and killed the balanced-budget amendment in the Senate.

Now, once again, they are saying we are going to balance the budget on the backs of senior citizens by cutting medicare and Social Security.

And so I would like to set the record straight on exactly what we are going to do about medicare and Social Security.

First, we're not touching Social Security to balance the budget. Period. That charge is simply untrue.

In fact, the only ''cut'' that Social Security will experience is a cut in the current administration's tax hike on Social Security benefits.

So I'm having a hard time comprehending the accusation that we're ''cutting'' Social Security when all we're really doing is providing tax relief for Social Security benefits.

Second, as everyone in this Chamber is well aware, medicare is going to be bankrupt in 7 years.

I know everyone has heard this statement time and again recently, but it's certainly worth repeating.

For the second year in a row, the president's Medicare board of trustees has stated that under current spending projections, Medicare will be bankrupt in 7 short years.

There is no disputing this inescapable fact, and we are taking the lead to prevent that from happening with our budget.

We have committed ourselves to preventing that from happening by slowing down the rate of growth in Medicare, not by cutting it.

Medicare spending is actually going to increase by over $740 billion over the next 7 years.

Only in Washington, DC can an increase in spending for a program still be considered a cut.

The dilemma this Congress faces tomorrow will set the tone for the future of this great Nation for many, many years to come.

We have arrived at a crossroads, and we must rise to this historical occasion armed with a vision for the well-being of our future generations whose hopes to realize the American dream are in the balance.

A vote against the majority's budget tomorrow will signify failure to uphold our responsibility to the millions of Americans who sent us here to get Washington out of their wallets.

Many millions of Americans are depending on us tomorrow to do the right thing to prevent their future from heading down the wrong road of massive debt.

We must not fail to deliver the American people a sound future.

We must pass our budget tomorrow.

EFFECTS OF THE PROPOSED BUDGET ON TAXES AND MEDICARE

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

Mr. GUTKNECHT. Mr. Chairman, I have listened and I assume most of the Members have listened today to the debate. I have found it particularly interesting, and I would like to share some of my time with the gentleman from Michigan [Mr. HOEKSTRA] tonight.

I would like to also share with the Members and those who may be watching at home from, and I hope this is not an ethical violation because I get no residuals from this book, but this is a book that I read during the district work period that was written by my predecessor, Tim Penny. I commend it to all of the Members, and other people who are interested in the budget debate that is going on, because I think it is very instructive. He has an awful lot to say. I would like to share some of those things with the body tonight.

First of all, Mr. Speaker, after listening to some of the debate earlier today, I just wanted to talk a little bit, too, about one of the things we have heard so much about in the last 2 or 3 days, and that is the tax cuts for the wealthy.

I'm not particularly good in math, and I do not serve on the Committee on Ways and Means. I did serve on the Committee on Ways and Means when I was in the State legislature back in Minnesota, so I have a little bit of understanding.

However, based on what I do understand about the tax cuts that we passed earlier this year, about 75 percent, about three-quarters of the benefits of the family tax credit, will go to families earning $75,000 a year or less. Perhaps in some places of this great National people earning $75,000 are considered rich, but I do not think in most places families earning $75,000 and less are necessarily considered rich.

Another part of that tax cut proposal that I think is important that will ultimately lead to economic growth is the cut in the capital gains tax rate. Representing an awful lot of farmers and small businesses in my district, I think I do understand something about capital gains taxes. As a matter of fact, one of the things I really understand is that 44 percent of the people who get stuck with a capital gains tax are rich for one day during their life, the day they sell their farm or sell their business.

I do not think, back where I come from in Minnesota, when a farmer who has worked hard all of his life and sells his farm, does he really consider himself rich? Obviously, in economic terms, in real dollar terms, many people would say that when you sell a farm for half a million dollars or whatever the particular price of that farm, you would say that they are rich, but these are people who have worked hard, who have lived poor all of their lives, who have made their payments, who have paid their taxes, and all of a sudden, because on one particular day they sell an asset, they get stuck with a capital gains tax.

I think if people will think about that in those kinds of terms, I think they will look at this whole thing and say ''Wait a second, we are not talking about tax cuts for the rich.''

Second, I wanted to talk a little bit about Medicare tonight, because I think there has also been a good deal of misunderstanding and disinformation spread about what we are doing with Medicare. It has been alluded to earlier today, but I would call attention to the Members and folks around the country to an article that appeared, I believe, in today's Investors' Business Daily. In that, there is a quotation that just literally jumps off the page.

It says:

> Today, Medicaid and Medicare are going up at 3 times the rate of inflation. We propose to let it go up at 2 times the rate of inflation. That is not a Medicare or Medicaid cut. So when you hear all this business about cuts, let me caution you that this is not what is going on. We are going to have to increase Medicare and Medicaid at a reduced rate of growth.

