monthly Social Security benefits for retired workers will increase from $702 a month today to $965 a month in the same program in the same period.

Mr. Speaker, a top priority of this bill is combating Medicare fraud and abuse. I am on the Subcommittee on Health and the Environment and we held several hearings on this subject. The General Accounting Office has estimated that we can save possibly 5 or 10 percent in Medicare spending. From now on seniors will have the right to review their Medicare bills and if they discover fraud, they can receive a portion of the savings.

Mr. Speaker, by providing seniors with added choices, while not increasing their share of the percent of the premiums, the Medicare Preservation Act will be good for senior citizens, and for taxpayers.

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

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

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

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

REPUBLICANS MEET BUDGET CHALLENGE

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

Mr. LEWIS of Kentucky. Mr. Speaker, today, November 17, this House passed a balanced budget, the 1995 Balanced Budget Act. Twenty-six years it has taken to reach this day. Mr. Speaker, 26 years of spending, and spending, and taxing, and spending. Today we met the challenge, we stood up for the American people, and we have decided that we are going to bring the fiscal policies of this country into order.

Mr. Speaker, 40 years, though, this House has been controlled by one party, 40 years. What do we hear when we now are trying to do what the American people sent us here to do, and that is to balance the budget? We hear the status quo being preached from the other side; that we are going to ruin this country; that we are going to hurt our senior citizens; that we are going to hurt children; that we are going to do harm to this great country.

Mr. Speaker, why is it after 40 years, why is it after 30 years of the war on poverty and the design for the Great Society that was initiated in 1965, why is it that we have the highest crime rate in the world? Why is it that illiteracy is growing and SAT scores are going down? Teenage pregnancy, illegitimacy is growing at an alarming rate. Drugs are out of control. Poverty is going up. Medicare is going bankrupt. Taxes for the average family are 40 percent.

Mr. Speaker, 38 percent of our gross domestic product is consumed by the public sector. We are $5 trillion in debt, and we hear from our colleagues across the aisle that we are going to ruin this country.

Mr. Speaker, I submit tonight that the Great Society that was started in 1965 is a failure. The Great Society that was started in 1965, promised to win the war on poverty. As I said a minute ago, there are more in poverty today than when that started. The Great Society has taken us down the primrose lane to a society that is in trouble today. $5 trillion. $5 trillion was spent to win the war on poverty. The tragedy today is that we lost that war, and we are $5 trillion in debt.

Today, I think we have started down the right road to a new future, to a truly new Great Society, a society that is going to depend on personal responsibility, on community responsibility, on State responsibility. We have started down a road where we are going to lower the taxes on middle-income families. We are going to give back to mothers and fathers and children their own money that they can spend it the way that they see fit. We are going to save Medicare for our senior citizens. We are going to turn the welfare problem around. We are going to reform it.

Mr. Speaker, that is what I was sent here to do, and the reason that I wanted to come here, to try to solve these problems. I have a 13-year-old daughter. I have a 24-year-old son, and they have no future unless we do something. I think we started to do it today.

Mr. Speaker, if I look down through the years, and if we do not solve these problems, my daughter, sometime midway through her work career and through her life, she will be seeing a $4 trillion deficit for one year of spending for this government in the year 2030. We cannot go down that road. I think we are doing the right thing as we started down the right road today.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Lundregan, one of its clerks, announced that the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2491) ''An Act to provide for reconciliation pursuant to section 105 of the concurrent resolution on the budget for fiscal year 1996,'' fails.

The message also announced that the Senate recedes from its amendment to the bill from the House (H.R. 2491) ''An Act to provide for reconciliation pursuant to section 105 of the concurrent resolution on the budget for fiscal year 1996,'' and concur to the above entitled bill with an amendment.

THE BALANCED BUDGET ACT

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from Connecticut [Mr. SHAYS] is recognized until midnight as the designee of the majority leader.

Mr. SHAYS. Mr. Speaker, I guess I have 12 more minutes, and I am delighted that you are willing to stay and allow me to have this special order with my friend from Kentucky. I would just like to express extraordinary gratitude for the opportunity I have, and my colleagues have, to serve in this House at this historic moment in the history of our country.

