The shortage of grain on a worldwide basis has heightened the already disastrous situation for ranchers affected by the drought. Because of a lack of grain, producers in my district are being forced to sit back and watch their cattle starve.

This legislation will allow the USDA to release 46 million bushels of feed grain that is being held in reserves.

Although this resolution is not amendable I would like to urge the USDA to make this grain available directly to the ranchers in the drought affected States who are in need.

New Mexico ranchers need this relief now.

Mr. BENTSEN. Mr. Speaker, I rise in strong support of House Concurrent Resolution 181, which directs the Department of Agriculture to release the national grain reserve. This action is necessary because of the severe drought conditions being experienced in the Plains and Southwest portions of this country.

Severe drought conditions have stunted the growing season for Texas cotton, wheat, and grain farmers. Soil erosion is becoming a critical issue as the dry season is beginning and summer winds will literally scour fields clean of nutrient rich topsoil.

Texas cattle producers are also being devastated by the drought because it requires them to buy more feed at a time when prices are extraordinarily high. Livestock producers in general are suffering tremendous losses because the natural forage withered due to lack of measurable rainfall.

This resolution allows the release of the reserve only if the President declares a natural disaster in the region, which President Clinton has done, or if we pass this concurrent resolution declaring that such reserves should be released.

Without immediate assistance, ranchers will continue to cull their herds, which will result in higher beef prices for consumers once the supply is exhausted. Mr. Speaker, this is not simply a rural issue. If prices of feed grain and beef are allowed to fluctuate wildly, all of us will feel the impact at the supermarket. We need stable food prices, and this resolution can help achieve that goal. I urge the Department of Agriculture to release this reserve directly to the cattle producers and not through the Commodity Credit Corporation to speed the aid directly to where it is needed.

Banks should also be allowed to extend nonperforming loans without increasing reserves. Allowing banks the flexibility to assist farmers will ensure my State's farmers can survive through this drought.

Mr. BARRETT of Nebraska. Mr. Speaker, I have no further requests for time, and I yield the balance of my time.

Mr. STENHOLM. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Nebraska [Mr. BARRETT] that the House suspend the rules and agree to the concurrent resolution, House Concurrent Resolution 181, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the concurrent resolution, as amended, was agreed to.

The title was amended so as to read: ''Concurrent resolution expressing the Sense of Congress that the Secretary of Agriculture should dispose of all remaining commodities in the disaster reserve maintained under the Agricultural Act of 1970 to relieve the distress of livestock producers whose ability to maintain livestock is adversely affected by disaster conditions existing in certain areas of the United States, such as prolonged drought or flooding.''.

A motion to reconsider was laid on the table.

□ 1600

GENERAL LEAVE

Mr. BARRETT of Nebraska. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on House Concurrent Resolution 181.

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

There was no objection.

PERIODIC REPORT ON NATIONAL EMERGENCY CAUSED BY LAPSE OF EXPORT ADMINISTRATION ACT—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 104–225)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on International Relations and ordered to be printed.

To the Congress of the United States:

As required by section 204 of the International Emergency Economic Powers Act (50 U.S.C. 1703(c)) and section 401(c) of the National Emergencies Act (50 U.S.C. 1641(c)), I transmit herewith a 6-month periodic report on the national emergency declared by Executive Order No. 12924 of August 19, 1994, to deal with the threat to the national security, foreign policy, and economy of the United States caused by the lapse of the Export Administration Act of 1979.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *June 4, 1996.*

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Hawaii [Mrs. MINK] is recognized for 5 minutes.

[Mrs. MINK of Hawaii addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina [Mr. JONES] is recognized for 5 minutes.

[Mr. JONES addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

DISCUSSION OF 1997 BUDGET

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

Mr. ABERCROMBIE. Mr. Speaker, I wish I could say it was a pleasure to be here today, but I intend to discuss the 1997 budget today.

Mr. Speaker, you may recall that I analyzed the 1996 budget activity in the context of an extended debate that took place on this floor, and in the other body, and you may recall, Mr. Speaker, that I invoked Members from the other body, like Mr. HOLLINGS and Mr. DORGAN, covering the full range of opinions certainly in the Democratic Party. I indicated in that discussion that I had in conjunction with the CONGRESSIONAL RECORD in 1996 that there was no such thing as a balanced budget being prepared, let alone put forward in 1996, and we have the same situation today.

Mr. Speaker, I do not doubt that it is very important for Mr. DOLE to resign from the Senate to run as citizen and/or candidate DOLE, because I do not think that in his role as Senator, let alone majority leader, that he would have the opportunity to have much credibility in the way of putting forward a balanced budget amendment, let alone putting forward a balanced budget for 1997.

My fundamental point, Mr. Speaker, is that the budget that will be presented to us shortly, possibly this week, and be dispatched as quickly as possible, as opposed to 1996, dispatched as quickly as possible because it is not a balanced budget.

Now, my good friend, my good and dear friend I would say, the gentleman from Ohio [Mr. KASICH], will come down, and he is an engaging individual. When I state my affection and friendship for him, Mr. Speaker, you know that it is a feeling that is genuine on my part. I value his friendship and I have genuine affection for him as an individual, but he has an impossible task. I grant he is probably the best one to try to put it forward.

As you know, Mr. Speaker, he is an avuncular person, even as yourself, and he will come down on the floor, and with his engaging smile and his wit and rhetoric, we will put the best possible face on the fact that this is not a balanced budget document. It is not balanced for 1997, it most certainly is not going to be balanced for the year 2002.

The reason I am taking the special order time, Mr. Speaker, with the budget, is that given the rules of the House it is virtually impossible to have any kind of lengthy discussion that

would illuminate for the public and for the Members exactly what the budget is all about. Most of this takes place in a hearing room, in the Committee on the Budget hearings, and in staff work that is being done, discussions between the House and the other body with respect to a conference on the budget. Suffice to say, and I will for the RECORD, and would be happy to engage, as I did previously when we discussed the 1996 budget, be happy to engage anyone from the Republican side or from the Democratic side, because the budget being prepared from the Democratic side does not balance either. The difference is that we can count, I can count.

As you know, Mr. Speaker, I would like to see the budget deficit disappear, but I think we should take a much longer period of time to do it so that we do not endanger the economy. I think that, interestingly enough, considering the labels that are put out about liberal Democrats and conservative Republicans or conservative Democrats and liberal Republicans, whatever these labels are, that I think the Federal Reserve, Mr. Greenspan's approach has been that the economy should be prevented from slipping into either recession or depression or slipping into a phase of inflation or hyperinflation. I think the stock market reflects this.

The fact is that the growth in the economy is such that with a judicious approach to deficit cutting, we could keep the economy robust and reduce the deficit. This is, in fact, what President Clinton has accomplished. I know this is a source of great distress to those who predicted disaster with the Clinton budget, as presented in 1992 and 1993, but the fact is that the deficit has been cut considerably both in percentage terms and in real dollars for 3 years running now, something which has not happened since the end of World War II.

So the President, not having the benefit of a Congress which is supportive of him in the majority; that is to say, a Republican Congress before him, has accepted the admonition of the majority to utilize the Congressional Budget Office figures in order to present to the public the idea of what would constitute numbers sufficient to have a balanced budget.

In that role; that is to say, of a President who is faced with a Congress that wants to balance the budget utilizing the Congressional Budget Office figures, he accepted that ultimately in 1996. His priorities were different. As a result of the priorities within those priorities were, the President vetoed various elements of the budget and the budget was ultimately settled in a series of confrontations, a series of recriminations and arguments back and forth as to who was doing what and why.

In the course of events, the Government was closed on various occasions and generally it was seen as a kind of sorry affair all the way around. Nonetheless, my point here is recounting that today is that we will not see that again, apparently, in 1997. We will go through the same series of illusions, using somewhat different numbers, but we will come to a much more rapid conclusion. The reason we will come to the more rapid conclusion is that we will not have the opportunity this year to go through—if the gentleman from Michigan would step to the microphone, I will be happy to yield at an appropriate point.

Mr. Speaker, if Mr. SMITH will grant me just a moment or two more to make the fundamental of my case, then I will be happy to yield to him. Always a pleasure to see him. In fact, he was one of the few people, as I mentioned previously, Mr. Speaker, who was willing to engage in a dialog and a colloquy on the question of the budget, and I value his input and exchange.

As I indicated, Mr. Speaker, in 1996, if you will recall, we went through weeks actually, not just hours or days of discussion but weeks of discussion, and in the course of that discussion I was on the floor reviewing the budget, and I will do so again for 1997. My fundamental premise is this, that just as there was only the illusion of a balanced budget proposal, whether single year or multiyear, in 1996, there will be only the illusion presented this year. It will be strictly for political consumption and will not amount to anything worth the paper that it is written on in such elaborate fashion.

I have here, Mr. Speaker, in my hand, and I will not have extensive charts down on the floor, I think the report speaks for itself, it is the concurrent resolution on the budget, fiscal year 1997, a report of the Committee on the Budget of the House of Representatives to accompany the Congressional Resolution 178 setting forth the congressional budget of the United States Government for the fiscal years 1997 through 2002, and it has additional minority and dissenting views.

Now, this document runs some 450-plus pagers, 455 pages or so, and it is a very interesting document. It takes 44 pages, which is the first 44, takes 44 pages to get to the actual budget, when we actually get to the fiscal year budget for 1997. It is preceded on the page 43 with the end of politics as usual. This, I take it, is not exactly an attempt at humor on the part of the Committee on the Budget, the Committee on the Budget not being known for its sense of humor, other than in the person of, as I said, the aforementioned chair of the Committee on the Budget, but in the end of politics as usual, functions by function description, it says, ''The discussions that follow describe the budget resolution's recommended priorities for the fiscal years 1997 through 2002.''

Now, it took us 44 pages to get there. We went through everything, including attacking corporate subsidies, economic assumptions of the budget resolution, the Clinton crunch, Americans' anxiety about their economic future, quite a rhetorical set-to in the first 44 pages. But what do we have then on page 44?

Well, it says at the end of each function, ''Additional provisions with budgetary effects are mentioned.'' Mentioned, Mr. Speaker. I am going to get into a little more detail. The discussions that follow reflect the assumptions underlying the House Committee on the Budget's recommendations concerning the funding priorities for programs in each function.

The actual changes for the programs fall under the authority of the authorizing and appropriating committees with jurisdiction over the programs.

□ 1615

Let me explain very briefly, for those Members who may not be fully familiar with the budget process and those members of the public which may follow the CONGRESSIONAL RECORD on this who may not be totally familiar with it, once the Committee on the Budget makes its recommendations, it provides through that recommendation a kind of game plan for us in the House and the other body, a game plan for the Congress.

Then the various committees in the Congress, whether they are authorizing committees or whether they are appropriating committees, authorizing meaning the program committees, the subject matter committees, and the Committee on Appropriations and its subcommittees, those who provide the money for the functions that are approved and authorized, they put the actual numbers and programs behind the Committee on the Budget recommendations.

