7 years, we spent $926 billion, it is going to go up to $1.6 trillion.

That is a difference of $674 billion of new money, 73 percent more than we are going to put in Medicare in the next 7 years than we did in the last 7. Then if you want to know what it is on a per-beneficiary, it is going to go up 40 percent. Only in this city, when you spend more money like we are spending, do people call it a cut.

Now, why are we doing this? We are doing this because our national debt has gone up and up and up. It was about $375 billion around 1975. Democrats and Republicans can share the blame in why these deficits go up. A White House that was Republican, a Congress that was Democrat. That is the past and both fingers were on it. But we have an opportunity now to get our financial house in order and stop increasing our national debt.

I just want to say that I am absolutely determined that there is not a chance that I will vote to increase the national debt until this President agrees to a 7-year budget. I want to say, contrary to what my colleague from Connecticut said, we are not saying it has to be our budget, we are just simply saying it has to be a 7-year budget. We will work out our difference, some of what the President wants, some of what we want. The bottom line, we have to get our financial house in order in 7 years. That is the outer edge. It would be better if we did it in 4 or 5 years.

ACCOMPLISHMENTS OF THE 104TH CONGRESS

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

TRIBUTE TO WALT CHACKER

Mr. FOX of Pennsylvania. Mr. Speaker, I am joined with my colleagues tonight to speak about many issues facing the Congress and America. Before I do, I wanted to spend at least a few moments regarding a very special person from my district recently who passed away, Walt Chacker. He was someone very special, recognized by the President of the United States as a Point of Light for his work in establishing the Zipper Club, which was a support group for those who have had open heart surgery or heart transplants.

He lived for a number of years after his surgery, and he was an inspiration to many other individuals who underwent the surgery and this kind of operation. He was a great support for many people in Pennsylvania and throughout the country, for that matter, and I hope that the great works that he has accomplished in his lifetime will be carried on by many others in States all across this country to help people live longer and better after their surgery and their heart ailment.

Mr. Speaker, at this time I would like to enter into a colloquy with my colleagues, the gentleman from Minnesota [Mr. GUTKNECHT], the gentleman from Iowa [Mr. LATHAM], the gentleman from Georgia [Mr. NORWOOD], and the gentleman from Georgia [Mr. CHAMBLISS], discussing, as we should, basically an assessment of where we are on the Contract With America, what we have already accomplished with the balanced budget amendment and the billion dollar budget for the first time since 1969, and as well about Medicare reform, and basically that has been happening in Congress in a positive way under the Republican leadership.

I would call on Congressman GUTKNECHT to really start our dialog tonight on an assessment of what accomplishments have been made and where you see us going from here. Congressman GUTKNECHT.

Mr. GUTKNECHT. Well, I do want to talk a little bit about our accomplishments and what has been accomplished. I am happy all of us are freshmen. We come to this debate with clean hands. We did not help create the problem. We were not here when the previous Congresses ran up 4.9 trillion dollars' worth of debt.

I have to tell you I am a little upset tonight, and I think the American people should be upset. Frankly, perhaps we have been too nice and too gentlemanly in this debate about the budget and what is happening, and what is happening especially from the administration relative to our efforts to balance this Federal budget.

As I said, we did not help create the problem, but we are trying to clean it up and we are trying to solve it. But I, for one, am really frustrated with the half truths, the distortions, and the bald-faced lies which are coming out and have been coming out and are seemingly getting worse.

I think it is time that we spend a little bit of time tonight clarifying the record and talking about the facts because, as the gentleman from Connecticut just mentioned a few minutes ago, we keep hearing this wornout expression that we are cutting Medicare, we are ending student loans, we have cut school lunch programs, and we are cutting other needed programs so that we can give our rich friends a tax cut.

Frankly, I think it is time we spend a little bit of time tonight piercing through that very thin bubble and exposing the bare truth about what we are really doing with this budget and who the real benefactors will be. It is not the rich. It is working people who get up every day, work hard. They are the glue that holds this society together, and I, for one, happen to believe that they are smart enough to understand exactly what is happening in Washington and what has been going on for too long.

What has been going on for too long is Congress would pass all of the appropriation bills and they would say, oh, gee whiz, once again we spent $250 billion more than we have taken in, and they would say, let us pass the bill on to our grandchildren. So at the last minute they would raise the debt ceiling. So the toughest vote any Congress had to take was to raise the debt ceiling. It is still a tough vote.

But frankly, I think if we continue down that path and just allow us to every year raise the debt ceiling, and the President says he does not like our budget, but the truth of the matter is he has not offered one that really balances the budget, not within 10 years. As a matter of fact, the original plan wouldn't balance the budget in 10 years. We had $200 billion deficits for as far as the eye could see.

He may not like the plan that we have put together, although frankly I think it is very defensible, but let us see his plan. I mean where is a real workable plan from the other side, and the truth of the matter is, there is none.

Earlier we heard one of the speakers from the other side of the aisle say this is the Gingrich budget and the blackmail attempt may force this country into default. But we had a meeting with some of the big bond houses, people who represent the bond houses earlier today, and I came away with a very clear conclusion. It is not whether we are going to default, it is when are we going to default, unless we really change course, are willing to meet the deficit head-on, and deal with it this year and begin down the path toward a balanced budget.

So, I am glad I had an opportunity to get some of this off my chest, but I really have become increasingly frustrated with the lies, the distortions, the half truths that are being foisted upon the American public, and I think it is up to us to help clear the record.

Mr. LATHAM. Mr. Speaker, if the gentleman would yield, I would just like to ask the gentleman from Minnesota [Mr. GUTKNECHT], is this not the same President that is worried about upheaval in the bond market and instability of the dollar? Is this not the same President that gave Mexico $20 billion to shore up the peso out of a fund that was meant to stabilize the American dollar and the American economy?

