

of the same strategies that was going on at the same time. It was consistent with that.

But I would draw a third conclusion from your comments, and that would be a contrast between the Dole-Gingrich ticket with reference to Medicare because, you know, as coincidence would have it, or maybe it was not a coincidence, the same day that Speaker GINGRICH gave his speech, October 24, 1995, last fall when they were going gung ho, shut the Government down, we do not care how many billions of dollars it costs the taxpayers, close it down, which is what they did, and it came up to about a billion and a half dollars that were squandered of taxpayer money, but the very same day that Speaker GINGRICH made his comments Senator Dole was speaking the same day to a different group, and he said, and I quote, I was there fighting the fight, 1 of 12 voting against Medicare in 1965 because we knew it would not work.

It may not be expected in this election year for a Democrat to compliment a Republican, but I would tell my colleague from New Jersey that I do compliment Senator Dole, not on the substance of what he said about Medicare; indeed I could not disagree with him more on that, but at least, unlike the Speaker and the House Republicans, Senator Dole has not tried to run away from his comments. You do not see him going around and saying, "Well, when I was talking about voting against Medicare, I was only talking about the Health Care Financing Administration." He has stood by his statement. Indeed, he has taken pride in the fact that he has a record here. Just as Speaker GINGRICH and these Republican followers of him who wanted to let Medicare wither on the vine, Senator Dole has at least been willing to stand by his belief that Medicare was a mistake.

And I think that is where this debate should be. It should be about whether in the future of this country, and there is, no doubt, some need for some restructuring and some improvement and some strengthening of the Medicare and Medicaid system, but whether we will trust those who believe in the value of insuring all of our seniors and protecting them after all they have done for this country or whether we will turn it over to someone who said I was proud 30 years ago that I voted against Medicare at a time when well over half of the seniors had no health insurance program at all, whether you are going to turn it over to someone like that as well as someone who says, well, let us just let Medicare wither on the vine, instead of standing by their statements, as has so often happened here in the House on a variety of subjects.

Our Republican colleagues here in the House have, when caught and when the American people have realized what has occurred here, they have reacted by having their lawyers attempt

to intimidate those who would spread the word. They would like to distract the American people and wait until after November to continue with letting Medicare wither on the vine and to intimidate anyone who would remind the American people, as our colleague from Pennsylvania pointed out, who would dare to put on television the Speaker saying this in his own words, who would dare to repeat those words to Americans who might not have heard the speech, to Americans who may, in their struggle to make ends meet, have forgotten what an outrageous comment and what an outrageous plan this was.

And I know that the gentleman from New Jersey will remember that when we were trying to get the details to find out how much they were going to hike the premiums, how much they were going to hike the deductibles, how much they were going to hike the copayments, all things that were in the secret plan originally, that the first plan that was laid out in public was not a plan about how Medicare could be restructured. It was a public relations plan. It was the one the gentleman will recall that talked about kind of the herd mentality among our seniors and that they could be led around by their nose basically and that they would not realize what was being done to them in this instance.

History in the recent months has certainly demonstrated that that public relations adviser, I think he is the same fellow involved in this so-called Contract on America, was all off because the American people are more intelligent than that. They realized what was happening here, and as I have discussed with some of our folks down there in Texas, you know if you have got a gardener that says, "Let it wither, let your plants wither on the vine," most people have the good sense to realize that what you need is a new gardener because that is not the kind of gardener you want tending to your plants, and it is certainly not the kind of gardener that you want tending to something that is important and is vital to people as Medicare.

And to all of those who say that this campaign with reference to Medicare and making American people aware of it is too hard hitting, I would just submit that they need to consider how hard hitting this plan was on seniors, on individuals with disabilities. If this plan, as originally envisioned, has gone into effect, the consequences would have been dramatic, and if this election passes and there are not more people here willing to stand up and fight against these Medicare cuts, there is no doubt they will be back with the same secret plans that they had in the past.

Mr. PALLONE. I would just add to the gentleman: You know, I think that that is what elections should be all about: issues. That is what we are talking about here. I would like to see less emphasis on personality, which is what

so many campaigns are about, and just talk about issues. That is what we are talking about here, Medicare. It is an issue, and to the extent that there are ads running that point out where one side stands or the other on an issue as important as Medicare to the American people, that is what this should be all about, a public debate on the issues, and that is what the Democrats have been doing essentially for the last 18 months, trying to point out what the Republican leadership has been proposing on Medicare.

And I really think, as you said, Mr. DOGGETT, that most of my constituents are aware of it. Over the weekend I had a lot of people, I can just think of one woman in particular who came up to me when I was at church on Sunday and said, "You know, I don't want to lose my doctor." She was not even concerned about the level of funding. She just did not like the idea that she was going to be pushed into managed care, which is essentially what this Republican plan would propose to do.

So, I want to thank the gentleman for joining us tonight. We had a lot of participants here tonight, but we are not going to let this die, because I think we all realize that if this Republican leadership were allowed to have its way, we would see drastic changes in Medicare and cuts that ultimately would have it wither on the vine and cases to exist as a program that benefits seniors and provides for quality care and the level of services that they now have. So I want to thank the gentleman.

GETTING OUR FINANCIAL HOUSE IN ORDER

The SPEAKER pro tempore (Mr. DICKEY). Under the Speaker's announced policy of May 12, 1995, the gentleman from Connecticut [Mr. SHAYS] is recognized for 60 minutes as the designee of the majority leader.

Mr. SHAYS. Mr. Speaker, it is a privilege to be here tonight to address this Chamber and to have you be the acting Speaker, and I thank you for your willingness to take the time to do this.

I was particularly motivated to come tonight because I listened to the presentation of my colleagues and I would like to give you the other side of the story.

I would also like to say without any hesitation that I believe when you tell the American people the truth, they will have you do the right thing, and I feel very strongly that what this new Republican majority tried to do last year and what we are trying to do this year will make our children better off than we, this generation, find ourselves, and that if we fail, I think they will be worse off. I believe that with all my heart and soul.

I believe that what we tried to do last year was to get our financial house in order and balance the Federal budget. I believe we tried to save our trust

funds from bankruptcy, particularly Medicare, and I believe we tried and are still trying to transform our caretaking society into a caring society, our caretaking social and corporate and agricultural welfare state into a caring opportunity society, and in the process we are trying to bring power, money and influence out of this city back to local communities, back to our local communities, back in some cases to our State governments, but closer to home. That is what we are trying to do.

