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Young (FL)
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☐ 1440

The SPEAKER pro tempore. On this rollcall, 409 Members have recorded their presence by electronic device, a quorum.

Under the rule, further proceedings under the call are dispensed with.

SEVEN-YEAR BALANCED BUDGET RECONCILIATION ACT OF 1995

Mr. SABO. Mr. Speaker, I yield such time as he may consume to the gentleman from Minnesota [Mr. VENTO].

(Mr. VENTO asked and was given permission to revise and extend his remarks.)

Mr. VENTO. Mr. Speaker, I rise in opposition to this reckless restructuring of our priorities.

Mr. Speaker, I rise in strong opposition to this extreme Republican budget reconciliation conference report. The bill represents a reckless restructuring of national priorities which advocates a shift of resources and commitment away from working American families and granted to the most affluent segments of our society. This Republican Gingrich reconciliation bill abandons the goal of equality of social, health, education, and economic responsibility for members of our American society.

I have supported in the past and will continue to support responsible deficit reduction policies. I voted for the alternative coalition budget, a difficult vote but appropriate, which would reach a budget surplus in 7 years, end corporate subsidies, and permit higher spending on crucial national investment priorities without lavishing tax breaks on the wealthy. I supported the 1993 reconciliation measure which has to date exceeded its targets; with 3 straight years of deficit reduction resulting in the lowest annual deficit as a percent of GDP since the late 1970's. I certainly do not support the Republican reconciliation bill, which slashes proven programs that ensure economic and health security for working Americans, families, and seniors in order to finance tax breaks principally for investors, corporations, and affluent individuals. The legislation includes deep cuts and new fees for student loans, and deep cuts in Medicaid and Medicare. Further, it includes provisions to put American pensions at risk and promote environmental degradation. This measure disassembles the Federal commitment and structure that has built and empowered our Nation to unprecedented economic and social achievement.

At the same time this reconciliation measure cuts deeply $270 billion from Medicare, the bill gives $245 billion in tax breaks to the wealthiest members of our society and corporate America. In fact, the wealthiest 12 percent of American families, those with an income over $100,000, will get 45 percent of the tax break benefits, over $110 billion in tax breaks. The Republicans continue to insist on a cut in the capital gains tax rate for big investors, a reduction of the alternative minimum tax for corporations, and a limited child tax credit which is actually denied to 33 percent of kids because they are low income. In addition, the Republican Gingrich reconciliation bill cuts the existing earned income tax credit by over $32 billion, thereby producing a tax increase for the working poor. In fact, the Joint Committee on Taxation reported that families with under $30,000 in income will actually pay more in taxes—that's right, pay more under the Republican Gingrich tax break measure. Some break—it's more on the backs of hard-working families.

Policymakers who are serious about deficit reduction do not push a package which includes $245 billion in tax breaks, skewed to the wealthiest in our society. Not only is it unwise to reduce revenues in this time of fiscal constraints, but it is unfair to dole out benefits to the well-heeled when everyone else in society is being told they must sacrifice.

The new Republican Gingrich majority in the House has made the Medicare and Medicaid Programs its target for nearly 50 percent of the total spending cuts contained in the Republican reconciliation package. Medicare is one of our Nation's most successful programs. It was established over 30 years ago as a national commitment to assure seniors health care coverage. The Republican Gingrich scheme is going to threaten the integrity of this program and make seniors pay more for less health care coverage. With $270 billion in cuts, overall Medicare spending will be cut by a cumulative $6,795 per senior over the next 7 years, meaning that in 2002 there will be $1,700 less in Medicare dollars per senior in that year alone. Even the trustees of the Medicare trust fund strongly oppose the Republican plan because the extensive cuts go far beyond program reform or trust fund stability. The Republican plan is not designed to save Medicare, it is a scheme to let Medicare wither on the vine.

In the name of balancing the budget, the Republican reconciliation bill not only creates a social deficit in our Nation, but also creates a serious environmental deficit. This legislation amounts to a wholesale degradation of America's natural resource legacy, evoking the tradition of 19th century robber barons who exploited the West. We see the imprint of special interests, including the mining, oil, and gas industries, throughout the Republican reconciliation measure. In particular, the decision to destroy forever the Arctic National Wildlife Refuge [ANWR] by permitting oil and gas exploration and drilling demonstrates the true spirit of the Republican majority. ANWR is the last great piece of American wilderness and opening the refuge area to drilling will assure destruction of this pristine wilderness. Folding this measure into this bill is a sleight of hand way to circumvent the process and force this wholesale policy change upon the American public without open debate on its merits.

The question really is about the direction our Nation should be heading and what values we want to cultivate to enhance our future. This Republican Gingrich reconciliation bill reveals a significant change in national priorities and values under the GOP leadership. Republicans' misplaced priorities are to pull back

from proven, albeit not perfect, policies for health care, housing, education, and the environment in order to give tax breaks to the wealthy and placate special interests. We in Congress should do better, surely we should know better. A balanced budget mantra does not disguise the true intent or effect of the Republican reconciliation bill, which polarizes and balkanizes our society, reneging on the basic social contract and abandoning families and the very programs that have permitted us to take care of those who are vulnerable and in need, in essence to take care of one another when we face crisis in our lives.

Apparently the GOP thinks that if they claim to balance the budget, anything goes, but they are wrong—the American people care. The American people do not want an abandonment of valued principles and policies which allow the most vulnerable in our society to live with dignity. They also do not want a redistribution of wealth which makes it more difficult for working American families to get ahead while giving special benefits to corporations and special interests. This Republican reconciliation bill is an affront to all who believe in the concept of community and the commitment of the Federal Government to protect Americans' health, environment, and economic security. I urge my colleagues to vote against this bill.

Mr. KASICH. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio [Mr. HOBSON].

(Mr. HOBSON asked and was given permission to revise and extend his remarks.)

Mr. HOBSON. Mr. Speaker, I rise in support of this bill.

It's difficult leading a majority. People pay attention to the promises you make—and they expect you to keep them.

The promise to balance the Federal budget has been perhaps the hardest political promise to keep. The President hasn't been able to do it. And Congress hasn't been able to do it in 26 years. To be fair, past Democrat and Republican leaders backed away from the challenge.

Despite repeated promises, the loud and convincing voice of special interests always have carried the day. But today we are looking toward the future. We are listening to the quieter voices of our children, and hearing what we have always known: That this generation has a responsibility to the next.

We began working toward this moment in 1992—the year President Clinton was supposedly elected as an agent of change. Although the President was unable to fulfill his promise to balance the budget in 5 years—or at all—JOHN KASICH was working behind the scenes on a balanced budget called cutting spending first. By 1994, the call for change had grown, and voters elected a new, Republican majority to Congress.

From that majority came extraordinary leadership. Our budget chairman drives this process with eagerness and integrity. Our Speaker provides a clarity of vision and purpose that unites moderates and conservatives in a single agenda for our American future.

Today our agenda is clear. I look forward to joining the majority of you in fulfilling our responsibility—and our promise—to the American people.

Vote ''yes'' on the Balanced Budget Act.

Mr. KASICH. Mr. Speaker, I yield such time as he may consume to the gentleman from California [Mr. GALLEGLY].

(Mr. GALLEGLY asked and was given permission to revise and extend his remarks.)

Mr. GALLEGLY. Mr. Speaker, I stand in strong support of this bill.

☐ 1445

Mr. KASICH. Mr. Speaker, I yield such time as he may consume to the gentleman from Missouri.

(Mr. EMERSON asked and was given permission to revise and extend his remarks.)

Mr. EMERSON. Mr. Speaker, I rise in strong support of the balanced budget proposition before the House.

Mr. SABO. Mr. Speaker, I yield such time as she may consume to the distinguished gentlewoman from New York [Mrs. MALONEY].

(Mrs. MALONEY asked and was given permission to revise and extend her remarks.)

Mrs. MALONEY. Mr. Speaker, I rise in opposition to the bill.

Mr. Speaker, I rise today in opposition to the Omnibus Budget Reconciliation Act of 1995.

Change is needed in the Federal Government. Many programs need to be modernized. But we need fair change. And there is nothing fair about this budget.

Simply put, the painful cuts in this budget disproportionately hurt the old, the sick, the poor, the disabled, low-income children and, to an extreme degree, urban areas.

During my first term in Congress, I sat on the Banking, Finance, and Urban Affairs Committee. I sit on that same committee now. Only now it's called Banking and Financial Services. It's as if urban areas are no longer a part of America. And this budget reflects that attitude. No place in the country will be hit harder by this budget than New York City.

Make no mistake: if the Medicare and Medicaid plans in this bill were signed into law, health care for the poor and the elderly will be severely affected.

The Medicare trust fund needs $90 billion to remain solvent for the next 10 years. But this budget tries to solve a $90 billion problem with a $270 billion solution. It will double premiums over the next 7 years for some seniors, and sextuple them for others.

Recently, Speaker GINGRICH told a group of insurance lobbyists that he expects Medicare to ''wither on the vine,'' and said he wouldn't try to ''get rid of it'' right now because it wasn't ''politically smart.''

Senate Majority Leader DOLE bragged in a recent campaign speech that he voted against creating Medicare in 1965 because he knew it wouldn't work.

The views of the leaders of the House and Senate are way out of the mainstream. So, too, are their draconian solutions to what ails Medicare.

This budget also cuts $170 billion from Medicaid. Tragically, this budget seeks to end the guarantee of universal health care for our poorest citizens. And one out of every four children in the United States is born into poverty.

The economic consequences for New York City of the Medicare and Medicaid cuts are catastrophic. Over the next 7 years, Medicare and Medicaid cuts alone will cost the city of New York more than $24 billion. Mount Sinai and Beth Israel Medical Centers will, combined, lose $1 billion in Medicare and Medicaid funding. New York City could lose up to 140,000 jobs. Our local economy simply cannot absorb cuts of that magnitude.

New York City's most vulnerable children will also be drastically impacted by cuts to nutrition and protection programs which help them survive extreme poverty, neglect, abuse, and deprivation. The extremely successful School Lunch Program will be among the programs cut. So will the earned income tax credit, which will be reduced under this budget to effectively raise taxes by $400 dollars on the working poor.

All tolled, cuts to programs assisting New York City's children will be impacted by a staggering $25 billion over 7 years.

These cuts might be more palatable if they were absolutely necessary to balance the budget in 7 years, which is a sincere and honorable objective. But they are not necessary. They are reflections of the new majority's skewed priorities.

They're making these cuts because they are increasing defense spending by $8 billion more than even the Pentagon requested.

They're making these cuts because they refuse to cut $30 billion in corporate welfare that even the Republican House Budget Committee chairman says do not help the economy.

And they're making these cuts because they want a $245 billion tax cut that this country simply cannot afford right now. Only the working poor will be asked to pay more in taxes.

Mr. Speaker, there has been much rhetoric in this debate about balancing the budget for our children and grandchildren. But you cannot save children in the future by abandoning children in the present. This budget disinvests in all the things that prepare our children for a better future: nutrition, education, health care and protection from abuse and neglect.

This is not a thoughtful budget; it is a reckless budget. It is not a budget that fairly distributes the pain; it is a budget which punishes those least capable of absorbing the pain.

Mr. Speaker, I favor and have voted for reform and restructuring of our Government. But the restructuring in this bill is shortsighted, unfair, and unwise.

America did not become the greatest country on earth by deserting seniors in their time of need. Or by disinvesting in our children's education. Or by raising taxes on people who don't have two dimes to rub together. Or by denying health care and nutrition to our neediest citizens, especially our innocent children.

The American people believe in fairness. They will not suffer this budget lightly. Because there is nothing fair about this budget.

Mr. SABO. Mr. Speaker, I yield such time as he may consume to the gentleman from Maryland [Mr. WYNN].

(Mr. WYNN asked and was given permission to revise and extend his remarks.)

Mr. WYNN. Mr. Speaker, I rise in opposition to this mean-spirited notion of a budget.

Mr. SABO. Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts [Mr. OLVER], a committee member.

(Mr. OLVER asked and was given permission to revise and extend his remarks.)

Mr. OLVER. Mr. Speaker, I rise in opposition to the reconciliation legislation.

Mr. Speaker, the United States has the widest gap in the industrialized world between those who can readily afford housing, education, health care, and retirement security and those who must struggle every day to get by.

And the gap is growing faster in the United States than in any of the other G–7 countries.

Into this scenario, step congressional Republicans and the President with competing approaches to balance the budget—approaches which have a diametrically opposed set of priorities.

Republicans are for B–2 bombers and ballistic missile defense systems we don't need; in total, $33 billion in increased defense spending over what the Pentagon says it needs to defend the nation.

Republicans are also for big tax breaks to those earning over $100,000 a year; $245 billion in tax breaks in all.

The Republicans can only fit these tax breaks into their budget plan by taking away housing, nutrition, health care, and educational and economic opportunities from the very Americans who are struggling to build a better life for themselves.

To begin with, their budget takes over $400 billion in health care away from seniors and poor families by draconian cuts in Medicare and Medicaid, cuts that are not part of any kind of constructive reform of the Health care system which would allow it to accommodate reductions of this magnitude.

Other harmful cuts to families come in a variety of critical areas: $30 billion to veterans' benefits, including veterans' health care; nearly $20 billion in child nutrition; $15 billion in Federal workers' pensions; over $10 billion in agriculture support; $10 billion in student loans; $10 billion in winter heat assistance for elders and the poor; $10 billion in vocational and adult education; $3 billion in mass transit assistance; and $3 billion to keep our children's schools safe and drug-free—just to name a few.

Republicans also want to scale back the earned income tax credit [EITC] to the working poor by close to $32 billion, pushing low-wage earning families, who shouldn't be paying taxes in the first place, back into poverty, ensuring that they will no longer be able to make it on their own.

The President, on the other hand, in outlining his balanced-budget plan, has made it abundantly clear that he stands for a different set of priorities—priorities that lie 180 degrees from where Republicans stand.

The President is for student loans, safe schools, school lunches, health care for veterans, job opportunities for young adults, and income and health security for our Nation's elders.

We Democrats think these things are more important than giveaways to the wealthiest 10 percent of Americans, so we would not give big tax cuts, and we would hold down defense spending.

We believe in helping low-income, working families gain back some ground on their slipping standards of living.

But the Republicans don't care about that. They're not the least bit concerned about the growing gap between the haves and the have nots. They would make the gap much worse, taking us in the opposite direction from where we should be going.

Thus, for its terribly misplaced priorities, I oppose this reconciliation bill. For our future's sake, we should all oppose it.

Mr. SABO. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. BONIOR], the distinguished minority whip.

Mr. BONIOR. Mr. Speaker, this debate is not about who got to sit in the front or the back of the plane. It's not even about whether we balance the budget in 7 years, 8 years, or 10 years. The American people think this numbers debate is petty.

This debate is about the values we believe in . . . and the values we uphold . . . as we work to get to a balanced budget.

There's a reason why 75 percent of the American people oppose this budget today.

They don't want to cut Medicare to pay for tax breaks for the wealthy. They don't want to let Medicare whither on the vine.

They don't want to take college loans from kids . . . roll back 25 years of progress on the environment . . . or raise taxes on working families. But *that* is the price this budget asks us to pay.

This budget is so extreme that Speaker Gingrich had to manufacture a crisis . . . and shut down government . . . to try to force the President to accept it. Well, we know the President won't sign this budget.

Mr. KASICH. Mr. Speaker, point of order. Mr. Speaker, I would ask my colleagues to show the gentleman respect, let him make his talk, and show each other a little respect here. Let him finish.

Mr. SABO. I thank the gentleman from Ohio.

Mr. BONIOR. I would make a similar request when the gentleman from this side of the aisle speak; that we, in addition, show them the respect to have their arguments made in this Chamber.

The SPEAKER pro tempore (Mr. BOEHNER). The gentleman from Michigan [Mr. BONIOR] may proceed.

Mr. BONIOR. Mr. Speaker, I would ask the Chair, do I have any time remaining?

The SPEAKER pro tempore. The gentleman from Michigan has 1½ minutes remaining.

Mr. BONIOR. Mr. Speaker, the President won't sign a budget that dismantles Medicare. And he won't sign a budget that takes opportunity away from our kids.

The American people oppose the Gingrich budget because it does not reflect our values.

Six days from now, America will celebrate Thanksgiving. And we'll all give thanks that we live in a nation where our parents don't have to beg to see a doctor, where every child has the chance to go to school, and where we care enough about the environment to protect it. And we should not undermine that progress here today. We all know it's not easy to balance the budget.

But we reject the idea that we have to ask seniors to sacrifice their health care—and kids to sacrifice their opportunity—just so we can give a tax break to people who don't really need one.

Mr. Speaker, we must work to balance the budget. But the Gingrich budget is too extreme, too short-sighted, and too out of step with the values of the American people. And I urge my colleagues to reject it.

Mr. KASICH. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. ARMEY] the very distinguished majority leader.

Mr. ARMEY. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I had not anticipated that I would speak twice on this subject. Earlier I made the point this is big change. It is serious business. It is very important, and yes, in fact, it will make a big difference in the lives of the American people for generations to come.

When we face a change of this size it can be unnerving, and yes, there are those of us committed to this change that are concerned that perhaps the public might not understand, but the fact is that there are others who are equally concerned that the public will understand. That is why we are getting all this mean-spirited, extreme political rhetoric.

The time has come for us to get serious about the vote we are about to make, put aside any concerns we might have about the political rhetoric, understand the public does understand. To illustrate that point, let me read a note that was passed to a congressional aide on the Amtrak train this morning by a woman who had overheard a concerned conversation regarding how grave this moment is in the lives of America.

This woman said: ''Dear sir: I am a Federal employee. Please tell the Republicans to stick to their guns. We need a balanced budget.'' Put aside your concerns. The public knows and the public appreciates what we are daring to do on behalf of their children. Do not be bothered by the extreme, mean-spirited, personal political rhetoric.''

Mr. SABO. Mr. Speaker, I yield 4 minutes to the gentleman from Missouri [Mr. GEPHARDT], the distinguished minority leader.

(Mr. GEPHARDT asked and was given permission to revise and extend his remarks.)

Mr. GEPHARDT. Mr. Speaker, it should come as no surprise that I oppose this budget. I think that when we take one bad budget and reconcile it with another bad budget, we wind up with a bad budget.

The Republicans say that this bill is about balancing the budget for our children and our grandchildren, but the question we have to ask today and in the days ahead is not whether we have balanced the budget in 5 or 6 or 8 years. The question is whether we have the right balanced priorities in the way that we have balanced the budget: Is it

fair? Is it just/ Does it create a sense of equity and justice in our country, so that the people who live with the consequences of the budget will accept our decision?

In my view, this budget is not that. It asks too much, in my view, of people in the middle class and people trying to get into the middle class, the people that are really struggling in this country to get ahead, people who have almost given up on the American dream. It does too much to give privileges and breaks to people, frankly, who have done well, and in most cases are not even asking, are not even asking today to be advantaged.

I know my friends on this side will disagree, but in our view and lots of people's views, these cuts are deeply damaging to the health care system in this country, but more importantly, damaging to people. We believe that if the cuts go through as they are in the budget now in Medicaid and Medicare, that one-fourth of the hospitals in this country will close. They will close in the wrong places, the places we can least afford to have them close. Almost all of the hospital associations in the country have today said these cuts are too deep.

We think the increase in the premiums and the other changes in Medicare are unfair to senior citizens. We can say a lot of seniors have a lot of money, but a lot of them do not. Millions of widows live on their Social Security alone.

I met woman in Michigan who told us at one of the events there that she lives on $9,000 a year she gets from her Social Security, and that a doubling of her premium would devastate her monthly situation. We have to think about that person. There are flesh-and-blood human beings at the other end of this budget.

I have a family in my district whose son, in repairing the roof at age 15, fell off the roof, broke his neck. Now he lives in a wheelchair. He has to be fed by his parents. They both work. They did not have medical insurance. They came to our office so they could get him onto Medicaid, so he could be put for long periods of time in a nursing home, so he could be taken care of.

If the program was block granted and we put this choice in front of State legislatures and cut it by a third, do we take care of the seniors? Do we take care of the disabled? Do we take care of the children? It is an impossible choice, and one that we should not be putting on the States.

School lunches. I know it has been changed and hopefully made better. I sat with a woman in Ohio and she told me how she has had three children on school lunches while she could go back to school. She said, ''I am about now to go back to work.'' She said, ''When I get that job, because I could go to school and I had the school lunch program to help me, now I am going to be able to get my kids off of school lunch and be able to have it for somebody else.''

So I guess when we say we are balancing this for our children and our grandchildren, we have to ask an additional question: Are we balancing this budget in a way that is good for our children and our grandchildren?

When it comes to taxes, as I have said here on the floor before, this budget takes my breath away. How in the name of common sense and decency can we say to someone who is earning $25,000 a year, who is struggling to get off of welfare and into the work force, that their taxes will go up by, about, we think $300 a year on average, while we are giving a $15,000 tax break to somebody who is earning $300,000 or $500,000 a year? It is unfair.

In conclusion, Mr. Speaker, this budget is unbalanced in its priorities. It is unfair to the people in the middle class and people trying to get into the middle class. Ultimately the economic estimates that are on, and we have had this raging debate the last few days about 7 years and the economic estimates, but in truth we all know this is a 1-year budget. The estimates of what will happen in 7 years depends upon the fairness and the equity and the decency of what we do in this budget.

The President will veto this budget. Then we must come back. After that veto, the real work must begin. Then we must sit down together, as Americans who are all interested in the future of this country. We must work overtime, and as hard as humanly possible, to come up with an agreement. This Government runs by agreement and by consensus, not by dictation. We must come to an agreement.

I hope and pray that it will be a budget that does not overly damage important programs like Medicare and Medicaid, does not damage the education of our children through too severely cutting student loans and school lunches, and finally, that will be fair to the middle class more than it is fair to the people who have it made at the top.

If at the end of that we can say we have done that, then, truly, we will leave balanced this budget for our children and our grandchildren. Vote no on this budget today.

Mr. HOBSON. Mr. Speaker, a lot of people promised they would balance the budget. Nobody believed that it could be done, but one person believed and one person persevered. He persevered for the future of our children.

Mr. Speaker, I yield the balance of our time to the gentleman from Ohio, JOHN KASICH, my fellow Buckeye, and the chairman of the Committee on the Budget.

□ 1500

Mr. KASICH. Mr. Speaker, let me say, I am glad I do not have to ask for unanimous consent to use these charts, because I think there would be more objection over here than there would be over there. I do not know, I say to the gentleman from Missouri [Mr. GEPHARDT], if you have this problem. Our people feel so passionately, they have all written my speech in big pieces, coming down and telling me how they feel. It has been a good debate. We keep saluting one another.