Mr. GUTKNECHT. Mr. Speaker, I think that is absolutely correct.

Mr. LATHAM. Mr. Speaker, if the gentleman would yield further, I think it is unbelievable that they would accuse us of somehow being irresponsible when that type of activity has taken place.

If I may continue, I would like to focus on a couple of things just in the whole reconciliation, and what this really means all together.

This reconciliation bill is huge, and it is going to affect everyone in the country. There are four basic things that we will accomplish when we get through reconciliation.

Number one, we will get to a balanced budget, and the way we do that

is not by taxing more, not by taking more money away from the American families themselves, but by actually cutting wasteful spending here in Washington and downsizing and streamlining this town and the bureaucracy.

We are saving Medicare, not only for now, for the people who are currently in the system, but we are saving it for the next generation until the year at least 2011, which is 6 years farther than the other plans that are here that basically will cost the same, but we are also giving seniors options and choice and better benefits.

We are finally, after spending over $5 trillion, and I always think it is ironic that we have spent over $5 trillion on the welfare system in this country, we are finally going to replace that, but is it not ironic that that is the same amount that we are asked now to raise the debt ceiling, over $5 trillion, and what we have done is destroyed the American family, opportunities for kids who are in poverty. We have more poverty today than since we started this great war on poverty.

The last thing that we will accomplish in reconciliation is that we will again let families keep their own money, that they do not have to send it to Washington and have people here try to decide what is the best way to have their money be spent.

One thing, too, we have talked about the big picture, but there are some smaller things in reconciliation that I think are important for the public to be aware of.

We have heard a lot in the past few years about pensions for Members of Congress, that somehow there is a real great deal that we get all of this additional money. Well, a lot of that was changed back in, I think it was 1987. But in this reconciliation we put Members of Congress, their staff, on the same basis that all Federal employees are as far as the pension programs.

That is something we have not talked about very much, But this Congress has been so dedicated to reforming the way this place does business, to making sure that we are responsible, we are subject to the same laws as everyone else, that we have actually cut down the size and scope of Congress itself, in reducing the number of committees and committee staff, cutting down the term limit on chairmen of subcommittees and committees.

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And actually, even the Speaker himself now is limited to 8 years. Tremendous reforms that we have done in this Congress, but I think a lot of people are not aware in this reconciliation we do away with any disparity as far as our pensions.

Mr. FOX of Pennsylvania. If the gentleman would yield, I think it is a case of this 104th Congress in a bipartisan fashion, even though it is a Republican leadership, it is a case of promises made, promises kept.

We said we that we would pass the line-item veto; we did. We said we would have reform of regulations in this country, and we did. We said that we would pass an accountability law for Congress, and we did. We said we would pass term limits, and we almost did, but we did not reach the constitutional limit.

We said we would pass a stronger crime bill, and we did. We said we would pass unfunded mandates legislation, and we did. And we said that we would actually balance the budget this year.

I would like to ask the gentleman from Georgia [Mr. NORWOOD] just what a balanced budget will mean to his constituents. After that, I will ask the other gentleman from Georgia [Mr. CHAMBLISS] what this means to the residents of Georgia and how important it is for the first time since 1969 that we are going to balance the budget, like the other governments do and families and small communities do all across the country.

Mr. NORWOOD. Mr. Speaker, I appreciate the gentleman yielding, and let us first say that I am delighted to join the freshman class Republican Party truth squad that has come to the floor tonight. If my colleagues want me to be perfectly honest, I have a markup tomorrow on Superfund and I need to be back in my office reading it, but I am here instead because we have an obligation to come in behind those that would tell half-truths, mistruths, and not tell the American people the facts, so that we can correct that.

We have to do this every night; come tell the truth. It must be very confusing for people back home to hear one thing from one side and another thing from another side. Who do they believe?

Earlier tonight, not 45 minutes ago, we had a Member here who stood up and said that the mean old Republicans wanted to have a tax cut for the wealthy. Well, I have tried to ask the question, I tried to interrupt. I am ready for somebody in this body to define for me what is wealthy? Who is rich?

Mr. Speaker, what I think we are doing is exactly what the people in the 10th District of Georgia said do. They said in 1993, when this very Democratic Congress and President Clinton decided to have the largest tax increase in history, and a retroactive tax, they said, ''We really do not like that. We do not like this government taking another $260 billion out of our pockets.''

What I am trying to do is what they asked me to do: Return it to them. Some people call it a tax cut. I call it a tax return. We are giving them their money back. They said go up there and balance that budget. Go up there and stop borrowing money. Go up there and have a business plan to pay off that $5 trillion worth of debt, but do it by cutting spending.

So, what are we doing? We are sending back $245 billion over the next 7 years to working people.

Now, I want to make it very clear that I do not consider everybody who has a job in this country wealthy. I know the President thinks in those terms and, certainly, this Democratic Congress thinks in those terms. But 90 percent of the tax credits that we are going send back to families at home go to families with income levels below $75,000 a year. That is families with mom and pop both working with two children. I do not believe they will come up here and tell us that they are wealthy.

Mr. Speaker, 75 percent of the capital gains tax that we are going to send back to people at home goes to people with incomes less than $50,000 a year. Tell me if my colleagues think that is wealthy; if they think that is rich.

We are returning their $245 billion tax increase that the Democrats put on us in 1993. Now we are going to balance this budget. We are going to balance it over a 7-year period and we are going to do it by reducing spending. I do not even think we are cutting spending. We are capping our expenses at the 1995 level and allowing that to grow by 3 percent. That is going to fuel the economy at home. It is going to do great things, in my personal view. The 21st century looks bright to me for the first time in a long, long time.

