts for, in the main, wealthy and high-income people. That is the proposal. We are not quite clear how much on the Senate side yet, but on the House side it is about \$350 billion.

(Mr. MACK assumed the chair.)

Mr. WELLSTONE. So there is a proposal in the Chamber right now. And I would say to the Presiding Officer, as I was saying earlier before he was presiding, I did not want to break up the free flow of his remarks, and I was hoping he would respond while he was in the Chamber. But he is in the chair, and I will be kinder because he will not be in a position to debate me. I do not want to go after my good friend since he has no chance to respond.

There is a proposal and there will be a number of alternatives proposals over the next few days to this budget resolution. The Democratic amendment is to restore funding to the Medicare and Medicaid Programs using the money currently slated to pay for tax cuts for, in the main, wealthy, high-income citizens. It is that simple.

Mr. President, as I was listening to my colleague, the Presiding Officer, I thought to myself how ironic that those who fiercely blocked health care reform and took cost containment off the table in the 103d Congress now are willing to slash Medicare and Medicaid to pay for tax cuts for the wealthy and to balance the budget on the backs of elderly, low income, and, I would argue, students. And later on in this budget debate we will be talking about the very working families about which my colleague spoke.

Mind you, in this proposal there is no focus on all of the subsidies, tax breaks, loopholes, and deductions that go to some of the largest corporations of America. There is a commitment to several hundred billions of dollars of tax cuts for the wealthy. Some of the largest Pentagon contractors are not asked to tighten their belts. But when my colleague talks about the future of our children, let me just tell you that slashing some of the nutrition programs or saying to students you will not get an exemption on the interest that you pay on your loans while you are in school—though, by the way, many of us did—does not strike me as being a very wise investment in the future of our country.

(Mr. LUGAR assumed the chair.)

Mr. WELLSTONE. Mr. President, as long as medical inflation increases at a faster pace than general inflation, health care costs are going to continue to be the challenge for us, continue to be the Pac Man of both household budgets and the Government's budgets. That was precisely the problem we were trying to address last year.

And that is the flaw in my colleague's analysis—I am sorry he is not on the floor now to respond to this—that the President had no proposal, the Democrats had no proposal.

Mr. President, we have yet to hear exactly how the Medicare Program is

going to be restructured to generate more than \$250 billion in savings over the next 7 years. Actually, we have not heard anything in specifics. And the reason we have not heard anything in specifics is that there is no way to make these current cuts, massive cuts, easily and quickly without causing the current system to unravel. The public knows it, businesses know it, and the providers of our care know it, as do many elderly and other recipients.

Similarly, we have yet to hear whether or not the formula for Medicaid funding will adjust for population growth or how it is going to be divided among the States.

Two-thirds of Medicaid expenditures pay for long-term costs for the elderly and the disabled—two-thirds. So what we do know is that these cuts will be most devastating for the frailest of our citizens.

Mr. President, again my colleague says there is no proposal on the floor. Sure, there is a proposal on the floor. We have an amendment that says do not go forward with massive tax cuts flowing disproportionately to the wealthiest, highest income citizens of America. Instead, take that money and use that money to make sure that we continue to provide adequate funding for Medicare and for long-term costs through Medicaid. That is the tradeoff.

I have been a little bit dismayed about the debate, because I do not think we need to get into sound bites. I think we can get into sound policy analysis. Let me talk a little bit about some of the numbers that have been put out here on the floor, and I will be as rigorous as possible in my analysis.

When we hear about "No, no, no, we are not cutting; we are going to limit it to 5 percent of overall growth," what is misleading when we are talking about this, when we are talking about Medicare and Medicaid, since most of those Medicaid expenses go to nursing home expenses for the frailest and poorest of our elderly citizens, is that these projections that we are hearing on the floor do not take into account population growth.

In case anybody has not noticed the demography of our country, more and more people, citizens in the United States of America, are 65 years of age and over. And more and more of our elderly are 85 years of age. That is why the costs continue to go up. There are more and more people that are elderly.

My colleague said these programs have been a failure because more and more people are dependent on them. Of course, more and more people are dependent on Medicare and, for that matter, Medicaid expenses for nursing home expenses, because the program has been a victim of its own success. More and more are dependent because more and more people, thank God, live to be 65 years of age and over and our policy goal is not to make sure that fewer people live to be 65 years of age or older. I mean, it is sort of a preposterous argument. By definition, more

people are eligible for Medicare because we have a larger percentage of our population that are elderly, and that is what I think we desire.

That has been one of the real pluses of having the Medicare Program, that we have been able to provide health care assistance to elderly people, whereas before 1965—please remember, Mr. President, this is not a price on each senior's head. This is not some sort of check we give people and say, "Go out wherever you want and purchase care."

We know all the problems the elderly people have with preexisting conditions. We know what happened prior to 1965; when people were retired, they did not have health care coverage.

This is a benefits program. This is an insurance program. Why not ask the Medicare recipients and ask their children and ask their grandchildren. It has made the United States of America a better country.

So, Mr. President, let us just look at the demography and the figures.

On Medicare, the current system—and I am talking about per person growth rates, CBO figures—the current system, with the private health insurance coverage, is going up 7.2 percent per person and Medicare 8.3 percent per person. These are budget proposals, Republican proposals, between now and 2002. I do no damage to the truth. I am willing to debate anybody on the floor on these figures. With the Republican proposal, the private will go up 7.2 percent and Medicare will go up 5.8 percent per person.

That is what you have to look at. That is what you have to look at.

By the way, there is an interesting point to be made. Since we are covered under the private health insurance plan, that means that we make allowances to make sure that our per person expenditure for each Senator goes up 7.2 percent but, for those people over 65, it is 5.8 percent. I may have an amendment to address that inequity later on in this debate.

But with Medicaid—I said this to my colleague from New Mexico last week, and I am still waiting for a response—these figures about, "Oh, no; it is going up 5 percent," I say to my colleague from North Dakota, these figures are a bit misleading because these figures do not take into account the number of individuals, as you just look at the demography, who will be eligible.

More and more a percentage of our population are aged. I do not know why colleagues are surprised about this.

Now with Medicaid, we are looking at Medicaid, and now unfortunately we see not only this related to an explosion of people that are over 65 years of age, but also the poor and the children. What we have here, although, again, two-thirds of Medicaid expenses are for nursing homes, the current system, private per-person coverage 7.2 percent, been going up; Medicaid, 7 percent.

Now, again, using the CBO baseline Health Care Financing Administration

projections with the Republican proposals, private goes up 7.2 percent, Mr. President, and 1.4 percent—1.4 percent—per person under Medicaid.

Mr. President, I would just like to ask this question: What does that translate into in human terms? If you are going to limit between now and 2002 the increase of Medicaid reimbursement to a 1.4-percent increase per person, what is going to be that impact on those elderly citizens who receive Medicaid assistance for catastrophic care? And what will be that impact on those people who struggle with disability?

Mr. President, my colleague from Florida spoke about some of his meetings back home. On Friday night, Jill and I went to a ball that was a wonderful celebration with the developmental disabilities community. I met a man—I can barely read the type—Robert Gregory. He cannot speak but, through new technology, he was able to type this out for me. And what he wrote out for me was this: "Please, will you tell the Republicans, don't set the disabled back 18 years. We are happy at how far we have come."

Now, the Chair cannot respond, and I know that he would respond because I know he has a real commitment to the community, but I have to say—and I am waiting for someone to respond in debate, and I will be back later on today—if you are going to limit per person, that is the only way you can be rigorous in these figures; do not give me all these aggregate figures. They do not take into account the dramatic increase in the number of citizens that will be 65 years of age and over.

If you are going to limit it on Medicaid—which is frail, low-income elderly nursing home expenses, in the main, and also key to men and women and children with developmental disabilities—to 1.4 percent, and you are not doing a darn thing to control medical inflation systemwide, what happens to these people? That is my question. And so far in the debate, the silence has been deafening. What happens to these people?

Now, are fewer of them going to be, let us take, first of all, the disabilities community. Are fewer people going to be eligible? Less reimbursement for personal attendance? Where are you going to make the cuts? How are you going to do it?

I say to my colleague, somebody, somewhere, sometime, someplace, tell me. Come out here on the floor and tell me in debate how you intend to make these kind of cuts and limit per person expenditure to 1.4 percent a year without devastating consequences for some of the most vulnerable citizens in the United States of America and I will vote with you. You just come out here, be rigorous, and present the evidence.

Mr. President, there are no specifics about \$250 billion in restructuring Medicare because it cannot be done. Well, I mean you could do it in a couple of different ways. You can, of course, pro-

vide less reimbursement for the providers, but right now the reimbursement is, roughly speaking, 58 percent of what is in the private insurance reimbursement.

Mr. President, I ask unanimous consent to have a number of statements from a number of different citizens and caregivers in rural Minnesota printed in the RECORD.

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

A couple from Detroit Lakes, Minnesota write: DEAR SENATOR WELLSTONE: My husband and I are concerned about Medicare cuts! When we reached 65 we were advised to sign up for Medicare—so we did, also taking out Medigap insurance. We pay over \$3,000 for Medigap insurance plus the Medicare that is withheld from our social security * * *. Medicare is a great help to decent tax-paying people * * *. The GOP have a contract for the American people—we feel that social security and Medicare is also a contract with the American people.

A woman from Coon Rapids writes: We paid into both Social Security and Medicare all the working years of our life. Reducing the deficit must be done in a fair and balanced way * * *. They did not ask our wealthiest citizens and corporations to share the burden by giving up their tax loopholes.

And finally, a woman from Watertown, MN: I am writing to you about the proposal to cut Social Security and Medicare. I hope you will say "no" to these unfair and irresponsible cuts. I am 86 years old. My husband and I worked hard all our lives. He died eight years ago after being in a nursing home for 5 years. That took all of our savings. I receive \$489 a month from Social Security and think I have saved enough for my funeral. We never wanted to be a burden to our children or anyone else. I recently had to go on medical assistance. I have enjoyed good health and am a foster grandparent to a child care center 3 mornings a week. We never missed voting and really worked hard for conservation and the betterment of our country. I hope this has not inconvenienced your time. Perhaps you never did find time to read it, but I surely hope you will vote "no" on that proposal.

Mr. WELLSTONE. Mr. President, I will just tell you something right now, if you are going to cut down on reimbursements, which, of course, you will have to do with Medicare, let us get real and honest about it, two things will happen. Either, I say to my colleague from North Dakota, the providers will be in a position to just simply transfer the cost, shift the cost, in which case—the Presiding Officer knows health care policy well—in which case then what happens is private health insurance premiums go up and then what happens is businesses either no longer can afford to cover employees or the premiums of everybody go up, and then what happens is we get into what is called a death spiral, which means premiums go up and yet fewer people are covered.

Every year, 1 million people less in the United States of America are covered by employment-based insurance. That is what you are going to set off. Get real. Let us debate health care policy. Our legislative proposals have consequences in people's lives. Do not give

me these aggregate budgets unless you can explain to me what you, in fact, intend to do. For any colleague to come out on the floor and say the President has no proposal, the President has no alternatives, Democrats do not have any alternatives, welcome to health care reform. The reality of it is staring you in the face. We need to do system-wide cost containment, and let us do that, but for God's sake, let us not target the elderly, the poor, and the disabled.

Now, Mr. President, if the providers cannot shift the cost, which will be the case all too often in rural America, in greater Minnesota and in North Dakota, then many of them will go out of business. It is that simple. Do not take my word for it. Just ask the caregivers—nurses, doctors, you name it—all across rural America what the consequences of these cuts will be. Or you can just simply raise the cost of this for seniors. But please remember—I do not have the figures right in front of me—but please remember, I say to my colleagues, that right now elderly people 65 years and older are paying four times out of pocket already than citizens under 65 years of age. And please remember, I say to my colleagues, that about 85 percent of Medicare expenses go to households with incomes of under \$25,000 a year.

So do not have the illusion that these benefits are going to people who have a lot of income. Please remember, I say to my colleagues, that the median income for a male 65 years of age and over is about \$15,000 and the median income for a woman is about \$8,500. So do not have any illusions that you can put this cost back on many of the senior citizens within this country.

Again, the real question on the Medicaid front is here we have a situation in our country where every year 1 million less citizens have employment-based coverage, and the only reason we have been able to do better on some of the statistics on infant mortality, the only reason we have been able to cover some of our citizens, many of whom are working poor who do not receive that coverage, is through the expansion of Medicaid, much less the ways in which we cover the way people who are elderly and ultimately wind up in nursing homes. If you want to get serious about the cost, do something about home-based care. Let us get back to health care policy. Now we are going to cut this 1.4-percent per person?

Mr. President, Minnesota is in a particularly precarious position when it comes to Medicare and Medicaid cuts or, what my colleagues like to call, capping the rate of growth of the programs.

HMO's that enroll Medicare beneficiaries in Kings County, NY, get \$646 per month per enrollee, whereas HMO's in Hennepin County, MN, get \$362 per month per enrollee. We have already kept our costs down. We do not get the high payments that other States get. So a slash-and-burn approach for

States like Minnesota that have done an admirable job of already keeping costs down ends up punishing us. We do not have any fat in our system. We are already penalized by the current reimbursement system. And now for recipients, they will be facing about \$3,200 more in copayments and deductibles and premiums over 7 years; about \$1,028 more in 2002.

By the way, I am assuming that in order to make up these cuts, there will be a 50-50 split between what older people will have to pay out of pocket and further cuts in reimbursement for the caregivers. Mr. President, after all we have heard on Capitol Hill lately about Medicare costs, it would be very easy to forget what the Medicare Program is all about. It is a health insurance program established in 1965 to provide benefits to those who need them the most. It is not a right to a certain dollar amount. It is not just a price tag on the head of every senior, and it is not a check to go shopping.

This Medicare Program provides the foundation of our health care system, especially in rural areas, and it provides support and protects those populations that would have the most trouble purchasing coverage in the private insurance market. Mr. President, I smile when I hear some of the proposals about vouchers and then go out and purchase health insurance. We have preexisting condition. It has gotten to the point where you have to prove to the private health insurance companies in this country you will never use it in order to obtain it. And my colleagues think that elderly people who are sick, struggling with different illnesses, are going to go out with vouchers and purchase health insurance from these companies? Welcome to health care policy. Let us get substantive.

When Medicare was enacted 30 years ago, most elderly citizens were uninsured. They lost their health insurance coverage when they retired, and currently even with Medicare coverage, as I said before, seniors spend about four times as much out of pocket as individuals under 65. As I said before, 85 percent of Medicare expenditures pay for care for seniors with household incomes of less than \$25,000.

Mr. President, I just simply do not understand how my colleagues intend to restructure to the tune of \$250 billion on the Medicare and \$150 billion, or whatever, on Medicaid without doing serious harm to many citizens in the State of Minnesota and all across this land.

So then the question, and it is a fair question to ask, is why is Medicare so costly? And the simple answer—as a matter of fact, this answer is so simple that the evidence is irrefutable and irreducible, and I would be pleased to debate any colleague on this proposition—the simple answer is that Medicare is costly because it covers very sick people and because health care costs for all Americans, whether privately insured or covered by Medicare

or Medicaid, have risen rapidly over the last two decades. And increasing enrollment—I cannot say this too many times, because sometimes we do not know what we do not want to know. My colleagues on the other side of the aisle turn their gaze away from this truth. Increasing enrollment, especially for the over-age 85 population, and the renal-diseased beneficiaries, and increasing medical inflation account for the bulk of the Medicare's Program's increasing costs. It is simple—kidney transplants, dialysis, people living to be 85 years of age—people need more assistance. What is the policy proposal? To have fewer people living to be 85? Of course not. Nobody proposes that.

So, Mr. President, since Medicare is a victim of its own success and we cannot do anything about more and more people living longer lives, all of which I think we are grateful for—and we hope it for ourselves and for our parents and grandparents and other citizens—then what we ought to do is focus on medical inflation, systemwide.

Medicaid provides a safety net for pregnant women, children, as well as critical long-term services for the elderly. Already, as I pointed out, it is projected per person to grow at a slower rate than the private sector. What are we going to do about these citizens, Mr. President? You know, they do not have as powerful a constituency. But what do we intend to do? Women who are expecting children, and children, and elderly, who, by definition, have to go to the poor house, figuratively, to become eligible for Medicaid assistance, to receive nursing home coverage, and we are going to make draconian cuts in per-person expenditures—draconian.

I challenge any of my colleagues on this proposition. What is going to happen to those citizens? Is North Dakota going to pick up the cost? Is Minnesota? It is a shell game. We are not going to walk away from them. So nobody should have any illusion. I hear my colleagues say how we are going to reduce expenditures and let us get fiscally responsible. Yes, let us control costs systemwide. This simply shifts the costs. In this particular case, it is back to the States and local communities.

Mr. President, I am waiting for a discussion about health care policy. I will make two proposals. Colleagues do not have to accept them, but both are important. One proposal in the last Congress was that if you put some limit on insurance company premiums, as you remember the Congressional Budget Office said, by the year 2002, I say to my colleague from North Dakota, we would have saved \$100 billion, in 1 year alone. That is systemwide. Maybe it is too controversial for colleagues. Sure, insurance companies are very powerful. Maybe that is not the proposal. But you have to contain the cost systemwide. You cannot just pick out one segment of the population. You target

them, you hurt them, you shift costs, you do irreparable damage to some of the underserved communities, including rural America; you do not provide the assistance that we now provide for teaching hospitals; you do not provide the necessary assistance for the disproportionate share of payments for those hospitals who treat the poor citizens in this country. It does not work at all. You just shift costs. Someone pays for it. You make it a shell game if you do not do it systemwide. So let us get real and do it systemwide.

That is how you really begin to get some handle on the Medicare and Medicaid costs. If you do not do that, you scapegoat all too many citizens in this country.

Mr. President, the other thing that you can do, if you are serious about substantive policy—not just slash-and-burn, not just cut, cut, cut—invest in home-based care. For God's sake, why should elderly people not—I had a mother and father with Parkinson's disease. We lived this. Why should elderly people or people with disabilities not be able to live at home in as near as normal circumstances as possible, with dignity? Last Congress, we were debating health care policy. We wanted to expand home-based care. We wanted to control costs systemwide. We wanted to have more of a focus on primary care, preventive care out in the communities. But this Congress it is slash and burn.

Where is the voice of my colleagues who, when we talked about cost containment systemwide last Congress, we talked about rationing and limiting choice, and now they want to ration and limit choice among elderly, low-income, disabled people, and there is not a word? Their silence is deafening. Why are you not out on the floor talking about rationing and limiting choice now? We have an alternative. Our alternative is—there is no credibility to broad-based tax cuts going in the main to the wealthiest citizens of the United States of America while you proceed with a slash and burn approach toward the Medicare and Medicaid programs. Believe me you, we will have alternatives dealing with loopholes and deductions in corporate welfare. We will have a whole lot of other alternatives on the floor.

Mr. President—and I will conclude—again, my colleague from Florida is not on the floor right now, but the debate is not about deficit reduction—going forward deficit reduction. The debate is about where is the standard of fairness. The debate is about responsible economic policy. Some colleagues think 2002 is the date. I have always felt that was a political date, not a realistic date.

As a matter of fact, Mr. President, I heard so many of my colleagues in the course of this debate over the last several months say, "We will balance the budget by 2002. We will have broad-based tax cuts, and we will increase the Pentagon budget." Some of it is on

record. I heard colleagues say that, "We will not make any cuts in Medicare. Do not worry, veterans, do not worry students, we will pay the interest on the debt and we will do all of it." Well, Mr. President, I do not think it turned out to be credible. So we are not arguing about deficit reduction, but what we are arguing about is where is the standard of fairness. Mr. President, there is no standard of fairness to the tax cuts for the wealthy and these kinds of cuts in Medicare and Medicaid.

Mr. President, I will conclude by saying we have 2 days of debate on the budget. I think we finish up Wednesday night. But as far as I am concerned, this debate just begins. My good friend from Florida said that people in the last election voted for change. They did. But it begged the question, what kind of change? Did people vote for this kind of slash-and-burn approach, not based on substantive, I think, policy analysis about what we need to do in health care reform in the Medicare and Medicaid area? Did people vote for these kinds of cuts? We will have a debate about the role of Government. And I will conclude with the remarks made by a great Senator from Minnesota, Hubert Humphrey. I have said it before on the floor of the Senate. I think I am going to say it over and over and over again. Senator Humphrey said: "The test of a society is the way in which we treat people, dawn of life children"—I will have an amendment about children—"the way we treat people in twilight of their lives, the elderly, and the way we treat people in the shadow of their lives, struggling with a disability, people struggling with an illness and people who are needy or people who are low-income."

By that standard, I think this budget proposal falls way short of the mark, and we can do better.

I yield the floor.

Mr. DOMENICI. Mr. President, we will be going into this kind of speaker rotation, their side and ours. Senator COHEN will speak for 15 minutes, and I understand Senator DORGAN seeks to speak after that.

If we establish it now, Senator COHEN will be followed by Senator DORGAN, who will have 30 minutes, and of course if he needs more, his side can yield it to him, and we will find a Senator who desires to speak immediately after Senator DORGAN. We will continue down that line.

I will leave Senator COHEN in charge of the floor for the next 15 or 20 minutes and follow along the lines just agreed to here.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. DOMENICI. I yield 15 minutes to the distinguished Senator from Maine, Senator COHEN.

Mr. COHEN. Mr. President, I thank Senator DOMENICI for yielding me these 15 minutes.

Mr. President, last week I had occasion to listen to the Senator from Nebraska, Senator ROBERT KERREY. I thought he made a very passionate and thought-provoking presentation.

He called for the return of some sense of civility during the course of the debate on this budget issue. Frankly, I find myself in great empathy with what Senator KERREY had to recommend. I think things have gotten out of control. Certainly they have around the country, in terms of the rhetoric we are hurling at one other, back and forth, not only across political aisles, but indeed, between regions and interest groups.

I took Senator KERREY's call for return to civility and responsible discourse to heart. I think he is quite on the mark. I think we would all do well to follow his example.

In that light, I would like to commend Senator DOMENICI from New Mexico. Frankly, Mr. President, I do not know a more decent human being, certainly in the Senate and maybe this country, than PETE DOMENICI.

I have heard charges leveled against him that as chairman of the Budget Committee he wants to wreak havoc against the elderly, he wants to plunder their savings, he wants to deprive them of hospital and medical attention.

I doubt very much whether many people in this Chamber, or indeed the other Chamber as well, could claim the kind of support that he has enjoyed over the years from our senior citizens' communities. I doubt very much whether many Members have, in fact, the kind of compassion that he has demonstrated over the years toward those who are less fortunate than ourselves.

He is concerned about senior citizens. He is concerned about the middle aged, certainly. But also he is concerned for children. He is concerned deeply about children. He has eight of his own. In fact, I think one is going to be married this coming Saturday.

I think if we look at what PETE DOMENICI has been focusing upon—this spiraling debt—and it affects all the age groups from the very young, to those who are aspiring business men and women, to the labor force, to those in middle age, and to our elderly community.

I really think that we do a great disservice to him when we see the kind of attacks leveled against his efforts by saying that he is simply out to finance tax cuts for the rich by pulling money out of the pockets of the elderly and the poor. I think it does a tremendous disservice to him and also to the entire debate surrounding this issue.

I remember reading a column a couple years ago that David Broder wrote for the Washington Post. He is a respected syndicated columnist. He said he had just finished reading President Clinton's budget. There were two figures—after going through that 1,400-page document—that Mr. Broder thought were missing: The number of \$1 trillion and the second number of 58 cents. He looked throughout that entire, massive document and could find those two numbers nowhere in the document.

He said the \$1 trillion figure came from the fact that if we were to grant President Clinton's assumptions in the budget, that is, that we have sustained growth during his 4 years in office, that we have low inflation, and that the recommended tax increases and budget cuts play out as budget analysts had projected—assuming all that were to occur—at the end of that first term, we would have increased the national debt by \$1 trillion.

That is the rate at which we are adding to the debt in this country. Give President Clinton the benefit of the doubt. Assume everything will work out as he projected, and we were still going to add another \$1 trillion to the national debt.

That is a number which, I think, should prove frightening to most people. It means that we are going to be sacrificing the future for the present, that we are going to encumber our children with debts for which they have not been responsible. We are going to tie a ball and chain around their necks, as such, and throw them off into this void of trillion dollar debt increases every 4 years.

Then the other number that was missing from the budget was 58 cents. The projection was that 58 cents of each \$1 that we as individuals pay—everybody in this Chamber, and the citizens who are watching from the gallery and from around this country—58 cents out of every \$1 paid in personal income taxes would go not for the defense of the country, not for education in the country, not for Medicare or Medicaid, not for highways and bridges, not for science and technology, not for Superfund, not for any of these programs—but rather exclusively to pay interest on the debt.

Since interest on the debt compounds, that will climb exponentially in the coming years unless we do something dramatic to reduce that escalating debt.

Those two figures, I think, should be recalled. They are precisely what Senator DOMENICI, as chairman of the Budget Committee, has tried to come to grips with. It is time, I think, for us to stop politicizing the debate to such an extent that we camouflage the issues and the importance of what those issues mean to the American people.

More recently, the same columnist, David Broder, wrote another piece in the Washington Post, now, some 2 years later. He said really this debate

is all about what Government should do in today's society.

Americans are starting now to re-evaluate exactly what Government should do on behalf of its people. Not only what should it do, but at what level should Government act. Should it be at the local community or municipal level? Should it be at the State level? Or should it be here in Washington?

These are legitimate issues that we have to work our way through. There is a reassessment taking place through the country. People are not too sure. They have an anger, we are told. Certainly, a high level of anxiety about political events and political policies. There is, as we have witnessed, a good deal of anger that can in fact prove to be explosive in this country. We saw it in what one writer called Beirut, Oklahoma: a form of domestic terrorism taking over that I think poses a severe threat to our security in the coming months and years.

So, this is a legitimate issue for us to debate and, in fact, come to legitimate disagreements. But let us not resort to the kind of class warfare that we see taking place here in this Chamber. Time and time again, every time the Republicans try to come to grips with the budget those on the other side of the aisle accuse Republicans of being miserly, of being mean-spirited, of being cruel, of being heartless because we are trying to protect the future for future generations.

I recall the debate several years ago when the then-majority offered an amendment to tax and somehow punish the rich. We passed a luxury tax. It sounded great. We were really going to go after those people who had the money to buy luxury cars, furs, jewels, and boats. We imposed a luxury tax on boats.

Do you know what it did? Do you think it hit the rich? It was aimed at the rich. It did not hurt the rich. It hit the pocketbooks of the middle class. People of my State got hurt. The workers, the craftsmen, the people who build these boats, these luxury boats, were put out of work.

The same thing will take place as long as we try to wage class warfare. The attack is: Republicans are only concerned about the rich, the wealthy. They could not care less about the middle class. They could not care less about the poor.

Those are unfounded charges. I think they are outrageous charges. And I think all that these charges have done is to pollute the atmosphere in which we have to conduct this debate to such a degree that the American people are confused about the issues and simply are responding out of fear.

So let us not engage in class warfare. There are some legitimate differences of opinion in terms of how we go about trying to achieve a balanced budget. It may be that those on the minority side do not care about balancing the budget. It may be that the debt is an issue

too abstract for the American people to grasp, and therefore they see no political benefit in joining in this effort. Not all, but some, may try to exploit this issue. Back in 1981-82—President Reagan had just come into office in 1981—the trustees of the Social Security System came to Congress and said the Social Security System was in trouble. Payments out to the beneficiaries were exceeding its revenues. Unless Congress took action, it would become bankrupt relatively soon.

I recall at that time President Reagan came into office and he made some recommendations for changing the Social Security Program. I, frankly, did not think it was a wise course of action. We supported the President because it was an effort made to reform the system, to save it and make it solvent. I also understood the risks that were involved politically. Whenever you talk about Social Security, that has been described as the hot rail of politics. Touch it and you invite your own mortality, at least politically speaking.

Nonetheless, we voted to reform that system in 1981, and guess what happened. During the 1982 elections, prominent members of the Democratic Party went on television. They held up a facsimile of a Social Security card and they said, "Here is the card. Here is your Social Security card right here. Do you know what Republicans want to do? They want to just tear it up. That is what they want for your Social Security card."

It proved to be dynamite politically. It was very effective. We lost elections at every level of government all across the country, from State legislatures to gubernatorial races, to House and Senate races. It was very, very effective. So they exploited the issue during the 1982 campaign. And then what happened? Guess what happened. Immediately after the elections were over the same people who were tearing up the facsimile of a Social Security card came back and said, "Do you know something, we have a problem. Social Security is in trouble. Why do we not form a bipartisan commission to see if we cannot fix it?" And that is precisely what happened. We formed a bipartisan commission to fix it, after the politics were taken out of it by the election.

It seems to me the same line of argument is being offered right here today and will be offered throughout the debate on this budget. The Medicare trustees have advised us that Medicare is going broke; that the revenues coming in will be less than the payments going out; that by the year 2002, a short time away—6½ years—there will be no money at all left in the trust fund to pay for anyone's hospital or doctor bills. The system will be absolutely broke at that time; nothing will be paid.

In either today's paper or yesterday's paper, a front-page article in the New York Times said, "Those in the heart-

land are worried about Medicare, what this budget might do to Medicare."

It is ironic. Of course people are worried about what is going to happen to Medicare. But if we do nothing it is going broke. There will be no money in 6½ years. No one will receive payments, no hospital, no community health service, no doctors—none of them will receive anything. And all the people who will need assistance at that time will be left to look at their Government and say, "Why did you not do something about it? Why did you wait these 6½ years? Why did you wait until after the 1996 elections were over before you came forward and said let us work together to try to save the Medicare System?" But that is what is going on right now.

We have not heard one single proposal during the deliberations in the Budget Committee on how the minority would like to see the trust fund protected and preserved and saved. Not one. All they can do at this point is point to the Republicans and say, "Look, you are trying to gut the Medicare Program." We are trying to save it. It is growing at a rate of 10 or 10.5 percent a year. We cannot sustain 10.5 percent a year growth in the Medicare Program. President Clinton recognized this. When he submitted his health care reform proposal he said we cannot sustain this. Mrs. Clinton did, too. They said we cannot sustain 10.5 percent growth each and every year.

The PRESIDING OFFICER. The 15 minutes of the Senator from Maine has expired.

Mr. COHEN. I ask I be permitted an additional 5 minutes.