Now, I know that getting our financial house in order and balancing the Federal budget is not the end all and be all. There is no logic to saying that just balancing the budget is what we have to do and then we can walk away. Balancing the budget is what I view as just creating a strong foundation in which to build the many things that we need to build, but if we have a weak foundation, everything on top of it just crumbles away.

I do not know how my colleagues on the other side of the aisle feel comfortable when we know that we are spending over \$233 billion just on interest on the national debt. It seems to me we would not want to spend \$233 billion interest on the national debt. It would seem to me we would want to spend it on meaningful programs that help make individuals more self-sufficient.

But when we balance the Federal budget, we know logical things happen. We have a strong financial foundation in which to then do meaningful programs, not a lot, but meaningful programs. But we also know that interest rates come down. There is no question in anyone's mind that our interest rates have been high for many years and has slowed the productivity of this country and that we need to get interest rates down by balancing our Federal budget and getting our financial house in order.

□ 2045

Getting interest rates down does some significant things. It lowers the mortgages people pay on their houses, it lowers the amounts they pay on their cars, it lowers student loans. It seems kind of logical that we would want to do all those things simply by getting our financial house in order and balancing the Federal budget.

Mr. Speaker, we did that by basically cutting some programs. We cut Government programs. We made Government smaller. We did not want Government to keep growing, we wanted it to be smaller, so we eliminated a plethora of individual commissions and boards that were created by some Member of Congress so he could go out and have a press release and tell people that he created this new program that had a wonderful sounding name.

So what we did was we eliminated a lot of that. I do not know if many people know that almost 52 percent of all education programs do not even belong, are not even in the Department of

Education. We have a Department of Education that has 48 percent of all education programs. Why?

Because there are a whole group of individuals here who wanted to make sure their committee had jurisdiction over an education program, so they made sure it came out of their committee. They did not oversee the Department of Education, so they made sure it came out of HUD or Labor or Veterans' Affairs or the Defense Department.

We have all these programs with great sounding names that we simply started to eliminate. We cut discretionary spending, and I know, Mr. Speaker, that you are on the Committee on Appropriations. When you came in this year, or last year, we were already halfway into our budget, or almost halfway. I guess we were about 4 months into our budget. You and the committee members made a decision to have a rescission package. You decided to cut \$20 billion out of the existing budget. Now, there were cuts. You cut some programs. You saved \$20 billion. That meant that taxpayers saved \$20 billion.

Then this year the President wanted, the year we are in, and we had Government shutdowns, and we have 13 individual appropriations bills, and as some bills came out he signed some of them that we wanted that reduced the amount of Government spending, and he vetoed others. We had Government shutdowns. Those various parts of the budget, if it was HUD or Health and Human Services and he vetoed that budget, then we had Government shutdown. We had no budget.

Ultimately, though, we had an agreement. The agreement was pretty interesting. He wanted to spend \$7 billion more than the previous year, and we ultimately had an agreement with him that we spent \$23 billion less. So we spent \$20 billion in the existing budget, that 1995 budget, and then we spent \$23 billion less in the budget we are in right now. We have an agreement. We got the President to agree to slow growth by \$23 billion.

He wanted us to spend some of that money differently and we had an agreement. That was a compromise. That is the way the system should work. But ultimately, we saved \$20 billion last year, \$23 billion this year; \$43 billion less in the bottom line of the deficits. Each year the difference between the spending and the revenue is the deficit, and it is added to the national debt, so we made that national debt not grow as high.

So we cut what we call discretionary spending that came out of the Committee on Appropriations, and we made Government smaller, and it was what we said we would do before we were elected, and that is exactly what we did.

When we came to the defense spending, we froze defense spending. We did not increase it, we did not cut it. We froze it. Some would probably say, and

I am one who would like to have seen a reduction in defense, and others of my colleagues would have wanted to see an increase. But what we need to understand is that we are oversubscribed in defense budgets. We have so many programs, procurement programs for weapons systems, that funded out, they will be higher than what we even have in the budget.

So we are going to have significant cuts in defense, even with a freeze in defense spending, because we are going to have to pare down some of these programs. So we cut discretionary spending out of appropriations, we froze defense spending.

Then what we did is we came to entitlements. Entitlements are 50 percent of the budget. What is alarming about entitlements is that they are growing at 10 percent and 11 percent and 12 percent, so you have half the budget that is doubling every 5 to 6 to 7 years, and they are programs like Medicare, a very important program; programs like Medicaid; programs like our Federal and military retirement; food stamps; veterans' benefits; AFDC, which is welfare for mothers and children; the earned income tax credit, which is a program that goes to the working poor, so instead of their paying taxes, they actually get money back from the Government. It also includes student loan programs.

What did we do with entitlements? First off, I just want to say when I came from out of the State government where I voted for 100 percent of the budget, when I came here I found I only voted on a third of the budget, and I tried to control spending when I voted on a third of the budget. I only vote on the 13 budgets that came out of the Committee on Appropriations. I do not vote on interest on the national debt, about 30 percent of the budget, and I do not vote on 50 percent of the budget, which are entitlements. I did not have that opportunity. You fit the title on Medicare, Medicaid, student loan, agricultural subsidy, you fit the title, you get the money. You get the money. I do not vote on it.

What did we do with these very important programs, that are all very, very important programs? What did we do to these programs? We slowed their growth. Mr. Speaker, Medicare was going to grow at 10 percent a year. We decided, for instance, that we would allow it to grow at 7 percent a year.

I notice a colleague of mine is here. What I would like to do is just spend about 5 more minutes; then I would like to ask the gentleman from Iowa, Mr. GANSKE, to respond to the whole issue of health care. What I heard that preceded this special order just boggled my mind. I think my colleague can shed some light on it.

But this is what we did with some of these entitlements. We allowed the earned income tax credit, which is a payment to the poor who are working, to grow from \$19.9 billion to \$25 billion. That is an increase in spending. But in

this place here, in Washington, in Congress, in the Senate, down here, people call it a cut. I am hard-pressed to know how going from \$19 billion to \$25 billion is a cut. In fact the only place I know that is called a cut is right here, and where the virus is spreading.