For the last 30 years, our national debt has gone up from $375 billion to over $4,900 billion, a 13-fold increase. During a good part of that time, I served in the State House and I wondered how Congress could do such a thing to its children. I could not comprehend how they could do it. The White House as well, of both parties.

We have seen this incredible deficit increase, continue every year adding to the national debt 13-fold and this Congress has decided to put an end to it. Today, we passed the Balanced Budget Act of 1996, which gets us on a glidepath to a balanced budget in 7 years.

□ 2350

When we first started out last election, we had a Contract With America and a number of people said that will cause the defeat of moderate Republicans in particular and that it was not a very wise thing to have done politically.

I remember being asked by one of my editorial boards how I could have signed it. I asked this question, what do you think of the Contract With America that the majority party at that time has? And there was deafening silence because they did not have any program in the opening day for reforms.

They did not have 10 major reforms during the first 100 days. They had nothing. I wondered why people would be critical of a contract that did not criticize the President of the United States, did not criticize the Democrats in Congress, but was a positive plan for what we wanted to accomplish.

After we got elected with no incumbent Republican losing, fighting for a very positive program, people said, well, you used it to get elected but you will not implement it.

We started to implement it. And then they said, well, you are not going to be able to, moderates, of which I think I am one, pretty much more in the center, and I think my colleague from Kentucky would probably consider himself more to the right and more conservative, they said, you all will not get along well together.

We get along tremendously, because there is so much common ground that

binds us in wanting to save this country from bankruptcy and to do two other things. We want to get our financial house in order and balance our Federal budget. We want to save our trust funds, particularly Medicare. And the third thing we want to do is we want to change and transform this care-taking social and corporate welfare state into what I would call a caring opportunity society, a word that we would hear conservatives use more than a moderate. But that is what we want. We want opportunity in this country. So we started to implement this plan and getting along well with each other for a common purpose.

Then they said, well, you will not get along with the Senate. Frankly, we get along quite well with the Senate, as I think my colleague will agree. Then they said, well, you voted for a balanced budget amendment but you would not be so foolish as to try to pass a balanced budget in 7 years and take on all the special interests in the process. And we proceeded to do that.

If someone wants to know the determination we have, I would describe it this way: We left the old world and we traveled by ship to the new world and we got to the new world. We set out to conquer this new world, knowing that we would never go back to the old world. We burned our ships. There is no retreat. We do not want to go back to the old world. We want to save this country from bankruptcy and transform this corporate and welfare state into an opportunity society.

Before yielding to my colleague in just a few seconds here, a few minutes, we proceeded to take on every special interest in the process.

I want to express gratitude to the Washington Post, which in a sense has been watching us for the past nine months and has been critical of certain things we have done. But they had an editorial yesterday entitled, The Real Default. And I just will read what they said about what we have attempted to do.

They started, ''The budget deficit is the central problem of the Federal Government and one from which many of the country's other, most difficult problems flow. The deficit is largely driven in turn by the cost of the great entitlements that go not to small special classes of rich and poor but across the board to almost all Americans in time.''

Then it goes on to say, ''Bill Clinton and the congressional Democrats were handed an unusual chance this year to deal constructively with the effect of Medicare on the deficit and they blew it. The chance came in the form of the congressional Republican plan to balance the budget over 7 years.''

Then they said, finally, ''Some other aspects of the plan deserve to be resisted, but the Republican proposal to get at the deficit partly by confronting the cost of Medicare deserves support.''

The Washington Post grades us pretty tough. They have given us an A plus. I just want to express my gratitude to the people at the Post for recognizing that there has been incredible courage on the part of all Republicans, conservatives and moderates, to save this country from bankruptcy.

Mr. Speaker, I yield to the gentleman from Kentucky [Mr. LEWIS].

