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The liberal special interests, more concerned with winning elections and solving a crisis, made sure that our reforms never became law.

Since President Clinton vetoed our bill the trust fund has lost tens of billions of dollars, and now we know that unless we act, the fund which provides hospital coverage for nearly 40 million seniors will be broke by the year 2001, one year earlier than we thought just a year ago.

This agreement preserves the trust fund for 10 years, until the year 2007. I think this should be an enormous relief for all seniors and soon-to-be-seniors that are concerned about the health of this program. This plan will not solve the problems with the baby boomers when they begin to retire in about 15 years, but we can lay the groundwork for our reforms through our actions this year, and in this agreement that we reached with the White House.

What will these reforms be? The committees have a lot of work to do to fill in the details of the agreement, but we do know what the outline will be and we know what our goals, most importantly, will be as we go through this. We know that prevention saves lives and saves dollars, so our reforms will cover mammography, diabetes self-management, immunizations, and colorectal cancer screening. Medicare will now catch up to the private sector and provide coverage for these important items.

We know that the vast majority of seniors have to pay hundreds of dollars a year for MediGap coverage. That is why we will fight to give seniors the same choice of coverage that people in the private sector have today. Why should seniors not have the same choices in health care delivery that their children and grandchildren have available to them?

That is really what we did in 1995, and we will work toward it again, to give seniors and their doctors the freedom to choose the types of coverage that they believe are best for them. There is good reason to modernize Medicare, because it is the only way to ensure that the program will be there when baby boomers begin to retire.

Perhaps most important for seniors is the assurance that we will provide in our agreement that spending will keep pace with their needs. Spending grows every year over the next 5 years in this agreement. There are no cuts. There were no cuts 2 years ago, in spite of what many people said, and there are no cuts this time.

Over the 5 years Medicare spending will increase 34 percent, which is about 6 percent a year, which we believe is about twice the rate of inflation that we are seeing today. Despite all the politics and the scare tactics, the demagoguery, the difference in spending between our package today and our reforms 2 years ago is \$5 billion over 5 years.

The chart that I have to my left and to Members' right indicates Medicare

spending over the 5 years in this agreement. Under the balanced budget act from 2 years ago, we were proposing spending over these 5 years \$1 trillion, 252 billion. Of course, we all heard the ads. We all heard how Republicans were attempting to cut Medicare, and all of the scare tactics that were used. In the agreement that we reached with the White House several weeks ago, we are proposing and have an agreement to spend \$1 trillion, 247 billion over the next 5 years; actually, \$5 billion less than what we proposed to spend 2 years ago.

Our agreement means that Medicare spending per senior citizen will increase from nearly \$5,500 this year, in 1997, to more than \$6,900 in the year 2002. We can increase spending and save Medicare because our structural reforms will make Medicare more efficient for seniors and their children and grandchildren who subsidize this very important program.

We know what works in the private sector. Only by beginning to implement these reforms will Medicare be preserved, protected, and strengthened for today's and tomorrow's seniors. I am proud that we put the partisan politics aside to accomplish this effort in Medicare, and frankly, the entire effort that we have come to an agreement with the White House on, again, to balance the Federal budget over the next 5 years, to strengthen and preserve Medicare, and to provide tax relief, permanent tax relief, for the American people.

My colleague, the gentleman from Texas [Mr. DELAY], the majority whip, is going to talk to us about how this agreement is good, and why the critics are wrong.

Mr. Speaker, I turn over my time to the gentleman from Texas [Mr. DELAY].

WHY THE CRITICS OF THE BUDGET AGREEMENT ARE WRONG

The SPEAKER pro tempore [Mr. JENKINS]. Under the Speaker's announced policy of January 7, 1997, the gentleman from Texas [Mr. DELAY] is recognized for the remainder of the time as the designee of the majority leader.

Mr. DELAY. Mr. Speaker, I really appreciate the gentleman from Ohio [Mr. BOEHNER], the distinguished chairman of the Republican Conference, for taking out this special order on this agreement. There is a lot that has been said about this agreement. It is fascinating to me that some people came out in opposition to the agreement before the agreement was even announced by the President or by the House or by the Senate. I think that is really unfortunate, that someone would be against the agreement before they even knew the facts. I just really appreciate my colleague's taking out this special order on the balanced budget agreement.

In my view, any agreement that balances the budget and cuts taxes for

working families is good for the American people. This agreement does both. How long have we dreamed about bringing fiscal responsibility to this Federal Government and to Washington, DC.? We have dreamed it for a long, long time. In my entire adult life I have dreamed that some day we could balance the budget and actually start paying down the debt, so that my daughters would not end up paying for my generation's fiscal irresponsibility.