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

Mr. COHEN. So, on the one hand we had the President and the First Lady talking about the need to reduce the growth rate in Medicare. And I have taken pains over their 2½ years in office to praise them in their effort to focus attention on health care reform. I think we need it. It is as necessary today as it was 2 years ago. It will be even more important tomorrow than it is today. As a matter of fact, I have introduced health care reform legislation on three occasions so far this session. So I think they were right in trying to focus our attention on the need to reform the health care system.

I did not agree with the solution they proposed but they deserved credit for putting it on the front burner. Once this budget resolution debate is over, we will put it back on the front burner where it belongs.

But you cannot have it both ways. You cannot say on the one hand we cannot sustain 10-percent annual growth and then, on the other hand, criticize Republicans for saying you are right, we are going to try to sustain a 7- or 7.5-percent growth. To label that as a savage cut when, in fact, that is precisely what they themselves had in mind for their own reduction in the growth of Medicare, seems to me to be rather outlandish.

I believe there is a moral dimension to the argument we are having here today, the debate. I think there is a moral imperative to resolving the dispute on the national debt, on the annual deficits of \$200 billion. Right now we are spending roughly \$235 billion a year just in interest payments on the debt. Soon that sum will exceed what we spend for our entire National security effort. Interest payments are likely to climb well above \$300 billion, \$325, \$340 billion a year if we do nothing.

So I think there is a moral dimension to this entire debate. There is a moral imperative that we take action that is responsible, that is not filled with smoke and mirrors, as has been done in the past; that we look to Senator DOMENICI, a man, as I indicated, of great decency and courage, for putting forth a budget blueprint which will put us on the road to a balanced budget by the year 2002. Maybe there are some who do not want that. Maybe there are some who say just let us continue doing what we have been doing because it pays political dividends. That is the way you stay elected in this country, just keep saying yes. Just say to every group that comes in, you want more? How can we help you? Rather than dealing with the future of this country.

We have had Jefferson quoted many, many times. One of my favorite quotes of his that I call upon is this: he said, "Whenever one generation spends money and then taxes another to pay for it, that first generation is squandering futurity on a massive scale."

What we have been doing is squandering the future of our children on a massive scale and the time has come for us to reverse this. The time has come for us to stop borrowing from our children, to start paying our own debts, to have something for them available for a better way of life than we are leaving them if we continue on this course.

I also recall the words of Walter Lippmann, who spoke on a different subject some years ago. It was in 1940, on the eve of our involvement in World War II. He was giving, I believe, a speech to his classmates on the 30th anniversary of their graduation from Harvard. What he said at that time, I think, has relevance to what we are doing here today.

Lippmann was concerned about how the country had allowed itself to degenerate into a slothful, wasteful, cowardly Nation, that we had failed in our responsibilities to measure up to the great heritage we had at that time, that we were squandering the present, and certainly the future, because we took the easy way out whenever there was a hard choice to make.

Lippmann said at that time:

Upon the standard to which the wise and honest will now repair, it is written. You have lived the easy way; henceforth, you will live the hard way * * * you came into a great heritage made by the insight and the sweat and blood of inspired and devoted and courageous men; thoughtlessly and in utmost self-indulgence you have all but squandered this inheritance. Now only by the he-

roic ventures which made this inheritance can you restore it again.

It is written:

You took the good things for granted. Now you must earn them again * * * for every right you cherish, you have a duty which you must fulfill. For every hope you entertain, you have a task you must perform. For every good you wish to preserve, you will have to sacrifice your comfort and your ease. There is nothing for nothing any longer.

Mr. President, that is precisely what the chairman of the Budget Committee has said to all of us. "There is nothing for nothing any longer." He deserves our support for the effort he has undertaken.

I yield the floor.

Mr. DORGAN addressed the Chair.

Mr. DOMENICI. Mr. President, will the Senator from North Dakota yield for 1 moment?

I yield myself 1 minute. Then I understand it is Senator DORGAN's turn.

Mr. President, I want to thank Senator COHEN for his excellent remarks. I think he is right on with the notion of shared sacrifice now that we are in this position. It kind of weaves its way through his remarks.

But I also want to thank him particularly for the kind remarks he made about the budget that I have worked for for a long time on numerous task forces; a lot of them. A lot of people participated, and I think it is a good and fair, well-rounded budget.

I thank him for his compliments.

The PRESIDING OFFICER (Mr. HATCH). Who yields time?

Mr. EXON. Mr. President, I yield 30 minutes to the Senator from North Dakota.

Mr. DOMENICI. Mr. President, I designate Senator JUDD GREGG to manage the time on our side until I return to the floor.

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

The Senator from North Dakota.

Mr. DORGAN. Mr. President, let me begin, as my colleague from Maine did, by complimenting the Senator from New Mexico, Senator DOMENICI, and complimenting my colleague, the Senator from Nebraska, Senator EXON.

Senator DOMENICI has a long and distinguished career in the Senate, as does the ranking minority member of the Budget Committee. I view the work of both of them as very good work for this country, and I think that they are among the two most trusted Members of this body, as a matter of fact. They bring to the floor of the Senate different views about how you achieve the same objective.

There is no disagreement I think in this Chamber about whether the objective of a balanced budget is a worthy objective. Of course, it is. And it is not only an objective. It is in my judgment a priority. The question then is not whether; the question is, how do we achieve a balanced budget?

The Senator from Maine, Senator COHEN, indicated that he agreed with the previous speaker about the need for

more civility in our discourse here in the Senate and in the country. I certainly agree with that. We need to debate ideas. We need to be respectful of disagreements and differing viewpoints. There has been a tendency in recent years in this town to try to tear things down, to tear people up.

I have stood on the floor several times and read the list of words that one Member of Congress suggested to members of his party that they should use against their opponents. He said, "When you are running against somebody, use the word 'traitor' to define your opponent. Call your opponent 'pathetic'. Use the word 'lie.' Use the word 'sick.'" Again, "Use the word 'traitor.'"

That kind of counsel is counsel that demeans politics in our country. We must turn away from all of that. Our democratic system is better than that, and our politics should be better than that.

BUDGET PRIORITIES

As we debate this budget resolution, I am going to be critical of some part of Senator DOMENICI's budget. But I will do so with respect. I am going to talk about its impact. He probably disagrees with how I assess the impact of parts of the budget, but I do not do this with malice. I do this because I think this is precisely where we ought to have a vibrant, spirited debate about what we believe the priorities of this country should be.

If 100 years from now historians could look back at us and try to evaluate what we stood for, what we found important, what we held dear, they would almost certainly be able to look at the Federal budget. And by determining what we invested in, or what we spent our money on, they could determine what our priorities were. This is the time and the place for a spirited debate about what we believe is important.

Some years ago I was with a couple of my colleagues traveling in Central America. I think I have told my colleagues this before. I was on a helicopter that ran out of gas in the mountains near the border of Honduras and Nicaragua. When you are in a flying machine that runs out of gas, one of the immutable laws of the air is you will be landing soon. And we did.

We were out of radio contact, sort of in a jungle clearing area where we came down. And the campesinos from around the region came walking up to find out who had landed there. We were not injured at all. Hours later we were hauled out by other helicopters that found us. But as the people walked through the underbrush, the campesinos, to find out who had landed in this mountainous terrain near the border of Nicaragua and Honduras, I was able to talk with some of them through an interpreter.

I found what I have found in every other region of the world. You talk to people about what their life is like, and

what their hopes and dreams are. Almost universally, they say they would like to come to the United States of America. Almost all over the world you will find people that answer. "We would like to come to United States of America." When you ask why, they say, "Because the United States of America provides hope and opportunity." You will find that all over the world.

I simply say that today because I think sometimes we lose sight of the advantages and the strengths in this country. We spend so much time debating the problems that we sometimes forget the strength of this country.

The problem we are talking about today is a problem with respect to the Federal deficit. Year after year we spend more than we take in, and it adds to the Federal debt, and the Federal debt requires us then to pay interest on the debt each year. Those interest payments consume an ever-growing portion of the Federal budget.

I would observe with some measure of interest that the Republicans in this Chamber always win a debate they have with themselves. Even then it may take a little while. But they always win a debate that they are having with themselves. Now they say, "We are for a balanced budget because we know it is good for America, but we are not so sure any Democrats are for a balanced budget." Just to put all of their minds at ease, I know I am not alone on this side of the aisle in saying that many of us believe it is a priority. The question is not whether. It is how?

What priorities do we choose? Where do we cut spending, and how do we raise revenue? Who are the winners and who are the losers? In other words, who gains, and who does not? When we talk about that, it is not class warfare. Do not ever let me hear people say it is class warfare when we talk about who are the winners and who are the losers under these budget proposals, because that is nonsense.

The proposal that is brought to the Senate floor has provisions in it that I support in many, many areas. Senator DOMENICI, for example, would choose to cut spending in a range of areas that I would absolutely agree with. I support them. They make a lot of sense. But some of the larger choices in this budget I do not support, and I think there are alternative ways of achieving the same goals with different results.

I have a couple of charts on the floor that describe this budget, not from my perspective, and not from the perspective of the Senator from Nebraska, Senator EXON or others, but from the perspective of Kevin Phillips, a Republican author and columnist, a person of some note.

He wrote a wonderful book incidentally about the 1980's, but I wish to share with my colleagues what Kevin Phillips has to say about the Republican budget proposals. One could hardly say that Kevin Phillips is some liberal, pointy-headed Democrat who is

trying to undermine Congressional Republicans. I do not know Kevin Phillips hardly at all, but I am interested in his comments because as I looked at this budget in terms of who wins and who loses, I sensed the same thing that Kevin Phillips does.

Let me read some excerpts of an address that Kevin Phillips gave on the radio last week. Again, a Republican political analyst says the following about this budget.

Spending on Government programs from Medicare and education to home heating oil assistance, is to be reduced in ways that principally burden the poor and the middle class, while simultaneously taxes are to be cut in ways that predominantly benefit the top one or two percent of the Americans.

That is not me. That is a Republican, who says the fact is the losers are the folks on Medicare, people who need help for education, home heating assistance, and so on. And the winners, well, those are the top 1 or 2 percent of Americans. But he went on.

If the budget deficit was really a national crisis instead of a pretext for fiscal favoritism and finagling, we'd be talking about shared sacrifice, with business, Wall Street and the rich, the people who have the big money, making the biggest sacrifice. Instead, it's senior citizens, the poor, students and ordinary Americans who'll see the programs they will depend on gutted, while business, finance and the richest one or two percent, far from making the sacrifice, actually get new benefits and reductions.

Again, Kevin Phillips, says:

In short, aid to dependent grandmothers, children, college students, and city dwellers is to be slashed, while aid to dependent corporations, stock brokers, generals, and assorted James Bond imitators survives or even grows.

If the deficit is substantially reduced under a program like this, there will be a second stage of further upward income redistribution from upper bracket profits in the stock and bond markets.

And finally again from Mr. Phillips' remarks last week:

If the U.S. budget deficit problem does represent the fiscal equivalent of war—and maybe it does—then what we are really looking at is one of the most flagrant examples of war profiteering this century has seen.

Maybe Mr. Phillips overstates it. Let me go to a previous chart where he talks about winners and losers, because that is the purpose of my discussion today.

The first chart I showed you indicates Mr. Phillips' analysis of this budget is that the burden on the poor and the middle class will be increased substantially, while taxes shall be cut in ways that predominantly benefit the top 1 or 2 percent of the American people. That is why I began saying this is really a debate about priorities. The question in this budget is who wins and who loses, who gains and who does not. And that is why we ought to have a full and thorough debate and then make our own individual choices about how we balance this budget, not whether but how we balance this budget.

MEDICARE AND MEDICAID

There has been a substantial amount of discussion about Medicare and Med-

icaid especially because they represent the recommendations for the largest proposed reductions in the budget plan.

Now, if you divide the question some: Should we be controlling the rate of increase or the rate of growth in spending on Medicare and Medicaid? The answer clearly is yes. Everyone in this Chamber has known that is a requirement for some long while. It was widely discussed last year and will be even more widely discussed this year, I am guessing. But the budget proposal comes to the floor with a giant cut in both Medicare and Medicaid with no plan for dealing with its impact on the most vulnerable in our society. And we are told by some—the Speaker of the House among others—that the Medicare cut will be painless.

That is an interesting assertion, but it does not contribute much to this discussion because everyone knows the Medicare cut will not be painless. The proposed cuts Medicare and Medicaid in this budget will mean higher health care costs and lower quality of care for the elderly and the poor.

In fact, recently we heard some testimony before the Senate Finance Committee from the new head of the Congressional Budget Office, who was just appointed by the Republican leadership. She was asked: As a result of these cuts, what will happen to quality of health care?

The head of the Congressional Budget Office said:

What is provided by the Government within this amount is not likely to be the same level of quality.

Let me read that again because it kind of reminds me of the op-ed piece in today's Post that says, "Beltway Babble."

What is provided by the Government within this amount is not likely to be the same level of quality. To maintain similar quality—

Dr. O'Neill said—
seniors will pay more for it.

Stripped away, the question is, if we have this kind of a budget cut in Medicare and Medicaid, will you have the same kind of health care quality? The answer is no. Will health care cost more for the elderly and the poor? The answer is yes.

Now, what are the other consequences? Well, the other consequences will be that we will see rural hospital closings across rural America. In my home State of North Dakota, you will see I think a dozen rural hospitals close. You will see the elderly with chronic health problems, who are struggling now with respect to access to health care, struggle even more.

All of us have talked to the 80-year-olds at town meetings who tell us they have heart problems and diabetes, and the prescribed medicine for these life-threatening problems they cannot afford, so they take half the dosage so it lasts twice as long. That is the only way they can do it because they cannot eat and pay the rent and buy the medicine. They do not have the money. All

of us understand that. That is what is happening today and that problem will be exacerbated by these cuts.

Now, the budget also says we ought to make substantial cuts in education. It says let us raise some revenue by asking college students to pay interest that begins accruing immediately when they get a college student loan. The effect of this is to significantly increase the payments they will be required to make especially from low- and moderate-income households. So, through this budget, we are saying to people, we want to make it harder for you to send your kids to school.

Well, it seems to me that the first investment you make, if you care about the future, is the investment in your kids. The first investment is an investment in education. What investment in this country pays bigger dividends than the investment in kids? None. There is not one.

I told my colleagues before about walking into the office of the oldest Member of Congress when I came here, Claude Pepper from Florida, a wonderful gentleman. He was then in his late eighties. He had come during Franklin Delano Roosevelt's term in office. He was a bright, interesting guy. On the wall behind his chair he had two pictures. One was Orville and Wilbur Wright making the first airplane flight, autographed to him by Orville Wright: "To Congressman Claude Pepper, with deep admiration," and beneath it an autographed picture of Neil Armstrong standing on the Moon.

What does that mean? What is the difference between those two pictures? Massive investment in education and the enormous dividends that education yields in technology and progress. It is from the ground to the air to the Moon. That is what education is. It is about our future. It is about dividends.

And this budget says, "Well, let's decide that that is not a priority. Let's decide that we cannot afford the full, good-quality health care for the elderly and the poor, and we cannot afford the full measure of investment in education for our young people."

Now, why cannot we afford to do that? Because we have designs on giving tax relief. Kevin Phillips says it—the burden on the poor and the middle class increases, while simultaneously taxes are to be cut in ways that predominantly benefit the top 1 or 2 percent of Americans.

Why can we not provide a full measure of help to somebody that wants to send their kids to college? Because they want to give tax cuts. Oh, it is cleverly placed in this budget. It is sort of off to the side as a footnote. But they have reserved \$175 billion specifically for the Finance Committee specifically for a tax cut so that what is done on this side will mirror what was done on in the other body in its Contract With America.

Now, the tax cut is called a middle-class tax cut. The tax cut, at least in the House of Representatives, does the

following. It says, if you are a family with under \$30,000 of family income, you get a whopping \$124-a-year tax cut. But if you are a family with over \$200,000 in family income, God bless you, we are going to give you a big old tax cut of \$11,200 a year, because you are important to us, they say.

They want the delivery truck to stop at the middle-class home where they are going to send their kids to college and pick up some money from them, because they said we need a little money from you. Then they want the delivery truck to stop at some home for the elderly and pick up some of their money and some of their Medicare benefits. Another few stops collects money from low-income families health assistance and education assistance, because we cannot afford that any more.

Then what does the Republican delivery truck do we do with all that money? It makes other stops in Hometown, USA after picking up all that money from all those folks. Yes, it drops the money off at the banker's house and the big businessman's house. And the driver says: You know something? We've been making the rounds here in our hometown. We've gathered up some money from the folks here—the folks who were going to use it to send their kids to school, going to use it to heat their house in the winter, going to use it because they were poor and needed health care. And we gathered up all that money and now we are knocking on your door because we think you, the richest man in our town, really deserves a little more.

So we are going to drop these bags off at the front door and hope you do a good thing for our community. We hope you will go out and spend it, and spend it here at home, if you will, so that all that money somehow will trickle down to all these folks and that family that wanted to send their kids to school might someday see some small dividend from your wild spending spree as a result of this tax cut.

Well, that is sort of putting it in a hometown context. If this were a hometown decision instead of a country, do you really think we would do that? Do you really think we would say to the families: "You're having trouble sending your kid to school, so let's make it harder and let's use the money to give a tax cut to the richest person in our town"? I do not think so.

Class warfare, my colleagues say. Is it class warfare to talk about the priorities, if you think the priorities are wrong? I do not believe that is class warfare. I believe it is appropriate to quote even a Republican commentator who says this is a massive shift of income from the poor and middle-income families to the rich and the big corporations.

Did you know, as we are talking about all these choices and priorities, that the other body, in its Contract With America tax bill, they decided they wanted to eliminate the alter-

native minimum tax for corporations? This is the device by which we prevented big corporations from making billions of dollars in profits and paying zero in taxes.

Without the AMT, a corporation can make \$3 billion in net profit and end up paying zero in taxes. Meanwhile, somebody gets up in the morning and goes out and works hard 8 hours a day digging ditches or hard manual labor and pays a tax on it because they cannot get out from under it. They have to pay a tax on the work they do; that is what people do. Businesses in the past would make several billion dollars and pay zero, so we decided to stop that. We created an alternative minimum tax so that profitable corporations still have to pay something in taxes.

This is what the other body has just repealed. It means \$4 billion for 2,000 corporations. In other words, 2,000 corporations get \$2 million each in tax benefits at the same time that we are saying as a matter of priority that education somehow does not count, education does not rank near the top of what this country thinks is important.

We are also told in recent debate here on the floor of the Senate that the budget proposal to cut Medicare will actually save Medicare from insolvency.

Now, I must say this is kind of a disingenuous argument. It is not new to understand the trustees' report that says that Medicare will at some point face a very serious problem. The year now is 2002. Twenty-three times in the past 25 years the Medicare trustees have issued their report projecting the insolvency of the Medicare part A trust fund. So this is not new.

In 1972, the trustees projected insolvency in 1976, and Congress took action to solve it. In 1982, they projected insolvency by 1987, and Congress took action to solve it. In 1993, the trustees projected insolvency by 1999. And, of course, it was the President's 1993 budget—which I voted for and not one Member of the Republican party voted for—that extended the solvency another couple of years until the year 2002.

So this insolvency issue is an interesting one. They apparently have just discovered that somehow Medicare is going to be insolvent. We must make Medicare changes. But it seems to me those who suggest let us make Medicare changes in order to create large savings from which they can give big tax cuts to the rich, they run into a priority problem with some of us who did not decide they wanted to serve in the Senate in order to accomplish that.

I would like to, while I am on my feet this morning, ask a couple of questions. In making some observations, I would refer to page 7 of this budget resolution, Senate Concurrent Resolution 13. I have heard, I guess, a dozen members of the majority party say this is a balanced budget. And I am going to ask a few of them when they talk about

that later today about how they reach that point.

Again, I refer back to the op-ed piece in the Washington Post this morning, entitled "Beltway Babble." Only that can explain the moniker of "balanced budget" attached to Senate Concurrent Resolution 13. Let me refer my colleagues to page 7, which is the page on which deficits are annotated.

And the deficits—I will not read them all—go from 1996 to the year 2002. And in 2002, the deficit is \$113 billion. Now if it is a balanced budget in the year 2002—and I have seen charts in fact brought to the floor in which they say 2002 it is zero. In 2002, it is a \$113-billion deficit.

The only way that one could get to zero with a chart would be to take from the Social Security trust fund that money which is dedicated for Social Security purposes only and use it to show a zero.

But, of course, they do not do that in this budget resolution because the law prevents them from doing that. This is not a balanced budget, should not be called a balanced budget, and in calling it a balanced budget it is not accurately described.

It is a budget document that in the year 2002 leaves a \$113 billion budget deficit, and I hope to ask some of my colleagues about that in the coming days. I will ask if they will join me. I have some additional recommendations for them, of some revenue increases and some spending cuts that will make a truly balanced budget, and I intend to offer them.

If you want to bring to the floor a product you call a balanced budget, why do you bring to the floor a budget document that on page 7, when it talks about deficits for the year 2002, has a \$113 billion deficit? I am guessing we will vote in 48, 50, 60 hours from now on the budget amendment. Between now and then, if the majority side continues to describe this as a balanced budget, perhaps they can find the \$113 billion to make it a balanced budget and, if not, I hope to offer them some recommendations to try to be of some help.

Mr. President, how much time is remaining on the 30 minutes?

The PRESIDING OFFICER. The Senator has 2 minutes left.

Mr. DORGAN. Mr. President, my party has had both the burden and the joy over the years of constructing and building a lot of things that are important to this country. Medicare is a very important program for this country. It has contributed to the lives of a lot of Americans in a very important way.

It is true that it takes considerably less skill to destroy than it does to build. Someone who was asked once if you had two houses and one you were to build and one you were to tear down, what kind of people would you hire to do each? The answer is clear. To tear down, you hire unskilled people; to build, you hire people with skills.

We have been builders over the years, and some of that which we have built

in this country, I am enormously proud of, and on some we have probably gone too far. But I think what makes this country a good country, a wonderful country and a compassionate country is still worth fighting for.

I mentioned on the floor a month or so ago about Stanley Newburg, who died in New York City recently. I did not know him, but I read the newspaper report. He died in his eighties. They opened his will.

Stanley was a young man when, with his family, he fled Austria and the persecution of the Jews by the Nazis. He came to New York and walked with his daddy on the lower east side peddling fish. They peddled fish. They did well. Stanley went to school, college, found a job with an aluminum company. He did so well, he ran the aluminum company, and did so well he bought the aluminum company. He died recently around 80 years old. They opened his will and he left \$5.7 million to the United States of America, with deep gratitude for the privilege of living in this great country.

This is a wonderful place for a lot of reasons, and many of them represent the priorities that we are going to debate on the floor of the Senate around the circumstances of this budget resolution.

Yes, let us be critical from time to time, but let us also understand what makes this a good country and a great country, the kind of things that make America a great place in which to live.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. GREGG. I yield 10 minutes to the Senator from South Carolina.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. I thank the able Senator for his kindness.

Mr. President, for the first time in many years, this Senate has before it a blueprint for balancing the budget and reducing the national debt. What a refreshing contrast this budget resolution is to the budgets proposed over the past 2 years by the President. Those budgets called for the largest tax increase in history, continued deficits, a significant increase in the debt, substantial growth in nondefense Government spending, and dangerous reductions in national defense spending.

Mr. President, I support the overall direction of the proposed Senate budget resolution. I commend the chairman and members of the Senate Budget Committee for their efforts in bringing a resolution to the floor which controls entitlement spending, restrains the growth of Government, and eliminates annual deficits.

The next step, while maintaining zero deficit budgets, is to reduce spending levels in order to lessen the tax burden on families and businesses of this Nation. If we are to have sustained economic growth, Government spending must be restrained. A balanced budget amendment and line-item veto

authority would do much to bring about fiscal responsibility. While earlier this year the Senate failed to pass the balanced budget Amendment, I am hopeful that the Senate will pass that amendment this year.

Mr. President, at the beginning of this debate, I stated that we have the greatest nation on Earth. It provides Americans more freedom, more justice, more opportunity, and more hope than any nation has provided any people in the history of the world. I repeat, this great country of ours will be in jeopardy unless we do at least two things. First, we must provide an adequate defense to protect ourselves against the enemies who would destroy democracy and freedom. Second, we must put our fiscal house in order.

With regard to the level of defense spending in this budget resolution, I want to point out a few basic facts. The Budget Committee recommendation endorsed the President's budget submission for Defense. I remind my colleagues that the President's budget proposal was unanimously rejected by the Senate in an earlier vote. Discretionary funding for defense is reduced by \$8 billion from 1995 to 1996 and continues on this downward slide through fiscal year 1998. It is only by fiscal year 2002 that the defense budget is brought back to its 1995 level. I am concerned that this reduced level of spending will not support the force structure or preserve our national security interests. The most recent request for defense supplemental appropriations should be an indication that the proposed budget will not support the required level of training, maintenance, operations and modernization.

A part of our national defense requirement is to provide for those veterans who have served their country. Those who have fulfilled their obligation of citizenship must not be deserted. I am satisfied that this budget protects veterans' benefits and health care.

I recognize that total nondefense discretionary spending is reduced in this budget resolution. However, I would submit to my colleagues that providing for the common defense of this Nation must be our highest priority. Other Senators may have different views on spending priorities. I can assure you that I will have more to say about defense spending, and I look forward to that debate in the near future.

Further, Mr. President, this budget resolution is a good step in the effort to put our fiscal house in order. It provides for restrained growth in overall Government spending. Because spending grows at a lower rate than projected revenue increases, the deficit will be reduced each year, and will be finally eliminated in fiscal year 2002.

This budget resolution provides for real deficit reduction without raising taxes. American families and businesses have carried a heavy tax burden to support the appetite of the Federal

Government. Under present tax policies, Mr. President, capital investment is punished, earnings of senior citizens are penalized, consumption is favored over savings, and America's families keep less and less of their earnings. This resolution says "no" to balancing the budget by additional taxes.

Mr. President, critics of this budget continue to claim the resolution contains a tax cut for the wealthy paid for by cuts on the aged and poor. I will emphasize what has been stated many times on this floor—this resolution does not contain a tax cut. A reserve fund is established to protect what has been called the fiscal dividend. That fund can only be made available for tax reduction after passage of the reconciliation bill. In addition, the Congressional Budget Office must certify the amount of the dividend available for tax reduction.

Mr. President, I am hopeful that there will be a dividend to apply to tax reduction and reform. Our tax system is not only an economic burden, but also an administrative nightmare. The aggravation level of the taxpayers of this country continues to rise. After bringing our budget into balance, we must work toward a fair and simplified tax structure.

Mr. President, I would like to comment on this budget's treatment of various programs which I would categorize as economic security items. This resolution provides for increased spending for Medicaid, Medicare, other health programs, various income security programs, and Social Security. It does not abandon this Nation's long-standing tradition of helping those who are truly in need or cannot care for themselves.

Finally, funding for administration of justice also increases in this budget. Additional funds are provided for the violent crime reduction trust fund and other Federal law enforcement functions.

Mr. President, the Framers of our Constitution clearly established the priorities of our National Government. While we have adapted to meet current needs and circumstances, the underlying principles remain constant—to provide for our common defense, establish justice, and promote the general welfare. While this budget resolution is not perfect, it puts us on a course to reap the promises of this Nation: liberty for ourselves and our posterity. As Thomas Jefferson once said, "And to preserve their independence, we must not let our rulers load us with perpetual debt. We must make our election between economy and liberty, or profusion and servitude." Mr. President, the choice for us is clear—let us choose economy and liberty. I thank the Chair and yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER (Mr. THOMAS). The Senator from Nebraska.

Mr. EXON. Mr. President, I yield 6 minutes to the Senator from Nevada [Mr. BRYAN].

Mr. BRYAN. I thank my friend, the Senator from Nebraska.

I rise to support the Democratic leadership's amendment to restore funding to the Medicare Program.

I believe it is imperative and in the national interest that we balance the budget. I have supported a balanced budget amendment to our Constitution since first embarking on elected public service as a member of the Nevada Legislature in the 1960's. I continued that support as the attorney general of my State and later as Governor, and on at least two occasions as a Member of the U.S. Senate.

In my view, balancing the budget is critical for our economy to remain viable at home and for us to become internationally competitive abroad. Mr. President, this budget proposal that we are dealing with fails the most fundamental of tasks, and that is a task of fairness.

It is rather ironic that it is this month—Older Americans Month—and the month in which the Fourth White House Conference on Aging was held, that the Senate is considering cutting Medicare to the magnitude of \$256 billion over 7 years. It is the same month in which the other body already passed \$280 billion in Medicare cuts. In my view, Mr. President, this is an unconscionable way to address Medicare reform.

Seniors have always been willing to help our country out when asked to shoulder the responsibility. They do not want their children and grandchildren to carry the burden of the financial deficit. They are willing to share it, but not unfairly bear the burden of needed revenue cuts to balance the Federal budget. Let us be clear, Mr. President, these are Medicare cuts, and the impact will be devastating.

But under this budget resolution, the burden is not being fairly shared. Seniors are taking a disproportionate hit, and for what? To help pay for tax cuts to benefit those in our society who are among the most affluent in our country—those citizens making up to \$200,000 a year.

Seniors throughout this country are dependent upon Medicare to ensure access to the health care services they need. I can certainly understand, and I think my colleagues will understand, that their real fear is that the health care system upon which millions rely may be gutted as a consequence of this budget resolution.

In 1993, when Medicare faced a significant cut, I introduced an amendment to the budget reconciliation package of that year to eliminate a large part of the additional proposed Medicare cuts by repealing section 936 of the Internal Revenue Code, the so-called pharmaceutical tax benefit, which provides a tax cut for companies operating and hiring workers in U.S. possessions. The amendment failed. The story was the same. Seniors were asked to suffer an unfair portion of the burden.

Let us not fool ourselves. Seniors understand very well how these massive proposed Medicare cuts are going to directly affect them. They understand health care cost shifting. They know how increases in copayments, deductibles and monthly premiums hit their pocketbooks. They know how Medicare health care access can decrease after cuts are implemented. And, most importantly, they know these changes will mean that they are going to pay more to get less health care coverage.

Seniors also understand, Mr. President, that Medicare costs must be reduced and cuts can be made. We all know there is still a significant amount of fraud and abuse in the Medicare system that siphons off funds from legitimate health care. Changes can be made in Medicare to achieve information savings. No doubt, there are ways to contain explosive Medicare's growth, but in a much less devastating way than the proposal before us.

