And for the last 20 years New York State has sent more money to the Federal Government than it has gotten back.

There are a whole wealth of States in the South and Southwest that have gotten $65 billion more in 1994 than they paid to the Federal Government, but we consistently pay more into the Federal Government than we get back. So Medicare, Medicaid, that is one of the ways our citizens get back some of their tax money.

People are terrified with the thought that all this is going to change. Because if Medicaid is no longer an entitlement, then two-thirds of our Medicaid money, which goes for nursing homes, is up for grabs. And I think this kind of special order helps to reassure them that at least Democrats here are fighting. This is a profound debate. It is also a desperate debate. We are desperately fighting to protect some very profound and concrete benefits for people who need them, and I thank the gentlewoman very much for this opportunity.

Ms. DELAURO. Mr. Speaker, I want to thank the gentleman and just say what a number of my colleagues have said, that, in fact, this is worth the fight; that there are fundamental differences about the values of this Nation and its priorities and whether we stand for Medicare and Medicaid and education and the environment and for working class families in this country, or we stand for a $245 billion tax break for the wealthiest Americans.

Let me tell my colleagues that Speaker GINGRICH, since last April, has made statements about shutting down this Government. In June, he said,

> We are going to go over to the liberal Democratic part of the Government and then say to them we could last 60 days, 90 days, 120 days, 5 years, a century. There is a lot of stuff we don't care if it is ever funded. I don't care what the price is. I don't care if we have no executive offices and no bonds for 30 days. Not this time.

That was in September. The fact of the matter is he has been fanning, inflaming, and planning for a shutdown. We have a shutdown, with unbelievable desperate effects on senior citizens in this country. We sill have an opportunity to vote tomorrow with our voting card to vote ''aye'' to reopen this Government. We need 20 Republicans who will, in fact, follow the lead of their districts and the people who sent them here to serve them rather than following their allegiance to NEWT GINGRICH.

That is what this is about, and the desperate effects that this shutdown has on seniors in our communities and veterans in our communities. Do not be fooled by the rhetoric of a balanced budget. It is balanced and it helps the richest people in this country and hurts seniors and veterans and students and working families.

I want to yield now to my colleague from New Jersey, Mr. PALLONE.

Mr. PALLONE. I just wanted to say that I am really pleased that the gentlewoman from Connecticut stresses the basic differences that there are here on this budget and how this is really a budget battle that concerns major differences on the issues of Medicare and Medicaid, education, and the environment.

I am so afraid that the public, in some ways, has got a distorted impression of why we feel that it is incumbent to bring up a continuing resolution to open up the Government again. Historically, in this House and in the Congress, when there have been differences over appropriations bills, differences over the budget, everyone has agreed to continue the Government, let it operate while those negotiations go on. That is all we are asking. We want the Government open while these budget negotiations go on. And I think there is a responsibility of the Republican majority to do that.

Ms. DELAURO. This argument is directed at a Democratic President.

DEBATE IS ABOUT WHETHER THE WHITE HOUSE AND CONGRESS ARE IN AGREEMENT OVER BALANCING THE BUDGET

The SPEAKER pro tempore (Mr. METCALF). Under the Speaker's announced policy of May 12, 1995, the gentleman from Connecticut [Mr. SHAYS] is recognized for 55 minutes as the designee of the majority leader.

Mr. SHAYS. Mr. Speaker, I understand I have 55 minutes and the gentleman from New York [Mr. OWENS], the gentleman after me, has 55 minutes?

The SPEAKER pro tempore. That is true.

Mr. SHAYS. Mr. Speaker, I am happy to be joined by the gentleman from Iowa [Mr. GANSKE].

Mr. Speaker, I was elected to the State House of Representatives in 1974, and it never ceased to amaze me, when I saw my colleagues in Congress having to form a budget, that they did not have to balance the budget. It never ceased to amaze me that unlike the State house, where our revenues had to equal expenditures, men and women in Congress continued to deficit spend and put us in an incredible hole of obligations.

Mr. Rabin, before he was assassinated, said that he was elected by adults to represent the children and the children's children. And this is what this issue is all about. We have Federal employees who are innocent victims, but, ultimately, they will be paid. But they have to now survive without pay. They are caught in the middle.

But this is not about Federal employees. This is not even about the disruption of services. It is about whether or not there is an agreement in Congress with the White House to finally balance our Federal budget, get our financial house in order, Save Medicare from bankruptcy and, ultimately, to change this social and corporate welfare State into what I would refer to as an opportunity society, an opportunity for all Americans.

So, Mr. Speaker, we are gathered here now in a very significant debate. I have differences with my colleagues on the other side, as I am sure others of my colleagues on this side of the aisle have. We are trying to get our financial house in order and balance our Federal budget.

We presented a budget that we worked on for 11 months. Our budget, in some cases with discretionary spending, which is the running of Government, the various departments and agencies, we made real reductions. We spent less in some programs and departments than we did in this year's budget.

We eliminate a department, we reduce the size of other departments, we consolidate agencies, and we attempt to, in a 7-year plan, balance the Federal budget.

In terms of entitlements, which are half of our Federal budget, we are looking to slow the growth of entitlements. We are not cutting them; we are spending more. I am just going to read the expenditures of five programs that our colleagues just previously made reference to. They called it cuts. Only in this place, in this city of Washington, when you spend so much more do people call it a cut.

The earned income tax credit is a credit that goes to people who do not pay taxes. It is an assistance to the working poor, and we are told that we are cutting it when we go from $19.9 billion to $25 billion in the 7th year. That is an increase of 20 percent, and yet our colleagues call it a cut.