The gentleman from Minnesota [Mr. SABO] cannot help himself but to do right. He is a good man, and he deserves to be complimented because, at the end of the day, he cannot help himself. He has to do the right thing for our country, and I think he is a great guy.

Well, we have the gentleman from New York [Mr. SOLOMON], the gentleman from Texas [Mr. ARCHER] left the floor, and I do not know where my buddy, the gentleman from Louisiana [Mr. LIVINGSTON] is, and right here is the gentleman from Illinois [Mr. HYDE], and I can go on and on.

This stays for them, the warriors who never thought this day would come. These gentlemen, and the gentleman from Florida [Mr. YOUNG], it is a little present for all of them, what we are going to do here today.

They were the ones that were out there first, and they deserve an awful lot of credit for their hard work.

Mr. Speaker, the American people are watching this debate while the Government is closing down, and they were out in California and they stopped a guy on a bicycle, and they said, ''Did you know the Government closed down?'' He said, ''Look, I am riding my bike; do not bother me.'' He says, ''It is just those politicians.''

I think that both sides would agree with this. This is not business as usual. Frankly, both sides are fighting today, last week, and probably tomorrow, on deeply held principles. I mean, frankly, what the public does not like is when the politicians compromise their fundamental principles and then it becomes business as usual.

I deeply respect the passion with which you hold your views. I do not have any doubt that you are sincere in believing that you need to stand up for some folks. We are the same way. So, to the American people, understand this debate over principle is good. It is not business as usual; it is good because, for the first time in my lifetime, we are trying to make sure that this country realizes its destiny.

Now, folks, in the history of America, in the very beginning, 1776, all the way until now, guess what? We have had these fights over principles consistently. The North fought the South; it was about principles. We know about the Vietnam war. The fights in this Chamber were about principles.

However, I would inquire of my colleagues if they know what the bottom line has always been. At the end of the day, the people of this House, as Tip O'Neill said, were good people; the people of the country were good at the end of the day. We were able to stand on principle and at the end of the day reach some agreement and move the country forward, and we will at some point do it again.

Mr. Speaker, to the American people, this is what you sent us to do here, to stand up for our heartfelt beliefs.

To my colleagues on the Republican side, the Committee on the Budget members, you started it. My colleagues started it back last December. God bless them all for that they did. For my colleagues here, who have gone home, who had to walk across hot coals, the Washington Post was written for you. Read it. Send it to your wife, send it to your husband, send it to your children; because it is about principle, and they understand that we are making hard decisions that need to be made.

Now, our plan is described as extreme. Look, going from $443 billion on Medicaid to $791 billion, that is not extreme; that is a significant increase. Medicare going from $926 billion to $1.6 trillion, that is not extreme; that is an increase. Going from $492 billion in welfare to $878 billion, an increase over the next 7 years, that is not extreme; that is an increase.

The total Federal spending going from $9.5 trillion over the last 7 years to $12 trillion, a $2.5 trillion increase in spending, that is not extreme. In fact, many Americans are going to say, why is it going up so much?

Let me say to my colleagues, we are going to have a lot of debate here, and I want to say to my colleagues on the Democratic side, Mr. Panetta asked me the other day, why? Why are you doing this? I said, because, Mr. Panetta, we think this is the last best chance to do it.

We look into the future, 15 years down the road, and we wonder, if the country continues to slide economically, as the newspaper pointed out, when children buy a home, adult parents buy a home in 15 years, what are they going to buy, a shack? Or are they going to be able to buy what we bought? Are they going to be able to afford a college education? Are there going to be decent jobs left within the boundaries of this country?

Mr. Speaker, I say to my colleagues, we are sincerely convinced that if we do not forgo that extra $1 trillion in spending, we will collapse the country. We believe the country will melt down economically. And as I have said before, in good times, the rich get richer; in bad times, the rich get richer.

The only time the poor get rich is when the economy grows. That is our sincere conviction.

This is not about politics, this is not about the Republican Party, it is not about NEWT, it is not about me, it is not about GEPHARDT, it is not about the President. It is about all of us standing on principle to deliver what we believe is right for the United States of America, and at the end of the day, as we have through all of these terrific and tremendous arguments over principle, we will figure it out. We will figure it out.

I have one last chart I have to show you, because this one touched me. I was in Illinois, and a group of high school kids came to see me on a Saturday afternoon. There was a miracle going on. Northwestern was winning another football game.

This is a check. It is a little check, and I want to read it. It is 1996, U.S. Treasury, and it is written from the young people of America, pay to the order of the U.S. House of Representatives.

The amount? Thank you.

The memo? Our future is looking brighter.

Mr. Speaker, my favorite memo, my favorite little note of these young people who I am told stood in their classroom and applauded when they heard the balanced budget amendment passed in this House, my favorite one here says, ''Thanks, Bro.'' That is my favorite notation.

Look, we are going to struggle a little bit longer, we are going to fight a little bit more. I went to the Senate conference, and I said that single women with children are the most vulnerable people in our society, and we walk out of there with our earned income tax credit so that nobody will do worse, no one will do worse than the current law as we go into 1996. Why? Because we are compassionate in the treatment of people as well.

We think balancing this budget and slowing the growth of Federal spending is the key to making sure that, in fact, these young people's future continues to look brighter.

Mr. Speaker, God bless us all; let us pass the Balanced Budget Act of 1995.

Mr. MARTINI. Mr. Speaker, I rise today to share with my colleagues what a rare honor it is indeed to be able to vote today on such an historic piece of legislation. In fact, it is the embodiment of the principles I campaigned on just 12 months ago. The Balanced Budget Act of 1995 represents the very essence of what I believe in: a fiscally sound and responsible Federal Government that passes on a better America to its future generations. This truly is a defining moment in our Nation's history.

The Balanced Budget Act is not a smoke and mirrors sham attempt to fool the electorate. This budget is a real, honest plan that offers the people we serve the first balanced Federal budget in a quarter of a century. This bill is right for New Jersey, and more importantly, right for America. I am proud to cast my vote in favor of it.

All of this year we have been witnessing a debate between two competing visions. On one side there are the advocates of the status quo, and on the other, a group of legislators committed to offering real solutions to real problems.

Sadly, the advocates of the status quo have only been able to offer us echoes of the very sentiments that put our country in the red to begin with. Their answers to the very real questions we must face are, disappointingly, more of the same. They believe more spending, more taxes, and more debt are the answer to our budget ills. Well, they are wrong.

The taxpayers deserve better than that, Mr. Speaker. I am the last person to turn this debate into a rabidly partisan issue. Saving the future of our country should be above such partisanship. But regrettably, that is what our President and the Members of the other party have responded with. They insist on fueling the fires of skepticism and despair, choosing to resort to demagoguery and doomsday scenarios at a time when our constituents deserve more.

I suppose this reaction could be expected at such an historic time of change. As we stand on the threshold of truly monumental reform, it is only natural to experience a certain amount of anxiety about what comes next. But real leadership demands that the response to this anxiety be hard work and commitment, not homage to the failed policies of the past.

The defenders of the status quo serve as a very important and stark contrast to the Members of Congress who are about to cast their votes to solve our fiscal problems. I am ready to work in a serious, bipartisan fashion to obtain the real solutions we owe the people we represent.

I want to offer the residents of New Jersey's Eighth Congressional District the much-needed change they voted for in 1992, but have so far been refused. They were told they would get a balanced budget, the end of welfare as we know it, and tax relief for middle class families. They have received none of them to date. I, however, am ready to deliver where others have failed.

I want to balance the budget in order to relieve our children and our children's children of a crushing debt. I want to foster an opportunity society that creates jobs, lowers interest rates, and keeps the economy growing. On behalf of our constituents I want to knock $37,000 off of the price of a new home, $900 off the price of a new car, and $2,160 off of the price of a college education. Balancing the budget is not only a moral imperative, but good economic policy and we should do it now.

By voting ''aye'' today, I will also be working to reduce the tax burden on the American middle class. The size and scope of this tax cut has been and will continue to be a matter over which we can negotiate. But what a difference 2 years make, for it was only last Congress that the largest tax increase in American history was imposed after the people in power had campaigned on a tax cut for the middle class. That was disingenuous. The American family deserves to be allowed to spend more of their own money, Mr. Speaker. Passage of this tax cut represents more than a promise fulfilled, it is the right thing to do.

Similarly, the people are tired of watching our misguided welfare system trap more and more families into a vicious cycle of poverty and illegitimacy. Since 1965 we have made no dent in the Nation's poverty rate and have watched the illegitimacy rate quadruple. Campaigning on a platform of changing this dismal system is not enough. After $5 trillion and 30 years, enough is enough: we have no choice but to bring necessary reform to a system that needs an overhaul.

And finally we come to the subject of Medicare. We have proposed a fair and reasonable plan to address a very real problem: the bankruptcy of the Medicare trust fund. Creating a plan to save this program was not easy. It was done in an effort to maximize the effectiveness of its provisions and minimize the impact on current beneficiaries. At all times during the developmental process of the bill, the goal of its authors was to save a Government program that serves an important and often very

vulnerable population, not just for tomorrow, but well into the next century.

The Medicare Preservation Act accomplishes this goal, yet we have still not seen any recognition of that fact from the other side. The November 16 edition of the Washington Post said it best, Mr. Speaker, when it said, ''The Democrats, led by the president, chose instead to present themselves as Medicare's great protectors. They have shamelessly used the issue, demagogued on it, because they think that's where the votes are and the way to derail the Republican plans generally.'' Sadly I must agree. In defense of the status quo, we have seen only politics, not leadership.

Like many of my colleagues in this body, I have had the privilege of spending a lot of time recently with a group of men and women whom I deeply respect and admire, the veterans of our armed forces. I never cease to be impressed at how courageous and committed these people were in the face of such clear and dangerous crises to our Nation's safety. They fought bravely on our behalf, and were prepared to pay the ultimate price to keep our country safe and prosperous. They were successful in battle, and kept us safe from a dangerous world.

But history has shown us that great civilizations fall victim to the crises from within just as often as they fall prey to the threats from without. Sometimes these threats are much less visible. They might not be tangible or have a face or a name readily associated with it. But that makes these threats no less real, and perhaps even more dangerous.

The debate today is a perfect example of a very serious and deadly internal threat. Though it may not be apparent to Americans in their everyday lives, the effects of deficit spending and out of control growth in the Federal Government pose a very real and dangerous problem. We in Congress are charged with the duty of dealing with these problems, and this is what the debate today concerns. The inability of our Federal Government to get our fiscal house in order is the crisis, and the discipline to make the difficult but important choices that must be made to avert financial ruin is the only solution.

We must rise to this occasion and meet the challenge before us. This may be our last chance to do it. If we fail to carry out our vital mission, if we allow the misinformation and distortions to defeat our efforts, no Congress is the near future will have the courage to try what we are trying. On the contrary they will cower in fear of the political ramifications surrounding the process of setting reasonable spending priorities, much to the detriment of the people they supposedly should be serving. I take my obligations to govern more seriously, and refuse to back down at this important juncture.

Mr. Speaker, it is not difficult to figure out what the people want and deserve. Our constituents want a fiscally sound and responsible Federal Government. They don't want any more gimmicks or Washington doubletalk. They don't want us to look back. They just want to pass along to their children a future filled with prosperity and hope, not debt and despair. This Balanced Budget Act is the very reason I serve in Congress, and I will not let the President, my Democratic colleagues, or any of the naysayers around here deter me from the all-important goal of balancing our budget. I will stand firm on my principles.

Vote in favor of future generations, vote for this defining piece of legislation.

Mrs. MINK of Hawaii. Mr. Speaker, the compromise budget reconciliation bill agreed to by House and Senate Republicans fails the fairness test. While Republicans argue that their reconciliation bill maintains the ''glide path to a balanced budget by the year 2002,'' they conveniently gloss over the fact that this glide path descends from a $245 billion tax break for the rich to a deeper-than-necessary scale back in programs that benefit the poor, the middle-class, and the elderly.

TAXES

The gulf separating the richest from the poorest Americans has widened considerably over the past 20 years. While social historians, economists, and politicians cannot agree on the cause of this disparity, they do agree that the incomes and assets of the richest Americans grew considerably during the 1980's and early 1990's as the incomes and assets of poor and middle-class Americans stagnated. Yet, the Republicans direct much of the benefits of their $245 billion package of tax cuts to the rich—not to the poor of the middle-class.

The budget reconciliation bill includes a $16 billion 7-year reduction in the alternative minimum tax [AMT] which mainly benefits corporations and their stockholders. The bill refunds any AMTs that have to be paid temporarily.

The Budget Reconciliation Bill also includes a $500 per child tax credit for the years after 1995 and a $125 retroactive child tax credit for 1995. The bill phases out the credit for single parents with adjusted gross incomes of $75,000 and married couples with adjusted gross incomes of $110,000.

Unlike the AMT, the $500 per child credit is not refundable. Accordingly, the credit is of little or no benefit to moderate- or low-income families with minimal adjusted gross incomes. For example, a family with 3 children and a $1000 tax obligation can claim over $1000 in child tax credits, since the credit is not refundable. Yet, another family with 3 children but with a higher adjusted gross income and a tax obligation of, say, $5,000 can claim all $1,500 in child tax credits and reduce its tax obligation to $3,500.

As the previous example illustrates, Republicans are being disingenuous when they claim the child tax credit will benefit mostly middle class taxpayers. The Republican claim is true only to the extent that most taxpayers are middle class. What the Republican claim conveniently glosses over is the fact that most of the benefits of the child tax credit will go to the affluent.

With respect to the tax on capital gains, the reconciliation bill includes a 50 percent exclusion and inflation-indexing for individuals. The bill also lowers the corporate capital gains rate.

While I realize that it is not just the rich and affluent who report capital gains, the fact remains that by and large, capital remain concentrated in the hands of the very affluent. For example, Internal Revenue Service data for 1988 indicates that 87 percent of dollar capital gains were reported by taxpayers with incomes of over $100,000. And, these were not one-time capital gains. IRS data over a 10-year period indicates the most affluent 4 percent of taxpayers account for 70 percent of capital gains. Accordingly, the capital gains modifications in the reconciliation bill must be considered tax breaks for the rich.

As the reconciliation bill provides tax breaks for the affluent, it imposes a de facto tax increase on the working poor by scaling back $32.4 billion worth of the Earned Income Tax Credit [EITC] over 7 years. This scale back of the EITC is accomplished by rescinding a provision that provides the EITC to families without children, broadening the definition of what constitutes income for purposes of determining eligibility for the EITC, and reducing the maximum income at which families can receive the EITC.

When all is said and done, the benefits of the $245 billion package of tax cuts that lies at the heart of the Republican Budget Reconciliation Bill are tilted to the affluent. For example, the most affluent 10 percent of taxpayers get 40 percent of the tax package's benefits while the most affluent 12 percent gets 45 percent of the benefits. And, because of the scaling back of the EITC and the nonrefundable nature of the $500 per child tax credit, the taxes of the lowest-income earners will go up.

The concept of fairness and shared sacrifice is lacking in the budget reconciliation bill. This is underscored by the following:

WELFARE

The welfare reform compromise included in this budget bill is a package containing provisions far more brutal than provisions in either the House- or Senate-passed welfare plans. The net effect will add millions of children to the 14 million already living in poverty in this country,

Most egregious in this proposal is the elimination of entitlement status basic to the safety net of Federal programs supporting low-income families, and the conversion of these programs into State block grants. This decimates a system of support that has been in place since FDR, which had the approval of Presidents Reagan and Bush.

Regarding child care and cash assistance block grants, the proposal's further reductions to 75 percent from the Senate-passed 80 percent requirement in State ''maintenance-of-effort'' provisions allow States to withdraw an additional $3 billion without jeopardizing these block grants. The proposal also threatens State block grants with a mandate that States put at least half of their welfare caseload in jobs or work programs by 2003.

Revisions and cuts in the Supplemental Security Income [SSI] program by 2002 would deny or severely curb assistance to 300,000 or 80 percent of the low-income disabled children who would qualify for SSI under current eligibility rules, according to the Congressional Budget Office. The Republican proposal would save billions of dollars on the backs of children who are only allowed to be classified as ''moderately disabled''—including children with cerebral palsy, Down syndrome, muscular dystrophy, cystic fibrosis or AIDS.

Across-the-board reduction in the Food Stamp Program would reduce assistance by about one-fifth, the same as decreasing average benefits of 78 cents per person per meal to a mere 62 cents per meal. The proposal would increase homelessness among families with children, repealing a measure soon to take effect that would prevent these families from choosing between feeding and housing themselves. Another change makes benefits contingent on tougher work standards that

would terminate Food Stamps for many low-income individuals. In addition, the work program funding in the proposal is only sufficient to provide a handful of work slots to allow these people to maintain their eligibility.

Finally, legal, taxpaying immigrants are penalized with provisions to deny eligibility to SSI and Food Stamps and increase deeming periods for immigrant sponsors. States are given the option to cut legal immigrants for Medicaid, AFDC and Title XX Services. Immigrant children would be restricted from receiving school lunch and WIC benefits; WIC would also be denied to pregnant immigrants whose children would be born as Americans. These immigrants, by playing by our rules, rightfully deserve the assistance they need from the Federal government.

CHILD NUTRITION

This bill preys upon the most basic needs of children, by cutting $6 billion from child nutrition programs, including the school lunch and breakfast programs. What could be more basic than assuring that our children do not go hungry. The Republicans have found it more important to give tax cuts to the rich and reach a zero budget deficit than to feed poor children in our Nation.

Under the republican plan states will have the option of running the school lunch program as a block grant, eliminating the individual entitlement of low-income children to a free or reduced-price lunch. The bottom line is that cuts in this program will mean fewer children will receive fewer meals.

MEDICAID

This bill eliminates the guarantee to basic health care for the most needy children in our nation. For decades our national Government has upheld this commitment on the grounds that every child no matter how rich or poor deserves the chance to be healthy and survive in this world. The Republican plan rejects this commitment and replaces the national guarantee with a state block grant and cuts the funds to the states by $167 billion over seven years.

By terminating this guarantee for needy children and families, the republican Medicaid proposal jeopardizes the health care of 36 million individuals, most of whom are children. Republicans claim that they have protected children in poverty, yet under their plan while states are required to provide health services to women and children up to 100 percent of poverty it leaves it up to states the kinds of health services to be provided. With less money states will have no choice but to reduce services or limit eligibility.

In my State of Hawaii we will receive 27 percent less Medicaid funds in the year 2002, 10 percent less over the 7 year period. Can we make up the costs. The simple answer is no. Hawaii has taken the lead in implementing an innovative Medicaid program, which covers not only the Medicaid eligible population, but other who do not have health insurance. Instead of encouraging and rewarding states for such innovation, the Republican proposal will cut funds, and jeopardize the viability of our program.

Like the cuts in Medicare, the republican proposal singles out the elderly and their families to assume the greatest burden of the budget cuts. Medicaid is the primary funding source for long-term care in this nation. Some 52 percent of nursing home bills are paid for by the Medicaid program. Under current law, seniors are guaranteed Medicaid coverage of their nursing home bills once they have exhausted their own financial resources. However, the Republican bill terminates this guarantee of coverage and under the state block grant scheme, states are under no obligation to continue paying for long-term care services. Nursing home residents are at great risk of losing their funding source for long-term care, and their families will have to sacrifice everything to pick up the costs which average over $40,000 per year. The bill also allows states to place liens on the home, family farm or other real property of the nursing home resident and their spouse to recover nursing home costs.

MEDICARE

The Medicare Program continues to be targeted in the Republican's budget reconciliation bill in order to pay for tax breaks for the wealthy. The GOP is determined to carry out Medicare cuts of $270 billion to compensate for the revenues lost to the tax breaks. This is all with complete knowledge of the fact that the proposed Medicare cuts are $180 billion more than what the Medicare Trustees estimate is necessary to insure solvency until 2006.

The Republican Medicare Plan will put the traditional Medicare fee-for-service system at a distinct disadvantage. The Republican plan is designed to cause the Medicare system to, as one of my distinguished colleagues put it, ''whither on the vine.'' The Republicans admit that it attempts to encourage beneficiaries to move to managed care plans. What they conveniently neglect to say is that the youngest and healthiest will transfer to other plans while the oldest, most sickly and most costly to care for will be left in Medicare. This is certain to drive up cost-per-beneficiary in the Medicare system and later could become the base for Republican claims that the Medicare system is a failure. This Republican Plan will send the Medicare system into a downward spiral.

Republicans promote Medicare cuts by claiming that beneficiaries will have more choice. They claim that MedicarePlus plans would be required to offer at least the same benefits as the traditional Medicare program. The impression that health plans would be prevented from charging beneficiaries additional premiums for basic Medicare benefits is erroneous, however. It has been indicated, and the GOP has not denied, that the bill is intended to allow health plans to charge an additional premium if the price of benefits exceed Medicare's contribution.

The failsafe mechanism will also result in disadvantages for Medicare. The failsafe mechanism will automatically reduce payments to providers in the traditional Medicare fee-for-service sector but not from the managed care sector should spending limits fail to be met. Lower Medicare payments will discourage physicians from accepting Medicare patients thus encouraging beneficiaries to transfer to a managed care plan. I believe it is logical to infer that providers would be reluctant to accept Medicare beneficiaries should the payments not adequately compensate for the costs.

A horde of reductions will cripple various segments of the health industry. Payments to hospitals with a disproportionate share of low-income patients will be cut by 5 percent in fiscal year 1996, and will continue to be reduced until it is thirty percent below current levels in fiscal year 2000. Additionally, a single conversion factor will be used to determine the fee schedule for surgical services, primary care services and all other services. The current system of three conversion factors is intelligent because specialized and complicated services require more training and are more costly to perform.

Overall average annual growth in the Medicare program will be reduced from ten percent to about five percent. This is below even what the private sector calculates will be necessary. Hospital payment updates will be reduced by 2 percentage points in each of the next 7 years. The Indirect Medical Education adjustment will be reduced from 10 percentage points to 5 percentage points between 1996 and 2001. Payments for clinical laboratory services, ambulatory surgery, ambulance services and durable medical equipment—including oxygen—would be frozen for 7 years. This ''slowing of growth'' will prevent Medicare from keeping up with inflation and an increasing population.

This bill relaxes regulations that were created to prevent fraud and abuse. The Budget Reconciliation bill removes all prohibitions against physicians referring patients to entities in which they have a financial arrangement. It also makes it more difficult for the Federal Government to prove fraud for the purposes of imposing civil monetary penalties.

Additionally the quality of services provided would be threatened. Office labs would be exempt, for most services, from performance standards set by the Department of Health and Human Services. The bill grants States the power to establish regulations and standards for managed care organizations but it would waive these standards and regulations if a State failed to act on an application within 90 days or the Health and Human Services Department determined that the state imposed standards are unreasonable.