In Nevada, I hear poignant stories from many seniors, particularly those living on fixed and limited incomes, where only Medicare can ensure health care access. For seniors, the fear is very real that Medicare will be impacted to such a degree by these proposed cuts that they may no longer be able to afford their Medicare deductibles, copayments and premiums. These cuts translate into about \$900 per year per senior by the year 2002 in higher premiums, copayments and deductibles. Over the 7 years until 2002, this means an additional cost of \$3,200 for a single senior, \$6,400 for a couple.

My State of Nevada is impacted most severely. Nevada is the fastest growing State in the Nation. It has also just been named the first choice of seniors seeking a retirement location. Nevada's nearly 200,000 Medicare recipients will soon be joined by thousands more seniors. Nevada leads the Nation with the growth projection of 122.7 percent for the number of seniors age 65 and over from 1993 to the year 2020.

Many Nevada seniors have already experienced the difficulty in finding a physician willing to take new Medicare patients. The growth in the number of seniors seeking medical care coupled with these proposed Medicare cuts will certainly impact their access to Nevada's health care system even further. This will not be a problem unique to Nevada but one seniors across the Nation will face.

Mr. President, Medicare celebrates its 30th anniversary this year. What an anniversary present some Members of the Senate are providing for the Nation's seniors. For 30 years, seniors have had health care services and have not had to fear that an illness will devastate their personal finances. But now, 30 years later, they have much cause to worry about whether Medicare is going to continue to be there for them when they need it, or whether they are going to be able to afford the cost.

We all want to assure that seniors in our States will continue to have health care coverage. We can do that if we take a more reasoned and rational approach to reforming Medicare to sustain its financial viability. I urge my colleagues to support this amendment and to restore \$100 billion of the proposed Medicare cuts as a step for a better approach. Our seniors deserve no less from us.

I yield the floor and thank my distinguished colleague, the Senator from Nebraska.

Mr. EXON. Mr. President, I have been listening with great interest and appreciation to the remarks by my colleague from the State of Nevada, another former Governor, who understands what is going on in the States, who understands the relationship between the State and the Federal Government, and above everything else, recognizes and realizes the obligation that we have to act fairly in our deliberations, discussions and bill-passing here in the U.S. Senate.

Previous to the remarks of the former Governor from Nevada, now Senator from Nevada, we heard an excellent presentation by my colleague from the State of North Dakota.

The Senator from North Dakota is a former tax commissioner of that State. He knows that State. He knows rural America very, very well. Since he has come to the U.S. Senate, we have come to appreciate and respect the dedicated talents that he has with regard to the relationship between the Federal Government and the State government.

Certainly, I thought that the excellent presentation he made with regard to the statements about the budget submitted by the majority in both the House and the Senate deliberations are absolutely a travesty. Kevin Phillips, a noted Republican columnist and spokesman, hit it right on the head.

I have some remarks I would like to make, but I recognize that we are trying to move evenly back and forth. I certainly ask the managing Republican on the Senate side now whether or not he is waiting to speak, or is it his desire that the Senator from Nebraska continue on his remarks that I would like to make?

Mr. GREGG. Mr. President, I do intend to speak, but I am happy to have the Senator from Nebraska proceed, and I will speak after the Senator from Nebraska has completed his statement.

Mr. EXON. I see the Senator from Washington is on the floor. He will seek recognition, is that correct, at an appropriate time?

Mr. GORTON. At an appropriate time.

Mr. EXON. I simply say to my colleague, it would only be fair for him to proceed at this time, and I will follow. Then he has the disposition on his side for the next speaker, to keep it in the regular order.

Mr. GREGG. If that is the wish of the Senator from Nebraska, that is certainly acceptable to me. I appreciate his courtesy.

Mr. President, I want to address a couple of comments that have been made here relative to both Medicare and also to tax elements of this budget because I think there have been attempts to address the issue, but I do not think they have been accurate in their reflection of exactly what is going to happen.

The Medicare trust fund is the issue. Its solvency is the issue. Now, the definition of solvency within the Medicare trust fund was not created by myself or members of the Budget Committee, but created by the trustees of the trust fund.

They have testified, and there have been charts on this floor reflecting this fact, and there has been discussion of this, that the Medicare trust fund could well be insolvent and is going to go insolvent as of the year 2002.

What have we received as a response to this insolvency from the other side of the aisle? Essentially, we have seen nothing—no proposals at all. We have seen them, however, attack with rather significant enthusiasm the proposals coming from this side of the aisle. They have attacked the number which we are proposing to address in this budget in order to try to correct the trust fund problem as being an outrageously high number, a number they have never heard of, a number they cannot conceive of, \$256 billion over 7 years.

I think we need to put that number in some context. If we look at the trustees' report, the trustees of the Medicare trust fund, ironically, four of whom happen to be members of this administration, including the Secretary of HHS and the Treasury Secretary, that trustees' report says that in order to maintain the solvency of the trust fund on an actuarial basis of 25 years, which is the minimum that they suggest, an adjustment in the trust fund must occur of approximately \$262 billion, not over 7 years but over 5 years.

We are talking about \$256 billion over 7 years. We are coming in at a level which is significantly below, significantly below, what the trustees are saying—the trustees being Donna Shalala and Secretary Rubin—is necessary to obtain actuarial solvency of the trust fund.

What does that mean, actuarial solvency? It sounds like a big name, a technical phraseology. What it means, quite simply, is if the senior citizens of this country are going to have the ability to have health care insurance, they have to have a health care trust fund which is solvent.

The trustees have said, as of the year 2002, there will be no more insurance trust fund because there will be no money in the trust fund. In order to have money in the trust fund and to have it for a period of 25 years, they need to have an adjustment of \$262 billion over 5 years.

So the number that we have put forward as our goal for adjusting the trust fund is a very reasonable number and is

one this is absolutely necessary at a bare minimum to assure that the senior citizens of this country actually have health insurance, something which the other side seems to be just ignoring.

They come down here and say we cannot take this money and transfer it to that account, and this money from that account. But nobody mentions that the trust fund is going broke. The President's people have said that in their report.

What does this number mean, again, in terms of the overall context of the Medicare Program? Does it mean the Medicare Program is being cut? That we are talking about adjusting the trust fund, the funds flowing into the trust fund, and talking about adjusting Medicare by this amount of \$256 billion, does it mean the Medicare Program is being cut? That is a big number. It sounds like it might be. No, it does not mean that at all. It does not mean that at all.

What we are talking about with that number is allowing the spending on Medicare payments in this country to increase by 7 percent over the period of that 7-year period.

A Medicare beneficiary who today receives \$4,350 per beneficiary will, in the year 2002, be receiving \$6,300 per beneficiary. There is no cut there.

In fact, in the year 2002, the amount of money that we will spend on the Medicare System in this country will be \$96 billion more than what we are spending today. What we are talking about here is the fact that the Medicare trust fund and the spending for Medicare is increasing so fast—10½ percent annually—that we simply cannot afford it. It is bankrupting itself. As a result, there will be no insurance for senior citizens.

So what we are suggesting is we take the rate of growth of Medicare spending and reduce it to something we can afford. We are not talking about cutting it. We are not talking about even reducing it to the rate of growth of health care in the private sector, which last year premiums dropped by 1.9 percent in the private sector. We are talking about allowing an annual increase of 7 percent in the Medicare trust fund, which works out to a huge amount of increased spending on Medicare over the next 7 years.

It works out to a solvent Medicare System, one that is not insolvent, one where seniors will actually be getting Medicare and have dollars available for Medicare rather than not be getting dollars available for Medicare, because the trust fund would be insolvent if it continues to grow at its present rate.

So this discussion of the attempts by our side to address the Medicare trust fund by putting it into balance and by reducing the rate of growth of the Medicare spending in this country and in this Government is purely political. In fact, it is so political that if we look at the President's own statements from a year ago, we realize that he agreed

with Republicans, and today his party and his administration does not seem to any longer give credence to what they said just a year ago.

The President said a year ago today, Medicare and Medicaid are going up three times the rate of inflation. We propose to let it go up at two times the rate of inflation.

My goodness gracious, that is exactly the Republican proposal. We took the President at his word last year. We took his proposal, and we have a rate of growth of Medicare which is two times the rate of inflation.

But suddenly it is a horrible event. Not only did the President say that, but even Mrs. Clinton said that. She said that the rate of growth was too much and that we had to reduce it. More importantly, she said that cutting the rate of growth was not a cut in Medicare. She agrees with this side. Even Ira Magaziner agreed with.

Mr. GORTON. Will the Senator yield for a question?

Mr. GREGG. I yield for a question, sir.

Mr. GORTON. Mr. President, I say to my friend from New Hampshire that I find these arguments intriguing and, of course, persuasive.

He and I have talked in private about this for some time, but I wonder if he would, for a moment, take the other half of the question. We have a very specific amendment in front of the Senate, a \$100 billion amendment, coming out of the dividends which we firmly believe and the CBO says will arise out of balancing the budget because we have a better economy in the United States.

Now, the proponents of the amendment do not want a balanced budget. They have not come up with a proposal for a balanced budget. But they do want to spend most of that dividend in the form of this amendment, some \$100 billion, dividing it among part A and part B of Medicare—part A the hospital insurance portion being that portion which will go bankrupt in the year 2002.

Let us assume, I ask the Senator from New Hampshire, that half of that money, \$50 billion, just comes in the form of a cash infusion into part A of Medicare but without any other changes because we have not heard of any other changes the other side proposes. What would that do with respect to the projected bankruptcy of Medicare part A in the year 2002?

Mr. GREGG. I think the Senator from Washington has raised a very valid point. What the Senator from Washington is pointing out is, first off, the other side of the aisle has no budget, no proposals at all in the area of entitlement reform. Second, what they are proposing is to take what will be basically a dividend as a result of interest rates dropping and just take money and throw it at the system, a system which is fundamentally flawed, a system which is growing at twice the rate of inflation, and a system which cannot maintain itself.

So the practical implications of what they are proposing is it will have no significant impact on the solvency of the trust fund because it will put into place no attitudes or reforms which will reduce that rate of growth of the trust fund. And what the trustees told us when they testified before the Budget Committee, of which the Senator from Washington is a member, and I know he is an active participant at these hearings, was there had to be fundamental reform of the trust fund, in the way we deliver health care, in order to get it into actuarial balance.

Mr. GORTON. I ask the Senator from New Hampshire, is it not true that the trustees said, "You can either make changes in the rules with respect to eligibility or, alternatively, you can increase the payroll tax?" Am I correct in feeling that they really did not talk about a one-time general funded infusion into the system of cash money, without any reforms on the other two scores at all?

Mr. GREGG. The Senator from Washington is absolutely correct. They did not talk about a one-time cash infusion of, say, \$50 billion into the fund because they recognized that will do nothing to correct the problems which they were highlighting to us. They were saying there was an urgent need for fundamental reform of the manner in which the trust health care is delivered under the Medicare system, in order to get this into actuarial balance. And a one-time cash payment is not going to solve the problem. That is basically, I presume, why they never conceived of the idea, because they are charged with correcting the problem, not with just the political response to the problem.

Mr. GORTON. So the proposal we have before us at the present time will not cure any of the ills of Medicare part A? And may very well unbalance the budget, because it is a contingent amount of money, contingent on our balancing the budget, and certainly will help prevent any kind of dividend in the form of lower taxes to middle-class working Americans; is that not correct?

Mr. GREGG. The Senator from Washington is absolutely correct in all those statements and assumptions, in my opinion.

Mr. ROCKEFELLER. Will the Senator from New Hampshire yield?

Mr. GREGG. I yield to the Senator from West Virginia for a question.

Mr. ROCKEFELLER. It will be a question.

Taking off from what the Senator from Washington has indicated, does it not strike the Senator, in looking at the amendment of Senator LAUTENBERG and myself, that we are not in any way pretending that this \$100 billion is going to cure the trust fund problem? What we are trying to establish is a matter of priorities. Obviously \$100 billion is not going to solve the problem, but neither does the Republican budget resolution before us; \$100

billion kept in Medicare, kept in health care funds, is a statement of what is important as opposed to putting it into some reserve fund which I believe most people in this Chamber believe is going to be used for tax cuts for the wealthy.

So would the Senator not agree that by putting \$100 billion back into health care, we are not so much saying this is going to solve the problem, because obviously it is not—neither does the Republican budget resolution—but is it not a matter of keeping the money in Medicare and not spending it on other uses?

Mr. GREGG. I would have to say to the Senator from West Virginia I would have two concerns about that representation.

The first is this: I do not think, and I believe the numbers prove this to be accurate, that you can get our budget under control, that you can get the budget of the Federal Government under control, unless you address and fundamentally reform the health care function of Federal spending. Because 55 percent of entitlement spending, independent of Social Security which we are not going to address, is health care driven. And, thus, I do not happen to think that you resolve this problem unless you take a hard look at it and you do the work and you produce a reform that is going to change the rate of growth of Medicare spending from 10.5 percent that it presently has in Medicaid, from the 10.5 percent which it presently has, to a rate of growth which we can tolerate which is about 7 percent in Medicare and probably about 5 percent in Medicaid. And those numbers are the numbers that we use in this budget resolution and I think they are reasonable for that reason.

The second part of the Senator's assumption would be, "Well, even if those numbers are reasonable, we should still put this money into Medicare and Medicaid, if it is available, if you can obtain it without doing the reform"—which I do not think you can. In other words, I do not think you can get the 2 percent savings in interest rates which comes from getting a balanced budget, unless you address the health care function which produces the balanced budget.

But even if you get that transfer, what you are saying is that extra \$100 billion should go in there and we should have it on top of the reform, of what would occur from reform. So you are talking about actually encouraging a rate of growth in the health care accounts which would exceed what I think we have to have as a rate of growth in order to have balance in the budget.

The second reservation I would have about the Senator's point is this. There has been all this talk. I think every person on that side who has gotten up has said we are going to take this \$170 billion, which we are told we are going to get. We are not sure we are going to get it. CBO says they will score this if we get to a balanced budget glidepath

and it results from the fact that interest rates go down. It is not a result of any cut in spending. It results from interest rates dropping. We are going to take this \$170 billion and we are going to transfer it back to the taxpayers. We are going to say this is your money to begin with. You ought to get to keep it. You ought to get some benefit out of us balancing the budget.

Everybody has gotten up on that side and said that is a benefit for the rich. You are taking from some group—whether it has been—one group has been children, one group has been unwed mothers and pregnant mothers, and another group has been the elderly—and you are giving it to the rich.

This resolution says that 90 percent of any tax cut—90 percent of any tax cut—has to go with people with incomes under \$100,000.

Maybe there he has a new definition of wealthy in this country, but people with incomes under \$100,000 I do not find, definitionally, as wealthy. So I believe first we should make the tax cut if we get this dividend, because I think it will run to the benefit of people who are today paying the price of running this Government, which is out of control. And, second, since 90 percent of it is going to go to people with incomes under \$100,000 I do not happen to believe that is a transfer to the wealthy.

Mr. ROCKEFELLER. I would say again to the Senator from New Hampshire, what he is suggesting is that we take Medicare money, \$256 billion, and cuts in Medicaid, and use those health care cuts to pay for tax cuts.

Both the Republican CBO Director and the past Democratic CBO Director had a common view on this. The only way to achieve short term savings of this magnitude is to cut doctor and hospital payments and make seniors pay more. Up to half of a senior's Social Security cost-of-living increase would be used to pay for this increase in the cost of Medicare. So you are not only getting them on Medicare but you are getting them on Social Security. Is that not correct?

Mr. GREGG. No. I would say to the Senator from West Virginia that is not correct.

First, as the Senator from West Virginia knows, the manner in which these savings are going to be accomplished—remember our savings rate of growth is not cut—is up to the Finance Committee. But let me suggest some of the ideas we put forward, those of us working in this area, the Medicare area, would have affected not the poor senior but would have affected the wealthy senior.

I, for example, have a great deal of problem with the fact that under the part B premium you have a 75-percent subsidy of the rich in this country by the poor and the moderate-income individuals in this country. Under the part B premium, as the Senator from West Virginia knows, a person who is working 60 hours a week, he or his wife

or both of them working at, say, the local restaurant, they have to pay into the general fund with their taxes. And then a person, say the top 500 retirees from IBM last year, they opt for the part B premium.

They only pay 25 or 30 percent, depending on the year of the cost of that premium. And the other 75 or 70 percent is covered by general funds. So John and Mary Jones, who are working 60 hours a week down at the local restaurant, are paying into the general fund, and then their money is being taken to pay for the top 500 retirees last year from IBM who opted for part B premium.

I happen to think that is wrong. I think we should affluence test the part B premium. Yes, that means some senior citizens are going to pay more. But I happen to think there are some folks in the senior citizen community who are doing quite well, who are quite wealthy, and who under the part B premium, should be paying a fair share.

So there are a lot of different ways that the adjustments in rate of growth can be accomplished.

I also happen to support something which I call choice care where we encourage seniors to move into a managed care, PPO-type of environment where I think we can get a fixed rate of cost on the rate of inflation in the health care system. In that system, I think seniors are going to get more in the way of health care probably for less, and in the process I believe we can get some controls over health care.

But I did want to address one other point. I know the Senator from Nebraska wants to get started on his speech.

Let me mention quickly this tax issue which I think is very important to point out, which is that under this resolution—you can talk about the House resolution. We are not going to vote on the House resolution right now. Maybe we will in the conference. I do not know what will happen in the conference. I am for the Senate position. I think Senator DOMENICI has done an exceptional job with the budget that leads us to balance for the first time in 25 years.

But under our resolution it says that 90 percent of any tax cut benefit will go to people with incomes under \$100,000. So I think we should have an end to all of this discussion of, "Oh, this is just a transfer to the wealthy" because that is a flawed definition of wealthy if the other party is going to suddenly assume that everybody under \$100,000 is wealthy. Then we have a new definition of wealthy in this country.

But what I wanted to end up on is the reasons we need to have this balanced budget amendment. We have heard a lot about it. We have heard it from all sorts of scenarios around here.

But I would like to just refer people to an individual who I consider to be the leading historian of our time, a man named Paul Johnson. I think he teaches at Oxford. I know he is an Eng-

lish historian. He has written a number of really extraordinary histories of the 20th century, including "Modern Times," "Birth of the Modern," and a variety of just extraordinary pieces that are incredibly insightful. He wrote a piece for the New York Times, some of which I agree with and some of which I do not agree with. But the basic thrust of it was incredibly thoughtful, as he often is on what is wrong with this country if we continue to run up this debt.

Let me just quote a little bit from this.

The United States is running the most costly welfare state in history, as well as acting reluctantly, not consistently but certainly expensively, as the world's policeman, and even to eliminate the deficit, let alone reduce the debt, the spending will have to fundamentally be reformed. This will mean, among other things, ending the welfare state as it exists today. It may not be as hard as some people think. After all, it is scarcely a generation old.

The theme of his piece here is if the United States continues to run its present debt, it will collapse or it will be in a horrendous situation.

He points out that we are now ready to act as a country. He finds this unique, and it is a special time, and the time to do it is right now.

He says there are two things that reflect the fact that he thinks we are ready to act. The first is sufficient congressional support, and that has already been achieved, he says. And the second is a prerequisite of popular consensus. Looking at the United States from England, he is determined that is the case, and he is a very astute fellow. Like de Tocqueville, maybe he has a better sense of where we are historically than we have ourselves.

Congress is ready for reform, and so are the people. But history shows that neither means much without a dedicated leader.

I am quoting here:

Normally, one would expect such leadership to come from the President. In the past, the White House has shown a much greater concern for financial probity than Capitol Hill. When Congress passed Mr. Clinton's deficit reduction package during his first year in office, it did so with hardly a vote to spare in both Houses. But Mr. Clinton is not a leader, though he can sometimes be persuaded that it is in his interest to be an energetic follower. No leadership will have to come—

From the Congress. That is paraphrasing, "the Congress." He uses another phrase.

The fact is that we as a Congress have the obligation to do this now. We have the obligation to step up and put forth and present, as we have in the past, the budget resolution to come to a balance.

I want to congratulate again Senator DOMENICI for having done that, and I believe fervently in doing this we will also reform fundamentally the Medicare system so that it will be solvent, and so that our senior citizens will be assured of first-class health care insurance—not for the next 7 years, but for as far as the eye can see.

I yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. I yield such time to myself as I may need.

Mr. President, I have been listening with keen interest, of course, to this entire debate which we started last week and again this morning. The same theme keeps coming through time and time again.

Once again, I would like to correct the impression that my friends on that side of the aisle seem to be giving, or not giving, depending upon your point of view, to what is the majority opinion of those of us on this side of the aisle.

Listening to the rhetoric from the Republican side, you would tend to believe that we were against any balanced budget; that we do not want to be players in the game; that we simply do not seem to realize that the Republicans have stepped up to the plate, and they have by bringing forth a resolution that I agree took some courage. I have said that time and time again in the Budget Committee and on the floor of the U.S. Senate.

The problem that I have with the spin that the Republicans are trying to give to this entire proposition is that they and they only are the only ones that care about balancing the budget of the United States of America. I think the record clearly shows that there are many of us on this side who have been trying to do that for a long, long time and we are simply trying to make some improvements, some improvements, some fine tuning, some minor surgery, if you will, with regard to the document that has been presented to us by the majority through the might and power of the majority in the Congress of the United States.

I, therefore, emphasize once again—let me make this statement that I do not think has been made before, and I do not propose to speak for all on this side of the aisle—that I believe that the Republican steamroller, the Republican majority has rejected every one of even the minor changes that we offered in the Budget Committee, and have every indication of saying no, no, no to anything that we even suggest here. They might be surprised if they would simply realize and recognize what we are constructively trying to do on this side of the aisle despite their protestations to the contrary.

What we are saying is that we recognize some significant cuts have to be made, but we simply say to our Republican colleagues, who are in control, why not reason together? Why not come out with a bipartisan budget so that we all have to share in the pain, if you will, of making some cuts in many programs that otherwise we would not like to cut.

To put it another way, Mr. President, I believe, if the Republicans would accept the amendments, the constructive, well-reasoned, well-thought-out

amendments not to eliminate the cuts but just to redistribute the cuts within their framework, within their totals, without disturbing the goal of 2002 to balance the unified budget, without making any major changes to get to that end result, we might be willing to support their budget. We Democrats are simply saying why not listen to us and listen to what we are saying, especially about Medicare.

Now, the hit that Medicare is taking is unconscionable when you recognize and realize the results of what it will do. I have heard time and time again from that side of the aisle, and I heard it again this morning, there has been no proposal from this side. That is simply not true. Time and time again in the Budget Committee and on this floor—and you are going to see more of it in the next couple of days—we have had a whole series of amendments.

What we are basically saying, Mr. President, is that the Republicans should recognize and realize, with all of the difficulty, with all the cuts that we are going to have to make to reach that balanced budget by the year 2002, there is no way that any reasonable person, whether they figure with a red pen or a blue pen or a black pen or whatever colored pen, can come to any logical way to balance the budget by the year 2002 and have a tax cut. There is no way to make all the painful cuts we are going to have to make—and we are ready to stand in support of some of those—if you are going to have a tax cut. And the tax cut is the tail that is wagging the dog on this Republican budget.

I do not wish to call the Republican budget a dog because there are some good things in that budget. I simply say that we can make it a whole lot better if you will simply listen to the reasoned approach and proposals we are making.

Putting it another way, you cannot have your cake and eat it, too. You cannot reach that deficit reduction proposal and balance the budget by the year 2002 if you are going to have the massive tax cuts passed in the House of Representatives. It is a sham. It will not work. Anybody who knows anything about the budget knows it will not work. And even if it should work by the year 2002, which it cannot in my opinion, because of the magnitude of the huge tax cut passed in the House of Representatives that benefits the wealthy we would immediately unbalance the budget in the next 2, 3, 4, or 5 years beyond that.

My colleague from North Dakota pointed out very well what Republican commentator Kevin Phillips had to say about these two Republican budgets, one in the House and one in the Senate. The question that he asked is, who are the winners and who are the losers?

Well, we are all going to be winners if we get to a balanced budget by the year 2002, but there obviously are going to be some losers, and although some of those losers are the traditional part

of society that the Democratic Party has shepherded and protected to some degree, we are willing to make those sacrifices.

I simply say to my Republican colleagues on that side of the aisle, if you would take the \$170 billion you have in that kitty for a tax cut—and despite the newspaper stories and commentators to the contrary, there is a tax cut in the Domenici package. Senator DOMENICI himself in the Budget Committee deliberations in public said the \$170 billion that likely will come along sometime later as a dividend, if you will, from the cuts that are being made can be used and used only for a tax cut. It is not in the budget right now, but it is in the budget on down the line and it is so identified. I simply say to those on that side of the aisle, if you would come to reason, if you would try to work with us, if you would give up the \$170 billion, or most of it, to not eliminate but alleviate what we think is an unfair cut on many programs that affect the most fragile of our society, then you would be surprised how many votes there would likely be when this budget resolution passes the Senate. I would say 60, 65.

But I simply say that absent that, absent the ability of the Republicans to give, absent the ability of the Republicans to keep their house in order and to keep their votes in line, maybe they dare not change the dotting of a single "i" or the crossing of a single "t." I appeal once again as I did when we started this debate. Let us try harder on a nonpartisan position.

And then I have heard, Mr. President, this talk about, oh, there is nothing wrong with giving the people a \$170 billion tax cut as a reward, I guess, for the sacrifices that they have to make to balance the budget. I think that is a simple direct case of wanting your cake and eating it, too. We should not have to reward the people of the United States, and I do not believe the people of the United States—Democrats, Republicans, independents, call them what you will—believe they need to be bought off by a promised tax cut to make the hard choices to balance the budget by the year 2002. That is a case which I think has not been made well by those on that side of the aisle, but they say it so many times some people may begin to think they really are saying something important.

There has been a lot of talk about Medicare. Medicare and the hit Medicare is taking is of much concern to those of us on this side of the aisle. There has been lots of talk as evidenced by the recent exchange between the Senator from West Virginia and the present manager on that side of the aisle.

The basic point seems to be that you have to go along with their recommendations, with their numbers in their fashion because otherwise the Medicare trust fund is going to go broke by the year 2002.

We have to do something about it. We all recognize that it is a problem. But if you will look into the details, or lack thereof, of what the Republican majority is proposing, you will see that even if we would accept their proposal lock, stock, and barrel, the solvency of the Medicare trust fund would only be extended to the year 2005, or 3 more years.

And yet to listen to their rhetoric you would believe, if we accept their budget proposal lock, stock, and barrel, that we would solve that problem as well. We do not have enough figures to know whether or not if their proposal was enacted, because it is so lacking in details, it would continue to make the Medicare trust fund solvent to the year 2005, 3 years beyond the date that it otherwise is expected to be insolvent.

I simply say that no specifics are available to us. But I wish to emphasize once and for all, if I can, the fact that even if we accept the Republican budget we have not solved the long-term solvency of the Medicare system.

Why are we suggesting, Mr. President, without violating the 2002 date to balance the budget without raising taxes, without doing anything else that the Republicans would generally think would be harmful, why are we saying that the \$250 billion to \$280 billion cut in the next 7 years would be so devastating? And why is it that those of us on this side are saying we recognize some reductions are going to have to be made in the Medicare and Medicaid Programs but we are simply saying you are going at this without thoroughly thinking it through?

You are going to cause devastation to the system in a whole series of areas, primarily in the rural areas of America which, in this Senator's opinion, have too few representatives in this body and certainly too few in the House of Representatives.

To bring this point home, I would like now to read an excellent article that was referred to originally this morning earlier in debate by the Senator from Maine. It was a New York Times article of yesterday, May 21, 1995, under the byline of Robin Toner.

I want to read this into the RECORD because it basically proves, beyond any question of a doubt, that the point that myself and others—Senator ROCKEFELLER is included in that; and the Senator from New Jersey has been very active—are trying to say as to what is wrong with the indiscriminate slashing or crushing of the Medicare and Medicaid proposals without having thought through just exactly what we are doing.

The referenced article that I will now read is headlined "Medicare Talk Brings Anxiety to the Heartland."

To Mike Brown, who runs a tiny county health care center about an hour's drive from here, the \$250 billion or so in Medicare savings that Congressional Republicans want to achieve over the next seven years is more than an abstract figure in a Washington budget battle.

Like many rural hospitals, his center, Saunders County Health Services, ministers

to a population that is largely elderly and exceedingly dependent on Medicare. The health insurance program for the elderly accounts for about 40 percent of hospital revenue nationally but for more than 80 percent of the hospital revenue at the Saunders County center.

As a result, Mr. Brown said one cool spring morning this week, he fears that new spending controls on Medicare would have a significant impact on his 30-bed hospital. It lost money last year, hopes to break even this year and has been struggling since the mid-1980's, he said.

In a little burst of feeling amid the dry policy talk, he argues that his center has "real value" for its aging population, often cared for by aging children, for whom the drive to Lincoln or Omaha for regular treatments would loom large.

When planners and politicians talk about potential "disruptions in the health care delivery system" from the new Republican budgets, they are often talking about hospitals like this one. But even in Omaha, in the high-rise temples of medicine that dwarf the one-story Saunders County hospital, the Medicare policies being created in Washington instill anxiety and frustration.

Hospital administrators say that they are not trying to preserve or defend the status quo and that they recognize the need for restructuring of the Medicare program. But they say they have already taken numerous steps to control their costs, and they bristle at the idea that there is still a great deal of easily identifiable fat to be quickly wrung from the system. Even here in Omaha, a comparative latecomer to the competitive new world of managed care, hospitals say they have felt increasing cost pressures from private payers in recent years.

Given all these forces in play, and the expectation of new constraints on Medicaid at least as tough as those proposed for Medicare, several hospital administrators here said they feared that Congress was moving too far, too fast.

"I'm confident that we can come up with a better system for caring for Medicare patients and doing it in a more economical fashion," said Charles J. Marr, president and chief executive officer of Immanuel Medical Center, a nonprofit hospital sponsored by the Lutheran Church of America. "But they shouldn't throw us into a tailspin and force that change over a short period of time."

John M. Fraser, chief operating officer of Methodist Hospital, across town, noted more than once during an interview that he is a Republican and said both deficit reduction and a Medicare overhaul were valid issues.

"But you don't do this in six months on Capitol Hill," he added.