So with that in mind, what do we get to? We hear from Mr. DOLE, Mr. Clinton, Mr. KASICH, Mr. SABO, heartfelt and I will say totally sincere admonitions to us to arrive at a balanced budget. Well, as I indicated, I think that can be done. I think it will take a lot longer period than 1997 to 2002, and I need only look at the actual budget document itself to come up with proof of that.

Let us examine what it actually says on page 44 of the budget resolution. Fiscal year 1997 through 2002, the deficit starting in 1997 will be—and these are estimates, they could go up or down. We realize that, but this is the best guess. And it is an informed guess by the Committee on the Budget and utilizing the congressional budget figures, and I take them at their word on this. And for conversation's sake, I will agree that these are the numbers that are under discussion and upon which we will vote—$163 billion deficit in 1995; 1996, it was $150 billion. The 1995 figure was down from the figures previous to that. You may recall during the last years of Mr. Bush's administration, the figures were 250 and above, between 250 and 300 billion. The number 163 then was progress. It may be too high for some people but unless you want to literally amputate the economy in order

to achieve a balanced budget, this is certainly within the range of acceptability. It certainly has been reflected, that acceptability has been reflected in the conservative bodies, if you will, of financial opinion in this country as manifested in the policies of the Federal Reserve and the response of the stock exchange. So we had 163 billion, down considerably from the 250 to 290 billion plus of previous years; 1996, 150; 1997, the estimate is 147.

This is a deficit I am citing. It is not something I am making up. I am taking this directly from page 44 under the column line deficit/surplus. Either it is a deficit or a surplus. This is the deficit. We get deficits in 1998, 1999, the year 2000, 2001, going from 147 to 142 to 114 to 87 to 39, certainly progress, then suddenly, as if by magic, Mr. Speaker, in the year 2002, we get a plus 3 billion, $3.185 billion.

To me it is like watching a television show I saw recently, I think it was called the Wonderful World of Magic. This is the wonderful world of congressional budgeting. When someone is sawed in half, I saw this again, that is one of the oldest tricks, sawing a, generally a young woman in half, we do not really saw her in half. You have the illusion of her being sawed in half. She waves from one end, and the box is split in half and the feet are wiggling at the other end. Then the box is brought back together again and magically she reappears. That knife that went through that body apparently was an illusion.

Well, the deficit cutting knife that is going through the deficit here between the years 1997 and 2002 is an illusion. Because suddenly, she is whole, the budget is whole, the budget has been balanced in 2002. Yet what happens then between 1997 and the year 2002, we have had an accumulated deficit of 528 billion. But magically, after that 528 billion in increasing deficit has occurred, suddenly, 528 billion later we achieve a $3 billion surplus for that 1 year. After that the deficit explodes again.

Mr. Speaker, surely you can see and surely Members can see and surely the public, upon reading this document, will see that this is a game that is being played, a ballet with the books, a budget that is in name, a budget balancing act which is in name only, an act, yes, but certainly not balanced.

I see the gentleman from Michigan [Mr. SMITH] has taken the rostrum down on the floor and I presume would like to have some discussion. I yield to the gentleman from Michigan.

Mr. SMITH of Michigan. Mr. Speaker, I hope we could also carry on a colloquy and make clear to the American people what is happening on this budget. When you speak of the young lady being sawed in half, I always figured that was contortions with one whole person in each half of the box. I think that contortions on the budget is something that Congress has become accustomed to.

I appreciate the gentleman from Hawaii suggesting that the budget is not a true balanced budget in terms of the fact that it does not consider whether it is borrowing from the 153 odd trust funds, the large contributor to that lending, of course, is the Social Security trust fund, but still——

Mr. ABERCROMBIE. Mr. Speaker, I had not gotten to that, but as Mr. SMITH knows from our previous discussion, that is where in fact the money comes from. We borrow the money to mask the deficit, do we not?

Mr. SMITH of Michigan. Well, I think there are two things. Technically, if you take all revenues coming into the Federal Government and then you subtract what you spend and if that number is a plus or minus, maybe technically it is balanced, but honestly, the fact is you are exactly right, which we are still continuing to borrow, in the year 2002, $100 billion from the Social Security and other trust funds.

Mr. ABERCROMBIE. That year?

Mr. SMITH of Michigan. That particular year. So we have now amassed approximately $500 billion that we have borrowed from Social Security and no way to pay it back. But let us not take our eye off of the ball that we are talking about. It seems to me that that ball, in terms of the Federal budget, is cutting spending. We have the ability in Congress to cut discretionary spending. But when you realize that discretionary spending only involves about one-third of the budget and we have got about 20 percent that goes to the interest on the money that we are borrowing and then almost half of the budget is entitlement spending, so I think your example of an illusion that somehow magically the budget is going to be balanced in these out years is exactly that, because will we stick to our guns and balance the budget?

Mr. ABERCROMBIE. Mr. Speaker, I do not think it is necessary for us to yield back and forth inasmuch as we have eye contact. I think we can do this, with the Chair's permission, carry on a conversation, because this is a colloquy and a conversation.

Would the gentleman agree then that there is no plan stated that I could find in this budget document, I have gone through all 450 plus pages, including the dissenting opinions, that provides a plan for repayment of the money that is borrowed to achieve this balancing of the budget in the year 2002, at least on paper?

Mr. SMITH of Michigan. That is correct. The gentleman is correct on that. Since 1986, when we started bringing in the greater surpluses from Social Security and some of the other trust funds, such as the Federal retirement trust fund, a law was passed back in the 1980's that says any surplus money automatically goes to the Treasury for borrowing. I think that is wrong. It is an incorrect way to be fiscally responsible for the future of Social Security and the other trust funds.

Mr. ABERCROMBIE. Would you agree that it is very convenient for the Committee on the Budget then to be able to cite the so-called surplus in the Social Security fund as a source of providing the funds for balancing the budget?

Mr. SMITH of Michigan. But I think we should make it clear, this is not Republican or Democrat. It is what everybody has been doing, and so I appreciate the opportunity to make people aware of the serious nature of Social Security. If I just might, 2 weeks ago, one of the former commissioners of Social Security said that she perceived that it would be possible sometime in the year 2005, that part of that year there would be less money coming into Social Security than was required for a payout; in other words, not having enough money. And so when do we start and how do we start paying back the money we own Social Security?

Mr. ABERCROMBIE. I am not an advocate of term limits. It all depends on whether you and I are here or not. But for some people who are advocating a balanced budget and have been castigating one side or the other over the lack of a balanced budget and who say they are for term limits, they want to pass this budget, they will be gone out of the Congress. And suddenly, 2005 will be here and they will say, it is not my fault, I had nothing to do with it.

Is it not our responsibility, if we are telling people that this is a balanced budget and there will be a balanced budget in 2002, that that be meaningful, that that not reflect an illusion, reflect borrowing for which there is no payback plan? You and I cannot borrow. If we say we should run the Government more like a business or the general illusions, we should at least be honest about our borrowing. You and I could not borrow money and not have a payback plan, could we?

Mr. SMITH of Michigan. I do not think we want to pick on the President, but we want to certainly include him in this discussion. Seventy percent of his discretionary cuts come in the last 2 years, that even if he is reelected he is not going to be here either. To pretend that we are going to do these gorgeous things in the last 2 years is not honest and it is not fair. We should have lower spending every year.

Mr. ABERCROMBIE. Would the gentleman agree that what is called back loading in the last 2 years is not limited to the President's budget, that it is also reflected in this budget put forward by the majority in the House?

Mr. SMITH of Michigan. Would the gentleman permit me to define what I see as the difference in those two budgets? The President's budget says that if it is not going to balance without the changes in the welfare and entitlement spendings, we want automatic spending reductions to come out of discretionary spending in those last 2 years. The Republicans have suggested, in your budget resolution book that you carry, that we are going to start changing those welfare entitlement spending programs. And that is a gradual transition so we start with some minor

spending cuts, and those spending cuts, by changes in the legislative language, become greater amounts in the out years. But, yes, both budgets depend on those last 2 or 3 years for a significant part of what is going to end up being called a balanced budget.

Mr. ABERCROMBIE. Both budgets depend on balloon payments?

Mr. SMITH of Michigan. Both budgets depend on those out years to accomplish the final goal. I think that should call to our minds and attention that we should have a gradual sloping line. We should get on that glide path and reduce spending every year for the next 6 years to make sure that we have a balanced budget, not leave it up to future Congresses in case you and I are not here.

Mr. ABERCROMBIE. You and I may not be here after today. Although I must say that this does show, I think, that this is not so much a question of majority versus minority. It is a question of whether you want to be honest about it.

My defense, if you will, of the President's approach under this is that the President has accepted, and I will say in good faith, the congressional budget numbers as offered by the majority. His difference comes in this, in how he prioritizes the spending changes. We can argue that and I think we should argue it a lot more.

My fear is, and what I said earlier today was, because it is so difficult to understand terms like out years and whether a surplus is really a surplus and those kinds of things, because it is so difficult, the majority, I am given to understand, intends to put forward the budget and the amount of discussion that is going to take place about the budget, such as you and I are having right now, will be minimized. In fact, it will be virtually nonexistent. From what I can gather, both sides are apparently quite content to do that. Although I would welcome the opportunity, if Mr. SOLOMON and the Committee on Rules would agree, to open up the budget for 3 or 4 or 5 days' review.

□ 1630

Mr. SMITH of Michigan. Do you agree, Mr. ABERCROMBIE, if I might presume to ask you a question, that we should cut spending enough, both discretionary spending and the welfare entitlement spending, enough so that at the end, when we call it a balanced budget, we are no longer borrowing from Social Security.

Mr. ABERCROMBIE. I not only agree, but I think we should have an extensive discussion as to what exactly constitutes welfare, what exactly constitutes discretionary spending, what programs should we have and not have.

For example, my understanding is that the Speaker, for some reason unknown to me, is proposing a defense act or bill which revolves around national missile defense. Now, I would say, and I would hope you would agree, that the majority has not only very able, but extremely well-informed, experienced legislators on the Committee on National Security, of whom I can name two or three right now: Mr. WELDON, Mr. HUNTER, and Mr. CUNNINGHAM. I can th1nk of just three offhand. And the minority has people like Mr. SPRATT.

Mr. DELLUMS, others I could name, Mr. PETERSON of Florida, who are equally capable, and equally capable, by the way, of defending and rebutting on the question of national missile defense.

But the Speaker has said he wants to bring forward a missile bill. Now, I do not think the Speaker knows any more about missiles than he knows about Hawaiian malasadas, and I do not think he knows much about malasadas, and I will spell that after this is over, but take it from me, it is a Portuguese donut, and I do not think he knows much about it. I think Leonard's knows all about it out in Honolulu.

But that budget, if we are going to talk about spending and welfare, has to be looked at very hard. The Congressional Budget Office, as I understand it, came up with figures just to acquire this defense system, missile system, national missile defense, of between $30 and $60 billion. Now, that is a serious question; and we cannot hide behind the idea that somehow, if you are for it, you are for defense, if you are against it, you are against defense, when you have to put it in terms of what constitutes proper spending under the admonitions that you just enunciated.

Mr. SMITH of Michigan. Just as a footnote, my understanding is they are talking about a program that would be closer to $5 billion now, but just for everybody I think we should put it in perspective of what the military budget is in relation to other spending.