The Student Loan Program. I think of the Student Loan Program and I remember how outraged I was when I saw the President go to a school and basically tell the students that they would have no Student Loan Program, or excuse me, School Lunch Program, because Republicans were going to take it away. When I got back from the weekend, I went to my colleagues and said, how could we have done something so stupid? And they said, CHRIS tell me something; if it goes from \$5.2 billion to \$6.8 billion, is that a cut? It is not a cut. "But the President said we were cutting, we were going to spend less."

That is not true. It is simply not true. It is not factually correct. Our programs, percentage-wise, instead of growing at 5.2 percent, we said it could grow at 4.5 percent a year, and then we said that 20 percent of it could be allocated to the students that really needed it, because every student in this country is subsidized 13 cents in a school lunch program. My daughter is subsidized. I make a good salary. My wife makes a good salary. Why is my daughter's lunch subsidized?

We, under our program, said that we could take that money, the State could decide to take that money and give it to an urban area that might want to have a breakfast program or a lunch program or a meal in the evening for a kid who simply may need that meal.

Then the Student Loan Program, this is the one that really gets me, it grows from \$24 billion to \$36 billion. That was our plan last year. That was referred to as a cut. If it is \$24 billion and we are adding \$12 billion more in the seventh year, in the seventh year we are going to spend \$12 billion more than we spend today, and it is \$24 billion more than we spend today, and it is \$24 billion, I am hard-pressed to know how that is a cut. It seems to me it is a 15-percent increase in spending. It is simply not a cut, it is an increase in spending.

Now we get to the health care issues. In the health care, under our plan last year it was to grow at \$89 billion to \$127 billion. Again, in this place, that is called a cut. Back in my home when you spend \$89 billion in the last year, and in the seventh year, in the year 2002, you are going to spend \$127 billion on Medicaid, health care for the poor and nursing care for the elderly who are poor, I call it an increase in spending. I think most rational people do.

Now we come to Medicare. This is where I would like to really engage my colleague. We learned from the trustees last year it was going to go bankrupt, Medicare part B, by the year 2002. Then we learned this year, as we suspected, because the fund actually start-

ed to go insolvent this last year, so we knew it was going to ultimately become insolvent totally and completely sooner than they said, and they said at the beginning of the year 2001, and the beginning of the year 2001 is really the end of the year 2000, it is going bankrupt.

What did Republicans do? We said that Medicare could grow from \$178 billion to \$289 billion, a 60-percent increase in the total amount we spend, and people said, yes, yes, but you have a lot more seniors in the program. True, we have more. On a per person basis it went from \$4,800 last year to \$7,100, a 50-percent increase per beneficiary. We slowed the growth and saved \$240 billion. Yet, we are still allowing the program to grow from \$4,800 to \$7,100. That is called a cut? No, it is called an increase of 60 percent in terms of total dollars, 50 percent per beneficiary in total dollars.

Before I call on my colleague, I would just point out, we did it without increasing the copayment, without increasing the deductible, without increasing the premium. Seniors paid last year 31½ percent and the taxpayers paid 68.5 percent. We said freeze it. Do not increase it, do not subtract from it, freeze it.

We were able to save \$240 billion for the taxpayers, and in this program, the reason we were able to save it was we were able to bring in the private sector, that said if you allow Medicare to grow at 7 percent, we can make money and we can offer a whole host of new services: eye care, dental care, a rebate and a copayment of the deductible; maybe even pay the premium, maybe even pay MediGap. We had some providers who said if you allow it to grow at 7 percent, which is very generous, we can provide a whole host of programs and we can save you money, because it does not have to grow at 10 percent a year.

Then the seniors said, what happens if I do not like the program? Then the gentleman from Iowa [Mr. GANSKE], for instance argued they should be allowed to go back each and every month for the next 24 months. The gentleman from Iowa worked on this program with others, but he was a leader in this area, and he created a better program and saved money. I am just really grateful that he is here. I would love to give him the opportunity to just kind of express his concerns about what we did.

Mr. Speaker, I yield to the gentleman from Iowa [Mr. GANSKE].

Mr. GANSKE. I appreciate the gentleman sharing some of his time with me, Mr. Speaker, I, too, was watching the previous colleagues who were having a discussion on some of the important programs, including Medicare. I felt stimulated to come to the floor, as the gentleman did.

Mr. Speaker, I think that the gentleman hit upon the appropriate word, and that was "better." The General Accounting Office, the Inspector General,

has looked at the way the current Medicare Program is working and has found significant areas of fraud and waste and abuse in the current program, the way it is currently working.

There was recently an editorial in the Washington Post that outlined some of the abuses that occur in the home health care industry, where, for instance, care is provided at \$125 an hour or a visit. Total care for home health care is under no competitive bidding. There is no prospect of a payment system in the current plan. There is no effort to control abuses in that area like there is in some of the ways Medicare has worked on preventing abuses in hospital billing.

So there are lots of ways that we can make the Medicare system work better. I think that is a crucial point, because let me just read a letter to the editor from the Des Moines Register: "Congressman Ganske has voted for increased spending in Medicare." This is a letter by James Winger, president of the Iowa Federation of Labor AFL-CIO on Friday, July 19: "Congressman Ganske has voted for increased spending in Medicare. However, this increase is not enough to provide Medicare recipients with the same coverage they have today."

Now, it is the second part of that statement that is incorrect. Because the assumption is that you cannot do it better than it is being done today. I think that I just do not accept that. I think we can do it better. We can devise a system where, in my home State of Iowa, quite frankly by equalizing funding formulas to make rural areas comparable to urban areas, we can actually improve benefits for senior citizens.

Mr. SHAYS. Mr. Speaker, I remember being the chairman of the task force, on the Committee on the Budget, on Medicare and Medicaid, and I remember the fact that the gentleman was not going to vote for the plan unless we realized that urban areas were treated in a much more beneficial way than a number of your communities. I remember you having a dialog with me, and more particularly the Speaker, and convincing him to put more money into the rural areas so they would in fact get more.

Mr. GANSKE. We have a situation, as you mentioned before, where in some parts of the country senior citizens can sign up for health plans where they get practically free prescription drugs, eyeglasses, hearing aids, trips to and from the doctor's office, and even memberships in health fitness clubs; that is, New York City, Florida, Los Angeles.