The School Lunch Program, which they went to schools and told the children they would no longer have a school lunch program. What an outrage. That program goes from $5.1 billion to $6.8 billion.

Our Student Loan Program, we are told we are cutting the Student Loan Program, and it goes from $24.5 billion to $36.4 million, a 50-percent increase in student loans. Only in Washington when you spend 50 percent more do people call it a cut.

And then, before yielding to my colleague, the gentleman from Iowa [Mr. GANSKE], I will just make reference to two very important programs, I know to Mr. GANSKE, and certainly to me as well, because we worked on these programs very closely. Medicaid. This is health care for the poor. We go from $89 billion now to $127 billion. Only in Washington when you go from $89 billion to $127 billion do people call it a cut.

And then with Medicare, we go from $178 billion to $289 billion. I would love to just make reference to some very specific points in this program. The bottom line to this program is that when we talk about it, we are going to go on a per capita basis from $4,800, in this past year, to $7,100 in the year 2002, which is now 6 years from now.

Now, that is a 45-percent increase per capita, and yet I am told that is a cut. We are allowing Medicare to increase on an annual basis of 7.2 percent, and yet I am told by my colleagues on the other side of the aisle that that is a cut.

I have a difficult time with that. It is not a cut, it is a significant increase. Admittedly, it is not a 10-percent growth, it is a 7.2-percent growth each and every year.

I know my colleague, who happens to be a doctor, is very near and dear to the concerns of Medicaid and Medicare. Medicaid is health care for the poor. And also Medicaid is nursing care for the elderly poor. Medicare, which is health care for the elderly and the disabled, these are two very important programs that we are trying to save. I would love at this time to yield to my colleague to discuss whatever he would like as it relates to these issues.

□ 2215

Mr. GANSKE. I thank my colleague from Connecticut. It is such a pleasure to share time with him, and we can have a civilized discussion. There has been so much hot rhetoric on the floor of Congress in the last few weeks that I think it will be important tonight to cover some areas and present the facts to the public and discuss these issues in a rational way.

I think we ought to spend a little bit of time on the so-called tax cuts for the rich. I think we ought to spend some time on some of the specific items in Medicare that were discussed by the previous discussants. But I think maybe we should just start with where are we at with this budget? Why do we have furloughed Government workers?

Well, it has been about I think 7 weeks since the President signed a continuing resolution in which he promised to present Congress with a balanced budget, one that balances in 7 years by honest numbers, Congressional Budget Office numbers. It was just a few years ago that the President, right here, told Congress that he felt that the Congressional Budget Office provided the most accurate estimates for economic growth. Well, why do we have Government employees that are not working or those who are working are not getting paid in some areas? It is basically the President has not kept his promise. He has not presented or brought to the table a balanced budget that balances in 7 years utilizing the Congressional Budget Office that he said he would do.

In return for our last continuing resolution, Congress said we will consider everything, we will put everything on the table, tax cuts, health care, education, whatever your priorities are. But I tell my constituents back home that this has been very frustrating, because it is like if I go to an auto dealer, and I see a car on the lot and I really like it, I want to purchase it from that auto dealer and I say I will you $10,000 for that car, and the auto dealer says it is not enough, and I say, well, how much do you want? And he will not tell me. He just says, spend more or pay more. You know, it is hard to make an agreement with that.

Mr. DREIER. Mr. Speaker, I would like to inquire, it was not in a DeSoto dealership, since I know that my friend drove around his district in a DeSoto automobile in the last campaign.

Mr. GANSKE. If I would help the budget negotiations, I would bring the DeSoto to Washington and drive it down to the White House.

Mr. DREIER. My friend is absolutely right that there has been very clear confusion on this issue because we saw in November, on the 20th of November, a commitment made by the President that he would come forth with a balanced budget that would use what we describe as honest numbers in Washington lingo. It is the Congressional Budget Office scoring, and he said when he stood behind where my friend is in his first State of the Union Message on February 17, 1993 that he believed the most honest numbers and responsible scoring procedure was to utilize the Congressional Budget Office, and tragically, while that indication was made when it was signed by the President November 20, and we have failed to receive that balanced budget, it has understandably created a high level of frustration, not only for those who serve in the Congress, but for those Federal workers who have been furloughed and the American people who have been anticipating a response.

Mr. GANSKE. Mr. Speaker, I think people back home get all mixed up when we are talking about CBO, Congressional Budget Office, or OMB, Office of Management and Budget. That is the administration's predictors of economics. But I try to explain it to them this way: you have to work from the same set of books using the same accounting system in order to understand where you are both at. You cannot use one type of accounting system and a different accounting system and come to an agreement. That is why it was so important and why I was hopeful for a period of time, when the President first agreed to doing this, that he would actually put his numbers there, that we would be comparing them apples to apples and not apples to oranges.

Mr. SHAYS. Mr. Speaker, if the gentleman would yield, that is the key point, that we compare the same basic accounting numbers. And Mr. DREIER is right on target, the President was right behind you saying use the Congressional Budget Office numbers. Congressional Budget Office is not bipartisan. It is not partisan, it is nonpartisan. These are not political appointees like the Office of Management and Budget.

Mr. GANSKE. The gentleman is on the Committee on the Budget, and he very well knows that when Congress passes budgets, we certainly did not get every economic prediction that we wanted to from the Congressional Budget Office.

Mr. SHAYS. Did we get any that we wanted?

Mr. GANSKE. We had to work with the assumptions that they gave us, just like we would expect the President to work with the CBO on their assumptions.

Mr. SHAYS. So it has been since November 20 and the President made it very clear that we would balance the budget using the Congressional Budget Office numbers. And what has happened since then? Has he submitted a budget? Has it been scored by the CBO? And the answer is no.