Republicans, of course, maintain that extracting these savings from Medicare is essential to insuring the continued solvency of the 30-year-old program. Under their plans, they note, spending on Medicare would continue to grow, just at a slower rate than the current average of about 10 percent a year.

Representative Jon Christensen, a Republican freshman who represents Omaha, and who voted for the House Republican budget this week, declined an interview request. But he issued a statement defending the plan.

"The simple fact is that Medicare is going bankrupt," he said. "Would it hurt Nebraska's hospitals less to let the Medicare program collapse?"

Many health planners dispute Mr. Christensen's argument that this level of reduction projected spending is necessary for the sake of the Medicare system. Democrats, for their part, assert that Republicans are simply using Medicare as a piggy bank to pay for their political promises of a balanced budget and a tax cut.

Nobody yet knows how these spending reductions will be achieved or how much they will affect payments to hospitals; that will be resolved later this summer.

What is clear, away from Washington, is not only how enmeshed Medicare is in the health care system but also how vulnerable that system is to large-scale changes in the program.

Here in Nebraska, state officials say, it is the rural health care system that is most "fragile," as Dr. Mark Horton, the state director of health, put it. Eighteen percent of Nebraska's rural population is over 65; many of the hospitals in rural areas, and many of the primary care physicians there, are exceedingly reliant on the Medicare program. Tinkering with its complicated reimbursement system, which some hospital officials say already makes it hard for them to recover the cost of rendering care, can thus have a major effect on the overall health system, officials say.

"You could argue that maybe some of these hospitals should close," said Dr. Horton. On the other hand, he added, these small community hospitals are often the most cost-effective places to treat common ailments like pneumonia.

Mr. Brown's center, which also depends on a county levy, includes a small attached nursing home, an outpatient clinic and a home health care agency. Its hospital beds are generally filled with patients suffering from pneumonia and other heart and lung ailments that afflict the aged, he said. There is little flexibility in his budget. "When you don't have any private paying patients to speak of," he said, "there's no place to shift the cost to."

Harlan M. Heald, president of the Nebraska Association of Health Systems, said of the expected round of spending reductions, "The more Medicare patients you have in your mix, the more it's like that old Nebraska farm joke: if you're not making back your costs, you're not going to make it up in volume."

C. Edward Schwartz, chief executive officer of the University of Nebraska Medical Center, works at the opposite end of the spectrum from Mr. Brown. Mr. Schwartz runs an academic medical center that prides itself on its liver, bone-marrow and pancreas transplant programs. Yet he too describes Medicare as "absolutely crucial" to his institution's future, in part because the program recognizes and helps subsidize the cost of medical education at such centers.

Mr. Schwartz argues that the people who should be most alarmed about new controls on Medicare are private employers, because of the prospect that hospitals will be driven to renewed cost shifting. "We have to be honest with ourselves," he said, adding, "I thought business was well past the point of wanting to pay the taxes Congress didn't want to collect."

The great debate over Medicare, in short, looks decidedly less abstract at the grass roots, a fact that opponents of the Republican proposal are counting on in the months to come.

Diana Smalley, chief executive officer of Midlands Community Hospital, a 208-bed center south of Omaha, said she was looking forward to putting together a health forum for Representative Christensen, whom she met at a recent function of the local Chamber of Commerce, As head of the chamber, Mrs. Smalley is more than able to brief her Congressman on the importance of her hospital to the community's economy. It is the largest civilian employer in the county, she noted.

"I'd rather work with him if I can," she said. "I admire, I guess you could say, the zeal that we see to get things done. I just worry about the time frame."

That is the end of that excellent article which sums up the disastrous effect that the size of the Medicare cuts, as recommended by the Republicans, would have not only on Nebraska but every other State in the Union that has a sizable rural population.

Mr. President, I will have other things to say with regard to what I think is an ill-advised policy. I offer, again, to try and sit down with the Republicans and work something out. I think it would be far better if we had a bipartisan compromise that embraced many of the hard choices that the Republicans are making.

I will simply say that if the Republicans can come and reason with us together, even though we are in the minority, if the Republicans will renounce lock, stock, and barrel any kind of a tax cut until we actually balance the budget in the year 2002 then we would take a giant step toward a true bipartisan and a tough budget that is going to hurt.

I appeal once again for the Republicans simply to recognize and realize that the proposals we are making in the amendment before us do not eliminate the cuts to the Medicare system. The amendment simply reduces those cuts and makes them barely palatable by alleviating \$100 billion of those cuts and taking that money from the \$170 billion tax cut kitty that is clearly represented in the Republican budget.

I thank the Chair, and I yield the floor.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER (Mr. BENNETT). The Senator from Washington.

Mr. GORTON. Mr. President, I am authorized to yield myself such time from Senator DOMENICI's time as I may use.

First, by direction of the leadership, I ask unanimous consent that the vote now scheduled for 3:15 p.m. be advanced to 3:10 p.m.

Mr. EXON. Mr. President, we have no objection to that and agree to that on this side of the aisle.

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

Mr. GORTON. Mr. President, too far too fast. That now is what we hear. We are going too far too fast in our quest to balance the budget and to save the Medicare trust fund.

Only here, this budget, if passed and enforced, promises a balanced budget in the year 2002. As I count, that is 7 years from now, but too far too fast, we are being told. Better perhaps the proposal of the President for budget deficits of \$200 billion to \$300 billion a year, all the way through the year 2002, with no promise of any reduction? That, presumably, is not too far too fast.

But, Mr. President, it is too disastrous for our country and too immoral for the children and grandchildren who will have that bill loaded on their backs.

Too far too fast to save a Medicare trust fund for hospital insurance scheduled to be bankrupt in the year 2002?

Too far too fast to do that now? Will it be easier next year or 3 years from now or when the bankruptcy actually arrives?

This amendment is consistent with the view that we are going too far too fast. This proposes to cut \$100 billion out of the reduced spending growth in one particular program, and then it will be followed by amendments to cut back on spending reductions or a slowing in spending growth of additional tens or perhaps hundreds of billions of dollars, all consistent with the view that we are going too far too fast. That while a balanced budget may be desirable someday, please, Lord, do not let it take place in our day, send that responsibility on to someone else.

This particular amendment is of a rather interesting nature, because this \$100 billion of spending over what would be authorized by this budget resolution is not balanced by increasing the amount of money going into the hospital insurance trust fund from payroll taxes at all. In fact, we do not know how much of it would be used to stave off this bankruptcy of that fund.

If we assume, however, that half of it would go for that purpose, it would postpone that bankruptcy by about 6 months, Mr. President—6 months of time during which presumably there would be no attempt to deal with the fundamental causes of that bankruptcy, no attempt to deal with the 10.5-percent increase in expenditures for Medicare each and every year.

This money simply comes out of a reserve fund. What is the reserve fund, Mr. President? The reserve fund is the economic dividend for balancing the budget. We are told by our Congressional Budget Office that at least this year, we are all using its figures and estimates—we are told by the CBO that if we put laws in effect which reform the spending patterns of the assistance, which preserves that Medicare trust fund, among other things, but which get us to balance in the year 2002, the economy of the United States will react so positively and so affirmatively, interest rates will go down, people will be better off, that we will actually be \$170 billion ahead.

So we have said in this budget resolution that if in fact we take this hit, if a number of programs do spend less money—no question about that—the American people ought to be entitled to a dividend, a modest tax reduction, 90 percent of which will go to middle-class working Americans under the provisions of this budget. Oh, no, the other side says, we could not possibly do that. We have to spend it. But, of course, they are spending it before they get it. If you put another \$100 billion of spending back into this budget, you do not get to a balance. I presume under CBO's figures, you do not get the reserve fund of the dividend at all. So we are spending money not only before we get it, but before there is any assurance that we are going to get it at all.

That is the nature of the proposal that we have before us right now.

Now, there is no way that I can fault the sincerity or devotion of the senior Senator from Nebraska to a balanced budget. He was one of a relatively small number of Members of his party who voted for a balanced budget amendment which, Mr. President, would have required the budget to be balanced by the year 2002. We could not have argued too far, too fast had that amendment been a part of the Constitution. But most unfortunately, he seems to speak for very few Members on his side of the aisle. Even by his own estimate, we only get 54 votes on this side of the aisle and 60 votes if we do it his way. That assumes that everyone on this side agrees to forego even the remote possibility of any tax cut for a 7-year period, even for middle-class working Americans.

But as we have listened to debate on this specific amendment, it has not been limited to a complaint that we should spend more than the budget resolution authorizes on Medicare. Oh, no. We have heard it on money for agriculture, not just for Medicare but for Medicaid, for education, for veterans, and for other health programs. Lord knows, I have been here all the time, perhaps for all kinds of other programs, as well. We could spend that dividend three or four times, Mr. President, and not have satisfied the spending desires of the great bulk of the opponents to this budget resolution.

So I ask myself, should we pass this amendment? Will we suddenly have a budget resolution supported by a wide range of Members on the other side? Will it suddenly become almost unanimous? Not from what we have heard so far, Mr. President. This will be only the beginning. There is no way that we will be able to satisfy the desire for spending and have a balanced budget without having a very large increase in taxes, which I may say to this point has not been proposed.

Now, my good friend from West Virginia says that this amendment is really just a symbol, a symbol of our need for health care. I agree that it is a symbol. But I believe with what is going to follow on with it that it is a symbol for the need to spend far more money on a wide range of programs than can possibly be accommodated, not only in this budget resolution but in any budget resolution which leads us to a balance by 2002. So "too far, too fast" really is the slogan that we are hearing from the other side during the course of this debate.

But this amendment goes at our very desire to put Medicare on a path under which spending will increase not only overall in Medicare, but for each individual beneficiary by close to 50 percent—35 to 50 percent—during this 5- to 7-year period. And also it will result in this country's getting all of the dividends from the point of view of greater

opportunities, more jobs, higher incomes, that will come out of the fact that we balanced the budget.

The trustees of the Medicare health insurance system have told us that it will go bankrupt. They have told us that we need to do something about it. They have not suggested that we just take more money out of the general fund, which does not have any more money, and put it into it. They have told us we need to do something. We propose in this resolution to do exactly that.

Yet, Mr. President, even that is not a totally consistent view from the other side. We have had one of the Senators from North Dakota here in the course of the last couple of hours bringing up that argument that was made, and ultimately defeated the balanced budget amendment, that we are not really balancing the budget at all because we are counting Social Security trust funds and expenditures as a part of a unified budget, and that we will still be more than \$600 billion out of balance.

Now, it may be that the Senators from North Dakota have promised us a budget resolution which will save another \$600 billion in some respect or another, though we have not seen it yet. I can only say at this point that when that position was first put forth by the Senators from North Dakota, the Washington Post columnist Charles Krauthammer said this:

In my 17 years in Washington, this is the single most fraudulent argument I have heard. I don't mean politically fraudulent, which is routine in Washington in a judgment call anyway. I mean logically, demonstrably, mathematically fraudulent, a condition rare in Washington and not a judgment call at all.

Why does he make that point? He makes it for the simple reason that from the perspective of this country and society as a whole, a budget deficit is a very simple proposition. It is the amount by which the number of dollars expended by the Federal Government in any year for any purpose exceeds the number of dollars that are brought in by taxes or fees or anything else. That difference is the amount of money that must be borrowed by the Federal Government for one purpose or the other. That is the amount of money that drives up, or if it goes down, will lower interest rates. That is the amount of money that is taken out of the savings of the country as a whole.

Under that definition, with a perfect security for the Social Security trust fund, this budget, the budget which is before us now, will by its best figures lead to a balance in the year 2002. It will prevent the bankruptcy of the Medicare health insurance trust fund by the year 2002. Appropriate reforms will see to it that it can go on indefinitely. That, Mr. President, is why this budget resolution has already had positive impacts on the value of the American dollar and on lowered interest rates, and why it will have far more if it is actually passed and enforced.

Without changing, that will turn it from something that is real to something which is a mere fiction.

Mr. ROCKEFELLER. Would the Senator from Washington yield?

Mr. GORTON. The Senator from Washington will be happy to engage in a conversation with the Senator from West Virginia on his time.

Mr. ROCKEFELLER. Mr. President, just a short minute.

I would have to say to my good friend from the State of Washington that he did mischaracterize what I said. I think it is important for the RECORD that the mischaracterization be straightened out.

I did not at all suggest \$100 billion was symbolic. What I suggested was that we were not obviously going to be able to create a solution to the long-term trust fund problem by the \$100 billion, but that we sure as heck are not, as is the case in the budget the Senator proposes, doing this massive cut in Medicare, thus causing seniors to have to pay out of pocket and dip into their Social Security cost-of-living adjustment.

In no sense did I mean it was symbolic. It is anything but symbolic. We would be bringing relief to senior citizens, and for that matter also to Medicaid.

I really must object to the use of the word symbolism because I never did say that. I used the word priorities. It is a question of priorities. I want the RECORD to be clear on that.

Mr. GORTON. Mr. President, I stand corrected by my friend from West Virginia. I understood him to say that the amount of money was symbolic of the problems that he felt this budget resolution created. Symbolic in the sense that even were it restored, it would not solve all of the problems the Senator from West Virginia saw in the health care portions of this budget.

I am delighted to have him characterize his position in his own way.

Mr. LIEBERMAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. LIEBERMAN. Mr. President, I yield myself 10 minutes from the time controlled by the Senator from Nebraska [Mr. EXON].

Mr. EXON. Mr. President, I yield 10 minutes.

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

Mr. LIEBERMAN. Mr. President, I rise to support the amendment that is offered by my colleagues from West Virginia and New Jersey, Senators ROCKEFELLER and LAUTENBERG, and in doing so, as the debate here in this Chamber goes from side to side, I want to point out what may be missed in all of this, which is that there is remarkable—some might say historic; I would say necessary and appropriate—agreement between and among the various parties to this debate about the problems we face and the need to take action.

The Budget Committee proposal brought up under the chairmanship of the Senator from New Mexico—we use the word cut but what we really mean here is slowing the growth in spending for Medicare and Medicaid by \$431 billion.

This amendment, offered by Senators ROCKEFELLER and LAUTENBERG, will diminish that slowing of the rate of increase in spending on these two health entitlements by \$100 billion. The result, if the amendment should be passed, would be that the increase in spending on Medicare and Medicaid would be cut by \$331 billion.

Now, Mr. President, as the debate goes back and forth I think it is critically important that all Members stop and appreciate the consensus that is found here.

I would guess that very few in this Chamber would have predicted a year ago that we would be here debating whether to cut \$331 billion from the increase in growth of Medicare and Medicaid, or \$431 billion. Those are numbers well beyond what was thought to be politically possible. But not well beyond what most experts and what most Members in this Chamber certainly acknowledged privately was fiscally and governmentally responsible if we were to save the Medicare and Medicaid programs, certainly save Medicare from the bankruptcy that has been predicted, in 2002, by the fund's own trustees. And in that sense, to protect the Medicare benefits of millions of Americans, including about half a million that live in the State of Connecticut.

I give the Senator from New Mexico, the Budget Committee chairman, a lot of credit for shaping this debate both on the question of the need to take hold of the Medicare program, to save it; and second, on the overall national imperative to bring our books into balance by a date certain.

It is interesting that all of the amendments put in by the Democrats here still accept the goal of a balanced budget by a date certain, which in this case is 2002.

Mr. President, it is not only fiscal necessity and the desire to avoid the bankruptcy of the Medicare trust fund, certainly part A, and the deprivation of health insurance benefits for all those who benefit from that fund, but it is the acknowledgment—and I need not speak at length on this but just to note—the acknowledgment that the health entitlements are growing out of proportion to the rest of our public spending, have experienced double-digit increases in spending.

In a very real way, they are threatening to swallow up—if we let this growth go unchecked—so much of what we consider to be the Federal Government, and not just to swallow it up but to make it impossible for Members and those who follow the debate here in Congress and the White House to deal effectively with the Nation's problems, and putting in jeopardy—because we simply will not have the money—our

ability to provide for our Nation's security, with an adequate defense abroad, and a decent, tough, and comprehensive war against crime here at home. Making it impossible to invest in our future through programs of education, basic research, child development, training, job creation. Making it ultimately very difficult, if not impossible, to reform the welfare system, because most people who have looked at this acknowledge we cannot do that without investing a little money in getting people off of welfare.

This growing bipartisan consensus, which may be lost as the debate shifts back and forth on these amendments, is real and is based on a bipartisan understanding that unless we grab hold of entitlement spending we are not only going to lose the benefits that these programs provide, we will lose our ability to provide for the future of our country, the future of our children, and the future of our work force.

However, Mr. President, I think it is very important, acknowledging the historic steps that we have taken on both sides to try to control the growth in Medicare spending, to say that this simply cannot become a debate of numbers, a debate of accountants.

If all we are talking about, and all we are arguing about, is how much we are going to cut Medicare, the growth in Medicare spending, we will have not fully carried out our responsibility. If all we do is to cut the existing system, we will not have dealt fundamentally with our problem and we will, in fact, create severe difficulty for the beneficiaries of these programs and for the providers.

People have talked about three ways to achieve reductions in increases in the Medicare program: increase payments for the fund by, for example, increasing premium contribution for wealthier Americans; we can decrease payments to providers for their services; or we can reform the basic structure of the Medicare system so that it delivers care more cost effectively.

That, Mr. President—reforming the basic structure—is what I hope the majority in this Chamber will be committed to. That is the road to truly protecting and saving the Medicare system and saving the rest of the Federal Government that will be eaten up by health entitlements, as will the future of our children and our Nation.

There are interesting ideas around about reform. Some, for example, have suggested that we make preferred provider plans available to Medicare recipients and that such plans can deliver care more efficiently while maintaining choice.

Others are discussing more dramatic changes. I must say these are the ones that appeal to me most, such as moving toward a voucher system in which the Government provides a fixed amount of money by way of a voucher to those who are eligible for Medicare, enabling them to go out into the private markets and purchase their own

health care coverage. That is the way to truly empower the recipients, to break them free from a lot of the complexities of the current system and to bring competition into the Medicare Program, which is so significant a part of our health care apparatus, just as competition is coming in so effectively to the rest of our health care system.

The pace of change to the Medicare Program should be determined by our ability to maintain confidence in the program; the credibility of the program financially; and, the quality of the services delivered under the program to those who are the beneficiaries.

Let me talk briefly about two comments that have been offered, two positions taken, as to how to proceed down the road to reform. The Budget Committee majority has proposed establishing a bipartisan commission to advise Congress on how best to meet the level of cuts set forth in the budget. Some of my colleagues, on the other hand, have argued that we simply should not pursue Medicare reform outside of the context of broad-based health care reform.

I am not truly comfortable with either of these positions. It may be in the end that a commission is necessary to deal with these problems. But it takes time, and I believe we know what our options are now. I would sure like to see this Congress, led in this Chamber by our Finance Committee, take a first crack at seeing whether we can, not just cut Medicare spending increases, but whether we can reform the fundamentals of the program.

When it comes to the argument that Medicare reform must be part of overall health care reform I would say this: in the best of all worlds that would be the way to proceed. But if we learned any lesson from the futile attempts to adopt universal and comprehensive health care last year, it is that if we wait to reform the Medicare system until we can have overall health care reform we will not have Medicare reform, and we will probably not have overall health care reform either. We simply should not postpone Medicare reform because the problems facing Medicare are too critical for us to delay.

The fact is, recent innovations in health care delivery in the private market have created a revolution without governmental direction and paved the way for new approaches to deliver care to the elderly through Medicare reform. We should take advantage of those private sector innovations and try to apply them to the Medicare Program. The private sector reforms that are going on now are driving change. It would be a strange result indeed if the private markets reform themselves to more efficiently and cost-effectively deliver health care and the governmentally operated health care programs are left to run without the benefit of competition and without the benefit of reform.

So it is with these thoughts in mind that I will be supporting the amendment offered by Senators ROCKEFELLER and LAUTENBERG, acknowledging and expressing some appreciation for the consensus that is here beneath the debate. We are on the road to a balanced budget by a date certain. We all acknowledge that we have to limit the growth in health entitlement spending to save those programs for the beneficiaries.

Finally, I hope we will come to a similar consensus that cutting the growth just in dollar accounting terms is not enough. We have to reform the fundamentals of the program to save it, empower the beneficiaries of the program, and take full advantage of the marketplace competition that is being so productive and beneficial to people in the private sector today.

Mr. President, I thank the Chair for the opportunity to address the amendment and I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, with the consent of the majority leader and at the suggestion of the manager of the bill on the other side, I ask unanimous consent the period of time in this debate between 2 p.m. and the vote at 3:10 p.m. be equally divided and be under the control of the Senators from Nebraska and New Mexico.

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

Mr. GORTON. Mr. President, I yield 10 minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. GRAMS. Mr. President, looking for leadership on the budget from the opposition these days is a little like playing "Where's Waldo?"

If you look long and hard, you may eventually spot it, but there is not much there and it is certainly not easy to find.

This important debate over this year's budget resolution very clearly demonstrates my point.

For years, the Democrats have passed budgets which increased taxes, increased spending, and gave us the massive deficits which have dragged this Nation nearly \$5 trillion in debt.

In 1993, President Clinton continued that trend, and even went a step further. His budget contained the largest tax increase in history, \$275 billion, and spending increases, and more deficits.

But the Democrats praised it up and down. "It is going to take this country in the correct direction, in a good direction, in the right direction," said one of my Democrat colleagues.

Over and over again, the President and the Democrats in Congress challenged Republicans to offer up an alternative.

Listen to the words of my good colleague, Mrs. BOXER, the junior Senator from California:

So I say to my fellow Republicans: Where is your budget? Show it to us. I want to see it. Don't give me amendments that do something here and there, because that is not constructive.

We delivered an alternative budget—one which reduced the deficit through spending cuts, not tax increases.

I, in fact, drafted an alternative of my own—Families First—which I introduced in the House and which was carried here in the Senate by my distinguished colleague, Mr. COATS of Indiana.

Our budget not only cut spending, it cut taxes for families and moved the Federal Government in an entirely new direction.

Away from the Washington Beltway, Families First was praised by the taxpayers.

But here on Capitol Hill, with the Democratic majority in charge, it never had a chance.

In August 1993, under the leadership of the President and a Democrat House and Senate, the largest tax increase was passed into law.

Now the tables are turned. Under the guidance of our distinguished budget chairman, Republicans have offered up an historic plan which would balance the budget within the next 7 years.

I am proud of the work of the Budget Committee.

Yet, those same Democrats of 1993 who called so loudly for a Republican budget alternative, have failed to offer up any alternative of their own this time around, just a lot of little amendments that do something here and there.

In fact, the only Democrat to offer up an alternative is President Clinton, and he is required to do that by law. But the President's budget was so far from what the people called for in November that not one Senator voted for it—Democrat or Republican.

That is some serious back-peddling. Two years after passing the largest tax increase in history—and boasting they reduced the deficit without a single Republican vote—Senate Democrats joined Republicans in rejecting the President's fiscal policies by a vote of 99 to 0.

Unlike Mr. DOMENICI's balanced budget, the President's budget would never balance. In fact, his budget plan calls for another \$1.2 trillion in deficit spending over the next 5 years.

Under the President's budget, the deficit will continue to rise every year, until it reaches nearly \$300 billion in the year 2000.

Kings can abdicate their thrones, generals can wave the white flag of surrender, a chess player who gets backed into a corner can forfeit the game, but the President of the United States is not supposed to just throw in the towel when the going gets a little rough.

Times have changed. So if President Clinton is not serious about reducing the deficit and balancing the budget, I ask the Democrats here in the Senate the very same question they asked us 2

years ago, using their very own words: "Where is your budget? Show it to us. I want to see it."

In 1993, Republicans did put up alternative budgets that we did support and that we did vote for. But it is not the case this year.

The distinguished Democrat leader says he accepts the goal of producing a balanced budget by 2002. But he is not willing to actually do anything about it, because, and I quote, "We don't have the votes, so there's no point for us to lay out a comprehensive substitute." We did not have the votes in 1993. But we did lay out a comprehensive substitute alternative budget.

Well, I certainly hope we can count on his vote for Mr. DOMENICI's balanced budget.

I ask my colleagues on the other side of the aisle: how do you plan to improve, preserve, and protect the Medicare Program from going bankrupt, as it would under the President's plan?

If you are intent on spending as wildly as you have in the past, how do you plan to balance the budget within 7 years? With new taxes? If so, which taxes are you going to raise? The people have a right to know.

Mr. President, the Democrats may find that it is easy to complain about the Republican's budget, but you cannot beat something with nothing. And that is what the Democrats have given us: nothing. It is clear, Mr. President, that they do not want to tell us how they are going to balance the budget without tax increases, because they have absolutely no intention of ever doing it. So I make one suggestion to my colleagues on the other side of the aisle. Being in the minority does not give you license to simply gripe and complain. It does not free you from the responsibility of representing your constituents.

If you vote no on the budget resolution, then you had better find something on which you can vote yes for. We did it in 1993. Or else, the voters will have every reason to vote no themselves when you turn to them in November.

Thank you, Mr. President.

I yield the floor.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. EXON. Mr. President, how much time does my friend and colleague from Nebraska seek?

Mr. KERREY. Fifteen minutes.

Mr. EXON. I must tell the Senator that I have nine Senators who wish to speak between now and 2 o'clock. I am cramped for time. How about 8 minutes?

Mr. KERREY. Eight minutes will be fine.

Mr. EXON. I thank the Senator.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 8 minutes.

Mr. KERREY. I thank the Senator from Nebraska.

May I ask the senior Senator from Nebraska, does he intend, on the time

he controls, to respond to the statement of the junior Senator from Minnesota just made earlier that there are no Democrats willing to participate in deficit reduction; that this whole problem was created by wasteful spending on the part of Democrats?

I intended to come to the floor to talk about something else, to try to say some things that might forge a bipartisan consensus. But I find myself being provoked by the comments of the junior Senator from Minnesota. I am wondering if the Senator intends to respond.

Mr. EXON. I certainly say to my good friend from Nebraska that I assumed he was here to talk about the amendment at hand. Maybe he is not. I simply say I would really appreciate it if he could make whatever comments he feels disposed to make at this time. I have been answering the charges that has been made over and over again that were just echoed like an echo chamber by the Senator from Minnesota.

Would it be possible for the Senator to make those appropriate remarks now, and then after the vote today, we could use additional time for going into some other things that I suspect he might have on his mind?

Mr. KERREY. I will pleased to. I will confine my remarks to the amendment at hand, Mr. President.

Mr. President, I must say, I have some difficulty with the amendment at hand because it seems to me what we are basically saying is we want to take the \$170 billion that probably will not materialize. In order to get \$170 billion in savings, this Congress would have to come together in a bipartisan fashion for 7 straight years, and each committee reconciling out and voting the savings. We would have to follow the 7-year blueprint before the money appears. I must say, I feel somewhat uncomfortable, to say the least, taking savings created from cuts that I do not like anyway to mitigate the impact of cuts that I do not like.

So what I choose to do instead is talk again about one of the fundamental weaknesses that I see in this budget resolution, because it is nonbinding and because, as I see it—I have added a couple without the use of the calculator, so I may have this wrong—\$519 billion of the reconciliation instructions go to the Finance Committee.

So I will have, as well as others, the opportunity to go to the Finance Committee and challenge some of the underlying assumptions, not the least of which is that we are not going to do anything about retirement this year.

I appreciate the difficulties that the Budget Committee had in putting together this set of nonbinding instructions.

So those of us who, like Senator SIMPSON, believe that retirement should be on the table, that unless and until we have addressed that, it is going to be difficult for us to actually get our budget balanced, we will have that opportunity to do it at some later date.

The Senator from Washington earlier made the point, when apparently the distinguished Senator from North Dakota was down on the floor earlier talking about this problem. I alert colleagues again: I think the effort on the part of both the chairman and the ranking member to produce this document is quite an extraordinary accomplishment.

I point out, nonetheless, that inside the budget document, it calls for the deficit to go from \$240 billion down to \$114.9 billion, if I can read my own writing, in the year 2002.

What we do is basically use what the law says. The law says we use the unified budget. The Social Security revenues are separate. But in terms of adding everything up, we bring Social Security into the equation. It is only because Social Security generates some \$48 billion in surplus this year to a \$114 billion surplus in the year 2002.

Again, I have not run the numbers on this. But I guess since we go to 2013 and start paying out more than we are taking in, my guess is that may be the peak; that \$114 billion may be the peak. It may start declining after that, which is going to put additional pressure on all domestic spending.

I say to my colleagues that one of the things which has stayed constant in this town obviously is not political rhetoric. That blows hot and cold. But the one thing that stays constant in a very impressive fashion throughout all the imaginations about taxing is not enough, too much; that except for World War II and Vietnam, we have pulled from the United States economy about 19½ percent of GDP in the form of taxes. It stayed relatively constant over that period of time.

The underlying thing on our budget, and driving larger and larger, are these mandated items. They include retirement, they include health care, they include both the means-tested programs, such as AFDC and food stamps, as well as the non-means-tested programs, such as the agriculture program which, I might point out, is a relatively small amount, Medicare, Social Security, and other kinds of retirement programs.

The law says, as a consequence of either contribution or deciding that eligibility is deserved, you pay it out and you do not have to come to the floor of the Senate and vote on it.

What is happening is that mandated account, plus that interest, is driving higher and higher. And, I regret, it may be that the Democrats were not as aggressive as we should have been. It may have been that it is too controversial. As we obviously see, it was retirement. But I regret that we do not see a change in that in the budget resolution.

The budget resolution requires us to go to about 25 percent discretionary spending in the year 2002 down from 34 percent today.

I note with interest that the senior Senator from Oregon has an amend-

ment to come down and restore some costs and protect NIH. I notice the Senator from Iowa has an amendment to do the same in education.

The problem is that little amendments to the budget resolution will not fix this problem. When the senior Senator from Oregon came to the U.S. Senate, 70 percent of the budget was controlled by the Appropriations Committee; 70 percent was appropriated, 30 percent was mandatory spending, and then interest. This year, as I indicated, it will be 34 percent. By the time a baby born this year is a senior in high school, it will be zero, even with this budget resolution passed.

So I urge my colleagues, regardless of how this resolution shakes out, I hope that the alternative that a group of us will present, as I indicated in a previous speech, will be accepted because I think we are going to need a lot of bipartisan support not just this year but the next year and the year after to explain to the American people what needs to be done to bring the cost of these mandated programs in line.

