the reality is that, if we have another major tax cut, that we are not going to be able to take care of the needs of defense in the future.

I worry about this because President Clinton put $112 billion additional money in the defense budget. Even with that, we are still having a major problem with readiness, with training, with replacing the older weapons systems that need to be replaced.

So I hope that the Republicans who claim that they want to increase defense will realize that, if they pass these huge, massive tax cuts, that there simply will not be the money in the future to adequately take care of the defense needs of our country.

We are faced with decisions this year already in the defense mark-up about whether we can afford certain weapon systems because the Chief of Staff of the Air Force sends over a list of $18 billion in unmet needs that he has. That is one of the services. Also, we are seeing a situation where the Navy and the Air Force, for the first time, are not able to meet recruiting goals. So we have got serious problems.

I think the Democratic alternative of having a tax cut with a more targeted tax cut that will not take up as much money in the future is a much sounder policy and will allow us to have the resources necessary in the future to take care of our defense needs. Having gone through this once in the 1980s, I would prefer not to go through it again.

I appreciate the gentleman from Maryland (Mr. HOYER) for taking out this special order tonight to give those of us who are concerned about defense a chance to mention these important facts. If my colleagues remember the great story of the fact that, between George Washington and Jimmy Carter, we had a deficit of only about $980 billion, and then, after the tax cut in 1981, we had a $4.5 trillion increase in the debt.

Now, even with the good news in the economy, it would still take us 2015 to pay off that entire debt if we were using restraint.

I will tell my colleagues in my district, my constituents would say pay off the debt before we do another tax cut and make sure we have got enough money to protect defense, Social Security, and Medicare. Those are the right priorities.

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Mr. HOYER. Madam Speaker, I want to thank the gentleman very much, and I could not agree with him more; that those are the right priorities. And that, of course, is the point of this special order, and the remarks of my colleagues who have spoken, have spoken of those priorities.

The gentleman from Washington and I went through the 1981 experience together, and we do not want to relive that.

Madam Speaker, I will now yield to my good friend, the gentleman from Texas (Mr. TURNER), a former State Senator now Member of Congress from Texas, who has now been here for a number of years and has really become an expert on a number of matters.

Mr. TURNER. Madam Speaker, I thank the gentleman and appreciate his having this hour for us to talk about perhaps the most important issue that this Congress will face in this session. The proposal to reduce taxes at a time when we are just now beginning to see a balanced budget is indeed an issue that we must all confront with a great deal of concern.

The chart to my left shows the history of Washington spending more money than it has taken in. In fact, we have gone for 29 years in Washington spending more money than was taken in. This chart shows the history by presidential administration.

My colleagues will notice that President Johnson was the last president to have a balanced budget. Through the years of President Nixon we had budget deficits. They got larger through President Ford. They got larger through the administrations of President Carter. They got much larger through the administrations of Ronald Reagan. They got even larger during the administration of George Bush. And it has only been during the Clinton administration that we have begun to see reductions in the annual Federal debt.

In fact, this past year was the first time that the annual deficit was not there. In fact, we had a surplus in the overall Federal budget. And it will be only next year that we will actually have a true surplus based on the projections when we look just at the general operating fund of the Federal Government and do not look at the surplus in Social Security.

The next chart reveals what has happened through all those years of accumulating annual deficits, spending more money every year than we took in. We can see we have accumulated an increasingly large national debt, until today we owe over $5.6 trillion.

When we look at where money is spent in the Federal Government, and these are figures from fiscal year 1998, we see that interest on the Federal debt is now the second largest category of Federal spending. In fact, in the blue we see that in 1998 we spent $364 billion just to cover the interest on this $5.5 trillion national debt. Only Social Security was an area where we spent in the Federal Government more money.

If we look at the green, we can see that national defense, the third largest area of expenditure, was only $268 billion, falling beneath the amount that we spend every year just to cover the interest on the national debt.

We also know that defense spending has gone down since 1962. Defense spending back in 1962 constituted one-half of the Federal budget. Today, it only constitutes 16 percent.

