

S. 1795 guarantees coverage and benefits for poor children, children in foster care, pregnant women, senior citizens, persons with disabilities, and families on welfare.

If anything, the legislation goes beyond the NGA resolution in terms of setting guarantees. Yesterday we extended those Medicaid guarantees even further to phase-in coverage of children ages 13 to 18.

We also extended coverage to families leaving welfare. The modification also requires states to provide health coverage under the new Medicaid program for 1 year to families leaving welfare to go into the work force.

Second, the growth in health care expenditures must be brought under control.

While slowing the rate of growth, the Federal commitment to Medicaid remains intact. Even after reform, Medicaid spending will rise faster than Social Security.

The Federal Government will spend an estimated \$827.1 billion between 1996 and 2002 on Medicaid, an average annual increase of approximately 6 percent.

We have met the President halfway in terms of Medicaid savings. The difference between us is less than 2 percent of total Federal cost of Medicaid.

That is a difference of about two times a day per beneficiary.

The American people should fully understand that the critical difference between President Clinton and this legislation is not about the level of spending. The difference between us is who controls the spending. The fundamental issue is whether or not the Governors and State legislators and judges can do a better job in running the \$2.4 trillion welfare system than the bureaucracy in Washington.

The essence of the administration's opposition to S. 1795 is that the States cannot be trusted. The Clinton plan is built on the premise that Washington must control the decision making.

This goal of the Governors also goes directly to issue of a balanced budget, the third major issue of concern to the American people. Simply put, the Federal budget cannot be balanced without Medicaid reform. It is the third largest domestic program in the Federal budget. It costs more than AFDC, food stamps, and SSI combined.

Medicaid reform is also critical to balancing State budgets and priorities. One out of every \$5 spent by the State goes to Medicaid. The National Association of State Budget Officers reports that Medicaid surpassed higher education as the second largest program in 1990.

If nothing changes, Medicaid spending may soon overtake elementary and secondary education spending as well.

To those taxpayers who are wondering why there is not more money for schools, to repair roads, and build bridges, a large part of the answer is the uncontrolled spending of Medicaid.

Third, States must have maximum flexibility in the design and implementation of cost-effective systems of care.

Among a number of provisions in meeting this goal, S. 1795 repeals the Boren amendment as requested by the Governors.

It frees the States from Federal restrictions which impede the movement into managed care.

Fourth, States must be protected from unanticipated program costs resulting from economic fluctuations in the business cycle, changing demographics, and natural disasters.

S. 1795 includes an open-ended supplemental umbrella mechanism to provide additional funds for unexpected growth in guaranteed populations as well as certain specified optional populations.

This legislation achieves each of these goals.

It will replace a failed welfare system in which dependence is measured in generations and illegitimacy is the norm, with a system that encourages work and helps keep families together.

This legislation will return power and flexibility to the states, while retaining guarantee of a safety net for the most vulnerable populations.

Thirty-nine months ago, President Clinton promised the Nation's Governors and the American people that he would end welfare as we know it. Nothing happened.

He abandoned welfare reform and instead pursued a misguided attempt to take government control over the world's finest health care system. It didn't work.

Yesterday, the Finance Committee reported out legislation which will deliver on the promise of welfare reform and expand health coverage to many low income families.

After 30 years, we know that Washington does not know how to build strong families. It is time to end the incentives for staying in poverty. It is time to end a system in which welfare pays more than work.

Over 5 years, a typical welfare family receives more than \$50,000 in tax free benefits. In a number of States, the benefits are significantly higher. It is appropriate to set a time limit on benefits and say enough is enough.

There is now little difference between this plan and the President's own plan in terms of Federal spending levels on Medicaid.

Secretary Shalala appeared before the Finance Committee earlier this month and acknowledged the President proposed to cut Medicaid by \$59 billion.

Republican Governors have compromised. Democratic Governors have compromised. The legislation approved by the Finance Committee yesterday is a compromise.

There have been ample reference to political motivations launched by the other side of the aisle about the linkage between welfare and Medicaid. It is time to question why, after all of these changes, the President would not sign authentic welfare reform which includes Medicaid.

Last January, President Clinton vetoed welfare reform which did not include Medicaid.