Mr. FOX of Pennsylvania. If the gentleman would yield, I wanted to say that the tax reform we are talking about is going to create jobs, it is going to increase savings, and it is going to allow people to have the position to start new businesses and really make a difference in their own lives.

The fact is it is not going to be anything but help for the working families, help for senior citizens, and help for families with children. It is going to cut across the board in helping everyone.

I first wanted to call on the gentleman from Georgia [Mr. CHAMBLISS] to give us his impressions of what these reforms mean to his district, and in a greater sense what he thinks it is going to do for the country, the pro-reform measures, the anti-tax measures, and the pro-job measures that the Republican Congress has been moving forward.

Mr. CHAMBLISS. Mr. Speaker, I thank the gentleman and I appreciate the gentleman putting this group together.

Mr. Speaker, as I look around here, the gentleman from Arizona [Mr. SHADEGG] has joined us to add a little western flavor, but the six of us here tonight come from different parts of the country. The gentleman from Georgia [Mr. NORWOOD] and I are pretty close, but we are at opposite ends of the State. We come from varied backgrounds. We come from probably different socioeconomic backgrounds. Certainly the gentleman from Iowa [Mr. LATHAM] comes from a much higher background than the rest of us.

But if those watching tonight would look at us, we mirror the freshman

class. One thing that we have in common is that is we were all sent here with a message that came forth on November 8, 1994, and that is to make changes, to change the way Washington does business.

Mr. Speaker, I think it is interesting when we look back at the presidential campaign of 1992, there was another guy that campaigned on change and making reforms, and that person was Bill Clinton. He campaigned on making a tax cut for the middle-class and campaigned on downsizing the Federal Government.

The classic difference and the major difference between Bill Clinton's campaign in 1992 and our campaign in 1994 is that we have produced. He did not produce. He could not provide the leadership, even with a totally Democratic House, or a majority Democratic House, and a majority Democratic Senate. He could not produce.

Well, we have come here and in 10 months now, it is hard to believe that we have been here 10 months now, but we have done exactly what we told the American people we were going to do.

Mr. Speaker, balancing the budget of this country was a cornerstone of my campaign and I dare say that the five of my colleagues here built their campaigns around that also, because it is just so crucial that we do that. I am sure that they all would agree with me that they thought this country was in terrible financial shape while they were campaigning, but when they got to Washington and became Members of this body, they found out it is much, much worse than what they ever imagined it to be, and it truly is.

Mr. Speaker, last Thursday was a very historic night. I sat on the floor with the gentleman from Georgia [Mr. NORWOOD] on January 26, on the night we passed the amendment to the Constitution requiring a balanced budget, and CHARLIE and I saw grown men stand up and cheer and holler and clap, because everybody came forth and worked together to pass that balanced budget amendment, which was certainly a key.

However, last Thursday night was a much more important night even than that night. Last Thursday we delivered on that promise to balance the budget of this country.

It has not been easy. It has been very, very difficult. The gentleman from Minnesota [Mr. GUTKNECHT] and the gentleman from Iowa [Mr. LATHAM] and I had some independent concerns that required us to do some soul searching and trying to figure out ways that things could be adjusted so that we could support the balanced budget amendment and the reconciliation package, and I am sure the gentleman from Pennsylvania [Mr. FOX] and the gentleman from Arizona [Mr. SHADEGG] may have had that concern also; that they had to answer some questions there.

Mr. Speaker, we all came together. We worked hard and were able to come up with a reconciliation package that, gee whiz, it has welfare reform in it, totally overhauling the welfare system in this country, and overhauling the Medicare system. It makes it stronger and preserves it not only for the seniors in this country that are now the beneficiaries of Medicare, but for those baby boomers, those of us who are going to be eligible for Medicare one of these days. We now know it is going to be there when those folks get there.

We have got tax reform in there. We have reform of agricultural programs. This is a huge, huge reform package that we have undertaken and put together over the last 10 months. It is something that our friends and colleagues on the Democratic side of the aisle simply would not do, or could not do, over the last 25 years. That is what is so really truly amazing about it.

Mr. Speaker, I can tell what it means to the folks in my district. We had a little Medicare special order, Mr. NORWOOD and myself, a couple of weeks ago, and it was a very exciting night to me. An hour before I came to the floor, I found out that I am going to be having my first grandchild. I said that night when that grandchild is born next spring, he or she is going to owe $187,000 in interest as his or her part of the interest on the national debt.

Well, by what we did last Thursday night, we are going to cut that back by $12,000 over the next 7 years. That is a start to moving us in the right direction of cutting back that huge interest payment that all of us are going to leave for our children and our grandchildren.

Mr. FOX of Pennsylvania. If the gentleman would yield, I would ask that the gentleman from Arizona [Mr. SHADEGG] who joined us, he is obviously one of the gentlemen at the forefront of the freshman class in trying to make sure that the public gets its money's worth and to make sure that the costs that we have in government programs go to the benefits, not to more paperwork and not to more bureaucracy and not to more waste.

Mr. Speaker, I would ask the gentleman from Arizona if he could tell us a little bit about what he thinks the effect of trying to balance this budget means to homeowners as far as lower housing costs and lower car expenses and lower college costs and lower taxes, and what it means to his district.

Mr. SHADEGG. Mr. Speaker, I thank the gentleman for yielding, and would say that I am thrilled to be here with my colleagues tonight and to bring a western perspective. It is fun to come and bring that perspective. In the West, we are intense on these issues.

Mr. FOX asked the question: What does it mean if we can balance the budget? I harken back, looking at the gentleman from Connecticut [Mr. SHAYS] who serves on the Committee on the Budget, to the day when the gentleman and I sat on committee and Alan Greenspan came forward.