Now, I did not say that, NEWT GINGRICH did not say that. That came from Bill Clinton. I think that is what we are doing. We are not talking about cutting Medicare, we are talking about reducing the rate of growth.

Mr. Speaker, I also served back in Minnesota on the Health and Human Services Committee in the State legislature. I remember just 2 years ago when we were talking about health care and how much health care costs were going up, everyone predicted that we were going to see double-digit increases in the cost of health care for the next 5 or 6 years.

In the private sector, and I visited during the district work period with a number of health care providers, with representatives of some of the biggest insurance companies and HMO's in the State of Minnesota, they assured me that what is happening in the private sector, because of some of the changes and reforms that are going on with more managed care and preferred provider networks, we are seeing health care costs virtually at or below the inflation rate. We are seeing health care costs going up at less than 3 percent in the State of Minnesota.

Using the mathematics that we have heard about today and the last several days, we could assume that some of the health care providers in the State of Minnesota could be saying ''Compared to what we thought health care was going to go up, we are seeing a 7 to 8 percent cut, because we thought health care costs were going to go up by 10 percent, but because of market-based reforms that are happening without the Clinton health care reform plan, without a whole lot of Government intervention, we are seeing health care inflation rates going down by about one-third or less of what they were expected to be.'' So using the arithmetic and some of the rhetoric we have heard today, I think we could say that we

have seen dramatic cuts in health care in Minnesota.

Somehow, providers, hospitals and others, are adjusting to this new system. My sense is that if we allow some real reform in health care, in the Medicare system, that we can easily live within the guidelines that have been proposed by the House Committee on the Budget.

I just want to say that by just assuming that this is going to go up by 10½ percent per year, if we assumed it was going to go up 16 percent per year, then obviously you could say that this is a 12-percent cut, or some other number. However, the truth of the matter is that we know that health care costs can be controlled by the private sector, because it is happening.

With that, Mr. Speaker, I will yield to the gentleman from Michigan [Mr. HOEKSTRA], who has some remarks perhaps to share with us.

Mr. HOEKSTRA. Perhaps we can get into a little bit of a dialog, because I think it is very instructive to understand what we are talking about with Medicare, Mr. Speaker, and also when we take a look at what we do with the rest of the budget. If we take a look at and listen to much of the rhetoric that has gone on during this 6 to 7 hours of debate that we had today, you would think that we were dramatically cutting the budget.

In reality, the standard that we are setting for the Federal Government to get to a balanced budget, you know, I came out of the private sector, and this is my third year here. The aggressive posture that we are going to take to get to a balanced budget is something that the private sector would look at and they would basically laugh at. They would say ''This is an aggressive plan to get to a balanced budget under the dire circumstances that you are under right now? You have a $4.7 trillion debt. A child born this year, in their lifetime, if we do not change how we spend and tax, would have to pay what, $187,000 as their share of interest in the debt, and you are going to slow the growth of Federal Government to 3 percent per year?''

During the break I had an opportunity to go to a number of companies in my district. I listened to what they had done. You gave some examples about what they had done to control health care costs. I looked, and they explained to me what they had done to control product costs. There was a company in my district that, through participative management, employee involvement, creative thinking, new technology, new thinking about new ways to do things, for 12 years they have not had a price increase on their product, so they now are exporting around the world, because they have been able to control costs, not at a rate equal to inflation, but at a rate 3 or 4 percent below inflation, reducing costs every year, reducing actual costs.

There was another company in my district that made an electronic component. In the early 80's they were making it for $44. The Japanese came in and said ''We have taken a look at this part and we can build it for $13.'' The company got together, they got together with the management and the employees, and today they are building it for less than what the Japanese quoted to them in the early 1980's, so they took a $44 part and they are now building it for less than $12.

Here we are in Washington, the only thing, the thing we are going to do is slow the growth to 3 percent. I really believe that much of what has been applied in the private sector can and should be applied to Washington, and that what we are looking at doing to balance the budget is not that unreasonable and is very, very doable.

I think we can do it like we did it with the Contract With America. The Contract With America said ''We are going to do this within 100 days,'' and we did it within 93. I think if we energize Federal employees, build a partnership with State and local governments, build a partnership with people at the local level, and come together on this budget issue, we can improve performance, we can deliver a better solution to the American people, and we can balance the budget, and we can balance it quicker than 7 years if we focus and recognize that it has to be done.

□ 2130

Mr. GUTKNECHT. The private sector is a great example, and I have had the same story told to me around the district where people found themselves under competitive pressure. They have found a way to increase productivity or do something to reduce their costs. It has happened in big business and small business.

I have one particularly fairly large business in my district that was facing very competitive measures and in a difficult situation, and they went in and it was not easy but they found ways to produce their products at a much lower cost today than they had 3 or 4 years ago.