The military budget, 1 of the 13 appropriation bills, is approximately 15 percent of the total Federal budget. The welfare entitlement programs are approximately 50 percent of the budget. I think we need a discussion in our effort to balance the budget, what should be the obligations of the Federal Government——

Mr. ABERCROMBIE. I agree.

Mr. SMITH of Michigan. What is its priorities and what should we do, and I think the gentleman would agree, whether we are spending $350 or $340 billion, that defense is an absolute responsibility of the Federal Government.

Mr. ABERCROMBIE. I am sure the gentleman would agree also that an investment in our children, an investment in the educational infrastructure and foundation, both literal and figurative, of our children is equally a national priority and a defense of the Nation. So what we need is a discussion as to what constitutes an actual strategic policy of the United States with respect to procurement of military technology and what constitutes an investment in our people as well. That deserves a discussion.

I am not saying necessarily a lengthy discussion, but it certainly deserves a discussion in depth, and perhaps the gentleman could indicate whether my understanding is correct, that the intention of the majority, the intention of the majority leader and the Committee on Rules is to dispatch this budget within a day or so of our discussion today.

Mr. SMITH of Michigan. Well, I think, Mr. ABERCROMBIE, what I will do is make one more comment. I feel somewhat guilty using your hour of time——

Mr. ABERCROMBIE. No; not at all.

Mr. SMITH of Michigan. And doing part of the talking, but it seems to me when you mention, when you mention having an investment in our children and our grandchildren and in future generations, it seems to me that there is something immoral about the fact that we think our problems today are so great that we are borrowing the money that they have not even earned yet, that somehow we are saying, look, we are going to borrow the money, and our kids and our grandkids are going to have to pay it back, our debt today, like they are not going to have serious problems of their own in the next 20 or 30 years.

So, No. 1, I say it is immoral for us to overspend and borrow the money and make our grandkids pay for it; No. 2, I say it is dumb economically because what we are doing now is we have a Federal Government that borrows 41 percent of all the money lent out in the United States. Alan Greenspan, the chairman of the Fed, said, ''Look, if you guys balance the budget, you're going to end up with interest rates that are 2 percent lower. You'll see this economy and jobs go like they have never gone before.'' Yet we, as politicians, find it difficult not to say ''yes'' to everybody.

Mr. ABERCROMBIE. Well, are you making an argument to vote against this budget then, because it does not balance, as you indicated, and it does borrow immorally against a future, the immediate future.

Mr. SMITH of Michigan. I would say the first thing I did when I came to Congress 3 years ago was introduce my own balanced budget.

Mr. ABERCROMBIE. I credit you for that.

Mr. SMITH of Michigan. I balance it in 5 years. I think we should be even more frugal than this Republican budget. I think we should cut more spending. I think we should be more aggressive in our determination to end up with what you suggest, a true balanced budget, but it's the best we have got.

Mr. ABERCROMBIE. Let us talk about that.

Mr. SMITH of Michigan. This Republican budget is the best one of the whole bunch that we have got, certainly much better.

Mr. ABERCROMBIE. Let us talk about it just a minute. Would you indulge me and stay a moment longer because you know I want to catch you up on the importance of what you are saying, what I think I understand you to be saying.

You think it is immoral to borrow money that you have no plan to pay back for because our kids have to pay for it; right?

Mr. SMITH of Michigan. Yes.

Mr. ABERCROMBIE. And this budget does that over the next 5 years, or whatever the timeframe is, approximately 5 years, and I asked you then, I said, well, do you think then this is an argument against this particular budget? And you said, well, no, because you thought maybe you could even be more harsh. Certainly you did not mean that there should be greater cuts now and more borrowing.

Mr. SMITH of Michigan. No; I think there should be more cuts.

Mr. ABERCROMBIE. Well, either you do the cuts—can you come up with $528 billion?

Mr. SMITH of Michigan. Can I come up—you mean—are you talking about $500 billion that we owe——

Mr. ABERCROMBIE. I do not ask you that in a pejorative fashion. I am just trying to take the figure that is here in the budget because—that is presented by your party, by the majority party—because, as I understand this budget, they anticipate over the next 5 years a deficit of $528 billion. So it seemed to me that you would have to come up, if we are to balance the budget according to the—and I accept your premises; I mean I do not think they can be accomplished, but I accept that you mean these premises and you are putting them forward in good faith.

What that would mean in any estimation is that you would have to come up with a plan, not you personally necessarily, but the majority would have to come up with a plan for saving or cutting $528 billion and most certainly probably could not have a tax cut——

Mr. SMITH of Michigan. But, see, by definition, if you were to cut out that 500, that means a balanced budget this year. That means no overspending. And I think the pickle that we have got ourselves into by continuing to promise more and more people more and more things that we cannot afford, whether it is Social Security or whether it is Medicare or Medicaid or AFDC or anything else, we are going to have to gradually phase this down. As a conservative that thought we should balance the budget as a high priority, I thought we should do it in 5 years. The decision was: Let us get the economy going with tax breaks and do it in 7 years.

So I say OK, but let us take the best, the most frugal budget that gets us closer to the balanced budget, and so far it is the Republican budget.

Mr. ABERCROMBIE. Thank you very much. I appreciate it.

As usual, Mr. SMITH has been very forthright in his presentation, and I am appreciative of that. However, I would hope, Mr. Speaker, that you would consider what has been said during this colloquy, which I hope was at least informative, if not illuminating, and in the process then think about what Mr. SMITH said.

We know what he would prefer. He would prefer the deficit to disappear more quickly, and the reason that I find the notion amusing is I would prefer to be able to dunk a basketball, but I probably would have to pay a lot more in taxes. But I do not think that is going to happen. I mean it is an interesting thing to think about. In fact, I thought about it a lot in my life. I look at that basket up there, and I think, you know, it would be interesting to be able to dunk the ball. But it is a fantasy, and the difference between, I think, a sane person and someone who is steeped in illusion is to know the difference between fantasy and reality.

It is a fantasy, and by Mr. SMITH's own calculations it is a fantasy, to believe that we are really going to balance the budget in 5 years' time, or 7 years' time, because we have not taken into account where we borrowed the money to be able to put the numbers on the page to pretend that we were balancing the budget. Or we have imagined savings that somehow are going to take place like a balloon payment.

You notice I mentioned the phrase balloon payment because I think that is as close as the average person would come to be able to relate their own budget, say their own mortgage, to what is taking place here in the Congress.

I take no pleasure in going through this. On the contrary. I am glad Mr. SMITH was down here so that it does not look at if it is just something I am conjuring up in order to take up time or to try and make some remarks that can be seen as very smart and sophisticated and dismissive of the genuine problem that exists with respect to the deficit. On the contrary. I would take what Mr. SMITH said very much to heart.

If you recall, if I recall correctly, he stated something: We should do it more gradually. Well, say 7 years was gradually to him. Well, maybe it would take 17. After all, we take 30 years to pay a mortgage on a home. In many instances we take 5 or 6 years to pay a car, we take some months or even years to pay off an appliance. It seems to me that if we are talking about the economic stability of the United States of America, to put a 30-year timetable or a 15-year timetable on paying down our deficit so that our economy stays stable, in fact stays robust and growing, that inflation stays in check, and interest rates remain low, and confidence high, that that would be an excellent use of our time vis-a-vis the growth capacity and possibilities of the U.S. economy.

So there is no need to go through this kind of a charade with the budget unless we are trying to score political points and not deal realistically with the question of the budget and balancing it.

Let me further state then at this point a subject that we got into very briefly; that is to say Mr. SMITH and I got into it very briefly: How do you balance the budget when you are borrowing against Social Security, the so-called surplus in Social Security? And parenthetically, Mr. Speaker, let me say that that is not really a surplus. What we are doing now is what the average person thinks about when they put their savings together. They save now in order to be able to draw upon it in the future when it is needed.

Now, the rough parallel to that is the Social Security System. We are paying into Social Security more than we take out presently because we know that in the future those funds will be called upon to be paid out. More people will be drawing upon Social Security with less people paying into it, we will have to make adjustments at some point in order to take that into account. Now, presumably the economy will grow, the percentage that may be taken in your Social Security tax, your payroll tax, et cetera, may increase in absolute numbers because the economy grows.

All of those things can be guessed at, taken into account, but nonetheless the general proposition is, is that the Social Security trust fund must take in more money than it pays out as it goes along in order to be able to meet the requirements that Social Security will have to meet sometime in the next century in the early part of the century.

If that is the case, and we are borrowing from Social Security trust fund and other trust funds, principally Social Security, if we are borrowing from them and have no plan to pay it back, because I think Mr. SMITH agreed that nowhere in the 1997 budget projections through the next 5 years is there a plan to pay back Social Security, now, Mr. Speaker, if you and I borrowed money from ourselves and had no plan to pay it back, I do not think either of us would feel that that money somehow would magically appear in the year 2002.

All that being said, Mr. Speaker, the borrowing, the deficit rising, no plan to pay it back to the Social Security System, how then is it possible to claim that the budget will be balanced in 2002? How is that possible and at the same time have a tax cut that will take revenues out of the system?

Does it not make sense to you, Mr. Speaker, that if you are borrowing money in order in order to mask a deficit, that if you have a tax cut, which in fact increases the amount of money that will not be going to the Treasury, in addition to what you are borrowing, you are actually increasing the deficit? you are actually increasing the deficit even more.

This is why I oppose this idea of cutting taxes while you say you are balancing the budget. I have no objection

to a tax cut if the tax cut is not couched in terms of balancing the budget. Surely we have been through this before.

□ 1645

Mr. Speaker, I have no objection to tax cuts as such. Quite the opposite. I would like to see tax incentives. I would like to see, for example, and I think it is well known, I believe that we should have a business meal entertainment deduction increase. I would like to see it at 100 percent. I have no objection to supply-side economics, as such, when we can justify it, deliberate it, and discuss it on an issue-by-issue basis. I think that I could make a case that the business meal entertainment deduction is a job provider, is a job generator; that we could find labor and management on the same side of the table on that. I think the spousal deduction for travel ought to be put forward as an incentive to boosting the economy.

I think we will find, Mr. Speaker, in our home States that tourism, entertainment, and travel constitute one of the top three business endeavors in our States. Tourism, travel, and entertainment is the top money producer and job generator in some 13 States, and it is one of the top three in 30-plus States.

I am willing, Mr. Speaker, not only willing but eager, to have a discussion about where we can have tax incentives and tax breaks, and discuss what constitutes, as I said with the gentleman from Michigan previously, what constitutes welfare. Welfare is not just something that comes with a single mother and children. Welfare can come to corporations, too.

I notice that Mr. Trump was not hurting for people to come to his aid and rescue when he needed all the benefits of corporate welfare, when he was running through his various real estate machinations in New York and Atlantic City and elsewhere. Business has these incentives and breaks all the time.

I think individuals ought to be able to finance their education. We cannot exist in the 21st century without a good education, and I think that would be a good investment, if we can find a way to provide tax incentives and breaks to accomplish that. I think we would benefit from that.