The gentleman from Ohio [Mr. KASICH] asked that question: What would it mean if we actually balanced the budget? Mr. Greenspan began answering that it would do this and this and this, and it causes long-term interest rates to do this, and short-term interest rates to do this. Mr. KASICH stopped him and said, ''Wait a minute. I want you to tell me what it would mean to real Americans, the average husband and wife at home raising their kids.''

Mr. Greenspan sat back and, and CHRIS, I am sure you remember this, and he said, ''It would mean that once again they could look forward to their children doing better than they do.'' That is, what he said was, if you gentlemen can balance the budget, you will restore for America the American dream. The dream that we all have for our children that they could do better.

I heard the gentleman from Georgia make a reference to last Thursday's vote and the passage of the reconciliation. To me, that was a thrilling night; the most thrilling night since we have been here. If you put aside the bunk and garbage that we hear about, ''We are cutting Medicare,'' which is just flat a lie, it ''ain't'' true. You don't raise spending from $4,800 per individual to $6,700 per individual and define that as a cut anywhere but inside the beltway that surrounds this city.

Mr. NORWOOD. If the gentleman would yield, go ahead and use the word. It is a lie. We are increasing Medicare by 54 percent over the next 7 years.

Mr. SHADEGG. Mr. Speaker, I want to talk about one of the phenomenons that characterizes this city and getting inside the Beltway, and I want to do it in the context of the tax cuts. The truth is that we have all heard this claim that we should not be cutting taxes and the garbage on the other side that we are making tax cuts for the rich. Well, it ''ain't'' so.

Mr. Speaker, I had this theory. The theory was that what we are hearing, and what maybe they are hearing, the people who show up at our town halls and the people who show up at Rotary Clubs and Kiwanis Clubs, and have the time to make it and have the time to go to those events, are the kinds of citizens that are concerned about the direction of the Nation. They say, I guess I can pay my taxes, but I am worried about the deficit. They are worried about their kids.

I had this theory that Mr. and Mrs. America, the people at home just barely struggling to pay their bills and get the kids dressed, and feed them a bowl full of Cheerios and get them off to school and then back home, for those people the tax bite is too much, and we are not hearing from them.

So, I went home a week ago Monday. I had my scheduler set aside 2 hours and I stood in front of a drug store. I had a staffer stand in front of a grocery store across the street. We were on the east side of my district. It is kind of the upper echelon of my district. Those

people are middle-class to upper middle-class families.

Mr. Speaker, I engaged people there on the street and I told them there was a debate going on on the floor of this House; a debate whether we needed tax cuts or whether we ought to be doing the conscientious thing and reducing the deficit. They said, on balance, ''Well, we are concerned about the deficit, but boy, we could use a tax cut because we are just barely getting by.''

On the east side of my district, we had about a 60/40 split; 60 percent said, ''We need deficit reduction, but we also need our taxes cut.'' About 40 percent said, ''You ought to be doing deficit reduction.''

Then, Mr. Speaker, we stopped and drove to the other side of my district, and we drove over to the working-class neighborhood where people are doing what I said. People that cannot afford to be a Kiwanis Club member and who do not have the time to come to JOHN SHADEGG's town hall meetings. Mr. Speaker, we talked to them.

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And we stood, I stood in front of Osco drug store, and I had a staffer stand in front of a Megafoods store. We each asked them. Do you know what it was? It was a blowout. The numbers were clear.

They said, you are killing us with your taxes. Sure we want to take care of the deficit, but you Republicans have been saying to us for 40 years that government does not need all this much money, that it spends too much, that it taxes too much and that it regulates too much. And if all you do now is take care of the deficit, if you ignore tax cuts, if you suddenly say, wait a minute, we got elected claiming that people are taxed too much but now that we are there all we are going to deal with is the deficit, why should we buy you, why should be believe you?

In a ratio of 11 to 1, they said to me in front of that drug store, I need a tax cut. Taxes in this country are killing me.

These were not greedy people. They were not selfish people. In front of the Megafoods across the street, which is a discount grocery store, they told my staffer in a ratio of 17 to 2 that they needed a tax cut.

Why did they need a tax cut? I will tell you why. Because taxes in this country have become oppressive and burdensome, and we are now going to do something about it. How burdensome? Let me tell you how burdensome.

In 1950, the year after I was born, when I was in a bassinet in my parents' bedroom on floors, in those days, that were concrete, we did not have wall to wall carpeting in 1950. The average American family with children paid $1 out of every 50 to the Federal Government in taxes, 1 out of 50. Earn a hundred dollar bill, send in $2. In 1993, that is the latest year for which we have figures, it is now 1 out of 5, it is not 2 out of every hundred dollar bill, it is $1 to the Federal Government in taxes for every $4 you earn. You do not earn a 5 dollar bill, you earn $4, send one to the Federal Government in taxes.

It is not to the government in taxes, it is 1 out of 4 to the Federal Government in taxes. How long is it going to be before we are taxing people at the rate of 50 percent? We are taking half of everything that they earn. That is an increase of 1200 percent.

And the people in my district, I asked them, when I tell them that statistic, are you getting 1200 percent more out of the Federal Government today than you were in 1950? You talk to them about the burden. A child born in America today will, in his or her lifetime, pay an average of $187,150 in taxes just to pay the interest on the national debt. Why? Because before last Thursday night we did not have the moral courage to stand on this floor and quit spending our children's and our grandchildren's and our great-grandchildren's money to satisfy our needs, our wants, to buy ourselves back onto the floor of this Congress. That is dead wrong, and last Thursday night we stopped it.