In doing so, he also veto a bill which provided more support, including child care, for welfare families than his own legislation does.

H.R. 4 did not include Medicaid. But it did include the sweeping child support enforcement reform for which millions of American families are waiting. This legislation, again included in S. 1795, goes light years beyond anything the President could ever accomplish solely through administrative actions. How many thousands of children will remain in poverty or under the threat of poverty for at least another 6 months because they will not receive cash assistance and medical insurance of their absent parent as a result of President Clinton's vetoes?

Earlier this year, President Clinton declared that the era of big government is over. His action on this legislation will determine whether indeed that time is here.

This legislation will be a test to see if President Clinton is truly committed to ending the era of big government. Nothing could demonstrate a true allegiance to this pledge better than to return the responsibility and authority for welfare programs, including Medicaid, to the States.

#### UNITED STATES-JAPAN AVIATION RELATIONS: PROGRESS OR PROTECTIONISM

Mr. PRESSLER. Madam President, in recent months the Government of Japan publicly has indicated its desire to move forward in United States-Japan aviation relations by expanding air service opportunities. Given that Japan is our second largest aviation trading partner overseas and is the gateway to the booming Asia-Pacific market, these statements are encouraging news for consumers on both sides of the Pacific. Regrettably, Japan's actions speak much louder than its words.

While Japan certainly talks about progress, it has prevented any real progress from taking place by continuing to prohibit several of our carriers from serving various United States-Asia markets via Japan despite a clear right to do so guaranteed by the United States-Japan bilateral aviation agreement. In fact, Japanese negotiators seem more intent on protecting intra-Asian air service markets for Japanese carriers by blocking out United States carrier competitors than they are in opening the United States-Japan aviation market. That certainly was evident in air service talks earlier this month in Tokyo.

Japanese negotiators must make a choice. They must choose between progress or protectionism. More fundamentally, Japan must choose whether to embrace the future of global air service or unwisely cling to the past. In our ongoing air service talks with the Japanese, the United States is rightly requiring the Japanese to make that choice: Japan must meet its present

obligations and stop wrongly protecting its air service markets before a new treaty can be discussed.

Other countries faced with that same decision overwhelmingly have chosen progress. Over the past 2 years, over 20 nations have signed more liberal aviation accords with the United States. No wonder. The economic benefits flowing from an opening of air service opportunities can be enormous. Our recent phased-in open skies agreement with Canada dramatically makes this point. Since that signing, the United States-Canada aviation market has generated an additional 1 million passengers and a remarkable \$2 billion in economic activity on both sides of the border. In terms of enhanced consumer choice, nearly 50 city-pair markets have received first time scheduled service and another 14 city-pair markets have received additional competition. These benefits will surely grow as the remaining barriers are phased out. In fact, the United States Department of Transportation estimates from 1995 through 2000, the cumulative economic benefits of this accord to both countries will be \$15 billion.

In contrast, some countries such as France have chosen protectionism thereby foregoing the economic benefits of further liberalization. While air service markets around France have grown significantly in recent years as those countries have opened their markets, the French air service market has been stagnant. In fact, last year combined passenger traffic at the two major Paris airports fell nearly 1 percent. Is it any wonder Air France has accumulated losses totaling \$3.3 billion since 1990, and continues to have operating costs among the highest in the world? As the French experience unmistakably shows, in today's global economy a protectionist air service policy is economic folly.

Fortunately, most countries are rejecting the protectionist path. For instance, most recently 18 member economies of the Asia Pacific Economic Cooperation [APEC] organization voted specifically to add aviation to the list of core industries designated for liberalization, and the European Union has been given a limited mandate by member States to negotiate an open skies agreement with the United States. Nevertheless, there are major United States trading partners in addition to France, such as Japan and the United Kingdom, that continue to resist change.

Madam President, in Japan's case the reasons are evident. For nearly two decades cost inefficiency has caused Japanese carriers to become less competitive and to lose their market share even on Asian and Pacific routes that are not open to significant competition. Japan's chief aviation policy makers at the Ministry of Transportation [MOT] have responded to the challenge negatively, creating operational obstacles for U.S. carriers and demanding increasingly restrictive

limitations on its originally open 1952 Air Transport Agreement with the United States.