That is really the point that we find ourselves. We have been authors and we have authored since January and we have struggled and debated and made decisions on Medicare and Medicaid; on the school lunch program; yes, on taxes as well. We set out priorities, and now we want the President to tell us what his priorities are. Instead, he has been a critic on the sidelines saying what he does not like, and not an author, and we are asking him to be an author. The challenge we have right now is the Government shutdown. Why is it shut down?

Mr. DREIER. If the gentleman would yield, I think we as Republicans made a mistake. The mistake that we made was in believing that when on November 20, 1995, just about 6 weeks ago when this agreement was signed, we believed that the President would come forward and, in fact, offer this balanced budget with the honest numbers, the Congressional Budget Office scoring. Our mistake was in believing that, because tragically it has not happened. That is what has created this high level of frustration.

Mr. GANSKE. If the gentleman would yield, the President signed that continuing resolution. That was an act and that is a law. He has broken his promise on that. Because the President has not kept his promise, I think it has really created a level of frustration and distrust with Congress at this point in time.

I believe that if the President really wanted to get the workers back to work, the most constructive step that he could take would be today—I mean, he has 500 workers in the Office of Management and Budget. He has had almost 2 months.

Mr. SHAYS. And you want him to do What?

Mr. GANSKE. I think if he would finally put a plan on the table that the CBO scored as balanced, it does not matter what is in it. He can put his priorities in it. It would be a sign of good faith with Congress, if the President is truly interested in doing this.

Mr. SHAYS. If the gentleman would yield, I watched the President give his press conference yesterday and he said Republicans are trying to basically ram down our proposal, which is simply not true. Because we are not saying that he has to present our proposal. We

are saying he needs to present his proposal with his priorities.

For instance, if he wants no tax cut, he can submit a budget with no tax cut. If he wants more spending on Medicare or Medicaid, he can do that. The only requirement is that it be balanced, scored by real numbers. So, that is the issue and it is simply not true.

Mr. GANSKE. If the gentleman would yield, the gentleman has pointed out before that this is hard work coming up with a 3,000-page document, as this Congress did, that balances. We went through every program. We had to make some tough decisions when we did that. We have to decrease the rate of growth in some areas. And I believe that the reason the President has not done this is because he has not been willing to make some difficult decisions. It brings into question, truly, whether the President wants to balance the budget or has the moral courage or the spine to do that.

Mr. SHAYS. Ultimately, this Government is going to be shut down until the President doe his job and provides this Congress with his balanced budget. That is a fact. It is not something that either you or I like, but we know what the cause is. This is the cause that only happens and an opportunity that only happens once in a lifetime.

For over 30 years, particularly since the end of the Vietnam war, our national debt his gone up from over $300 billion to $4.9 trillion or $4,900 billion, and that has happened in peacetime. Both the gentleman from Iowa and I and other Members, particularly on this side of the aisle, want to put an end to that. We want to end the deficits so we have lower interest rates; so our mortgages cost us less; so our car payments cost us less; and so that businessmen and women, when they want to invest in new plant and equipment to make their workers more efficient and more productive, do not have to pay so much for the cost of money to invest in new plant and equipment.

What I would like to do is I would like to get into one particular issue to illustrate what we did during the last 11 months, and that was the whole issue of Medicare. We know that Medicare is going up from $178 billion to $289 billion. first off, we know that Medicare is going bankrupt. It becomes insolvent starting this year. Less money is put in the fund than goes out the first time ever in Medicare Part A.

We know it ultimately starts to go insolvent and becomes bankrupt in the seventh year. With our Medicare plan, we are looking to spend a considerable amount more in the next 7 years than we did in the last 7. We spent in the last 7 years $926 billion. We are looking to spend $1.6 trillion. $1.6 trillion. We are going to spend $727 billion more in the next 7 years than we did in the last 7.

On a per capita basis, we are going to go from $4,800 per beneficiary to $7,100. and it is important to say ''on per beneficiary,'' because people are saying ''You are getting more people in the system.'' Yes, even with more people in the system, we are still going to spend 45 percent more for each of those individuals.

Mr. GANSKE. That is more than twice the projected rate of inflation. But the importance of this matter is tremendous. As a physician who has treated Medicare patients, the facts are staggering. It is an absolute fact that in 6 years there will be insufficient revenues coming into the system to cover the bills.

Now, the Health Care Financing Administration has recognized this for a number of years. What they have done through a system of price controls is gradually tightened the tourniquet. They have tightened the tourniquet on rural hospitals, on providers, and even with their price controls, they have not been able to bring down the rate of growth because they have not addressed an essential issue of overutilization.

Now, President Clinton has proposed a smaller amount of savings from Medicare, from the Medicare Program, from what we proposed. When we originally proposed our Medicare bill, our savings were projected at $270 billion. In fact, tonight on the floor this was the figure that was mentioned. It would be much more accurate to say what the current levels are, because the Congressional Budget Office has readjusted their figures, and so we are now at a level of about $205 billion in savings.

Mr. SHAYS. But still allowing, if the gentleman would yield.

Mr. GANSKE. But still allowing 7.2 percent growth each year on the average. Remember when President Clinton and Mrs. Clinton presented their plan just a year and a half ago, they proposed an increase of about 6.8 percent. At that time they said that was not a cut. But now when we have proposed spending more than they did, now, of course, this is a Draconian cut. We have got to get past this Washington language about cuts. It confuses people back in the district.

Mr. SHAYS. I would like to just emphasize this point though. The bottom line is that the White House, when they were presenting their plan on Medicare, suggested that Medicare could only grow at 6.8 percent a year; that we needed to slow the growth. That is what we are doing. Admittedly, we failed to keep it as low as the White House originally suggested and it is going to grow at 7.2 percent.