I will tell you, the American people want tax cuts. They want us to balance the budget. They want less government regulation. They want us to look at serious problems like a Medicare System that is going broke and to say to one side of the aisle that says, do not worry, you have got 7 years, no big deal, that that is stupid. A system that services the entire population and for whom it is vital that we preserve that, to say we can wait 7 years is no big deal. Let us solve it in the 6th or 7th year.

We are going to solve it and the plan we passed in that reconciliation bill solves it in a responsible way, a way that although the scare mongers say and they have my senior citizens worried that they are going to take away my Medicare. I heard you mention that these four experts from Wall Street came here yesterday or this morning. They all four said an important message. They all four said, if it comes down to defaulting on your debt or balancing the Federal budget, we do not like defaulting on your debt. But guess what? The market has already calculated for it and you better balance the budget, because that is what the Nation needs.

The last point I want to make is that one of them told a fascinating story, which is why we are on the floor here tonight. It is a story about disinformation.

This is a guy who is the major investor for a Wall Street investment firm. He controls a portfolio worth billions of dollars. He said, do you know what, in my office there are a whole lot of employees, top-level-paid executives, who came to me a few weeks ago. We had a quick little discussion. They said, this is a real serious problem because we are deeply worried about how America is going to survive if these Republicans dramatically cut Medicare the way they are proposing.

This guy listened to this discussion and everybody threw numbers around. This is awful. This Medicare is a vitally important system for America. How can the Republicans talk about dramatically cutting Medicare?

This guy listens to all of this. He finally turns to me and says, how much are they cutting it? Various number were thrown out. And he said, do you know what, you guys are wrong. They are not cutting it one dime. As a matter of fact, they are increasing spending on Medicare. This is inside an investment banking firm on Wall Street. And they did not know the facts. They did not know until he recited to them that spending on Medicare per beneficiary—a man that called my office last week and said I am worried about you taking away my Medicare benefits, did not understand because of the disinformation that we are going to give him not $4,800 to spend, as we do this year, but $6,700 for his medical care and $6,700 for his wife's. And this misinformation, the attempts to distort what we are doing are about what we have got to try to fight.

Mr. NORWOOD. Mr. Speaker, the gentleman has to slow down just a little bit. We have a lot of my folks from Georgia watching. We tend to talk a little slower.

Mr. FOX of Pennsylvania. I think the points the gentleman made are well taken. That is one of the reasons why as Congressman NORWOOD said about the truth squad is that we have to be out here tonight to explain what is really happening and hopefully that we will do it in such a manner that people will understand the facts as they really are.

The budget discussion, you talked about tax reform and how it is going to help all Americans, I yield to the Congressmen who is an honorary freshman, the gentleman from Connecticut [Mr. SHAYS].

Mr. SHAYS. I just want to thank the gentleman for yielding to me and say that I went to one of my colleagues and I asked, how long have you been here? And the good gentleman from Georgia reminded me, he, too, is a freshman. You all have had such an impact that it seems like we have known each other for years and years and years. You brought us over the top, not just in terms of being in the majority but in terms of getting our financial house in order and balancing our budget.

Mr. SHADEGG was mentioning Mr. Greenspan coming to one of our budget hearings. One of the other things that Mr. Greenspan said, our colleagues on the other side of the aisle were saying, are you not afraid that we will cut too much and that we will slow down the economy? And Mr. Greenspan responded, he said, Congressman, I do not go to sleep at night fearful that I will wake up the next morning and that Congress will have cut too much.

And we have to be very careful because we can give the impression that we are making these dramatic changes and some of them are, but we are still allowing our budget to grow. We have spending increases, and we have to be up front on that. It will grow significantly each year.

Some things we are cutting. Discretionary spending, there are not just real cuts but absolute cuts. Foreign aid, there are absolute reductions. Defense is going to stay basically the same. It is a freeze, but we are oversubscribed in programs. So we are going to see real cuts in defense programs. But when it comes to the entitlements, which are half of our budget, they are continuing to grow significantly and will continue to grow in the outer years.

And I think about it and then the tie-in somehow that some of our colleagues want to make with Medicare and the tax cut. We paid for our tax cut long ago in cuts in discretionary spending and in the increased benefit to or country by balancing our budget. That is called the fiscal dividend. I was not an advocate of the tax cuts. I would say that if we could balance the budget in 4 years, I would not be advocating any tax cut. But if it is going to take us 7 years to get our financial house in order, I am very enthusiastic on tax cuts.

The gentleman mentioned he was born in 1952. I was born in 1945. My parents, in the 1940's and 1950's raised four boys. I was the youngest of four. In today's dollars, they could take an equivalent of $8,200 per child off the bottom line of their income. They would have been able to take basically $32,800 off. So if they made $50,000, they would only be paying taxes on a small part of it.

A family today, if they could take that same benefit my parents did, my parents could take the equivalent in today of $8,200. We only allow families to take $2,500. That is why I am particularly enthusiastic for the $500 tax credit.

Mr. SHADEGG. I would like to ask the gentleman, one thing we keep hearing over and over again is how these tax cuts are for the rich. I had the impression in American that both wealthy and middle-income and poor have children.

Mr. SHAYS. And the way that someone who is listening tonight could decide if they fit the category of our colleagues, the other side of the aisle that say we are giving only to the wealthy, two-thirds of our tax cuts go for the $500 tax credit. So all you have to do is ask yourself, if you have two kids and you get $1,000 back next April, are you wealthy? Seventy-five percent of all families make less than $75,000. So I would just like to, if I could, just make this last point on Medicare and then, because there are so many of us here, I helped head the task force on the Committee on the Budget on health care, Medicare and Medicaid. And so I really got into this issue of Medicare.