And therein lies the heart of the problem confronting the United States delegation in the aviation talks. The issue is both philosophical and economic. Japan is convinced its airlines cannot compete for Asian markets whose annual passenger volume is expected to triple—and account for more than half the world's traffic—by 2010. The United States, on the other hand, has to be concerned that, as the Economic Strategy Institute concluded recently, the loss of its competitive aviation presence in the booming Asia-Pacific market would cost this country \$5 billion in trade receipts annually and hundreds of thousands of United States jobs. Incredibly, the MOT's approach—in contradiction to the Japanese Government's stated goal in virtually all other sectors—is to eliminate competition from highly cost-efficient United States airlines. In pursuit of this shortsighted policy, the MOT has threatened sanctions to penalize carriers that are only exercising their rights. Thus, Japan is caught in a trap. The restrictions it has imposed over the years have prevented its airlines from becoming more efficient, and now the MOT believes it has to protect them if they are to compete in Asia.

Nonetheless, to the United States, the MOT's intransigence poses a series of inescapable dilemmas. It cannot ignore Japan's refusal to abide by the 1952 agreement without setting a very dangerous precedent for all of our other international agreements. It cannot concede more treaty modifications or restrictions without surrendering the few rights left to United States carriers and accepting Japanese control over the United States presence in many United States/Asian aviation markets. It cannot stand passively by while Japanese carriers expand service in those very same markets to which United States carriers are wrongly denied access. And, ultimately, the United States cannot yield to Japan's protectionist policy without abandoning its long-standing commitment to the principle that open competition in a free market environment is the only way to advance the best interests of consumers, countries, communities, and carriers that together shape a global and interdependent economy.

Thus far, United States negotiators are standing firm in defending that critically important principle despite intense pressure exerted by Japan directly and indirectly. As the talks proceed, our representatives deserve our complete support. We can hope only that their efforts will lead to Japan's realization that protectionism is inevitably an obsolete trading weapon capable of serving no one but of causing great harm.

#### MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to

the Senate by Mr. Thomas, one of his secretaries.

#### EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the Committee on Armed Services.

(The nominations received today are printed at the end of the Senate proceedings.)

#### MESSAGES FROM THE HOUSE

##### ENROLLED BILLS SIGNED

At 1:06 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the Speaker has signed the following enrolled bill:

S. 1903. An act to designate the bridge, estimated to be completed in the year 2000, that replaces the bridge on Missouri highway 74 spanning from East Girardeau, Illinois, to Cape Girardeau, Missouri, as the "Bill Emerson Memorial Bridge," and for other purposes.

The enrolled bill was signed subsequently by the President pro tempore [Mr. THURMOND].

The message also announced that the Speaker, pursuant to the provisions of Resolution 459, appoints to Funeral Committee of the late Hon. Bill Emerson the following Members on the part of the House: Mr. CLAY of Missouri, Mr. GINGRICH of Georgia, Mr. GEPHARDT of Missouri, Mr. BOEHNER of Ohio, Mr. SKELTON of Missouri, Mr. VOLKMER of Missouri, Mr. HANCOCK of Missouri, Ms. DANNER of Missouri, Mr. TALENT of Missouri, Ms. MCCARTHY of Missouri, Mr. MONTGOMERY of Mississippi, Mr. HALL of Ohio, Mr. LEWIS of California, Mr. HUNTER of California, Mr. ROBERTS of Kansas, Mr. WOLF of Virginia, Mr. KANJORSKI of Pennsylvania, Mr. MCNULTY of New York, Mr. POSHARD of Illinois, Mr. MORAN of Virginia, Mrs. LINCOLN of Arkansas, Mr. CHAMBLISS of Georgia, Mrs. CUBIN of Wyoming, and Mr. LATHAM of Iowa.

At 2:48 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House agrees to the amendment of the Senate to the bill (H.R. 3525) to amend title 18, United States Code, to clarify the Federal jurisdiction over offenses relating to damage to religious property.

At 8:42 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 192. Concurrent resolution providing for an adjournment of the two Houses.

The message also announced that the House has passed the following bill, in