□ 2230

And now we had basically four ways to make these savings generically. One is we could change and affect beneficiaries. The second is we could change and affect providers. The third is we could raise taxes to save the Medicare trust fund part A, and that simply was ruled not an option. And the fourth is we could change the system.

I would love to get into the whole issue of how we are looking to change the system, but first before yielding I will make this point: We did not advocate making any change in copayments. We did not advocate, and do not, any change in the deduction. We do not advocate changing the beneficiary rate, the premium rate on the Medicare part B. We leave that at 31.5 percent, with the taxpayers still paying 68.5 percent.

Now, Medicare part A, which is going bankrupt is the hospital payments. Medicare part B is the services. In Medicare part B, we keep the premium, the cost to the beneficiary, at 31.5 percent.

As health care costs go up, that 31.5 percent will continue to be a higher amount, much as it has been in the last 7 years. That will be that gradual increase.

I would love to later on, but I will yield to my colleague, I will just point out that in the year 2002 the President basically would have a premium of $82.80, at 25 percent of the cost, because the President fails to slow the growth of Medicare, and at 31 percent of the cost, our charge is only $87.50. It is less than $4 and some change, the difference in the premium cost, and yet the President has called this Draconian.

The bottom line is I would love my colleague to talk about what we have done. We have not increased the copayments. We have increased deductions. We keep the beneficiary rate at 31.5 percent.

Mr. GANSKE. I think, if the gentleman would yield, there has been a lot of confusion and sort of half-truths related to the premiums. It has been reported in my local paper that this is a bad plan because premiums would double. It is a half-truth, because what was neglected to be said was over 7 years. And how much would the premiums have increased if you had done nothing to the program? Because premiums have increased in Medicare 29 out of the last 30 years, and it is my understanding that premiums have increased $14 since President Clinton became President.

You know, health care costs do keep rising, and if a Medicare recipient is paying the same percent of his part B premium, then because there is a gradual rise, just as there is a rise in the Consumer Price Index, which will increase the Medicare beneficiaries' Social Security payments over 7 years from $700 to $935, then you have to tell the whole truth. And the gentleman is exactly right. I mean, how are these savings achieved? The only thing asked of Medicare beneficiaries was that they pay the same percent of their part B premium for the next 6 years that they paid last year, no increase in deductibles, no increase in copayments.

At the same time, hospitals were asked to take a reduction. Providers were asked to take a reduction, and they agreed to do that if there were some structural changes in the program.

If you only tightened the tourniquet like the Health Care Financing Administration has done for the last 15 years, then you reach a point where, instead of just stanching the blood flow, you cut off the blood supply completely, and you will end up with gangrene.

So what we needed were some structural changes to go along with a decreased rate of growth, something that would be reasonable. But it should be pointed out that no senior citizen is going to be asked to change their current policy. They can stay exactly in the same type of Medicare program that they are right now. If they want to, there will be some options for them.

Mr. SHAYS. I would make this point, it is not like the telephone company where you found you were with AT&T, the next moment you found yourself part of MCI or another telephone service. You will stay in Medicare, the traditional fee-for-service, the Blue Cross/Blue Shield model, the 1960's version that exists today; you will stay in that program unless you proactively decide to become part of another program. And I make this point, that you, as a Member of Congress and I as a Member of Congress, who are Federal employees and get Federal health care, we get choice, and we are saying to beneficiaries that they for the first time will have choice.

They will stay in the present system unless they get a getter choice, and the better choice is they may get eyeglass care, they may get dental care, they may have a health care plan that says their beneficiary cost will not be as high or that they will pay no copayment, they may get a rebate in the amount that they pay, and they will decide.

Now, let us just say they make a choice, and they did not like the service. We are allowing them for the next 24 months to go right back into that fee-for-service. So they sign up, they do not like it, they are not locked in for a year or 2 or 3. Now, after 24 months, when they make a choice, it will be on an annual basis as it is for me. As a Federal employee, once I choose a health care plan, of which I pay 28 percent, I am locked in for a year. Every year I can decide to get out at a certain point.

So we are offering choice, something that I know my constituents have asked for for a long time, but we are allowing them to stay.

I know my colleague has some more to add on this issue.

Mr. GANSKE. If the gentleman will yield further, I am appreciative of the fact that you have brought up the issue of benefits that Medicare beneficiaries can receive, because in the current program, the way Medicare is right now, there is some real unfairness in the system. There is some real inequity. This particularly affects my home State of Iowa as well as some other rural States.

Let me explain what this is. There is such a thing as the AAPCC, the annual adjusted per capita cost. This is a funding formula that Medicare uses to determine how much they will provide for benefits per beneficiary, if, for instance, they are in a managed care plan.

Mr. SHAYS. Are you saying this is based on determining health care costs county by county by county?

Mr. GANSKE. County by county. Every county in the country has a rate determined by the Health Care Financing Administration, by Medicare. Unfortunately, the difference between some counties and other counties is huge.

Let me give you an example. This chart shows that the disparity between the top 10 percent of counties in this country and the bottom half of the counties will increase if nothing is done. For instance, in my congressional district, one county is reimbursed on a monthly basis per Medicare beneficiary at about $245. There are counties in this country where the reimbursement rate is over $700.

Mr. SHAYS. Particularly in urban areas?

Mr. GANSKE. Particularly in urban areas, and this is a situation where everyone in my counties are paying exactly the same Medicare tax as everyone in the other counties that are getting more than twice as much per beneficiary. That is why, for instance, in New York City, somebody can sign up for a plan, get eyeglasses, membership in a health fitness club or some other benefit or have their premium paid that they cannot get in Adair, IA.