Mr. LEWIS of Kentucky. Mr. Speaker, it is absolutely true. We are unified in this effort. We realize that we have this historic opportunity and now is the time. We have a window of opportunity. I believe with all my heart if we do not do it now, that we are not going to have the opportunity. I do not know when we draw the line and say, after this there is no hope. But we are going to reach a time when the debt is going to get out of control. The interest will be out of control. We will not be able to solve the problem.

I would like to ask the gentleman, do you not feel that this is it, this is our chance? This is our opportunity.

Mr. SHAYS. This is truly an historic moment for all of us and an opportunity that I think my colleague from Kentucky would agree has presented itself after a tremendous amount of work. We want to seize this opportunity. When we talk about getting our financial house in order and balancing our budget, we are doing it by still allowing government to grow but in many cases we are slowing the growth of government. In some cases we are eliminating programs, cutting back in others, consolidating departments, eliminating some units within departments. Having real cuts, spending less the next year, eliminating the Department of Commerce as one of our first steps in consolidation.

In other cases, with entitlements, we are allowing them to grow. Medicare and Medicaid will grow significantly. We have had talk about the earned income tax credit and talk on the other side that we were cutting this program, when in fact it is going to go from $19 billion to $27 billion, excuse me, $25 billion, an increase of 28 percent, not a cut. Only in Washington, when you spend so much more, do people call it a cut. The school lunch program is going to go from $6.3 billion to $7.8 billion, an increase. The student loan program is going to go from $24 billion to $36 billion.

I do not know how my colleagues on the other side of the aisle can say it with a straight face and say we are cutting the student loan program when it is going to grow, 6.7 million students, it is going to grow to 8.4 million. Medicaid is going to grow from $89 billion to $127 billion. Medicare from $178 billion to $289 billion. We are cutting programs. We are slowing the growth of others. But these programs have significant increases. Yet our colleagues call it a cut.

Ultimately in 7 years, we will have slowed the growth of spending so it will intersect with revenue and we will have no more deficits. That is an important element of this. But another important element of it is, in the process of reducing our government, we are also going to transform it from a welfare state, both on social programs and even on corporate programs.

We are going to transform it into an opportunity society. We are going to teach people how to grow the seeds instead of just giving them the food.

Mr. LEWIS of Kentucky. Mr. Speaker, that is exactly what we are doing. We will not ever forsake those who truly need help. We are going to help those. There is always going to be that social safety net for those who cannot help themselves. But we want to be a helping hand up and out of poverty, not keeping them in poverty with the welfare system that holds people down and keeps them dependent upon the government.

We want to free people. We want to allow them to achieve all the God-given gifts that they have to be the best that they can be in this wonderful country that we have. I think to be criticized and to be called mean-spirited and other words that have been applied to us for trying to save this country by balancing the budget is truly wrong. We are doing what we feel and what the American people have asked us to do. It will save this country.

Mr. SHAYS. Mr. Speaker, the bottom line is, we are going to get our financial house in order. We are going to save our trust funds in the process. We are going to transform this welfare state into an opportunity society. And in the process, we are going to save America.

Mr. Speaker, I include for the RECORD the editorial to which I referred.

[From the Washington Post, Nov. 16, 1995]

THE REAL DEFAULT

The budget deficit is the central problem of the federal government and one from which many of the country's other, most difficult problems flow. The deficit is largely driven in turn by the cost of the great entitlements that go not to small special classes of rich or poor but across the board to almost all Americans in time. The most important of these are the principal social insurance programs for the elderly, Social Security and Medicare. In fiscal terms, Medicare is currently the greatest threat and chief offender.

Bill Clinton and the congressional Democrats were handed an unusual chance this year to deal constructively with the effect of Medicare on the deficit, and they blew it. The chance came in the form of the congressional Republican plan to balance the budget over seven years. Some other aspects of that plan deserved to be resisted, but the Republican proposal to get at the deficit partly by confronting the cost of Medicare deserved support. The Democrats, led by the president, chose instead to present themselves as Medicare's great protectors. They have shamelessly used the issue, demagogued on it, because they think that's where the votes are and the way to derail the Republican proposals generally. The president was still doing it this week; a Republican proposal to increase Medicare premiums was one of the reasons he alleged for the veto that has shut down the government—and never mind that he himself, in his own budget, would countenance a similar increase.

