class in this country. And when labor unions were strong, when they had about 35 percent of the workers in this country, they are down to about 10 percent now in the private sector, when they had that percentage, people's wages were up there. They were up there.

When they had 35 percent of the work force in this country, they were getting a comparable amount of the productivity in wages. But when they started to slide and decline in their numbers in the 1960's and the 1970's and the 1980's, what they were able to get for their workers, as it relates to the productivity that the workers were creating, was less and less and less to the point now where they get about a third of the productivity that they performed, their workers.

So the labor unions are an important ingredient. Whether they are here in this country or in Canada or we saw them go arm in arm in Korea recently to demand justice and they won. We saw Parisian workers and German workers march arm in arm in Paris, metal workers, for their rights. They won.

Workers have to come together in solidarity with church groups, with other workers to form a countervailing force to stop this type of activity against working people both here and abroad.

Mr. DEFAZIO. Another point, I have a lot of small business in my district, not a lot of large manufacturers. It came to some of the small businesses and the Chamber of Commerce in my hometown of Springfield, when what had been a profitable door and window manufacturing company was bought out by a nonunion firm from out of state. And they came in with the intent of busting the union, and it did not take very long for the business community, the small business community in this small town in Oregon to figure out, you know, if the people who work at Morgan Nicolai see their wages go down by 50 percent, which was what was being proposed in the busting of the union, they will not have the money for the dry cleaning or the restaurants or the new televisions and the other things.

Actually the workers got support from the traditional community. The small business community in many cases has not yet made that linkage. But it is their livelihood that is also being threatened by this downward trend. It is just not people who work for wages in factories. It is not just union members in the public or private sector. It is everybody who they patronize.

And as we drive down wages in this country, we are ripping the heart out of all of middle-class America. Particularly disheartening to see it happening in this case where not only have the workers in Mexico seen their standard of living go down, but America workers are seeing their standard of living decline, while CEO's in this country go to 200 times average wages of manufacturing employees. What are they doing with all that money? They should not be so greedy. It is just extraordinary to me. It is a recipe for disaster, a recipe for disaster.

Indeed, it is. And we are creating a hollow shell under this economy of ours; and some day it is going to collapse, and when it collapses, it is going to come down with a thud that is going to shake the boots off of people in this country.

Too many folks in America are making money on money, not enough making it on manufacturing and building things that are important for our economy and for our communities.

And when this wage issue continues to erode, as it inevitably will with these trade agreements, I think it does not bode well for our children and grandchildren. And I am very, very concerned about it and I am very disappointed about this tragic turn that many of our colleagues have bought into with respect to trade like we have to do this because it is the only way that we can compete.

It is nonsense, it is crazy, and it is driving the living standards of a lot of our families into the ground.

I thank my colleague for coming.

Mr. DEFAZIO. I thank the gentleman for his leadership.

Mr. BONIOR. And I appreciate his taking the time this afternoon to speak on this issue. We will be joined by others of our colleagues to discuss this issue as we move closer to talking about additional trade agreements as they come to this floor.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 400, 21ST CENTURY PATENT SYSTEM IMPROVEMENT ACT

Mr. MCINNIS (during the special order of the gentleman from Michigan, Mr. BONIOR) from the Committee on Rules, submitted a privileged report (Rept. No. 105–56) on the resolution (H. Res. 116) providing for consideration of the bill (H.R. 400) to amend title 35, United States Code, with respect to patents, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF MOTIONS TO SUSPEND THE RULES

Mr. MCINNIS (during the special order of the gentleman from Michigan, Mr. BONIOR) from the Committee on Rules, submitted a privileged report (Rept. No. 105–57) on the resolution (H. Res. 117) providing for consideration of motions to suspend the rules, which was referred to the House Calendar and ordered to be printed.

THE BUDGET

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the Chair recognizes the gentleman from Oklahoma [Mr. COBURN] for 60 minutes.

Mr. COBURN. Mr. Speaker, I have two charts that I would like for the American public to see because I think they very importantly make some cases for where we are today; and I have committed that I will spend the time that is necessary to communicate to the people in my district and people throughout this country what is really happening to us in terms of our budget.

We hear a completely different rhetoric today than what we heard just 2 years ago. And the question that comes to my mind is, Why has the rhetoric changed? And I think the rhetoric has changed because people are fearful for their jobs.

It was not that the rhetoric was wrong. The rhetoric was right, but the results of not communicating the importance of what our job is and not communicating exactly where we are.

I would want people to look at these two charts. One is from 1972, and the other is for this fiscal year, 1997. And they really show the heart of the problem that this country faces with its budget.