Mr. SHAYS. Just to clarify, that is because that beneficiary basically has $600 that they bring to a plan on a monthly basis, whereas in a county like your own, a rural county or counties like your own, it may only be $200 or $300?

Mr. GANSKE. Exactly. And that has been a flawed funding formula based on over-utilization in certain areas.

Mr. SHAYS. So what did we do about it?

Mr. GANSKE. So our plan addresses that. Our plan immediately bumped the lower counties up.

Mr. SHAYS. If the gentleman, before leaving that, just put that chart that he just took off, my understanding is the average starts somewhere between $4,000 and $5,000 on an annual basis, and the bottom 50 percent are actually below $4,000, yet just the top 10 percent are $6,000 and climbing.

Mr. GANSKE. If we look at it on an annual basis the benefit that a Medicare beneficiary would get, for instance, in Nebraska or Iowa or Oregon, ti would be in this range, below $4,000 on an annual basis. In some parts of the country it is $6,000. The average is about $4,500.

But look at what happens over time as you go out to the year 2002. If nothing changes in Medicare, you can see that the difference between these two increases over time.

Let me just show you how this affects my particular State. The dark blue areas are counties that are more than 30 percent below the national average. Light blue is 20 to 30 percent. I practiced medicine for a while in the State of Oregon. Oregon has been very efficient in their health care. Look at the State of Oregon, for example; the whole western part of the State is reimbursed at levels 30 percent or more less than the average. Our plan addresses this inequity because it immediately bumps up the baseline, the minimum amount that any county could receive.

Some counties in Nebraska, for instance, receive $170 or $180 per month. That is immediately increased to $300, the next year to $350, and when you get that initial bump up to a minimum floor, then you have a differential rate of growth from those countries at the top compared to those at the bottom. The ones at the bottom will grow over the next 7 years at twice the rate as those at the top. So the ones at the top are still growing. They are still getting more each year, but the ones at the bottom are growing a little faster. And so what that means then is that over a period of time you narrow the difference between those counties that have very low reimbursement rates now and those that are very generous.

This is just one of the small details in the Medicare plan that we have passed that improves the system and will improve it for everyone across the country.

Mr. SHAYS. I would just make a point that in representing an urban area, it was hard for me to comprehend at first that there would be such a low reimbursement to rural areas, and as this gentleman and some of your colleagues from rural areas pointed out to those of us from urban areas, that we had to deal with this issue. I think we have made a very good-faith effort to try to deal with this inequity. That is one area that we looked at.

Another area I would love to focus in on before our time runs out is that health care fraud, which is pretty rampant, has been a State-by-State process. In our legislation, for the first time we make it a Federal offense to defraud both Medicare and Medicaid and CHAMPUS. CHAMPUS is the Federal program for our military and some other Federal employees. And for the first time we are making a concerted effort to deal with the State-by-State fraud and have a more greater team effort to go after this fraud.

I do not know if my colleague would like to speak to this issue as well.

Mr. GANSKE. One of the provisions in our plan says that if a Medicare beneficiary identifies an area of fraud or abuse, that they can participate in recovering some of the cost.

Mr. SHAYS. It is astounding when we find out what some of the fraud is. Some of it is perceived to be in a mistake where they were sent a $16 bill, it turned out to be $160 or $16,000, or a man being charged for giving birth to a

child, just things that were so preposterous, but not, frankly, all that uncommon.

Mr. GANSKE. One of the things that is currently happening in the Medicare Program is a trend toward increased utilization or increased opportunity for health maintenance organizations. This is happening. It is going to continue to happen, whether there is any change in the Medicare Program at all. But as the gentleman knows, we were aware of this, and we put in some significantly stronger patient and consumer protections in this bill in terms of notification, in terms of making sure that senior citizens cannot be taken advantage of by certain health plans.

I mean, there are a lot of good things in this bill, not the least of which has been discussed earlier this evening by the Members of the opposition party, related to medical savings accounts. This is one of those options that a senior citizen can use if he wants to. It is not for everybody. But it is something that is reasonable for people to think about. The way that it works is this: You receive a set amount of funds from which voucher you can then purchase a high deductible insurance plan. With the difference between what the plan costs, you can then put that amount into a savings account to pay the deductible. However, what you do not use stays and grows in that account, which is your account. And if you maintain a certain balance, then you can use that for additional medical provisions, if you want to.

□ 2245

Mr. SHAYS. If my colleague would yield, I have a number of constituents who manage their own care and manage their own health. They do not smoke, they may not drink, they try to lead healthy lives. They are a tremendous savings to our country because they are in fact healthier people.

Mr. GANSKE. If the gentleman would yield, those individuals who live healthy lives would then be able to purchase plans at less cost, because they would have less risk. Therefore, their healthy behavior is rewarded. That is part of personal responsibility. I think that this is something that is not for everyone, but I believe that what it does do is to reestablishes a connection between the payer and the recipient.

If somebody else pays for something, then you are never as concerned about what it costs. But if this is coming out of your account, you now have a personal financial interest in making sure that you are getting good value for your dollar, for your health care dollar. That means you are going to look at your bills.

For instance, that will mean if you are going to a family practitioner for a routine checkup, you may find that the family practitioner on one side of the street charges $20 for a visit, the family practitioner on the other side charges $25. If they give equivalent care, now you have a personal interest in being a good shopper.

I have had many Members of the opposition side say ''I don't think senior citizens can do that.'' It is sort of like they do not think senior citizens are capable.