I am really pleased to support the budget agreement. It is amazing that this agreement not only balances the budget and cuts taxes, but it includes long-needed entitlement reforms that will preserve and protect such programs as Medicare, and it is intended to weed out waste and fraud from the Medicaid Program.

Is this a perfect agreement? Of course not. Frankly, if it were, President Clinton would probably veto it. We need to face the fact that Bill Clinton is the President of the United States, Mr. Speaker. Our Republican candidate lost. If our Republican candidate, Mr. Dole, had won the election, we would not have this problem. We would probably have the perfect agreement. But Bill Clinton was reelected by the American people. We have to recognize that fact, and we also recognize that he is a President that loves to spend more money. That means that we have to negotiate.

This agreement is the end result of those negotiations. Let me correct that. It is not the end result, it is the beginning of a lot of negotiations that will have to go on for the rest of this year, because we start with the agreement on the budget resolution, and then after the budget resolution we will have to pass the bills that implement the policy set out by the budget resolution, and we will have to pass all 13 bills, all 13 of the appropriations bills, and all of that will have to be in consultation not only with the President, but with the Democrats in the House and in the Senate.

So this is just the beginning, and it is a work in process. In my view, it reflects the principles, the agreement reflects the principles that Republicans have long campaigned on. Several questions have been raised about the agreement, good questions that I think need to be answered. I will take just a moment to respond to these questions point by point.

Does this agreement use phony numbers? Many people wondered about the \$225 billion that all of a sudden appeared when the Congressional Budget Office revised their projected revenues to adjust for a growing economy. They thought it was just another effort by Washington politicians to avoid making those hard decisions. But the whole budget is based on economic assumptions, many of which turn out to be wrong, and we can go back almost 20 years and find out that in only one year out of 20 years of budgets written by this House have the assumptions

been right. They have either been overestimated or underestimated. Assumptions are just as the name implies, assumptions as to what we think might happen to the economy in the future.

Indeed, since 1993 the Congressional Budget Office's 5-year deficit projections have overstated the actual deficit by an average of \$279 billion. This particular budget agreement is based not on rosy economic assumptions, but on the best economic data available today. Given their track record over the last 4 years, CBO's new projections are not only defensible, they are a reasonable correction.

Another question that has been asked by some of our critics: Does this agreement dramatically increase spending? Some have questioned, is it the biggest spending increase in history? The answer is an emphatic no. Spending for nondefense discretionary spending, money that keeps the Government running outside of defense and entitlement programs, will only increase at an average rate of 1 percent a year.

Let us put this in perspective. This is 8 times better than the historical average of 8.1 percent per year stretching all the way back to 1969, which is, by the way, the last year we had a balanced budget.

We have agreed to fund some of the President's spending priorities. This President loves to spend money. He loves to grow the spending of government. We had to give him some of his spending requests, but we have also agreed to restrain the overall growth of spending. I think this is a significant victory for fiscally responsible Republicans. Particularly if we look at past history, past habits, past traditions of Democrat-controlled Congresses, even with sometimes Republican Presidents, this is a fiscally responsible budget.

Does this agreement fail to reform the entitlement programs? That is another question that is being asked by our critics. Once again, the answer is no. By far the greatest single threat to our Nation's fiscal health is the growth of health care programs. Since 1969, Medicare and Medicaid spending has increased at almost twice the rate of total Federal revenues. Let me repeat that. Since 1969, Medicare and Medicaid spending has increased at almost twice the rate of total Federal revenues. If that trend were to continue, spending on these programs would exceed Federal revenues in the next 30 years.

The budget agreement will reduce the projected growth of Medicare by \$115 billion, and of Medicaid by about \$16 billion. It will achieve these savings by giving more choices to seniors in Medicare savings, and by enacting reforms of the Medicaid system to weed out waste and fraud. Congress will write the implementing legislation for this agreement, so Members can be assured that there will be real reforms of entitlement programs in that legislation.

We are coming back with our promise. Remember, 2 years ago we promised to protect and preserve and strengthen Medicare by giving senior citizens more choices in the kind of health care plans that are important to them, so that they are empowered, rather than the Government telling them what kind of health care is good for them.

Through competition in those programs we will be able to save money. It is not a theory, it is not a pipe dream, it has happened in the private sector, because health care has been reformed in the private sector for over 10 years. The way it has been reformed in the private sector is empowering the consumer. That is how they have been able to reform the private health care industry, empowering consumers, and people competing for that health care dollar drove down the cost of health care.

We just want to take what we learned in the private sector and apply it to Medicare and Medicaid in the public sector. That is all we are doing. Through that we are able to save the system, preserve the system for seniors, and strengthen it by giving seniors more choice.

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Another question that is asked by our critics, does this agreement give insignificant tax relief? Some people have pooh-poohed the idea that we actually are giving tax cuts. I think it is the first tax cuts since 1981, first tax cuts for the American family in 16 years. In a perfect world, we could cut more taxes for America's working families.