Incidentally, that same company has found ways to cut their health care costs. Now that has meant that, you know, perhaps there are fewer visits to the doctor, it may means some other things, it may mean managed care in some respects. I am not sure what all they have done, but the point is necessity is the mother of invention. That is the way the free enterprise system worked.

The problem in Washington is the solution to every problem seems to be more money, and the only way we can get control of the problem is with more money. But the truth of the matter is I think the American people are saying if we are talking about this program or that or another program that enough is enough; you have enough tax revenue, you are going to have to figure out how to make this thing work. And I think if we work together I think we can.

Mr. HOEKSTRA. If the gentleman will yield, we are really talking about the future of America. We are talking about security for seniors and we are talking about opportunities for our kids.

You know Alan Greenspan came in and said here was his vision of the benefits of balancing the budget: Children will have a higher standard of living than their parents, part of the American dream; there will be improvements in the purchasing power of everybody's incomes; there will be a rise in productivity, a reduction in inflation, strengthening of financial markets, acceleration of long-term economic growth, and a significant drop in long-term interest rates. This is going to benefit everybody in this country, just getting back to a basis where we have fiscal soundness, good fiscal policy, get to a balanced budget, and I think one of the goals and objectives which we had, which we put into the budget resolution during the debate in the Budget Committee is saying as we move to a balanced budget we cannot forget the fact that when we get to a balanced budget we need to develop a surplus, because balancing the budget is not good enough. We need to make the next step, which is developing a surplus and putting a plan in place to actually pay down the debt. The old American saying is what, we used to pay off the mortgage and give our children the farm. If Congress keeps going the way that it had been going, what we were going to do was sell the farm and give our kids the mortgage.

We are now, tomorrow, we are going to start that historic process that we are going to go through the next 6 months. We are going to put in a balanced budget plan for 7 years which is going to guide the authorizing and the appropriations committees so that by the end of this year we will have put a plan in place in May, and for the next 6 months we will manage our fiscal resources to hit that plan.

Mr. GUTKNECHT. The interesting thing to me, and you alluded to it, I was home this weekend and talked to some constituents and tried to explain essentially what the outline of the budget plan was going to be, and the people that I talked to said, you mean that is all there is. As a matter of fact, a few of them said we expected real cuts. We expected you to really cut programs and what you are talking about does not sound like the kind of cuts that we were expecting. As a matter of fact, I think my own sense is that the American people, at least out there in the great Midwest, are fully prepared for more, to shoulder more of the responsibility in terms of some of these reductions in spending than I think this budget is proposing. As a matter of fact, some I think may actually see this budget resolution as a bit too timid.

Mr. HOEKSTRA. Maybe too timid, but I think they will look at the policies in place and ask how are we changing decisionmaking here in Washington, moving more decisionmaking back to empowering the individuals. What is the $500-per-child tax credit? It is just a basic recognition that a family and parents are a better place to make decisions on how to spend that $500 than sending that money to Washington.

We are returning power and control to the States and localities, bringing decisionmaking back close to the problems, fine tuning the solutions for the specific problems within the graphic area.

My district is nine counties, it is a medium-sized district, but the problems in the southern part of the district or characteristics of the southern part of the district are very, very different than the northern part of the district. But what we are finding today is the decisions are all made here in Washington for a number of programs, whether it is school lunch, whether it is public housing, the decisions are made here in Washington. What we are trying to do is move decisions locally. We want to move a Federal bureaucrat from being between a child and a school lunch, let that decision be made at the local or State level. We want to move the Federal bureaucrat in Washington away from being the connecting point between a tenant and a landlord. Why is a Federal bureaucrat trying to make those arrangements? Same thing, we are proposing eliminating the Commerce Department. Why do we need a Federal bureaucrat in Washington being between a customer and a potential vendor? It does not make any sense. That is not a good use of our resource, so we are moving power back to States and localities. We are at the same time discarding needless bureaucracies, eliminating duplication and waste.

One area where we really are cutting, where the number is actually going to be less, it is a true cut, it is a cut as defined in the rest of America, and here in Washington now it also means a cut, is the foreign aid. That will be I think an absolute reduction of somewhere in the neighborhood of 30 or 35 percent.

We are reducing corporate subsidies. We are going after just about every area of the budget, except Social Security. We are promoting personal responsibility. The end result is we are all coming together in a plan to save the future and save the future for our kids.