Let me tell you, a lot of the senior citizens I know know exactly where the grocery bargains are. They are good shoppers. They have a network. They communicate with each other when they get together for coffee as to where is the best place to go. ''Did you know they are having a sale there?'' That kind of information will be spread around. I have confidence in senior citizens to be able to make wise decisions for themselves.

Mr. SHAYS. My colleague, what we have been talking about is one of the many plans that are part of our Balanced Budget Act which the President vetoed. We have some major differences with the President on Medicaid and on Medicare. He has some differences on whether or not to have tax cuts and where. We do not yet see his plan, and we are waiting for his plan.

But we have been very strongly criticized by some on the other side of the aisle that talk about a ''cut'' to Medicare. What we have talked about is the fact Medicare is going up from $4,800 per beneficiary to $7,200. We have talked about the fact there are no copayments, no deductions, the premium stays the same.

We are going to have a higher premium for the wealthier. The most affluent will pay more on Medicare Part B, something the colleagues on the other side of the aisle advocated, but now criticize. We are slowing the growth to a significant increase of 7.2 percent. Only when you spend 7.2 percent more each year do some, and only in this city, do they call it a cut.

Now we have talked about now a plan that has choice, yet you do not have to choose if you do not want. You can stay where you are. We have talked about the fact you have been trying for a number of years and have been critical, first when you were not part of Congress, to get us to address the fact that some counties do not get the kind of payment allotted for Medicare that they deserve to, and there is this extraordinary disparity, and the only way choice is ultimately going to work is increase what we do in rural areas. We dealt with that.

We have made significant changes to get at fraud, waste and abuse, and that we are allowing this choice for all our seniors.

So I am very proud of this program. I hope we do not change it much from what we have proposed. I believe we need to spend more on Medicaid than we have appropriated, but I think our Medicare numbers are pretty good. I hope when the President finally does his job and comes in with a budget, he recognizes that we have $12 trillion to spend in our overall budget in the next seven years. And it is an issue of how he wants to spend $12 trillion and how we want to spend it. If we do nothing, we will spend $13.3 trillion and continue to have deficits ad infinitum.

Mr. GANSKE. If the gentleman will yield, let us put this on a common basis and tie this back in with senior citizens, because senior citizens have children and they have grandchildren. Their grandchild who is born today inherits $187,000 worth of debt, just interest payments in his lifetime.

The facts are staggering. A 21-year-old today faces a bill of interest payments of $115,000. Senior citizens tell me, look, we are willing to do our fair share, and it is a matter of what is fair when we look at this? But this is so important, because I agree with what you said earlier. We have a chance here to do something good for the country that does not come around very often. It may be our last chance to do this.

If this balanced budget work fails, then I think the message will be to Congresses not to try it. Do not take on a difficult job. Just kind of go along until we reach a crisis.

What we are really talking about now is the ability of a democracy to look ahead and see a problem coming, of knowing that this problem is coming. But it is not quite yet the crisis that throws all the economy into disarray, where it is not quite at the point where we would see 500 or 1,000 percent inflation in one year. But we can see that coming if we do not address this issue.

So the question is, can a democracy gather itself together, do something that is not easy, when you have not got your back totally against the wall like it is going to be in about 15 years?

Mr. SHAYS. Well, I know that you are a newer Member of Congress, and I know that you decided to run because you looked at how you saw Congress operate and said how can grown men and women fail to get our financial house in order? And that is what we are about.

I have had constituents who said to me, how could you shut down the government? Well, part of the government is shut down, and the reason it is shut down is that the President has vetoed some budgets that we have given him, that he has not given us a balanced budget, and we are determined basically for the long haul to seek a balanced budget. We are not going to miss this opportunity. We are going to pursue it.

I had some Members say to me, well, the polls say the President is taking the right position and Congress is taking the wrong position. It is interesting when we get in the polls. I will make two points.

One is that the Time Magazine, when they did a poll, said that just recently in the last edition, 47 percent feel we are ''cutting too much''; 46 percent said we were cutting just right on or not enough. When they learned in fact Medicare was going to grow per beneficiary 45 percent, that Medicaid was

going to grow significantly, that when they learned that the Earned Income Tax Credit goes from $19 to $25 billion, the school lunch from $5 to $6.8 billion, student loan from $24 to $36 billion, a 60 percent increase, Medicare from $178 to $289 billion, when they learned that; in other words, when the pollsters go back, they realize that there is a shift. And then two to one they say we are cutting just about right or not enough, when they realize in fact we are not doing the kind of cutting that they think we are doing.

I will just make this last point, if I could. I have been asked about the polls. I have answered it this way. If Abraham Lincoln during the height of our crisis in the battle between the North and the South on whether we would be one nation, under God, indivisible, if he had taken a poll and he has responded the way the press has asked us, how can you continue when the polls say this, when Abraham Lincoln was President, it was clear that most Americans did not support the war during the first few years. They wanted the way to end, and they wanted him to settle.

But he did not listen to the poll, thank God, because if he had, we would be not one Nation under God, indivisible; we would be two nations, and we would be very much divided.

So for me the polls ultimately will happen this November, and I can say, I am very willing to sink or swim on this issue, to live or die, to be reelected or not. I am willing to face what my constituents say. If they do not feel we need to balance this Federal budget and get our financial house in order and they disapprove of the way we are proceeding, then I am out of sync with the constituents I represent. Then I do not deserve to be reelected. But for me, this is something that comes from my heart and my mind. I believe in it with all my heart and soul, and I am very willing to live with the consequences, whatever the consequences may be.