I am so excited about our Medicare Program. I would debate anyone anywhere this issue. Bottomline to it is, it is going to go from $178 billion to $273 billion in the 7th year, as was alluded to, a 54-percent increase. We are going to spend $674 billion more in the next 7 years than we did in the last 7 years. We are going to spend 40 percent more per beneficiary. We are going to allow everyone to stay in their fee-for-service program or if they want they can get off and get private care. They do not have to leave.

If they leave, and they do not like it, they have 2 years every month to come back. In other words, during a 2-year window they can come back in. I know that there are so many of us that would like to contribute to this conversation, but I would just say, just knowing what I know about Medicare, we are going to spend so much more, and only in this city when you spend so much more do they call it a cut.

There is nothing courageous about voting for Medicare, what we have done, because we made it a better program. I cannot wait for our senior citizens to realize and finally have the opportunity—I will close this way, all my constituents have said, Congressman, you get Federal health care, I want the same choices you get. That is what we have done. We have given them the same choices we have. I pay 28 percent of my health care cost, and the Government pays 72 percent. We are allowing beneficiaries to now choose among a whole host of different health care plans. I just want to thank you for allowing me to join this.

Mr. SHADEGG. Let me just compliment the gentleman for his work on Medicare. I serve on the Committee on the Budget with you. I want to tell you, we went home and did a town hall on the Medicare System, which this Congress has created beginning with the work of your task force on the Committee on the Budget. And it was a fascinating process. And I do not think if we could go through this process for every American, that we would have anywhere near the concern in America that we have. Here is what we did, kind of an interesting idea because of the word ''choice,'' because we are giving senior citizens so many choices and the kind of choices that they had when they were in their productive years, we wanted to illustrate it for them.

So what we did is, as they walked in the door, we took one page of white paper and we summarized the current Medicare System for them, the benefits they get and the premiums they pay. We gave that to them as they came through the door. Then we got to the point in our program where we were describing what the Republican Medicare plan was going to be. We said, now we would like you to pull out the papers, and we gave them lots of papers, that we have given you when you came in the door and pull out this particular one. And we said to them, that is traditional fee-for-service Medicare. You have that now and we gave it to you as you came in the door because you have that now. And it has got all those benefits. When you leave here today, leave this town hall, you will have that white piece of paper with all that traditional benefit on it, exactly, unaltered.

But then we had people go up and down the rows and we passed out four additional pieces of paper, one pink, one green, one yellow, one blue. On each of those separate pieces of paper we outlined for them one of the four other alternatives they are going to have. So we asked them to pull out the green sheet and we said take a look at this green sheet. This is, and I do not remember which one it was, but let us say it was the Medisave plan. Then we went to patient-physician networks and we walked through each of the alternatives and explained it to them and said, you are now going to get, when our bill becomes law, the opportunity to choose one of those five programs.

Mr. SHAYS. Within those five programs, each of those programs can offer a whole wide range of different eyeglasses, dental care, rebates to your co-payment offer deduction.

Mr. NORWOOD. Mr. Speaker, I know we are coming to the end of our time. Do we have time for each of us to wrap up a minute?

Mr. FOX of Pennsylvania. Certainly, we have a little more time than that. As someone who has been in the medical field, I think that your impact on this discussion would be very fruitful.

Mr. NORWOOD. I was particularly pleased to hear Mr. SHAYS say how excited he is about the Medicare plan because I am, too. I have been involved in providing health care for 25 years. I think that if we can ever get past the distortions and the half-truths that we have to put up with here, the American public and the senior citizens are going to be absolutely delighted with that plan.

I will just conclude, if I could, by saying that it is a real pleasure for me to join with the truth squad.

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I think you know we are here every night trying to offset the misinformation, and I still cannot get over the speaker earlier tonight who keeps talking about that the money that we want to return to the American people in the form of what they call a tax cut; I say we are giving folks back their money. It is for the wealthy, and I would just like to make a couple of points. I want to talk about one constituent at home.

Mr. SHAYS. You do not mean the Speaker; you mean a speaker?

Mr. NORWOOD. That is right.

As my colleagues know, a family of four that is making $25,000 a year, a couple of children at home, $25,000 a year, they are going to have their tax liability reduced to zero.

Now who is rich and who is wealthy in that group? A family of four that is

making $30,000 a year is going to have their tax liability cut in half. Are we helping the rich? Are we helping the wealthy.

I think perhaps that has been misrepresented.

I have a constituent at home, a single parent with two children, and this lady makes $17,500 a year, and under our present system she gets returned to her $939 under our current tax rate, and that includes the earned income tax credit. Under our plan for next year, the Republican House plan, she is going to get back $2,214. That is $1,275 more for a low-income working person.

Is that a tax cut for the rich? I think not. Even Mr. Clinton's plan would only return to this young lady who is struggling, for pity's sake, $763. So I think maybe the mean old Republicans really are not trying to have a tax cut for the wealthy. I think we are trying to return to the hard-working American people some of their money, particularly some of that $260 billion that was passed in this Democratic Congress, in the 103d Congress, and then, SAXBY, we are going to stay here until we make sure your unborn grandchild and my 2-year-old grandson no longer owe that 187——

Mr. FOX of Pennsylvania. Mr. Speaker, I would ask the gentleman from Minnesota [Mr. GUTKNECHT] if he can speak about the Medicare situation and the fact that we are really going to do something positive, as the gentleman from Georgia [Mr. NORWOOD] just said, in the sense that we are going to increase, as the gentleman from Connecticut [Mr. SHAYS] said, $4,800 per year to $6,700 a year which also the gentleman from Arizona [Mr. SHADEGG] allued to, on how this is really going to be an increase, but also some of the parts of the bill I think that you are advocating working for are vary important to the discussion dealing with the Medicare savings lockbox and also going after the $30 billion a year in fraud, abuse, and waste. Would that not be a savings into the program itself, Congressman?