Mr. GUTKNECHT. I went through a sales training program many years ago. I did not sell insurance, but it was actually designed for insurance salesmen, and I never forget the story they used to use, some of the salesmen used to use where they would bring with them a marble, it was a marble, a Ping-Pong ball, a baseball, and a bowling ball and they would tell potential customers, you know, if you buy your insurance now it will be like carrying around this marble. You can put it in your pocket and you will barely know it is there. But if you wait another 10 years and buy that insurance, it is going to be like carrying that ping-pong ball, and if you wait 10 years after that it is going to be more like carrying that baseball, and it gets real difficult to carry it around in your pocket. But if you wait until you are about ready for retirement, its going to be like carrying around that bowling ball. That is what we are talking in the Federal budget. The sooner we get started in solving the problem, the less pain in terms of solution. If we wait another 5 years, I think everybody knows, the American people know if we wait another 5 years, whether we are talking about Medicare or impending bankruptcy or whether we are talking about the growing national debt, if we wait another 5 years the problem is going to be just that much more difficult to solve, and so rather than having to carry around a ping-pong ball in your pockets we are going to have a bowling ball, and the weight of that ball is going to be hung around the necks of our children.

Mr. HOEKSTRA. We know what the statistics are. We know within 7 years Medicare will be bankrupt. We know if we do not change our spending priorities that by the year 2012 all the revenues we collect in taxes will be used to pay for two things: entitlements, and that thing that returns so much value to the country, interest on the debt. I mean that is just money that is gone away. You know, in 2012 we could be talking about student loans; there will not be any money for them. We can talk about building highways; there will not be any money. We talk about national defense; there will not be any money, unless, what? We ask the American people to share more of their income with us. What is it, the generational accounting which came out in the President's budget a year ago said if we continue at taxing and spending or spending at this rate, the next generation could see an effective tax rate of 84 percent. Which means that for young people going out and working, for anybody going out and working, 84 cents would come to Washington or, yes, and you would get to keep 16 cents of it for yourself, which means Tax Freedom Day would move to somewhere in November.

Mr. GUTKNECHT. Thanksgiving.

Mr. HOEKSTRA. At least we would have something else to be very thankful for, that we only had to work until Thanksgiving to pay the Government their share to keep the Government running and we could then work from Thanksgiving to the first of the year.

We need to be moving in the other direction of getting to the balanced budgets and paying the debt down.

Mr. GUTKNECHT. I was going to share one of the stories I tell a lot of folks. When I graduated, most people do not remember who the speaker was at their commencement address when they graduated from college, I do not remember his name, but I remember who it was and what he talked about that day. It was the director of the United States Census, and I graduated from college, I was 22 years old, graduated in 1973. I was born in 1951. And he said something interesting talking about demographics, and I think it is very important, I think the American people need to understand this. I was born in 1951, and he told us that day at our graduation that there were more kids born in 1951 than any other single year. He said, ''You are the peak of the baby boomers, and that is going to be important as you go through your life, whether people are selling insurance or encyclopedias or automobiles,'' and you can see that reflected in the advertising. But I think we need to think about this as well. Those baby boomers are going to start retiring at about the year 2011 or 2012, and I think the American people need to be reminded that if we have a problem now with Medicare, if Medicare is on the verge of bankruptcy now, and will be insolvent by the year 2002, imagine, the people we are dealing with here are people who were born essentially during World War II, and the birth rate during World War II was incredibly low. Imagine what is going to happen to us when the baby boomers start to retire in the year 2010 and 2011, and that is why it is critical in my opinion we have real Medicare reform and begin the process this year. I think if we do we can guarantee Medicare will be there for baby boomers and beyond. If we do not, I think it is pretty certain it will not be. I think there is growing concern among people my age that the sins of our fathers are now being visited upon us and will ultimately be visited upon our children.

Mr. HOEKSTRA. The demographics do not work in your favor, but I think as we talk about reforming Medicare we are talking about putting in place a number of policies and practices that have already worked and are working in the private sector.

Medicare basically has not been reformed or enhanced or modified or had any creative thinking applied to it for the last the 20 to 25 years, and we are still allowing spending per beneficiary, spending per person receiving Medicare is going to increase by somewhere between 33 to 40 percent depending upon what State you are in, but on average we are spending $4,800 per person in 1995. We are allowing within this budget to be spending up to $6,400 on average per person by the year 2002. That gives us a lot of leeway to examine what is going on in the private sector, to reform and enhance Medicare to take a look at the discrepancies by State.

I think one of the speakers today made the comparison about what you spend per person on Medicare in Minnesota, which has a fabulous health care system, and compare it I think it was somewhere in the neighborhood of $3,000, going up to something like $5,000

compared to the expenditures in Connecticut, which was like $5,000 going up to somewhere near $6,000 to $7,000, and saying you know we can take a look and what we need to be doing is taking a look at the different programs in different States and say what are the dynamics in this State that are driving costs to this level and to be very efficient and effective, and there are some things in these areas that we can learn and transfer to the high-cost States because like I said, Minnesota, my area, I think we are at about two-thirds of the national average for many of the health care costs.

Ms. DELAURO. Mr. Speaker, will the gentleman yield?

