

underfund a block grant to the States, and those persons who are now covered by Medicaid, currently covered by Medicaid, will now have to compete among others, if they will be covered at all, in the year 2002.

So Medicaid as a program, we must understand, is the underpinning for at least 26 million very, very poor persons, and at least 36 million Americans. Again, who are they? They are the elderly, they are pregnant women, they are children, and they are the disabled; no other health care do they know other than that. So when we reduce that by \$163 billion over 7 years, choices will have to be made as to who will be covered and who will not be covered.

States will be forced to make some very difficult decisions with their limited Medicaid funds. They must choose now, who will they offer health care? Which among those who are disabled now will have a health care and which will not have health care? Those are difficult choices to make between people you are now serving; and why should we have to make those difficult choices when there are other options? These choices are unnecessary in the very beginning.

We should remember that when we created Medicaid in the first instance, it was indeed to speak to the most vulnerable of those who need health care. This is not to suggest that Medicaid does not need to be reformed; of course, containment needs to be made. There are ways to have cost containment. There are ways to have better health care and prevention without denying people the opportunity of having health care.

Again, if you have to choose between \$245 billion worth of tax cuts at the same time by reducing the growth of \$163 billion over 7 years, you will have to make choices between millions of disabled persons, thousands of elderly persons and an unknown number of persons who are covered as mothers and children.

In my judgment, that is no choice, no choice whatsoever. Again, the President has offered a plan that cuts Medicaid by one-third as much as the Republican plan and yet balances the budget, cuts Medicaid by one-third as much and balances the budget. But more important than that, he maintains Medicaid as a Federal program, as entitlement to the people, not to the States, where the Republican plan would be an entitlement to the States. They would say, States, you have a right to this program, not people, not those 36 million people.

We will now be saying, North Carolina, California, Montana, whatever, States, you have that right, not people who live in the State.

So the President's plan would preserve Medicaid as a federally sponsored program that would be provided for those who are least among us and the poor.

Medicaid is indeed an important program. We need to know how to make it

more efficient; we need to make sure we serve as many people as we can.

Again, Medicaid as a block grant with no guarantee of health coverage whatsoever will mean that children and older Americans may have no place to turn. Indeed, America can do better than that. America can find a way to keep this entitlement for all of its citizens.

□ 1330

WHY WE NEED A BALANCED BUDGET

The SPEAKER pro tempore (Mr. EWING). Under the Speaker's announced policy of May 12, 1995, the gentleman from Michigan [Mr. SMITH] is recognized during morning business for 5 minutes.

Mr. SMITH of Michigan. Mr. Speaker, for the first day during the budget negotiations to try to come to a compromise for a balanced budget, the administration and Congress, I think, have made some progress. Maybe some of the hopefulness is in what has been suggested, that the CBO has estimated now that approximately \$135 billion extra will be available in their new baseline, and that means the differences are less in the dollar amount between the House and Senate.

Here is one problem, though, in the CBO estimate of their prediction of a somewhat rosier economy in the next 3 or 4 years. That is the fact that it is exactly that, it is 3 or 4 years. The projection in the fifth, sixth, and seventh year is so ambiguous that that is not where additional revenues coming into the Government are coming from.

Therefore, when you decide the social programs that are going to be continued and expanded, when you decide the entitlement programs that are going to be continued and expanded, you have to take into consideration what is going to happen the fifth, sixth, and seventh year. Those issues still need to be addressed today.

I particularly am very concerned about what happened on November 15 when the President disinvested the so-called G fund and the thrift savings fund as well as the civil service retirement trust fund for a total of \$61 billion.

Congress, who is given the authority in article 1, section 8, of the Constitution to control borrowing, has now had some of that power taken away from them by an administration that has found a special way to increase the debt load of this country by raiding the trust funds, \$61 billion.

It took this country the first 160 years of its existence, through Pearl Harbor, into World War II, before we had amassed that kind of a \$60 billion debt. In one fell swoop, the President and Mr. Rubin increased the debt load of this country another \$61 billion.

What I would suggest is that it is important to try to regain control of spending in this country and the debt ceiling in this country.

Mr. Rubin suggests, well, once we have appropriated the money, it is the responsibility of Congress to come up with whatever is necessary in additional borrowing authority to pay off those debts.

Here is what is being left out of the discussion, Mr. Speaker. It is the fact that most of the spending, most of the cuts to achieve a balanced budget are coming from the entitlement changes. Since a majority in Congress can no longer reduce spending through the entitlement programs without the consent of the President, we have lost some of our authority to control the purse strings of this country. So it is very appropriate to tie the debt ceiling limit to conditions of changing the entitlement programs of this country, to try to have the U.S. Government live within its means.

We need to remind ourselves what we are talking about in terms of what borrowing is doing to our economy and the obligation that that is passing on to our kids and our grandkids.

We are borrowing money now because we think what we are doing and the problems that we face are so important that it justifies us going deeper into debt and telling our kids and our grandkids that they are going to have to pay back this debt out of money they have not even earned yet. They are going to have their own problems.

Most people conceptually say, well, yes, Government should try to live within its means and balance its budget. The fact is, is that it has such an impact, not only on our moral obligations of what we pass on to our kids as far as increasing their obligation and problems, but also its effect on our economy.

Alan Greenspan, our chief banker of this country, head of the Federal Reserve, came into our Budget Committee and said, "Look, if you are able to end up with a balanced budget, interest rates will go down between 1½ and 2 percent."

Two weeks ago, he went to the Senate Banking and Financial Services Committee and said, "Look, if you do not end up with a balanced budget, interest rates could go up another 1 percent," a dramatic difference in the effect of our individual lives, on how much it costs us to buy a home or borrow money to go to school or buy a car.

Let me just say that it is so important to our future, to our economy, to our well-being in this country and the well-being of our kids, that we have got to have a legitimate balanced budget, and I sincerely hope the administration and Congress will get together and achieve that particular goal of a real, no smoke-and-mirrors balanced budget.

RESPONSIBILITY AND ACCOUNTABILITY FOR MEMBERS OF CONGRESS

The SPEAKER pro tempore. Under the Speaker's announced policy of May