But there is nothing like that available for senior citizens in some of the rural areas, or even in urban areas that have done a very good job with controlling their utilization. That is not fair. That is the way the current system is working. It is not fair, because people in every part of the country are paying the same into Medicare as they are in other parts of the country.

So we equalize that. We did not decrease the amount in those areas that are high now. We simply said you will have to grow at a slower rate than the areas that are not at such a high average. We will move those up faster and we will equalize it. We will make it more fair across the country. That is one way that you can make the system work better.

But you know, I want to go back to a little broader concept. I think all of us want to have a cleaner environment. All of us would like to see education emphasized. We all want to see safe streets. We all want to see secure borders. All of those items are in what is called the discretionary part of the budget.

□ 2100

The other part of the budget is the entitlement part, the nondiscretionary part. These are things like Medicare, Medicaid, welfare and interest payments on the debt.

Mr. SHAYS. If the gentleman would just allow me to make the point that entitlements are 50 percent of the budget, and when we add interest payments, we are talking about two-thirds of the budget and the discretionary is only one-third of the budget.

Mr. GANSKE. The gentleman is correct. But in 1965, the discretionary part of the budget was two-thirds of the budget, that is, things like education, safe streets, drug prevention, crime prevention, environmental things. In 1965 that was two-thirds of the budget. Today it is one-third of the budget. Because in 1965 the entitlements plus interest were one-third of the budget and today they are two-thirds of the budget.

So all of those people who, like you and I, are concerned about those important things, need to be concerned about being able to control the rate of growth in the entitlements. It is estimated that in 10 years, the entitlements plus interest will consume all of the revenues from the Federal Government. That means that there will be nothing else left for the important things that we need to do.

So what we are talking about in terms of addressing the problem that Medicare is going to go bankrupt in 5 years is trying to devise a system that works better than it does now so that we can reduce the rate of growth and, therefore, allow the Federal budget to function in the other important areas, like education, the environment, drug prevention, and securing our borders that we all think are important.

I should point out, the bill that we passed had about a 7-percent annual rate of growth. That far exceeds the numbers of senior citizens that are coming in. If we look at the private sector, the amount of health care inflation has been close to 1 percent or less for the last several years. What we want to do is we want to learn for the Government programs how the private sector has been able to make things

work more efficiently. The Government in effect has been growing at over 10 percent. We need to learn how to be able to offer benefits in a more efficient way. It is not just in health care, it is also in areas like welfare and other areas.

Mr. SHAYS. I would love to just illustrate, if the colleague would allow me, a real-life example of what the gentleman is talking about with the growth of entitlements. Entitlements are 50 percent of the budget and doubling every 5 to 6 years, crowding out the discretionary part of the budget.

I have had constituents who come and say, "We need to spend more for this education program," or more for this child care program that comes out of the discretionary budget. I say, "Yes, we do need to do that."

Then they say, "And, by the way, don't cut Medicare and Medicaid."

I say, "Well, I don't want to cut Medicare and Medicaid, but let me understand something. If we allow Medicare and Medicaid to continue to grow at 10 percent a year, how will we be able to do all those things you want?"

It is a concept of opportunity cost. If you spend your money here, you give up the opportunity to spend it here.

If we can make savings in Medicare and Medicaid, allow it to grow much faster than any other part of the budget, we then have some resources to spend on some good programs that come out of what we call the appropriations side of the budget.

Mr. GANSKE. If I may jump in here, many would criticize our specific plans, either to balance the budget or to reform and preserve and protect Medicare. I am sure that there are some things in all of those areas that the gentleman and I might prefer to see changed in some respects, too. We cannot have legislation that is this big and agree with every single thing. But the overall thrust is responsibility.

I would say this: I think the American public feels very strongly that there should be a sense of fairness. So if the opposition criticizes our plan to save Medicare in 5 years, and we all know, everyone agrees that the trust fund will be empty and there will be insufficient funds to pay the bills in 5 years. We all know that. This is a given.

Mr. SHAYS. We have wasted a year already.

Mr. GANSKE. If that is a given and the opposition criticizes our plan, then does the opposition not have a responsibility to offer their plans? Some of the moderate and conservation Democrats on the other side of the aisle did offer a plan. The fact of the matter is that we just passed another budget bill that basically took into consideration some of the proposals that they had made and the level of savings and, in fact, what we are currently dealing with today are savings of about \$160 billion. That is very, very close to what the moderate and conservative Democrats have been for and it is not all

that far from what President Clinton has proposed for savings in Medicare.

Mr. SHAYS. The difference is that when he refers to it, he calls it a savings. When he refers to ours, he calls it a cut.

But before we leave Medicare, I do not want to leave it without just summarizing the fact that we allow Medicare to grow from \$178 billion to \$289 billion, a 60-percent increase in Government spending on Medicare. On a per-person basis, we allowed it last year to grow from \$4,800 to \$7,100, a 50-percent increase per beneficiary.

Mr. GANSKE. I think we ought to emphasize this: In order to achieve those savings, we cannot just leave the program exactly as it is, because in the current program there are areas of waste, fraud, and abuse that administration, there are a number of areas that we can improve the plan. If we put the structural changes in there, then we can effect some savings and yet we can still maintain good quality.

Mr. SHAYS. To illustrate, we did not increase the copayment to the seniors or the deductible and we kept the premium the same, but what we allowed them is the opportunity to have what you and I have as Federal employees, we get choice in health care. We are going to allow seniors to choose different health care plans. Because of your instance and a wise one, we allowed seniors to go back, if they did not like that private plan, and just go back to the traditional fee-for-service Medicare system that we have had since 1960.

So we left the existing plan in place, but we gave choices. To me, the choice was the most exciting part. In part of our plan we said if a senior discovered something that was a waste in the program, we would allow them to receive some of the benefit if they reported it. It is even in our health bill that Senator KENNEDY is holding up right now by not allowing for a conference committee between the House and the Senate.

We passed a health care bill dealing with portability in health care and allowing people if they have an illness to go to another health care plan, if they have been in a health care plan, and that is being held up. But in that bill is the same thing we had in our Medicare plan, allowing seniors to report programs that they thought were abused.