When we hear all this talk about the surplus, we need to understand that the surplus is just an estimate of what the Congressional Budget Office thinks we might see in the years ahead. And, in fact, it is based on some assumptions and some projections that may not turn out to be true. In fact, we may not really have a $2.9 billion surplus. If any of these four things were to happen at one time, we would have no surplus.

For example, if Federal spending increases, instead of going down, as is projected under the Balanced Budget Act of 1997, just kept up with inflation for the next 10 years, 18 percent of that surplus would disappear.

If Medicare spending grows at just 1 percent faster than is projected, 12 percent of the surplus disappears.

If productivity grows at the rate of 1.1 percent per year, the average since 1973, instead of the number the Congressional Budget Office used of 1.8, then 53 percent of the surplus disappears.

And if the unemployment rate just goes up one quarter of 1 percent, 17 percent disappears and there is no surplus.

BUDGET, DEFENSE, AND VETERANS' ISSUES

The SPEAKER pro tempore (Mrs. WILSON). Under a previous order of the House, the gentleman from Mississippi (Mr. TAYLOR) is recognized for 5 minutes.

Mr. TAYLOR of Mississippi. Mr. Speaker, I yield to the gentleman from Texas (Mr. TURNER) to continue his discussion.

Mr. TURNER. In summary, Madam Speaker, if each of those four assumptions turn out to not be true, we will find out there is, in fact, no surplus.

When we have needs in Social Security, needs in Medicare, needs in national defense, all of these require us to have additional funds. And if we want to pay down the national debt and not pass on that burden to our children and grandchildren, we need to reject this blockbuster $864 billion tax cut that will be before the House this week.

Mr. TAYLOR of Mississippi. Madam Speaker, I yield to the gentleman from Arkansas (Mr. BERRY).

Mr. BERRY. Madam Speaker, I rise today to ask Congress to maintain fiscal discipline and to work to reduce the national debt.

In the coming weeks, we are going to be talking about tax cut packages and what to do with the projected budget surplus.

I underline projected. It does not exist, it is just imagined.

The Congressional Budget Office earlier this month revised its budget outlook upward saying the budget surplus would reach a total of $996 billion over the next 10 years assuming existing revenue and spending policies remain in place and the economy continues growing at rates at least equal to its performance today.

The Office of Management and Budget, relying on the same kinds of assumptions, projected the budget surplus would grow to $1.08 trillion over the next 10 years.

These projections are very dangerous.

Only three years ago they were projecting deficits for as far as we could see.

Now it is surpluses.

We simply should not spend money we do not have, and when we get some extra, we should pay off the debt.

A new study by the Center on Budget and Policy Priorities shows the projected budget surpluses may not come true.

This study shows that the majority of this so-called surplus is based on Congress maintaining the budget caps set in the 1997 Balanced Budget Act.

But, Mr. Speaker, Congress this year alone has already broken those caps by almost $30 billion in unanticipated spending.

If we set aside the Social Security trust fund, as we should, protect Medicare and deal with emergencies, there will be a small surplus, and it should go to pay off the debt.

While some folks are getting caught up in a surplus feeding frenzy, we should be conservative and be careful before spending projected surpluses that may not materialize.

We should not rely on ten and fifteen year budget projections to justify large tax cuts or new spending programs.

Budget projections for the next ten years have improved by nearly $2 trillion in the last twelve months—they could go the other way just as quickly.

Today's budgetary projections are headed in the right direction but they are simply best guesses.

If a surplus actually appears, we should use it to get our budget on a solid long-term path by paying down our debt and dealing with Social Security and Medicare first.

Paying down the national debt is the most important thing Congress can do to maintain a strong and growing economy with low inflation.

Madam Speaker, we talk about these projected surpluses like they were real money, but there is an old joke in the part of the country where I come from where they talk about the board of directors that was going to hire a new CEO.

They brought in an accountant and they interviewed him, and they said, what is two and two? And he said, well, it depends on whether it is a deficit two or whatever column you put it in. So they rejected him. They brought in an engineer and they said, what is two and two? He said, well, it depends on whether it is a plus two or a minus two. It depends on how you put it together. You can get different answers. Then they brought in a Republican budget forecaster and asked him. They said, what is two and two? He looked under the table, in the closet, behind the curtains, under the chairs, and then he looked at the board of directors and he said, what do you want it to be?