The argument against that is the immediate consequences of some incentives and cuts and breaks, whatever we want to call them, may be a drop in the Treasury. I would argue that. We would have to determine whether or not, for example, with business meal entertainment deductions and the spousal travel deduction, if we were able to increase that, I think more business would be done, and I could make an argument that revenues would increase. This is essentially the supply-side argument that took place in the 1980's.

However, if we take it in such a broad brush that it is to cover everything, then I think we run into the trouble that this budget runs into, that we cannot make the numbers add up. That is where I think the difficulty occurs here. I would like to think, and I certainly hope that I am a reasonable person who takes his oath as seriously as anyone does in all of the Congress, and I believe every one of my colleagues and yourself, Mr. Speaker, takes himself or herself quite seriously when it comes to carrying out their duty under their oath of office.

As a result of that, I would like to think that while we may have disagreements as to the precise way in which we can accomplish our goals, that nonetheless, the discussion as to how to arrive at that is not only very valuable, but crucial to determining whether or not we are actually going to accomplish the goal. The goal here is ultimately to balance the budget while keeping the economy robust, and to see to it that the average American throughout the spectrum of opportunity and individual capacities and abilities does the very best that they can nationwide. That is what we do.

Mr. Speaker, it used to be a point of pride in this country that people earned a good living, that they could end up better than where they started. Now we seem to see an ethos developing of cost-cutting, which means people-cutting. People are being rewarded at the top of the corporate hierarchy for being able to cut jobs out, and to see to it that people are maligned simply for trying to get an increase in the minimum wage.

I do not think this is the atmosphere in which we want to discuss something like balancing the budget, because if the only way to balance the budget is to take it on the backs of children or on people trying to better themselves in life, that is no solution. To me, that runs counter to my understanding of what the American dream is all about.

So in that context, then, it seems to me that what is very important here is that we discuss what is actually happening. What actually is happening is that the budget is gradually being balanced, as it should be, without endangering the economy. The deficit declines for the fourth consecutive year in 1996. This is the first time it has happened since the Truman administration. I am going over some of the elements that I have cited before in a little more detail.

The traditional Congressional Budget Office baseline projections include discretionary spending at caps established in 1993 and show the deficit rising after 1996 and reaching $210 billion in 2002. This is $18 billion lower than the December projection of this year, and $80 billion lower than April of 1995. In other words, these numbers can change with the wind, but the wind has to be blowing in the right direction.

The direction of the budgetary wind is this: That we have a prudent understanding of what it takes to have the budget balance. To simply do it arbitrarily, as is done in this 1997 budget, and to think about the idea of cutting taxes at the same time that you are trying to achieve a balance in the budget and a reduction of the deficit, more than a reduction, the balancing of deficit spending, I think is beyond credibility.

I would indicate, Mr. Speaker, because I have had some considerable time to discuss it, and perhaps not all of our colleagues have heard the whole discussion, the hypothesis that I am putting forward, the thesis that I am putting forward, is that if you have as the budget, and the document I am referring to is the budget of the majority, the Committee on the Budget of the House of Representatives, if we have, as the Committee on the Budget indicates, deficits for every year from 1997 through 2001, and then suddenly find a surplus in the year 2002, it is just not credible. Try and sell that in Ravenswood, WV.

I talked with friends there today. I said I was going to make a presentation today. They were interested in what I was going to say, what my premises were going to be. I just asked whether or not this sounded credible, that you could have deficits, declining as they might be right up to 2001, and suddenly come up with a surplus in 2002, and then from 2003 on just watch the deficit expand again.

I hope that we are not going to be subject, Mr. Speaker, to Member after Member coming to the well of the House and regaling us with stories about their children and their grandchildren and all this mawkish, overblown rhetoric about how they are so concerned with their children and grandchildren, presumably none of the rest of us are, which I find a little bit farfetched, but rather, if we are so concerned about children and grandchildren, maybe we should be a little more honest with them right now.

My fundamental point is this budget does not balance. The budget in 1998 does not balance. The budget in 1999 does not balance. The budget in 2000, 2001, it does not balance. How is it going to balance in 2002? Even if it does on paper, how long is it going to last? Merely the time it takes to say it: ''Oh, the budget is balanced''? Well, it was balanced, because it was balanced when I said it, but now we are 3 seconds beyond that time and it is not balanced anymore. But we balanced it for that moment, on paper, just to go through that allusion. I do not think it is worthy of this Congress to do it.

So, Mr. Speaker, I think if we look at 1996 and what we went through, we did not have a balanced budget but we did manage to cut the deficit. We did manage to cut the rate of the deficit. We did hold inflation down. We held steady on interest rates. I think on the whole, then, the President's priorities were met. The majority ultimately voted for a budget that was more in line with the President's priorities, so the President is entitled to credit for sticking to a

position with respect to the rate of the deficit reduction under the premises established by the majority in the Congress, the Republican majority, and it worked.

Now the President is coming forward again, saying that he would like to see these priorities carried forward on education, on Medicare, on Medicaid and the environment, and that he has certain standards that he desires to maintain under pain of exercising his veto. That is his constitutional right. In fact, it is his obligation as President, even as President Bush and President Reagan before him exercised the veto dozens and dozens of times, most of which we were unable to overcome when we were the majority here in the House of Representatives or the majority in the Senate. They prevailed. That is our constitutional system.

It is supposed to be hard to pass legislation in the United States of America. What many people call gridlock is the wheels of government turning precisely the way the Framers of the Constitution intended for them to turn. The Congress of the United States makes policy, yes, but only if it achieve the approbation of the executive. The executive can prevail against the legislative body only if the executive can be sustained in the legislative body. We have the judicial side to see to it that we both keep a proper balance. That is our system.

Mr. Speaker, I do not find it regrettable in the least that it is difficult to pass items like the budget. What I find regrettable is that we seem to be passing it so easily this week, Mr. Speaker. That is what bothers me. This is the single most important document with respect to the legislative business and what follows from it that we will have before us this year. It certainly is the most important piece of legislation before the election which is to take place in November. As a result, it seems to me we should be devoting considerable time to it.

I appreciate the fact that the gentleman from Michigan [Mr. SMITH] came down and was willing to spend some time discussing it. I think the import of the arguments that he made essentially supports my position. Of course, I can make that statement now because he has left the floor and cannot taken an opposing position to that, but I think I can extract from what he said at least a reasonable basis for saying, as I have, and indicate again to you at this moment, that we need to be much more gradual about it. To that degree, the President seems to be taking the right approach. He has accepted the will of the majority with respect to the premises upon which it bases its balanced budget projections, the Congressional Budget Office.

It is not necessary for me to explain to you, Mr. Speaker, what the Congressional Budget Office is. Suffice it to say that every legislative body relies upon individuals, experts in their field, to make recommendations and to draw upon statistics and information made available to them from their various professional fields and backgrounds in order to complete a picture. In this instance, it is a picture of what the economy is like and what we can expect.

This does not mean they are going to be absolutely correct in every instance, but all individual families, all companies, all businesses, all organizations, in fact, all nations, have to utilize the best brains that they have available, accumulate the most knowledge that they can, and try to draw reasonable conclusions as to what the future might bring so they can make decisions. That is all the Congressional Budget Office does with respect to the budget. It makes the best estimate that it can based upon the premises that are agreed upon.

In this instance, Mr. Speaker, we have agreed upon premises which, by definition of the budget, do no add up to a balance. I have no objection to passing this budget, Mr. Speaker, with the admonition that we should take up the President's disagreement with respect to the priorities. I voted for the budget previously, and despite my own misgivings, so it is not a question of whether we should vote on a budget, it is question of what the priorities should be.

I have no objection to saying that this could be a step in the direction of balancing the budget, if we have the President's priorities involved in it. I do object to us indicating to the American people that somehow this is going to lead to a balanced budget, just as I object to the idea of going through this illusion and farce, which apparently is going to take place in the other body, about passing a balanced budget amendment. The balanced budget amendment will no more achieve a balanced budget than this document does.

□ 1700

This does not achieve a balanced budget, and neither does passing the balanced budget amendment accomplish anything of the kind, any more than vows in a marriage guarantee that there will be happiness and prosperity in it. You can have the intention, but unless you put behind it the activity which will ensure that happy consequence, then you cannot claim that it will happen.

What I am saying here is if we put forward a budget that says, yes, we will cut spending and we will cut spending in a way that will continue to reduce the deficit over time and we hope at some point then to be able to reach balance, then that is all right. Not only is it all right, but that is the right way to do it.

I mentioned a mortgage before. Let me draw the analogy for my colleagues here and for those who may be interested in the record.

Just as you are not expected to have cash on hand to buy your house but, rather, you are expected to be able to make your payments, be able to meet your obligations over a period of time, then you can go forward with the purchase of that home and say that you own it. Do you actually own it? No. Because the bank owns it. We are going to have a mortgage-burning ceremony perhaps in 30 years.

But that bank is making a bet. That bank is betting that you have the capability and the capacity to make those payments for that period of time. Think about it. Twelve times a month for 13 years. That is pretty good guessing. Perhaps it bespeaks a knowledge of finance and general economic trends that is fairly reliable.

Now, that being the case, I think we need to do the same thing with this budget. Let us not con the American people into thinking for a moment that this document is moving toward balancing the budget in the year 2002. It is not true. It is not going to happen. That is irrefutable.

Mr. SMITH certainly did not refute it. On the contrary, he agreed with my premise. It is not going to be balanced because we do not take into account how we are going to pay for all of the money that we borrowed to presumably create the illusion of balancing this budget.

What we can do is create over time an ability to pay, a robust economy that will enable us to gradually draw down the amount of the deficit with prudent spending, with a clear understanding of what programs we want to support and why we want to support them and how they benefit the American people, and over that lengthy period of time accomplish this goal. There is nothing not only wrong with that, that is the sensible, practical, reasonable way to do it, because it maximizes the opportunity for the great mass of American people to join in the prosperity, to be able to better themselves in what they want to accomplish for themselves and their family.

So I stand here today, Mr. Speaker, I do not think a lonely voice or a single voice. I think I stand here enunciating fairly clearly for the American people, and I hope for my colleagues, most certainly, the idea that we should not utilize the budget process for political purposes merely because there is an election, but we should utilize our opportunity with this budget process to begin to make progress towards reducing the deficit, coming into balance, having the economy grow and seeing a robust, prosperous economy for all.

Mr. Speaker, inasmuch as there is only a minute left, I want to thank you for your courtesy today in allowing me to speak and for sharing this time with me. I hope that I have made some contribution today. I intend to, in the future, towards reviewing the 1997 budget and reviewing the whole question of the budget deficit, the budget balance proposition, and seeing to it that all Americans now and in the future are able to enjoy a prosperous future.

MAKING BUDGET PRIORITIES CLEAR

The SPEAKER pro tempore (Mr. BARRETT of Nebraska). Under the Speaker's announced policy of May 12, 1995, the gentleman from Connecticut [Mr. SHAYS] is recognized for 60 minutes as the designee of the majority leader.

Mr. SHAYS. Mr. Speaker, I appreciate having this opportunity to speak at this special order. I thank you for presiding.