Mr. GUTKNECHT. Absolutely, and the system we have right now is in fact in sort of a system of perverse incentives which invites more waste, fraud, and abuse, and the system we are going to try and create, and I think we will create, and I agree with the gentleman from Georgia [Mr. NORWOOD], I think once seniors begin to understand exactly what we are talking about under our plan and the options that they will have, they are going to like it.

First of all, let me just debunk this myth that somehow we are going to use the savings from Medicare to give this tax cut. That is absolutely not true, and everyone who has said that on the House floor knows that it is not true because we put into the bill itself a lockbox so that any savings that we get from these new competitive models, this new market we are going to create for Medicare, all of those savings have to go back in the Medicare trust fund. They cannot be used for the tax cut, and they know that is true, and it is in the law, and they know that. So, when they come to the House floor and say we are going to use these Medicare cuts to give tax cuts, it just is not true.

As a matter of fact, with the rescission bill that we passed earlier this year and with the cuts, the targeted cuts that the gentleman from Connecticut [Mr. SHAYS] talked about, we will have cut almost $44 billion this year in spending. The tax cuts are about $35 billion. The tax cuts that we are talking about this year that will mostly benefit the middle class have been paid for out of other spending cuts, so the idea that we are using Medicare to do that is a bald-faced lie, and the people who say it know that it is a lie.

But let us talk a little about some of the other provisions we were able to get. One of the things we talked about was fraud, waste, and abuse. In fact, every one of us had town meetings, and I would suspect, and I dare say, that every one of us at every one of our town meetings had some senior who stood up, raised their hand, talked about some of the things that have happened in their own lives. I had one sweet person in one of my town meetings stand up and say that she had been billed $235 for a toothbrush. Well, what we are proposing in this is a very aggressive method to attack some of that waste, fraud, and abuse.

You used the term $30 billion a year. Some have said it is as much as $44 billion a year. Whatever the number is, we know it is out there, and it is partly because of the way the funding system works. But we are going to allow those senior citizens; in fact, we are going to encourage them; to study their own bills, and if there is a thousand dollars' worth of savings, they are going to get to keep some of those savings that they find in their bills.

So the program that we are offering I think aggressively attacks waste, fraud, and abuse. Will any of the savings we get from the changes we are making be used to keep the fund solvent? Finally, I want to make one other point on behalf of some of us who come from low-cost areas, rural areas of the country. We were able to get the formula changed in the last few days in the discussion so that the floor has said, no matter where you live, your area is going to get at least $3,600 if they set up a service network or a managed-care network in that particular area. That will encourage more competition for those Medicare dollars, and the most important word is fairness.

We are going to have a much more fair system. We are going to reverse some of those perverse incentives that are in the system today, we are going to aggressively attack waste, fraud, and abuse, and I think it is going to be a much better system for the seniors in this country, and we are not going to use the savings for a tax cut. The tax cuts are paid for out of other spending cuts that we made this year.

Mr. FOX of Pennsylvania. I think it is also important that we realize that this Republican-led Congress is very pro-seniors, not only with the Medicare form that you have outlined and others, but also we are the ones who had legislation that actually passed which raised the income eligibility from $11,028 to $30,000 a year over the next 5 years without a deduction in Social Security, and also the rollback of the very unfair 1993 increase of Social Security.

So I would like to ask the gentleman from Iowa [Mr. LATHAM] to join us now with some of his thoughts on this topic.

Mr. LATHAM. I thank the gentleman for yielding, and I think the American public should be aware of the fact that what we are letting American families, senior citizens, small business people to keep is about 40 percent of the tax increases that they have had since 1990, since the Bush tax increase and now the Clinton tax increase in 1993, the largest in history. Actually we are letting people keep 40 percent of the taxes that have been raised for them.

Mr. SHADEGG. If the gentleman would yield, do you mean to tell me that this outrageous tax cut that we are enacting only gives them back 40 percent of what we took from them in the last——

Mr. LATHAM. Five years.

Mr. GUTKNECHT. What previous Congresses took——

Mr. LATHAM. We are it, so——

Mr. GUTKNECHT. Come at this with clean hands——

Mr. SHADEGG. So we are cutting taxes in a draconian way that the Nation cannot survive by letting them have back just a small portion, less than half, of what we increased their taxes just in the last 5 years.

Mr. LATHAM. That is exactly right.

Mr. SHADEGG. I hope Mr. and Mrs. America and our colleagues think through that fact.

Mr. GUTKNECHT. Absolutely.

Mr. LATHAM. And there is a lot of disinformation in talking about capital gains tax reduction. I am just amazed when people believe that this goes to only rich people. I will tell you as a person from Iowa from a very rural district, the No. 1 reason that the average age of a farmer today in Iowa is 57 years old is the fact that he cannot afford to sell his equipment or his farm to the next generation and that farmer has not been rich 1 year in his life, but the 1 year when he tries to sell the investment that he has had, the hard work that he has had over a lifetime, to the next generation, he gets absolutely creamed by the capital gains tax, and those are dollars that he has already paid taxes on all his life. But this is a person who is medium- to low-income his entire life, is by some people's definition on the other side of the aisle rich for 1 year in their life, the

year that they try to carry on to the next generation, and it is no different with a farmer than it is with a small businessman on Main Street who has invested a lifetime of work.

That is who we are talking about, people who have worked all their lives, have paid their taxes, been responsible in this society, and we have a punitive tax system today to punish them for saving and working hard all their lives, and to me it is simply outrageous.