Mr. GANSKE. Mr. Speaker, if the gentleman would yield, people ask me why is Congress being so strong on this? Many of my constituents say hold the line. They understand. But others say, ''Maybe a balanced budget is not so important.'' This is what I tell them. For the last 25 or 30 years, the average income family in this country has stagnated. I mean, you can talk to the President of the AFL–CIO. He will tell you exactly the same thing. Part of that is because in 1950, the average income family was sending 5 percent of their income to Washington for Federal taxes, and today the average income family is sending over 25 percent of their income. That means to Washington for Federal taxes alone. That is not counting State and local property taxes. So it means almost they have to work until July 4 before they can start to work for themselves each year. That is not the rich, that is an average income family.

So what we know will happen is that if we can balance the budget, when the government does not take so much of the discretionary income into itself, that leaves more out there. There are more jobs. We are talking about 5 to 6 million more new jobs in the next six years if we balance our budget. We are talking about interest rates dropping 1½ to 2 percent. For a young couple buying a $75,000 home, at 2 percent lower interest rates on their home, on their 30-year mortgage, they save $36,000. If a young person buys a car for $12,000 and their interest rates are 2 percent lower, they have just saved almost $1,000 on their car. That means if we balance the budget, family incomes will go up, there will be more jobs, the economy will grow. But let me just read to you what will happen if we do not balance the budget.

On November 2, this year, Alan Greenspan, the Federal Reserve Board Chairman said:

> If for some reason the political process fails and a balanced budget agreement is not reached, it would signal that the United States is not capable of putting its fiscal house in order, with serious adverse consequences for financial markets and economic growth.

Then he goes on to say:

> I think if you don't balance the budget, we would find that with mortgage rates higher and other related rates moving up, interest sensitive areas of the economy would begin to run into trouble.

Now, that is a remarkable statement for the Federal Reserve Board Chairman to make. That is about as strong a statement about what bad things will follow if we do not balance the budget as you will ever get from an economist.

Mr. SHAYS. And some people are not listening.

Mr. GANSKE. And some people are not listening.

Mr. SHAYS. I have had Mr. Greenspan come before my Committee on the Budget, and Mr. Greenspan was asked one time, do you think Congress will cut too much? And his answer was this: ''Mr. Congressman, I don't go to sleep at night fearful that when I wake up the next morning Congress will have cut too much.''

Given the battle that we have had with some of our colleagues on the other side of the aisle, I understand his lack of concern on that issue.

But we know right now that interest rates have come down in the expectation that we will win this battle to balance our Federal budget and get our financial house in order. If we fail, there is no doubt in anyone's mind what the bond market will do, what the stock market will do, and ultimately what will happen to our economy.

Mr. GANSKE. Some people will say, oh, that is just economics. But those are economics that affect real people. I have a lot of farmers in my district. They run expensive farm operations. It costs a lot to run a farm these days. Most of them do not have the kind of capital to finance, so they have to take out loans to buy their seed, their fuel, to put in the crops. I will tell you, every farmer in my district understands very well the benefits that will accrue to them if we balance the budget, and they understand full well what the bottom line will be for them if we do not balance the budget.

Mr. SHAYS. Whether it is a farmer that has to invest in new facilities or new equipment for their farming or a businessman in some of the urban areas, or businesswoman in urban areas I represent, they look at the cost of money, and then they say ''If I build this new plant and equipment and hire these workers, will I get a return?'' The higher the interest rates, the less building of new plant and equipment you have and the purchase of new plant and equipment.

I know we have about 4 minutes left before we conclude. I would just like to reiterate the fact that we are looking to balance our Federal budget and get our financial house in order. We are looking to save our trust funds, particularly Medicare, from insolvency and ultimate bankruptcy. And the third thing we are looking to do is to transform our care-taking social and corporate welfare state into a caring opportunity society. This is our objective.

□ 2300

We are asking the President and hoping that he keeps his word to ultimately come in with a balanced budget, scored by the Congressional Budget Office, using real numbers. We are not saying he has to agree to our tax cuts. We are not saying he has to agree to our Medicare Program, our Medicaid Program, or what we have done in discretionary spending or with food stamps or whatever else that we have set our priorities. We are saying to the President to set his priorities. Where we agree, then we can simply say there we agree; where we disagree, then we work out our differences.

I believe if the president were to submit a balanced budget, in a very short period of time we would come to an agreement. I know Mr. GANSKE, and I certainly know it for myself, we will not be happy with every part of that agreement, but we cannot be happy with every part of an agreement where we are compromising.

I think we need to ultimately find common ground. I know the gentleman has worked with other people, people on the other side of the aisle to find areas where we can agree. We are reaching out to our Democratic colleagues, because, clearly, we are Members of Congress. We are not Republicans first or Democrats first. We are Americans first, looking to get our financial house in order not in the short run but in the long run for the good of our children.

Mr. GANSKE. If the gentleman would continue to yield. Again I will bring this all the way around the circle back to the furloughed government workers. One thing should be known, and that is that, at least in my district, there is a

Federal credit union that is open and available to provide interest free loans to Federal employees if things are pretty tight.

I certainly would like to get my Federal employees back to work as soon as possible. I think that I will only speak for myself, I am not speaking for the Republican conference when I say this, but if the President would truly bring to the table a balanced budget, that is certified as balanced by the Congressional Budget Office, and if there are not any funny gimmicks in it, then I personally would consider that to be a good faith effort on the part of the President.

Mr. SHAYS. And so would I.

Mr. GANSKE. And I personally think that that would be the time then that we should bring the Federal employees back.

I think it should be noted, though, that I am not saying that the President has to agree with our plan. I am not saying we have to come to agreement on that. All that I personally would ask is that the President finally honor his commitment and bring a plan, his own plan to the table, so that we could get on with the job of comparing apples to apples and oranges to oranges in this budgetary process.