Mr. HOEKSTRA. I yield to the gentlewoman from Connecticut.

Ms. DELAURO. Mr. Speaker, representing Connecticut, I just wanted to correct the numbers that you just talked about with regard to Connecticut. There are over 503,906 Medicare enrollees in Connecticut, and in fact what would be the case is that they would pay $1,167 more in the year 2002 alone, and $3,885 more over the next 7 years. Overall, just so that the record will show, the State of Connecticut would lose $1.2 billion in Medicare funding in 2002 alone and $4.1 billion over 7 years.

So I just wanted to present that in terms of the record on this issue. I thank the gentleman.

Mr. GUTKNECHT. Reclaiming my time, and I think the gentleman over here said at the end of 7 years the program goes bankrupt, then we will not pay any benefits at all if we do not make any changes. I think that is the issue we are talking about, and all of this is built on assumptions. If you assume there can be no changes in all of this, this assumes there can be no changes in the way the Medicare system is managed.

Ms. DELAURO. You know, there is.

Mr. GUTKNECHT. Reclaiming my time, we assumed in the State of Minnesota a couple years ago that health care costs were going to continue to go up at double-digit inflation rates. Without any significant reform in the Federal level we have demonstrated that that was not necessarily the case.

□ 2145

That is the issue. The system can be reformed. Medicare, in my opinion, is the worst of all worlds. What you have is a fee-for-service system that cranks down fees. We have cost controls in a fee-for-service system. That is a prescription for disaster. That is why you see the Medicare system going up as fast as it is going without any changes.

I yield to the gentleman from Pennsylvania [Mr. WALKER].

Mr. WALKER. The fallacy of everything they are talking about is the fact they go out to the year 2002. Where they have all the figures they run up. The whole system collapses, and people end up with nothing, or, and this is what we suspect is really the agenda of the other side, they come back to the employers and the employees, and they say the whole system is collapsing, we now have to ante up. That is a 125-percent increase on both employers and employees at that point and a 300-percent increase in copayments for the beneficiary in order to maintain the system they now say we ought not touch, there ought not to be any change.

They are willing to risk bankruptcy of the Medicare system. That is what they have said all day long on the floor, that bankruptcy is an option, because they keep talking about figures that drive the system into bankruptcy.

I think most Americans looking at it think that bankrupting the Medicare system in order to serve political purposes is a tragedy. It just makes no sense whatsoever.

Mr. BONIOR. Mr. Speaker, will the gentleman yield.

Mr. GUTKNECHT. I yield to the gentleman from Michigan [Mr. BONIOR].

Mr. BONIOR. I thank my colleague for yielding.

I would just like to ask the gentleman from Pennsylvania, who on the floor, you just alleged that someone on this floor on our side of the aisle made a statement that we were for bankrupting Medicare. Who did that?

Mr. WALKER. If the gentleman will yield.

Mr. BONIOR. That is an outrageous statement. No one on this side of the aisle made that statement.

Mr. WALKER. You did not listen very carefully. What I said was all of the assumptions that were used on the floor today were predicated on the fact we only had to worry about the system out until 2002, and that all the figures you used that you call cuts in Medicare are, in fact, cuts off of a baseline that drives the system into bankruptcy, and so, therefore, my point is that the assumption that you are raising is that we can continue to spend at the present rates, which we know all know, according to the trustees' report, drives the system into bankruptcy, and so my point is that virtually your entire argument on your side today was predicated on the fact you are willing to allow the system to go bankrupt.

Mr. BONIOR. If the gentleman will yield on that point, I would like to respond.

Mr. GUTKNECHT. Let me respond. Let me just say again, we did not make this up. We did not write the report. And we read today in the paper this quote: ''Today Medicaid and Medicare are going up at 3 times the rate of inflation.'' That is absolutely true. We propose to let it go up at 2 times the rate of inflation. That is not Medicare or Medicaid cut.

So, when you hear all of this about cuts, let me caution you that this is not what is going on. I did not say that. We did not say that. Although we are saying that that is what President Clinton said just last year. And so all of this scare-mongering that is going on over the Medicare issue, we believe, and I think you would agree, that this system can be reformed, we can control costs if we put the right incentives. It is happening in the private sector today. That is what this debate is about, and I think what the gentleman from Pennsylvania [Mr. WALKER] is saying, is some people are saying it cannot be reformed, it must be allowed to continue to grow at exponential rates and that ultimately it will just go bankrupt, and then we will figure out how to do something different.

But if we make the changes this year, we can avoid bankruptcy. We can protect, we can preserve, in fact, we believe you can improve the Medicare system, provide better care to the senior citizens, keep the system solvent and really have a system we can all be proud of. It is happening today in the private sector, and those who say it cannot happen in Medicaid and Medicare I think are arguing against the facts that are happening every day out in the private sector.