I think it is important too, and the gentleman from Georgia [Mr. CHAMBLISS] had talked earlier about the excitement back in January passing the balanced budget amendment in the House here, and it failed over in the Senate, and I keep going back to the scary thought that, because we do not have a balanced budget amendment to the Constitution in this country, that 2 years down the road, 4 years down the road, that the Republicans will lose one of the Houses up here. What will happen? Everything that we have worked for this year will be down the tubes because we will be back in the status quo——

Mr. FOX of Pennsylvania. If the gentleman will yield, I think there is a lot of hope for America, because frankly I think what the public may not know is that most Members of this House in a bipartisan fashion really joined the Republican lead on balancing the budget, of reducing Government wasteful spending, of the line-item veto, which will eliminate pork-barrel legislation, and also reforming regulations and therefore costing less for individuals and businesses. So I think there is great hope and I think it is a bipartisan effort that we may have led, but it is a bipartisan effort.

One of the items the gentleman from Georgia [Mr. CHAMBLISS] is involved with is the downsizing, privatizing, consolidation of Federal agencies will also reduce the costs, because there has been such a great deal of bureaucracy in Washington, and the gentleman from Georgia [Mr. CHAMBLISS] I know has been fighting for this as a champion to try to make sure we get every dollar worth for our constituents.

Mr. CHAMBLISS. You know again I alluded earlier that we all come from different backgrounds. Another thing that we do have in common though is the fact that all of us came out of small business backgrounds, whether it was farming, or real estate, or dentistry, and I know the gentleman from Arizona was in county government, but we all had to worry about finances, we had to worry about making sure that at the end of the month when we went to the bank we were in the black, and we had to tell that banker why we were not in the black if we were not in the black. And one way that we have gone about approaching the fact of getting the Federal Government's bottom line in the black at the end of our term in Congress is that we have looked at every single way that we can cut expenses, and we talked about cutting out departments, we have talked about the fact that the Federal bureaucracy is bloated, and it truly is. Again it is something you cannot really appreciate until you are here in the position that we are in. But again, President Clinton talked about this during his campaign in 1992, and what did he do about it? Nothing. We talked a lot about downsizing the Federal Government as one of the basic philosophies of the Republican Party. What did we do about it? In our budget reconciliation package we are going to completely cut out the Department of Commerce. We do not need it over there. We are going to cut it out. That is another way we are going to go about downsizing the Federal Government to make sure that at the end of our term in Congress that we are moving toward balancing the budget of this country so that in the year 2002 we will not have to worry about how much money we were spending in Congress, we know that is going to be taken care of because we are going to eliminate it, and it is just simply another way that we are moving toward balancing the budget of this country and being responsible and being reactive to why the people send us up here.

Mr. FOX of Pennsylvania. If the gentleman will yield, I would like to engage, if I could, the gentleman from Florida [Mr. SCARBOROUGH], who has been a deficit hawk and a budget hawk in making sure that his constituents in Florida as well as those who are here across the country, that, you know, we do not have waste here, let us bring some semblance of what the values of America are out there in our neighborhoods, and I would ask the gentleman from Florida [Mr. SCARBOROUGH] to give us his impressions of what he hears in his district.

Mr. SCARBOROUGH. It really started back during the August recess that I really began to get a good feeling of what the constituents in my district felt we needed to do, and the thing I heard time and time again from my constituents, and I held 25 town hall meetings over 30 days in August, despite all the rhetoric that they heard that we were being mean-spirited and going too far, everybody I talked to at those 25 townhall meetings told me the same thing. They said:

> You will not fail if you have the guts to step up to the plate and balance the budget. You will fail if you lack the courage, and if you come up short, and you decide to keep going on with business as usual. You need to stay true to your course. Do not be like everybody else in Washington over the past 40 years. You make sure that Washington lives by the same rules that all Americans have had to live by for the past 200 years where we take in only as much money and spend only as much money as we take in.

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It is an absolute necessity. I have to tell you something, I have concerns about this budget. It is not a perfect budget, but let me tell you something, it does something that we have not done in Washington, DC, in a generation. It balances the budget. That is absolutely essential.

For those who think that it goes too far, I have to tell you this. How can we go beyond 7 years? How can we trust Congresses 10 or 20 years down the road to continue to have the guts to do what all Americans know we have to do today? As so many people testified before the Committee on the Budget, from talking to the gentleman from Arizona [Mr. SHADEGG] and others on the Committee on the Budget, and the gentleman from Connecticut [Mr. SHAYS], they have had an avalanche of witnesses who have said even though every American does not focus in on deficit issues, they will understand a few years down the road why this is so important, because if we follow through on the Republican plan to balance the budget in 7 years, Americans will see unprecedented growth, more growth than they have seen economically since World War II, since the ending of World War II.

What does that mean? That means interest rates on your car loan go down, that means interest rates on your house loan go down. It means that middle-class Americans get the break that they deserve, get the break that they have not had for the past 40 years, and we bring sanity back to the process.

Mr. SHADEGG. If the gentleman will continue to yield, Mr. Speaker, I just want to ask you quickly if you happened to hear the four Wall Street economists who came before the policy committee today and who testified that we had already, by what steps we have taken, brought interest rates in America down by 2 percent since we took office in January. They compared that 2 percent reduction in interest rates here in America with other comparable economies, where interest rates have come down 1 percent, and they said, ''The policies you have adopted have already had the effect of reducing the interest rate here in America by 1 extra percentage point below what it had been before you got here.'' That is a real savings in car loans and home mortgage loans across the board.

Now if we go the next step we will see a real dramatic impact, and they predicted 2 more percentage points' drop in the interest rates.

Mr. SCARBOROUGH. Reclaiming my time, it was a very interesting hearing today. I know everybody that was there had to feel good about what they were saying, because we were sending the signal across the world that we were finally going to get America's House in order. Interest rates have dropped. That has meant more money for middle-class Americans all across America.

They said, and this is the final point I will make before yielding back my time, they said, ''The danger lies in us not having the guts to finish what we