Finally, the GOP plan panders to powerful special interest groups, providing protections for physician fees under Medicare from any actual reductions from 1995 levels. Additionally the bill contains anti-trust exemptions for physician groups leaving beneficiaries susceptible to higher costs. Meanwhile Seniors, unprotected by such a powerful lobbying organization, will see their premiums double in 7 years.

The excessive detrimental effects of these cuts to Medicare alone should be enough to cause any compassionate member of Congress to oppose this bill. Even more so when bundled together with all of the other appalling cuts.

STUDENT LOANS

Cutting $5 billion from the student loan program is another example of the Republican's backward investment strategy in which providing tax cuts to the wealthy is more important than investing in the education and training of our nation's young people. Over the next 7 years the student loan program, the largest college aid program, will be squeezed to produce $5 billion of the funds necessary to meet the balanced budget target and provide tax cuts to the rich.

The result for students and parents will be reduced access to loans, which has helped educate 2 generations of students. The Republican plan caps the new Direct Student loan program, in which students get their loans directly from the Federal Government rather than through a bank, at 10 percent of the total student loan volume. While at the

same time they eliminate current financial incentives for banks and other lending institutions to participate in the traditional student loan program. Imposing increased fees on banks and guaranty agencies will only weaken the traditional student loan program and could cause institutions to leave the program, limiting access to student aid. And because the Direct Loan program is capped students many students will be turned away and nowhere else to go for aid.

HOUSING

The Budget Reconciliation Bill would attack the poor, elderly and disabled who depend on housing assistance. The bill reduces the annual subsidy increase provided to low income housing projects receiving Section 8 rental assistance. The Federal Housing Administration's [FHA] mortgage assignment and foreclosure relief would be reduced from 3 years to 1 year. Additionally, the bill would repeal the low-income housing credit after 1997.

ALASKA PROVISIONS

Our country's precious natural resources in Alaska are being doomed to decimation under another provision in the budget legislation before us. This bill includes language to open the 1.5 million acre Coastal Plain of the Arctic National Wildlife Refuge [ANWR] to oil and gas leasing. I strongly oppose this provision in its attempt to relax environmental restrictions on ANWR—the last remaining lands in America home to a rich mixture of wildlife: caribou, polar bears, grizzly bears, wolves and several migratory birds. Habitat for these endangered and threatened species must be conserved and managed as wilderness to save them from extinction.

This devastating attack on Alaska's natural resources seeks to provide fewer environmental safeguards than those supported in the past by Presidents Bush and Reagan. The language exempts ANWR leasing from basic environmental laws and laws governing gas and oil leasing. This effort by the new Majority to exploit ANWR's supposedly tremendous petroleum find is furthermore based on erroneous assessment—the U.S. Geological Survey recently reported that previous estimates were logged too high. This ANWR provision displays a lack of foresight and denial of understanding about the tragic oil and gas leasing would bring about.

Mr. CASTLE. Mr. Speaker, I strongly support the conference report to H.R. 2491. It is comprehensive legislation to finally balance the Federal budget. I believe it is the single most important thing we can do for the American taxpayer and the Nation. This bill begins a true effort to end deficit spending and ultimately reduce the mountain of debt that threatens our children's economic future.

This legislation completes the effort to reconcile mandatory spending with the Budget resolution's requirement to balance the budget by fiscal year 2002. It overhauls nearly every major Federal program except Social Security, and incorporates compromise versions of legislation passed earlier this year by the House, including welfare reform, Medicare reform, and tax relief for American families and businesses. Today's conference report vote is the culmination of Republican efforts to end the cycle of debt, deficit spending, and constantly growing Government that has come to epitomize the out-of-control practices of past Congresses. Republicans have shown that they can promote growth, strengthen defense, save, preserve and protect Medicare, provide working families with tax cuts, and advance personal responsibility unlike any other Democratically-controlled Congress in 40 years. Today, this new congressional majority delivers on this commitment to Americans.

Unfortunately, the President and most Democrats in Congress have not participated in this historic challenge because they have no plan and no desire to turn back the tide of yearly deficit spending that has continued since man walked on the moon. Contrary to what he has publicly stated, the President does not have a detailed plan that balances the budget, and has thus been AWOL—absent without leadership on our Nation's No. 1 mandated top priority. Not only has he not been present, he has not been willing to negotiate with Congress on a 7-year balanced budget. It is fine to fight over the priorities, but we must agree on the principle. Our plan is not perfect. In fact, there will never be a perfect plan. But our plan is a real plan toward balance, with real numbers, contrary to the President's. We have accepted the challenge, unlike the President and the Democrats in Congress.

The Balanced Budget Act of 1995 contains no draconian cuts. We are simply limiting the growth of Federal spending to a level we can afford. Over the next 7 years total Federal spending will increase by $3 trillion. During the 7 years from 1989 to 1995, Federal spending totaled $9.5 trillion. During the next 7 years, the Balanced Budget Act of 1995 calls for spending $12.1 billion. The Congressional Budget Office [CBO] has estimated that if Congress did not make any changes to the budget, spending would rise by 37 percent and revenues by 44 percent. Under the plan we are to vote on today, spending will rise by about 25 percent and tax revenues by 41 percent. Stop and think about these numbers. They seem to represent a reasonable path toward an objective that most all Americans share: a zero deficit. By contrast, the Congressional Budget Office reported that the general budget outline, the President offered as a balanced budget proposal would leave $200 billion deficits as far as the eye can see. Not even one Senate Democrat recognized President Clinton's plan as a legitimate budget and the Senate defeated it 96 to 0.

In 1995 Federal spending was $1.5 trillion. If current irresponsible spending policies were to continue, spending, according to the CBO, would be $2.1 trillion in 2002. That is an increase of $600 billion, or 40 percent. Under this legislation, spending will rise between 1995 and 2002 by $358 billion, or about 25 percent. This is slightly ahead of inflation if it increases 3 percent annually. Only in Washington would a $358 billion increase be called a cut.

The real question for voters assessing this 7-year balanced budget is where the additional $358 billion in Federal spending in 2002 is going. The answer is entitlements: Social Security will cost $146 billion more in 2002 than in 1995, Medicare—for the elderly—will cost $86 billion more and Medicaid—for the poor—will cost $35 billion more. Miscellaneous entitlements—food stamps, the earned income tax credit, military retirement and so forth will rise $63 billion. Add interest on the national debt, and the total additional spending exceeds $358 billion. By deciding to preserve and increase these entitlements, Congress had nothing left for increasing the discretionary side of the budget, where outlays will total $515 billion in 2002, down from $548 billion in 1995.

Defense comprises most of discretionary spending, and it will be flat at roughly $270 billion. Transportation spending will fall from $39 billion to $32 billion; education and training will drop from $39 billion to $35 billion; foreign aid and other spending on international affairs from $21 billion to $15 billion.

Of course, I have differed on some of the spending priorities, and have worked to include a greater priority and more Federal funding for education and training, the environment, housing, tax cuts for those families who earn below $95,000, and health care. We will continue to debate these priorities. But once we decided to balance the budget, keep Social Security intact and pare back expected tax revenues slightly, the choices are fairly limited. But we have agreed on the principle.

Consider Medicare. Medicare spending per beneficiary increases for $4,800 today to $6,700 in 2002. Today, the Federal Government spends $178 billion on Medicare. In 2002, the Federal Government will spend $274 billion—$86 billion higher than in 1995, an increase of more than 6 percent annually. Republicans are also making it more affordable for seniors to purchase long-term care insurance, and are providing families caring for a dependent elderly parent a $1,000 tax deduction.

The President's Medicare trustees have concluded that Medicare will be insolvent by 2002 if we postpone reform. The trustees report states that the Medicare hospital insurance [HI] program is ''severely out of financial balance and is unsustainable in its present form.'' In addition, Medicare part B, the supplemental medical insurance [SMI] program, must be reformed to ensure it can meet the needs of older Americans. The public trustees ''urge prompt, effective and decisive action'' to ensure the long-term financing of Medicare SMI.

Medicare part B may not be going bankrupt, because the Federal Government picks up 68.5 percent of the cost of Medicare part B premiums, and as long as the Federal Government is solvent, Medicare part B is technically solvent. On the other hand, costs in Medicare part B are increasing at a completely unsustainable rate, and the rate of growth simply must be slowed. It is growing at a rate our country cannot afford. It has grown at an average of 15 percent per year over the last 20 years. Medicare part B spending grew from $38.3 billion in 1989 to $58.6 billion in 1994. It is disingenuous for anyone to suggest that changes do not need to be made to Medicare part B.

The Republican budget plan recently passed by the House would save Medicare from bankruptcy by increasing spending $1,600 over 7 years for each beneficiary without threatening the program or adding debt for our children to pay. No one—not Democrats, not Republicans—invented Medicare's financial crisis. The program has been heading toward bankruptcy for years. During the last Congress, President Clinton created a bipartisan Commission on Entitlement and Tax Reform, on which I was selected to serve, to try to transcend politics and address entitlement programs in a responsible, bipartisan manner.

In forming the Commission, President Clinton said ''This Commission will be asked to grapple with real issue of entitlement reforms * * * Many regard this as a thankless task. It will not be thankless if it gives us a strong and secure and healthy American economy and society moving into the 21st Century.'' While the final report did not endorse specific proposals, it stated, ''We must act promptly to address this imbalance between the Government's promises and its ability to pay.'' However, neither the Democratic leadership in Congress or the President took further action. In contrast, congressional Republicans have bravely confronted the issue, recognizing that we simply must control the program's spiraling growth rate to guarantee the program well into the future. Republicans held 38 public hearings on Medicare and invited seniors' organizations, provider groups, and health care experts to submit their recommendations on how best to solve Medicare's fiscal crisis.

The Republican plan maintains the present beneficiary part B premium percentage at 31.5 percent of total premium cost. When enacted in 1966, Medicare part B participants paid for approximately 50 percent of the program costs through their monthly premiums. Its premium was set at 25 percent in 1982. Then in the 1990's, Congress spelled out specific dollar figures in law; the current $46.1 per month covers 31.5 percent of costs. The Balanced Budget Act would keep the percentage at 31.5 percent, and does not raise copayments or deductibles.

Medicare would be restructured to allow beneficiaries to purchase a private health plan with the Government paying the premium. This will allow Medicare beneficiaries to stay in the current system or to choose from a range of HMO's, PPO's, and MSA's, without a change in copayments or deductibles. Also, the plan generates savings by rewarding beneficiaries who report incidences of waste, fraud, and abuse and imposes significant penalties on anyone who defrauds Medicare. To ensure that Medicare savings are used only to strengthen Medicare, the Balanced Budget Act contains a lockbox. This provides additional legislative assurance that Medicare savings will be used only to save and strengthen Medicare.

In its entirety, the Balanced Budget Act is realistic, sensible and fair. It saves Medicare from bankruptcy and dramatically reforms the program.

The Balanced Budget Act also reforms Medicaid, the joint Federal-State matching entitlement program that pays for medical assistance for low-income persons who are aged, blind, disabled, members of families with dependent children, and certain other pregnant women and children. Within Federal guidelines, each State designs and administers its own program. The program meets an important need for a safety net, and the Balanced Budget Act recognizes this.

In fiscal year 1995, total Medicaid spending was $155 billion. The Federal Government spent $89 billion, and States contributed $66 billion. The Congressional Budget Office projects that 38.4 million persons will be enrolled in Medicaid in fiscal year 1966. Under current law, Medicaid costs are expected to grow at an average of about 10 percent per year over the next 7 years. CBO has projected that Federal Medicaid expenditures in fiscal year 2002 will be $178 billion. Based on current trends projected over the next 7 years, CBO estimates that the Federal Government will spend $954.7 billion on Medicaid.

This cannot be sustained. Both Congress and States are interested in curbing growth because the program is consuming increasing shares of the Federal and State budgets. This conference report addresses this issue by ending the open-ended entitlement nature of Medicaid and block granting funds to the States. States have considerable flexibility to meet the health care needs of their low income citizens. Under the Conference Report, States will be required to maintain spending on poor, pregnant women and children, nursing home residents, senior citizens who cannot afford to pay their monthly part B Medicare premiums, and the disabled. In addition, States are required to pay immunization costs for poor children. The Balanced Budget Act also combats fraud and waste by instituting routine audits and State fraud units to investigate fraud and abuse.

I am particularly pleased that the conference report has made significant changes to the House-passed funding formula, which was originally disadvantageous to States in the Northeast, including Delaware. Those States were only allowed to grow 2 percent a year, while other States were allowed to grow from 6 percent to 9 percent a year. Using 1994 as a base year also had a detrimental impact on these States. The conference report, however, is substantially more fair to the Northeast and I thank the leadership for being so willing to address the concerns voiced by myself and my colleagues from the so-called 2 percent States.

And with regard to education, this package recognizes that education should be one of our Nation's top priorities. The productivity and performance of our economy is inextricably entwined with the investments in education that we individually, and collectively, make as a Nation. According to a study by the Brookings Institution, over the last 60 hears, education and advancements in knowledge have accounted for 37 percent of our Nation's economic growth. Higher education is the surest ticket to a better future for our Nation's citizens, as it opens their horizons and increases their earning potential. Clearly, higher education is a valuable commodity and it behooves us to make it readily available to our young people, our veterans, and to all Americans.

For much of the 104th Congress, the debate on access to higher education has focused on Federal financial aid. I submit that this is an important component in making higher education accessible to students, but not the only component. I find it curious one of the most important determinants of student access, college tuition, is given so little attention. It is an indisputable fact that tuition costs are rapidly rising. I realize that over the last 3 years, tuition costs have been rising at roughly 6 percent, which is a vast improvement over prior years. Nevertheless, years of unchecked growth not entirely necessary growth, are bound to have left a legacy of inefficiency in our colleges and universities which ultimately needs to be addressed.

Financial aid programs do play an important role in making higher education accessible for many Americans. The Balanced Budget Act actually increases the volume of student loans by 50 percent over the next 7 years. Eligibility and access does not change; more loans will be available next year than ever in the history of the program. This package reforms the student loan program thereby saving $4.9 billion. Students, however, are not affected by the reform—their interest subsidies continue, their grace period remains intact, and origination fees are not increased. The package reduces subsidies for leaders, thereby requiring them to streamline and become more efficient. The package also preserves direct lending, in spite of its costliness to the Federal Government. However, the benefits from the competition in student loans will hopefully outweigh costs in the long run.

This conference report recognizes and preserves a national investment in higher education, while moving us toward the important goal of balancing our Nation's Federal budget. A highly educated and flexible work force, combined with a balanced budget, will ensure U.S. prosperity as we enter a new century of economic growth and competitiveness.

Each year that we continue to finance the Government with debt, we essentially steal from the economic prosperity of future generations, or more concretely, from our children, our students, and our grandchildren. This is wrong. It is wrong for us to send our bills to future generations simply because we lack the will or the desire to reduce spending. So we are here today with an important task.

Congressional Republicans believe that strong American families form the soul of our Nation, shaping our values while building our future. That is why this report targets the lion's share of tax relief—73 percent—to strengthen families through the most important moments of life: marriage, birth, education, illness, and the twilight for our elderly. The tax package provides good benefits to middle-income families so that overtaxed middle-income families don't have to wait for their share of the balanced budget bonus. I am pleased this report includes an income threshold for the $500 per-child tax credit for those individuals who earn $75,000 and those joint filers who earn $110,000. Twenty-nine million Americans will benefit from this credit.

Tax laws should not penalize people whose filing status changes because they fell in love and married. Married couples who claim the standard deduction—generally those with average incomes of $50,000—will receive 8 billion dollars' worth of relief from the marriage tax penalty, equating to about $217 of annual tax relief for 23 million taxpayers. More than 3 million self-employed Americans will receive a phased-in deduction of 50 percent of their health insurance costs.

Republicans also know that strong families need good jobs. That's why this report provides targeted tax relief aimed at the engine of economic growth—our private sector. Unlike the 1993 Democrat plan which raised taxes in the name of economic growth, the Balanced Budget Act of 1995 provides tax cuts so the private sector can create more high-paying jobs. This includes a 50 percent capital gains deduction, with a maximum capital gains tax rate of 19.8 percent for individuals. Six million of the nine million will have incomes less than $100,000 a year.

This historic legislation also makes a number of beneficial changes to the Personal Responsibility Act, the welfare reform bill that passed the House. The conference report increases to $800 million over 5 years the

amount of funding for supplemental grants to States for population increases—the House-passed bill contained $500 million.—The report, as one of my recommendations requires States, in order to receive the full temporary assistance block grant, to spend at least 75 percent of the amount they spent in fiscal year 1995 for the first 4 years—the House passed bill contained no such requirement.—It also establishes an $800 million contingency fund to provide matching grants to States with unemployment rates above specified levels—the House contained no such provision.

This report also includes modifications I supported and forwarded as recommendations to the House-passed prohibitions on cash aid under the family assistance block grant. It permits States to deny aid, rather than strictly prohibiting as in the House bill, to children who are born to an individual or family either currently receiving family assistance benefits or who received benefits at any point during the 10-month period leading up to the birth of the child. It also permits States to exempt up to 15 percent—up from 10 percent in the House bill—of their caseload for reasons of hardship from the 5-year limit on receiving cash benefits, a recommendation I forwarded to the welfare reform conferees as well.

Thus, there are beneficial changes that have been made as a result of this conference report. President Clinton has stated that he will not let balancing the budget serve as a cover for destroying the social compact. The truth is, if the Balanced Budget Act of 1995 becomes law, the social compact will actually be strengthened. Not only will we keep our commitment to the elderly and the poor on health care, we will also meet an even more important obligation to the public that was abrogated 30 years ago—to spend no more than we take in. This legislation demonstrates that Republicans are steadfast in our determination to do the most important thing we will ever do: balance the budget. I urge passage of the conference report and I respectfully urge President Clinton to join this effort and negotiate with Congress to enact legislation to balance the budget.

Ms. FURSE. Mr. Speaker, I would like to submit to the CONGRESSIONAL RECORD the following article written by Dr. Lawrence Korb, Assistant Secretary of Defense during the Reagan administration and current senior fellow in foreign policy studies at the Brookings Institution.

At this moment when we are attempting to balance our Federal budget, we cannot ignore the Pentagon budget. Dr. Korb provides excellent guidelines as to how we can responsibly achieve some savings there. His article appears in the November-December 1995 issue of Foreign Affairs.

OUR OVERSTUFFED ARMED FORCES

(By Lawrence F. Korb)

REASONS TO CUT MORE

Despite their differences, President Clinton and the Republican-controlled Congress have agreed on two things. The first is that the federal deficit should be eliminated by slashing federal spending rather than increasing taxes; indeed, both sides want to cut taxes. They have also agreed that projected levels of defense spending will not be part of any deficit reduction package. In fact, both the administration and Congress have called for increases for defense for the rest of the decade. In 1996 and 1997 alone Congress wants to add $20 billion to what the Pentagon requested, and it has established firewalls between defense and nondefense areas of the budget so that funds cannot be shifted to cushion cuts in social programs. Under the terms of the joint budget resolution Congress adopted in June, between 1995 and 2002 domestic discretionary funding will fall from $248 billion to $218 billion while military expenditures will rise from $262 billion to $281 billion.

With the demise of the Soviet threat and the emerging consensus on the need to deal with the deficit, one might have expected defense spending to bear some portion of the reductions, or at least not be increased. In the budget reduction plans of 1990 and 1993—both of which were much less severe than the current version—defense cuts played a major role. Moreover, by about a 2-to-1 margin Americans support reducing defense to bring down the deficit and oppose the Clinton-Republican plan to boost spending on the armed forces.

Proponents of a larger defense budget are quick to point out that military spending has declined for a decade and is now about 35 percent lower in real terms than in 1985. Or that the share of GDP consumed by defense (4.0 percent) is at a 70-year low. Or that the proportion of the federal budget that goes to defense is at its lowest level since Pearl Harbor. Or that the active force is smaller than at any time since the eve of the Korean War.

While all these statements are true and historically interesting, they are meaningless as a guide for policy. Defense spending should be measured against the efforts of potential adversaries and allies, not past U.S. administrations. According to figures from the International Institute for Strategic Studies, the United States will spend on national security this year more than three times what any other country on the face of the earth spends, and more than all its prospective enemies and neutral nations combined. Its $262 billion defense budget accounts for about 37 percent of global military expenditures; its NATO allies, along with Japan, Israel, and South Korea, account for 30 percent. The 15 other NATO nations will spend some $150 billion on defense in 1995. Russia, the second-biggest spender, will lay out about $80 billion, Japan about $42 billion, and China about $7 billion (though this last is subject to more than the usual debate over defense figures). The world's six rogue states—Iran, Iraq, Libya, Syria, North Korea, and Cuba—have a combined annual military budget of $15 billion.

Speaking at the National Policy Forum in May, Ronald Reagan's secretary of defense, Caspar Weinberger, illustrated just how distorted the debate has become. While acknowledging that the United States need not spend as it did during the Cold War, Weinberger maintained that Clinton was virtually disarming. But the United States will pay $15 billion more for defense this year, in inflation-adjusted dollars, than it did in 1980 at the height of the Cold War.

What accounts for this state of affairs? The military advocates and politicians who back an excessive defense budget stress three strategic and operational arguments: the new and multiple threats to U.S. interests that have arisen with the collapse of the Cold War order; what they claim is a crisis in military readiness; and a supposedly severe underfunding of agreed-on programs. All three arguments are flawed.

TWO WARS AT ONCE

The threat against which U.S. forces would be deployed has been vastly exaggerated. The Clinton military strategy, developed in the Pentagon's 1993 Bottom-Up Review of post-Cold War defense needs, postulates armed services capable of fighting and winning two major regional conflicts at the same time, one in southwest Asia and the other on the Korean peninsula. Even if one accepts the somewhat dubious proposition that two such wars will occur simultaneously, the number of U.S. troops said to be necessary to fight them is drastically inflated.

Since its unveiling, the Bottom-Up force structure has been criticized by many as inadequate to fight two major regional contingencies. These critics include highly placed politicians like Senate Majority Leader Bob Dole (R-Kan.) and South Carolina Republicans Strom Thurmond, chairman of the Senate Armed Services Committee, and Floyd Spence, chairman of the House National Security Committee. They argue that in a future Persian Gulf crisis the United States would have to send about as many divisions, tactical aircraft, and ships to the Gulf as it did in 1990–91. This assumes that the Iraqi military is as strong as it was when it invaded Kuwait and that the United States would once more stand by and let Saddam Hussein conquer his neighbor, then go in alone to oppose him. But if, for example, the United States reinforced its troops on duty in the Gulf, as it did in October 1994 when some Iraqi army units again moved toward Kuwait, 200,000 troops would be more than enough. Indeed, in October 1994 the dispatch of 13,000 additional troops to the Gulf was enough to stop Saddam's military buildup. Adding forces from Middle Eastern and European allies would provide an extra cushion.