I heard it said that these cuts in Medicare are going to have a terrible impact. Indeed, I suspect they could, depending upon how the Finance Committee wrote the legislation. But I say to those who are really alarmed by the prospects of those cuts, according again to the document—I unfortunately have read Senate Concurrent Resolution 13, which is relatively small—we start with budget authority this year of \$171.9 billion for HI, and \$61.2 billion for supplemental medical.

So I have \$230 billion this year, growing to \$370 billion. We will have \$370 billion authorized in the year 2002.

So, if anything, one has to, even with this budget resolution, take a look at overall health care spending and say, "My gosh, yes." The Budget Committee has been very bold and very gutsy in putting this number out. But, if anything, Mr. President, we may not have gone far enough.

I do not suggest that we need to necessarily cut any more, but I do think we have to ask ourselves the question, are we subsidizing people who do not need to be subsidized? We will have \$230 billion this year in Medicare. We will have another \$80 billion in Medicaid. That is \$310 billion. We have \$90 billion going out in the form of tax deductions.

I notice that when people get really excited about going after tax entitlements and I come and say, let us look at the deductibility of health insurance, they get sort of pale and drop that off their list. With another \$15 billion going out to the VA, another \$15 billion going out to Army, Air Force, and Navy health care, a substantial amount of expenditures, well in excess of \$400 billion, going out for health care, I do not think the problem here is that we are not spending enough. I think one of the biggest problems we have is whether or not we have the courage to say to those who do not

need to be subsidized, you may need to pay some more.

I noted earlier that one of my colleagues—I saw the dueling charts go on back here, and I saw in the Democratic Cloakroom the chart showing the comparative analysis between what Members of Congress get in the way of health care and what Medicare beneficiaries get in the way of health care, the suggestion being that Medicare beneficiaries already get less than what Members of Congress do.

If somebody wants to bring an amendment striking Congress down to the level of Medicare, I would vote for it. But the problem is we have a lot of employees we have hired on and we are looking to try to provide them with health care benefits, and it is their health care benefits we are talking about here.

If anybody wants to come and say that people ought to pay according to capacity to pay, I am ready to vote for that. I do think one of the most difficult things that we have going with health care today is that we may have 20 million or so people in the work force going to work, sometimes working two or three jobs, doing all they possibly can, but they are not generating enough output to get paid enough to be able to afford high-quality health care. We have subsidies in place for people who can afford it.

So when the Finance Committee gets down to looking at the reconciliation of numbers, I think there will be plenty of opportunity even with the money allocated for us to do the right thing. The question is, are we going to have the capacity either politically or in our own guts to come to the American people and say that this is not going to be an easy thing; it is not a free lunch involved.

I say in conclusion, I appreciate very much the leadership particularly of the senior Senator from Nebraska who over the years has been voting with Republicans, has been doing the right thing when it comes to deficit reduction. This has not been somebody who comes down with knee-jerk votes against every single spending cut. This is a man who has been down here for the entire 18 years that he has served the people of Nebraska, as the distinguished Senator from New Mexico has as well. I think we are fortunate to have them leading us on this budget debate. We have a lot of very difficult decisions to make if we are going to reduce the size of this deficit and get it in balance and get us to a point where we not only restore the confidence of the American people in us as an institution but do as we all say we want to do, which is to provide a better economic future for our children and for our grandchildren.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The time of the Senator from Nebraska has expired.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I thank very much my friend and colleague from Nebraska for his kind remarks with regard to not only myself but our mutual friend, Senator DOMENICI, chairman of the Budget Committee. This is a very difficult task. I think the Senator from Nebraska, my colleague, knows very, very well we have been reaching out. I appreciate very much the dedicated leadership he has provided in a whole series of areas with regard to deficit reduction.

Senator GRAHAM is in the Chamber. I will yield to him.

Mr. GRAMS. Mr. President, we have no one on our side requesting time at this particular moment so I would like to yield the floor back to the Senator from Nebraska.

Mr. EXON. Yes, that side would be next. I simply might say, if I can at this time, there are several Senators who had indicated they did wish to address this matter on the Senate floor before we vote. We are quickly running out of time, and if there are any Senators who wish to make remarks up to 5 minutes, their staffs should advise them we are quickly running out of time.

I yield the floor.

Mr. GRAMS. As I said, Mr. President, I have no one on this side who requests time at this moment, so I will yield the floor back to the Senator from Nebraska.

Mr. EXON. Mr. President, I yield 5 minutes to the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida is recognized for 5 minutes.

Mr. GRAHAM. I thank the Chair.

Mr. President, I should like to make two points in the time available to me. The first is the context in which this debate over the specifics of Medicare and Medicaid should take place and then, second, some particular concerns about the proposal that is before us in those two areas.

There is no golden road to budget balance. There are many means by which to get to that common destination. We are going to be discussing today one aspect of a proposal to get to a balanced budget and the consequences of selecting that particular route. But I want no one who hears this debate to be misdirected that we are not as committed to the goal of getting to a balanced budget by a date certain, ideally with a bipartisan consensus of the Congress and the American people.

There is a word that appeared on the chart we have just seen which I think is important to this context, and that is sustainability.

Frankly, Mr. President, I do not believe that cuts of the level being proposed in Medicare and Medicaid are sustainable. They might have enough energy to get through this round of the budget process. That is, they may be able to appear in the final budget resolution. I think they will encounter significant difficulty when they reach the Ways and Means Committee and the

Finance Committee, and these large amorphous numbers, \$256 billion out of the Medicare Program in the next 7 years, \$175 billion from Medicaid in the next 7 years, when those are converted into the specific impacts on people, they will encounter significantly greater difficulty.

I believe that even if they should get past that hurdle, the chances of these cuts lasting the full 7 years as they are converted into services, cost shifting, impact on States, impact on the private sector, is very unlikely. So I am concerned as to whether the path that has been laid out for us, which is clearly not the only path, is a path that has the staying power to get to the destination of a balanced Federal budget.

Let me talk about some of the implications of the proposal for a \$256 billion cut in Medicare, the program that provides health care financing for older Americans, and \$175 billion of cuts in Medicaid, the program that provides funding for indigent Americans, which I might say, Mr. President, includes a substantial number of older Americans, older Americans who thought they had made adequate provision for their retirement years and find that because of some unexpected cataclysmic health collapse, they have used up their resources and they become medically indigent Americans.

Let me just discuss what the implications of this will be first on beneficiaries. The materials which have been provided indicate that one of the first means of financing this \$256 billion cut on Medicare will be cost shifting. Hearings before the Senate Finance Committee indicated that speaker after speaker who supported cuts of this level, when asked where would you propose to go in order to achieve this, gave as their first answer to increase the share of cost paid by beneficiaries.

It is estimated that the increased cost to a couple, man and wife, in my State between the year 1996 and the year 2002 will exceed \$9,000. That represents, for instance, Mr. President, about half of what that couple would anticipate to receive in cost-of-living adjustments over the period from 1996 to the year 2002. So the real implication of this is that they will not be able to maintain their standard of living against increased cost of living because such a high share of their income will now be going to meeting the additional cost of paying for their health care.

Another important area of Americans who will be adversely affected will be the providers of health care services.

The PRESIDING OFFICER. The Senator's 5 minutes has expired.

Mr. EXON. I yield 5 more minutes to the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida is recognized for an additional 5 minutes.

Mr. GRAHAM. I thank the Chair. I appreciate the generosity of my colleague from Nebraska, the ranking member of the Budget Committee.

According to the Prospective Payment Review Commission, a commis-

sion established by Congress to consistently analyze Medicare programs, the commission states and I quote:

The ability to use cost shifting to fill the revenue gap where Medicare cost increases exceed payment increases varies across hospitals. Facilities that treat a large share of Medicare, Medicaid and the uninsured patients have a lesser ability to cost shift to the private sector. In view of growing price competition in the marketplace, these facilities will face a greater risk of declining margins, which eventually could threaten their financial viability and their ability to care for Medicare beneficiaries.

Mr. President, it is not surprising in my State, which has the largest proportion of persons over the age of 65 in the country, that there are some 87 hospitals in our State where the Medicare patient days exceed 60 percent of total patient days, which is to say that in States like mine and particularly in rural areas such as those represented by the Senator from Nebraska, the risk of a serious collapse of the health care system, not just for Medicaid and Medicare recipients but for the total population, is a very real one, a collapse because those facilities are so dependent upon the Medicare and Medicaid patient that, if the Federal Government does not provide adequate resources with which to at least pay the costs of provision of direct services, those institutions will face the prospect of either a sharp decline in the quality of service for their Medicare beneficiaries or closure.

(Mr. KYL assumed the chair.)

Mr. GRAHAM. Another area at risk is State government. We are proposing to take the Medicaid Program, the program that delivers services for indigent Americans, take the current formula of distribution of funds, convert that into 50 block grants—51 block grants, actually, since the District of Columbia will also participate—and direct the money to those 51 political entities. There is a suggestion of an annual cost-of-living increase but no increase based on demographic changes. What are the consequences of that?

According to the CBO baseline study, currently the Medicaid Program is providing a 7 percent increase per capita for Medicaid beneficiaries. That, I might say, compares to a 7.2 percent increase in spending per capita in the private health care system. Medicaid today is slightly below, on a per capita basis, the rate of increase of the private sector, in spite of the fact that Medicaid is treating some of the most vulnerable of our population, including children at risk and the elderly at risk.

Under the proposal that we are debating, the increase per capita will not be 7 percent, Mr. President, but it will be 1.4 percent as against a projected continued 7.2 percent in the private sector. That is the consequence of a system which purports to create greater flexibility to the States by giving them only a constrained 5 percent increase with no recognition of the tremendous demographic shifts in States

such as that represented by the Presiding Officer and in States such as mine which have a fast-growing population, particularly a fast-growing population of older Americans. This is a prescription for disaster for the beneficiaries affected and for the State governments which will be asked to pick up a bigger and bigger share of paying these costs.

Another area which will be adversely affected will be children. It is projected that 5 to 7 million children currently lack insurance coverage and unless States can find a way to make up that difference, there will be either a denial of health insurance coverage for those young Americans or another major cost shift, an unfunded mandate directed at the States to pick up a cost which in the past has been a shared responsibility through Medicaid of the States and the National Government.

The PRESIDING OFFICER. The Senator is advised that his 5 minutes have expired.

Mr. GRAHAM. Mr. President, our manager is not here. I ask unanimous consent for 2 additional minutes.

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

Mr. DOMENICI. Before the Senator does that, might I say that immediately following the Senator from Florida, I would like to yield to Senator BENNETT to speak for up to 15 minutes.

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

The Senator from Florida will have 2 additional minutes, and when he has concluded, the Senator from Utah will be permitted to speak for 15 minutes.

Mr. GRAHAM. Thank you, Mr. President.

I quoted a moment ago from the Prospective Payment Review Commission, and I do so again from their March 1959 report, which states:

Medicare and the private sector account for approximately equal shares of hospital spending, 40 percent and 39 percent in 1992. Consequently, every percentage point of Medicare cost increase not reimbursed by the Medicare payment increase will, all else equal, translate into a percentage point of additional revenue needed from the private sector.

So we are facing the prospect by carving out these two programs—Medicare and Medicaid—and treating them as if they were in isolation from the rest of the health care system. We are about to construct a system in which there will be significant cost shifting to the private sector resulting in increased costs for private employers, private individuals, for the providers of health care services because they will be underfunded.

Mr. President, I believe in the importance of reaching the goal of a balanced Federal budget, and I believe that the date of 2002, while difficult, is not an unreasonable standard. I would go further by saying that we should have as our goal reaching, as soon after the year 2002 as possible—and I would suggest 2005 or 2006—a balanced Federal budget which does not depend

upon the masking of the Social Security surplus in order to reach a balanced budget. But we must do so in a pattern which will be politically and publicly supportable and sustainable over the next 10 years that will be required in order to reach a balanced Federal budget without relying on Social Security.

It is my considered judgment that the impact that this approach on Medicare and Medicaid, as has been suggested, will have on the beneficiaries, particularly the old and the young, on providers, on States, and on the private sector, will be so severe that it will not be sustainable and that we will face the prospect of losing this opportunity to achieve that goal of a balanced Federal budget.

So I urge the adoption of the amendment which is before the Senate at the present time, which I think brings reasonableness to this process. And I urge the Senate's serious consideration of a comprehensive amendment which will be offered later this week which will achieve the goals of a balanced Federal budget without relying on these savage cuts in Medicare and Medicaid.

Thank you Mr. President.

Mr. BENNETT addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. BENNETT. Mr. President, I had the pleasure and opportunity of being in the Chamber when the Senator from Florida began his presentation, and I would like to rise and comment on it.

I think the position the Senator has taken with respect to Medicare is entirely correct if you make one assumption, and that is that the delivery of services under Medicare would not change in its estimate or in the way they are paid for. If there is no change in the way Medicare is administered and no change in the way these services are paid for, the Senator from Florida is exactly correct. Unfortunately, from my point of view, however, Mr. President, that is the problem; that is, the assumption that there will be no change in the way Medicare is administered.

The Senator from Florida says these cuts will have to be converted into service cuts, they will have to be converted into cost shifting, they will have to be converted into increases in premiums that are not sustainable over the long term. And, again, if there is no change in the way Medicare is administered and no change in the way it is paid for, the Senator from Florida is entirely correct.

The thing I hope we will address as a body is this fundamental question of Medicare as it is currently constituted and recognize that the word which the Senator from Florida picked out, "sustainable," is, indeed, the keyword because what we are learning as we get into this circumstance is that the present system of Medicare is not sustainable regardless of what we do.

We could take all of the money that we are talking about cutting out of the

rate of increase and leave it as it is, and what would happen to Medicare? It would go broke. The trustees have told us that. The present system is not sustainable. We could say, "All right, let us add money." Where is it going to come from? We will leave that aside for a minute, but let us add money to the present system to prevent it from going broke, and all we do is delay the inevitable for a few more years, and then we will be back on the floor of the Senate, or our successors will be, debating the same issue.

I have an analogy, Mr. President, that helps me understand this. I will do my best to lay it out in a fashion that might be clear to some others, because some people, when I start, say, "Oh, that doesn't have to do with anything." But bear with me. This is an analogy that I think illustrates the point.

Back in the 1960's, when we first started—we as a nation—discussing Medicare, my father was in the Senate and I was acting as his campaign manager. I have mentioned this here before. At the time, if I wanted to talk to my father from the campaign headquarters in Utah, I would pick up a telephone and dial zero. Yes, you had to dial; there were no touch-tone phones. An operator would come on the phone and say, "What number, please?"

I would say to her, "I want 224-5444." It happens to be the same number that connects you to my office now.

She would say, "Do you want person-to-person or station-to-station?"

If I wanted absolutely to talk to my father, I would say, "Person-to-person." If I was willing to talk to anybody on the staff, I would say, "Station-to-station," and then I would wait there on the phone while she placed the call.

If I had said person-to-person, she would say, "Is Senator Bennett there?"

And they would say, "Just a moment, we'll find him." And then when they found him, when he came on, then and only then would she go off the line and I could start to talk to my father.

The system worked great. It was simple, certainly easy for me to understand, certainly convenient. All I had to do was tell her what I wanted and let her handle all of the details of placing the call.

There was one problem with it, however, Mr. President. As the demand for long distance service grew in this country, we reached the point very quickly where there were not enough operators in the country to handle all the calls. Indeed, if you projected it out into the future, we would be looking at a point where there were not enough people in the world to handle all of the telephone calls that people would make requiring an operator to come on, listen to the request, and handle it. We were forced, whether we wanted to or not—we wanted to—whether we wanted to or not, we were forced by the rising demands to leave a system that was working well and invent a new one. Now, of course,

we have a new one where the number of operators handling long distance calls has gone down and the number of long distance calls has exploded exponentially.

This, frankly, Mr. President, is the problem we are facing with Medicare. The number of people on Medicare is going up and going up continually and inevitably. I say somewhat facetiously, Medicare, as presently constituted, will work just fine if the elderly would only cooperate by dying at the same rate they died in 1960, when this was created. But I do not want the elderly members of my family to cooperate in that fashion, and I am sure that is true of everyone else here. So Medicare has to be restructured around the new realities, and the new realities say it can no longer be, as it is now, the last bastion of fee-for-service indemnity insurance for the United States. There has to be some changes and the changes have to be cost driven.

As chairman of the Republican health care task force, I got a lot of people calling on me and giving me information. They inaccurately assume I hold a legislative power in this circumstance and can do something beyond recommend, but it makes for a great education.

I had a session with a number of the Nation's leading employers, and we were talking about health care. They said, "Fee-for-service indemnity insurance will be gone within 5 years as an option for America's employees." I was a little startled at that prediction. I had not been prepared for that.

One of them said, "We put in a series of options for our employees about 3 years ago, and fee-for-service was one of the options. Roughly 50 percent of our employees accepted that option. The others picked a form of HMO or PPO, some kind of managed-care circumstance."

He said, "Fifty percent fee-for-service indemnity insurance, 50 percent some sort of managed care. Without any pressure from us," he said—this is the employer speaking—"we have watched the marketplace take hold. Today, just 3 years later, 15 percent of our employees choose the fee-for-service option." He said, "We have cut our health care costs"—not Washington-style cuts, where you simply grow more slowly than you did before; real cuts, where you spend less than you spent before by providing these options—"and our employees, in terms of the questionnaires they give us back, are happier with their health care options than they were 3 years before."

So, Mr. President, what we are really talking about, if we can take the big view here, is restructuring Medicare around the new reality and saying, "What will the numbers be to make Medicare rational from the standpoint of those who are paying for it," those who are paying for it being the taxpayers. And we are saying we are going to allow Medicare to continue to grow, indeed we are going to allow the indi-

vidual contribution per year to go from \$4,400 per year, roughly, to \$6,300 per year.

We are going to allow this thing to go up almost 50 percent in that period, but that is the number that those of you who are involved in figuring out how to restructure it have to shoot at.

I am not on the Finance Committee. As I say, I have no legislative authority to do this. But I am on the health care task force, and we are looking at these options. We are confident, Mr. President, that we can come up with a restructuring of Medicare around this new reality that will ultimately go back to the lesson learned in long-distance phone calls—that is, that something can be created around the information and the experience we are getting out of the private sector that says to us we can provide better service for our elderly within the price constraints that we are looking at. But if the option is to not try to change the system, just pay for it, whatever it costs, then we are in the black hole that the Senator from Florida so accurately pointed out to us.

So I hope that as we conduct this debate, we will do so with the understanding that we, as a Congress, have a great deal of unfinished work to do with respect to Medicare, and it is in the restructuring of the system around the new realities. And I am one who believes we can meet that challenge.

Mr. DOMENICI. Will the Senator yield for a question?

Mr. BENNETT. Yes.

Mr. DOMENICI. I first want to compliment the Senator on his very enlightening remarks. I hope he continues with his level head and good reason as the chairman of the task force.

Some are suggesting that we have to wait around for entire reform of the health care system, that which the President recommended last year, which failed rather overwhelmingly in both Houses of the Congress. Is it the Senator's opinion, based on what he knows, that we have to wait around for that day—which I do not know will ever come—when the U.S. Government reforms—so-called "reforms"—all of the health care system before we can do the restructuring to give our seniors choice and a delivery system that will meet their needs for less taxpayer money?

Mr. BENNETT. I thank the Senator for his question. It is my opinion that restructuring the entire health care system in this country with a single bill in a single Congress proved in the 103d Congress to be an impossible task. To attempt to do it again and again would be to say to the world that we had learned nothing from our experience in the 103d Congress, we are just going to go back to the same mistake that Congress made—in all good faith. I do not accuse anybody of approaching that task in bad faith in the previous Congress. But the experience just told us that to try to do everything simultaneously ultimately meant we did

nothing. I believe we should break it up—the President himself used the phrase in his State of the Union Message, "a step-by-step approach"—break it up into acceptable components, and the one that is the most pressing and the most urgent is the restructuring of Medicare around the new realities.

Mr. DOMENICI. Will the Senator yield for another question?

Mr. BENNETT. I am happy to.

Mr. DOMENICI. The senior citizens of the United States have two distinct benefits with reference to health care. One is the health care trust fund, the so-called HI fund, the hospital fund, which is the one that is entrusted, that the workers of America, the men and women pay into with wage withholding, which is supposed to be for hospitals. That is one of the delivery systems. The other is part B, where the seniors of America are the only ones that the Federal Government pays a significant portion of an insurance policy for their primary care; that is, everything except hospital is the way I would define that.

Mr. BENNETT. The Senator is correct.

Mr. DOMENICI. I do not find people in America buying a hospital insurance policy and saying, well, I am covered for hospitals, and then having another company insure them for doctor visits and treatment that they may need if they do not have to go to a hospital but they break their leg or get asthma, or whatever it may be. So we have these two that are kind of the result of the way it started. We started one, and then under Eisenhower we started another.

Mr. BENNETT. The Senator is correct. This is a relic of the 1960's and not consistent with the way health insurance is offered in the private sector today.

Mr. DOMENICI. Now, when the Senator spoke of restructuring, inherent in that and part of that thinking would be that we would look at both of these coverage systems together in an effort to give the seniors a better, more compatible with modern times system; is that correct?

Mr. BENNETT. Correct. Restructuring would have to address part A and part B. It is actually time for a clean sheet of paper and to say, we have approximately \$5,000—we will take a median figure—per person per year to spend on health care for our elderly. Now, what is the best way to spend that \$5,000 to produce the greatest possible benefit for the elderly and avoid the evils of cost shifting and tax increases that the Senator from Florida was talking about?

Mr. DOMENICI. I thank the Senator. Once again, I compliment him for his remarks.

I yield the floor.

Mr. BENNETT. I also yield the floor, Mr. President.

Mr. GRAHAM. I know the Senator just yielded the floor. Would he retake the floor for the purpose of a question?

Mr. EXON. Mr. President, I yield 5 minutes to the Senator from Florida for that question.

Mr. GRAHAM. I would like the Senator from Utah to take the floor for the purposes of a question.

Mr. BENNETT. I will be happy to respond in any fashion on the time of the Senator from Florida.

Mr. GRAHAM. I think the Senator's analogy of the telephone system is a superb one. I would draw, in addition to the conclusion he did, another conclusion, and that is the importance of having an integrated, strategic approach to the structure of change for our communication systems in America. If, for instance, in Hialeah, FL, they were still using the system you described of the dial phone, whereas other parts of the country were using push button phones, and if there had not been an organized, consistent movement in an industry which has many providers, we would not have arrived so rapidly at the benefit the Senator has just described.

My concern is that what we seem to be about here is saying that each sector of the health care system can be looked at as if it were an airtight compartment and changes made there did not have to take into account changes in the rest of the system. I am concerned that we are about to make a judgment that over the next 7 years, we can restrain Medicaid increases to 1.4 percent per capita against a history in which they have been running in excess of 10 percent per year per capita and where the projection is that the private sector is going to be increasing at 7.2 percent per capita, in spite of the deficiencies you have outlined. Yet, we do not seem to have a specific plan of how we are going to achieve changes of that magnitude, cuts of \$175 billion in Medicaid, the health care program for the indigent, and \$256 billion in cuts in Medicare, a program for the elderly. Are you not concerned that we are reaching the end result without, from the bottom up, having a clear plan of how we are going to do it, particularly how we are going to do it in a way that will be compatible with the rest of the health care system, just as there was concern for the rest of the communications and telephone systems when we made those kinds of changes?

Mr. BENNETT. Responding to the question, I point out that the slowing of the rate of growth in the health care costs that we are talking about for Medicaid and Medicare is already going on in the private sector, and there is much we can learn from the private sector. It is the attempt to turn the public programs into an airtight compartment where they are immune from the kinds of changes that are occurring in the private sector that has produced some of this.

I would suggest that the Senator take a long look at what has happened in the State of Tennessee. He mentioned Medicaid. In the State of Tennessee, as I understand the numbers

from the Governor of Tennessee who called on me, Medicaid costs were increasing at the rate of 20-percent per year for over 8 years running. The then Governor of Tennessee, a member of the Senator's party, decided that that would bankrupt the State and something had to be done about it.

Tennessee, as of January 1, 1994, moved to a system more compatible with that which is normal in the private sector, and in calendar 1994, instead of increasing at 20-percent per year, Tennessee increased their Medicaid costs at .12 percent—less than 1 percent. Almost .1 of 1 percent.

The TennCare solution in Tennessee has problems. I will not stand here on the floor and say it does not. But it has demonstrated very clearly that moving towards the solutions already tried in the private sector can, and in that State's case, has produced a significant cost difference.

When I talked to the current Governor of Tennessee, who happens to be a member of my party, building on the actions of his predecessor, he said, if we are allowed continued waivers from the Federal guidelines, which waivers were granted to his Democratic predecessor, we can prove that we can keep the growth of Medicaid in our State within the constraints that are outlined in this budget resolution.

There are examples out there of how these changes are occurring in the private sector. As the Senator says, not in isolation. They can move into what has been the watertight compartment of Medicare and produce the same results if we work together for that.

The PRESIDING OFFICER. The Senator from Florida has consumed 5 minutes.

Mr. GRAHAM. I appreciate the Senator from Utah responding to my questions. I hope that this will be just one phase of a continuing dialog. We all share in the awareness that this is a critical issue in achieving not only health care objectives, but also the fiscal objectives of a Federal Government that we in our future generations can afford.

The question that we are debating here is one of method and the degree in which this can be accomplished within individual programs, as opposed to requiring a more comprehensive approach in order to achieve those results without unintended adverse consequences.

Mr. BENNETT. Mr. President, I am more than happy to continue the dialog after I vote for the budget resolution.

Mr. DOMENICI. Mr. President, I know we will return now to the Democratic side.

While Senator GRAHAM is on the floor, could I comment about the Tennessee plan. I am clearly not the Senator from Tennessee. Senator Frist obviously knows a lot more about it than I do, and we are very proud of having him on our side as one of America's most renowned surgeons.

Essentially, I went to a full 3-hour field hearing, Senator. Just to mention some of the facts that this transition in their State yielded, they have 12 or 14 competing major HMO's in the State of Tennessee that now cover all of the Medicaid people in the State.

Some of those HMO's have a small part, some have a big part. There are some where they overlap. There are some that do rural, and have merged rural with urban to get a delivery system.

As Senator BENNETT said, it is not a utopia yet and it may never be, but interestingly enough, those people that run HMO's came to the hearing. At least the leaders of about five of them. They said it is working. We are competing. The prices are not going up. They have leveled. In fact, in some instances, they are coming down.

They also indicated that more people are being covered for the Medicaid funding than ever before. And we stand worried about telling the States precisely who to cover. We have heard that debate.

Should we put all the strings on because we are worried about Governors? When we send them Medicaid we are saying, will they take care of children, pregnant women, those that have mental illness? Some want to go back with the same list of specificity, and Governors are saying "We will do that. We will match what we have been paying and we will do that."

I think it was a very good dialog. Maybe when there is an amendment on Medicaid we can have more discussion about what is in this budget versus what are savings. Some are saying we should have assumed that Medicaid could grow at 10 percent every year ad infinitum. They say we will have less Medicaid money, must be assuming the program would go unchanged, or perhaps a couple more decades.

I believe we would never have been able to afford that. I think we would have changed it one way or another. Now we are changing it in sort of an orderly manner as part of this process.

I thank the Senator for his questions. I yield the floor.

Mr. EXON. Mr. President, I have listened with great interest to the interesting dialog that just took place. I simply say to all within the sound of my voice that exactly what has been said is exactly what many people on this side of the aisle are trying to get done.

That is, simply to say that while we think the general direction is acceptable, we happen to feel that the cuts are excessive, especially when we keep hearing about the possibility of a tax cut.

With that, I yield 5 minutes to the Senator from Montana.

Mr. BAUCUS. Mr. President, I think that generally across the country, particularly here in Washington, people if they are not careful often tend to lose the forest for the trees.

I am afraid that might be what we are doing just now on Medicare. The

previous discussion was on Medicaid, low-income health program that is a joint program financed by Washington, DC, and by the States. I would like to focus my remarks on Medicare, the medical program for senior citizens.

As we look at the budget proposal, Mr. President, with its unprecedented reduction in health services for senior citizens, I think we should start by remembering what life was like for older Americans before Medicare.

The fact is before we created Medicare our senior citizens lived in fear. Everyone over 60 knew that private insurance was shaky and expensive at best, and would cost them more every year. A serious illness or even a common ailment that required treatment but did not threaten life was not only a health problem but something that could reduce a whole family to poverty.

Today, Medicare has removed that fear from our lives. Those with those memories have forgotten it ever existed. This month I visited the senior citizens center in Great Falls, MT. The people at that center know exactly what Medicare and Social Security mean to their lives. It means a little financial security, some faith that illnesses will be treated, and that families will not be wiped out by costs.

Mr. President, 125,000 Montanans are eligible for Medicare, out of a total population of 856,000. Each knows exactly what Medicare means.

Listen to Margaret and Frank Jackson of Billings, MT, who wrote me this statement last week:

Social Security and Medicare are not only necessary, they are absolutely essential to our survival in Montana. Higher costs such as higher property tax, increases in school levies, fuel in a cold climate, and medicine take a toll. There is just too much mouth at the end of our money. Needless to say, additional cuts would put a great burden on us.

The leadership now proposes something like \$250 billion in Medicare cuts. It is staggering. This will reduce Medicare services nearly a quarter by the year 2002—reduce services by a quarter by the year 2002. To add insult to injury, the House of Representatives would do it, in part, to pay for tax cuts for Americans who are already very wealthy. Think of it, Mr. President, a 25-percent cut in services to the elderly to pay for tax cuts for Americans who are already very wealthy. Some in the Senate would do the same and go even further.

What would it mean if this happens? Montana Medicare beneficiaries would pay up to \$900 more a year in premiums, copayments and deductibles. This will come out of their own savings and from their children, who are now scraping for money to send their children to college and to pay property taxes.

We would see thousands of operations and hospital stays put off. Thousands of people would decide to go without home health care. All that means, of course, is that they will suffer more serious, more painful, more expensive ill-

ness later on that early care could have prevented.

EFFECTS ON RURAL HOSPITALS

And, as the Federal Government cut reimbursement, more rural hospitals would be pushed to the edge.

Some Montana hospitals will be forced to choose between serving their patients and remaining solvent. Others will simply close. Two Montana hospitals get nearly 80 percent of their revenue from Medicare, and many are at 60 percent. This plan would hit them like a wrecking ball, costing jobs and forcing people who need care to make long winter drives to the cities. We have vast distances out in the country, and this will be a big burden on them.