Mr. Speaker, I appreciate also the opportunity to listen to the sincere comments of my colleague from Hawaii. Many of his points I agree with. There is area to find common ground, but there also, obviously, are major disagreements.

I think sometimes people look at the debate we have on the floor of the House and it looks like a food fight in a high school cafeteria, but there are significant differences that I think my colleague would agree separate us, and then there are also things that bind us together. Obviously, we care deeply about the future of this country.

Mr. ABERCROMBIE. Mr. Speaker, will the gentleman yield a moment?

Mr. SHAYS. I yield to the gentleman from Hawaii.

Mr. ABERCROMBIE. Mr. Speaker, I just want to state that the gentleman in the well, Mr. SHAYS is well known for his sober consideration of these issues and his comity with other Members with respect to their discussion, and I will be pleased to listen to his presentation.

Mr. SHAYS. I thank the gentleman.

Mr. Speaker, we have three primary objectives in our effort to get our financial house in order and balance the Federal budget and save our economy. We have three major objectives as we sit and work on this floor of the House.

Our first is, in fact, to get our financial house in order and balance our Federal budget. The next is to save our trust funds, particularly Medicare, from bankruptcy. The third is to transform what I would call our caretaking, social, corporate and farming welfare state into a caring opportunity society.

It is probably that last one that ends up being the most controversial; but, clearly, the first is controversial as well, because you cannot separate the budget from politics and from priorities.

The bottom line is that we have to set priorities. If we spend money here, we may not be able to spend money there. It is a concept of opportunity cost. We give up an opportunity when we decide to put our priorities here and our resources here. We give up the opportunity to spend them here.

Our plan is designed to help Americans earn more so that they can keep more and so that they can do more.

The debate we had last year was quite controversial, but there were some basic facts that simply cannot be denied. We tried to increase the earned income tax credit; we tried to increase school lunch programs; we tried to increase the student loan program; and we tried to increase Medicaid and Medicare.

Under our plan last year that was vetoed by the President, we had the earned income tax credit, which is presently $19 billion. We sought in the seventh year to increase it to $25 billion.

The earned income tax credit is a credit given to those who make money but make so little money that they do not pay taxes. In fact, they get back an earned income tax credit from the taxpayer. Others who make enough who pay taxes pay some, the working poor, more money than they earned. That is called the earned income tax credit.

It was said last year when the President vetoed our plan that we were cutting the earned income tax credit, and yet the earned income tax credit went from $19 billion to $25 billion. Only in this Chamber and perhaps in Washington when you spend so much more do people call it a cut.

The school lunch program grew from $5.2 billion to $6.8 billion. I can remember seeing the President and some of my Democrat colleagues on the floor of the House talking about this issue but going to schools as well. At schools they were telling the students that they would not under the plan of the new Congress, the Republican Congress, have school lunches in the future. Yet our plan grew from $5.2 billion to $6.8 billion. Instead of it growing 5.2 percent a year, it was going to grow at 4.5 percent a year, of new money, each and every year.

So we slowed the growth of the increase, still allowing it to grow from $5.2 billion to $6.8 billion in the seventh year. Again, only in this place when you spend so much more do people call it a cut. But that disease is spreading around the country.

The student loan program, the one that we were criticized the most for under our plan last year grew from $24 billion to $36 billion, an increase of 50 percent. Now, if the program is growing from $24 billion to $36 billion, how could people call it a cut? Because the plan was to grow ultimately to about $40 billion? Is that the reason you can say that when you spend $24 billion to $36 billion it is a cut?

What we have to do in this country is slow the growth in spending. Now, we were able to do that by a simple effort. Students receive a grace period from when they graduate to when they get their first job 6 months later, and that grace period, the taxpayers pay the interest on their debt.

We suggested that the students, once they had their job 6 months later, would pay the interest during that 6-month period. For the average loan, it amounted to $9 more a month amortized over their loan. So we were saying to the students that we would allow them to get the same grants they got in the past, up to $49,000. We were saying, they could still get those loans, they would still quality, but they would pay the interest on that part that accrues from when they graduate to that 6-month grace period. It is $9 more a month, which is the cost of a pizza or the cost of a movie theater and a Coke.

I have no problem telling our young people that they can pay that cost when, in fact, it only amounts to $9 a month.

Now, why would we want to do this? Why would we want Medicaid to grow from $89 billion to $127 million, Medicare from $178 billion to $209 billions? Hardly a cut. Medicaid growing from $89 billion to $127 billion, Medicare from $178 billion to $289 billion, the student loan program from $24 billion to $36 billion, the school lunch program from $5.2 billion to $6.8 billion, the earned income tax credit from $19 billion to $25 billion. Not a cut, but a slowing of the growth of those programs.

Why would we want to do it? Because in the last 22 years our national debt has grown 10 times. It has grown 10 times in 22 years. It has grown from about $480 billion to $5.1 trillion, $5,100 billion, a 10-fold increase. Not a doubling, not a tripling, but a 10-fold increase in the national debt.

On a per-person share in current dollars, it grew from $1,800 to $18,000. But even if we do it in constant dollars, it was grown. In 1945, $1,700 per individual to $18,000 today per individual.

The Federal debt in today's dollars was only $2,462 billion, now it is $5,100 billion. So it is 50 percent larger, even in today's dollars.

Now, as we look at this issue, we have to say, how can it be twice as much now as then? And people said, well, it did not really matter, because it was like that after World War II and it did not really affect us.

Let us take what we have right now in today's budget. In today's spending, from 1991 to 1996, we spent $8.7 trillion. From 1991 to 1996, we spent $8.7 trillion. In the next 6 years, we are looking to spend $10.4 trillion. Hardly a cut. An increase in total spending of 20 percent over the last 6 years to the next 6 years.

The student loan program under our plan this year will grow 42 percent. It will grow from $26 billion to $37 billion, a 42-percent increase in the student loan program.

The earned income tax credit will grow 43 percent. In the last 6 years we spent $109 billion, and in the next 6 years we will spend $155 billion over the next 6 years. Only in Washington when you spend so much more do people call it a cut.

Welfare spending. Over the last 6 years, it was $441 billion. In the next 6 years, we will spend $575 billion. Under our plan, we will spend 30 percent more in the next 6 years than we did over the last 6 years.

Medicaid spending over the last 6 years was $463 billion. In the next 6 years, it will grow to $731 billion. We

will spend in the next 6 years $731 billion. In the last 6 years, we spend $463 billion, hardly a cut in spending, a significant increase of 58 percent.

□ 1715

Medicaid growth went from $463 billion to $731 billion. The President is proposing that we spend $749 billion, an increase or difference of $18 billion over a 6-year period. So the President is criticizing the increased spending that this Congress will do, when in actual fact his numbers are almost identical, an $18 billion differences over a period of 6 years, which gets us to what we are going to find out next year.

Medicare is divided into two parts, Medicare part A and Medicare part B. Medicare part A is the money we pay in taxes to the trust fund that pays for all our hospital services. That is money that individuals who are working today put into a fund, the Medicare part A trust fund, and that fund should be growing. But we learned that it is starting to actually have a decrease in the amount of money going into the fund. Medicare is going bankrupt, and the trust fund we were told 2 years ago will become bankrupt in the year 2002, we are learning now that it will go bankrupt not in the year 2002 but possibly in the year 2000.

What are we doing in spending on Medicare? In the last 6 years we spent $920 billion. In the next 6 years we intend to spend $1,479 billion. We intend to spend 61 percent more on Medicare in the next 6 years as opposed to what we spent in the last 6 years.

On a per person basis, Medicare will grow from $5,200, which is what it is in 1996 per beneficiary, to $7,000 in the sixth year, the 2002. That is a 35-percent increase per beneficiary.

We are going to spend 61 percent more in terms of Medicare dollars in the next 6 years as opposed to the last 6 years. But in terms of a per person expenditure, we are going to spend 35 percent more, hardly a cut when you go from $5,200 to $7,000.

Now we know that Medicare part A is going bankrupt in the year 2000. We know that we have to do something to save that fund from bankruptcy, and so we came forward with a plan last year which was vetoed by the President.

In fact, our plan last year would have saved the trust fund until the year 2010, whereas now it is going to go bankrupt in the year 2000. That means that all the money that goes in by the year 2000 will go out, and will simply go out to beneficiaries with no money in the fund and not enough for all the bills that we have to pay.

This to me summarizes the challenge that we have and the fact that our plan made so much sense that it is hard for me to understand why the President vetoed it. Our Medicare plan saved Medicare from bankruptcy. It increased spending from $5,200 to $7,000, and it did it without an increase in the premium, without an increase in copayments, without an increase in the deductibles.

In addition, we gave Americans choice. For the first time we allowed Americans to have the same opportunity that I have as a Federal employee, not as a Member of Congress but as a Federal employee. I have the opportunity to choose a lot of different health care plans.

We devised a plan that allowed beneficiaries, only if they wanted to, to go and choose their own health care. They could stay in the traditional fee-for-service health care plan, or they could choose to leave that traditional fee-for-service that was devised in the 1960's and move from that plan into an HMO or other private health care plan.

The only way those other health care plans could offer their service is if they offered better than the fee-for-service. They had to provide some kind of eye care, dental care, a rebate in copayment or a rebate in the deductible. Maybe some private carriers, like they are doing in some States, would pay part or all of the MediGap, which is the 20 percent that seniors pay above and beyond what Medicare pays. Medicare pays the 80 percent and seniors pay the 20 percent unless they buy a MediGap program.

Private health care plans want to get into the Medicare system because there is so much money, so much waste in which to realize savings that they could actually save money and provide a better program for seniors.

So a senior under our plan does not have to pay an increase in copayment, does not have to pay an increase in the deductible, does not have to pay an increase in the premium, that will remain at 25 percent of program cost, and yet now they can get choice. They can get choice and a private health care plan that will offer them more than the traditional Medicare plan will offer. It will offer eye care, dental care, it will offer rebate in copayment or deductible, or maybe an elimination of premium or maybe part of MediGap.

So why was it vetoed? Well, the reason it was vetoed is the President said we were cutting Medicare because we saved over $220 billion by our plan last year, and this plan this year saves about $158 billion. It still grows significantly. From now until the sixth year, it still grows significantly, yet we are able to have savings. We are able to have savings because we allow the private sector to come in and offer programs, and we are able to make savings because they realize savings as well.

So this Congress which was elected in 1994, we came in recognizing that the national debt had increased 10 times in simply 22 years. We realized that Medicare was just simply growing and growing and growing, and Medicaid was growing and growing and growing, and the student loan programs were growing and growing and growing, and we had to find a way to slow their growth so that the taxpayers would not have to keep paying more and more of their income in taxes.

Mr. Rabin said, before he died, the former prime minister of Israel, he said the politicians are elected by adults to represent the children, and that is what we are trying to do. Because if we fail to get a handle on the growth in Government spending, we are going to find that anywhere from 60 to 80 percent of all the income we make as Americans will go to Federal, State and local taxes if that trend lines continues.

So we are trying to slow the growth in spending, still allow it to grow but not grow as quickly, for the good of our children.