It is hard to make progress unless the President makes that first step and honors the signature he put on the line.

Mr. SHAYS. The commitment that the gentleman has made is one that I share. The President submits the balanced budget, scored by the Congressional Budget Office, using real numbers, not necessarily our numbers, his numbers, his priorities, and then we know that we can go to our conference in good conscience and say that we need a temporary continuing resolution.

I want to inquire of the Chair. I know we were given 55 minutes. We are prepared to speak a little longer or we are prepared to end our discussion.

The SPEAKER pro tempore. The gentleman has 6 more minutes unless the other party shows up.

Mr. SHAYS. I understand.

Mr. Speaker, I am happy to yield back to my colleague.

Mr. GANSKE. And I would just like to point out some of the facts versus the myths that we have heard so much of over the last several weeks.

The first myth is this: Congress' budget is cutting Medicare spending.

Mr. SHAYS. Not.

Mr. GANSKE. What is the fact? What are the numbers in the last 7 years we spent? $926 billion. And we propose spending $1,600 billion in the next 7 years.

Mr. SHAYS. Sounds like a significant increase.

Mr. GANSKE. Myth: Congress' budget guts student loans. What is the fact? The fact is that in 1995 we spent $24 billion; in 1996 we spend $26 billion; in 1997, $28 billion; 1998, $30 billion; 1999, $32 billion; in the year 2000, $33 billion; the year 2001, $34 billion, and we end up spending $36 billion a year in the year 2002. Every year it increases.

Mr. SHAYS. And the total increase, if I might add, of 50 percent during that time. From $24 billion to $36 billion. Only in this city would someone call that a cut.

Mr. GANSKE. Let us talk about the next myth. The next myth is Congress' budget makes draconian cuts in welfare funding. I think I have heard that word draconian about a thousand times in the last 3 weeks. Well, how much did we spend on welfare in the last 7 years? We spent $492 billion. How much do we propose spending in the next 7 years? This will just flabbergast most of the viewers. We propose spending $838 billion.

Mr. SHAYS. I wonder if the gentleman could give me those numbers again? This is on welfare?

Mr. GANSKE. This is on welfare reform. Spending on welfare. And this is a combination of the welfare programs. And this is a combination of the welfare programs. In the last 7 years we spent $492 billion. We propose in our budget spending $878 billion. That is an increase, folks, of $386 billion in welfare spending.

Mr. SHAYS. Another myth?

Mr. GANSKE. If we go from 492 to 878, I do not know anyone in my district that calls that a decrease.

Mr. SHAYS. My colleague has pointed out a number of myths. We have presented our program. We are proud of our program. We are looking to the President to be an author and not just a critic.

We stand ready to work with the President and with our colleagues on the other side of the aisle to have a true balanced budget.

With that, Mr. Speaker, I would be more than happy to yield back the balance of our time.

THE JOURNAL

The SPEAKER pro tempore (Mr. METCALF). Pursuant to clause 5 of rule I, the pending business is the question de novo of agreeing to the Speaker's approval of the Journal of the last day's proceedings.

The question is on the Speaker's approval of the Journal.

Pursuant to clause 1, rule I, the Journal stands approved.

IMPACT OF BALANCING THE BUDGET ON THE LARGEST STATE OF THE UNION

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

Mr. DREIER. Mr. Speaker, I want to take just a few moments, as we prepare to file a rule, which will be considered here on the floor tomorrow morning at 10 o'clock, to talk about a very important issue to me. I am privileged to represent one fifty-second of California. I am one of 52 members of the California congressional delegation, and I want to discuss the impact of our attempt to balance the budget on the largest State of the Union. It clearly would have an incredible impact.

It seems to me that we need to look at what balancing the Federal budget would do to the State of California. If the Federal budget is balanced in 7 years, $140 billion in debt, California's share of the $1.2 trillion in additional Federal borrowing, would not burden our future. Each of California's 11 million children will not see their share of the Federal debt increased by $13,000 over the next 7 years.

The balanced budget bonus of lower interest rates will create jobs, free local and State resources and increase the buying power of California families.

Now, Alan Greenspan, the Chairman of the Federal Reserve Board, has stated on several occasions recently that the 2 percent drop that we have seen in interest rates is directly related to simply the discussion, the commitment and our quest for a balanced budget. Now, lower interest rates, and by the way, there is a direct line that can be drawn if one looks at election day 1994 downward, because this question for a balanced budget has led interest rates to drop further, and I am convinced that if we actually do put into place a balanced budget that we will see a further drop, and this has been predicted by many, of a percentage point or two.

Lower interest rates will create over that 7-year period 497,000 new private sector jobs in California. The cost of borrowing by the State of California will be reduced by over $3 billion, resources that could be used to address real needs in California, which would provide a benefit of $262 in a State tax cut per household.

Now, the point being that as interest rates drop, Mr. Speaker, we clearly would see a very beneficial impact in decreased interest burden paid by our State. The cost of borrowing by local governments within California will be reduced with the 12 largest cities in California seeing a savings of $1.38 billion alone, resources that, again, could be used for education, health care, and local law enforcement.

The average California family that owns a home will save $4,757 per year through lower mortgage interest rates, freeing family income to provide for themselves a higher standard of living. A California student, with the average college loan in our State of California, would save $858 over the life of a 10-year student loan, if we were to bring about a balanced budget with those lower interest rates which would follow.

California families will obviously pay less in Federal taxes. 6,138,000 California children live in families that are eligible for the $500 per child tax credit, if we put our package through. The Republican family tax relief will reduce the taxes of California families by $21.6 billion over the next 7 years, money