These same critics of the Bottom-Up force structure take at face value the Pentagon's assumption that the United States would need 400,000 troops to roll back a North Korean invasion of South Korea. This is a startling number—more people than the United States deployed in the Korean War. At the outset of that so-called Forgotten War there was no South Korean military to speak of, and four months into the conflict the Chinese sent in one million men. Today South Korea has 650,000 well-equipped and well-trained troops, and it is difficult to conceive of China sending any troops to support a North Korean attack.

In an interview published in the October 1994 issue of Naval Institute Proceedings, then-Secretary of Defense Les Aspin, who conducted the Bottom-Up Review, said the Joint Chiefs arrived at the 400,000 figure by postulating that a South Korean soldier is 70 percent as effective as an American but that a North Korean is equally effective. A more reasonable calculation would be that the average North Korean soldier, less well trained and using older weapons, is half as effective as an American and somewhat less effective than a South Korean. That would drop the demand for U.S. troops in Korea to fewer than 200,000.

Thus even if two wars were to occur simultaneously, the United States would have to deploy only 400,000 troops to both theaters—about 16 percent of the current total force of 2.5 million active duty and reserve personnel, far less than the 30 percent most strategists would deem sound. Moreover, since no enemies of the United States took advantage of American involvement in the Korean, Vietnam, or Persian Gulf conflicts to launch an attack, one can question the validity of planning for two wars in the first place.

READY OR NOT?

Another reason for the unwillingness to consider reducing the Clinton defense program is the trumped-up crisis in military readiness, or the ability of units to perform as expected. Ever since the late 1970s, when the armed forces suffered a real readiness crisis because they had been allowed to become hollow—undermined by significant

numbers of unqualified and poorly trained people in the ranks—political leaders have lived in fear of appearing soft on the subject. Every secretary of defense since 1980 has said on taking office that readiness was his highest priority. Anytime President Clinton speaks about military issues, he too recites the readiness mantra.

Since March 1993, when Clinton reduced Bush administration defense-spending projections by less than two percent per year, the president's Republican critics have been warning about the looming crisis in readiness and the imminent return to the hollow military. Representative Floyd Spence argued in mid-1994 that readiness was already in a downward spiral; at about the same time John McCain (R-Ariz.) a member of the Senate Armed Services Committee, issued a report titled ''Going Hollow'' based on testimony by the military chiefs of the four services. Dick Cheney, Bush's defense secretary, was also writing and traveling around giving speeches about the hollow force.

Members of the Clinton administration inadvertently fanned the flames of the readiness fire. After receiving anecdotal reports of problems, new defense secretary Aspin in 1993 appointed a group of high-ranking retired officers to a readiness panel. After the November 1994 Republican congressional victory, the army leaked the news that three of its twelve divisions were not ready, and Secretary of Defense William Perry failed to note that the three were late-deploying divisions, that two of them were in the process of being disbanded, and that the problem occurred only because about $100 million in training funds had been diverted from these stateside units to support the invasion of Haiti.

Many alarmed by this fictitious crisis are unaware of what readiness means to the Pentagon, how it is measured by the military, and what caused the crisis of the late 1970s. Readiness is not a synonym for military preparedness or capability. Rather, it is only one of four components of military capability, and not necessarily the most important. Compared with the other three—force structure, modernization, and sustainability—it is the most arbitrary, subjective, transient, and easily manipulated. Thus a unit can be very ready but not capable if it is too small, too old, or unable to fight very long; the French military of 1939, among the most ready in the world, was easily overrun by the more capable German army. Readiness often lies in the eyes of the beholder: the rating officer. Finally, readiness can decline rapidly, at least on paper. For example, an army division that is fully manned and has all its equipment in good working order can be rated not ready if even one brigade misses or postpones a required training exercise.

The readiness crisis of the 1970s resulted from the poor quality of entering recruits, low retention rates, and lack of funding in the readiness account. Today the quality of recruits is high (96 percent are high school graduates, compared with 68 percent in 1980), and retention rates are so good that the Pentagon is forcing people to leave the service before they wish. Moreover, spending on readiness is not only 50 percent higher per military person that in the late 1970s, but higher than during the Reagan and bush years, when readiness indicators hit all-time highs. In 1995 the Clinton administration will spend $4 billion more on readiness than the Bush administration had projected.

Arriving at the final major argument for increasing military spending, some assert that Clinton's $1.3 trillion five-year defense program, unlike its predecessors, has been severely underfunded. Estimates of the shortfall range up to $150 billion in a report by the General Accounting Office, while the Pentagon admits to about $25 billion. But even if the higher figure is correct, this is not a new problem for defense planners; for example, a decade ago the Reagan-Weinbeger five-year defense program was underfunded by about $500 billion. Moreover, the figure is a technical estimate based on assumptions about inflation and projected costs overruns, and Clinton has pledged to make up the difference if his inflation estimates prove overly optimistic. In December of 1993 and 1994 he did just that, adding some $36 billion to his defense plan. If today's weapons systems face costs overruns, the Defense Department will adjust as it always has, by buying smaller quantities or stretching out the purchasing period. And it is difficult to believe, for instance, that the program for the current transport aircraft, the C–17, will experience more overruns than its infamous predecessor, the C–5, which cost so much more than expected that its maker, Lockheed, needed a federally guaranteed loan to avoid bankruptcy.

OVERWEIGHT BAGGAGE

Perhaps the most important reason defense has not been subjected to the same scrutiny as other federal programs is the political baggage the White House and many members of the Republican Congress carry. While there has always been a certain amount of politics and parochialism in the defense debate, they have rarely reached their present levels.

Clinton's widely publicized avoidance of military service during the war in Vietnam and his lack of foreign policy experience made him reluctant to confront the military on money matters or other major policy issues, or to risk being perceived as weak on defense. His unwillingness to stand firm on gays in the ranks or American involvement in Bosnia set the tone early for White House dealings with the Pentagon defense spending. In his original defense program, included in his March 1993 economic package, the president called for spending about $1.3 trillion on defense for 1994–98, or roughly $260 billion a year. But in the Bottom-Up Review the Pentagon argued that it could not meet its new objective of winning two simultaneous major regional wars with a mere $1.3 trillion. Rather than challenging the assumptions of the review or asking why $260 billion a year was not enough to oppose the rouge states that might start a conflict, Clinton promised to make up the shortfall.

In December 1993 the president added $11 billion to his defense program, and in his first State of the Union address in January 1994 he announced that there would be no further reductions in this plan. Shortly after the Republican victory in last year's congressional elections he called a press conference to reveal that he was adding another $25 billion to his defense program. Clinton's politically inept handling of the issue and his appointees' refusal to take any heat for him on it have compounded the problem.

The president's critics have made much of the fact that Clinton's $120 billion in defense cuts in the March 1993 plan were double what he promised during the campaign. But neither Clinton nor his supporters retorted that the critics were comparing apples and oranges. The campaign promises referred to defense programs through 1997, while Clinton's economic package ran through 1998, which accounted for $40 billion of the lowered figure for defense; the new administration's readjustment of the Bush program to reflect different assumptions about pay and inflation accounted for the final $20 billion. Nor did Clinton and his advisers advance the obvious comparison to the defense spending of America's friends and foes or point out that their plan kept military outlays at 85 percent of the average Cold War level, allocating more for defense in 1995 than Richard Nixon had for 1975. Finally, they did not mention that Bush shrank the five-year defense program he inherited from the Reagan administration by more than $300 billion and reduced his projected levels of defense spending each of his four years in office.

The Republicans too are victims of their own rhetoric and history. In their Contract with America—a major factor in their electoral triumph—the G.O.P. promised to restore the portions of national security funding they deemed essential to strengthening defense and maintaining America's credibility around the world, and pledged to reinstate a national missile defense system to protect against a limited or accidental nuclear attack. Because of this plank in their contract, and because they perceive Clinton as vulnerable on defense, Republicans were determined to jack up whatever number the president named for defense spending. The Republican plan sees Clinton's proposed $25 billion increase and raises him another $25 billion over the next seven years. Like Clinton, the Republicans upped the ante without specifying what programs needed to be funded or how the increase would affect national security.

One area on which Republicans seem determined to spend additional funds is the revival of the Strategic Defense Initiative, now known as National Missile Defense. Support for strategic defense has become a litmus test of loyalty to the Reagan legacy; for Republicans, National Missile Defense is the foreign policy equivalent of abortion. Thus, almost in lockstep, Republicans in Congress are voting to double the amount currently spent on defending the United States against a missile attack and to deploy the new system early in the next century. Republicans want to throw some $40 billion or $50 billion at a multi-site continental defense system although there are serious doubts about necessity and cost effectiveness and although such a system would violate the 1972 Anti-ballistic Missile Treaty, negotiated by a Republican president. Even Colin Powell, former chairman of the Joint Chiefs of Staff and potential Republican presidential contender, who has been a strong supporter of the Strategic Defense Initiative, has told Republicans that a national missile defense is entirely unnecessary.

GUNS AND JOBS

Yet another political reason for not cutting military spending is that both the administration and Congress increasingly view defense as a federal jobs program. Weapons programs like the B–2 bomber, the Seawolf submarine, and the V–22 Osprey, designed to combat the Soviet threat, live on because of the temporary economic problems that taking them out of production would cause. The two sides in the debate over whether to build a system are no longer hawks and doves but those who have defense contractors in their district and those who do not.

Clinton set the tone in the spring 1992 Connecticut primary. In a futile attempt to win that contest, he endorsed the $13 billion Seawolf submarine program based in Groton, Connecticut, which President Bush was trying to cancel. The program has been kept alive on Capitol Hill primarily by the largely liberal Democratic delegation from New England, despite the strenuous efforts of Republican hawks like John McCain of Arizona. When Bob Dole became a presidential candidate he too discovered the merits of this Cold War relic.

Four years ago two members of the House Armed Services Committee, liberal Ron Dellums (R–Calif.) and conservative John Kasich (R–Ohio), brokered a compromise on the B–2

strategic bomber, which had been developed to penetrate the highly sophisticated air defenses of the Soviet Union and drop nuclear bombs. Rather than kill the program outright because the Soviet threat was defunct, Congress would authorize production of 20 of the bombers at a cost of $44 billion so that the country could recoup its investment in research and development. Even the Air Force accepted this as reasonable. But as the production lien wound down the California delegation sprang into action, led by senior senator Dianne Feinstein, who inadvertently declared on the floor of the Senate that the B–2 should be saved because it delivered a heavy payroll (corrected the next day to ''payload''). Congress ordered Defense to study whether the department needed 20 more of the planes to prosecute its two-war scenario. The Institute for Defense Analysis, directed by General Larry Welch, a former head of Strategic Air Command and Air Force chief of staff, concluded that the answer was no. Kasich wrote an excellent piece, published in The Washington Post, making the case against continued production of the bomber. Nonetheless, in a close vote the House decided to proceed with the next 20 bombers, at a cost of at least $30 billion. Putting the bill over the top were 17 members of the Congressional Black Caucus concerned primarily about jobs in their districts.

HARDLY STREAMLINED

Again, it is largely politics that has kept cutbacks in the Pentagon's overhead lagging behind those in its force structure. A decade ago the Defense Department had enough bases to support a total force of 12 million people. Through the efforts of the Base Realignment and Closure Commission, which met in 1988, 1991, and 1993, the number of major excess bases was halved, from 140 to 70. This year the Defense Department was supposed to close the remaining 70 bases; as its comptroller noted, it cannot live without the projected savings from the last round of closures. But with one eye on the political calendar, the Clinton administration proposed shutting only 32. When the commission added two bases in politically crucial California and Texas to the administration's list, Clinton accused the commissioners, whom he had appointed, of political motives, and directed the Pentagon not even to begin phasing out McClellan Air Force Base in California and Kelly Air Force Base in Texas for five years and then to privatize the jobs. This will make it difficult to have another round of base closures or even to achieve the full savings from the current round. The Pentagon spends about $5 billion annually on unnecessary bases.

At about the same time the administration was playing politics with base closures, it missed another opportunity to streamline military operations. Early last year, under pressure from Congress, the Pentagon established a commission to analyze the roles and missions of the armed forces, essentially unaltered since 1948. Even though the nature of the threat and the nature of warfare have changed significantly in the last half century, the commission, headed by Deputy Secretary of Defense John White, found no duplication or overlap in the four armed services in such areas as close air support, space warfare, air strikes deep behind enemy lines, and defense against enemy aircraft and missiles. General Merrill McPeak, then the Air Force chief of staff, told the commission in the fall of 1994 that the division of roles and missions among the services was outdated and that the current defense program had more than enough money if the Defense Department would only organize itself rationally. But his fellow chiefs dug in their heels against major changes, and even McPeak's successor declined to support his position. The commission members, apparently not wanting to challenge the chiefs, contented themselves with a few bromides on privatization and jointness.

Finally, there are the unneeded units in the Army National Guard, which Clinton and Congress have conspired to retain. When the Cold War ended in 1990 the Bush administration wanted to cut the Army National Guard by roughly the same proportion as the active army, but the National Guard Association mounted a furious lobbying campaign on the Hill to forestall the cuts. During the 1992 campaign Clinton endorsed the association's position, and his Pentagon has maintained 42 combat brigades in the guard even though the Joint Chiefs' war plans, which formed the basis for the Bottom-Up force structure, call for only 15. The extra 27 brigades and 100,000 people cost about $3 billion annually.

HOW TO SAVE $40 BILLION A YEAR

In this year's debate over the size of defense appropriations, Speaker of the House Newt Gingrich (R-Ga.) stated that the present military budget is far above what is necessary to defend the nation. But, Gingrich says, the excess is a premium the United States pays to carry out its role as a world leader. The question then is how much above defense needs that premium should be.

The Clinton defense program, which will cost about $260 billion a year, calls for maintaining a total force of 2.5 million people, 1.5 million active and 1 million reserve. There will be 19 ground divisions, 12 carrier battle groups with 346 ships, 20 air wings, and 184 bombers. This conventional force will be backed by 3,500 strategic nuclear weapons.

This is the force considered necessary to win two major regional conflicts. However, taking a more realistic view of the threats in the Persian Gulf and Korea, the total force can safely be reduced to 2 million (1.3 active and 700,000 selected reservists), which could support 15 ground divisions, 9 carrier battle groups with 300 ships, 20 tactical air wings, and 150 bombers. In addition, the United States should lower the number of strategic nuclear weapons in its arsenal to 1,000. These manpower and force structure reductions alone would save about $15 billion a year. Readiness spending per military person can be pared down from Cold War levels because there is no longer danger of a sudden massive attack on U.S. forces. These two changes could save about $10 billion a year.

Spending on modernization can also be reduced. Given the technological edge of current U.S. weapons systems, there is no real need to procure larger numbers of next-generation weapons like tactical aircraft. For example, because the military can perform its mission of maintaining air superiority with upgrades of existing planes, instead of buying all 400 F–22 Stealth fighters for $72 billion as currently proposed, the United States should produce only 50 to 75 of the planes. This will enable the Pentagon to remain on the cutting edge of technology, and the planes will be available for sophisticated missions, as were the 55 F–117s bought in the 1980s and used so successfully in the gulf war. Similarly, since the Seawolf will be built, the United States can delay the follow-on Centurion-class submarines and keep the Los Angeles-class submarines in service to the end of their useful life. Finally, National Missile Defense can be retained as a research program, and if proliferation of nuclear weapons and ballistic missile technology makes deployment necessary, a $5 billion single-site system augmented by space-based sensors will be more than sufficient. These measures would save at least another $5 billion annually.

Completing the base closure process, rationalizing the roles and missions of the four services, and taking such commonsense steps as privatizing two-thirds of the maintenance work at the Pentagon instead of the current one-third could easily save another $10 billion.

Together these actions could lower defense spending by some $40 billion a year, bringing the annual defense budget down to about $220–$225 billion. It would take time to get there from here, so the savings would not come all at once. But if the nation reduced defense spending by $20 billion a year from its projected levels, the savings over seven years would be enormous. This would also free up funds to buy more airlift and sealift as well as more minesweepers and to invest in new concepts like missile-firing ships.

An annual defense budget of about $225 billion would be in keeping with the American public's preferences and the need for deficit reduction. It would also give the United States the wherewithal not only to defend itself but to play the role of world leader envisioned by Speaker Gingrich. It is not a dearth of money or forces, after all, that keeps the United States out of messy conflicts like the Balkans, but lack of leadership and will.

Mr. CONYERS. Mr. Speaker, this bill continues to constitute an unbridled attempt to bribe doctors by offering them legal goodies which have little to do with the underlying legislation and have no positive budget impact. The process has also been abhorrent—we only today received a several-thousand page bill, without any prior opportunity to review or debate its provisions in conference.

The bill continues to include a new antitrust exemption which protects physician networks from the usual per se rule against price fixing.

As the ''New York Times'' recently wrote, easing the rules for PSN's would ''invite doctors to engage in blatant anti-competitive behavior [and] allow doctors who have no intention of going into business together to conspire among themselves to impose high fees and needlessly expensive treatment practices on health plans using their services.'' This antitrust loophole is strongly opposed by both the Department of Justice and the Federal Trade Commission. Amazingly, the provision was included without any review, hearing, or consideration by the Judiciary Committee in either the House or the Senate, even though it constitutes one of the most far reaching antitrust changes adopted in the last 20 years.

The bill also continues to be weak on white collar fraud committed by doctors and other health care providers. Among other things, the legislation includes a shameful provision that changes the law to prevent private citizens form brining ''whistle blower'' suits against health care organizations that fraudulently receive funds from Medicare or Medicaid programs.

Considering the amount of money saved by these suits, it is difficult to understand why we are eliminating them. To date, the government has recovered nearly $1 billion dollars through these so-called ''qui tam'' actions. Moreover, some of the biggest health care fraud recoveries began as whistleblower suits. For example, a total of $139.8 million dollars was recovered from qui tam actions filed against National Health Laboratories, Metpath, and Metwest based on allegations that the Medicare program was overcharged for unnecessary laboratory tests.

This republican reconciliation bill has been bought and paid for through a series of backroom legal concessions granted to powerful

health care interests. If we adopt these provisions, Congress will be sending the special interests a message that any objections they may have to controversial legislation can be overcome by unrelated legal concessions. The ultimate victim will be the American public.

Mr. REED. Mr. Speaker, this Republican budget represents a set of values and priorities that are extreme, short-sighted, and out of touch with the direction in which Rhode Islanders and the American people want our country to move.

MEDICARE/MEDICAID

Perhaps the most glaring examples of the extreme provisions in this bill are the massive cuts in the Medicare and Medicaid programs. This bill represents nothing less than a reversal of a generation of guaranteed health care for our most vulnerable citizens. For more than 30 years, the Medicare and Medicaid programs have exemplified our national commitment to care for seniors, disabled Americans, and low-income Americans. In essence, it is the tangible evidence that, in the most affluent and productive country in the world, we would not let millions of Americans suffer because they were too old, too poor, or too ill to fend for themselves.

The cuts to the Medicare program represent the most sweeping changes to the program since its establishment in 1965. And what makes these cuts so objectionable is that they are not about reforming Medicare, they are about providing tax cuts for the rich. These cuts are three times what is needed to keep Medicare solvent.

Republicans claim that this budget enables Medicare to grow at a healthy rate. The truth is that this bill reduces Medicare growth by 33 percent below that of private sector health-spending growth. What kind of health care can the elderly purchase at these below-market rates when we all know that their health needs are much greater than those of the working-age population?

This bill also eliminates Medicaid. No longer will the 18 million children who currently qualify for Medicaid be guaranteed health care coverage. No longer will seniors who have entered nursing homes and exhausted their resources be guaranteed that they will be able to remain there. Republicans have substituted this guarantee with a block grant to States that cuts Federal spending by an average of 18 percent over the next 7 years. The State of Rhode Island will be faced with attempting to continue access to vital health care services with a 37-percent reduction in Federal Medicaid dollars—clearly a daunting, if not impossible, task.

EDUCATION/DIRECT LENDING

This bill also represents another example of accounting gimmicks used by Republicans to deliver on their promise of reaching their arbitrary budget targets. Republicans have created a special budget scoring rule for direct student loans. It is no wonder that the public has become so disenchanted with Congress—only Congress could change accounting rules so that a program that saved money last year is miraculously deemed to ''cost'' money this year.

The proposal to cap the direct loan program at 10 percent of total loan volume was not chosen because the program is not working; this program has achieved high grades from students, parents, and participating colleges and universities. Students and parents should know that the Republicans have chosen to reward banks instead of supporting the direct loan program which offers better service and more flexible repayment terms for students, simplified administration for schools, and greater accountability for taxpayers.

The proposal to cap direct loans at 10 percent of total loan volume eliminates the current choice that colleges and universities have between participation in the direct student loan program or the guaranteed student loan program. This year, 40 percent of student loans are direct loans—with 1,350 schools and approximately 2.5 million students participating in the program. In Rhode Island alone, there are 8 direct lending schools and 17,855 direct loans have been made. We must be clear—under this package, many colleges and universities that prefer the direct loan program would no longer be able to offer it to their students. It has been estimated that, as a result of this proposal, over 13,000 direct loans would be lost in Rhode Island. This cap denies colleges and universities the right to choose what is best for their students and undercuts free competition.

WELFARE

President Clinton and a majority of Democrats, including myself, have indicated a willingness to support meaningful welfare reform. But instead, Republicans have opted for a welfare reform plan that is just plain mean to women and children. I supported a welfare reform bill that was tough on work and fair to children. I supported a welfare reform bill that has work at its heart and did not shred the safety net for children.

Mr. Speaker, I urge my colleagues to reject this bill so that we may continue to work toward a balanced budget that reflects the priorities and values of the American people.

Mr. STOKES. Mr. Speaker, I rise in opposition to the conference report on H.R. 2491. This bill—is the $270-billion cut in Medicare, and—the $163-billion cut in Medicaid—measure that the Republican majority has been trying to force down seniors' throats. And, this is the Republican bill that will result in gutting billions of dollars from ''quality of life programs and services'' from education to school lunches.

Yes, this is the Republican budget that the majority leader proudly referred to, in January, when he said, ''The fact of the matter is once Members of Congress know exactly the pain the Government will live with in order to get to a balanced budget the knees will buckle.''

Let me assure my colleagues, the American peoples' knees will buckle as they see the Republicans' budget taking the food out of the mouths of hungry children; taking critical prenatal care away from pregnant women; taking health care coverage away from children; taking critical health care services away from seniors; and taking financial aid away from college students.

Mr. Speaker, I know the backs of seniors, children, and hard-working families in my district will weaken as the Republicans' budget buckle their knees. I know the knees of Ohio's seniors will buckle—as the Republicans' budget doubles their health care premiums. I know the knees of Ohio's children will buckle—as the Republicans' budget takes away their school lunches. I know the knees of Ohio's hard-working families will buckle—as the Republicans' budget increases their taxes.