Our plan will help Americans earn more so that they can keep more and so that they can do more. Our plan also tries to reduce the overall growth in taxes so that ultimately we can return more to the American people, and so that we can downsize the size of Government and have it move from the Federal Government to State and local governments.

I notice my colleague is trying to rescue me from my dialogue here.

Mr. KASICH. Mr. Speaker, I wanted to take just a second to compliment my colleague from Connecticut, Mr. SHAYS. I want to compliment him for a special order that is designed to let people know precisely what the facts are in regard to our program, but let me, if I could, take a second to suggest that, of course, we have the courage to do this and this has been very difficult.

I remind the gentleman that in 1982 Ronald Reagan tried to deal with reforming entitlement programs and Republicans got crushed at the polls in 1982 and in 1986 we lost the U.S. Senate, Republicans did, because one other time they tried to reform entitlements. So we knew that trying to do something to put the good of the country first and politics second would mean that we would catch some heat. But we are willing to do it. And we are willing to do it for a couple of reasons. One is obviously the children, and I am sure that the gentleman has talked about out commitment and the difficulty that our children will face. We do not want to give them a world where they work longer and harder to pay for the bills that we are ringing up and create marginal tax rates that approach 84 percent. I mean, the country will not survive at that rate. I think that we owe our children, we owe the next generation, we owe the pioneers of the next millennium an opportunity to have an America that gives that a chance and gives them hope, allows them to live their dreams. I mean, it would be wrong and selfish for us to have been able to have a lot of our hopes and dreams realized and then say to the next generation, ''Forget it.'' That is wrong. And so we put the children first and that is why we have been willing to walk over some of these hot coals and encounter some political criticism.

But we are not just doing it for the children. It is like I say to a minister friend of mine, you cannot tell people the only reason you ought to get involved in religion is because in 20 years

when you die, you will reach salvation. There has not to be something for you today to get involved in religion and in terms of balancing the budget. And frankly it is about giving people more security in their jobs, real wage increases. Because America again has to become a country that is a saving country, an investing and a risk-taking country so that we in fact can put tools in the hands of American workers so they can compete and win in the world marketplace, getting paid a good wage for what they are producing and being able to be assured that their job is going to exist. More and more Americans are working longer and harder not to get ahead but to stay even. We are trying to fix that by creating a program that will reward savings and investment and risk-taking so our workers can have the tools. But I think what is most important when we look at the charts on Medicare or welfare or Medicaid or any of these programs, frankly the Republican mantra is amazing here at the end of the 20th century. The Republican mantra is power to the people. Essentially what we are trying to do is systematically transfer power and money and influence from this city back to the neighborhoods and communities where our constituents live so that they can begin to design local solutions to local problems.

Just to take one program, I have no doubt that virtually any neighborhood in America could design their own welfare program that would not only show proper compassion but would also use local solutions to local problems at less cost. Frankly, you could not design a welfare program that is worse than the one that we currently have. What we are arguing for is, let us take the program out of this city, let us have faith that real people living in real neighborhoods with real compassion looking at real problems can design real solutions. I believe they can. I believe in the power of people to get it right at the end of the day. And I do not think it is necessary to substitute or to interface a bureaucrat with people in the neighborhoods of America. We are going to solve crime problems in Los Angeles not from Washington but in the neighborhoods of Los Angeles. We are going to solve housing problems in Columbus, OH, not from bureaucratic Washington but, rather, let us let the housing authority officials have the power to do it the way it works in our community. We want to design local welfare solutions. Frankly, we do not need to ask Federal bureaucrats to tell mothers and fathers whether their children are learning or not.

So our program is one of real compassion. It also allows us at the end of the day to stand at the end of that very dark tunnel with a very powerful searchlight signaling the next generation into the next millennium that they have got hopes, they have got dreams and in fact they can be realized.

But the way in which that is achieved is to not keep everybody's power and money and influence in this city but basically to pry it out of the hands of Washington bureaucrats, put it back in the hands of people in local communities, demand excellence from one another, accountability, and realize that if we just believe in ourselves, believe in the power of the individual rather than the power of government, the 21st century will be the best we have ever seen on the face of this earth.

I appreciate the gentleman taking this special order and yielding.

Mr. SHAYS. I would love to just say to the gentleman that I remember well in 1989 he offered an amendment to try to get a handle on government spending and I think there were only 38 Members who supported him. Each year he kept offering amendments to slow the growth of the Federal Government, to not make these deficits so large, and each year he got more and more support. It was just a constant effort on his part.

I remember him asking Mr. Greenspan at the hearing he chaired, he said, ''Mr. Greenspan, are you concerned that we will cut spending too much?'' He responded by saying, ''Mr. Chairman, I don't go to sleep at night fearful that when I wake up the next day that Congress will have cut too much.''

But you are not just talking about cutting, because what you are also talking about is growing this economy and to move it from the Federal Government to the State government which is so important.

Mr. KASICH. Let me say to the gentleman I am not really any more enamored with State and local government or not much more enamored than I am with Federal Government. I think the 21st century is not going to be about the power of government or the power of bureaucracy or indebtedness or taxation or regulation. I think the 21st century is about the power of people like you and me, removed from this place, living in neighborhoods, the ability of us to soar, in the age of the computer, where Americans have more tools and more freedom. You do not have to wear a necktie in the morning anymore. You do not have to go to an office anymore. You can sit in your own den and you can use a magical instrument called a computer to shake things around the world.

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I do not want to look forward to a 21st century where I have got to call a Washington bureaucrat to ask him whether I should log on or not. No, it is not just about balancing a budget, but it is systematically giving people their money, their power, their authority, their influence back to develop creative solutions to what exists in their neighborhoods. I think that really what it is all about into the next century and what this debate is going to be all about is whether we are successful in saying to Americans, not powerful Americans but Americans like my mom and dad and the families in the neighborhood that I grew up in, that we trust you, we believe in you. The 21st century is going to be more about the power of individuals than it is going to be about the power of the United States Congress.

We have had our way for about 40 years and for a lot of the time we have done good job. But frankly, it is now time for the pendulum to swing back to the neighborhoods. We need to revitalize our neighborhoods and our families, our communities. That is what the 21st century has to be all about. In the course of doing it, we will save the next generation. We will provide greater security economically. Let us forget this economic security and just say good jobs that last for Americans.

So I just think the gentleman from Connecticut is a patriot. I love the fact that he takes the time to do this. On that committee, the Committee on the Budget, he has been the most persistent advocate of trying to bring about changes in this system. I will say to the gentleman and for those Members who may be watching, you see, our victory is inevitable. But it is going to be a long road. The road to change is always long, and it is always rocky, and it is always winding. But if you stay committed to principle, at the end of the day you will have traveled up that road and you will have success.

Mr. Speaker, this city cannot go back. We are going to be debating a waiver program for the State of Wisconsin where people in Wisconsin believe they can design a welfare program better than people in Washington can. I mean, it is just patently absurd to say: Oh, no, no, we are not going to let you. We are not going to let you design your program. You think you know how to get people to work, you think you know how to get people trained? Do you think you have a solution in Wisconsin that we do not have here in Washington? Oh, no, no, we are not going to let you do it.

That is the kind of thing that goes on inside this town. You know, the liberals, the Washington liberals, God bless 'em, they do not believe people can get it right at the end of the day. But the Washington liberals, they are jealously guarding our power. It is not theirs. They took it from us. Now we want it back, and they do not want to give it back. So we are going to have to pry it out of their hands and get our money back out of their pockets, get our money back out of their pockets. That is what makes the fight so tough. But frankly, this is the future. We have started the revolution.

Frankly, it started with the shot fired across the bow on the Penny-Kasich bill, which signaled to this town we are never going to go back to the way we were for 40 years and we are going to win. There is a reason to be uplifted by this. Let us just keep at it.

Mr. SHAYS. Mr. Speaker, I thank the gentleman for participating.

As the gentleman was talking, I thought about when I was elected in 1974 to the statehouse. When I was in the statehouse, we had a law that said you could not spend more than you took in in revenue. I see my colleague from Michigan as well, and I know that he represented, was in the statehouse as well. I think he probably had that same kind of requirement; did he not?

Mr. SMITH of Michigan. I thank the gentleman. In fact, most States have the requirement of a balanced budget. So it is a shame that the United States that is overspending so much and that taxes so much does not have the same kind of legal obligation. I guess the gentleman from Connecticut, Mr. SHAYS, and I are still hoping that the Senate might be successful in passing that balanced budget bill. Somehow something has got to give us the intestinal fortitude to do what is very difficult to do, and that is to cut down on some of the spending in Federal Government.

Mr. SHAYS. Well, when I was in the statehouse, I was always amazed that our Federal leaders could continually spend more money than they raised in revenues and their incredible reluctance to do it. I kept asking myself how could it happen, and I think that we have to acknowledge that the blame was bipartisan and also shared with Congress and the White House as well.

I think it is fair to say that some on our side of the aisle, the Republican side of the aisle, did not see a defense program they did not like and were quite willing to keep spending. And on the other side of the aisle, there was no concern to control the gigantic growth of entitlements. I notice that my colleague may have a pie chart that illustrates that 50 percent or more now of all that we spend are entitlements.

Before referring to the chart, I would just like to talk about what that means. It means that half of our budget we do not even vote on each and every year. It is one reason why Congress was simply not getting a handle on that budget and the White House. Almost 50 percent of the budget was on automatic pilot. You fit the title in welfare, you get it. You fit the title in Medicare, you get it. You fit the title in Medicaid, you get it. You fit the title on certain agricultural subsidies, you get it.

Mr. Speaker, I did not have to vote in each and every year to set priorities with other priorities. So they just kept growing and growing. I would love to yield to my colleague to talk more about this issue.

Mr. SMITH of Michigan. I think really this borrowing has masked, it has hidden the true cost of government. If we had to pay this out in taxes, I think the American people would say: ''Hey, wait a minute; I earned that money; do not take so much of it away from me''.

As we borrow and somehow we make future generations obligated to pay our overindulgence, our overspending today, somehow it is easy to say: Well, somehow it will be taken care of.

Yes, this chart, this chart represents the fact that Congress has lost its power, its constitutional power, to control spending. I just want to start out with a little white in the pie chart, because the white in the pie chart represents that part of the budget that is now paid and expended just to cover the interest on the Federal debt. This 15 percent, this 15 percent does not cover the interest on what we owe Social Security and the other trust funds when we borrow the surplus money coming into those trust funds.

If we added the interest that is paid by the Federal Government on Social Security, for example, it would amount to an additional $90 billion that we are paying in interest. That means that interest is the largest part of this budget. But what Mr. SHAYS is suggesting is just take a look at the blue portion of this pie chart. This is what over the last 40 years, inch by inch and step by step, the Congress of the United States has said we are going to put on automatic pilot and give the authority to the President, whether or not we continue these spendings.

So this is the entitlement spending, the welfare spending, the AFDC, aid to families with dependent children, it is the food stamp spending, it is the Medicare spending that Mr. SHAYS has become such a leader in in trying to get a grip and a handle on. It is the Social Security spending.