In fact, if our candidate had won the election, we probably would have a bigger tax cuts bill. But we do not have that option in this agreement. We have a President that is reluctant to give up his ability to spend money through a tax cut.

People talk about the fact that we ought to balance the budget before we cut taxes. Well, those people do not understand it. Those people that want to balance the budget before cutting taxes are telling you that they want to spend more of America's families' money.

Today, the American family is spending over 50 percent of its income on Government. If you add up local, State and Federal taxes and the cost of regulation and paperwork, over 50 cents of every dollar that the American family makes today, every hard-earned dollar goes to the Government of one level or another.

We think that is immoral. We think the Government is too big, it spends too much, it takes too much out of the American families' pockets. We want to reform Government. We want to cut it down to size and make it work smarter. By doing that, we can allow the American family to hold on to more of its hard-earned money to be spent the way they think is important, rather than some Washington bureau-

crat spending that money on what they think is important.

So that is why we are for a tax cut. It has nothing to do with anything else other than giving some tax relief to the American family. But a tax cut signed into law is better than 2 tax cuts that are vetoed. And this agreement provides working families with gross tax cuts of \$135 billion, with a net tax cut of \$85 billion.

Keep in mind that in the last Congress, the President vetoed net tax cuts of \$155 billion, while in this Congress he proposed net tax cuts of only \$14 billion. Keep in mind what happened in 1995, when the Republicans first took over this Congress, this House, for the first time in 40 years. People said we could not do it, but we put together a budget that balances, that shrinks the size of Government, that forces Government to work smarter, that saved Medicare and Medicaid and provided \$155 billion in tax cuts, wrapped it up in a package, sent it to this President of the United States. He vetoed it and shut down the Government, and we got the blame for it.

We proved to the American people that we can bring good commonsense policies to the Federal Government. We proved to the American people that we could balance the budget, that we could bring fiscal sanity and give tax relief to the American family. Unfortunately, this President did not believe it, or he did believe it but he did not agree with it and vetoed our package.

The \$85 billion net tax cuts represents a real victory for Republicans. The best part of this agreement is that the Republicans on the tax writing committees of the Congress get to design those tax cuts. So American families will get a child tax credit, a capital gains tax reduction and relief from that pernicious death tax. I call this a real victory for the American people.

So in summary, Mr. Speaker, I again appreciate the gentleman from Ohio [Mr. BOEHNER] taking out this special order. It is so vitally important that the American people understand what is in this agreement and they understand the spin artists out there trying to negate what we have agreed to or misrepresent what we have agreed to or just be outright against it.

The American people need to understand that this is a grand opportunity that we present to them, and we hope to get it. This agreement is good for the American people. We must not let the perfect be the enemy of the good. We must let this good agreement start the process of balancing the budget, giving tax relief to the American family, and some day pay down the debt.

Mr. BOEHNER. Mr. Speaker, if the gentleman will yield, as the gentleman was saying, there are critics of this plan on both the left and right. Liberals believe that this cuts too much spending, ruins their vision of what the role of the Federal Government should be.

Some on the right are criticizing this plan, and I am yet confused as to why.

You can argue that this plan does not go far enough. You could argue that it could have been better. But I do not think that anybody can argue that this plan moves us in the direction that we have been going over the last two and a half years, that this plan does in fact balance the budget over 5 years honestly, no gimmicks, no smoke and mirrors, that it does provide permanent tax relief, and over the next 5 years will reduce the growth of spending in entitlement programs by some \$200 billion, some \$600 billion of entitlement reductions over the next 10 years.

Without this plan, the Federal Government over the next 10 years would spend \$1.1 trillion more than what will be spent once this plan is enacted into law. So I do not think there is any question that this is a good plan.

Yes, I would like to have balanced the budget sooner. I would like to have lower taxes. But the fact is that we have learned over the last 2 years that there are two ends of Pennsylvania Avenue. Republicans control one here on Capitol Hill, but Bill Clinton is in the White House. If we are going to do anything on behalf of the American people, we have got to get both ends of Pennsylvania Avenue to work together and talk to one another.

Mr. DELAY. The gentleman from Ohio [Mr. BOEHNER] is absolutely right. I sort of describe it as the Republicans in the House and the Senate are like a sailboat and we are sailing against the wind and we are sailing down Pennsylvania Avenue and the wind is coming from the White House, a very strong wind is blowing in our direction.

In a sailboat, you can either turn it around and go with the wind, and that is something we absolutely refuse to do, or you can tack toward the wind, always moving forward, but in some cases you have to make an agreement with the wind. Sometimes you have to make an agreement with someone else, but always keeping your eye on the future and the forward. And that is where we are moving.

If you put it in perspective, this is an incredible budget compared to, say, the big budget of 1990, when George Bush was President. There were huge tax cuts, huge spending increases.