It is a shame—that the Republicans will break the backs of seniors, children, and hard-working families just to give a tax cut to the rich. The Republican budget is bad for children, bad for seniors, bad for families, and bad for the country. Ramming a bad bill through the Congress is not only wrong, it is an insult to the American people.

Mr. Speaker, there is no tantrum big enough to justify the Republicans' shutting down the Government. There is no smoke and mirrors big enough to hide or disguise the pain, suffering, and hurt that would result from passage of the Republicans' budget. And, there is no Republican sound bit slick enough to hide the Republicans' tax break for the rich.

Mr. Speaker, there is no balance in the Republicans' budget. I strongly urge my colleagues to stand up for children, and to stand up for seniors. Vote ''no'' on the conference report to H.R. 2491.

Mr. TOWNS. Mr. Speaker, we should make no mistake, this reconciliation package removes the basic health safety net for America's neediest citizens, women, children, and the disabled for example, the conference report does not retain the Senate language which would have retained authority for CDC to continue the purchase of a discounted price of some of the vaccines necessary to immunize Medicaid children.

This agreement not only allows States to define how is ''disabled,'' this agreement also repeals the current law which guarantees payment of Medicare Part B premiums on behalf of elderly. As a Medicaid conferee, I am truly dismayed that the American people will face a tremendous setback in the quality of their health care delivery systems. I urge the President to uphold his commitment to veto this package in hopes that we can provide something better for those who are ''the least of these.''

Mr. HOYER. Mr. Speaker, I want to express my strong opposition to this omnibus bill. As a supporter of the Balanced Budget Amendment to the Constitution, I like the title but not the contents.

As the details of this plan are made available to the American people, I believe they will join resoundingly with President Clinton in rejecting this extreme package.

I remain committed to insuring our Nation's fiscal integrity. As I have said before, our obligation to our future and our children demands decisive action to affect a disciplined conduct of the fiscal business of this country.

But this Republican package is not the answer. It is quite simply an attack on the middle class and poor Americans.

It cuts $270 billion from Medicare over 7 years and would force seniors to pay higher part B premiums.

The bill cuts $170 billion from the Medicaid program. This, combined with a cut in the earned income tax credit that is even more severe than in the original House bill, would have dramatic consequences for less-fortunate Marylanders.

The Republican plan for welfare reform, included in this bill, is tougher on kids than it is on deadbeat dads. Their plan is weak on work provisions and ought to be rejected.

The bill before us places a cap on direct student loans and makes major cuts in farm programs.

An especially disturbing provision of this Republican bill is its attack on hard-working Federal employees. The measure saves more

than $10 billion from increased taxes on Federal employees and other provisions that will dramatically decrease their benefit packages.

I want to balance the budget and I believe we can do it in 7 years. The Orton-Stenholm substitute which we offered on this floor would have achieved a balanced budget without devastating America's working people. That alternative would have provided more than $850 billion in deficit reduction over seven years through real spending reductions.

Most importantly, the Democratic alternative did not cut funding for seniors and for our children. It was a realistic bill that used honest numbers, shared sacrifice, sound priorities, and common sense to get us to a balanced budget in 2002.

In my view Thomas Jefferson was right when he said:

> The question whether one generation has the right to bind another by the deficit it imposes is a question of such consequence as to place it among the fundamental principles of government. We should consider ourselves unauthorized to saddle posterity with our debts and morally bound to pay them ourselves.

Balancing the budget is the responsible and the essential thing to do. But the American people should not be fooled that the Republican plan is the best way, the only way, or even an acceptable way to do that.

The Republican measure before us is so severe because of the additional cuts necessary to fund $245 billion in tax breaks. I believe the appropriate time to consider tax reductions is when we have balanced the budget. And, most importantly, I believe those reductions should benefit working Americans, not the wealthiest of Americans.

Mr. Speaker, we have only 2 hours of debate on a measure that, if enacted, would be a major step backwards for our Nation. I am glad the President has committed to vetoing it and I hope that we will defeat it here in the House.

Mr. LAZIO of New York. Mr. Speaker, I am proud to support the Balanced Budget Act of 1995. We have proven that we can do what's right for our children, our parents, and our grandparents—and balance the budget. However, as chairman of the Housing and Community Opportunity Subcommittee, I am concerned that the Low Income Housing Tax Credit [LIHTC] is not part of the reconciliation package.

As chairman of the Subcommittee on Housing and Community Opportunity, I am troubled by the sunsetting of the Low Income Housing Tax Credit Program. This sunsetting will impact America's ability to provide safe, affordable housing for our working families. My hope is that there will be an opportunity in the not-too-distant future to reinstate the LIHTC Program.

Congress created the LIHTC Program to provide an effective, efficient mechanism for encouraging private investment in badly needed housing. The program leverages a small amount of Federal support into successful housing development for low-income, working families. Almost half of the rental housing produced and virtually all of the housing currently being built for low-income families is a result of the Tax Credit Program. In addition, the LIHTC Program generates nearly 100,000 jobs and 3.1 billion in construction wages annually.

The LIHTC Program is not a corporate welfare program. The program, in fact, is a terrific example of incentives—long-term incentives—that work. The sunsetting of the LIHTC Program may very well inhibit investor enthusiasm just as businesses have begun to invest personal and financial resources in the program. Over the past 2 years, businesses like USAA, San Diego Gas and Electric, IBM, and Chevron have begun to take an active role in building affordable housing for low-income families. The LIHTC Program is the catalyst. Sunsetting the program at this time may have the effect of weakening the confidence of business in the overall private-public partnership that is central to many of this Congress' actions.

The effect of sunsetting this program on the long-term, low-income housing industry and availability of affordable housing, is also problematic. Because housing providers require substantial time to put together a financing and development package and to work with State authorities, sunsetting the program might limit the scope of developments in the pipeline.

The LIHTC Program is vital to housing in this country. I strongly urge this House to consider the need for, and effectiveness of, the LIHTC Program in future deliberations. I plan to hold hearings on the LIHTC Program early next year. Chairman ARCHER, for whose judgment I have the highest regard, has indicated a willingness to work with me on this issue. I recognize we must balance the need for affordable housing with the need for tax revenue. However, I am hopeful that we can work together and give the LIHTC Program a new birth.

Mr. GUNDERSON. Mr. Speaker, today as the House considers the conference report on the Seven-Year Balanced Act of 1995, we move one step closer to a goal I have supported for a long while. The first bill I cosponsored as a freshman Representative in 1981 amended the U.S. Constitution to require a balanced Federal budget. At that time, I firmly believed it was time to get our fiscal house in order, when the deficit was $79 billion and the national debt stood at $994 billion.

Fifteen years later, the deficit has grown to $206 billion—nearly 3 times of what it was in 1981. The national debt was jumped to $4.9 trillion or nearly 5 times the 1981 level. Further, in fiscal year 1995, we spent $234 billion on interest on the national debt alone. That's 17 percent of the Federal budget. It also represents more than we spent on education, job training, child nutrition, and public works projects combined.

Unless we balance the budget, interest on the debt will continue to eat into spending on other worthwhile Federal programs. Just look at how interest on the debt dwarfs our spending on certain vital human resources programs: In fiscal year 1995, we spent 66 times more on interest on the national debt than we did on the Head Start Program. We spent 32 times more on interest on the national debt than we did on the title I programs which benefit disadvantaged grade-school kids. We spent 149 times more on interest on the national debt than we spent on all elementary and secondary school improvement programs. We spent 158 times more on interest on the national debt that we did on Federal aid to vocational education, 180 times more than on the JOBS Program to get people off welfare, and 212 times more than on Job Corps. Clearly this is a distorted sense of priorities.

If we continue our spending priorities for the next 7 years, the deficit would balloon from $210 billion in fiscal year 1996 to $349 billion. That's a 66 percent increase. The national debt would increase by $1.7 trillion during that same period.

Just as increased debt interest threatens programs, the lack of balance between our coveted entitlement programs and discretionary programs is alarming. Entitlement programs such as Social Security, Medicare and Medicaid make up 64 percent of the Federal budget. Discretionary programs, such as defense, education and job training make up only 36 percent. This disparity is growing and without significant changes in spending priorities, by 2012 entitlement spending will consume the entire budget.

THE SEVEN YEAR BALANCED BUDGET ACT OF 1995

I believe that we have made the right choices to put this country on a path toward a balanced budget. Back in June, the House approved the budget blueprint that laid the foundation for this change. Today, we actually implement the changes necessary to slow the rate of Federal spending over the next 7 years.

Over the next 7 years we will reduce spending growth and reduce the Federal deficit by a total of $1.2 trillion. But it is important to note that slowing the rate of growth in spending is not a cut. The numbers amply demonstrate this assertion.

Over the last 7 years, between 1989 and 1995, we spent a total of $9.5 trillion. Over the next 7 years, while balancing the budget, we will spend $13.3 trillion. That's 2.6 trillion more than in the past 7 years. If we do nothing, we would spend $13.3 trillion over 7 years. We are not cutting the budget, but are finally putting our own house in order within a reasonable time frame.

A comparison between spending levels in fiscal year 1995 and levels in fiscal year 2002 shows the effect of imposing fiscal discipline. Under current assumptions, spending would increase by $600 billion or 40 percent. Under the assumption of a balanced budget, spending would increase by $358 billion or 24 percent. Only in Washington would a $358 billion increase be called a cut.

A LOOK AT KEY AREAS FOR THE THIRD DISTRICT

A quick review of the provisions of the Seven Year Balanced Budget Act reveals challenging but acceptable changes in Medicare, student loan funding and tax policy. It also reveals a glaring deficiency—the failure to reform Federal dairy programs.

MEDICARE

The Medicare Program has continued to grow exceedingly fast in recent years. The Medicare trustees reported earlier this year that without strengthening the system, Medicare will go broke by 2002. I believe that the budget package maintains the vital commitment to health care for seniors while ensuring that the program will be around far into the future.

Under the budget package, average per beneficiary spending would increase from $4,800 to $6,700 over the next 7 years, or a $1,900 increase per retiree. Most importantly, premiums would remain at 31.5 percent of part B costs. Just as they have since the program was started, premiums would increase slightly every year.

STUDENT LOAN REFORM

The student loan program has provided essential opportunities to those who wish to further their education. But in order to preserve those opportunities far into the future, the House and Senate agreed to reduce the costs of the student loan program by $4.9 billion over 7 years.

Perhaps what is most important about the House-Senate agreement is that it does not increase costs to students or parents. The plan does not eliminate the in-school interest subsidy for undergraduate or graduate students. It does not eliminate the 6-month grace period for students leaving school to begin repaying their loan. It does not modify eligibility or access to student loans, not does it increase the origination loan fee paid for by students.

Now, let's look at what the plan would do. The budget package would cap the administration's direct student loan program at its current 10 percent level of the student loan volume. As many know, I do not believe the Government should become banker to students. At a time when Congress is trying to refocus the role of the Federal Government toward functions that it does well, the direct loan program heads in the wrong direction.

The budget package would also gain savings from banks, secondary markets and guaranty agencies by lowering reimbursement fees for defaulted loans and other technical changes. Finally, the package would limit certain administrative expenses borne by the Department of Education. I am confident that the budget package does the most to help the budget at the least cost to students, parents and schools.

PRO-GROWTH TAX POLICY

The budget package agreement between the House and Senate provides for $245 billion in tax cuts over 7 years, just 2 percent of the Federal budget. Like many of us, I was genuinely leery of providing tax cuts at the very time we are trying to balance the budget. However, as we are limiting the growth in Federal programs, we still need to promote economic growth in the private sector. The tax package accomplishes this in a reasonable fashion.

The conference agreement would impose a 50-percent capital gains tax cut for individuals and a 25-percent reduction for corporations retroactive to January 1, 1995. There is a misperception that a capital gains tax is important only to rich people, but actually most capital gains deductions are taken by middle class families. In 1993, the last year for which we have data, 60 percent of the tax returns claiming capital gains had adjusted gross incomes below $50,000, and 77 percent had adjusted gross incomes of below $75,000.

Many in western Wisconsin will benefit from the reduction in the capital gains taxes. Most important among these is the retiring farmer that wants to sell his farm and rely on the proceeds for retirement income. At the present time, he must pay a 38-percent tax. Homeowners and small businesses—the businesses that create the most jobs—will also benefit from this middle-class initiative.

The package before us will also benefit western Wisconsin because it includes expanded individual retirement accounts to spur savings. People would be able to contribute taxable amounts to the account, and then after 5 years would be able to withdraw money tax-free for certain purchases, including first-time home, long-term care expenses, post-secondary needs, and retirement income. This account is pro-savings, pro-investment and pro-growth.

The package also includes a tax credit of $500 per child under 18 years for all individuals with income below $75,000 a year and all people filing joint returns with incomes below $110,000. Although uneasy with the House-passed version which allowed tax cuts for families with incomes of up to $200,000, I find the reduced income limit is much more acceptable.

REFORM OF FEDERAL DAIRY PROGRAM

What is most troubling about the package brought to us today is that it is devoid of any reform whatsoever in Federal dairy programs. The Congressional Budget Office has consistently estimated that artificial incentives to produce fluid milk in Federal milk marketing orders, the so-called class I differentials, cost taxpayers over $100 million in additional spending on the dairy price support program and the Dairy Export Incentive Program [DEIP] annually.

Obviously, class I differentials which are set by statute without regard to class I utilization also increase the cost of milk in grocery stores to consumers and the cost of the Federal WIC and special milk programs by millions of dollars annually. Their only purpose today is to provide additional revenue to dairy producers in a couple of areas of the country at the expense of producers in other areas as well as taxpayers and consumers around the country.

Simply stated, there is no single Federal program more in need of substantial reform than Federal milk marketing orders. Even the most ardent advocates of the order system acknowledge that fact. That's why our country and our constituents cannot afford to let a small minority of Members forestall these reforms when the time comes to put a second balanced budget package together.

In sum, today we are one step closer to our central goal of balancing the budget. A balanced budget will ensure sustained growth for the future, more opportunity for education, job growth and a better competitive position in the world market. I look forward to the day when we can say that we took the high road toward fiscal responsibility and put our national fiscal house in order.

Mr. HASTINGS of Washington. Mr. Speaker, I rise in strong support of this package.

Balancing the Federal budget is not about keeping tidy books, it is about saving our children's future. A child born today will pay $187,000 in taxes, just to pay their share of interest on the debt. According to the President's own budget, our children and grandchildren will face lifetime tax rates of over 80 percent to pay our bills.

Budget deficits sap private investment and drive up interest rates. Debt service costs the average taxpayer nearly $800 a year in taxes. Ending these deficits is the most important economic program this Congress can pass.

Under our plan, the budget is balanced not through cuts as some have alleged but through reductions in the rate of spending growth. Under our plan, revenues continue to climb even after our tax relief is enacted and even using conservative economic growth estimates. There are no smoke and mirrors here. If this plan is enacted, we will reach a balanced budget in the year 2002.

A balanced budget will lower interest rates by as much as 2 percent. Families, farmers, small businesses, students, anyone who buys a home or finances a car will benefit from this legislation. A family with an average mortgage of $75,000 will save $37,000 in interest over the life of the loan, an annual savings of $1,200. A student with an average loan of $11,000—over 10 years—will save $2,160 in interest over the life of the student loan, an annual savings of $216. A family buying a $15,000 car will save $900 in interest over the life of the car loan, an annual savings of $225.

What is more, balancing the budget will allow us to finally start reigning in the ballooning Federal debt and reducing the huge sums we spend on interest—$227 billion this year alone—on the debt.

This is a historic day. We are going to pass the first balanced budget in more than a quarter century. This blueprint will give American families the right to keep more of their hard earned money, lead to lower interest rates and security for our seniors.

Mr. Speaker, in 1994, the American people spoke loudly and clearly about changing the direction of Government—away from unending deficits, away from out-of-control spending and soaring debt, and away from big Government policies that waste taxpayers' dollars. I am proud of this Congress—the first Congress in years to truly keep its word with the American people.

Mr. SCHAEFER. Mr. Speaker. I rise today in strong support of the conference report to accompany H.R. 2491, the Seven-Year Balanced Budget Act of 1995.

As my colleagues know, I was the House sponsor of the Balanced Budget Amendment to the U.S. Constitution, which overwhelmingly passed the House earlier this year. Though this effort subsequently stalled in the Senate by just one vote, its large margin of victory in the House showed that the 104th Congress is serious about carrying out the mandate given to it by the American people last November.

Mr. Speaker, I want to congratulate Mr. ARCHER and all the House and Senate conferees who put together this conference report. They have done an outstanding job in crafting this budget plan—one which guides us toward a balanced budget by the year 2002. Our children and grandchildren should be especially thankful, for with each step we take toward a balanced budget, we lighten the future financial burden they will have to bear. I do not want our grandchildren to be saddled with the bill for the carefee spending of this generation.

I would like to express my particular appreciation to Mr. ARCHER and to the conferees for heeding the call of 85 Members of Congress representing 31 States who joined me in a letter calling for the retention of the wind and closed-loop biomass energy production tax credit. This tax credit, as you know, was supported by a large majority of Members as part of the Energy Policy Act of 1992 and was scheduled to expire in 1999. It is estimated that the repeal of the tax credit would have raised less than $20 million per year.

We supported the retention of this tax credit because wind and biomass energy are becoming increasingly competitive providers of electricity to American consumers. In reliance of the tax credit, the wind and biomass industries have spent over $100 million on technology development, marketing and product development. I believe its repeal would have

jeopardized the many small, entrepreneurial firms around the country which had placed faith in the tax credit running its full term.

Mr. Speaker, someday our grandchildren will thank us for balancing the budget. Today's vote on the conference report to accompany H.R. 2491 is an important vote for a balanced budget.

And someday, Mr. Speaker, when fossil fuels become scarcer and more expensive, I believe our grandchildren will also thank us for having the foresight to lay the groundwork for the development of important renewable energy sources such as wind and biomass.

Thank you, Mr. Speaker.

Mrs. MORELLA. Mr. Speaker, the Balanced Budget Act is an important step toward achieving a balanced budget. This debate, however, is far from over. I have been involved in negotiating changes from the original House version, and this budget represents a substantial improvement.

After voting against the House Reconciliation Bill, I lobbied for specific improvements, and a significant number of important changes were made. This bill continues the higher education direct lending program, restores the grace period for interest payments on student loans for the first 6 months, and provides a tax deduction for interest on student loans. The package improves Maryland's Medicaid funding formula, restores Federal nursing home standards, increases funding for welfare reform block grants and the school lunch program, and lowers the income level at which the $500 per child tax credit is phased out to $75,000 for single parents and $110,000 for married couples.

This budget is a good first start—but we still have more work to do. I am committed to finding common ground with the President and Congressional leaders to further improve this package. Further improvements are needed to insure an adequate safety net for our low-income families and elderly, and the provision to open up the Arctic National Wildlife Refuge to oil drilling must be removed. I still have deep concerns about enacting a tax cut before the budget is balanced. The lower threshold for the child tax credit in this package is an improvement, and the size of the tax cut and the tax relief for lower-income Americans will be an important component of any compromise.

Balancing the budget is one of the most important actions Congress can take to improve the Nation's economy. We are saddling our children with our debt, and that's not fair. Unless we rein in spending, children born today will pay $187,000 in taxes just to pay for their share of interest on the debt. A balanced budget would mean less Government borrowing and lower interest rates for consumers.

Congress has attempted to lower the deficit and failed several times. During the 1980's, Congress enacted Gramm-Rudman-Hollings I and II, and in 1990 we enacted the Budget Enforcement Act. These measures were passed to control deficit spending, yet we still face deficits that are spiraling out of control and a $4.9 trillion debt.

Up until now, Congress has avoided tough votes on the programs that comprise over half of the budget: entitlements. Entitlements, along with interest on the debt, are the fastest growing parts of our budget. Medicare constitutes 11 percent of the budget, and its costs rise approximately 10 percent annually. This budget limits the growth of Medicare, and responds to the Medicare Trustees Report that stated that the Medicare part A Trust Fund will be bankrupt by 2002. In fiscal year 1995, interest on the debt encompassed 15.3 percent of the Federal budget and it continues to grow. The same year, we spent only 16.5 percent of the budget on all science, education, transportation, housing, urban development and other non-entitlement domestic programs combined. Do we really want to be spending important resources on interest on the debt instead of making investments in our future? These are tough decisions, but the consequences of doing nothing are much more severe.

This vote moves the process forward toward a balanced budget. I commend the Conference Committee for the improvements that have been made, and I look forward to working on a bipartisan basis with the President to finalize a package that achieves our common goal while also protecting our most vulnerable populations.

Mr. LEACH. Mr. Speaker, I rise to express concern with the ''Medi-goguery'' and ''Mega-social splintering'' involved in debate of the week on the House floor.

With regard to Medicare, credible arguments can be made for holding the program at current levels of spending, increasing it somewhat, or increasing it substantially. The Republican option is one of taking an approach in between the last two alternatives—that is, increasing spending at over double the projected inflation rate for the next 7 years, and in this process reforming the system so that rural counties, which now get one third the reimbursement of many urban areas, will receive an annual Medicare reimbursement increase three to six times the inflation rate. For these rural areas the Republican approach is substantially more generous than the status quo endorsed by the President.

While politically attractive in the short run, the President's Medicare approach would lead to early insolvency in the system itself. The Republican approach may be more controversial, but it is thoroughly irresponsible to suggest, as has been done on the House floor, that a plan that increases per-recipient Medicare spending from $4,800 to $6,700 in 7 years implies ''gutting'' the program. Those who make this kind of fear-inducing claim should be held to account by the American public.

With regard to the socially divisive argument employed by liberals in the balanced-budget debate, it is credible to make a case against a tax cut at this time or to oppose particular ingredients of the Republican tax cut approach. But when senior leadership of the Democratic party describe it as a ''tax cut for the rich,'' they are misleading the American people.

It is true that the capital-gains reduction, which is designed to unlock assets and spur economic growth, disproportionately benefits high-income individuals, but it is a very small part of the Republican tax-cut package. The main ingredients are the following:

A $500 per child per family tax credit for families with annual incomes under $110,000. According to the Tax Foundation, those earning below $75,000 will receive almost $87.5 percent of the Family Tax Credit;

A tax credit of up to $145 to married couples who file joint tax returns to offset the current ''marriage tax penalty'';

The deductibility of up to $2,000 in IRA contributions for each spouse, including homemakers;

Repeal of the 1993 tax increase on Social Security benefits;

The provision of tax incentives for the purchase of long-term health care insurance;

The provision of a refundable tax credit of up to $5,000 for families adopting a child; and

An increase over five years in the earnings limit for those receiving Social Security benefits to $30,000.

The brunt of these tax cuts are clearly aimed at the middle-class.