By the way, even on Social Security, the unfunded liability, or what is called the actuary debt on Social Security, now approaches $4.5 trillion. Our overspending annually is $5 trillion. We are in a great deal of trouble, and we have got to start looking at some of these issues. We have the other side continue to demagogue and say: Look, look at those cruel, mean-spirited Republicans that are trying to cut spending.

Mr. SHAYS. But the bottom line to this is that each and every year we vote on about a third of the budget. We do not vote on the interest on the national debt, and we do not vote on half of the budget, which are what we call entitlements, that long list that we have there. So we have been trying over a number of years to try to control spending by just looking at defense and nondefense, what is spend out of the Committee on Appropriations.

Mr. SMITH of Michigan. That is right.

Mr. SHAYS. To our credit, that is the one area where Congress has greater control than the President. When we spend and appropriate an item and the President vetoes, we get zero.

Mr. SMITH of Michigan. Will the gentleman yield?

Mr. SHAYS. Happily.

Mr. SMITH of Michigan. Mr. Speaker, it is hard not to be aggressive when talking about this issue. Even today I heard a Member of the more liberal party suggest that look at how deficits have come down. Look how they came down in 1995. Look how they came down in 1996. Of course what happened is, when Republicans came into Congress January 1, 1995, the first thing we did was cut $13 billion our of the 1995 budget. Then we set the 1996 budget.

Mr. SHAYS. If the gentleman will yield, that is the budget we were already in.

Mr. SMITH of Michigan. That was the budget we were already in. We only had 6 months left or 9 months.

Mr. SHAYS. We rescinded certain expenditures. In fact what we did do, if I could be a little more precise, we actually cut $20 billion from that budget, but then added $11 billion back that the President requested and would have been in the budget if we had not even made the $20 billion. We had a net savings of $9 billion. But then we had the debate in 1996 and the shutdown of Government.

We had the shutdown of Government in part because when we gave the President certain budgets, he vetoed it. We ended up with zero and a disagreement on how much we should spend. Ultimately we have now a full agreement with the President on the 1996 budget, the budget we are in now, and which will end the end of this September. The thing that we need to point out is the President wanted to spend $7 billion more than we spend in 1995, and we ended spending $23 billion less. We ended up making a savings ultimately to his plan of $30 billion, $23 billion of actual reductions in this year less than we are spending, less than we spent last year.

Mr. SMITH of Michigan. I do not mean to brag, and I do not mean to make a greater separation between Republicans and Democrats. But still, the reason that the overspending is so low is because Republicans were very aggressive in what is called the rescission bill of reducing the 1994–95 budget, again in the 1995–96 budget with a great deal of frugality of making tough decisions. Everybody should know it is not easy to cut spending. People that have gone to the Federal Government, to the trough, if you will, and become accustomed to having those Federal services do not like those services cut out. So it has been easy for the liberals to demagogue the issue, to say look at these mean-spirited cuts.

Mr. Speaker, the bottom line is we now borrow 20 cents out of each dollar the Federal Government spends, and that is too much borrowing. It is not responsible. I think it is immoral for our kids and our grandkids.

Mr. SHAYS. We have had really three main objectives. One is to get our financial house in order and balance the budget. We came forward with a 7-year plan. We actually have real and absolute cuts, absolute cuts in what we call discretionary spending. We were going to spend less in some programs next year than we spent this year, and we spent less this year than we did in the year before. Those are true cuts. But in 50 percent of the budgets, some programs that are very important in Medicare and Medicaid, we are allowing for

significant increases in both of those programs.

We are just trying to slow the growth. So our first effort is to get our financial house in order and balance the budget. Our second one is to save Medicare from bankruptcy. We are going to learn tomorrow that the Medicare plan fund, the Medicare part A, which was to remain solvent, not bankrupt, remain solvent to the year 2002 and will actually probably become bankrupt maybe in the year 2000, which is 2 years sooner than we thought.

Mr. SMITH of Michigan. Mr. Speaker, I mentioned earlier that Social Security has got very serious problems and that actuary debt or unfunded liability amounts to about $4.5 trillion. But in Medicare, it is even more serious than that. So the promises that past Congresses have made of what they are going to do for health care for senior citizens is now in a great deal of financial problems. If it is not corrected, we could lose Medicare.

So I would ask the gentleman from Connecticut just to very briefly repeat some of the fact that there is not much difference between what the President suggested, what the Republicans have suggested. So to use this issue politically by scolding Republicans is not a fair accusation.

Mr. SHAYS. Well, first off, it is just important that we recognize that the program is growing significantly. The program is growing significantly, it is not being cut. On a per person basis, we are going to allow it to grow as it did last year from $4,800 to $7,000 per beneficiary. We did it without an increase in the copayment, without an increase in the deductibles, and without an increase in the premium.

The premium will stay, except we did do something for the wealthiest. Those who make over $100,000 and are single will pay more in their premium. If they make over $150,000 and they are married, they will pay more in their premium. So we did say the very wealthy should pay more. It is not something that Democrats like to say that Republicans do, ask the wealthiest to pay more.

Sometimes I have to say sometimes Republicans do not like to acknowledge that we are asking the wealthiest to pay more. But people who are receiving Medicare, it is the best buy in town. Those who can afford it should pay more, and we are asking the very wealthy to pay more.

Now, what we are also doing is we are allowing for choice. We are allowing for people to get the same opportunity that the gentleman from Michigan, Mr. SMITH, and I have. I mean, we have the opportunity to choose a whole host of different health care plans. We are not looking into one. If we get a more expensive plan, we have to pay for more dollars. We have to still pay a greater amount if we get a more expensive plan. But we are given choice. Mr. Speaker, under the traditional Medicare system, there is no choice. It is a traditional fee-for-service.

Mr. SMITH of Michigan. You know, somebody asked me last Thursday, look, we do not smoke. Why should we pay more of our taxes, more of our premiums for Medicare to cover the people that do not take care of their own health, that smoke, that do otherwise? My reaction was, look, that is what we are trying to do with one of these options, medical savings accounts, so the people that do take care of themselves can end up sharing some of that savings.

I think it would be good if the gentleman mentioned some of the options.

Mr. SHAYS. Mr. Speaker, one of the options will be that we will allow private care plans to offer to seniors a whole host of different services.

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They may offer eye care or dental care, they may give a rebate on the copayment or the deductible, they may give a rebate on the premium. They may even pay, because in some areas the cost of health care is so much less than we actually pay in Medicare, they may actually be able to pay almost all of the Medigap, pay all or part of the Medigap, which a lot of seniors pay today, and they will still make money off the plan.

They will be able to give them annual checkups, which some seniors do not get now. Now, if a senior does not like it, they get into the private care and they do not like it, they have 24 months, each and every month, 2 years in each and every month, to get back to their fee-for-service plan.

So we do not increase copayments, we do not increase the deductible, we do not increase the premium, we give seniors choice.

Mr. SMITH of Michigan. And if a person wants to stay in exactly the same program they are in, they can do that.

Mr. SHAYS. They can. And it is not like the telephone system, where if you were on AT&T and you automatically find you are with Sprint or MCI, no, you stay in the plan. You stay in the traditional fee-for-service. You have to ask to be out and then you can request immediately to be put back, and within a month you are back in the old plan.

So it is hard for me to understand why the President vetoed. The reason he vetoed is he said we were cutting, even though the plan grew so much. It is true we were able to save. We were able to save the fund from bankruptcy. We had it remain solvent to the year 2010, and we were able to save the taxpayers over $200 billion. So it was just difficult for me to understand why the President would not have accepted that plan.

Mr. SMITH of Michigan. Mr. Speaker, a little while ago I was reading at my desk, and in a letter, one of my constituents in Michigan sent me this application. She was asking me is this a legitimate organization; what are they doing?

And what that was, it had a big sheet that they were sending all these senior citizens. They probably went to the driver's license bureau or someplace and got this list of names of everybody over 65, and it says there are some people in Washington that are trying to balance the budget on the backs of the health care of senior citizens. Send us your $20 or $40 and we will work to protect your rights.

You know, I think that that kind of attitude, that kind of solicitation to take advantage of senior citizens to try to make more money for whoever, is washed up, because I think most senior citizens, as they decide what they want to leave this world with, I think most of them want to leave their kids and their grandkids and their great grandkids the same kind of opportunities they had. They do not want to keep sucking up on financial, to ask the young working people of this country to pay more of their benefits. They are willing to tighten their belts just like everybody else is to make sure that Medicare is solvent, that Social Security is solvent, that this country gets their house in order so we can have a continuing great America with continuing opportunities.

That sounds a little like a speech.

Mr. SHAYS. Well, it is a speech, but it is a very accurate speech. We are saying that last year we spent $4,800 per senior. It will grow to 72 and now $7,000 in the 6th year from where we are today. That is a significant increase. And yet while seniors will still get that significant increase, we save, under our new plan, $158 billion.

At one time it would have been over $200 billion, but the President vetoed that plan. We have a plan that will save $158 billion to the taxpayers. It still gives seniors more, and yet they will contribute to helping save this country candidly from financial ruin.

We talk about getting our financial house in order and saving our trust fund. This fund is a little more nebulous, but it is something that is very near and dear to me because I believe that is where we probably have the biggest controversy and that is we are trying to transform other caretaking, social, corporate and farming welfare state into a caring opportunity society.

We want people to be independent and not dependent on the Federal Government, and we want them to learn and to grow. We are not saying to someone in an urban area, your mother was on crack, you did not graduate from the 5th grade, I am sorry, you are on your own. No, we have to have a caring, aggressive plan to help individuals, but it cannot be the traditional handout.

I say this as a moderate Republican, some might call a moderate Republican a liberal Republican, but I think I am pretty much down the center of the political spectrum. I look at a lot of what Government has done, and I think if we have an honest debate, we do see 12-year-olds having babies, we do see 14-year-olds selling drugs and 15-year-olds killing each other, we do see

18-year-olds who cannot read their diplomas, we see 24-year-olds who have never had a job, and frankly not because a job does not exist but because they have got in their own mindset that it is a so-called deadend job. We see 30-year-old grandparents. That, to me, is the legacy of the welfare state.

Mr. SMITH of Michigan. And it is sad. We talk about a $5 trillion national debt, but we have spent $5 trillion on the welfare program since they started in 1965, and we have been successful in transferring wealth, but in the process somehow we have taken away the spirit. With a lot of people we have taken away their self-respect by sending them signals that they are often going to be better off not to go to work, not to bust their gut trying to help their community and help other people and pay their fair share of taxes. so they stay on welfare, and we are now in the fourth generation.

And we are a humane society. We are a caring society. We want to help people that are down on their luck. But people take advantage of it, and not only stay on it for all of their essential working lives but then we end up with their kids being on and their grandkids being on.

Mr. SHAYS. And if my colleague would just yield, I would point out that we are also not just talking about social welfare, we are talking about corporate welfare.

Mr. SMITH of Michigan. Good point.

Mr. SHAYS. We are talking about writeoffs that businesses have been able to get over the last 40 years through, candidly, this former Congress. They have been able to get a significant writeoff, approved by, candidly, Republican presidents, so both hands have been involved, where they have gotten certain writeoffs that are unique to them in their business opportunity. They then become dependent on what are true writeoffs and, in my judgment, are nothing more than corporate welfare. So we are looking to have our Federal Government not have so many corporate writeoffs.