Mr. BOEHNER. Tax increases.

Mr. DELAY. Tax increases. I thank the gentleman very much for the correction, tax increases. Tax increases is not even in the jargon of this place anymore. It is hard to even say.

But tax increases, spending increases. Look at the budget that the President passed with the Democrat Congress in 1993 that they are so proud of, huge tax increases, once more taking more money out of the middle-income America's pocket and spending it on Government programs that we all know 9 times out of 10 are very wasteful.

That is the kind of thing that we have been going for. Even when we did not get the President signing our balanced budget in 1995, the things we are

able to do in tacking back and forth, moving forward, in eliminating over 270 programs, in cutting over \$53 billion in real Washington spending, in moving forward and making sure that we are bringing this country into fiscal responsibility is very, very important that the people realize that, sure, if the gentleman from Ohio [Mr. BOEHNER], and I were writing this legislation, it would appear to be much different. But on balance, we are getting more than we are giving up, and I am very proud of that.

Mr. BOEHNER. Mr. Speaker, if the gentleman would yield, there has been a lot of discussion about who wins and who loses in this. I really do not think there are any losers in this, but the real winners in this agreement are not Republicans or Democrats, it is the American people who are the big winners.

We all know that we have accumulated some \$5½ trillion worth of national debt. I went to the fifth grade class of Liberty Elementary School in my district on Monday and explained to each of these fifth-graders and asked them, how much do you think your share of the national debt is? How much do you think you owe Washington? Some thought it was a dollar. Some thought it was \$10. One even thought it was \$300. I had to explain to them that their share of the national debt was \$22,000 that every man, woman and child today owes to those who have lent this money to the Federal Government.

If we do not do something about stopping any additional debt from growing, we are imprisoning our children and theirs. We know that a child born today will pay almost \$200,000 in taxes over the course of their lifetime just to pay the interest on the national debt. That is no money for education or the environment or roads or anything else that the Federal Government does.

So the American people win with this agreement. Do we have to do more? I think we all understand we do. We have got to balance the Federal budget so we are not adding any more debt there. In the year 2002, or hopefully sooner, we ought to begin to pay off the national debt.

If we want to give our children and theirs the shot at the American dream that all of us grew up having, we need to make sure that they do not have this debt on their back, or their chances of succeeding, their chances of having the American dream available to them just is not going to be there.

Mr. DELAY. Mr. Speaker, the gentleman from Ohio [Mr. BOEHNER] is so right. I just want to expand on what he is talking about, what the children of tomorrow will owe.

It is really interesting, when the President was running for reelection, he made in his State of the Union that famous statement, "The Arabic government is over." And then when he came back and got reelected this year and made his State of the Union Mes-

sage, his penchant for big spending was back, because in his State of the Union, he talked about all these new spending programs; and he said something at the end of that speech that I do not think I will ever forget. Not many people picked up on it. Certainly the press did not pick up on it. But the President said, "You know, a child born tonight will not long remember this century."

Once again, the President was wrong, because a child born that night will never forget this century because that child, as the gentleman has said owes so much money, not just in paying off the debt but in paying off the interest on the debt, that it is immoral. We are committed, with this President or without this President, to bring fiscal sanity to this Government for those children that were born that night.

I would be glad to yield to the distinguished leader of the freshman class from North Dakota, who has been working very, very hard on seeing that the supplemental appropriations bill becomes law so that his disaster relief, much needed disaster relief, goes to North Dakota. I appreciate the gentleman for showing up.

Mr. THUNE. I want to thank the gentleman from Texas, but will remind him that it is South Dakota.

Mr. DELAY. South Dakota, I apologize.

Mr. THUNE. And in Dakota territory, that is an important distinction to make because we have had our share throughout this last year, the most disastrous winter in our State's history and in North Dakota's history, as well, and we are in the process now of trying to come up with the assistance that we need. Hopefully, in very short order, tomorrow, we will have that bill on the floor, in hopes that we can get the assistance to those who are in such desperate need of it in my State, in North Dakota, and Minnesota and many other States like it.

But I do want to comment this evening, if I might, on the subject at hand, and that is the discussion that you and our friend from Ohio [Mr. BOEHNER] were having about the budget agreement that has been reached.

Mr. DELAY. Mr. Speaker, before the gentleman gets started, if I could, I would like to ask unanimous consent that the gentleman be given my time.

BALANCED BUDGET

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 1997, the gentleman from South Dakota [Mr. THUNE] is recognized for the remainder of the time as the designee of the majority leader.

Mr. THUNE. Mr. Speaker, I too want to this evening touch, if I might, on what I believe is an historic event in this country; and that is what we have seen and witnessed in the last few weeks, the agreement between a divided Government, a White House that is in control of the Democrats, the