With regard to the tax cut package, two perspectives should be kept in mind: First, the Republican approach rolls back only 30 to 40 percent of the total tax increases put in place by President Clinton in 1993 and leaves untouched the increases in the top rates established by the Democrats; second, while $245 billion may seem a large sum for a tax cut, it should be seen in the context of the 7 years over which it will be spread. During this period the GNP will be in the $50 trillion range. The tax package is thus more modest and more middle-class directed than the rhetorical imagery suggested on the House floor.

As for other priorities, I am convinced that the Republican approach of restricting spending increases to 3 percent a year—an inflation adjusted freeze—makes sense, although I might prefer some of the programmatic numbers to be shifted, particularly in the area of education.

Whereas the rhetoric of the President's party is to accentuate age group division and thus socially divide the country, it is impressive that the changes Congress has in mind for programs like Medicare do not precipitate generational division.

The argument that the young and the old have a vested interest in Democratic deficits is open to question. It is the young, after all, who will be spending their working lives paying for past legislative excesses. It is they who will benefit most from lower interest rates; they who would prefer to save for a home and to provide for their kids' education than pay taxes to legislators to take care of interest on the national debt.

As for the baby-boom generation—those 40 to 55—they deserve a solvent Medicare system upon retirement. And the elderly deserve to be protected from the ravages of inflation, which so capriciously robs them of their savings.

Mr. Speaker, as I have repeatedly stressed, no age group in America, young or old, has a vested interest in fiscal profligacy.

But working Americans' of all ages have a stake in establishing a more responsible fiscal policy. It is simply incontrovertible that the economy will create more jobs for more people with lower interest rates made possible by lower deficits.

In one sense, the difference between the parties does not appear great, with the Republicans advocating a 3 percent a year growth in spending and the Democrats 5½ percent. But since the 2½ percent differential is accumulative, the approximate $30 billion deficit difference in the first year grows to approximately a $200 billion difference in the seventh year. Over the full 7 years, the Democratic approach thus adds over $800 billion more to the deficit than the Republican alternative and leaves a gap at the end of the period comparable to the one at the beginning, whereas

the Republican approach leads to a balanced budget.

Finally, it would appear that the national spotlight is on the personality and ambition aspects of the issues, whereas the historic point is that the Congress is attempting to reestablish fiscal discipline. This personality interplay underscores the difficulties of hubris in the American political process.

The President, for instance, appears to have made a mistake in the middle of negotiations with Congress to accede to an interview with Dan Rather in which Rather pinned him down on whether he could accept a ''clean'' continuing resolution—precisely as the President requested that the Republicans give him—with the only stipulation being a 7 year balanced budget—which from time to time the President has endorsed.

Once he encapsulated his veto intention into a firm sound-bite, rational reconsideration became impossible. The pride of utterance preceded the capacity to review quietly and thoughtfully what was on the table and the best interests of the Government and average American citizen took a back seat to prideful exclamation.

Likewise, Republicans should be cautioned about expressing putsch-like intentions which misunderstand the nature of the constitutional process whereby, however weak a particular legislator may perceive this President, the Presidency itself is a profoundly important institution that should not be eviscerated.

Republicans may be right that a re-ordering of fiscal priorities is in order, but there is no call for delegitimizing government. The American national interest requires respect for process as well as outcome.

Ms. DUNN of Washington. Mr. Speaker, today we take a historic step in reducing the size of the Federal Government, providing families and employers with badly needed tax relief, and providing for a balanced budget in 7 years. We are building a path to the future that restores both hope and opportunity for all Americans—now and in the future.

We are dramatically changing the fiscal direction of our country. From a path of out-of-control growth of Government to a path of sustained expansion of the economy and job creation. Achieving a balanced budget will produce lower interest rates, higher productivity, improved purchasing power for all Americans, more exports and accelerated long-term growth. That will revive the American dream.

In addition to reducing Government spending and eliminating the deficit, we are providing incentives for growth of our economy. Two years ago, the Clinton administration imposed the largest tax increase in the history of our Nation, placed squarely on the backs of the American people. Those tax increases took real money out of the pockets of real American families.

This budget resolution unlocks the door to a prosperous, deficit-free future. Real incomes will grow faster, long-term interest rates will fall significantly, and Americans can once again look forward to their children doing better than they.

Our balanced budget is about more than just accounting and tidy bookkeeping. Budget deficits sap private investment, drive up interest rates, and debt service costs the average taxpayer nearly $800 a year in taxes. Ending these deficits is the most important economic program this Congress can enact. In my district, a family from Eatonville with an average mortgage of $75,000 will save $37,000 in interest over the life of the loan—an annual savings of $1,200. A University of Washington student with an average loan of $11,000—over 10 years—will save $2,160 in interest over the life of the student loan—an annual savings of $216. A Issaquah family buying a $15,000 car will save $900 in interest over the life of the car loan—an annual savings of $225.

Mr. Speaker, our Nation is at a crossroads. There are two competing visions of America's future. We can either adhere to the status quo as the President suggests—which means higher taxes on families, more spending, more debt, fewer jobs, and less opportunity for our children—or we can embark on a new responsible course by balancing our Nation's budget, cutting taxes, and restoring hope, confidence, opportunity, and prosperity.

It has not been easy making the tough choices needed to reach a balanced budget, but they are decisions that we have been willing to confront. They have been decisions that we had no choice but to confront—to do anything less would have been to neglect our responsibility as elected representatives. I cannot and will not turn my back on my country's future. I urge my colleagues to support the Balanced Budget Act of 1995.

Mr. FRELINGHUYSEN. Mr. Speaker, today, November 17, Congress will approve a historic plan which balances the Federal budget in 7 years. This is the critical debate about the future of the United States—are we going to balance the budget or aren't we?

I am as frustrated as anyone over the temporary shutdown of some Federal agencies. Indeed, this gridlock adds yet another reason for good citizens to lose faith in government. Nonetheless, I was elected to keep a number of promises, the most important being balancing the budget. We are actually doing this, not just talking about it. The way to restore faith in our system of government is to keep promises—especially this one.

America has a clear choice: we can continue to spend beyond our means, borrow from our children's futures, and run up the public debt over $5 trillion. Or, we can balance the budget with reasonable changes in programs, slow exploding costs of various entitlements, root out waste, fraud, and abuse, and yes, determine whether government must do everything for everyone.

Having listened to thousands of people in our area and answered more than 25,000 letters, I think I know the answer: balance the budget, carefully and with compassion.

When the rhetorical fog lifts, America will see an accurate and complete picture of our vision for this country. We are making fundamental changes to the Federal Government. We will balance the budget, reform welfare, and preserve Medicare and Medicaid, all the time spending more, not less. That's right, despite all the talk about cuts, the Government will spend $300 billion more over the next 7 years and still balance the budget by the year 2002. There is nothing extreme about keeping the public trust.

I am here in Washington, keeping my promises to the people of the 11th Congressional District who have written and called in saying ''hang tough,'' ''hold your ground,'' balance the budget.

Our children and grandchildren deserve nothing less.

Mr. SERRANO. Mr. Speaker, I rise in emphatic opposition to the Republican conference report on budget reconciliation that is before the House today.

The House passed a bad bill, and Republicans in conference have made it much, much worse. Thank goodness Democrats don't have to answer for that mess. The only bright spot is that, after the President vetoes this horror, we will be able to step back and, hopefully on a bipartisan basis, do a better job.

All thinking Members agree that we must bring the Federal deficit under control, but reaching balance in 7 years requires the kind of mindless slashing the Republicans propose rather than thoughtful changes over a longer period. But the Republicans insist on 7 years and on their misguided priorities and won't even permit our side to offer an alternative.

It is ridiculous that the Republicans' crown jewel is a $245 billion tax cut favoring corporations and the wealthy when they say balancing the budget is so important. It only makes tax increases for working families and deeper cuts in spending necessary.

But the moral flaws in this bill are more fundamental.

For decades, we have recognized a national commitment to the most vulnerable among us—children, families, the elderly, immigrants, the working poor, the sick and disabled. The Republicans end that commitment and make people in desperate circumstances the subjects of State-run experiments. No longer will children and families in dire straits be guaranteed some modest assistance. It will be up to the States to decide who is eligible and for what. This is not just bad public policy, it is immoral.

Republicans say this bill is necessary to save future generations from debt, but in this bill they punish the children who are our future, unless their parents are already well-off.

Far from encouraging work and supporting efforts to attain self-sufficiency, the Republicans pull the safety net out from under the working poor and raise taxes on 13 million working families. They cut health care coverage, child care, school nutrition, food stamps, and other supports, provide no resources for jobs and job training, threaten the viability of pension funds, and make it far more expensive for the children to improve their futures through higher education.

The Republicans continue the ongoing immigrant-bashing that began with H.R. 4, denying public assistance on the basis of legal immigration status, even denying immigrant children school breakfasts and lunches. This is outrageous. We know immigrants don't come here for public assistance; they come to join family members and to provide a better life for their children. They work, they pay taxes, they participate in community life, and they play by the rules. Why should they be treated as second-class citizens?

The Republicans make huge, untested changes in our health care system, threatening the health of our population as well as the ability of our urban and rural hospitals to survive. Unless States are willing to invest substantial amounts of their own funds, millions of low-income people, from the youngest children to the oldest seniors, will lose coverage for health care and long-term care. Seniors could even be thrown out of nursing homes if they run out of money, and that's after their spouses are evicted from their homes and

their adult children are forced to divert all their resources from their own families.

Many of the national programs the Republicans are gutting were created because some States were unable or unwilling to provide the most basic safety net for their vulnerable populations without Federal support. Now, the Republicans undo that by dumping huge new responsibilities on the States with no time to plan, establish new programs and bureaucracies, or hire and train State employees.

Who knows how quickly—even whether—States can rise to meet these new challenges.

Mr. Speaker, there is a great deal more to condemn about this bill, but I am out of time. In closing, I strongly urge my colleagues to reject this terrible conference report.

Mr. BORSKI. Mr. Speaker, I rise today in opposition to the House-Senate conference report on H.R. 2491, the Republican Budget Reconciliation Act. This legislation cuts from the heart of the programs and benefits that matter most to working and retired Americans in order to give huge tax breaks to wealthy individuals. The House should defeat this disgraceful bill and instead consider a reasonable budget plan that reduces the deficit in a fair and equitable manner.

Despite the outcry from Americans—young and old—across the country, the bill we have before us today has not changed much since it was first approved by the House. H.R. 2491 still cuts Medicare by $270 billion and Medicaid by $165 billion in order to lavish $245 billion in tax breaks to wealthy Americans. It still raises taxes on working Americans who benefit from the earned income tax credit—the best incentive we have for rewarding work and discouraging welfare. And it still slams the door on the future of our Nation's children by cutting student loans.

Since Speaker GINGRICH unveiled his budget, my office has been deluged with letters and phone calls from concerned senior citizens in my congressional district—the 20th oldest in the Nation. Approximately 100,000 of my constituents rely on Medicare. They are not fooled, Mr. Speaker, by the claims that this budget will reform Medicare and Medicaid and give them more choices in the health care. They know quite well that the opposite is true: The Republican budget will require them to pay more—for fewer choices and lower quality care.

A large portion of the Medicare cuts included in H.R. 2491 come directly out of the pockets of senior citizens. The bill will double the premiums currently paid by seniors for Medicare coverage, from $46 to about $90 per month. For the average senior citizen, whose annual income is only $13,000 a year, this is hardly small change. For seniors at or below the poverty line, the Federal law which pays for their Medicare out-of-pocket expenses will be repealed.

Under H.R. 2491, seniors will pay more, but receive far, far less in quality care and choice of service. In Philadelphia, our health care system and entire economy will be endangered by these insidious cuts. Many hospitals in my district, whose beneficiaries are predominantly Medicare and Medicaid patients, may have no alternative but to shut their doors. Health care workers—as many as 25,000 in Philadelphia and up to 6,000 in my district—will be at risk of losing their jobs. The hospitals that do survive will be forced to shift their costs to their customers who have private insurance.

As their out-of-pocket costs rise, and hospitals close, senior citizens will have fewer places to turn for their health care needs. Doctors will flee the traditional Medicare system to join the MedicarePlus Program created under the bill, under which insurance plans could charge seniors additional fees above and beyond what Medicare pays for. Those seniors who do not join MedicarePlus will be susceptible to the $36 billion unspecified fail safe Medicare cuts that are included in H.R. 2491. These cuts will automatically reduce payments to providers in the fee-for-service sector—but not in the MedicarePlus plans.

Senior citizens—and their children and grandchildren—will take an equally harsh hit by the Medicaid cuts included in H.R. 2491. In Pennsylvania, 65 percent of all long-term care costs are paid for by Medicaid. After our seniors have exhausted their lifetime savings, they rely on Medicaid to pay for the nursing home care they so desperately need. With the costs for a modest nursing home averaging about $4,000 a month, it is easy to understand how typical Philadelphia seniors could easily drain their savings in a short time.

Under the majority's budget, that safety net that Medicaid provides is eliminated. H.R. 2491 repeals the Federal guarantee that Medicaid will pay for nursing home care for seniors who have exhausted all their assets. As a result, seniors will need to seek other sources to pay for their long-term care. Inevitably, this burden will fall on the shoulders of their children and grandchildren.

While H.R. 2491 strips away the guarantees that Medicare and Medicaid provide to seniors, it also threatens the ability of their children and grandchildren to fulfill the American dream. The Republican budget disinvests the tools that American families need to work for a living, maintain self-sufficiency, and provide for a better future for their children.

H.R. 2491 actually increases the taxes on the earned income of more than 14 million working American families—including 21,000 in my congressional district. The budget increases taxes for these families through a series of reductions in the highly successful earned income tax cuts [EITC] program. This program provides a refundable tax credit to lower income, working Americans in order to keep them off welfare and in the work force.

H.R. 2491 also unfairly targets middle-income American families by cutting Federal student aid and child nutrition programs. It forces up to 1,000 colleges and universities across the country out of the Federal Direct Student Loan Program, cutting the number of direct loans available by about 1.9 million. It also cuts child nutrition programs, including school lunches and breakfasts, which allow our children to start each day well-nourished and ready to learn.

The majority in Congress claims that all of this pain for our Nation's working and retired families is needed to balance the budget in 7 years. Ironically, by 2002, this budget will still borrow money—$115 billion from the Social Security trust funds. According to the Congressional Budget Office, this budget runs a $105 billion deficit if you exclude the trust funds surplus. How can you call a budget balanced if it still relies on borrowing?

This raid of the Social Security trust funds adds insult to injury for the working families in my district who work longer and longer hours for less pay. While H.R. 2491 cuts the benefits and raises the taxes of these families, it borrows their hard-earned Social Security retirement benefits—and then gives billions of those dollars to those who have contributed the lowest percentage of their income into the Social Security trust funds.

Mr. Speaker, H.R. 2491 is not a balance budget measure. It is an attempt to redistribute the wealth of this Nation—from hard-working, middle-income Americans to the wealthiest individuals and corporations of this country. The very wealthiest American families—those earning over $350,000—will receive a tax windfall of $14,050 a year, while families with incomes under $50,000 will see a $648 loss.

H.R. 2491 achieves this huge transfer of wealth by enacting the Speaker's crown jewel—the $245 billion tax breaks for wealthy Americans. More than 52 percent of the tax benefits go to families with incomes over $100,000 per year, and 28 percent go to families with income over $200,000. H.R. 2491 also weakens the alternative minimum tax, which will result in a $16 billion windfall for large corporations.

Mr. Speaker, I do not believe it is fair to slash vital programs like Medicare, Medicaid, and student loans, while at the same time giving big tax give-aways to the highest paid individuals. Working Americans and senior citizens did not cause the budgetary program we now face. Our deficits resulted from the failed trickle-down policies of the eighties, which benefited the rich at the expense of the rest. Any serious and fair deficit reduction measure should seek to reverse those policies—not repeat them.

Mr. EVANS. Mr. Speaker, this Republican budget will destroy economic opportunity for millions of hard working men and women. They have made a choice to balance the budget on the backs of seniors, students, veterans, and the working poor.

They speak of sacrifice and responsibility, yet they are forcing low- and middle-income Americans to shoulder this burden while they give the wealthy and corporate America over $245 billion in tax breaks.

I have introduced legislation that would reduce the deficit by closing loopholes that the wealthy and corporate America use to dodge their responsibility of paying taxes and reducing the deficit.

While my bill eliminates more than $6 billion in tax loopholes that allow corporations to manipulate the foreign tax credit system, the Republicans choose to rob our children by slashing school lunch programs by the same $6 billion.

While my bill closes more than $1.6 billion in tax loopholes that give foreign investors complete capital gains exemptions and interest-free bonds, the majority cheats students of a college education by slashing direct lending for student loans by $1.6 billion.

While my bill closes more than $23 billion in tax breaks that allow multinationals to increase profits by decreasing their U.S. tax liability, the majority slashes the same amount from the earned income tax credit, seizing any opportunity from working families to stay off welfare.

We need balanced judgment in cutting spending wisely. But we cannot do that when the only choice before us is to leave loopholes for multinationals virtually untouched and economic opportunity for millions of Americans out of reach.

Mr. MILLER of California. Mr. Speaker, I rise in strong opposition to the conference report. On the basis of the flawed natural resources provisions in title V alone, Members should reject this misguided legislation.

This is not a serious effort to balance the Federal budget. The conferees have both ignored opportunities to raise real revenues by reducing wasteful subsidies, and missed a chance to improve the management of our public resources.

Instead, this conference report resorts to sacrificing a national wildlife refuge to oil exploitation, sanctioning the continued giveaway of miner-rich public lands at a fraction of their fair market value, and providing even more corporate welfare for subsidized irrigators. This bill undermines serious efforts at reform, such as those that have passed the House on a bipartisan basis in recent years, by providing inconsequential revenues to qualify their proindustry, antienvironmental policies for the sound efforts at modernizing resource management and saving the taxpayers billions of dollars.

The President has remained firm in his commitment to veto any budget reconciliation bill which would open the Arctic National Wildlife Refuge to oil and gas development. To include ANWR in this bill not only denies Members an opportunity to full debate and amendments under an open rule, but is an exercise in futility.

The majority of the revenues in this title are assumed to come from oil and gas leasing of ANWR. But don't bank on it, There's a phony bait and switch going on here.

To start with, don't believe the accuracy of CBO's assumption of $1.3 billion in Federal revenues from ANWR. Those estimates were based on old projections of $40 a barrel oil, currently less than half that price. By contrast, the administration projects just $850 million in Federal revenues, assuming a 50-percent share goes to the State of Alaska.

What the conference report doesn't tell you is that the State of Alaska currently is entitled to a 90-percent share under the Statehood Act of 1958, and Congress may not be able to change that entitlement unilaterally to 50 percent as the conference report proposes. If an all-but-guaranteed lawsuit reduces the Federal share to only 10 percent—a lawsuit predicted by the senior Senator from Alaska as well as the chairman of the House Resources Committee, among others—the Treasury would receive only $260 million instead of the estimated $1.3 billion, using CBO's estimates.

And if the administration's lower estimates are correct, then the Treasury will only receive $170 million. That's one-tenth the amount purported to be in this reconciliation bill.

The conference report further resorts to trickery in the sections of the bill addressing mining law. The Conferees pretend this is real mining reform and that the taxpayers will finally get a fair return from those who have profited royalty free from public minerals for the last 123 years.

But on Wednesday of this week, 230 Members voted to recommit the Interior appropriations conference report in part because the mining provisions in the budget bill were deficient. Now, these very same provisions that Members have rejected are back before us today, insulated from amendment.

The mining language purports to abolish the patenting of public lands for pennies. What the Conference Report really does is to grandfather both the existing patent applications and many existing claim holders, exempting them from any royalties. Patent holders would only have to pay for the public's resources based on the surface value of the land, which is like selling Fort Knox for the value of the roof.

The few mining companies that don't make it through the patenting loophole don't need to worry much either. They would pay only the surface value for the mineral-rich land. The 5 percent net royalty is so riddled with deductions that payments would be just $12 million over 7 years according to CBO. Twelve million dollars for billions of dollars in gold, silver and other valuable minerals. By contrast, in 1993 the House passed a comprehensive mining reform bill that would have collected $90 million annually according to CBO.

The conference report also includes more corporate welfare for western irrigators. It approves a prepayment proposal that will allow water districts to prepay at a discounted rate the highly subsidized debt that they owe the Treasury for reclamation projects, thereby exempting themselves from the requirements of Federal reclamation law. That means that these farmers, who have grown rich on the subsidies provided by the taxpayers of this Nation that were intended for small farmers, would be relieved from paying the unsubsidized cost for Federal water that is delivered to more than 960 acres of irrigable land.

By allowing prepayment at a discounted rate, the notorious irrigation subsidies will be locked in place forever. Only the largest and wealthiest irrigation districts will be able to participate in this program.

This bill also contains a very harmful and unwise decision to transfer land from the Bureau of Land Management to the State of California for use as the Ward Valley low level radioactive waste disposal facility. This issue has been under intense debate and scientific scrutiny for some time. The National Academy of Sciences review panel raised some concerns about the safety of the site and recommended additional tests before moving forward with the construction of the facility.

Secretary Babbitt was involved in final negotiations with the State of California, but those talks broke apart when the State inexplicably refused to provide assurances that the safety tests would, in fact, be conducted by the State prior to construction. And since those talks broke off last month, additional scientists have admitted concealing information about radioactive seepage at another facility run by the Ward Valley contractors in Nevada.

This provision is wholly inappropriate to the reconciliation bill because the tiny amount of funding involved—$500,000—is insignificant in budgetary terms. This is a fig leaf being used to drag through a major policy decision that could have serious safety implications for millions of Americans. The Senate version of this amendment was removed for procedural reasons, but it has sneaked back into this reconciliation bill. It is yet another example of the Republican majority trampling over sound science and environmental concerns to do the bidding of private industry.

It is instructive to note what is not in this legislation. We could have ended double subsidies to farmers who receive federally subsidized water to grow surplus crops that we are paying other farmers not to grow. We could have eliminated below-cost national forest timber sales that cost more to administer than they raise in revenue. I offered these amendments and others in the Rules Committee which would have raised over $1.5 billion in 7 years—more than even the illusory revenues that the conference report assumes from ANWR.

Simply put, the natural resource provisions of this legislation are an outrageous abuse of the public trust. The President will be fully justified in vetoing the conference report.

Mr. BUYER. Mr. Speaker, Winston Churchill once observed that sometimes doing our best is not enough. Sometimes we have to do what is required. The fundamental issue at stake between the Clinton administration and Congress is not just about balancing the budget but about our future as a nation, as a people. In passing the Balanced Budget Act, we will have done our best—we have done what is required.

The President has been talking about balancing the budget for 1,261 days, yet we see nothing. He sent two budget bills to the Congress this year, neither balancing the budget. In fact, the second would create a deficit of $210 billion in 2002, the same year our budget is projected to reach zero.