I would like to talk about one abuse because I am on a committee that oversees HCFA, which was the agency that the gentleman from Georgia [Mr. GINGRICH] was referring to when he talked about it withering on the vine, not Medicare, which our colleagues like to distort.

Mr. GANSKE. If I may interject, am I not correct in that, I believe it was in 1992, President Clinton, at that time running for office, made a statement very, very close to Speaker GINGRICH, where he basically said the Health Care Financing Administration, HCFA, the bureaucracy, not Medicare, not the

program but the bureaucracy, was not working as good as it should be and something should be done about that?

Mr. SHAYS. The bottom line is that the bureaucracy was working terribly. I started to talk about some of the abuses. I sit on a committee where we see a number of different abuses.

Medicare cannot buy a particular health service, let us say an oxygen concentrator, and reprice it at the market rate. It has to buy it at whatever the market cost is on the chart. If they want to reassign the cost, they have to go through a 2 to 3-year process. So the inspector general came in and looked at this process and said that Medicare was overpaying for a lot of goods, like an oxygen concentrator. The oxygen concentrator for the Veterans Department, if we paid the same price they paid, in 5 years we would save \$4 billion. But we cannot reprice it without this long, laborious process.

Mr. GANSKE. If the gentleman would yield for a minute, one of the mechanisms that we had in our reform bill that would help address this problem of abuse in the system was that we set up a mechanism whereby if a Medicare recipient identified areas of fraud, waste and abuse, reported that to the government program and then savings were utilized, then that recipient would get to keep part of the savings.

This was a real carrot in order to encourage senior citizens to look carefully at their bills and help the program work better for the benefit of everybody. But without that type of incentive, then it is like, "Well, somebody else is paying for it, and I guess, you know, it doesn't matter to me." So there was a real incentive system built into our reform bill that would help address some of those areas of abuse that the gentleman is talking about.

Mr. SHAYS. Exactly. That was one. The other area was that we made health care fraud a Federal offense in terms of Medicare and Medicaid so that you would not have to find someone guilty because of wire or mail fraud but you could find them guilty for the actual offense. We all know that fraud, waste and abuse in our Medicare system is about 10 percent, if not more. That alone is a \$17 billion savings.

Mr. GANSKE. If the gentleman would yield again, we both know that we can effect savings in that area. We do not want to give, I think, the inaccurate representation that by addressing that area alone one could effect enough savings to save the trust fund. But it is one of the many important steps that we took in the reform bill to make the system work better.

Mr. SHAYS. Let me ask the gentleman, why would they call it a cut, our colleagues on the other side of the aisle, when we spend 60 percent more and 50 percent more per beneficiary? I am trying to understand, and I have to say I thought President Clinton would do a number of things. I did not think he would veto our Medicare plan. I honestly did not think he would do it.

I described it this way to my daughter. I do not have the resources to give my daughter \$20,000, but if I had \$20,000 and I said to my daughter, "I want you to buy a particular automobile but of course you can't afford to have leather seats and other nice features in the automobile. I can't give you more than \$20,000 this is what I have. And so I want you to go buy that automobile." And she comes back to me and she says, "Dad, I bought that automobile you talked about but I didn't spend \$20,000. By the way, I got leather seats and a sun roof." I said, "Honey, I told you you could not do that. I only had \$20,000." She said, "Dad, I bought it for \$18,000." I would not call that a cut. I would say she got a better car and she saved \$2,000.

Mr. GANSKE. If the gentleman would yield, one of the reforms that we passed at the beginning of the Congress last year was the issue of baseline budgeting, and this is what we are talking about.

In Washington if your salary is \$20,000 this year but next year it is \$22,000, that could be called a cut because it is not \$23,000. This is the only place in the country where we do budgeting like that.

Let me just give the gentleman an example. I have a little boy who is almost 8 years old, his name is Carl. Sometimes Carl accompanies me on some of my meetings around the district. I have a chart. The chart shows that in the last 7 years, we spent about \$925 billion on Medicare. We voted for a plan where in the next 7 years we would spend about \$1,685 billion. I look at my little 7-year-old boy and I say, "Carl, which of these is bigger, \$1,685 billion or \$925 billion? I tell you, a third-grader knows the difference. If you factor into that the fact that this is more than twice the rate of inflation, it more than accounts for new seniors coming into the system, it still provides excellent benefits, there is no increase in copayments, no increase in deductibles, seniors would pay the same percentage of their premium as they have in the past, then I think that it is not accurate to represent our plan as a cut.

Mr. SHAYS. And they get a choice. They get to choose a plan that could be better or a number of plans that could be better and in the end if they did not like those plans they could go back to the traditional system.

Mr. GANSKE. And for large areas of our country, we would also have an equalization in the funding that would be very important as well.

Mr. SHAYS. This Republican majority is trying to get our financial house in order and balance the Federal budget. My colleague knows that just balancing the budget is not the end all and be all. It is just the logical realization that we would rather spend our money on real programs rather than interest on the national debt. We want a strong foundation in which to build.

The second thing is we are trying to save our trust funds from bankruptcy,

particularly Medicare, and last year when we were trying to save it, when we did our Medicare plan we saved about \$240 billion that could be used directly to save Medicare part A and Medicare part B. To save it from bankruptcy we extended the program out from the year 2001 to basically 2010. We are going to have another problem that we are not going to get into right now, but it is going to be a mammoth issue of how do we deal with the baby boomers.

□ 2115

But we did the responsible thing of slowing the growth of programs, still allowing them to grow 60 percent more total dollars and 50 percent more per beneficiary, but saving about \$240 billion that could be used to then make sure the program was solvent for the next 15 years. And the President vetoed that plan.

Mr. GANSKE. If I may interject, what is the alternatives? I want to go back to this. If someone does not like our program, then I think they have a responsibility to offer their own specific plan to save the program, which will be insolvent in 5 years. That is only fair. It is a very, very important issue.

We either effect some reductions in the rate of growth or, in order to keep the system solvent, what is the alternative? The alternative is the same alternative that we have seen from Congresses for the last 30 years, and that is very simple: A doubling or a tripling of Medicare taxes.

As both of you and I know, the effect of that would be very transitory. That could probably extend the life of the trust fund for 3 years, and then what would we do? We would go back there, if we return to the way that it has been done before, and we would double or triple those Medicare taxes again. I tell you what, I cannot do that to the working families in my district.