And while I am probably on more sensitive ground, being that the gentleman comes from a farming area, I think you would acknowledge there are certain Federal programs that farmers have become so dependent on, it has changed their behavior. It is not like they do not work. They bust their guts. But they are working following a Federal program that sometimes has an incentive not to plant or to plant the wrong things that simply are costly.

Mr. SMITH of Michigan. That used to be true. Now, we have passed what is called the Fair Agricultural Act that does away with all of those subsidies. Over the next 7, or 6 years now, it phases out all of those Federal farm program subsidies, so the Federal Government is no longer managing that farm, and individual farmers will have the freedom to decide how much of what crop to plant.

I think that is good. I think the Federal subsidy programs have tended to be a disservice to agriculture. We have seen smaller family farms forced out of business because the larger farms had a greater advantage with those Federal programs.

So the ag programs are phasing out, but corporate welfare, the lobbyists and the PAC's flow to that Committee on Ways and Means because just a few changes in the words, can make millions of dollars of difference.

Mr. SHAYS. One comma, one little bracket, taking out a word, adding or not can make a difference. This Congress is looking to get after all three types of welfare, the social, the corporate, and where it was in the farming. There are a few programs still remaining that did not get out, but a gigantic leap forward, phased out over 7 years.

I would say to the gentleman that I had to ask myself where have I been a constructive force. And I have been able to go back over my time in the State house and in Congress and say, well, I voted for this program, and I have been able to feel good. But when I analyze some, not all, but some of those votes, I have had to say I have made people more dependent rather than less.

I have made a practice in the last 4 years of asking people who have had to pull themselves up by the boot straps and have succeeded, why. And in almost every instance, it was a father, a mother, a brother, a sister, a schoolteacher, but somebody pushing them, someone recognizing that and making sure that individual knew that nobody was going to do it for them.

I was thinking, and, to me, one of the most memorable was when I had a young woman come in, 35 years old, a doctor, an M.D., and she said she was 12 years old when her father passed away. She had six younger brothers and sisters. She became almost the second mother in the family, raising, as a 12 year old, her younger brothers and sisters. But her mother had one dream, that they would all get degrees; not just college degrees but advanced degrees.

There were two doctors in that group, there was a psychiatrist, there was, fortunately, only one lawyer, there was a schoolteacher, and she was just there to tell me that I had a dream, we moved forward, and no one gave me. We worked for it. Her mother was a schoolteacher, with not a lot of income, and obviously she turned to a lot of different sources for help. But she made sure that each of her children knew they had to do it on their own.

Which gets me to a kind of wonderful quote that Ann Landers said, and it was in my calendar. You have seen these calendars that have the quote of the day. My dad, when he used to work in New York, would come home, when I was a young kid, and give me different quotes from the newspaper, and sometimes Ann Landers would show up. And she said, ''In the final analysis, it is not what you do for your children, but what you have taught them to do for themselves that will make them successful human beings.''

I see this and I think about that, and I think about the march on Washington. One, we cannot burden our children with tremendous debt; but, second, we have to have those kind of government programs that teach them what to do for themselves.

Government does have an active role. I would like to think more State and local government and less Federal Government, with a one-size-fits-all mentality. The government does have a role, but it has to be a role, not to give a hand-out, but to really teach people.

I think, as my colleague wants to, if we want to have English be a primary language in this country, we have to, as colleagues, recognize and make sure that there is no American who is missing the opportunity, and no alien who is a resident here who is missing the opportunity to learn how to speak English. We may have our feelings about bilingual programs, but there has to be that alternative, I would just say to my colleague, and I am happy to yield.

Mr. SMITH of Michigan. It seems to me we need to remind ourselves what made the United States of America so great, and that was the concept that the people that worked hard, that really tried, that invested, that took chances, that got up every morning when they did not feel like it and went to work and produced, were better off than the people that do not.

Now we are moving into sort of a gray area where often the individuals on some of the welfare programs are better off than working poor. That cannot be the formula for a successful America. We have to get back to the concept that those who are trying every day, that are working hard, that are striving to make their family and their kids more independent and more successful, by encouraging them when they come home every night, are the people that are going to make the future of America and make it greater.

We cannot continue to rely, as an aging industry, on increasing taxes on business and individuals as a way for government to have more funds to make it right for everybody else. We have to have the kind of policy that encourages those individuals to be more responsible for their own destiny.

Mr. SHAYS. I do not know how we do that, though, unless we get our financial base on a firm foundation.

Mr. SMITH of Michigan. Absolutely. That has to be the first step.

Mr. SHAYS. So we have to get our financial house in order and balance that budget as the foundation. Not as the solution, but as the foundation for then saving our trust funds, which are obviously related to the first issue, but then, ultimately, transforming this caretaking, social, and corporate welfare state into a caring, into a very caring opportunity society.

Instead of taking this pie and deciding how we divide up limited resources,

what can we do to grow this economy. And that clearly is a very important element to the last part of our plan, and that is beside just getting our financial house in order to have certain tax incentives to encourage growth in this economy.

Mr. SMITH of Michigan. And I think the people that talk about or advocate a flat tax or a consumption tax or a value added tax or a national sales tax are not saying that, look, this is the golden way to have a successful tax, they are saying, look, the tax system we have now is failing us. We are penalizing investment, we are penalizing savings, we are discouraging businesses from expanding and creating more and better jobs by putting more and better tools and facilities in the hands of the greatest work force in the world, which is the American work force.

Somehow, in our look-see to changing our tax system, it has to be an admission, an acknowledgment that what we have now, that has been written many times over by the special interest lobbyists and their huge PAC contributions to candidates for office, has ended up being not what is good for the future of America.

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So I think it is important that we do exactly what you are suggesting, Mr. SHAYS, that we have the kind of tax policy changes that encourages savings, that encourages investment.

Mr. SHAYS. And encourage people to pay their taxes. It is estimated we could lose almost $100 billion in revenue, one, because it is not simple enough and, second, that people simply have found a whole host of ways to avoid paying taxes in the course of trying to do what they think are legitimate or maybe not legitimate write-offs.

Mr. SMITH of Michigan. There are so many loopholes and so many corporate tax breaks that probably should not be there that it justifies a whole new look at our tax system.

Mr. SHAYS. I would like to spend the last 5 minutes and just summarize what we are trying to do.

We are trying to do what Prime Minister Itzhak Rabin said. We are elected by adults to represent the children, and we are trying to get our financial house in order and balance the Federal budget. We are trying to save our trust funds from bankruptcy, particularly Medicare. And we are trying to transform our caretaking, social, corporate and farming welfare state into an opportunity society. We do that by allowing our spending to grow.

We allow it to grow 20 percent more each year, 20 percent or more in the next 6 years as opposed to the last 6 years, 20 percent more, from 8.7 billion to 10.4 billion. We do it by allowing the student loan program not to cut but to grow from 26 billion to 37 billion, a 42-percent increase.

We take the earned income tax credit, which is an expenditure made by taxpayers to the working poor where they actually receive money rather than pay taxes, and that program over the last 6 years we spent 109 billion. We are going to spend 155 billion under our 6-year plan. Under welfare spending over the last 6 years we have spent 441 billion. In the next 6 years we will spend 30 percent more; we will spend 575 billion.

In Medicaid we will grow from 463 billion over the last 6 years to 731 billion. We are going to spend 58 percent more in the next 6 years under Medicaid, which is health care for the poor and nursing care for the elderly.

Then we are going to deal with Medicaid, Medicaid spending, which grows from 463 to 731, just to point out that our numbers are not that different than what the President's numbers are, except we want to allow for more flexibility on the State and local level under this plan and not have a one-size-fits-all Medicaid plan done by the Federal Government.

Medicare is going bankrupt. It is going to be highlighted tomorrow when the trustees report that Medicare part B, the money we pay in our payroll tax, we will run out of money potentially by the year 2000, rather than what we originally thought, the year 2002. We had a plan to save Medicare until the year 2010 and the President vetoed it last year. Our new plan will not stretch it out entirely to the year 2010 but close to it. We spent in the last 6 years 920 billion; in the next 6 years we are going to spend 1.4 trillion, a 61-percent additional expenditure in dollars.

In Medicare premiums we are going to grow from 5200 this year to 7000. Last year they were 4800. So we are allowing this plan to grow per beneficiary and we do it without increasing the copayment, without increasing the deductible, without increasing the premium. We give seniors choice. We do ask the seniors who are the wealthiest, making over 100,000 plus, to pay more of their Medicare part B premium. But for all other seniors the program remains the same, no increase in copayment, deduction or premium, and we give them extensive choice.

With that, Mr. Speaker, I would like to say that I am absolutely convinced that this Congress is on the right track, trying to get our financial house in order, trying to balance the Federal budget, trying to save our trust funds and trying to transform this social and corporate welfare state into a truly caring opportunity society.

SAFETY NET FOR CHILDREN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York [Mr. OWENS] is recognized for 60 minutes.

Mr. OWENS. Mr. Speaker, I would like to begin by congratulating the Children's Defense Fund and Marian Wright Edelman and all of the other sponsors of Stand for Children which took place here in Washington last Saturday, June 1.

They came from all over, all parts of the Nation. They came from every ethnic group, every religion, every race, they were all together, children and families, making it clear that in America the great caring majority stands for children and American policies. Government policies at this point in our Nation's history reflect this fact. They reflect the fact that this Nation stands for children. The policies of the Government stand for children.

Mr. Speaker, the problem that they did not talk very much about on Saturday is the problem of the present attempt to change those government policies, to turn our policies around and make this a Nation whose policies are hostile toward families and children.

In contrast to the Stand for Children that was taking place in Washington here, more than 200,000 people by the official estimates, in contrast to that Stand for Children, let us consider for a moment the problem of Brazil and Colombia, where large numbers of children are being found dead in the streets every day. They are being found dead as a result of being shot the night before. They are killing children in Brazil. They are killing children in Colombia. They are killing children in certain other South American countries.

Mr. Speaker, I do not mean child abuse in the usual sense. There is a high degree of child abuse in these nations, but there is a phenomenon which we have not yet experienced in America. That is they are shooting children at night, and you find the dead bodies the next day. The elite classes of Brazil and Colombia and certain other South American countries are the classes of people that are envied by our Republican majority here in this country.

We have an elitist philosophy driving an attempt by the Republican majority to change the policies that have an impact on children. The previous speakers talked about they were not cutting school lunch programs because after all the figures, the numbers will show that there is an increase in the numbers over the years. They do not tell you that the number of children will increase faster than the dollars that they have put in the budget will increase. If you did a simple mathematical calculation of dividing the number of children into the number of dollars available, you will see that the amount of dollars available, you will see that the amount of dollars per child will go down as a result of the cuts that they are proposing.

They are also taking out large blocks of children and saying that immigrant children shall not be served and we are going to just leave them on their own. We are going to leave them to fend for themselves. So the contrast is very important, to take into consideration the fact that in this Nation at this point in history, the majority of Americans still stand for children. They stand for