We've said some of this before; it gets more serious. If the Democrats play the Medicare card and win, they will have set back for years, for the worst of political reasons, the very cause of rational government in behalf of which they profess to be behaving. Politically, they will have helped to lock in place the enormous financial pressure that they themselves are first to deplore on so many other federal programs, not least the programs for the poor. That's the real default that could occur this year. In the end, the Treasury will meet its financial obligations. You can be pretty sure of that. The question is whether the president and the Democrats will meet or flee their obligations of a different kind. On the strength of the record so far, you'd have to bet on flight.

You'll hear the argument from some that this is a phony issue; they contend that the deficit isn't that great a problem. The people who make this argument are whistling past a graveyard that they themselves most likely helped to dig. The national debt in 1980 was less than $1 trillion. That was the sum of all the deficits the government had previously incurred—the whole two centuries' worth. The debt now, a fun-filled 15 years later, is five times that and rising at a rate approaching $1 trillion a presidential term. Interest costs are a seventh of the budget, by themselves now a quarter of a trillion dollars a year and rising; we are paying not just for the government we have but for the government we had and didn't pay for earlier.

The blamesters, or some of them, will tell you Ronald Reagan did it, and his low-tax credit-card philosophy of government surely played its part. The Democratic Congresses that ratified his budgets and often went him one better on tax cuts and spending increases played their part as well. Various sections of the budget are also favorite punching bags, depending who is doing the punching. You will hear it said that someone's taxes ought to be higher (generally someone else's), or that defense should be cut, or welfare, or farm price supports or the cost of the bureaucracy. But even Draconian cuts in any or all of these areas would be insufficient to the problem and, because dwelling on them is a way of pretending the real deficit-generating costs don't exist, beside the point as well.

What you don't hear said in all this talk of which programs should take the hit, since the subject is so much harder politically to confront, is that the principal business of the federal government has become elder-care. Aid to the elderly, principally through Social Security and Medicare, is now a third of all spending and half of all for other than interest on the debt and defense. That aid is one of the major social accomplishments of the past 30 years; the poverty rate for elderly is now, famously, well below the rate for the society as a whole. It is also an enormous and perhaps unsustainable cost that can only become more so as the baby-boomers shortly begin to retire. how does the society deal with it?

The Republicans stepped up to this as part of their proposal to balance the budget. About a fourth of their spending cuts would come from Medicare. It took guts to propose that. You may remember the time, not that many months ago, when the village wisdom was that, whatever else they proposed, they'd never take on Medicare this way. There were too many votes at stake. We don't mean to suggest by this that their proposal with regard to Medicare is perfect—it most emphatically is not, as we ourselves have said as much at some length in this space. So they ought to be argued with, and ways should be found to take the good of their ideas while rejecting the bad.

But that's not what the President and congressional Democrats have done. They've trashed the whole proposal as destructive, taken to the air waves with a slick scare program about it, championing themselves as noble defenders of those about to be victimized. They—the Republicans—want to take away your Medicare; that's the insistent PR message the Democrats have been drumming into the elderly and the children of the elderly all year. The Democrats used to complain that the Republicans used wedge issues; this is the super wedge. And it's wrong. In the long run, if it succeeds, the tactic will make it harder to achieve not just the right fiscal result but the right social result. The lesson to future politicians will be that you reach out to restructure Medicare at your peril. The result will be to crowd out of the budget other programs for less popular or powerful constituencies—we have in mind the poor—that the Democrats claim they are committed to protect.

There's ways to get the deficit down without doing enormous social harm. It isn't rocket science. You spread the burden as widely as possible. Among much else, that means including the broad and, in some respects, inflated middle-class entitlements in the cuts. That's the direction in which the President ought to be leading and the congressional Democrats following. To do otherwise is to hide, to lull the public and to perpetuate the budget problem they profess to be trying to solve. Let us say it again: If that's what happens, it will be the real default.