So overall, we can already tell what this plan would mean. It is simple: less access to health care for senior citizens; for people with disabilities; for Montana and all of rural America.

Now, it may well be that we need to make changes in the Medicare Program. We must be realistic.

The answer is not, however, to simply approach Medicare reform as a budget-cutting exercise, because we are talking about preserving essential health services for 125,000 senior citizens in Montana and 30 million seniors across America. We are talking about good, middle-class Americans like the Jacksons. And above all, we must not use Medicare as a piggy bank. Do not take money that buys health care for senior citizens and use it for a tax break for rich individuals and big corporations. That is disgraceful.

Perhaps some changes lie ahead. But if they do, they should be made for one purpose, preserving essential health services for senior citizens and people with disabilities. That is where we must draw the line.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I want to take a moment to thank the Senator from Montana for his remarks and also, previous to him, the Senator from the State of Florida, the former Governor of Florida, who basically as a Governor understands the matter of choosing fairness, equal sacrifice, shared sacrifice—call it what you will.

Certainly the Senator from Montana has simply emphasized very vividly and very well, in my opinion, the remarks that this Senator made earlier about the tremendous hit that this extraordinary cut in Medicare and Medicaid will have on rural America. Rural America needs to be heard, too.

I have heard a great deal in this Chamber during the budget debate about shared sacrifice. We have to do this, and we have to do it in a fair manner of shared sacrifice. So that supposedly that term embodies the thought that everyone is sharing and sharing equally in the reduction in spending to get us to the balanced budget by the year 2002. I think earlier today, in the remarks made by the Senator from North Dakota with regard to what Republican commentator

Kevin Phillips thought of fairness—who are the winners and who are the losers in this proposition?—Kevin Phillips, as well as any other national spokesman, highlighted the unfairness of the Republican budget that is being attempted to be sold here as an instrument of shared sacrifice.

How fair is it and how fair are the sacrifices? I submit the Republican budget gets a total of \$431 billion in cuts from Medicare and Medicaid. Let me repeat that. Under this shared sacrifice budget we are being asked to approve and we will be asked to vote on upcoming, we will be asked to vote down the reasonable proposal to make relatively small changes in the Republican budget, not changing balancing the budget by the year 2002, I emphasize, and not changes with regard to raising any taxes. We are simply saying since the Republican budget is not an instrument of shared sacrifice we should at least alleviate a portion of the hit on Medicare and Medicaid—and only a portion of it—in the interests of shared sacrifice.

I repeat, the Republican budget gets a total of \$431 billion in cuts from Medicare and Medicaid. That is two-thirds of the Republican cuts in all entitlements. That is nearly 40 percent of the total spending cuts that the Republicans make in all programs.

Essentially being repetitious, the proposals by the Republicans that are being described here as necessary shared sacrifices are being shared primarily by our senior citizens and our least fortunate on Medicare, including those being adequately provided for in our nursing homes.

I again repeat, the shared sacrifice we are being asked to approve here, shutting out even reasonable proposals to reduce the hit on Medicare and Medicaid by \$100 billion over 7 years, and taking that \$100 billion out of the \$170 billion tax cut pot that is part and parcel of the Republican budget that everybody likes to continue to ignore, that is not equally shared sacrifice. That might be shared sacrifice, but it is not equally shared sacrifice.

I appeal once again to Members on both sides of the aisle to recognize the proposal made by the minority is a reasonable one. It makes a major step toward true shared sacrifice rather than meaningless words that have been used here to allude to the Republican budget in this regard.

I yield 5 minutes to my colleague from the State of Alabama.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. HEFLIN. Mr. President, the Republican budget now before the Senate makes severe cuts in some essential programs. I would like to direct your attention to, first, the cuts in Medicare.

Medicare, of course, is the health insurance program that is provided for our senior citizens. The Republican plan cuts \$256 billion from this program. This cut is three times larger

than any other Medicare cut in history, without any attempt to reform the health care system which drives up the cost of Medicare.

What does this Republican cut mean to the average senior citizen who is on Medicare? It will mean about \$900 per year in higher premiums, co-payments and deductibles—\$3,200 over 7 years. For a senior couple that totals an extra \$6,400 in out-of-pocket costs. There are 641,000 Medicare enrollees in Alabama. Over the 7-year GOP budget, Alabama would lose around \$6 billion in Medicare funding.

Medicaid is different from Medicare. Medicaid is the program that provides health care services to the poor and also provides nursing home care for those who are not able to pay for it. The Republican plan would cut \$175 billion in Medicaid funding. Without Medicaid money families could face nursing home bills of between \$20,000 and \$45,000 a year. It is estimated that without Medicaid funding nursing home bills would average \$38,000 per year.

The Republican budget would raise taxes on low-wage, working families by increasing the average of such families' taxes by \$1,400 a year. There are 12 million working families that would be hit by this Republican tax increase. This tax increase affected what is known as the earned income tax credit. Former President Ronald Reagan once called the working family tax credit program the "best pro-family, the best job-creation measure to come out of the Congress."

This tax increase would affect 309,328 working families in Alabama. Next, the Republican budget severely affects educational programs. It would cut \$1 billion in aid to fight guns, drugs, and violence in schools, known as the Safe and Drug-Free School Program; 39 million students and 94 percent of all school districts benefit from the Safe and Drug-Free School Program. One million college students per year would lose their financial aid or have their aid cut dramatically—40 percent—under the Republican plan to freeze Pell grants, the basic opportunity educational grants.

The Republican budget would increase college loan costs for 4 million students each year. The average student could pay between \$3,000 and \$4,900 more for his or her education, depending on how long it takes to repay the loan. Graduate and professional students likely would be paying as substantial amount, on average for their advanced education. In Alabama the Republican cuts in college loans would affect 55,778 students.

I am working with several Senators on alternatives to the Republican budget proposal. We can reduce spending and balance the budget in the same time frame the Republicans have targeted—the years 2002—by freezing most programs at 1996 levels and cutting less essential programs than Medicare, Medicaid, education, and other essen-

tial programs. A balanced budget can be achieved without having such a dramatic tax increase on those families in American that earn less than \$28,000 a year.

I point out that the budget on the Republican side has \$170 billion in the fund which is reserved for tax cuts. I do not feel that we can sacrifice the senior citizens, those in need of education, and the working poor at the expense of a proposed tax cut that is coming down the road at some later time.

Mr. EXON. Mr. President, I thank my friend and colleague from Alabama for once again stating the concerns that many of us on this side of the aisle have. Once again, his knowledge of the system, his understanding of what we should and should not do, and his dedication to make shared sacrifices means something fair was well taken.

Mr. President, I am about to yield to my friend and colleague, the cosponsor of the amendment before us, the Senator from New Jersey.

I remind all that in 5 minutes, or thereabouts, we will be going into controlled time per the previous agreement.

So I yield at this time 12 minutes to the Senator from New Jersey, with whatever time he uses after 2 o'clock within those limits be charged to the time allotted to this Senator.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Thank you, Mr. President. I thank my friend and colleague from Nebraska.

Mr. President, on Friday I had some comments to make about the amendment that is pending before us and the budget resolution generally.

I am privileged to sit on the Budget Committee, and the distinguished chairman of the Budget Committee is on the floor. As I said before, while we do not always agree, I always respect his intellect and his commitment to try to do what he sees is right.

We have now a difference on approach, because I understand also that after my comments it was suggested that I want to divide this country, and that perhaps my tactic is along those lines. I would raise a question. I mean, why is someone who takes one position harmonious and for a unified approach, and someone who takes another position out to divide? There are sides in this debate. The question about whether or not we are going to cut spending is long past. It is a question of how we are going to cut spending, and who is going to win and who is going to lose. Whose side will Government be on? It is a fair question, it is a reasonable question, because there are choices being made.

One only need look at what is proposed by the House Republicans, and intimated by my friend in the Senate on the Republican side that someone is going to get a tax benefit, a lot of tax benefit, especially if you are in the substantially higher income brackets. So someone is going to have to pay for it,

we know that, whether it is education, or housing, or Medicare, as the discussion currently develops.

The Republican budget reflects a party philosophy, and a constituency. The Republicans generally believe the answer to society's problems is to make sure that the powerful have enough power, and more money goes to millionaires. That is evidenced by the fact that, if you make \$350,000 in a year, you get a \$20,000 tax reduction. That is pretty hefty.

Mr. DOMENICI. Will the Senator yield for a question?

Mr. LAUTENBERG. I would like to finish, and then I will be happy to yield.

It is reflected here in this chart. It says the winners, \$20,000 tax break; corporate subsidies still protected. I come out of the corporate world, and I respect and appreciate what corporations have done by way of helping this country build, my corporation as well. But if you look at the earnings statements around the country these days, they look pretty good. If you look at the stock market, it is pretty good. It does not look as if the corporations are starved for profits. Look at the automobile companies. But we are protecting subsidies for oil and gas and others. And tax loopholes are still protected.

So even as we do this, we are asking those who are Medicare recipients and those who, because of a situation in life, may be subjected to having Medicaid, a program for the poor, be the only device by which they can get medical attention.

So what we look at is on balance, and we have heard the debate about reducing the growth and not cutting the programs, reducing the growth. The fact of the matter is that, if there is to be a similar level of service with the same options preserved, it is going to cost \$6,400 for a senior couple over the next 7 years as we pursue a balanced budget; \$6,400 may not be a lot to the guy who makes \$350,000, but to the average couple, 75 percent of the senior citizens who are making \$25,000 a year, whose income is \$25,000 a year or less, \$6,400 is an awful lot of money, and especially when on top of the—may I have the Chair's attention; thank you—especially on top of the fact that the average senior citizen is also paying over 20 percent of their income for health care needs that are not provided by Medicare.

We know that there is a cut in education funding, that it is going to cost those who have to borrow to go to college substantially more as a result of the cuts there and the elimination of the earned income tax credit. And it is going to be a terrible penalty for families making \$28,000 a year or less—\$28,000. Why, that is almost as much as, slightly more than the refund that someone earning \$350,000 is going to get by a lower tax rate.

So that is the situation. That is what we are looking at—a tax increase for working families, more cost to go to

college, senior citizens being burdened with extra costs on programs for which they have paid and paid handsomely for a lot of years.

There is no getting around the concept that there are winners and losers in this resolution. And the American people have a right to know how they will be affected. But some Senators on the other side of the aisle obviously do not like a discussion of winners and losers. Some even suggested, as I said earlier, that somehow the Democrats are trying to divide the country. It is an outrageous charge and has to have a response.

Mr. President, the way to unify this country is to treat everybody fairly. It is not to take away quality health care from our senior citizens and use it to pay for tax cuts for the rich.

The way to unify the country is to relieve the financial burdens wherever possible on working families. It is not to increase taxes on these families and then again to give it to the wealthiest.

The way to unify the country is to give all Americans a chance to get an education. It is not to increase costs for students to pay for tax cuts for the rich.

If our country is going to pull together, Government must stand with ordinary Americans even if they are not rich, even if they do not have lobbyists representing them and even if they do not have the strong political connections.

When our friends on the Republican side say we are trying to divide the country, I suggest they take a look in the mirror and see whether or not trying to take from one group that can least afford it to help relieve the tax burden on the wealthier group is unifying. I do not think so.

It is obvious that ordinary Americans, already furious at the Government, think they are being ignored. They think Government does not care about them. Some even see the Government as an enemy. To reverse this disturbing trend, Government has to do a better job of standing up for ordinary Americans.

That is what we Democrats are trying to do. We want Government to stand with middle-class families, with seniors, and with our young people. If we invest in our young, we are investing in the next century, trying to provide the leadership that is going to make this the competitive Nation we once were. It is going to give us a health care standard we once had that led the world. We are not among the top few nations with longevity. We are not among the top few nations with health care facilities that deal with mental illness. We are not where we used to be. And that is what we are trying to do, we the Democrats. We want Government to stand with middle-class families, with seniors, and with our young people. These are the people who are the backbone of this great country of ours. To a great extent they are the country, and it is time for them to be

treated that way by their Government and in this debate.

Mr. President, the pending Rockefeller-Lautenberg amendment reflects this approach. Its message is simple. It says let us eliminate tax cuts for the rich and apply the savings to Medicare and Medicaid. And once again I remind my colleagues who benefits from Medicare: 75 percent of the beneficiaries have incomes of \$25,000 or less; 35 percent of them, \$10,000 a year or less; 25 percent of those people rely solely on their Social Security checks. On top of this, Medicare recipients pay 21 percent of their income in out-of-pocket health care costs—21 percent. So if an average income is \$25,000, they are paying over \$5,000 in out-of-pocket health care costs. They have worked their entire lives, these senior citizens, and paid into the Medicare Program. In turn, they have been promised health security through Medicare.

The budget resolution breaks that promise, and it does so, again, to make sure that it is balanced off with tax cuts on the other side.

The final chart rather sums it all up. Senior couples on fixed incomes get a \$6,400 tax increase for every senior couple, and on the other side it is a \$20,000 tax break for people earning \$350,000 a year.

Mr. President, it is not fair to our Nation's seniors. It is also unfair to millions of middle-class families, and as we all know, there are millions of working parents in America who help out their own parents who are retired. These parents are struggling hard enough to make ends meet for their own children. And this budget will shift another heavy financial burden on their shoulders. They will have to pay more of their hard-earned money for health care expenses for their parents. It is not right.

We have heard a lot of denials from the other side of the aisle.

The PRESIDING OFFICER (Mr. GRAMS). Time yielded to the Senator has expired.

Mr. LAUTENBERG. May I ask the manager for another minute, please?

Mr. EXON. I will be glad to yield a minute. I say to all of my colleagues, for every moment that I yield, you are taking time away from the 10 minutes for which the minority leader has asked, but I yield 1 additional minute.

Mr. LAUTENBERG. One minute, and I will be finished.

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

Mr. LAUTENBERG. I thank the Chair.

Mr. President, it is pretty simple. The Republicans cannot have it both ways. They cannot claim the budget resolution is going to balance the budget when it leaves out the Social Security trust fund, but we are not in that debate right now.

Well, if so, then it also will provide for the tax cuts. If some now claim the resolution does not include a tax cut, they must be saying that it will not really balance the budget.

For all practical purposes, this resolution does include a tax cut, a tax cut that will almost certainly provide disproportionate tax breaks for millionaires and other wealthy individuals.

Nobody ought to be fooled by these denials.

Mr. President, this is what my Democrat colleagues stand for. It is the right thing to do for our country, and I urge my colleagues to support the amendment.

With that, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. My recollection is that there were two Democrat Senators who spoke in a row. I wonder if I might do that now. I will just speak for 4 minutes and then I will yield 10 minutes, 15 minutes to the Senator.

Mr. EXON. I think that is fair.

Mr. DOMENICI. I thank the Senator.

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

Mr. DOMENICI. Mr. President, the distinguished Senator from New Jersey said you cannot have it both ways. I think he was referring to us, the Republicans. But, as a matter of fact, it is better referring to the Democrats and in particular the distinguished Senator from New Jersey. He cannot have it both ways, either. They cannot have it both ways.

Now, the theme song is we are all for balancing the budget. We are all for balancing the budget. The days are long past when we are worried about balancing the budget. We are all for it, right. But any time we propose something that will get us there, it is not the right way.

Where is their way? Where is the way of the distinguished Senator from New Jersey? He does not want to touch Medicare, I assume. He does not want to touch Medicaid, I assume. He does not want to touch anything we touch, I assume. Where is their balanced budget? You cannot have it both ways.

Mr. President, in addition, let me suggest these are the facts about Medicare. What the distinguished Senator from New Jersey is talking about in Medicare is somebody's set of facts, somebody's assumptions. Somebody, somewhere, somehow—probably the White House or the OMB—who is against this budget, they have come up with all these scare numbers for the senior citizens.

But senior citizens, Americans—not just senior citizens—Americans, we want to preserve the Medicare system. We want to preserve it for you who are on it, for seniors yet to come, and for hard-working, middle-income people who are 45 years old. And, yes, if we could, we would like to protect it for our children.

And so we recommend that we fix it precisely the way the trustees—four of whom work for the President, two of whom are citizens—told us we ought to

do it. No more, no less. No Republican inventions, just pure, basic facts as given to us by six trustees who say it will not be here for long unless we fix it.

Now, unless you want to cross America and go to every senior citizen center and say, our plan is to preserve it for the next 3 or 4 or 5 years and we just do not know what is going to happen after that, but for now we are against what Republicans are doing because we want to scare you to death, well, if that is the case, more rhetoric of the type we are hearing today may do it, excepting seniors have caught on.

They have even caught on to mailings that this group, formerly known as the Roosevelt Group, the Committee for the Preservation of Social Security and Medicare—if you have ever seen a scandal sheet, look at that. Do you know what they do, Mr. President? They wait for us to say we need to fix something for seniors and they say, "We found a big, big bank account. We will send these pretty papers out," \$10 a head for seniors. "Man, send it in. We'll save you."

Do you know how much they are apt to get just from that little thing—2 million Americans at \$10? Just do the arithmetic. How much is that? Twenty million dollars—while they feed and prey on American seniors.

Well, we are not going to do that. We are just going to tell you that you cannot have it both ways. You cannot have it both ways, the Senator from New Jersey; you cannot have it both ways, the Senator from West Virginia; you cannot have it both ways, Democrat Senators. You either tell us how you will fix this budget—unless you decide it is not worth fixing, \$275 billion deficits are OK, let our kids pay for it, let our salaries suffer, let our standard of living suffer, but we will not take a stand on anything that is difficult.

Now, these are the facts: Medicare per capita growth rates in the Senate budget resolution, per capita Federal Medicare spending, will grow from about \$4,350 in 1995 to about \$6,300 in 2002. I say to my friend from New Hampshire, my arithmetic says that is a 50-percent increase. No. Well, no, let us be right, a 49-percent increase, an average per capita growth of 5.4 percent.

Under current law, Medicare spending will grow from about \$4,350 in 1995 to \$7,800 in 2002. This is a 7-year increase of 80 percent, while we think we can deliver health care to seniors with a 50-percent increase. I do not think that is a cut. And, frankly, all those numbers cited both by my distinguished and dear friend, Senator HEFLIN from Alabama, and Senator ROCKEFELLER on how much each senior is going to pay is pure, utter speculation. I would call it worse than that, but I understand the Senate rules, so I will call it speculation. Because it is not necessarily the case. We have had Senator after Senator that are informed on

this explain why it is not the case, why it does not have to be the case.

Now, frankly, let me close by saying, you cannot have it both ways, I say to the Senator. You said, how are we going to cut is the real issue. And I say, "How are you going to cut?" That is the real issue. Not how we are going to cut; how you are going to cut.

So to just stand here and talk about what we are doing and at the same time try to confuse the American people that you are for a balanced budget just will not work. I am sure the American people will not buy it.

I yield the floor.

Mr. GREGG. Mr. President, has the Senator from New Mexico yielded?

Mr. DOMENICI. I yielded 15 minutes to the Senator.

Mr. GREGG. Mr. President, first, I want to compliment the Senator from New Mexico on his summary of the debate and especially the arguments made on the other side, because it really is a they-want-it-both-ways argument that they have been making here and, unfortunately, in the process they have left the senior citizens holding the bag.

Because, as the trustees have pointed out to us and as the Senator from New Mexico pointed out, this is what we are worried about. This is the bankruptcy of the Medicare trust fund. It occurs. It occurs as a result of the fact that we will be taking more out of the fund than is being put into the fund or that the benefits are increasing, the costs of it are increasing so fast that we cannot maintain the fund in its present structure. And we have to address this if we are going to address the solvency of the trust fund and if we are going to have the senior citizens of this country have an insurance plan.

Now, the proposal from the Democratic Members is to take \$100 billion of projected interest savings that we may get as a result of getting to a balanced budget, which they will not vote for, and somehow just throw this back at the plan. Well, that has not worked in the past.

The trustees told us rather specifically that if you are going to get the trust fund into solvency, you have to fundamentally reform the Medicare health care system. We can look at the history of these various let's-tinker-at-the-edges approaches of throwing money at the present proposal.

Under the Democratic proposal we see that this line here, which is the chart of spending under Medicare as compared to the estimated savings that we would get from different action than has been taken over the years. We have not in any way limited the rate of growth of spending in the Medicare trust fund. The Medicare trust fund continues to expand after we do this "let's-throw-some-more-money-at-it" proposal such as the Democrats have proposed today.

The fact is, unless you control the rate of growth of spending in the Medicare trust fund by fundamentally re-

forming the way that health care is delivered for seniors and giving seniors more choices in the area of health care, you are never going to get to this chart, which is the chart that we are concerned about, where the line levels out so that it does not go into bankruptcy.

And that has been told to us not by Republicans or Democratic Members of the Senate but by the trustees of the trust fund speaking to us about their concern about where the trust fund is going.

And this leads to the second point that I want to make, which is that the reason the Medicare trust fund is in such trouble is because of the fact that Medicare is a 1960's health care system going into the year 2000 and beyond. It is not relevant any more to the way that health care is efficiently and effectively delivered, with quality, in this country. That is shown by this chart which reflects the fact that amongst the private sector where health care costs have stabilized and in fact the health care premium costs have come down, 64 percent of the private sector individuals today are now in managed care; whereas, 94 percent of senior citizens remain in fee for service.

Well, that is reasonable from a cultural standpoint, because seniors grew up with fee for service. They grew up with the concept of having a specific doctor that they could go to. In the fifties and sixties, that was the only type of health care delivered in this country.

But as we move through the nineties, as we move through the years 2000 and beyond, it is very clear that health care delivery, to be efficient and to be of high quality, is shifting gears in this country, and in the private sector the people are opting into a fixed-cost system where they go to a provider, either a group of doctors or a consortium, an HMO or PPO, and, as a result, the cost of health care has dropped dramatically, as is shown by this next chart.

We have seen that in the private sector, as HMO's and the managed care, fixed-fee cost insurance approach have been pursued by the private sector and increased in participation, as was shown earlier, the cost of health care has dropped precipitously in the private sector by more than 50 percent.

We are not talking about cuts here again. We are not talking about taking the Medicare Program and cutting anything, as the Senator from New Mexico pointed out so eloquently. We are talking about dramatic increases in the Medicare system, but what we are talking about is less dramatic increases than are projected. We are talking about a system that is now growing at 10.5 percent annually and trying to get its rate of growth down to 7 percent annually.

What does it mean in dollar terms? It means this year on a per capita basis, a Medicare recipient will receive \$4,300. In the year 2002, it will be \$6,300. Those

are significant increases. And \$96 billion more will be spent on Medicare in the year 2002 than is being spent in this year. So we are not talking about cutting anything. We are talking about slowing the rate of growth of Medicare.

What we have seen in the private sector is by going into managed care proposals, they have slowed the rate of growth. They have gotten their inflation rates down dramatically just in the last 3 years.

Will we realize those types of savings in the Medicare system? No, obviously not. But will we realize significant savings, significant enough to get that 3-percent difference that we are looking for from 10 percent rate of growth down to 7-percent rate of growth? Yes, we will, by going through the reform programs we are talking about.

On our side, we are not talking in generalities and we are not talking in terms of politics, we are talking in terms of substance, substantive reforms in the Medicare system to ensure its solvency, and we are making proposals in this area, something we are not hearing from the other side of the aisle.

As we just saw on that last chart, we see that the premium costs as a result of going into HMO have dropped dramatically so we can realize that 7-percent cut. They dropped from a 10.5-percent rate of growth of premiums in the private sector in 1992 down to a minus 1.2 percent last year in the private sector. What a huge drop. We do not have to go that far in the public sector, we just have to get the 10-percent line down to 7 percent and we have a solvent system and a responsible system, and we will have made the savings and will have given seniors some opportunities they do not have today in the area of health care.

Some people say, "Well, if seniors go into managed care, they are going to be treated more poorly." As a practical matter, the history is actually managed care is doing a better job of some of our chronic illnesses than fee for service is. Right here, managed care is doing a better job in diabetes, a better job in heart conditions, a better job in high blood pressure, a better job in high cholesterol, a better job in weight problems. Why? One of the things is in a managed care atmosphere, they look very hard at preventive and wellness programs and seniors can benefit significantly from these types of programs.

What we are going to say to seniors is you do not have to go into HMO's, PPO's or managed care. We are not going to say they have to go that route. We are going to create what is known as an economic incentive, market incentive. For some on the other side, the concept of marketplace is an anathema, and they do not want to hear it in relation to health care.

If we use the marketplace, we can encourage seniors who are traditionally in fee for service to move from fee for service into HMO's and PPO's and get

better health care in the process and get the lower cost for the Federal Government in the process, a double win as we go down that road.

This, I think, reflects the fact that we have also heard a lot about, "Well, if seniors go into the managed care system, you are going to find that they have more difficult problems, that they have more significant problems than the population generally and therefore the system will be skewed and you can't do it."

Well, that is old numbers, No. 1. That is old, old numbers before HMO's that they are using to cite those, before HMO's were effective and used a lot. Today, if we look at the current numbers we are seeing that the HMO enrollees are diagnosed at an earlier stage than the people who are in the fee-for-service system and in addition, that HMO enrollees generally have the same type of breakout of health care problems as fee-for-service people.

So you do not have the creaming concept that you hear of this argument where HMO's are only going to take people who are well and all the sick people will stay in fee for service. Our plan does not allow adverse selection, period, so it is not an issue. The fact is the numbers are now showing us HMO systems are not adverse selecting anyway. So as a practical matter, that is not a problem.

So what we are suggesting is that, No. 1, look at the trustees' report. Look at the trustees' report. It says that this system is fundamentally broke and that it has to be reformed, that you can no longer take the Band-Aid approach and that you certainly can no longer take a whole bunch of money and throw it at the system, as is proposed by our colleagues on the other side of the aisle by this amendment, that it needs fundamental reform.

Second, what we are saying is we are proposing such reform. We are not proposing such reform in the context of just budget savings, we are proposing such reform in the concept of delivering better care to our senior citizens by giving them the opportunity to have the same type of plans that we as Members of Congress have.

That is basically what it comes down to. By saying to them we will give you the opportunity to go out and purchase a fixed-cost plan, an HMO or a PPO and move out of fee for service and if you do that we are actually going to give you a percentage of the savings that you obtain for yourself, let you keep it and, as a result, we are going to reduce the cost, in the long run, to the Federal Government from 10 percent down to 7 percent, a very attainable goal.

More importantly, we are going to make the trust funds solvent and we are going to give our seniors choices which they do not have today and, at the same time, we are going to give them the opportunity to go out in the marketplace and find health care in a variety of ways which the private sec-

tor is now using which helps us control costs.

So we are talking substance here is what it comes down to and, regrettably, on the other side of the aisle they are talking politics. We are talking about reforming the Medicare system so it is solvent, they are talking about politics of the next election. It is unfortunate, but that is the way it is broken out.

We are talking about balancing the budget so that our children are not stuck with a country which is bankrupt, they are talking about politics. These are our answers and our proposals and they are substantive. We await and hear a deafening silence for the proposals coming from the other side, either on how you balance the budget or how you correct the Medicare insolvency. We wait.

Mr. President, I yield the remainder of my time back to the Senator from New Mexico.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. I will hold my time now.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President I think we heard just an amazing discussion. Obviously, the shared sacrifice provides and directs the senior citizens into HMO's whether they want to be there or not. This side of the aisle will not vote for that kind of a proposition.

I yield 5 minutes to the Senator from Wisconsin.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. FEINGOLD. I thank the ranking member of the budget committee.

Mr. President, I rise today to continue my comments on the need to make intelligent reforms to Medicare as part of an overall strategy not only to keep the Medicare hospital insurance fund solvent, but also because of the impact Medicare has on our Federal budget deficit.

I very much want to participate in a bipartisan effort to balance our Federal budget by 2002, and as I said a few days ago, I believe Medicare must be on the table as we seek ways to reach that goal.

In my comments, I listed a number of Medicare reforms that I would be willing to consider as part of a balanced package, and indicated I would certainly be willing to look at other reforms as well.

Mr. President, it bears repeating that if we are to achieve a balanced budget by 2002, or indeed by any target year, we need to make changes to Medicare.

Put even more directly, the failure to include Medicare as part of a budget package almost certainly dooms such an effort to failure, if not in the short term, then certainly in the long run.

As I also noted, I strongly prefer to make significant changes to Medicare as part of a broader effort to reform our health care system.

In that larger context, not only could we make more significant progress in

stemming the increasing costs of the program, we would be far better able to address the underlying forces that are increasing the costs of health care both in the public and private sector.

But, Mr. President, we do not have that luxury.

We apparently will not be debating and passing comprehensive health care reform in the near future, and the failure to do so is not only a tragedy in human terms, it is also a lost opportunity for significant deficit reduction.

Nevertheless, Mr. President, we must still make changes to Medicare, even without comprehensive health care reform.

Deficit reduction and a balanced budget require it.

However, Mr. President, two features of the proposed Medicare cuts put any effort to balance the budget at risk.

The first is an issue on which I commented a few days ago, namely the failure to deal honestly with the American people on this subject.

This is being done in a number of ways—for example, by minimizing the potential impact of the cuts or by suggesting that the proposed savings can largely be achieved simply by moving to a managed care approach.

But a deliberate deception that is particularly troubling to me is the representation that the reason we need to make changes is to Medicare to keep the program solvent.

The clear implication that is intended by that description is that any savings realized from cuts to Medicare will remain in the program.

Mr. President, that is a deliberate misrepresentation.

Yes, we need to make changes to Medicare, and yes part of the reason is that the trust fund that pays for one part of Medicare—the hospital insurance program, known as part A—will be insolvent in 2002.

But that is not the whole story.

Changes are also needed to Medicare because of the impact that program has on the entire Federal budget.

Mr. President, this country is ready to sacrifice to reduce our deficit.

In fact, I am struck by the willingness of so many to forego so much.

There is almost a physical need to do so.

I have seen this in the widespread opposition to the proposed tax cuts that both parties have offered.

And with respect to Medicare, I have seen it in the recognition by seniors that reforms are needed.

But, Mr. President, that willingness to sacrifice will evaporate if we do not deal honestly with the American people.

We need to be straight with the American people, and especially our seniors as we ask them to support changes to Medicare.

If we do that, we will have that support.

Mr. President, the other feature of the proposed Medicare cuts that troubles me is the potential for harm to

one of the most vulnerable groups in this country—the frail elderly.

Mr. President, to the credit of this body and our colleagues, for the most part we have not heard the greedy gezer arguments made as a rationale for cutting Medicare.