If we look at 1972, what we realize is that our entire Federal budget was $231 billion. Whereas, in 1997, we are going to spend $1,632 billion, which is a significant, 700-percent increase, in a mere 25 years in the amount of dollars that we actually spend.

Critics will say, well, that is not real dollars. But it is a significant increase in real dollars to the 700 percentage points.

When we look at the total, the other thing that we first notice is that, of the interest payments that we made on the national debt in 1972, that it was a mere $16 billion, that, in fact, we were spending about 7 percent of our budget on interest; and now we spend 15 percent of our budget on interest, and no small number whatsoever, $248 billion, which is more than the entire amount that we spent on ourselves in 1972.

The other thing that these pie charts show is they show the fix that we are in unless we have the courage to make the changes in the programs that are driving the budget deficit.

We have three choices. As the yellow portion shows that, in 1972, discretionary spending, the things that your Representative truly gets to make a choice on every year and vote on, accounted for 55 percent of the budget. Today, as we can see, it accounts for 34 percent. In the year 2002, it will account for approximately 20 percent.

So what is happening is, the areas where your Representative can make a difference in terms of the discretionary budget is slipping every year in terms of both total dollars and in terms of the percentage of the budget.

The other thing to note is that the interest portion of that has risen 1,600 percent. So if we go to the red area and we see that in 1972 mandatory spending was 38 percent and it is now 51 percent

and was projected to continue to rise to approximately 80 percent, we can see that unless we make the necessary changes to make those programs viable, efficient, and affordable, that it does not matter if we do not do anything now.

□ 1715

We will be in such a financial catastrophe in the year 2012, that we will be forced to do it. So the question is, do we take our medicine now or do we take our medicine later? Do we do the right things?

I have a couple of questions that I think are important. One is, remember the debate on Medicare over the last 2 years? Everybody agreed, including the trustees, that Medicare is going bankrupt. We have not heard people talking about it. Is it still going bankrupt?

The plans put forward in the last Congress were necessary, quality, good plans to save Medicare. The plans that are being put forward in this Congress are simply band-aids on Medicare. They will not solve the structural problems, they will not solve the long-term equity and viability that is necessary for a health care program for our seniors, and, in fact, every year that we do not make the right decision to fix the Medicare Program, we will, in fact, make it harder and more expensive when we do finally face the fact.

So the question is, why are people not talking? Were people untruthful in the last 2 years about the Medicare Program? The board of trustees, matter of fact, last year said we were wrong, 2002 is not right when it will go broke, it is probably going to go broke in the year 2000. I expect the trustees this year to tell us that Medicare will go broke in the year 1999 or very close to the year 2000.

So if the problem is still there, why are people not addressing the problem? Why? Because of the falsity and the demagoguery associated with the political system in our country, where if we do the right thing, even though a special interest might not understand the issue, we get beat up on it when we go to run for reelection.

So we have to move to the question, what is more important, doing the right thing for our country or getting reelected to this body? And I hope the American public would be incensed that their Representatives had not addressed the problem of Medicare, because if we really care about seniors in this country, we will make the decisions this year, not next year. Not when President Clinton is no longer President and not when the gentleman from Georgia, NEWT GINGRICH, is no longer Speaker of the House, but this year, when it will make the most difference, save the most money and afford health care to the most seniors.

It either is going broke or it is not. It is going broke. So why would this body not in fact address the Medicare problem?

The second area in this red that we do not have any control over, and we made some attempts in the last Congress, but needs to be addressed, that is further refinement of the food stamp program.

The fact is there is a large portion of the $27 billion that the taxpayers pay in this country for food stamps that goes for beer, cigarettes and crack cocaine. The system needs to be changed. The system needs to be a hard ID'd limited program that provides the basic essentials and basic needs for those who are dependent upon us for good reason. We should not be supplying those things that in fact will harm them.

To continue to accept a system that will waste $7 or $8 billion of taxpayer money because we do not have the courage to tackle what may be a very controversial issue, means we do not have the courage to be here in the first place.

The third point I would make, and if the gentleman from Wisconsin, [Mr. NEUMANN] will stay here, the third point I would make within Medicare is we have good testimony, both from the Inspector General, from the FBI, that of the money we spend on Medicare, somewhere between $20 and $40 billion a year is fraudulent; in other words, is billed to the Federal Government through Medicare for services that were not rendered.

Why should we accept that? Why should we not completely revamp the Medicare rules and regulations to take the incentive for fraud out of Medicare? Why have your Representatives not done that? Why has the President not led on that? Why have the Senators not done that? They have failed to do that.