While the supporters of this plan to balance the budget are fighting for change, the President is fighting for the status quo. We want to cut spending; the President wants to keep spending. Before the year is out, America's debt could top the $5 trillion mark. Every Hoosier child born today will pay a whopping $187,000 in taxes just to underwrite their share of the public debt, a debt to which they were not a party.

This Balanced Budget Act takes a giant step in a new direction and the middle class is the big winner. It leaves more money with the people who earned it, rather than with a Washington bureaucracy that spends it. As a result of this legislation, a Fifth District family will pay $2,400 less a year on a $75,000 home mortgage, $1,000 less over the 4-year period on a new car loan, and almost $2,000 less on a student loan.

President Clinton wants to spend more of our money, borrow more from our children, have more bureaucrats in Washington, and have more power over our lives. This is the fight. Morally, we cannot continue to spend money that we simply do not have and continue to hand the bill to our children and grandchildren.

This is a historic moment for America. I support this measure because it is vitally important to put our country on sound fiscal ground. We can assure the American Dream for all families, but most importantly ensure that our children have a future. Balancing the Federal budget is the most important issue that faces our country. The Balanced Budget Act puts America on the path to a balanced budget and America will be all the better because of it.

Mr. METCALF. Mr. Speaker, I rise to express my support for the low-income housing tax credit. A week ago, I presented the Speaker with a list of 129 Members who signed my letter supporting maintaining the permanent status of this vital program. I ask that this letter with the signatures be submitted into the RECORD after my remarks.

The low-income housing tax credit is a market driven program which provides affordable housing for many disadvantaged families.

Ending the permanent status would make it difficult for local government, investors, and developers to make appropriate long-term planning decisions. Consequently, this would undermine the effectiveness of this program and reduce the number of participants willing to build affordable housing.

The Balanced Budget Act we are debating today will sunset this program. I am disappointed that the conferees did not accept the Senate version. However, I believe that we will find a resolution to this issue in the future. We must continue to provide affordable housing to the families and communities most in need.

I would like to thank all the Members who signed my letter.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, October 30, 1995.

HON. NEWT GINGRICH,
Speaker of the House,
Capitol, Washington, DC.

DEAR SPEAKER GINGRICH: We are writing to express our concerns regarding the elimination of the permanent status of the Low-Income Housing Tax Credit (LIHTC) in the Reconciliation bill and the possibility of sunsetting this program at the end of 1997.

Since its inception in 1986, the LIHTC has been successful at attracting private investment for affordable rental housing. Both nonprofit and for-profit developers compete for these credits to construct or renovate affordable housing for low income individuals. According to the National Association of Home Buildings, this program creates approximately 90,000 jobs a year, resulting in $2.8 billion in wages and $1.3 billion in tax revenue.

The LIHTC is a decentralized program administered by states according to their specific housing needs. The LIHTC is successful because it is a market driven program, free of interference from Washington. Investors exercise strict business discipline over the operation and development of this housing. As you know, building housing requires a great amount of time. A developer or builder needs adequate time to obtain the appropriate forms and meet building codes before constructing or renovating a unit. Ending LIHTC permanent status would make it difficult for state and local governments, investors and developers to make appropriate long-term planning decisions. Consequently, this would hinder the effectiveness of this program and reduce the number of participants willing to invest in, and build affordable housing.

We would like an opportunity to review all tax credits next year. However, we see no reason why we can't achieve this task while maintaining the permanent status of LIHTC. Once the GAO reports its recommendations, we can make administrative changes to safeguard this program.

We are asking you to please restore the permanent status of the Low-Income Housing Tax Credit. This credit is a form of a tax block grant which provides state and local governments with the resources to meet housing needs. The Low-Income Housing Tax Credit is a valuable program and critical in providing affordable housing for our citizens.

Sincerely,

JACK METCALF.
RICK LAZIO.

HOUSE OF REPRESENTATIVES,
Washington, DC, November 10, 1995.

HON. NEWT GINGRICH,
Speaker of the House,
Capitol Bldg., Washington, DC.

DEAR MR. SPEAKER: On Tuesday, November 7, 1995, my colleagues and I sent you a letter of support for maintaining the permanent status of the Low-Income Housing Tax Credit. Since then, additional members have asked to be included on this letter. Please add the signees below to the original 116 members who support the LIHTC.

I plan to submit the original letter with the updates signess into the record. Thank you for your attention to this important matter.

Sincerely,

JACK METCALF.

LOW INCOME HOUSING TAX CREDIT, MEMBERS SIGNING MR. METCALF'S LETTER TO SPEAKER GINGRICH

Member, Republicans: Mr. Lazio, Mr. Young (AK), Ms. Johnson (CT), Mr. McCrery, Mr. Nethercutt, Mr. English, Mr. Camp, Mr. Chrysler, Mr. Baker (LA), Mr. Fox, Mr. LoBiondo, Mr. Smith (NJ), Mr. Bereuter, Mr. Calvert, Ms. Roukema, Ms. Chenoweth, Mr. Ney, Mr. Hayworth, Mr. Klug, Mr. Torkildsen, Ms. Kelly, Mr. Blute, Mr. Hoke, Mr. Whitfield, Mr. Foley, Mr. Bunn, Mr. Walsh, Mr. Barrett (NE), Mr. Salmon, Mr. Taylor (NC), Mr. Castle, Mr. Bono, Mr. King, Mr. Jones (NC), Mr. Horn, Mr. Weller, Mr. Bateman, Mr. Davis, Mr. Knollenberg, Mr. Longley (ME), Mr. Bilbray, Mr. Tate, Ms. Morella, Mr. Cunningham, Mr. Gilman, Mr. Forbes, Mr. Bartlett (MD), Mr. Heineman (NC), Ms. Seastrand, Mr. Shays, Mr. Upton, Mr. Rogers, Mr. Boehlert, Mr. Bachus, Mr. Quinn, Mr. Funderburk, Mr. Flanagan, Mr. Colbe, Mr. Lewis (KY), Mr. Moorhead, Mr. Doolittle, Mr. Hobson, Mr. Bryant, Mr. Diaz-Balart, Mr. Dickey, Mr. Ehlers, Mr. Canady, Mr. Bonilla, Mr. White, and Mr. Crapo.

Additions: Mr. Cooley, Mr. Gilchrest, Mr. Hutchinson, Mr. Gunderson, Mr. Lewis (CA), Mr. McHugh, and Mr. Callahan.

Member, Democrats: Mr. Matsui, Ms. Kennelly, Mr. Barrett (WI), Mr. Luther, Mr. Holden, Mr. Pomeroy, Mr. Baldacci, Mr. Berman, Mr. Rush, Ms. Lofgren, Mr. Fattah, Ms. Meek (FL), Mr. DeFazio, Mr. Oberstar, Mr. Evans, Mr. Johnson (SD), Mr. Dicks, Mr. Costello, Mr. Williams, Mr. Bentsen, Mr. Barcia, Mr. Vento, Mr. Minge, Ms. DeLauro, Mr. Lantos, Mr. Frank (MA), Mr. Wyden, Mr. Menendez (NJ), Mr. Stupak, Mr. Frost, Mr. Meehan, Mr. Clay (MO), Mr. Markey, Mr. Lewis (GA), Mr. Reed, Mr. L.F. Payne, Mr. Farr, Mr. Mascara, Mr. Browder, Mr. Mfume, Mr. Abercrombie, Mr. Hilliard, Mr. Deutsch, Mr. Gutierrez, Mr. Torricelli, and Mr. Conyers.

Additions: Mr. Wynn, Ms. Woolsey, Mr. Ford, Ms. Eshoo, and Mr. Hinchey.

Member, Delegate: Mr. Victor O. Frazer.

Mr. LATOURETTE. Mr. Speaker, the primary focus of the 104th Congress has been to tackle the immoral and ever-growing Federal debt. This Congress has embarked on a historic plan to balance the budget in 7 years, or by 2002.

For far too long, the Congress has thought only of today, with little thought of tomorrow. For decades, the Congress has irresponsibly continued to pour truckloads of money into programs that provide marginal results at best, programs which overlap services, and programs which provide services no longer needed.

America recognizes that what we are doing in Washington—scaling back government, reversing decades of fiscal irresponsibility, is a revolutionary process, and one that is often painful. All I have asked in this budget process is that we go about it fairly, that we level with the American people and refrain from the monkey business of the past.

Recently, I was one of ten Republicans in the House to vote against the House-authored version of the budget. While I wholeheartedly agree with the necessity of balancing the budget in 7 years, I could not in good conscience support that version of the budget because it contained numerous favors to special interests. I promised my constituents that if a majority of my concerns were addressed and corrected, I would support final passage of the budget plan.

No legislation is perfect, and the Balanced Budget Act of 1995 is no exception. On the whole, however, I feel this is a budget plan that is fair; it is based on real numbers and it enables us to reach our goal of balancing the budget in 7 years. Furthermore, many of my concerns have been addressed and corrected. Nursing home standards have been restored; problems with the Medicaid funding formula have been fixed, including a spousal impoverishment clause; several environmental areas of concern are now addressed, and greater protections have been added to the pension provisions area.

We could wrangle over the details for years to come, but the clock is ticking and we must address our country's horrific debt now. In the coming 7 years, the lives of all Americans will be changed as a result of having a balanced budget. Economists agree a balanced budget will lead to falling trade deficits, rising productivity and a higher standard of living for Americans. Reductions in interest rates will be substantial. For example, the 30-year Treasury bond, now at 6.4 percent, could decrease by as many as 2 percentage points.

Lowered borrowing costs will be tremendous for business investment and other areas of the economy sensitive to changes in interest, including housing and the automotive industry—something vital to the economy of northeast Ohio. Also, a balanced budget is expected to free up billions of dollars for our States and cities. A Senate Budget Committee study shows that $919 million will be freed up for Ohio, and $56 million for Cleveland.

What will a balanced budget mean to you on a personal level? How will it impact your daily lives? Here are some of the highlights:

Interest on home loans for the average 30-year mortgage will drop as much as 2.7 percentage points, according to a National Association of Realtors study. With a 30-year $50,000 mortgage at 8.23 percent, families would save more than $1,000 annually, or more than $32,400 over the life of the loan.

Interest on car loans will drop by as much as 2 percentage points, according to a Joint Economic Committee study. Hence, if you take out a 5-year $15,000 loan at 9.7 percent, you will see an extra $900 in savings for your family budget. Meanwhile, interest on student loans also will drop as many as 2 percentage points, according to an Economic and Educational Opportunities Committee study. If your son or daughter borrows $11,000 at 8 percent interest, they will pay $2,167 less for schooling.

When our goal of a balanced budget is realized in 2002, the changes in our economy will be significant. Companies will be able to invest in new equipment and productivity will rise; this will lead to higher wages and better living standards. Best of all, a balanced budget will help create an estimated 6.1 million new jobs, according to a Joint Economic Committee study. These jobs will benefit the middle-class, welfare recipients, and high school and college graduates.

It is time we, as Americans, return to a life of fiscal responsibility; the Federal Government should and can be a role model. Americans are conditioned to believe Washington only does what is right for itself, not for America. This Congress is different. This Congress is committed to putting the needs of America and its financial future first, above all else, including our own re-elections. I am proud to vote for the Balanced Budget Act of 1995, a vote for the future of America.

With a balanced budget, we can return to an America we can all be proud of, one where every American has an opportunity to succeed, and one where all Americans can provide for their families and save for their futures. A balanced budget is truly our last, best hope to restore the American dream.

Mr. JOHNSON of South Dakota. Mr. Speaker, I rise in strong opposition both to the pending budget reconciliation bill and to the parliamentary rules under which it is being considered.

It is wrong to consider this wide-ranging legislation without the opportunity for any amendment or even for an alternative bill or recommittal motion. While I am a strong supporter of balancing the Federal budget, I will not permit myself to be forced by these rigid rules to support the outrageous budget priorities contained within this bill.

By spending $245 billion in tax favors, this legislation creates a situation where it has become necessary to cut deep into Medicare, Medicaid, education, and even to kill the entire farm program altogether. These are radical budget priorities that do not make sense to South Dakota families. It is particularly offensive to me that this legislation substantially increases income tax liabilities for families making less than $30,000 per year but provides a tax cut bonanza for millionaires.

There is no doubt in my mind that President Clinton will veto this budget reconciliation bill, and it is my hope that we can then begin a serious bipartisan effort at balancing the Federal budget in a manner which is fair to middle class and working families, the elderly, veterans, and rural America.

Mr. POSHARD. Mr. Speaker, I rise in opposition to the budget before us today and in strong support of the more reasonable alternative which I cosponsor along with many of my moderate Democratic colleagues.

We are at a momentous time in our Nation's history. It does appear the will exists to put this country on stable financial ground and balance our Federal budget.

There is no alternative. Our country cannot manage a debt of $5 trillion and billions of dollars in red ink in our annual budgets. unless we act, shortly after the turn of the century our tax dollars will go entirely to entitlement programs and interest on the national debt. There will be no money for environmental protection, transportation, law enforcement, education, medical research, or any of the other functions of government upon which people rely.

But I reject the notion that there is only one way to accomplish this goal—the option before us today. There is a better way—the coalition budget which I support.

Our budget restores the fiscal integrity to the Medicare trust fund and controls spending in that program by $170 billion to help us reach a balanced budget. That is in stark contrast to the $270 billion in Medicare controls in the Republican plan. That is $100 billion more than necessary to maintain the program, $100 billion which will be used to pay for tax cuts for wealthy Americans. This will be a tremendous burden on Medicare beneficiaries and will put hospitals in my district out of business. This is the most substantial argument against the Republican plan, and I will not vote for a budget which takes so much from the Medicare Program and gives it away in tax cuts.

The changes in the earned income tax credit hits the 19th District harder than any district in the State of Illinois. The list of concerns is long.

I've voted for a balanced budget amendment and now cosponsor a bill which will get us to balance in 7 years, as scored by the Congressional Budget Office. It is better for the American people in health care, education, agriculture, and the host of domestic needs which are important to our people. And it represents the broad middle ground where most Americans live their daily lives.

I will vote against this budget today because I know we can do better. I urge the President to work with us to balance the budget in 7 years. If we are to have a tax cut, I urge the Republicans to lower the income limits and let us target those breaks to the working people of this country.

We can reach an agreement that respects our obligation to care for our people and, at the same time, rid this nation of its burdensome debt. We are not there yet. I am voting against this bill today in the hope that we will get there with a better bill.

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, I rise today in strong opposition of the Republicans' Balanced Budget Act for fiscal year 1996. The Republican budget is a noncaring budget, it has no compassion for the American people and is one that the American people cannot be proud of. It not only balances the budget on the back of the disenfranchised, the measure is nonresponsive to the housing, health, education, environment, and employment training needs of the American people.

The Republicans' budget reconciliation holds our elderly hostage to their compromised health care condition and economic status, we need a budget that treats the elderly with the dignity and respect that they not only deserve—but have earned. We need adequate funding that provides for the older Americans' programs including essential nutrition programs, low-income home-energy assistance, and assisted housing. And of course we must ensure that Medicare is preserved.

The lives of more than 2 million Medicare seniors in Texas would be dramatically impacted, and by the year 2002 each Medicare senior in Texas would be asked to pay an additional $1,122 out-of-pocket expenses. Each would be forced to pay $4,000 more for fiscal years 1996 through 2002 to make up for the cuts. We want the future to be free but not on the backs of seniors and those most vulnerable.

The Republicans' budget proposal which forces our elderly to choose between food and heat, does not improve their quality of life. We need a budget that is kind to our Nation's children including those yet to be born. And one that provides adequate funding for healthy start, child care, and Head Start. Our children are our future. They have placed their future in our hands, we cannot sacrifice the trust.

In addition, we need a budget that strengthens support for higher education, student aid, trio, education for the disadvantaged, school reform, biomedical research, and community infrastructure. I have heard the voice of the American people and they want us to respond with a sound budget that is fair, responsible, and overturns the Republicans' assault on our Nation's most vulnerable citizens—the children, the elderly, the veterans, and hard-working families.

Mr. ALLARD. Mr. Speaker, when I ran for Congress in 1990, I made one principle commitment to the people of Colorado, I would do everything I could to balance the Federal budget. That is why I am so proud to stand here today.

The process of balancing the budget began last fall with the Contract With America. Despite intense criticism from the media and the liberals, the voters liked our contract, and they elected the first Republican Congress in 40 years.

After we won our majority, we did something really shocking: we kept our contract. The pundits said we never would. They said we couldn't actually balance the budget. They were wrong.

Immediately after the election, those of us on the Budget Committee set to work on a massive 6-year plan to restore fiscal discipline to our Government. We worked through the spring under the enthusiastic leadership of our Chairman JOHN KASICH. We never gave up.

This plan was then endorsed by our full conference and implemented by the Appropriations Committee and the authorizing committees. It was a monumental achievement. It is the proudest achievement that I have been part of in my 5 years in Congress.

Today, we will make history, we will balance the Federal budget for the first time in 33 years.

This new Congress has kept its commitment to our children and grandchildren. We said we would balance the budget, and we did it. The only remaining obstacle to a balanced budget is President Clinton. He has stated time and time again that he supports a balanced budget. Again, the truth will come out this weekend when he is presented with this plan. He has no intention of balancing the budget.

Judging by the rhetoric of those who oppose this plan one might get the impression that it contains devastating cuts. This charge indicates how far removed from reality the defenders of deficits have drifted. This budget does not cut spending at all, it simply slows the rate of increase.

Let me review some very important numbers. Over the last 7 years Federal spending totaled $9.5 trillion. Over the 7 years of this balanced budget plan, 1996–2002, the Federal Government will spend a total of over $12 trillion. Where I come from that is an increase, and it is a very substantial one.

Even the Washington Post has recognized the courage of our budget, particularly in the area of Medicare. We have made very modest changes in Medicare, and in the process we have saved the program from bankruptcy. Spending per beneficiary will rise from the current $4,800 to $6,700 per year. Let me quote from today's Post editorial:

> If the Democrats play the Medicare card and win, they will have set back for years, for the worst of political reasons, the very cause of rational government in behalf of which they profess to be behaving.

Mr. Speaker, we know the Democrats have already played the Medicare card, let's just

hope they don't win. We want to save Medicare, our opponents want to postpone the tough choices for another day. By then it may be too late.

It is important to keep in mind why we must balance the budget. This endeavor is about much more than numbers. It is about the future standard of living for our children.

I have been particularly gratified by the large number of letters I have received from constituents who say ''just do it.'' They realize that some sacrifice will be required of them, but they want the budget balanced.

Last year, we made a Contract With America. This balanced budget represents the very essence of that contract—a Federal Government that will be smaller, less intrusive, and more efficient.

We have kept our contract, and this has restored faith in our form of government. It proves that Promises Made—Promises Kept was much more than just another campaign slogan.

Mr. DOYLE, Mr. Speaker, when I came to Congress last January the people sent me here with instructions to stop the partisan bickering and work toward solutions. The people of western Pennsylvania continue to tell me that they want a balanced Federal budget. Well this Democrat supported a Balanced Budget Amendment which the other body did not pass. This Democrat supported a plan to balance the budget in 7 years which did not include a $245 billion tax cut when we can least afford one. The Gingrich budget is not fair and is not one I can support. People in western Pennsylvania do not understand why one-half of the burden is placed on senior citizens and students, while one-half of those who benefit from the tax cuts have annual incomes or more than $100,000. The American people are willing to share the sacrifice for as many years as it takes to balance the budget, but they will not support a budget that unfairly targets senior citizens, students, and low-income families, to award a tax cut for those with upper incomes. Let's stop the partisan grandstanding and work together to find a fair budget that can win the long-term support of the American people. Mr. Speaker, I urge my colleagues to defeat the Gingrich budget.

Mr. COYNE. Mr. Speaker, I rise today to oppose this conference report on the budget reconciliation bill.

The core provisions of the bill are still the same as the bill passed by the House. The conferees cut Medicare, Medicaid, antipoverty programs, and the earned income tax credit deeply in order to pay for tax cuts that primarily benefit the well-to-do. This legislation makes life more difficult for the most vulnerable members of our society in order to provide benefits to people who need help the least. Consequently, this bill is still completely unacceptable.

The conference report on reconciliation contains $80 billion in cuts in welfare and $30 billion in cuts in the earned income tax credit. The low-income housing tax credit is eliminated after 1997. Most low-income working families will not be helped by the bill's much-touted family tax credit. That is no way to make work pay. Republicans used to say ''a hand-up, not a hand-out''. Now that they have won control of Congress and they do not have to worry about additional handouts, it appears that they want to withdraw the hand-up as well.

The new majority wants to make $170 billion in cuts in Medicaid as well. Is there any doubt that the health of poor children, impoverished senior citizens, and disabled Americans will suffer as a result? Does anyone really believe that health care services in poor neighborhoods will improve after these changes are enacted? Does anyone really think that emergency rooms in inner cities will remain open when they lose money as a result of these cutbacks? These cuts are simply irresponsible.

The Republicans in Congress want to make $270 billion in cuts in Medicare as well. These premium increases would be hard for many low-income seniors to meet. Seven dollars a month does not sound like much to many people, but to someone living on a couple of hundred dollars a month, that premium increase would be a real hardship. Moreover, the shift to managed care that is encouraged—or should I say imposed—by the bill will compel many senior citizens to give up their choice of doctor in order to keep their medical bills from going up. They may also find it more difficult or expensive to see the specialist they need—or to get the most effective treatment for a particular ailment.

In addition, I have deep concerns that the shift to managed care will actually end up costing the taxpayer money in the long run—rather than saving money. The proposed Medicare-plus system has the potential to create a real problem with adverse selection. Healthy individuals can be expected to take advantage of private managed care plans, leaving the older, sicker Medicare beneficiaries in the fee-for-service plan. The sickest 10 percent of Medicare beneficiaries account for 70 percent of total program costs. It is unlikely that any of these beneficiaries would switch to managed care plans, or to medical savings accounts linked to high-deductible insurance plans. The cost to Government of providing insurance to the sickest people will increase as the risk pool shrinks to the most expensive cases.

In short, Mr. Speaker, this is no way to balance the budget. It is shortsighted, unwise, and inequitable. If this bill is adopted by Congress—and I anticipate that it will be—I hope that President Clinton will veto it. Then we can get down to the tough but necessary job of working out a fair, thoughtful, responsible budget plan.

Mr. KIM. Mr. Speaker, I rise today in strong support of H.R. 2491, the Balanced Budget Act.

The bill we are considering today is truly historic. For too many years, politicians have promised to balance the budget without achieving results to back up their rhetoric. The reason for this is simple: It is easy to promise to balance the budget, but it is incredibly hard to actually make the spending cuts needed to do so.