But that argument is certainly made by some.

And it is true that there are retirees who are well off.

After a lifetime of hard work, there are seniors who have acquired significant savings, and have comfortable pensions.

Some of their assets come from equity in their homes, which they have lived in for decades.

But that is not the whole story. Millions of elderly are among the poorest of our country.

The median income of elderly households is less than half that of nonelderly households.

According to the Public Policy Institute, in general incomes rise from age 15 to age 50, and then decline steadily.

And incomes for the oldest old are by far the lowest of any age group.

Households headed by someone aged 75 or older had annual median incomes of less than \$13,622 in 1992—\$4,000 lower than the next lowest income group, those of households headed by people between age 15 and 24.

And over one-fourth of the elderly households have incomes of less than \$10,000 per year.

Mr. President, while the elderly are disproportionately poor, they also spend far more on health care as a group than anyone else, and this should not surprise us.

What may be surprising to some, however, is just how much our seniors do pay already even with the coverage provided by Medicare.

In 1995, the average older beneficiary will spend about \$2,750 out-of-pocket for premiums, deductibles, copayments, and for services not covered by Medicare.

I might add, Mr. President, that these costs do not include the potentially crushing costs of long-term care which can total nearly \$40,000 in some areas for nursing home care.

Over the next 7 years, it is my understanding that even without the Medicare cuts being proposed as part of this budget resolution, Medicare beneficiaries can expect to spend more than \$25,000 out of pocket for health care costs.

This budget proposal before us could add \$3,200 more to the total.

Mr. President, Medicare has done much to improve the lot of seniors.

According to the Public Policy Institute, prior to Medicare, only about half of older Americans had any health insurance compared to 75 percent of those under 65.

Employer-provided health coverage was the exception, and most of those with that coverage lost it once they retired.

If you wanted to buy private insurance, you were often denied coverage

on the basis of age or pre-existing conditions.

And those policies that were available were often unaffordable.

Without coverage, many simply did not seek care even when they needed it.

With the passage of Medicare in 1965, that picture changed dramatically.

The Public Policy Institute reports that the share of the elderly population not seeing a physician in a given year dropped from 32 percent in 1958 to 21 percent in 1976.

And there was a significant increase in access to hospital services.

Let me say a few words about this issue of shared sacrifice, which the Senator from New Hampshire was just addressing.

Even with Medicare, though, for the average senior citizen, often an older woman living alone, health care is still very costly.

Our seniors spend about four times as much out of pocket on health care as their younger relatives.

And those out-of-pocket costs consume an enormous portion of their income.

For the average older American, out-of-pocket costs still use up \$1 in every \$6 of income.

And for those over age 85—the fastest growing segment of the population—\$3 of every \$10 of their income goes toward the cost of their health care.

Mr. President, if we did not have Medicare today, and older Americans were forced to buy health care coverage from insurance companies, they would have to pay much higher premiums.

The Public Policy Institute estimates that premiums for those aged 65 to 74 would range from \$6,400 to \$8,500, or, on average, up to half of their annual income.

Mr. President, the numbers that describe this issue are so impressive that it is easy to frame our arguments around them.

But as many of my colleagues have noted, there is a human side to those numbers, and as important as they are, they do not tell the whole story.

I have received hundreds of letters on the proposed Medicare cuts.

Mr. President, they are not from well-to-do, retired corporate executives.

Many are older women, often living alone.

One older woman wrote to me from Merrill, which is in the northern part of Wisconsin.

Her letter is typical of many I have received.

She told me that she lives alone, and gets \$573 per month from Social Security.

With that she pays the taxes and insurance on her home, as well as the other costs of day-to-day living. She told me that she just does not have enough money left over to pay for more health care.

For that woman, across-the-board increases in premiums or copayments,

Mr. President, will be brutal. She will be forced to make terrible choices. She may have to ask herself if she can afford to pay for prescription drugs or food. What about repairs to her home, like fixing a leaky roof? What about the heating bill, Mr. President? Mr. President, you know as well as I do, being from the northern part of this country, it gets very cold in Merrill, WI, and that is a brutal choice to have to make.

Another older woman wrote to me. She lives in Milwaukee. She explained that her memory is impaired because of various illnesses. She is sick and totally dependent on Medicare for health care. She did not say what her income is, but if she is average, it is about \$17,000 per year.

At the level proposed here in the Senate, the cuts to Medicare could mean that she will pay another \$3,200 in out-of-pocket costs over the next 7 years, nearly \$500 per year in additional health care costs on top of the \$2,500 she now pays. Mr. President, this was reflected as well when I met with a delegation from Wisconsin at the White House Conference on Aging. We visited about a number of items, including the absolutely critical importance of long-term care reform. We talked about the prospects of cuts to Medicare. Mr. President, those delegates to the White House Conference on Aging agreed that we do need to make some changes to Medicare. They agreed, though, that we need to "cut smart" but not "cut mean."

Mr. President, the risk with this level of Medicare cuts is that we will "cut mean," and those who are the least able to afford it, the most vulnerable of our adult population—the frail elderly, will be asked to carry the bulk of our deficit reduction load.

Mr. President, I am willing, as I have said many times, to participate in a bipartisan process of which the primary goal will be to actually produce a balanced budget by the year 2002, or earlier. Some Medicare cuts should be part of that process; indeed, they have to be part of that process.

But, Mr. President, I cannot support a plan that weakens the health safety net for our poorest and frailest elderly—the very safety net Medicare was designed to provide.

I yield the floor.

Mr. ROCKEFELLER addressed the Chair.

Mr. EXON. Mr. President, I yield 14 minutes to the cosponsor of the amendment, the Senator from West Virginia, and the remaining time following that to the minority leader for closing our section of the debate when his turn comes.

Mr. ROCKEFELLER. I thank the Senator from Nebraska.

Mr. President, let us review the record, the whole record.

When reckless Wall Street unrestraint brought this Nation to the edge of financial ruin, Republicans insisted that an "invisible hand," Adam

Smith's invisible hand, would help families, and restore their jobs, their homes, their children and their savings. But alas, the "invisible hand" was very much invisible. Unemployment lines snaked blocks long, banks went belly-up, plants were boarded up, homes and farms went on the auction block. Bad times, hard times—nowhere harder than in my State of West Virginia.

After the crash, Democrats took action to repair the all too visible damage done by the Republican's stubborn refusal to address the needs of working families. Democrats worked to undo neglected banking regulation, disinvestment in education and training, lack of emphasis and lack of attention to national infrastructure building, to unstick stagnant wages, and pay down the staggering mountain of debt.

I could be talking about Franklin Roosevelt's redress of Herbert Hoover's wrongheaded economics. But, no, I am recalling the reckless excesses of the 1980's and the work we Democrats began in the last several years to undo that horrible damage done by the Republicans.

Our colleagues across the aisle have spent the last few days wringing their hands and gnashing their teeth over the debt that now hangs over our children. Oh, no curse ever visited upon the human race is worse, to listen to them talk one after the other. You cannot have it both ways. They talk about the depletion of the Medicare trust fund, about the need for pain and sacrifice.

I wonder how they failed to see the danger during the 1980's, when massive tax cuts for the wealthiest fraction of the Nation tripled the national debt. I will say that again—when massive tax cuts for the wealthiest fraction of the Nation, corporate and private, tripled the national debt. "You cannot have it both ways," they said. They sure tried in 1980, when billions were borrowed against the next generation to finance savings and loan bailouts. Did they forget about that one? A little oversight on the part of the Republicans. And we are still paying for it. People out there do not forget about that. It is a Republican legacy. When tax loopholes were opened for junk bond binges, where was their concern about the debt being passed on to the next generation all during that period?

I think the greatest scandal of my time in Congress was the S&L bailout period, courtesy of the other side. Talk about passing on debt to future generations. I never heard a word about that in the 1980's or early 1990's, or even up until last year. I wonder where the urgency and concern last year and the year before was when Democrats were cutting the first trillion off of that deficit. The first deficit reduction in decades, and not one Republican in either House voted for it. You cannot have it both ways, they say. Not one Republican was for lifting a trillion dollars in debt off of the next generation.

I wonder where was the passion and the compassion for the next generation when we had a chance last year to pass health care reform. We had a chance to stop cost shifting and all of the things that have exploded our health care system out of sight. The Republicans could not even wait to savage that one, because it was put forward by Bill Clinton. They called it socialized medicine and Government medicine. We heard it all the time. I will not pull out my Blue Cross/Blue Shield card like I usually do. But Blue Cross/Blue Shield coverage, which is what most Members of Congress have, is not a Government-run health program. But we are paying the price now. They overwhelmingly condemned health care reform. Where were they then? Health reform that would have reined in costs without slashing services and quality.

Instead we heard all of those passionate speeches denouncing price caps, which they now propose. "You cannot have it both ways," they said. Denouncing limits on choice of a doctor, which they now are ready to force on seniors. Oh, yes, if seniors pay more, it will be different. Those who can afford it, will have a choice. Those who can not afford the extra costs will not be able to keep their lifelong doctor. But the fee-for-service system which the Republicans so glorified last year, they could not stop talking about the glory of choice, the glory of choice, it will not be available to all seniors under their Medicare budget. The glory of choice. We do not hear it this year. You have to pay more for it, if you are a senior.

They talk about 90 percent of their tax cuts going to families earning less than \$100,000. I would like to bring up a point on that. They talk about \$100,000 and where their tax cut would go once they have the \$170 billion left over, after this is all over. I would like to point out two things: First, the average West Virginia senior has an income of about \$10,700 year. To him or her, \$100,000 is rich. Real rich.

Second, and I hold up the Republican bill here, there is not anything written into a bill. It is a sense of the Congress. A sense of the Congress that 90 percent of the recipients of any tax cuts—think that means something—"any tax cuts?" Think they are thinking about tax cuts for the rich which must go to the middle class?

A sense of the Congress. Mr. President, you and I both know that anything that is a sense of the Congress or a sense of the Senate is not worth the paper it is written on.

But most of all, I wonder how anyone can look at this budget proposal and call its authors courageous? A budget scheme which asks everything of seniors, of students, of children, and the disabled, and gives more, and so much more, to the most secure, the most well off, the biggest companies and the most powerful interests.

Mrs. BOXER. Would the Senator yield for a very quick question?

Mr. ROCKEFELLER. The Senator will complete his remarks.

Mrs. BOXER. I have a question.

Mr. ROCKEFELLER. I would say to the Senator from California that I have only 14 minutes, and I have a lot to say.

Mrs. BOXER. This is so fast. I wonder if the Senator would yield, because he has just hit such a strong point.

Mr. ROCKEFELLER. Please proceed.

Mrs. BOXER. Mr. President, I went home and met with my seniors in hospitals.

And when we say, whose side are you on, this is the question of the moment. They looked at me and they said, Senator, this is where my question comes in, did we not have a consensus, an agreement, in the national Government, that we wanted to make sure our elderly were treated with respect and dignity, and we would not have bag ladies walking around the streets? And we would not have sick people, elderly people, because we, in fact, respected them.

So when the Senator asks, whose side are you on, I ask my friend this question: Does this Republican budget not repeal a national consensus that we should treat our elderly with dignity and respect and not force them to choose between buying food and going to the doctor?

Mr. ROCKEFELLER. It not only does that, it not only repeals that national compact, but I have here the Social Security law. These are the Social Security laws.

If we turn to page 625 of the Social Security law, title 18, Medicare is called "Health Insurance for the Aged and Disabled." Senior citizens are going to have to pay out of their Social Security COLA the increased costs of Medicare because of what the folks on the other side of the aisle are proposing.

They say it has nothing to do with Social Security. This is a Social Security cut, because they will not be able to spend it on anything else but higher Medicare costs. This is the Social Security law. This is the health insurance for the aged and the disabled. That is called a cut in Social Security in any West Virginians' home who is elderly, that I know of.

Mrs. BOXER. Thank you, I say to my friend.

Mr. ROCKEFELLER. I thank the Senator from California.

How can it be courageous to ask those with the least to pay the bills racked up by those who already have so much?

Yes, we all want to balance the budget. Yes, we all want to balance the budget. And, we have offered amendments that would still balance the budget by 2002. This amendment does not subtract one single thing—not one dime—from the effort to balance the budget.

In 1993 we went to bat when we were in charge. Now they are in charge. Let them go to bat, but not take the bat

and crush so many vulnerable people in our country.

We have seen this before. Economic voodoo that asks working families in places like West Virginia to shoulder the load while providing a windfall for the well-heeled.

Mr. President, I would just insert and would ask this be included in the RECORD the piece of paper, which we have not talked much about, Medicaid. This has been a Medicare debate. But Medicaid is included in this amendment.

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

Who loses if Medicaid is dismantled into a block grant?

Low income children. About 18 million of them will lose their health insurance coverage.

Low income women. About 8 million of them will lose their health insurance coverage.

Low income disabled. About 6 million of them will lose their health insurance coverage.

Low income elderly. About 4 million of them will lose their health insurance coverage.

Community spouses. The wives or husbands of nursing home patients covered by Medicaid will no longer be protected against impoverishment.

Private practice (fee for service) physicians. States will no longer have to pay for physician services at rates that give Medicaid patients access to private physicians. Instead, states will channel all of their payments for physician services to managed care plans, which may or may not contract with physicians now servicing Medicaid enrollees, and which may or may not pay the physicians with whom they contract adequately.

Community health centers and rural health clinics and their workers. States will no longer be required to reimburse them for their costs of treating Medicaid patients. Instead, states will channel all of their payments for outpatient services to managed care plans, which may or may not contract with these clinics, and which may or may not choose to pay adequately those with whom they do contract.

Teaching hospitals and their workers. States will no longer be required to pay them at "reasonable and adequate" rates for treating Medicaid patients. Instead, states will channel all of their payments for hospital care to managed care plans, which may or may not choose to contract with teaching institutions, and which may or may not choose to pay adequately those with whom they do contract.

Children's hospitals and their workers. States will no longer be required to pay them at "reasonable and adequate" rates for treating Medicaid patients. Instead, states will shift all of their payments to managed care plans, which may or may not choose to contract with children's hospitals, and which may or may not choose to pay adequately those with whom they do contract.

Public hospitals and their workers. States will no longer be required to pay them at "reasonable and adequate" rates for treating Medicaid patients. Instead, states will shift all of their payments to managed care plans, which may or may not choose to contract with these hospitals, and which may or may not choose to pay adequately those with whom they do contract.

Mr. ROCKEFELLER. The Republicans are clearly headed toward a

Medicaid block grant. On Wednesday in the Finance Committee we are meant to be marking up a welfare reform bill that will be all block grants. It will all be block grants. They will say it is not, but it is. They are all for it. Some of them who were not last year are this year.

Let me list a few of the consequences of a Medicaid block grant. No longer will 18 million children have a guarantee of health insurance. No longer will 8 million low-income women have a guarantee of health insurance. Sure, some States may do it, other States will not. About 6 million low-income disabled will lose their health insurance coverage.

Moving back to Medicare. Medicare is a critical element of a senior's Social Security. Millions of seniors depend on their monthly Social Security checks to buy food, to pay the rent, to buy prescription drugs, and pay their utilities.

Those same Social Security recipients depend on the Medicare Program for health insurance coverage, Medicare coverage that they contributed to all of their working lives.

Now we are going to say that seniors who worked hard all their lives, and planned their retirements taking into account their Social Security and Medicare benefit, that we will pull the rug out from under them.

We cannot have it both ways, they say. Boy, are they making a case against themselves.

Republicans have promised not to touch Social Security.

In fact, before last year's election, the Republicans also said they had no intention of cutting Medicare benefits. I quote Majority Leader DOLE:

President Clinton and Vice President Gore are resorting to scare tactics * * * falsely accusing Republicans of secret plans to cut Medicare benefits.—Washington Post, November 6, 1994.

And from the head of the Republican National Committee, Haley Barbour:

The outrage, as far as I'm concerned is the Democrats' big lie campaign that Contract with America would require huge Medicare cuts. It would not.

Republicans were not going to cut Medicare. That is what they said. But that is certainly not what they are doing. The Senate budget resolution cuts Medicare by \$256 billion and the Contract With America budget resolution cuts Medicare by \$270 billion.

And, because of the way they plan to cut Medicare benefits—by shifting health costs to seniors—seniors are going to see their Social Security COLA's reduced by half. My colleague from Massachusetts, Senator KENNEDY, referred to this last Friday as a stealth Social Security cut. And, I could not agree more.

We do not yet know how the Senate Republicans plan to cut Medicare, but we do know what the House Republicans are thinking about. I will outline just a few of their ideas to cut Medicare by making seniors pay more.

These proposals are all taken directly from the House Republican Budget Committee document.

First, there is a mandatory managed care proposal. Under this proposal, seniors would have to pay more if they went to a hospital or doctor that was not in the Medicare network. Under this plan, seniors would not have a choice of signing up for managed care. Their enrollment in this Medicare managed care program would be automatic and mandatory.

Another Republican proposal would increase premiums for new Medicare beneficiaries who choose fee-for-service. New Medicare beneficiaries would pay a part B premium that is \$20 a month higher if they choose Medicare fee-for-service.

Under another Republican proposal, the Medicare deductible for physician services would be doubled, from \$100 to \$200 and then indexed for inflation.

And, there has been a lot of talk about handing out Medicare vouchers. Under the Republican plan, Medicare would be capped and vouchers handed out. The government would make a standard contribution and seniors would have to make up any price differences between the government voucher and the price of their health insurance. The House Budget Document says "Medicare could continue to offer the traditional Medicare benefit plan * * * [but] most likely, the beneficiary would have to pay an amount in addition to the voucher."

Next, the Republicans want to require new copayments for home health care, lab services, and skilled nursing home care.

Finally, the Republicans favor an across-the-board hike in every senior's part B premium which is currently \$46.10 a month.

Day after day, the Republicans have come to the Senate floor and denied that they are cutting Medicare.

Mr. President, when I talk to seniors in West Virginia about the above proposals and the increased costs that they are going to have to pay, they understand that their Medicare benefits are going to be cut. They see cuts in their Social Security benefits.

The Republicans can talk about the billions of dollars that they are going to allow Medicare to increase by, but I want to talk about the average West Virginia senior getting by on a fixed income of about \$10,700 a year.

Under the Republican budget resolution, seniors living on fixed incomes are going to see half of their Social Security COLAs get eaten up by new Medicare charges—that is a cut.

When half of the seniors in West Virginia who live in rural areas risk having their rural hospital shut its door—that is major cut in services.

Mr. President, my colleagues on the other side of the aisle have tremendous discipline when it comes to staying on message. They can repeat, and repeat, and repeat that these Medicare cuts are not really cuts at all. They can say

over and over and over again that there are no tax cuts in their budget resolution. But anyone who reads this budget resolution will see the \$170 billion that has been set aside for tax cuts and the \$256 billion cut in Medicare and the \$175 billion cut in Medicaid.

My amendment will put money back into the pockets of senior citizens. My amendment says that we are not going to balance the budget and pay for tax cuts by gutting Medicare and making seniors pay more.

This amendment is about setting priorities. If this amendment was adopted, the budget resolution would still achieve balance by 2002. This amendment says that health care and long-term care for seniors, and health care for children and the disabled, should not be destroyed so that we can hand out tax cuts to the wealthy. This amendment would make sure that millions of working families and retirees who depend on Medicare and Medicaid for their health care and long-term care needs would not be left out in the cold and swamped with huge health bills.

Mr. President, I urge my colleagues to vote for my amendment and tell the American people loud and clear that we in the Senate have our priorities right.

The PRESIDING OFFICER. The time of the Senator from West Virginia has expired. The 8 remaining minutes has been given to the minority leader.

Mr. ROCKEFELLER. I yield the floor.

Mr. DOMENICI. Mr. President, I yield 4 minutes to the distinguished Senator from Indiana, Senator COATS. I assume that would be followed by the minority leader with his time, and I would wrap up with the remainder of the Republican time.

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

Mr. COATS. Mr. President, I think the Senate's debate on the balanced budget amendment a few moments ago was a turning point in this session of Congress—perhaps and hopefully, a turning point in the economic affairs of our country. It was important not for its disappointing final vote but for the issues that it clarified.

During that debate, opponents of the balanced budget amendment again and again challenged those who supported it: If we really want a balanced budget, they would say, propose one. One Member of this body put it like this: "Let Senators get to work, to show Americans we have the courage this amendment presumes that we lack."

Opponents of the balanced budget amendment pressed that argument as hard and as far as they could. They threw down a gauntlet before a watching Nation. Mr. President, this week, Republicans have picked it up. And those who made that challenge have fled from the field—proposing nothing of their own. They revealed that their point in the balanced budget debate was not a conviction but an alibi.

It is a terrible, disturbing thing, to have your bluff called before an entire

country. That is precisely what has happened to the Democrats. Their bluff has been called. Their call for "Go ahead and propose one," was taken up by Republicans. We have proposed one.

Thanks to the Republican 7-year budget, we can now see our way clear to a balanced budget. After 40 years of wandering in the desert of deficit spending, we are finally destined for the promised land of balanced budgets.

There is courage in this budget—courage we have not seen for decades. Courage that makes this a historic moment. But, if we are honest, it is courage without alternatives. The status quo may be comfortable, but it is not sustainable. Because the road we are on, while it may seem wide and easy, ends with a cliff, and the fall will be disastrous for our economy, disastrous for our people, including our seniors, disastrous for our children and for the Nation's future.

Mr. President, we have come to the beginning of the end of deficit spending in America. We have come to this place because there is no alternative. Two decades of promises, two decades of rhetoric, budget proposals, budget deals, tax increases, unfulfilled promises, and spending cuts, all these have failed. This is the best argument for a balanced budget amendment, defeated for the moment by just one vote.

So we turn to this effort, this courageous effort, let me say to the Senator from New Mexico, the only effort, the only game in town is the Republican budget proposal.

No one has proposed anything different. If you do not like this, you are walking away from the debate. The President has abdicated his leadership on this most critical of all issues facing our Nation. Likewise, Democrats have abdicated leadership on this, the most critical of all issues.

The PRESIDING OFFICER. The time of the Senator from Indiana has expired.

The minority leader is recognized for 8 minutes, the time remaining.

Mr. DASCHLE. Mr. President, I listened carefully to the words of the distinguished Senator from Indiana. If you listened, you heard one thing that is completely unrelated to what is addressed in this amendment. To listen to the Senator from Indiana, you would think that this amendment was going to add somehow to the deficit; that it was going to somehow change the parameters of this budget resolution; that somehow it was going to move back the date of the balanced budget goal to a time beyond 2002.

Mr. President, that has nothing whatsoever to do with what we are now considering in this amendment. There is no disagreement on a balanced budget. There is no disagreement, at least for most of us, on what date we ought to set for a balanced budget. But there are fundamental disagreements.

The President has laid down his budget. The Republicans, as is their

right now, have laid down an alternative. These two budgets are 60 percent the same. But there is a fundamental difference in priorities in the remaining 40 percent of this budget. This amendment and, indeed, this entire debate, is about modifying this budget to reflect those priorities. It is about a fundamental difference in how and where we ought to invest our resources.

What the Republicans are suggesting is that, if we do the things the chairman has proposed, somehow there will be a \$170 billion pool from which to provide a tax cut at a later date. There is no doubt about that. Everyone has acknowledged that is what we are talking about, a tax cut that will substantially benefit those at the upper end of the income scale.

We are saying that we cannot accept that tradeoff. We are saying that it is wrong for seniors to pay \$6,400 per couple in additional out-of-pocket health expenses to finance a tax cut for upper income Americans. We are saying that it is wrong for working families to pay \$1,400 more for this tax cut. We are saying that it is wrong for students to pay \$3,000 more over the course of their college careers to pay for a tax cut. These are the issues our amendment addresses.

The people who are the hardest hit and who are going to feel it the most are the senior citizens. A \$256 billion cut in Medicare over the next 7 years will affect 37 million people, resulting in \$900 a year more in additional health care expenses per beneficiary, \$3,200 over the course of the 7 years. For what? So that the wealthiest 1.1 million people in this country can get a \$20,000-a-year tax cut. Those people making more than \$350,000 a year will get \$20,000 back in taxes.

This graph says it clearly. We are not talking about increases in the debt. We are not talking about altering the glidepath or our balanced budget goal. We are talking about the fact that the Republicans want to provide a tax cut for wealthy citizens, while the Democrats are concerned about paying for that tax cut with Medicare cuts. This is the essence of the difference between their approach and our approach, especially when you consider the fact that 97 percent of those who are dependent upon Medicare make less than \$50,000 a year.

We cannot accept that Medicare cuts will pay for tax cuts for affluent Americans. The \$256 billion Medicare cut, resulting in a \$900-a-year increase in out-of-pocket costs to beneficiaries, is especially troubling when you see how limited most seniors' economic resources are. Nonseniors, people under the age of 65, only spend about 8 percent of their income on health care. Seniors, on the other hand, pay 21 percent of their income on health expenses. In other words, they pay almost three times more each year on health care than nonseniors.

There is a lot of debate about how we are affecting the growth of Medicare spending. Let's be clear about this. The Republicans say they are allowing Medicare costs to increase—that all they are doing is cutting back on the program's growth. I hope everyone understands the effect their proposal will have on the Medicare program. It is very important that everyone appreciate the reasons for Medicare's explosion in costs. There are two basic reasons.

First, the demographics of our country continue to change in positive ways. We are seeing more and more people over the age 65, more and more people who are living long enough to enjoy their retirement. Therefore, more and more people are relying on Medicare. That is not some management problem. This represents a tremendous new opportunity for our older Americans to enjoy the benefits of their retirement years. And more Medicare beneficiaries are living longer and longer. The over age 85 group is the fastest growing population of Medicare beneficiaries.

Second, more and better health care technology is allowing people to live longer and healthier lives.

The Medicare program is expected to grow about 8.3 percent per year, taking into account these demographic trends, new technology, and general increases in the cost of living. In the private sector, which has a younger, healthier population that needs fewer health care services, we see slightly lower total growth in health care costs. What the Republicans would like to do through this budget is dramatically cut back the growth in Medicare while private sector health care costs continue to grow at a rate of 7.2 percent.

The impact that will have on seniors could not be more clear. Millions of seniors today depend upon Medicare for their health care and can now walk into a hospital or clinic with the confidence that they are going to be treated when they are ill. Under this budget, they will no longer have the confidence that Medicare will be there when they need it. A lot of people are not going to have the care they deserve, in large measure because of the dramatic reduction in the availability of resources for Medicare. We simply cannot allow that to happen.

The situation is much the same with respect to Medicaid. The demographic trends and new technology affect Medicaid much as they affect Medicare. I think we all have to realize that, unless we are really prepared to tackle meaningful health reform and address the proliferation in technology, the ramification of these demographic trends in our Nation, and the explosion in general health care costs, it is extremely difficult to do anything meaningful to produce the kinds of savings that the Republicans are proposing.

The bottom line is this. Whose side are we on? Are we on the side of senior citizens? Are we on the side of kids?

Are we on the side of working families? Or are we on the side of those who want to raise more money so we can cut taxes for the wealthy by \$20,000?

This could be one of the most, if not the most, important votes on health care in this session of Congress. The decision we will make in less than 10 minutes is about whose side we are on, about whether or not senior citizens are going to be confident in their ability to get the kind of health care they need for as long as they live.

I yield the floor.

The PRESIDING OFFICER. The remaining time for debate is now in the control of the Budget Committee Chairman.

Mr. DOMENICI. Mr. President, what time are we scheduled to vote?

The PRESIDING OFFICER. At 3:10, in 12 minutes.

Mr. DOMENICI. Mr. President, I yield myself the remaining time.

First of all, I do not expect an answer, but it would be good to know whether the distinguished Senator from West Virginia, Senator ROCKEFELLER, who spoke with such passion on this subject and talked about how wonderful his amendment is for seniors, I wonder if we might find out someday whether he would vote for a budget resolution if this amendment passed? I have serious doubts the Senator from West Virginia would, for putting back \$100 billion into Medicare seems to me to be far less than that which he and many on the other side of the aisle really have in mind. Essentially, they have found this contingent fund of \$170 billion so they can now start spending it; so this is another effort to paint us one way when they do not really have a solution.

But let me just talk about what is going on, in terms of the Republicans, what we are suggesting.

Whose side are we on? Make no bones about it. We are on the side of all Americans. There are those in politics who would like to make us choose sides.

They would like to split the United States of America as if all Americans are not interested in America's future.

Whose side are we on? We are on the senior citizens' side because we want to make the trust fund that pays for their health care solid, improve it, make it better, and make sure that it is there for them for a long time.

We are on the side of the working men and women in America who are paying that bill because they, too, would like to know that when it comes their turn to get Medicare, it will be there. We propose that it will be there for them.

We are on the side of the children of America, the young children that we so much love, that we have so much affection for. We are on their side, too.

Because, Mr. President, and fellow Americans, if we do not fix the Federal budget where it stops hemorrhaging at \$275 billion a year, all Americans—seniors, children, middle-aged Americans,

young couples who are just entering the work force, with one child, or two children, or just married and starting their life—we are on all their sides, because we would like the fruits of their work to give them a good paycheck, not a deflated paycheck that goes down while it sounds like it is going up because they are paying incredible amounts of what they work for to the Federal Government to pay our bills.

I believe the seniors in America want a future for their children, for their children who are out there working, and their grandchildren that they are hoping will get an education and benefit and prosper in America.

So we answer that question. Whose side are we on? We are on every single American's side. We are for helping every American have a better life and asking that some sacrifice now so that there will be a better life, especially for our children.

What are we saying about Medicare? Let us talk about it again. There is no need—nonetheless, we cannot prevent it—to frighten Americans. The Medicare system is bankrupt. That is not Republicans talking. It is six trustees, four of whom work for the President. They said you ought to reform it. And they told us how much was needed to reform it short term. They said \$163 billion over 5 years.

We have asked the committees in the U.S. Congress to make it solvent over 7 years by finding a way to reform, to add opportunities to senior citizens, to change the system that is essentially about 30 years old, and, say, let us modernize it and make it better for seniors, and in the meantime let us save money. Instead of 10 percent growth, let it grow at 7.

Who is the principal advocate of the proposition that when you let something grow at 7 percent instead of 10 that you are not cutting it? Let me ask one more time who the best advocate of that is. I will quote quickly. October 5, 1993, President Clinton speaking to the AARP:

Today, Medicaid and Medicare are going up at three times the rate of inflation. We propose to let it go up at two times the rate of inflation.