The same question: What is the issue? The issue is the courage to do the hard thing but the right thing so that the most people in this country will benefit from it.

We have home health care in this country. The Inspector General of HHS testified this year before this Congress that somewhere between 19 and 63 percent of every bill that is submitted to Medicare for home health care is fraudulent. The services were not performed. And yet we continue to have home health care guidelines issued by the Health Care Financing Administration that allows that to continue, and we have known that for 2 to 3 years.

We need action, and we need action that is based on courage and is based on the principle to do the right thing regardless of what it costs to someone's political career. So we need to fix it to where we can make changes in the red. The area of yellow is going to get smaller, the area of blue is going to balloon in terms of interest, and the area of red is eventually all we are going to have, is blue and red, mandatory spending and interest on the national debt.

I do not think that is acceptable for our country. I know it is not acceptable for the future generations that are going to pay for it.

I notice my friend from Wisconsin is here and I welcome him to this discussion.

Mr. NEUMANN. Mr. Speaker, I would just point out to the gentleman, and I saw his charts down on the floor, but I would just point out, and I think it is very important that all our colleagues remember that even though that area that is called discretionary spending seems to be shrinking, that from 1987 to 1996 the nondefense discretionary spending, that is for all of the programs that we hear so much about, that nondefense discretionary spending program is up by 24 percent.

We have been told out here or we have been led to believe that in fact the only problem we have to deal with is the entitlements. The reality is it is not only the entitlements, it is also those other areas that just seem to grow out of proportion. Somebody starts a program, and the next year they decide the program should be bigger, and pretty soon the programs are growing by 10 percent, even though inflation is only 3 percent.

And of course that is how we got to a 24 percent growth in real dollars, or constant dollars, over a 10-year period of time.

Mr. COBURN. Or a 400 percent increase in the last 25 years in nonreal dollars, or inflated dollars.

Mr. NEUMANN. Right. I noticed the gentleman talked about Medicare. Should we talk about the Social Security Program a little bit?

Mr. COBURN. I think we should. One thing I want to address is this bogeyman everybody talks about called the Consumer Price Index, or the CPI. Because, in fact, when we ask politicians and we ask Members of the House of Representatives how many of them want to talk about that with their constituency, very few will say, ''Yes, I will be happy to talk about that.'' They are afraid of that issue. I think we should talk about that issue.

The very people who are receiving Social Security today are the people in this country that went through the Depression and fought the great war. They won World War II. And the real issue surrounding the CPI is, does the CPI accurately represent the increase in the cost associated with the standard of living for people on Social Security?

Mr. NEUMANN. Us country folks from East Troy, WI, call that inflation. That is really what we are measuring. In very simple English, we are measuring inflation.

Would the gentleman like me to walk through how they determine inflation in this country today?

Mr. COBURN. I think we should.

Mr. NEUMANN. The CPI today is determined by looking at 90,000 different articles, 90,000 goods. They call it the basket of goods. They go into 22,000 different stores across America and they look at 35,000 rental units.

So this is a huge number of items that are being analyzed each year. And we can think of it like looking at how much do these 90,000 things in the basket cost on January 1 of this year and how much do they cost January 1, 1 year later, and that is how they determine the rate of inflation today.

Now, some people say that that basket of goods does not contain current items and is not updated frequently enough. An example of this would be in the basket of goods today we would not be looking at typewriters. If typewriters were in there, we would want to replace typewriters with computers.

So some people are saying that basket of goods, the 90,000 items they are looking at, are not actually the items that people in America today are buying. I would suggest, if that is the case, the Bureau of Labor Statistics needs to update the basket of goods.

But that is a very different concept from politicians stepping in and saying even though it appears inflation is 3 percent, we deem it appropriate to make it 2 percent. A politically motivated adjustment to CPI is something that I think I would personally find very, very unacceptable. As a former math teacher, this looks like a math problem to me.

Mr. COBURN. The principle is, if the underlying purpose of the CPI increment, cost of living adjustment, was to reflect that, then what we ought to have is that it reflects the cost of living. If it is overstated, it ought to be lowered; and if it is understated, it ought to be raised.

I have not found any senior in my district that disagrees with that once they understand what the issue is with it. It is not a political fix, it is doing the right thing.

So, again, what we should be saying is that that CPI should accurately reflect, and we have large numbers of people as far as economists and other statisticians that tell us today that that is not accurate. Now, how we solve that is to ask them to do their job and to do it correctly and bring us and the American public that number.

If they will do that, that will not be an issue anymore. But it also brings us back to what our problems are, is we are not demanding excellence in large areas in our Nation. And the first place we should demand excellence is in our Government, and we should demand excellence in the Bureau of Labor Statistics.