I yield to the gentleman from Michigan [Mr. HOEKSTRA].

Mr. HOEKSTRA. I thank the gentleman for yielding.

What we have been doing for the last number of months, actually what we started doing in 1993, we came forward with a budget alternative, major conflict within our conference, but we said we wanted to stand for a budget alternative and we wanted to have a document out there that said that is who we are and what we stand for, and we presented a very credible alternative budget.

We did the same thing in 1994. And what both of those budgets did is they prepared us to be able to lead in 1995 to present a credible budget, to present a solid plan to get us to a balanced budget by the year 2002, to save the future for our kids, and we have a President who, running for election, promised that he would be driving toward a balanced budget, and we started the budget debate in the Committee on the Budget in 1995. What did we see, we saw more of the same, continuing $200 billion deficits, no plan to save Medicare, no plan to drive down the deficit. As a matter of fact, we saw exploding deficits as you went out 5, 6, and 7 years.

So what we have done is we have put together, we have put down on paper, we are out here saying we have a plan. Remember when people used to say, ''Why don't those guys stand for anything?'' For 3 years we have demonstrated, and now we are going to have the opportunity to drive a plan that does exactly what we have been talking about: Tax relief for families, a balanced budget. We do go through; you know, we eliminate three Cabinet departments. We eliminate the Energy Department, we eliminate the Commerce Department, we eliminated Education, areas where we do not think the Federal Government has a primary role in setting policy. We eliminate 284 programs.

In many cases, right now, and in the Economic and Educational Opportunities Committee, I think is a great example, we are going through a process right now where we have something like 153 different job training programs. Take a look at this from a consumer standpoint. You are an American citizen out there, and you are taking a look and saying, ''I need some help to acquire new skills,'' recognizing that jobs are changing, technology is changing, ''I need some help.'' You look at this, and you say, ''Whoa, where do I go? There are 153 different programs? What little box do I fit into? Am I a displaced worker? Am I a senior? Am I somebody right out of school? Where is a box?'' That does not work.

What we are doing is we are consolidating that back down into four block grants. The money goes back to the States so that for west Michigan they can design a training program in conjunction with the industry and the people in west Michigan and the local colleges to put together a program that works for west Michigan. They can go to Detroit, which has different problems, very different opportunities. They can develop a program for Detroit. They can build off of successes in Detroit. They can go to Minnesota, and the Governor there can put together a program.

What we have done is we have basically eliminated, you know, again we are eliminating that bureaucrat in Washington that is standing between an individual and that person's need to get new skills, to make them more employable in higher paying jobs.

Mr. GUTKNECHT. So much of what we have seen in the development of the bureaucratic welfare state and all the Federal programs, I think they all started with good intentions, the problem is they are all built on the basic premise the Federal Government knows best. I think what we are really seeing is the dabate between those people who believe the Federal Government is too big, spends too much, is too bureaucratic, has too many rules, and those who believe the status quo has to be defended.

What we have said from the very beginnning, and I think the American people said last November the status quo should not live there anymore, it is time for some real changed and to shake up Washington, and to that end, that is what we are going.

I want to just remind Members of some campaign promises a few years ago. One was to end welfare as we know it. The second was to balance the budget within 5 years. And the third was to provide a tax cut for the middle class.

You know, it has been amazing to me the harsh tone of some of the rhetoric around here over the last several weeks, because in many respects what we are really trying to do is to help President Clinton keep some of those campaign promises, because that is essentially what we are trying to do. And, frankly, we would expect a little more cooperation from 1600 Pennsylvania Avenue than we have had, because when you look at our program, it basically is to end welfare as we know it, to balance the budget. I personally would like to do it in 5 years. I am willing to live with 7. I plan to vote for the Neumann budget. I think it can be done, and to provide tax cuts for the middle class. We want to keep the economy going. We want to provide more hope, growth and opportunity in the private sector. Those are the things we really want.

I yield maybe for some last comments to the gentleman from Michigan [Mr. HOEKSTRA], and then we will finish up and give the other folks a chance at this.

Mr. HOEKSTRA. I think, you know, in summary, you said exactly what the key building blocks of what our plan are, much of which were outlined in the 1992 election campaign, where at one time they were part of President Clinton's agenda, tax relief, reforming welfare, and balancing the budget, three components of this plan.

The reason they are so important is what we talked about earlier. This is the type of plan that really puts America back on the right road. I mean it is going to mean 7 hard years of work just doing this plan. It does not mean we have implemented it. We now are going to have to hold our feet to the fire to actually go through and make the tough decisions each and every year to stick to this plan, but it is a wonderful start.

I think for you as a freshman, the first budget proposal that you are going to have an opportunity not only to vote on but the first one that you are going to have an opportunity to pass, because I do believe we will pass it tomorrow, I mean I think tomorrow will be a historic day where we actually now lay out that plan. We vote on it, and we will pass it, and we will pass it in a bipartisan way.