But this year is different. Last November, the American people said enough to empty promises and hollow rhetoric and elected a Republican Congress committed to balancing the budget. And Republicans have put our money where our mouths are. We have brought to the floor today a bill that makes real spending cuts that the Congressional Budget Office has certified will balance the budget by 2002.

Let me say that it hasn't been easy to get to this point. Almost every special interest group in this city that has a place at the Federal trough has tried to stop us. Since last January when Republicans took control, the media said it couldn't be done. And, most important, my Democratic colleagues have pulled out all the stops to protect the big government empire that they have built over the last 40 years.

But we have persevered, and we are here today with a bill that does exactly what we said we would do: Balance the budget by 2002.

You don't have to take my word for it though—let's look at what the Balanced Budget Act really does:

The Balanced Budget Act saves $900 billion—nearly a trillion dollars—over 7 years by reducing the rate of growth of—not cut—Federal spending. That's because we don't actually have to cut Federal spending to reduce the deficit. All we have to do is let Government spending grow slower than tax revenues and we can balance the budget.

And that's exactly what the Balanced Budget Act does. Under our plan, Federal spending will still grow—but by $900 billion less than it would if Congress did nothing. The result is a balanced budget in 2002.

Much of these savings are achieved by reducing the rate of growth of entitlement programs. As my colleagues know, much of the reason for the current budget crisis has been the inability of Congress to address the exploding cost of entitlement programs. Spending on such programs as Medicare and Medicaid makes up over two-thirds of the Federal budget and will soon consume the entire budget if Congress does not act.

The Balanced Budget Act finally addresses this problem. The bill fulfills our promise to leave Social Security alone but reforms all other entitlement programs.

The most important reforms occur in Medicare and Medicaid. Under the bill, Medicare spending growth will be reduced from its current 10% growth rate to about 6% a year. Medicaid spending growth will be reduced from 11% to 7% a year. By reducing the rate of growth in this way, we will save $270 billion in the Medicare Program and $160 billion in Medicaid.

More important, by slowing the growth of Medicare, the Balanced Act saves the Medicare Program from bankruptcy. As many of my colleagues are aware, the Medicare trustees, three of whom were appointed by President Clinton, recently warned that the Medicare trust fund would be bankrupt by 2002 if Congress did not act.

In response to this dire situation, Republicans have proposed a plan to save Medicare from bankruptcy. By attacking waste and fraud, giving seniors the option of joint a private health insurance plan, and slowing the growth of payments to doctors and hospitals, the Balanced Budget Act keeps Medicare solvent until 2011—the year the baby boomers

start to retire. In doing so, the Balanced Act ensures that Medicare will continue to be available for current and future generations of seniors.

But make no mistake about it: Even with these growth reductions, spending will still grow considerably in Medicare. Per-person spending in Medicare will increase from $4,800 today to $6,700 in 2002—a 43 present increase. Total spending on the Medicare Program will increase from $160 billion today to $247 billion in 2002. The fact is, under the Republican budget, Medicare will remain one of the fastest growing programs in the Federal budget.

In short, the Balanced Budget Act imposes much needed restraint on the growth of Federal spending—while still allowing vital programs to grow substantially. In addition, the bill provides a reasonable and fair plan to protect Medicare from the financial disaster.

But this bill does more than just reduce Federal spending and save Medicare: The Balanced Budget Act also provides much-needed tax relief for the middle class.

As my colleagues know, this bill provides $245 billion in tax cuts targeted toward middle class families making less than $110,000 per year. This tax credit will provide $147 billion in tax relief for middle class families, making up 60 percent of the tax cuts in the bill. The bill also provides tax credits to help for health care expenses, establishes tax incentives to help small businesses, and makes needed reforms to estate tax rules. Finally, the bill substantially reduces capital gains taxes—which are taxes on job-creating savings and investment.

These tax cuts are reasonable and fair. Predictably, however, our opponents are trying to gain political advantage by accusing us of providing a tax cut for the rich. Let me assure you that nothing could be farther from the truth. Under our bill, 65 percent of the tax cuts will go to families making less than $75,000 per year. much of the rest of the tax cuts go toward helping small businesses or establishing incentives for the creation of middle class jobs.

Finally, let's keep these tax cuts in perspective. While they are important for middle class families, they are not massive: The tax cuts in the Balanced Budget Act represent less than 2 percent of Federal revenues over the next 7 years.

In short, the bill provides badly needed tax reductions that will help average Americans—particularly working families—make ends meet. These tax cuts are not a giveaway. They are a rebate to working Americans of some of the cost that liberal big government policies have imposed on them over the last 40 years.

In sum, Mr. Chairman, the Balanced Budget Act is a reasonable and fair approach to balancing the Federal budget for the first time in a generation. The bill reduces the rate of growth of Federal spending while still preserving funding for vital programs. The bill provides much needed tax relief for the middle class, who for too long have shouldered too much of the cost of big government. and, most important, the bill keeps our promise to balance the budget by 2002.

Finally, let me finish by saying a few words about why we are undertaking this massive and politically risky project. the fact is, if we do not get Federal spending under control, we risk leaving our children and grandchildren with a mountain of Federal debt that will never be able to be repaid. If we do nothing, our children will face a country with higher interest rates, lower economic growth and fewer jobs than there would be under a balanced budget. If we do nothing, the safety net that supports the poor, the elderly, and the disadvantaged will collapse under the sheer weight of Government debt.

My Democratic colleagues accuse us of lacking compassion, but I say to them: How compassionate is it to borrow from our children and leave them to pay the bills? How compassionate is it to duck the hard choices, just to make things more difficult for those who come after us?

Mr. Chairman, it is time to face the music. Balancing the budget will not be easy or painless, but it must be done. The Balanced Budget Act is the way to do it. I urge my colleagues to support the bill.

Mrs. VUCANOVICH. Mr. Speaker, I rise in strong support of the conference report to H.R. 2491, the Seven-Year Balanced Budget Act.

We are balancing the budget today, Mr. Chairman, and instead of fear mongering and scare tactics, we have solutions. We have solutions to preserving and protecting Medicare, we have solutions to reducing the overwhelming tax burden on every American, we have solutions to returning government back to the States where it serves the people best, and, most important, we have solutions to eliminating this crushing debt our generation is in danger of leaving our children and grandchildren.

Mr. Chairman, in balancing the budget, we have listened to the pleas of the Clinton Medicare Board of Trustees and we save Medicare from bankruptcy. Seniors can breathe easy knowing that Medicare will be there for them and their children when they need it. Seniors will get increased benefits and will have more choice of how to obtain health care services.

On a personal note, Mr. Speaker, this bill provides Medicare coverage for oral cancer drugs for breast cancer patients, something the President has vetoed twice in the past week. As a breast cancer survivor, I am thankful that we are giving women another chance at life.

A good life is what we are trying to give all of our citizens. That is why the biggest falsehood of all is that this bill will hurt our children and our poor. The welfare and Medicaid provisions ensure that Federal funding goes to people who need it, rather than endless bureaucracies. States can finally put their ideas to the test while ensuring the health and welfare of low income children, seniors, and the disabled. And the taxpayer can feel good about providing a hand up, not a handout.

This is a historic vote, Mr. Chairman, because this vote will decide whether we leave our children the American dream or hand them the American debt. The choice is simple. Support this bill. Thank you Mr. Chairman.

Mr. SKAGGS. Mr. Speaker, I support balancing the budget. But I support doing it the right way. So, I cannot support this conference report.

Last month, when the House debated this bill, I voted to balance the budget the right way. I voted for the Democratic alternative. That alternative provided for balancing the budget in 7 years, without tax cuts we can't now afford, without undue cuts in Medicare and Medicaid, without raising taxes on lower income workers, and while making possible investments we need to keep our country strong in the future.

This is sharp contrast to this Republican bill, which I oppose. Under the Republican plan, the budget would be balanced in 7 years, but there the similarity ends. It includes a tax cut we cannot afford, most of which goes to the wealthy who least need it. And it sacrifices important parts of our future—including the future of our young people and priceless natural resources—for short-term savings.

To pay for their tax cuts, the Republicans' bill cuts Medicare and Medicaid more than necessary, with over half of the total spending cuts coming from those important programs. It also actually raises taxes on lower income workers, by revising the earned income tax credit. This will hurt 4 million low-income childless workers. It will also mean that some surviving spouses, who get Social Security, will lose EITC dollars, as will some older people with dependents—including some grandparents who care for dependent grandchildren. Remember, the earned income tax credit goes only to working people with low incomes—it helps keep people on the job, not on welfare.

The Republican bill also makes deep cuts in student loans, by nearly $10 billion over the next 7 years. In other words, it reduces our investment in America's future and makes it more difficult for our young people to get the education and training that they will need to get good jobs in an increasingly competitive marketplace.

And the Republican bill would sacrifice the wilderness and wildlife values of the Arctic National Wildlife Refuge's coastal plain, by opening it to oil and gas drilling—hoping for a gusher of oil company cash and hoping that the State of Alaska will accept a smaller share of that gusher than is now provided for by law.

Compared to this Republican bill, the substitute I supported would have cut about $100 billion less in Medicare, $100 billion less—that is, less than half as much—in Medicaid, $40 billion less in direct assistance to individuals, $10 billion less in student loans, $9 billion less in agriculture, and about $80 billion less in other discretionary spending. It would not have opened the Arctic refuge's coastal plain. And it still would have balanced the budget in 7 years.

Some may ask, how could that be possible? Mr. Speaker, it is possible. It's possible if we refuse to dig the hole of Federal debt deeper—that is, by refusing to cut taxes before we can afford to. And by ending billions of dollars' worth of particularly ill-advised subsidies to corporations.

That's the right way. That's the way that reflects better priorities and wiser policies than the Republican bill. That's what we should do.

We should maintain the earned income tax credit, which used to enjoy strong bipartisan support as an effective, nonbureaucratic way to enable lower income people to work their way into the middle class. We should close tax loopholes that let multinational corporations manipulate their books to avoid paying

their fair share of U.S. taxes and end other corporate welfare.

We should protect Medicare and Medicaid, and not—like the Republicans—be driven to cut them deeper than necessary in order to pay for a misguided tax cut.

We should provide adequate resources for nutrition, education, transportation, research, and crime control. We should make real welfare reforms, with flexibility for States, a crackdown on fraud, and enough funding for day care, training, and the other needs of people moving off welfare and into jobs. We should maintain funding for student loans, while protecting the benefits of Federal retirees and veterans' compensation.

We should protect the wilderness and wildlife of America's last untouched stretch of Arctic coastline, the coastal plain of the Arctic National Wildlife Refuge, and we should put an end to corporate welfare, including bargain-basement sales of the gold, silver, and other hardrock mineral resources of our public lands. The Republican bill goes the wrong way here.

So, Mr. Speaker, while this Republican bill is called a reconciliation measure, I can't be reconciled into thinking that it's anything but bad for the country. We can do better—in fact, we have a duty to do better. We should reject this Republican bill and instead do what should be done—balance the budget, but the right way.

Mr. PORTER. Mr. Speaker, this is a defining moment in our Nation's history, a moment when we say goodbye to the irresponsibilities of the past and hello to living within our means, to smaller, more efficient government, to spending targeted at achieving results, and ultimately to lower taxes.

We have had a welfare system that doesn't work, and this bill aims to reform it. We have had student financial assistance that leaves the taxpayers holding the bag on millions of dollars of loan defaults, and this bill aims to fix that.

We have had a Medicare system that while providing the best health care in the world has done so at an unsustainable cost that we know we must change to protect the integrity of the system, and this bill aims to provide increases in Medicare funding but at a slower rate and choices for seniors in health care delivery that will help to drive down costs. We have had a Medicaid system whose costs have spiraled out of control leaving many of our States' budgets in shambles, and this bill leaves the States essentially in charge of how best to serve their poor but with substantial Federal help.

But, most of all, this legislation defines a change from serving each special interest in our country regardless of the cost and asking our children and grandchildren to pay the bills to being responsible for the bottom line and paying ourselves for the benefits we receive. America's private sector has largely reinvented itself in the wake of the cold war victory of freedom over communism. Now, government must do the same thing. It will mean higher standards of personal responsibility for each of our people, higher standards that will change our society and make certain that we remain the strongest economy on Earth and preserve the compact that each succeeding generation will live better than the last.

Many, unfortunately our President among them, apparently will have to be carried kicking and screaming into this future and find it extremely difficult to give up the special interest politics that has dominated America for so long a time. They refuse to understand that with rights go responsibilities and with all the rights and privileges enjoyed by the American people, all of us have responsibility for the Nation as a whole. All of us must give something of ourselves to make our society work. That's what this debate is all about. A balanced budget, yes, but more, a profound change in personal accountability for every person in our country that, in the end, will make it better and ensure the opportunities and mobility which are the genius of our system.

The SPEAKER pro tempore (Mr. BOEHNER). Pursuant to House Resolution 272, the previous question is ordered on the conference report.

The SPEAKER pro tempore. The question is on the conference report.

Pursuant to House Resolution 245, the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 237, nays 189, not voting 7, as follows:

[Roll No. 812]

YEAS—237

Allard
Archer
Armey
Bachus
Baker (CA)
Baker (LA)
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Bilbray
Bilirakis
Bliley
Blute
Boehlert
Boehner
Bonilla
Bono
Brownback
Bryant (TN)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Castle
Chabot
Chambliss
Chenoweth
Christensen
Chrysler
Clinger
Coble
Coburn
Collins (GA)
Combest
Cooley
Cox
Crane
Crapo
Cremeans
Cubin
Cunningham
Davis
Deal
DeLay
Diaz-Balart
Dickey
Doolittle
Dornan
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Ensign
Everett
Ewing
Fawell
Fields (TX)
Flanagan
Foley
Forbes
Fowler
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Funderburk
Gallegly
Ganske
Gekas
Geren
Gilchrest
Gillmor
Gilman
Gingrich
Goodlatte
Goodling
Goss
Graham
Greenwood
Gunderson
Gutknecht
Hall (TX)
Hancock
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Horn
Hostettler
Houghton
Hunter
Hutchinson
Hyde
Inglis
Istook
Johnson (CT)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King
Kingston
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Lewis (CA)
Lewis (KY)
Lightfoot
Linder
Livingston
LoBiondo
Longley
Lucas
Manzullo
Martini
McCollum
McCrery
McDade
McHugh
McInnis
McIntosh
McKeon
Metcalf
Meyers
Mica
Miller (FL)
Molinari
Montgomery
Moorhead
Morella
Myers
Myrick
Nethercutt
Ney
Norwood
Nussle
Oxley
Packard
Parker
Paxon
Petri
Pombo
Porter
Portman
Pryce
Quillen
Quinn
Radanovich
Ramstad
Regula
Riggs
Roberts
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Roukema
Royce
Salmon
Sanford
Saxton
Scarborough
Schaefer
Schiff
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Skeen
Smith (MI)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Stearns
Stockman
Stump
Talent
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thornberry
Tiahrt
Torkildsen
Upton
Vucanovich
Waldholtz
Walker
Walsh
Wamp
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wolf
Young (AK)
Young (FL)
Zeliff
Zimmer

NAYS—189

Abercrombie
Ackerman
Andrews
Baesler
Baldacci
Barcia
Barrett (WI)
Becerra
Beilenson
Bentsen
Berman
Bevill
Bishop
Bonior
Borski
Boucher
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Cardin
Chapman
Clay
Clayton
Clement
Clyburn
Coleman
Collins (MI)
Condit
Conyers
Costello
Coyne
Cramer
Danner
de la Garza
DeFazio
DeLauro
Dellums
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Durbin
Edwards
Engel
Eshoo
Evans
Farr
Fattah
Fazio
Filner
Flake
Foglietta
Ford
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Gibbons
Gonzalez
Gordon
Green
Gutierrez
Hall (OH)
Hamilton
Hastings (FL)
Hefner
Hilliard
Hinchey
Holden
Hoyer
Jackson-Lee
Jacobs
Jefferson
Johnson (SD)
Johnson, E. B.
Johnston
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kleczka
Klink
LaFalce
Lantos
Levin
Lewis (GA)
Lincoln
Lipinski
Lofgren
Lowey
Luther
Maloney
Manton
Markey
Martinez
Mascara
Matsui
McCarthy
McHale
McKinney
McNulty
Meehan
Meek
Menendez
Mfume
Miller (CA)
Minge
Mink
Moakley
Mollohan
Moran
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Pallone
Pastor
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Pickett
Pomeroy
Poshard
Rahall
Rangel
Reed
Richardson
Rivers
Roemer
Rose
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schroeder
Schumer
Scott
Serrano
Sisisky
Skaggs
Skelton
Slaughter
Smith (NJ)
Spratt
Stark
Stenholm
Stokes
Studds
Stupak
Tanner
Tejeda
Thompson
Thornton
Thurman
Torres
Torricelli
Towns
Traficant
Velazquez
Vento
Visclosky
Volkmer
Ward
Waters
Watt (NC)
Waxman
Williams
Wilson
Wise
Woolsey
Wyden
Wynn
Yates

NOT VOTING—7

Brewster
Collins (IL)
Fields (LA)
Harman
McDermott
Neumann
Tucker

□ 1528

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

□ 1530

GENERAL LEAVE

Mr. KASICH. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the conference report on H.R. 2491, just considered.

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

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 440) ''An Act to amend title 23, United States Code, to provide for the designation of the National Highway System, and for other purposes.''.

PROVIDING FOR CONSIDERATION OF H.R. 2606, PROHIBITION ON FUNDS FOR BOSNIA DEPLOYMENT

Mr. SOLOMON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 273 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 273

Resolved, That upon the adoption of this resolution it shall be in order without intervention of any point of order to consider in the House the bill (H.R. 2606) to prohibit the use of funds appropriated to the Department of Defense from being used for the deployment on the ground of United States Armed Forces in the Republic of Bosnia and Herzegovina as part of any peacekeeping operation, or as part of any implementation force, unless funds for such deployment are specifically appropriated by law. The previous question shall be considered as ordered on the bill and any amendment thereto to final passage without intervening motion except: (1) one hour of debate on the bill, which shall be equally divided and controlled by the chairman and ranking minority member of the Committee on National Security; (2) one motion to amend by the minority leader or his designee, which shall be considered as read, and shall be separately debatable for one hour equally divided and controlled by the proponent and an opponent; and (3) one motion to recommit, which may include instructions only if offered by the minority leader or his designee.

SEC. 2. Notwithstanding any other provision of this resolution, if the minority leader or his designee announces that an amendment will not be offered, there shall be an additional period of one hour of debate equally divided and controlled by the chairman and ranking minority member of the Committee on National Security.

The SPEAKER pro tempore. The gentleman from New York [Mr. SOLOMON] is recognized for 1 hour.

Mr. SOLOMON. Mr. Speaker, for the purposes of debate only, I yield 30 minutes to the distinguished gentleman from Ohio [Mr. HALL], pending which I yield myself such time as I may consume. During consideration of the resolution, all time yielded is for debate purposes only.

(Mr. SOLOMON asked and was given permission to revise and extend his remarks and include extraneous material.)

Mr. SOLOMON. Mr. Speaker, House Resolution 273 is a modified closed rule providing for consideration of the bill H.R. 2606, a bill prohibiting the use of funds to deploy United States ground troops in Bosnia and Herzegovina unless specifically appropriated by law.

The rule provides for consideration of the bill in the House, instead of the Committee of the Whole, without intervening point of order. The previous question is considered as ordered on the passage of the bill without intervening motion except as follows:

First, 1 hour of debate is provided, equally divided and controlled by the chairman and ranking minority member of the Committee on National Security.

Second, one minority substitute is allowed if offered by the minority leader or his designee—debatable for 1 hour; and

Third, one motion to recommit is permitted which, if containing instructions, may only be offered by the minority leader or his designee.

Finally, the rule provides that if the minority substitute is not offered, there shall be an additional hour of debate on the bill, equally divided between the chairman and ranking minority member of the National Security Committee.

Mr. Speaker, let me conclude this procedural discussion of the rule by thanking the ranking minority member, Mr. MOAKLEY, for suggesting the option of an additional hour of debate if the minority chooses not to offer a substitute.

I thought, as did my majority committee colleagues, that this was an excellent idea because it will allow this House to have the kind of serious debate that this issue deserves, regardless of whether there is any alternative proposal from the minority side.

Moreover, I would point out that the right of the minority to offer a further amendment in the motion to recommit with instructions is still preserved by this rule. That would be debatable for the usual 10 minutes.

On the bill itself, Mr. Speaker, I would like to express my complete support for Mr. HEFLEY's responsible attempt to induce the President of the United States to consult Congress before he sends American ground troops into Bosnia.

Let me be clear: this legislation does not bar the President from sending troops to Bosnia. What it does is assert the constitutional prerogative of the Congress when it comes to the power of the purse.

This legislation requires the President to come to Congress, make his case for the mission, and gain favorable approval of the appropriation of funds for the mission.

Mr. Speaker, this is not only constitutional, but it is wise policy.

We need more debate here in Congress on the vital issue of Bosnia, because once again, (as has been the case several times since this administration took over) we stand on the verge of putting our young men and women in harm's way in a civil war where America has no vital national interest.

Mr. Speaker, American soldiers should only be deployed to zones of conflict when and if vital American national interests are at stake.

Mr. Speaker, American foreign policy has always been to come to the defense of sovereign democratic allies that came under external military attack. Bosnia does not meet this test.

Despite instigation and support from Serbia & Russia, the Bosnian tragedy is essentially a civil conflict.

And Members of this House, we should not get directly involved in a civil conflict—especially one that is so complicated and ancient as the one in Bosnia—and which occurs in a place where America has no vital interests such as oil supply lines or shipping lanes.

As heart-wrenching as this tragedy has been, and as despicable as the Serb aggression and tactics have been, this conflict does not justify the loss of American lives, not even one.

It is certainly not something I can justify to my constituents, who have sons and daughters that may not come home.

Mr. Speaker, the answer to this conflict today, is the same as it has always been: to lift the arms embargo, and let the Bosnian victims defend themselves against the Serb aggression.

The problem since 1991 has been a military imbalance of power in favor of the Serbs.

Mr. Speaker, the arms embargo froze the balance in favor of the aggressor.

This was a strategic and moral blunder.

Only when the Serbs are confronted by an equally capable armed force will they negotiate in good faith. Then, the Bosnians, Serbs, and Croatians will work out their own deal.

And in fact, both the Bosnians and the Croatians have proved of late that this is the correct strategy.

Both Bosnia and Croatia have recently scored impressive gains on the ground, made possible by weapons they have received through holes in the embargo, when we looked the other way, proving that they can take care of themselves, if we let them.

But what does the President want to do? Rather than following this scenario to its logical conclusion, and enabling the Bosnians to score even more gains, this administration now seeks to rein in the Bosnians, lock in the current status quo, which still favors the Serbs, and send young Americans to enforce an unjust and inherently unstable ''peace.''