If we look at an average income working family in 1950, and adjust the amount of taxes they were paying to the government to 1990 dollars, so that we are going to compare the same dollars for 1950 in taxes to the dollars in 1995, an average income family, not the rich and the wealthy, in 1950 was spending about \$7,000 to the government in 1990 dollars. Today the average income family, 1995, is sending about \$21,000 to the Federal Government.

The amounts are not so important, although they are getting so high. What is important is to recognize the fact that in the last 30 years, for the average working family, taxes, government taxes have tripled. What that means today is that couples are no longer afforded the luxury of one or the other of the spouses staying home with the kids.

It means that in 1950 one of the spouses could work, the other could take care of the children, if they so chose. Today what it means is that one is working to put food on the table, to

pay the expenses for the rest of their family, and the other spouse is working for the government.

Now, this is not rocket science. If we are going to keep the trust fund solvent, we are either going to have to reduce the rate of growth in a responsible way to make the system work better, or else we are going to have to raise taxes, and raise taxes a lot and raise them again and again, and I just cannot do that.

I know how hard the working families in my district are working, and they are pushed. They have been running harder and harder on that treadmill just to stay in the same spot. So I think it is our responsibility to address this in the way that we have addressed this, a responsible way, a way to make the program work better.

But I think maybe it would be useful to turn to another topic. I was very interested in your comments on the earned income tax credit, because I think both the gentleman and I would agree that this is a useful program. It was designed originally and still functions to help people who are just above the poverty level to have benefits, slowly work their way out and get a helping hand away from poverty.

The gentleman pointed out that we funded the EITC at \$19 billion and increased it to \$25 billion, but what he neglected to mention, and I am sure that he just did not get to it, was the fact that the General Accounting Office did a study and showed, or possibly it was the IRS, the IRS did a study and showed that there was about 30 to 35 percent abuse, in some cases outright fraud in people taking the earned income tax credit when they should not.

The program was designed to help families, that is, families with children, and it was designed to help people that were just above the poverty level. There were lots of cases, as much as 30 to 35 percent of abuse, so what did we do? We addressed some corrections in the way the system is supposed to work. That is what we are supposed to be doing here in Congress. We are supposed to be helping this Government work more efficiently and better, and yet when we have a good idea, we will keep it. I would be happy to yield back.

Mr. SHAYS. I was thinking, as my colleague was talking, that it was quite difficult during the fall when we started to get this program through the House and the Senate, present it to the President, when he called the earned income tax credit a cut when we went from \$19 billion to \$25 billion; in the School Lunch Program when we went from \$5.2 to \$6.8. The Student Loan Program he is calling a cut when we went from \$24 billion to \$36 billion.

I really believe in the earned income tax credit, because this gets to the third effort. We are trying to balance the budget, get our financial house in order. The second thing is we are trying to save our trust funds for future generations, so we are not the only ones that enjoy the trust funds but

they are there for our kids and our kids' kids. The third thing is we are trying to transform our caretaking society into a caring society, to transform our caretaking social and corporate and welfare state—we just do not have welfare for individuals, we have it for corporations, and we even have it in the farming communities to some extent as well—and to try and move it into a caring opportunity society.

We know that one of the better programs is the earned income tax credit for someone who is at the level of welfare but making money, working, not getting something from the Government, but really not enough to survive. They actually get a cash payment of \$1,000 or \$2,000, in some cases it could be \$3,000. Instead of paying taxes, they get back \$2,000 or \$3,000.

But what we found was that some people simply were not reporting their income. Well, they were reporting it, saying they were not going to make money when they actually made money. We found that a lot of single people were able to get some of the benefits when it was not intended for individuals, it was intended for families.

So we are going to spend lots more, but we just want it to go for the people it was designed to help. It gets to this whole issue that is something I have had to wrestle with as what I view as a moderate Republican. I think I am pretty much down the center in terms of the political ideology.

I believe that what we have done for too many of our young people, and we see the result of it, I see too many young kids who are pregnant, I see too many young children that are selling drugs. I see too many young children who are literally killing each other. We have 18-year-olds who cannot read their diplomas.

The thing that gets me is when I see a 20-year-old or 22-year-old who has never had a job, not because jobs do not exist. I would acknowledge if everyone who wanted a job sought one, there might not be. But we have too many people who are not answering the opportunity to work because they say it is a dead-end job.

If I ever said to my dad, "I do not want that job, it is dead-end," my dad would have said to me, "Son, how many hours are you working there?" I would have said 10. He would have said it just doubled to 20. He would have known that so-called dead-end job would have taught me to get up in the morning, it would have taught me that for that work I earned something, that I was of service, instead of taking something from someone else.

That is what welfare does. It is taking something that someone else earned, and getting it without having to earn it but it was given to them. There are people who have needs, and we have to make sure their needs are met, but we do not want the system to be perpetual so that we now have 30-

year-old grandparents who literally, they are on welfare, their kids are on welfare, and their kids' kid is on welfare, three generations.

Mr. GANSKE. If the gentleman would yield, we just passed last week I think really landmark legislation. That was a welfare reform bill that is a very, very good bill, that emphasizes exactly the direction that we think our country should move in terms of responsibility and in terms of opportunities, because it does have strong requirements for work and it does have strong requirements for responsibility for the fathers of children who abandon those children and leave those young mothers to an awfully hard row to hoe.

There were significant corrections in the reform bill in terms of food stamps. Nutrition is very important. I grew up working in my dad's grocery store.

Mr. SHAYS. You did not tell your dad you did not want to do it because it was a dead-end job?

Mr. GANSKE. I think working in that grocery store was one of the best training periods of my entire life.

Mr. SHAYS. I bet it was.

Mr. GANSKE. You get to meet people from every walk of life, and I thank my dad every time I see him for that, although at the time as a younger kid there were times when I probably would have preferred on those Saturdays to be playing golf or something else.

Mr. SHAYS. Or watching a football game.

Mr. GANSKE. But the point that I wanted to pursue is that even back when I was working in the store—my dad just recently retired from managing a grocery store—there is a significant and a growing problem with abuse in the Food Stamp Program.