We are laying the long-term foundation for the contract with our children, saying this is the America that we want to leave you, one that is fiscally sound, one that will be on a road to balancing the budget and one that will also then enable us to start the discussion about how we are going to pay down the debt.

We are going to cut spending. We are returning power to families. We are protecting Social Security. We are preserving and protecting and improving Medicare, and the most important thing, not only do we have the right vision for what we want to accomplish, I believe that tomorrow and actually what we have done for the first 4½ months of this year, we have a vision for America, and now we are also providing the leadership to actually implement it.

We need much more than vision. I think, you know, we were talking about 1992. Anybody can have a vision. What you have to have is you have to have the courage and the demonstrated leadership and the capability to lead to make that vision a reality.

So now we are reaching for that vision. We are putting that vision in place for a balanced budget, for more economic opportunity, for a better future for our kids, and as we start moving there, we can actually start expanding our vision for even more improvement in America and a better future, so that I think that is a great way to start, and we could not have done it without 73 new freshmen here to join us, and thank you very much for all that you have contributed to help make these first 5 months such a historic opportunity not only for the House of Representatives but for all of America.

I thank the gentleman for yielding.

Mr. GUTKNECHT. I thank the gentleman from Michigan [Mr. HOEKSTRA].

I want to close with a few quotes, some of them from this book, which, as I say, I read during the district work period, and I found it very insightful and instructive.

I know that some of the Members around here will read this, and there are some things in it that are brutally honest, particularly by Washington standards, about the culture of Washington and some of the things that have happened, and part of the reason we have some of the problems in Washington we do have.

But let me just read one of the quotes that he opens chapter 3 with, and it is from Thomas Jefferson. He said:

> I, however, place the economy among the first and most important Republican virtues, and public debt as the greatest of the dangers to be feared, 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.

I think Jefferson said it so well, and then Tim Penny goes on and begins his chapter with these sentences, and I think it really got to me. He said:

> This republic is entering its 219th year, and remains the most admired and copied form of government in the world. For 192 of 219 of those years, this government shared something that no longer exists, an ethic of frugality.

I think that is what we are really trying to put back in this government, an ethic of frugality.

If you few look at the back of the book, on the back page there is a quotation I paraphrase only slightly, from former Senator Paul Tsongas, from the State of Massachusetts, and I love this. He says, ''When the inevitable consequences of massive debt are visited upon our children, they will ask us why and how it was allowed to happen. There will be no good reason to the why.''

But I think the Members in this body will know how.

The Chinese philosopher, Lao Tsu, said, ''The journey of a thousand leagues begins with a single step''.

Tomorrow, as my colleague said, we have an opportunity, in fact I think we

have an obligation to take the first giant step toward balancing this massive Federal budget and bringing this debt into line.

□ 2200

I think we owe it to ourselves, we owe it to our fellow citizens, but most importantly I think we owe it to our children and grandchildren. I think it is time for a little common sense here in Washington. I think it is time for us to begin the process of living up to our obligation, and I think it is time for us to balance the budget. I think the American people are way out in front of us, I think they expect no less, and I think tomorrow we will make good on that pledge and we will begin that process.

THE BUDGET VERSUS OUR SENIORS

The SPEAKER pro tempore (Mr. FOX of Pennsylvania). Under the Speaker's announced policy of May 12, 1995, the gentleman from Michigan [Mr. BONIOR] is recognized for 60 minutes as the designee of the minority leader.

Mr. BONIOR. Mr. Speaker, I am delighted to be joined this evening by some very good friends, and we are going to talk about this budget, and we are going to talk about the Medicare system. I am joined by the gentlewoman from California [Ms. PELOSI], the gentlewoman from Connecticut [Ms. DELAURO], and the gentleman from Vermont [Mr. SANDERS].

Mr. Speaker, let me just answer—I want to answer my friends from the other side of the aisle when they were speaking, and I have the opportunity to do so now. They talked about the issue of the Medicare trust fund and about its bankruptcy. It should be duly noted that less than 2 months ago, on this very floor, every single Republican voted for a tax bill that took $87 billion out of that same Medicare trust fund in order to pay, in order to pay, for a tax break for the wealthiest people in our society, and that is what happened.

Now it is rather disturbing to hear them say that they are going to fix this. They were not for the Medicare program in 1965. They have not been for fixing it or doing anything about it since. In fact, the gentleman from Texas [Mr. ARMEY] and the gentleman from Georgia [Mr. GINGRICH], their leaders, have said repeatedly on occasions, recent occasions, that they wanted to change the nature of the system, and, by golly, they certainly are.

Let me, if I could, switch gears a little bit and talk about the people who are affected here.

