willing to take the hits that we knew were going to come from the other side of the aisle? ''Oh boy, are you guys cruel and unreasonable.'' The fact is, there is going to be less money coming into the Medicare trust fund in the next 2 years than the payouts. There is a little reserve there in part A that is going to allow us to continue until 2002, and then it is bankrupt.

Mr. KINGSTON. If the gentleman will yield back, what is bothering me is we still seem to have folks on the other side of the aisle debating that Medicare is fine and dandy and there are no problems. We can go on ad infinitum with Medicare.

We cannot do that. We are driving straight into a brick wall that we will collide with a bus full of senior citizens in 7 years, period.

The tragedy of this is look at the wisdom on the Democrat side. I am envious as I look at the Democrat Party. They have a lot of talent and brains over there. I would like, as the Republican Party, to recruit some of their folks. Some of the people I would rather not recruit. I am sure there are folks over here they would rather not recruit. But good gracious, the wisdom of getting the two parties together to come up with a solution for Medicare, would that not be the responsible thing to do for senior citizens? We are wrapping ourselves around momma's bath robe in the name of Mother's Day. We have heard the speeches for the last 40 minutes. What my momma told me to do is put aside party differences and do what is right. That is what we need to do.

Medicare needs to be reformed. The Clinton administration, Senator KERREY, many Democrats, have come out front and said that. Republicans have certainly said that. Take it a step further: To reform it, the American people need the Democrat and the Republican Parties working together on this.

Mr. SMITH of Michigan. I was just saying on reform, testimony before our Committee on the Budget indicated there was $40 billion of fraud and abuse in the system. So, for a start, last year we had a proposal by the administration that the Federal Government should take over all of the medical health care needs in this country.

The fact is that we have seen Medicaid and Medicare grow at the rate of 10 and 12 percent a year. The private practice health care has been 6 and 7 percent. In fact, last year it was about 4 percent, with many parts of the country being zero. The private sector is growing at 4 percent, the public sector, where we have Medicaid and Medicare, where the Government is responsible, has been growing at 10 and 12 percent. To say it is a solution to have the Federal Government take over everything does not jibe. We have got to do something the corporations and the rest of America are doing. We have got to make smart shoppers out of every American, including senior Americans.

Mr. KINGSTON. I think the gentleman ran out of time a little while ago. I wanted to hear about your charts. Alice Rivlin said today there are other places to cut in the budget. She said where the Republican Party was cutting was idiotic. I am sure there are things that the administration does that the Republican Party and Americans think are idiotic. Has the administration cut the budget in their proposal, in the President's budget proposal?

Mr. SMITH of Michigan. Mr. KINGSTON, what I learned is I am not a better number drawer when I have extra time than I am with short time. All this says is that the only budget that—and I do not want to be partisan, but that the President has sent the Congress is figured in the same way as the Republicans are figuring their budget as far as deficits. These are the deficits that are going to exist under the President's budget that he sent us about 8 weeks ago, and the Republican budget passed out of the House, very similar to the one passed out of the Senate.

In year 1996, the deficit under the President's plan is $211 billion, $156 for the Republican. Every year you see our deficit keeps going down and down. We are trying to brag about it. We are saying for the first time since 1969, the end figure is zero as far as the deficit. The zero at the end is the fact we are balancing revenues with expenses. The projection down here for the President is going up on the deficit in those out years.

Mr. KINGSTON. The figures are right. It is atrocious, your momma is ashamed of you. But if I read that correctly, in the year 2001, the President's budget has a $276 billion deficit. The Kasich Committee on the Budget proposal has a $108 billion deficit. The year 2002, the President is at a $318 billion deficit. We are at a $15 billion surplus.

Mr. SMITH of Michigan. We are actually starting to pay back some of this huge, gigantic, $6 trillion debt that the kids and grandkids are going to owe at that time if we do not change.

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Ohio [Ms. KAPTUR] is recognized for 5 minutes.

[Ms. KAPTUR 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 Guam [Mr. UNDERWOOD] is recognized for 5 minutes.

[Mr. UNDERWOOD 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 Texas [Mr. GONZALEZ] is recognized for 5 minutes.