It is not that food stamps should not be there for the people who need them. Both the gentleman and I know that they should. It is that there has been a growing problem with people abusing the system, and we know that food stamps have been used as a form of currency for drugs, to help fund drug abuse, that able-bodied people who should be working have been getting food stamps.

So what we did in our reform bill was we addressed that. We set up encouragement for electronic billing to try to cut down on the technical problems with food stamp waste and fraud.

I just am very optimistic. I believe that there is a role for government. I happen to believe that government can work a lot better than we have seen it work. But every time we try to change something, we run up against special interest groups that have a vested interest in seeing no change, and it is a real battle.

Mr. SHAYS. No one said it would be easy, did they?

Mr. GANSKE. Nobody ever said it would be easy, and in the political process, our Founding Fathers devised a system that requires multiple steps and it requires eternal vigilance. As

one of our Founding Fathers said, that is the price of democracy.

Mr. SHAYS. I just wanted to emphasize that one of the things that we are doing with welfare is we are giving it back to the States with resources. We are not just saying "It is your responsibility." We are giving significant resources for day care, for the actual payment to the recipient but also for day care and jobs, because we know that a caring bill has got to provide someone the opportunity for training and a place to have your child so that you can get that training and ultimately get that job.

But what we do know is that a lot of the traditional job training programs have been basically make-work, not really teaching someone for a job that exists but just giving them some kind of program that in the end does not serve any value to them in terms of actually getting a job. So the day care and job training kind of programs that we are seeing now are quite significantly different.

Mr. GANSKE. If I may add to that, in the welfare reform bill there are some significant other items that reinforce the fact that citizens need to be responsible. When a citizen sponsors an immigrant to come into the country, they basically are promising that they will help that new immigrant for 5 years.

Mr. SHAYS. Yes.

Mr. GANSKE. That is current law. However, there has never been any teeth in that current law, and we even have examples where in Chinese newspapers from the west coast, Dear Abby columns, you will have somebody writing in, "My relative just came, got off the boat. How can I get them on to SSI?" I would submit to you that we have hundreds of millions of people around the world that would love the opportunity to come to this country to work hard, to achieve the American dream that are not interested in coming to this country and immediately getting on welfare, and we have corrected that in this welfare reform bill.

Mr. SHAYS. But see, some people would call that a cut in the program. That is what is ludicrous about the description. If we save money in the program, therefore, do not have to spend as much because we eliminate an abuse like this, it is referred to as a cut, and that is just simply an inaccurate way to describe what we did.

Mr. GANSKE. But to interject, this goes back to the point that we have made several times before, and that is that the people who are always talking about cuts, cutting this, that you are cutting that, they are the people who, in essence, are arguing not to change anything. If you are interested in, in education, the environment, preventing crime, in order to take care of those problems, we have to change the programs to make them work better than they are working now.

Mr. SHAYS. I was making reference to the fact as a moderate Republican I

voted for a number of programs that I have had to look at and say in some ways what that has allowed me to do is it has allowed me to go back to some of my constituents and say, you know I care because I voted for that program. But as I have seen the program unfold, some of them, not all of them, I have had to go back and say you know, really what I have been is a caretaker and I have done something the exact opposite of what you would do for someone you love.

□ 2130

What I started to do about 3 years ago is I asked anyone who really started up in a lower echelon economically who now is a very successful person, far more successful than I would be, and I would say, what happened? Why are you so successful? When you were there in a development, in poverty, happened to have been a minority, so you had the laws against you and so on, and you had racial prejudice; and yet you succeeded?

Yet in every instance, in every instance it was, I had someone who took an interest in me, I had someone who sometimes kicked me in the butt. I had someone who did not always give me what I wanted. I had someone who did not let me get away with the excuse I do not want that because it is a dead-end job. I had someone would taught me to dream.

There were a lot of things they had, but they did not have someone just giving them something.

When I was growing up, my dad would commute from Darien, CT, for an hour commute into New York. He would get to read three papers in the morning and three at night because he had an hour on the train. He would read, and he would come back, and he would be filled with information. We would have a wonderful dialog at the dining room table.

He would invariably make some reference to something written in Ann Landers, and Ann Landers would write something back, and it would be kind of a crazy story.

I found myself looking at these calendars. I had these calendars with the thought of the day. I noticed the calendar for April 3. It was a Wednesday. I looked at it, and it was Ann Landers. And I thought, oh, my gosh, there is Ann. And I read it. And in a sense I thought this summarizes a lot about how I think about what we have to do in government. She wrote, "In the final analysis it is not what you do for your children, but what you have taught them to do for themselves that will make them successful human beings."

Now, we want our constituents to be successful human beings. We do not want them just used to handouts. We want them to be basically creators. We want them to be contributors to society. I was thinking about the true love that I think our society has shown and the true caring for making sure that people in our society are truly learning

to do things for themselves, to be independent.

It is really great. I have gone to some programs where welfare recipients have taken meaningful job training programs, had the day care they needed, and then they have a mentor who follows them for a year or so in the job to make sure they do get up in the morning, make sure when they have an excuse not to go to work, help them sort out that that excuse will not be very helpful in their job. And what they do in these graduations a year later is they hold up a check and say: "You know what I like about my job? I earned this."

We had to encourage everyone to have that same kind of feeling of accomplishment and contribution because it is there in the heart of every American citizen. Every person wants to add and to be of contribution.

They also then make reference to the fact that not only did they earn it and how proud they are but how proud their kids are of them because mom is making a contribution to society and helping to support the family without having to turn to someone else.

Before yielding to my colleague, if I could say this. I proactively went out looking for some people to work in my office who, frankly, were not white, who were maybe Hispanic or black; and I guess I would call that affirmative action. One person that we ended up hiring was someone who had gone through a job training program. She is a very valued member of my office. But I had a program that I was trying to help people understand how they could buy a home, and she did not want to come to this program as a staff person on a Saturday, but we needed her. She was happy to come based on that. And she came. And a month later I found out that she had just bought a home.

She had gone to this program, learned how she could own a home. She and her brother and her sister bought this home and live in a beautiful home in the city of Bridgeport, now realizing all the pluses and minuses of home ownership. But a few years ago she was on welfare. She had job training. She had day care.

She had tremendous initiative. She is a very important person in our office, someone who is making a wonderful contribution and someone who we receive a lot of compliments on because of the way she treats people and the way she is able to help people.