Mr. Speaker, it was 50 years ago this week that America defeated Nazi Germany in World War II, and all over American and all over Europe we celebrated that day by remembering the brave men and women on both the battlefront and on the home front who led this country to victory.

As my colleagues know, looking at pictures of our parents and grandparents taken back then, they were so young, and they were so full of life, it is hard to believe that they would ever grow old. But they have.

The generation that beat Hitler, that built our economy, that raised our families, are now America's senior citizens, and today many of them are living on fixed incomes. Their Social Security check is the only thing that many older Americans have each month to pay their rent, to pay their heating bill, to pay for their food, and medicine and their doctor bills. For most of them it is not easy. They have to struggle to make ends meet.

But today, instead of trying to make it a little easier for them, to help them through a very difficult time in their life, the Republicans in the Congress are trying to make living very hard for them.

Mr. Speaker, as I said a little earlier, this comes down to one very, very basic and simple question: ''Do you think we should cut Medicare, Medicaid, and Social Security in order to pay for tax cuts for the very privileged few?'' In the next few days we are going to see a lot of charts and numbers on this floor, and we saw them today, but this debate is not just about numbers. It is about people, it is about people, people like this lady right here, Margaret Lesley, who I have a picture of.

Margaret is a proud senior citizen and a dear friend of mine who lives in my district. Fifty-one years ago she was known to her friends as Maggie the Riveter, and she was young, she answered the call of this country. She helped build the B–29's that helped the Allies win the Second World War.

Like most of her generation, Mr. Speaker, today Margaret lives on Social Security. After paying for her rent, and her medicine, and her Medicare premium, and her medigap premium, she is left at the end of the month with $130, and with that she has to pay for her food, her heat, the bills that she has, or perhaps some little extra that she desires, and she struggles mightily to make ends meet.

But instead of trying to make Margaret's life a little easier, this Republican budget is going to make it a heck of a lot harder. The budget before us today will take $240 out of Maragaret's Social Security check, and over the next 7 years it will take $3,500 out of her pocket to pay for Medicare, and then the last year that money will amount to over a thousand dollars.

Now they are not doing that to balance the budget or to cut the deficit. The Republicans are cutting Medicare for Margaret for one reason and one reason only, and that is to pay for tax breaks for the wealthiest people in our society and the wealthiest corporations in America.

Now something they did not show you on the other side of the aisle, but I will. It is a piece that was in the Wall Street Journal after we passed the tax bill. The Wall Street Journal said, and I quote, ''The tax bill could mean a windfall for the well off,'' and then it goes on. ''It could turn out to be the biggest tax savings bonanza in years for upper-income Americans.'' Boy, you bet it could turn out to be the biggest income savings because indeed that is exactly what is happening. And if you are a wealthy corporation, you do not have to pay any taxes at all.

The last time the Republicans were in power, in the early 1980's, if you looked at the 250 largest corporations in America, 130 of them paid no taxes for at least 1 year; in the early 1980's, no taxes at all. It was such an outrage that the people in this Chamber, Republicans and Democrats, even President Reagan, decided we would change it we would change it so they pay at least a minimum, and it became law. And now in the bill that we passed less than 2 months ago the Republicans have repealed the law, and now major corporations all over this country, the largest ones, will get away without paying any taxes at all, and you know who is going to have to pick up the rest.

Now did the Republicans target the 200 billion we dole out in corporate tax breaks ever year? We dole out over $200 billion in tax loopholes to the largest corporations in America. You want examples? A 4.3 billion every year in agricultural irrigation subsidies to the largest corporate farmers in America; 1.2 billion a year in mining subsidies to the mining companies for royalties on public lands. And it is endless. Do they do anything about that? No, they did not touch it, did not touch it. The gentleman from Texas [Mr. ARCHER], the chairman of the Committee on Ways and Means, would not have anything to do with it.

Now did the Republicans target the billionaires who give up their U.S. citizenship in order to avoid paying taxes? I know that sounds like who would do that? We have people who have done it, who have avoided paying taxes by giving up their U.S. citizenships, and they are very wealthy people, and the drain on the Treasury for those people over 10 years is about $3.6 billion I ask, ''Can you imagine giving up your citizenship in order to avoid paying taxes?''

The country in which Margaret and others defended, these businesses, with the hard work of men and women in this country, provided for these millionaires and billionaires, and all of a sudden they do not want to make their fair share.

The Republicans could have gotten rid of that, and they said no. They argued and protected these people, except for five of them. Five Republicans said this is outrageous. The rest, 225 of them, stood up and said, ''we're for you. No, indeed we will not touch your tax break.'' Instead they are targeting senior citizens like Margaret.

And just do not take my word for it. The New York Times revealed the contents of a secret memo that the Republicans circulated, and in that memo, under the Republican plan Medicare