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

COMMENTS ON THE DEBT

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

Mr. SMITH of Michigan. Mr. Speaker, just some comments on the debt. You know, we have made a decision in the U.S. Congress to require that the Senate vote, that the House vote, that the President sign, any time that we increase the debt ceiling. Right now we have a debt ceiling of $4.9 trillion. That was done 2 years ago, when this administration came into office.

Now, that is good, no more charts. That debt ceiling was increased 2 years ago in 1993 to $4.9 trillion. Today—today our debt, subject to the limit, is $4.77 trillion. We are going to hit the cap of $4.9 trillion in September or October. So this House is going to have to decide, do we want to vote to increase the debt limit again.

Several of us, Congressman CHRIS SHAYS, myself, about 20 others, are saying look, if we are going to vote to increase the debt limit, should we not have something solid to get us on a glide path to assure that we are going to have a balanced budget sometime in the next 4 to 7 years? And I think the answer is yes.

So I think we need to send a strong signal to the President of the United States, look, unless we are on that glide path, unless we have got a law, a reconciliation bill, a balanced budget amendment, or something that can somehow guarantee to the American people that we are not going to pick their pockets any more, we are not going to vote to increase the debt limit.

So we are sending that message to the President. We are also sending a letter signed by about 25 of us to the majority leader in the Senate, to the Speaker of the U.S. House, saying look, do not plan on our vote to increase again the debt ceiling of the U.S. Government unless we have got the kind of firm, absolute, tough legislation signed by the President that helps make sure we are going to get there.

Mr. KINGSTON. If the gentleman will yield, I want to ask you, because you are a distinguished member of the Committee on the Budget: Now, on the tax increase decrease, can we decrease taxes and balance the budget? Are we being hypocrites?

Mr. SMITH of Michigan. The gentleman has as good an answer as I do, so I will let you complete the answer. My part of the answer would be that most economists that appeared before our Committee on the Budget agreed that increasing taxes is not the way to balance the budget if we want to stimulate job growth in this country. And as everybody knows, or should know, 2 years ago in 1993, what this Congress

did with the different majority is they increased taxes a record $252 billion over the 5 years of that budget.

Our conference met and decided that if we wanted to stimulate job growth and savings and cap investment in this country, then we should offset that $252 billion tax increase with some kind of tax decrease. That is what we did. This tax decrease is totally paid for out of spending cuts and it is going to stimulate the economy.

Mr. KINGSTON. Now, as I recall, one of your statistics was that 87 percent of the people who benefit from the tax reduction make a combined income of $75,000 or less, 87 percent of the American people. Is that true?

Mr. SMITH of Michigan. Yes, that is true. I wonder if this is not good. I mean, probably people do not understand, the other side, when they say this is tax cuts for the rich. But see, what they are saying is by taking a $500 tax credit per child, the person that is making the $50,000 or the $100,000 or the $150,000 is in a higher tax bracket, therefore that $500 tax credit is worth more, therefore these are tax credits for the rich.

Everybody should understand where this rhetoric comes from when they say tax breaks for the rich. Some people say well, we are reducing the taxes that corporations pay because we are allowing them to deduct the cost of buying new machinery and equipment to put better tools in the hands of our workers to be more competitive.

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You can call that tax breaks for the rich but what it is trying to do is encourage capital investment and job formation.

Mr. KINGSTON. Is it not true that if the economic growth is 1 percent over the projected growth rate of 2.1 percent over the next 7 years, because of economic growth, we will reduce the deficit $640 billion because of increased revenues because businesses expand, they create jobs, more revenue comes into the Federal budget?

Mr. SMITH of Michigan. You are such an excellent person to have a colloquy with because you know all the statistics and all the figures.

Mr. KINGSTON. Is the gentleman suggesting some of these questions are staged? I am highly offended.

Mr. SMITH of Michigan. It is interesting to note that when CBO comes up with their cost figures, when we have anything to stimulate the economy and job growth, they do not take that into consideration in deciding how much it is going to cost. So if it is a tax decrease, regardless of how business and industry and jobs react to that to bring in ultimately more revenues, they consider it flat. It is a nondynamic scoring.