To me, it is just a very satisfying thing, and this can be repeated time and time again. That should be our goal.

I would love to yield to my colleague.

Mr. GANSKE. I appreciate that and agree with what my colleague has been saying.

I have to smile because when he was talking about his father coming home and discussing the three or six newspapers that he had read that day with you and all of the ideas, I remembered that usually my dad and I discussed the sports page.

But to return to welfare, I think there are principles in our welfare reform bill that are very, very important. The first one is the able-bodied should work. The second one is that there should be time limits. We do not want to see one generation after another generation, four or five generations, caught in welfare.

Another idea that is very important is that for those welfare recipients who are under the age of 18, there should be strong incentives for them to continue and stay in school. You do not receive benefits unless you are living with an adult and unless you are in school because, if you do not stay in school, there is very little chance that you are ever going to get out of the trap of the welfare system.

So I think there are a lot of good things that we have been trying to do. I would like to go to one thing, though, and that relates to what we are talking about in terms of cuts. An example is the most recent HHS appropriations bill, where for the Department of Education we increased funding this year by roughly \$2.4 billion. That was somewhere between a 4- and a 5-percent increase.

Now, within that we shifted some of the funds around. We took it out of the Washington bureaucracy and we gave it back to the States and the local areas. That is crucial because, when we talk about education, I want to see an increased teacher-student ratio, and I want to see a decreased bureaucrat-teacher or bureaucrat-student ratio. And that is what we are trying to do here. We are trying to get power back to the States, to the local areas.

People can do jobs better when government is closest to them. We want to do it in a responsible way, and I think that I am very optimistic with the progress we have made.

I will just yield back to the gentleman for a final closing statement.

Mr. SHAYS. This Republican majority is working to get our financial house in order and balance the Federal budget. We are looking to save our trust funds for future generations, and we are also looking to transform our caretaking social, corporate and agricultural welfare state into a caring opportunity society. In the process we are looking to bring power, money and influence out of Washington and bring it back to local communities.

In the process we are looking to empower people who are in our communities. So it is an effort that we are working hard at. Very candidly, we are not looking at the polls. If Abraham Lincoln had looked at the polls, we would not be one Nation, under God, indivisible. We would be two nations very much divided. For us the polls simply do not matter. What matters is our kids.

Mr. Rabin, the former prime minister of Israel, said you and I, politicians, are elected by adults to represent the children. And frankly that is what this is all about, representing the children.

Mr. GANSKE. I am happy to join the gentleman I think on some of the principles that we want to accomplish. We want to accomplish an opportunity society. We want to help make government smaller and more responsive to the citizens. And we basically want safer and sounder families. I am happy to join my colleague in his work.

Mr. SHAYS. I appreciate my colleague for that and thank you, Mr. Speaker, for taking the time to listen to us. With than we yield back the balance of our time however short it may be.

PERSONAL EXPLANATION

Mr. BROWNBACK. Mr. Speaker, earlier today I was unavoidably detained because of surgery on my son. The surgery went very well, but I was not able to be in town; therefore, I missed votes.

If I had been here, I would have voted "nay" on rollcall vote 332, I would have voted "yea" on rollcall vote 333, I would have voted "yea" on rollcall vote 334, I would have voted "yea" on rollcall vote 335, I would have voted "yea" on rollcall vote 336 and, I would have voted "yea" on rollcall vote 337.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. YOUNG of Florida (at the request of Mr. ARMEY), for today and the balance of the week, on account of medical reasons.

Mr. EVERETT (at the request of Mr. ARMEY), for today, on account of official business.

Mr. MANZULLO (at the request of Mr. ARMEY), for today, on account of illness in the family.

Mrs. MORELLA (at the request of Mr. ARMEY), for today, on account of personal reasons.

Mr. NETHERCUTT (at the request of Mr. ARMEY), for today, on account of attending a funeral.

Mrs. LINCOLN (at the request of Mr. GEPHARDT), for today and the balance of the week, on account of medical reasons.

Mrs. MINK of Hawaii (at the request of Mr. GEPHARDT), for today, on account of a death in the family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. PALLONE) to revise and extend their remarks and include extraneous material:)

Mrs. COLLINS of Illinois, for 5 minutes, today.

Ms. NORTON, for 5 minutes, today.

Mrs. CLAYTON, for 5 minutes, today.

(The following Members (at the request of Mr. MICA) to revise and extend their remarks and include extraneous material:)

Mr. STOCKMAN, for 5 minutes on July 24.

Mr. BURTON of Indiana, for 5 minutes each day, on today and July 23, 24, 25, and 26.

Mr. MCINTOSH, for 5 minutes on July 25.

Mr. MICA, for 5 minutes each day, on today and July 25.

Mr. DUNCAN, for 5 minutes, today.

Mr. KINGSTON, for 5 minutes, today.

Mr. GEKAS, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. TRAFICANT, and to include therein extraneous material, notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost \$1,033.

(The following Members (at the request of Mr. PALLONE) and to include extraneous matter:)

Ms. HARMON.

Mr. FRANK of Massachusetts.

Mr. MANTON.

Mr. MILLER of California.

Mr. STOKES.

Mr. HILLIARD.

(The following Members (at the request of Mr. MICA) and to include extraneous matter:)

Mr. QUINN.

Mr. FORBES.

Mr. DUNCAN.

Mr. WOLF.

Mr. PORTER.

Mr. SPENCE.

Mr. PACKARD.

(The following Members (at the request of Mr. GANSKE) and to include extraneous material:)

Mr. MOAKLEY.

Mrs. COLLINS of Illinois.

Mr. GOODLING.

Mr. TRAFICANT.

Ms. FURSE.

Mr. BARCIA.

BILL PRESENTED TO THE PRESIDENT

Mr. THOMAS, from the Committee on House Oversight, reported that that committee did on the following date present to the President, for his approval, a bill of the House of the following title:

On July 18, 1996:

H.R. 743. An act to amend the National Labor Relations Act to allow labor management cooperative efforts that improve economic competitiveness in the United States to continue to thrive, and for other purposes.

ADJOURNMENT

Mr. GANSKE. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 9 o'clock and 41 minutes p.m.), under its previous order, the House adjourned until Tuesday, July 23, 1996, at 9 a.m. for morning hour debates.