That is the President saying that. He proposes in the yellow on this chart:

That is not a Medicare or Medicaid cut . . . only in Washington do people believe that no one can get by on twice the rate of inflation.

And then there is some laughter.

So, when you hear all this business about cuts—

Said the President,

let me caution you that that is not what is going on. We are going to have increases in Medicare and Medicaid.

Exactly the same thing happening, except it is the Republicans proposing that we do it and do it now and carry it out over a 7-year period.

Now the Republicans, the President, and the Democrats said let us leave Social Security off the table, with some exceptions. Some have said you ought to reform it, too. But that has been the

basic proposal. We even hear on the floor of the Senate today that we are not living up to that commitment because we are trying to reform Medicare.

Let me remind everyone that the current law with reference to Social Security checks and Medicare payments holds seniors harmless from any cut in their Social Security. If Medicare premiums were to go up, you hold them harmless; they cannot have a cut in their Social Security. We stated the same thing in this budget resolution, and those who are familiar with the hold harmless law know that. And to now say we are cutting Social Security, when everybody understands it has been written about, it has been promulgated across this land that we took it off, we let it stand on its own as many said we should.

Mr. President, let me say that the minority leader was wrong on a couple of things. He said the President's budget and the Republican budget are going in the same direction, they are about 60 percent alike. Nothing could be further from the truth. The President's budget goes in one direction, perhaps south; the Republican goes north, or vice-versa. The President's budget would let the deficit go back up to \$275 billion and reforms no entitlement program which is breaking the bank for our people for years to come. We get it into balance in 7 years, and we do address entitlements that we could not afford to pay for, and everybody knows we cannot afford to pay for them. We are saying reform them. We are asking for a commission to help us reform them. And we will get on with the task of answering the question. Who are we for? We are for every single American. We are for the dream of a senior citizen that their children succeed in life. And we think we are going to make that dream come true.

We are for a senior who says, "I want Medicare to be around in 10 or 15 years. I do not just want it right now." We are for seniors who are saying, "We would even like for it to be around for our son or daughter, who is 45 or 50 years of age." We are for that senior, too. We are for that 22-year-old couple, 26-year-old, or as this weekend I will have a new couple in my family, that 28-year-old couple. We are for them because we want their paychecks to grow. We want their standard of living to go up.

What will prevent it? What is the most objective way of preventing our children from having success? Let the deficit continue to roar, put more and more taxes on the next generation, and on the 28-year-olds, and the 20-year-olds across America—taxation for the children without representation, for they are not even able to vote and we are putting huge taxes on them. Yes. Huge taxes, as we ask them to pay our bills out of their work and their effort. That is what it is all about.

And, Mr. President, finally, every time an opponent of the Republican

plan in the U.S. Senate puts up a chart, they cannot resist talking about we are going to give tax cuts to the rich. We are going to give \$20,000 to somebody earning \$320,000 or \$350,000.

Mr. President, it is particularly—particularly—offensive to this Senator when a member of the Budget Committee comes to the floor and says that. It is offensive because by a vote of 21 to 1 the Budget Committee proposed in this budget resolution an amendment by Senator BOXER and Senator BROWN of Colorado. What did it say? It said, if we have a tax cut—if we have a tax cut—90 percent of it shall go to the American people earning \$90,000 or less. Even in that score we are for middle-income Americans. We are for the working Americans.

What does this amendment try to do? This amendment says from that side of the aisle—and let me pay my friend, Senator EXON, a compliment for his hard work. Nonetheless, when he finishes saying that I have been successful with my hard work, he then proceeds to tell me what I have done wrong.

So, let me just suggest for all his hard work here is the essence of the Democrat plan. First of all, there is no plan. But this particular amendment says after you balance the budget with cuts that we do not want—Democrats speaking—with cuts that we do not want, after you finish doing that, and we have not helped you a bit, then we suggest that whatever economic dividend there is for the American people, we are suggesting that we tell you how to spend it. For today, they are saying to us, take \$100 billion of the hard-earned economic dividend that we say, if it occurs, we want to go back to middle-income Americans as a moderate tax cut, they would now say we did not help you with it, the cuts are not cuts we want—we have heard that all day long, they are not the cuts we want—but now we would like to tell you how to spend it. We would like you to spend it—this one will be Medicare, then there will be one on education, and then there will be one on something else.

Essentially, I hope the American people see through all that, and I hope that overwhelmingly the amendment is turned down.

I yield the floor.

Mr. LEVIN. Mr. President, we are more than 20 hours into the debate on the budget resolution. By midweek, the Senate will likely approve a budget which projects a balanced budget in the year 2002, although the Republican budget continues to rely on the Social Security trust funds. However, the proposed budget resolution which is before the Senate and even more so the resolution approved by the House are not balanced in another even more important way. In an effort to reach a balanced budget by the fixed target of the year 2002, while keeping the Pentagon's budget off the table, providing for an ill-advised, and if the House's proposals are any guide, inequitable tax cut, the

resultant budget blueprint represented here penalizes the middle-income working families, neglects the need to invest in our Nation's future, and penalizes our senior citizens, all while providing for a tax reduction which will benefit mostly the wealthiest of Americans.

The Rockefeller amendment which we are now considering takes a critical step in the right direction by providing additional funding for Medicare while cutting back the funding for an ill-timed, and inequitable tax cut for the most well-off Americans for which the budget resolution before us reserves \$170 billion.

The tax cut laid out by the House provides more than half of its benefits to people making more than \$100,000 a year and gives a \$20,000 tax break to those who make \$350,000, while the budget takes the largest bite out of the Medicare Program relied upon by older Americans; 78 percent of those who receive Medicare benefits are making less than \$25,000 a year. Those dependent on Medicare will experience the largest cut in Medicare's history costing on average by 2002, a \$900 per year increase in premiums, deductibles and copayments, approximately \$3,200 over the next 7 years—\$6,400 for couples by the time 2002 rolls around.

Several of my colleagues over the past several days have quoted Republican commentator Kevin Phillips, but his recent public remarks sum up the problems with the Republican budget proposal very well. He said:

Spending on government programs—from Medicare and education to home heating oil assistance—is to be reduced in ways that predominantly benefit the top 1 or 2 percent of Americans.

Mr. Phillips goes on to say:

If the budget deficit were really a national crisis instead of a pretext for fiscal favoritism and finagling, we'd be talking about shared sacrifice, with * * * the people who have the big money making the biggest sacrifice. Instead, it's senior citizens, the poor, students, and ordinary Americans who'll see programs they depend on gutted while * * * the richest 1 or 2 percent—far from making sacrifices—actually get new benefits and tax reductions.

Mr. Phillips says it all, Mr. President. The debate is not really about whether we should be moving to a balanced budget. It is about how we attempt to get there over the next 7 years. It is basically about fairness. The Rockefeller amendment is a first step toward making this budget more equitable.

Mr. GRASSLEY. Mr. President, we have to keep our eye on the problem. The problem is that the Medicare Program is going broke. And this means that out-of-control spending in the program must be addressed. We cannot address out-of-control spending by spending more.

Medicare spending is growing rapidly. The part A Program, which pays for the hospital care of beneficiaries, will grow 8.3 percent annually for the foreseeable future. Part B, which pays

doctor bills, will grow at 14.1 percent per year. The overall program will grow at 10.5 percent per year.

Evidence of the difference between income to the program and spending by the program is the pending bankruptcy of the part A program. Under current estimates, this program will not be able to pay its bills in the year 2002. The trustees of the fund, the Secretaries of the Treasury, Labor, and Health and Human Services recently addressed the financing shortfall of the trust fund. They said: "the projected year of exhaustion for the HI Trust Fund is 2002."

The situation is really no better, probably worse, for the part B program. The part B program doesn't present the crisis aspect that the part A program presents, but only because 70 percent of the funds for the program come from general revenues. Surely we cannot tolerate 14 percent annual growth in a program of this size.

The public trustees of the Medicare Program have tried to bring the situation facing the Medicare Program to the attention of the Congress and the general public. The public trustees serve as trustees of the program together with the Cabinet Secretaries I mentioned a moment ago. One is a Democrat, one a Republican. Their terms have just expired. They have no axe to grind. They both have long experience in government. They worked in leadership positions in agencies with responsibility for retirement programs. They are substantial people, whose views must be taken seriously.

They said, in the 1995 Trustees' Report, that "the Medicare program is clearly unsustainable in its present form * * * it is now clear that Medicare reform needs to be addressed urgently as a distinct legislative initiative". The administration officials serving as trustees, the Secretaries of Treasury, Labor, Health and Human Services, together with the Commissioner of Social Security and the Health Care Financing Administrator, said in the 1995 Report that "the trustees urge the Congress to take additional actions designed to control HI program costs." They also said that "the trustees believe that prompt, effective, and decisive action is necessary."

The budget resolution we are considering attempts to address the serious problems in the Medicare Program identified by the trustees. In this budget, the Medicare Program will continue to grow at 7.1 percent per year. Over the 7 years covered by the budget resolution, the program will grow 59 percent from \$161.1 billion in 1995 to \$256.7 billion in 2002. This will be a per capita increase of 49 percent. The average annual per capita growth rate is 5.4 percent. This is a real per capita increase of 2.4 percent per year.

Some have argued that the real per capita change in spending must be calculated using the medical CPI. And it is true that, were we to use this index to measure the change in per capita

Medicare spending, there would be a real decrease in that spending. Yet, the Congressional Budget Office stopped using the medical CPI several years ago. They concluded that that measure was seriously flawed. Among other things, it cannot adequately account for the increases in quality of health care services. In addition the index uses list prices rather than actual transaction prices. And, these days, list prices have little to do with the actual cost of services.

I am not trying to argue that the spending slowdown will not be difficult and painful. As a Senator representing a rural, Medicare-dependent State, with high-quality and relatively low-cost medical care, I realize this all too well.

But, there are two additional steps in the budget process during which the impact of the Medicare spending slowdown on vulnerable areas of the country can be cushioned. First, the resolution calls for a Commission to suggest how this spending slowdown might best be achieved. I am confident that this Commission will take into consideration the special circumstances of vulnerable regions and vulnerable groups when they develop their recommendations.

Second, the Committee on Finance, of which I am a member, will make the critical decisions about how to change the Medicare Program so as to realize savings. As a member of that committee, I intend to work hard to ease the impact of the spending slowdown on the most vulnerable. Medicare expenditures in rural areas are considerably smaller than are expenditures in nonrural areas. For instance, the part A expenditure in rural areas is only about 13 percent of total part A expenditures. Total program payments in nonmetropolitan statistical areas is about 23 percent of total program payments. In the past, this difference has made it possible to cushion the impact of reconciliation bills on rural areas. Thus, I think that it should be possible to cushion the effects on rural areas of the spending slowdown without adverse effects on other areas. Mr. President, I am concerned about the Medicare Program and all those who depend on it. I do not believe that this budget resolution, with all the sacrifice it calls for, will jeopardize the health care services on which older people depend. I am concerned, Mr. President, that if we do not act to put the Medicare Program on a sound footing, Medicare-dependent States like my own will suffer the most when the day of reckoning ultimately comes.

I am also concerned about the future of our country. If we do not act, we will be faced with Federal deficits into the indefinite future. If we do not act, interest on the national debt will reach \$300 billion annually by the end of the decade. That is larger than the Defense budget. That is larger than the Medicare Program. That is larger, in fact, than any item in the Federal budget

except the Social Security retirement program.

Surely, Mr. President, we cannot go on like this.

THE FUTURE OF MEDICARE AND MEDICAID

Mr. HATFIELD. Mr. President, the American public became well versed during last year's debate on the health care system and the need to stem rising health care costs. In the last year or so, we have seen the health care market begin to change and costs beginning to go down. Unfortunately, in the two largest Federal health care programs, Medicare and Medicaid, this has not been the case. Annual costs continue to rise by nearly 10 percent. As we attempt to balance the Federal budget, we simply cannot continue to sustain this rate of growth in our Federal health programs.

The pending amendment would take the savings or economic dividend expected from a balanced budget in 2002 and apply it to Medicare and Medicaid. While I am reluctant to even support a broad-based tax cut using these savings, at this time I do not believe these anticipated savings should be used to increase Medicare and Medicaid funding without addressing fundamental reforms in these two programs. After all, the savings are anticipated and may or may not be there when the budget is balanced in 2002. By using these anticipated funds to get us to a balanced budget or to sustain the Medicare and Medicaid Programs, we are kidding ourselves and reverting to budget tricks used during the 1980's. Therefore, I will oppose the Rockefeller amendment.

The recent report by the Medicare trustees describes the crisis we will face as a nation if we continue to allow costs to grow at their current rate. The Medicare Hospital Insurance Trust Fund will be bankrupt in 2002. Yes, we have known about this for a number of years but the day of reckoning is upon us. As soon as 1997, Medicare expenditures will exceed incoming revenues.

Before we begin to pour money into the trust funds, we must look at the substantive problems with the program which lead us down the road toward insolvency. Allowing Medicare expenditures to continue to grow at their current rate by applying the projected balanced budget savings to the trust funds will merely extend the insolvency date a few more years. Instead we must recognize that changes must be made to guarantee the long-term solvency of the program. That is why I have co-sponsored legislation introduced recently by my colleague from Oregon, Senator PACKWOOD, to require the Medicare trustees to provide Congress with their recommendations for solving the short-term and long-term Medicare solvency issues.

Some States, including my own State of Oregon, are far down the road toward building cost efficiency into our health care system. A recent study of hospitals nationwide concluded that if the 1993 U.S. average hospital expendi-

tures per capita had been the same as Oregon's age adjusted expenditures per capita, the United States would have saved over \$66 billion of its \$267 billion in hospital expenditures that year. We must continue to look at States like Oregon as we grapple with reforms in both Medicare and Medicaid. There are innovative reforms underway in our States which can provide concrete examples of how to reduce costs without adversely impacting access to quality health care services.

Balancing the budget will not be easy but it is necessary. It will require a shared sacrifice by all Americans. In order to assure that this is accomplished we must be willing to address inefficiencies in programs such as Medicare which simply could not be imagined in the 1960's when the program was originally passed. I will work with my colleagues in the Senate to assure that this occurs.

Mrs. FEINSTEIN. Mr. President, I rise in support of the proposed Medicare and Medicaid amendment, and would like to take a few minutes to explain my reasons for taking this position.

We all know that Medicare and Medicaid spending cuts are necessary.

There is no argument that Medicare and Medicaid must be reformed, that the Medicare trust fund must be restored to balance, and that entitlement spending must be slowed. Let me give you just a few examples of the need for reform:

The current cost of Medicare alone is a staggering \$176 billion, and the program increases about 10 percent annually.

At over \$803 billion, Medicare, Medicaid, and other entitlement programs already eat up over 50 percent of our annual budget.

The current Medicare Program pays out much more in benefits than it is taking in from premiums and payroll contributions.

Without reform, Medicare will continue to grow out of control. Costs for new technologies and procedures continue to increase rapidly, there are about 1 million additional Medicare participants each year, and managed care efforts for Medicare and Medicaid participants have not yet yielded significant savings to the Federal Government.

For those reasons, I have supported deficit reduction efforts and changes in Medicare in the past, and believe that we must all be willing to enact health care reform legislation, including measures such as means-testing the Medicare part B premium, raising the age of eligibility for new Medicare enrollees over time, and expanding a competition-based managed Medicare Program.

However, \$400 billion in cuts from Medicare and Medicaid is a huge amount, which goes too far, too fast, without any assurances that our health care system won't be significantly undercut.

The real questions are how much to cut, how to make sure the cuts are distributed fairly, and how to make sure the cuts can work?

The proposed resolution cuts over \$400 billion out of Medicare and Medicaid over the next 7 years—almost a third of the entire \$1.3 trillion in cuts. These health care cuts include \$256 billion from Medicare and \$176 billion from Medicaid, along with cuts in other public health areas.

What exactly do health care cuts of this size really mean? Well, no one really knows, but health care experts tell us that the options for cuts of this size are few, and estimates by the Health Care Finance Agency, which runs these programs, have projected these fiscal impacts:

First, \$256 billion in Medicare cuts will almost certainly increase seniors' out-of-pocket health care costs for premiums, deductibles, and copayments.

This will lower seniors' Social Security checks, because that is where the Medicare part B premium is deducted. Medicare premiums and Social Security checks are linked together because under the integrated Social Security check-issuing system, Medicare premiums are automatically taken out of Social Security checks. An increase in the Medicare premium leads directly to a decrease in the Social Security check.

Second, in addition, \$176 billion in Medicaid cuts will force States to spend more, undercut the efforts of our safety net hospitals, increase the numbers of uninsured persons, and shift even more costs to the private employer-based health care system.

Do we really want to cut Medicare and Medicaid by \$400 billion, based upon what we know about the effects of these cuts?

The impact of these cuts on would affect California enormously—more than almost every other State.

California will be particularly affected by these cuts because it has a large and growing population of 31 million residents, a high—20 percent—Medicaid rate, a high—23 percent—uninsurance rate, an extremely large—2 million—population of illegal immigrants, and high health care costs despite the spread of managed care and the tremendous success of group purchasing alliances.

For California, \$256 billion in Medicare cuts could cause \$34 billion in total cuts to California hospitals and patients over the next 7 years, according to the Health Care Finance Administration. Despite having only 9.5 percent of the Nation's Medicare population, California would pay for over 13 percent of the Medicare cuts.

These cuts could include a \$4,300 increase in out-of-pocket costs—premiums, deductibles, and copayments—to each of the 3.6 million Medicare recipients in California, according to the Health Care Finance Administration.

Out-of-pocket costs are a critical issue for Medicare recipients, who already pay an extraordinary 23 percent

of their incomes on health care—compared to an average of 8 percent for those under 65. This increase would be 40 percent higher for Californians than cost increases to the rest of the Nation.

For California, \$176 billion in Medicaid cuts could cause \$15 billion in lost Federal funding—12 percent of the total cut, second only to New York, which can afford to spend thousands more than California on each Medicaid patient.

In reality, cuts of this size are only necessary to help pay for a Republican tax cut.

The Congressional Budget Office estimates that balancing the Federal budget will create an economic dividend of \$170 billion.

If the budget is balanced and the dividend is certified by the CBO, Republicans plan to use this dividend for tax cuts. Over \$345 billion in tax cuts have already been included in the House version, and a similar proposal will soon be debated here in the Senate.

But the dividend could equally be used to soften the cuts in Medicare and Medicaid, which is what the Rockefeller amendment proposes, and how I believe it should be used.

This amendment would direct the Finance Committee to restore \$100 billion, of the proposed \$400 billion cut, to Medicare and Medicaid programs in order to ensure that 36 million Medicare recipients, our system of world-class hospitals, and those who still have their own private insurance are not adversely or disproportionately affected.

Here is the impact of the Rockefeller amendment on California:

While the budget resolution is projected to cut \$34 billion in Medicare from California seniors and hospitals over the next seven years, the Rockefeller amendment would restore roughly \$13.4 billion of that \$34 billion.

While the budget resolution is projected to increase each of California's 3.6 million Medicare recipients' out of pocket costs as much as \$4,300 per person over the next seven years, the Rockefeller amendment would specifically direct the Finance Committee to lower those increases.

While the budget resolution would cut \$15 billion in Medicaid payments to California, the Rockefeller amendment would protect the most vulnerable populations, lessen the burden on state resources, and support the safety net of California hospitals.

Medicaid funding is included not only because it protects poor women and children, but also because so many seniors receive long-term health care and other supplemental "safety net" services from Medicaid, along with doctor and hospital coverage from Medicare.

This amendment is fully paid for. It does not lessen the deficit reduction in the budget, and still leaves significant cuts in Medicare and Medicaid. It is paid for out of the same bonus that Republicans would use for a tax cut. If CBO does certify a \$170 billion bonus

when the budget reconciliation bill goes through, then those funds would go back into Medicare, not into tax cuts.

Without this Medicare and Medicaid amendment, the budget resolution makes huge amounts of cuts, with no real assurance that they can be achieved in 7 years without destroying our health care system or imposing a crushing burden on seniors. Therefore, I urge my colleagues to support this amendment.

Ms. MOSELEY-BRAUN. Mr. President, I rise today in support of my colleague from West Virginia's amendment on Medicare. This amendment would take \$100 billion from the reserve fund that my friends on the other side of the aisle have reserved for tax cuts, and put it back in Medicare and Medicaid. This is an important amendment because millions of Americans depend on Medicare and Medicaid to help them shoulder the burden of an increasingly expensive health care system.

This amendment is about fairness and shared sacrifice. It will still put us on a glide path toward a balanced budget but it will put less of the burden on the Medicare and Medicaid Programs. This amendment is needed because the budget resolution is Draconian and unfair. This body should consider a budget that restores fiscal discipline and balances not only the numbers on each side of the ledger but also the priorities of this Nation. Unfortunately, this budget does not accurately portray the Federal budget or the interests of the American people. This budget resolution is about numbers. I guess some believe the end justifies the means. Unfortunately, the human side of the equation has been all but ignored. The last time I looked, this Government still had an obligation to serve all of its citizens. That includes the old, the sick, the young, and the poor—not just the prosperous.

Let us take a moment to discuss what \$256 billion in cuts to Medicare and \$175 billion in cuts to Medicaid really mean.

It means 1.6 million Illinoisans who are covered by Medicare would have to pay an additional \$2,770 over 7 years in out-of-pocket costs. Already the elderly spend nearly 21 percent of their income on health care, compared to 8 percent for nonseniors.

It means Illinois would lose \$9.3 billion in Medicare funds over the next 7 years and over \$6 billion from Medicaid—a 30-percent cut.

It means payments to providers will be cut. And as June O'Neill, Director of the CBO, said recently "no pain, no gain". Well it is true that we must share the sacrifice as we say, but let us take a look at that pain. And then let's consider whether or not we need the invasive and expensive, in terms of human costs, prescriptions ordered by Dr. Domenici's committee.

Cuts of this magnitude implemented this quickly will:

Close rural and inner-city urban safety net hospitals. These hospitals bear a disproportionate share of the cost of uncompensated care. They do not have the ability to cost shift and large cuts hit their bottom line directly. In Illinois we know of at least 10 hospitals that would close, most of them in areas that are already designated as health professions shortage areas.

It means medical education will suffer. Academic health centers that now train this Nation's residents will have to reduce the number of residents trained and the quality of that training may suffer. Remember, each and every one of us benefits from well-trained physicians.

It means hospitals and doctors will no longer treat Medicare patients, because it will be cost prohibitive to do so. And this means seniors lose choice and access to quality care.

Large cuts in Medicaid funding are no less devastating.

It means more babies will be born without prenatal care and will not receive well baby care. One-third of all births are funded by Medicaid.

It means between 5 and 7 million kids would lose coverage and the phase-in of coverage to the children of the working poor would be jeopardized.

It means millions would lose benefits. This means the loss of benefits not only for poor children, but for the elderly and disabled too. What many forget is that two-thirds of Medicaid costs go to provide services for the indigent elderly and severely disabled.

HHS estimates that all preventive and diagnostic screening services for children, home health care, hospice, and dental services would be eliminated.

It means more middle-class families will be responsible for paying for costly nursing home care for their elderly parents. Nursing home care averages \$38,000 per year.

Clearly, changes to Medicare and Medicaid are needed. These programs are costly entitlements that gobble up more and more of our Federal budget and contribute more and more to our Federal deficit. We must not be resistant to change. Change is inevitable if we are to ensure that Medicare remains a viable program not only for our generation but for our children. But as Secretary Shalala recently cautioned the finance committee: "Don't kill Medicare to save it."

Changes to Medicare and Medicaid must be made in the context of health care reform. The budget resolution does not propose a solution to reduce health care inflation. Not only does it raise the cost of health care to older Americans—83 percent of Medicare users have an annual income of under \$25,000—but it will reduce access and choice. On top of that, it will produce a big cost shift onto the rest of us. HHS estimates that if only one-third of Medicare cuts are shifted to other payers, businesses and families would be forced to pay a hidden tax of \$40-\$50

billion. We have difficult choices to make, but this budget fails. It is time to try again.

We can balance the Federal budget, but we have to set some priorities here. We cannot, indeed must not, balance the budget on the backs of children and the elderly. It is not right and it is not the American way. This amendment seeks to reduce the burden of this budget on those who need it most. I offer my wholehearted support.

Thank you Mr. President.

REPUBLICAN BUDGET PLANS AND MEDICARE CUTS

Mr. LEAHY. Mr. President, I believe the current debate in Congress on the budget is the most important action Congress will take this year. The Republican budget proposals are indeed monumental. The debate over how we balance our Federal budget will have repercussions to State and local governments for years to come.

I agree with several things in the Republican budget plans. I agree we need to continue to reduce the deficit and achieve a balanced budget. The Federal deficit and its resulting interest payments on the growing national debt put a heavy drag on our economy. In 1990 and 1993, I cast politically unpopular votes that cut about \$1 trillion from the projected deficit. Since 1992, the deficit has been reduced from \$290 to \$176 billion this year—a drop of one-third. And more savings must be made.

But as Ross Perot would say: "The devil is in the details." How we balance the Federal budget is just as important as balancing it.

I am extremely disappointed that the Republican budget would reduce Medicare spending by the largest amount in history—\$256 billion in the Senate version and \$288 billion in the House.

These numbers are big, but what do they really mean to Vermonters? Under the Senate Republican budget proposal, the average Medicare spending per Vermont beneficiary would be reduced from today's level by over \$4,000 over the next 7 years.

Over the next 7 years, Vermont will lose \$339 million in Medicare funding, \$79 million in the year 2002 alone. If this loss of funds is split 50-50 between Medicare recipients and providers, in the year 2002 Medicare beneficiaries will be paying about \$500 in increased copayments, premiums, and deductibles. Hospitals, doctors, and other health care providers will be receiving \$500 less from each Medicare recipient.

These reductions result from slowing the projected growth of Medicare to 7 percent a year instead of the projected increase of 10 percent a year. Some claim that these reductions are not really cuts. I fail to understand that logic.

For the 83,000 Vermonters on Medicare and in particular the 12 percent of Vermont seniors who live below the poverty level, does it make any dif-

ference what we call these reductions? Over the next 7 years, Vermont seniors, or the hospital, or the doctor will have to come up with over \$4,000 to maintain their current level of benefits.

Ask the elderly couple that is retired and living on a fixed income if they can afford this slowing of growth? Ask the family down the road that has a grandparent who was just diagnosed with Alzheimers whether they will be able to afford this slowing of growth? Ask the rural doctor who is already having trouble covering costs whether he or she can afford this slowing of growth?

Ask the typical rural hospital that currently receives only 91.5 cents on the dollar for the cost of each Medicare participant whether it can afford this slowing of growth. Ask the Vermonter with private health insurance that is currently paying that remaining 8.5 cents on every dollar on hospital costs alone due to cost shifting whether they can afford this slowing of growth?

The scariest part about the Senate Republican budget resolution is that it ignores the fact that it is not just Medicare costs that are rising. All health care costs are rising. And by just cutting Medicare—and Medicaid for that matter—a huge cost-shift of medical expenses will result and make sure that all Vermonters pay more for health care.

Vermonters need to realize that the magic number of \$256 billion in the Senate and \$288 billion in the House will do nothing for the long-term solvency of the Medicare trust fund. It extends the trust fund's life another 3 years from the current projection of it going broke in 2002. Since the first trustees' report in 1970, there always has been a date certain for the trust fund's insolvency. It is interesting to note that last year the insolvency date was projected at 2001, yet Republicans at that time saw no such urgency in shoring up the trust fund or dealing with the real problem of overall health care costs.

The Republican Medicare cuts are short-sighted. Simply cutting Medicare does not make its problems go away. To reduce Medicare costs, we must reduce health care costs throughout the system, which can only be achieved by true health care reform. But the Republicans have no plan to curb Medicare costs except to cut the program.

I hope in the coming months that Members from both sides of the aisle hammer out a plan to deal with the issue of comprehensive health care reform. But in the meantime, simply cutting Medicare is not the answer.

Mr. BIDEN. Mr. President, this Republican budget sets the wrong priorities. The goal is right—steady movement toward a balanced budget—but how the Republicans propose to get there is wrong. More than half of all the cuts in this budget come from just two programs—Medicare and Medicaid. Specifically, the Republican budget would cut \$256 billion from Medicare over the next 7 years and another \$175

billion from Medicaid, about \$58 billion of which would come from long-term care for the elderly. This would be, without a doubt, the largest Medicare cut in history—three times larger than any previous cut.

This was not part of the Republican Contract With America. In fact, some have forgotten about an earlier contract—the contract we made with the senior citizens of America—those who worked hard and played by the rules. Cutting health care for those who are at an age when they need health care the most is simply wrong. To cut Medicare as much as the Republicans are proposing violates the long-standing contract with America's seniors.

And, why? So that the wealthy can be guaranteed a tax cut and so that rich billionaires can continue to renounce their U.S. citizenship in order to avoid paying taxes.

I believe we should have a tax cut—one that is targeted to middle-class families for the cost of education. And, I will discuss that issue in more detail later. But, the Republicans in the House have already passed their tax cut. Families making less than \$30,000 would get a tax cut of \$124—less than 50 cents a day—while families making over \$200,000 would get a tax cut of over \$11,000.

I am not saying we should raise taxes on the wealthy. And I am not saying that we should give a tax cut to everyone but the wealthy. But, Mr. President, do our richest 1 percent, or 5 percent, need a tax cut more than our retirees on a fixed income need protection against skyrocketing health care costs. I do not think so. I do not think we should provide a tax cut for guys like me—and I am the poorest one around this place—while we are increasing my mother's health care costs. And, I certainly do not believe that billionaires who renounce their American citizenship should have priority over the seniors who gave so much to this country.

I know what the Republicans are saying. They are claiming that they are not cutting Medicare and Medicaid—only reducing the rate of increase. Technically, true. But, for those seniors whose costs go up because Medicare pays for less, is that not a cut? For those seniors who have less access to health care services because Medicare providers refuse to take new Medicare patients, is that not a cut? For those seniors who may no longer qualify for Medicaid nursing home care because Medicaid payments to States are restricted, is that not a cut? Call it what you want. The fact is, seniors will pay more—much, much more.

Assuming that half of the Medicare cuts will come from seniors themselves, this Republican budget means that the average senior citizen will pay between \$800 and \$900 more in out-of-pocket costs—premiums, deductibles, and copayments—in 2002 than they would otherwise pay. Over the course of the next 7 years, the elderly would