But you are so correct, if something we do encourages businesses to be a little more competitive and to allow them to expand, then it is going to bring in so much more revenues to totally offset everything and balance our budget much quicker.

MEDICARE

The SPEAKER pro tempore (Mr. FOX of Pennsylvania). Under the Speaker's announced policy of January 4, 1995, the gentleman from New Jersey [Mr. PALLONE] is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, I would like to spend my time today talking about Medicare. In light of what some of the previous speakers said today, I would point out that I am not really interested in the issue of whether or not we call the changes that the Republicans have talked about in their budget as cuts or modifications or whatever. I am satisfied to call them changes.

The bottom line is, the Republicans in their budget proposals, both in the Senate as well as in this House, have suggested some major changes that are going to have major impacts on the Medicare program. Some of the previous speakers suggested today that perhaps seniors are not worried about it or that perhaps Democrats are making them worried unnecessarily.

Let me tell you the reality is seniors are worried, and they are not worried because of anything that the Democrats have said to them. They are worried because they hear that some of these changes that are coming in the proposed Republican budget are going to have a major impact on Medicare, on Medicaid, which is also of importance to seniors, as well as on Social Security, which as you know was previously said to be off the table.

I guess I was a little concerned when I heard the previous speaker, the gentleman from Georgia [Mr. KINGSTON], mention his mom. I guess it is that we are getting close to Mother's Day now. Different speakers talked about their moms. The gentleman from Georgia specifically said that in his case his mother or his family, I guess, was not really that worried about the Federal Government and Federal programs, that he felt that it was increasingly important for us to sort of not depend on Federal programs or forget about these Federal programs.

The bottom line is, when you talk about these three Federal programs that I mentioned, Medicare, Medicaid, and Social Security, these are Federal programs that a lot of people in this country do depend on. They are watching very carefully, in my opinion, what we do here in the next few weeks or the next few months that might impact on those programs.

If I could just use my own mom for an example, and I do not usually do that but, since it has already been stated by some of the others, she called me up just a couple of days ago and she was very worried. She just turned 65 a few weeks ago, is now eligible for Medicare for the first time, relied on the fact that when she became of age that she was going to have the benefits of Medicare. And now all of a sudden, when she first feels that she can take advantage of the program that she and my dad have been paying into all these years, realizes that there may be some major changes and she will not be able to benefit from what she expected in the program.

This is of major concern to seniors. This is not something that is abstract. This is something that the average person is concerned about.

In my district, when we held a number of forums for senior citizens during the April 3 weeks that were in the district, when we were not voting in Washington, I heard over and over again from senior citizens in my district, which is not a very poor district. I consider my congressional district very much the average. I have some wealthy seniors. I have poor seniors and most of my seniors are simply middle class. But they are very scared. When they hear about the changes in Medicare that might make them have to pay more out of their pocket for a copayment or a higher deductible before they get benefits or changes that might limit their options in terms of whether or not they go to a particular doctor or hospital, these are things they are concerned about.

When they hear about Medicaid changes that might impact their ability to get long-term care, they are very concerned. And they are particularly concerned about what they consider a broken promise on the part of the Republicans when the budget, when the House Republican budget proposals talk about a change in the Consumer Price Index that will actually lower the COLA. Seniors worry about that COLA, that cost-of-living adjustment.

Mr. Speaker, many of them budget, and their budget depends on every dollar that they receive on a monthly basis from Social Security. And when you talk about changing the Consumer Price Index so that the amount of the COLA is reduced, that extra few dollars a month or annually that they receive makes a big difference to them.

What I wanted to do today was to basically go through some of the suggested changes that are being discussed by the Republicans in the budget that affect Medicare. I think many have heard the last few days that the Senate Republican plan would pare about $250 billion from projected spending on Medicare and that the House plan ups that ante, if you will, to $270 billion.

What does all this mean? What do these cuts or changes or modifications mean? How do the Republicans propose to go about implementing that? What does it mean for the average person?

Well, we heard today, or at least I heard for the first time today that there was some detailed recommendations, about three dozen recommendations that were made on the House side by Republicans on the House Committee on the Budget to slow the growth of Federal Medicare cost; in other words,