Mr. NEUMANN. I think just to make this very, very clear, we are both opposing a politically motivated adjustment to CPI, or a political adjustment, and we are both supporting a mathematical computation that is accurate and that accurately reflects inflation in our Nation today.

I think virtually all of the American people would support that. That is what the Bureau of Labor Statistics is supposed to be doing.

Mr. COBURN. So let me ask the gentleman a question, if I might. Is it possible to balance our budget and pay off the debt; and can we do that and meet the obligations that we have made to the people in this country that depend on us?

Mr. NEUMANN. Well, to answer that I think we need to understand how Social Security fits into that picture. Because, in fact, Social Security is a very big part of whether or not we can balance the budget.

A lot of people would like to take the Social Security Trust Fund money, the extra money that is being collected over and above what is being paid out to our senior citizens in benefits this year, the money that is supposed to be put in a savings account, they would like to take that money out of the savings account, put it in a government checkbook, spend it, and call the checkbook balanced, even though they are spending the money from the Social Security trust fund.

Mr. COBURN. But the answer to the question is we can meet the needs and commitments we have made in this country, and we can balance the budget and we can pay off the debt; is that correct?

Mr. NEUMANN. That is absolutely correct, and we can do it without going into the Social Security trust fund money and spending that trust fund money on other Government programs.

Mr. COBURN. As a matter of fact, we can do it putting that money into investments that will enhance the Social Security; is that not true?

Mr. NEUMANN. Such as a negotiable Treasury bond or a CD, something which our senior citizens are very familiar with. In fact, I think it is very important that we understand that the money that is being collected for Social Security today, and I have a chart that shows that money we are collecting, $418 billion today for the Social Security trust fund.

We are collecting $418 billion for the Social Security trust fund today and we are spending $353 billion on benefits for our senior citizens. That leaves us $65 billion surplus.

Let me translate this into English so it is easy for everyone to understand. If we think about this, it is like we are going into the paychecks and collecting $418, like our own checkbook at home. We put $418 in our checkbook and write out a check for $353 and our checkbook is in pretty good shape. We have $65 left in the checkbook.

The idea in the Social Security trust fund is that $65 left over, it is actually $65 billion, that money is supposed to go into this savings account. Because we all know that in the not too distant future, as the baby boom generation moves towards retirement, there will not be enough money coming into the Social Security System to pay the Social Security checks back out to our senior citizens.

When there is not enough money coming into Social Security, the idea is we are supposed to be able to go into the Social Security trust fund savings account, get the money out of the savings account, put it in our checkbook and make good on the checks. That is no different than the way we would run our own house. If we have $418 in our checkbook today, and we have this problem coming in the future, and we spend $353, so we have $418 in there and we spend $353, we would put the $65 in a savings account and, later on, when we had the problem, we would go to the savings account, get the money, and make good on our checks.

EXTENDING ORDER OF HOUSE OF FEBRUARY 12, 1997 THROUGH APRIL 17, 1997

Mr. COBURN (during the special order of the gentleman from Oklahoma, [Mr. COBURN]. Mr. Speaker, I ask unanimous consent that the order of the House of February 12, 1997, be extended through April 17, 1997.

The SPEAKER pro tempore (Mr. RADANOVICH). Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

□ 1730

BUDGET

That is how the Social Security system is supposed to be working today. I cannot emphasize this enough, though. That is not what we are doing with the money. What we are doing with the money in Washington today is we are putting it in the big government checkbook called the general fund. We spend all the money out of the general fund and then some. That leads to the deficit. Since there is no money left in the checkbook at the end of the year, we simply put IOU's down into the Social Security trust fund.

As a matter of fact, when we report the deficit, we do not even report the Social Security trust fund money, that $65 billion, as part of the deficit. When this city reports the deficit to the American people of $107 billion, what they do not tell them is that in addition to that $107 billion, they have taken $65 billion out of the Social Security trust fund. When they talk about balancing the budget in Washington, DC, what they actually mean when they say they are going to balance the budget by the year 2002 is that they are going to go into the Social Security savings account, take out $104 billion in the year 2002 and put it in the big government checkbook, and they are then going to call their checkbook balanced even though they took this money out of the Social Security trust fund to make it appear balanced, and that is a big problem.

Mr. COBURN. Let me ask the gentleman a question. Of the money that the Federal Government has borrowed, the internal debt to the Social Security, has the Federal Government paid any interest on that debt?

Mr. NEUMANN. That is a very good question. There is supposed to be $550 billion in that trust fund today. They pay all of the money into the trust