That is what we are looking at here. We have numbers here that do not mean anything. It is someone's imagination. We should not take the chance when we do not have the money and ignore the fact that we have to save Social Security, we have to save Medicare, we have to take care of our veterans and our farmers and educating our children.

Most of all, we owe it to our children to pay off this debt. We simply cannot let this debt go on and on and on. With this money, when the surplus does exist, we should recognize our responsibilities and not pass this debt on to our children and grandchildren.

Mr. TAYLOR of Mississippi. Madam Speaker, I yield to the gentleman from Maryland (Mr. HOYER).

Mr. HOYER. Madam Speaker, what has been the point of this special order? The point of this special order is that we ought not to throw the dice again as we did in 1981. We threw the dice in 1981 and said we are going to balance the budget; we are going to cut $750 billion in taxes. And lo and behold we thought we were going to cut spending. But what happened? For 12 years Presidents Reagan and Bush suggested that we increase spending. And they asked for more spending over those 12 years than the Congress appropriated. We quadrupled the national debt and we pushed down our kids and their generation and the generations to come.

The point of this special order is to say, let us not do it again. Let us not gamble on that surplus existing. Let us take it prudently and apply it to reduction of debt, saving of Social Security, stabilizing and ensuring Medicare, and investing in our national defense and other domestic priorities, to the extent that we can, so that the next generation of Americans to come will say, ''That was a fiscally responsible generation, and, as a result, our economy continued to grow, to create jobs and opportunities for our young people and good times for our families.''

The gentleman from Mississippi (Mr. TAYLOR) talked about families, many of whom serve in the military. We need to take care of them before we take care of those who have so much.

Madam Speaker, I hope, we all hope, that tomorrow, or whenever that tax bill is brought to the floor, that we look the American public in the eye and tell them honestly, ''We will manage your money so that your debt will be reduced, your economy will remain strong, and the fiscal management of America will continue to be responsible.''

TAX RELIEF FOR THE AMERICAN PEOPLE

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from Colorado (Mr. SCHAFFER) is recognized for 60 minutes as the designee of the majority leader.

Mr. SCHAFFER. Madam Speaker, I would invite all Members of the Republican majority and our Republican conference to join me on the House floor for this special order. This is an hour I have secured on behalf of our conference, and I know there are many who are eager to come to the floor today and have expressed their desire to come to speak about the prospect of passing real tax relief for the American people.

The debate over this topic is an interesting one, and it is one that we have heard part of so far tonight. But I want to tell the other side of that story and alert House Members and those throughout the country who are perhaps monitoring tonight's proceedings precisely what is at stake with the debate on the projected taxpayers' surplus, or overpayment of tax revenues, and the prospect of tax relief for American families.

We just heard the previous speaker talk about his assurances that the government will manage the taxpayers' money. And they will propose to do it well. I have no question or doubt about that. I believe all Members of Congress are sincere and that those of us who are charged with the responsibility of keeping track of the taxpayers' cash would like to do that in a responsible way and would like to manage that money well. But that really neglects the underlying debate, and that is who should be managing the money of the taxpayers?

Now, those dollars that have legitimate cause to come to Washington to be spent should be managed well, certainly, and that is our job as Members of Congress, but the fact of the matter is the American taxpayers are overpaying when it comes to their taxes. They are sending more cash to Washington, D.C. than is necessary to legitimately run the government. So the question becomes: What do we do with the projected taxpayers' surplus?

Now, the core principles of tomorrow's debate and the debate that is ongoing in Washington, in fact the difference between liberals, those we just heard, and conservatives, that we will hear now, is on the following basis:

Conservatives, the Republican Party, believes in personal freedom, and that is as opposed to our opponents' objectives, those we just heard, of government control. And I emphasize the notion of government control again by citing the quote that we had just heard on the floor; that government will manage the taxpayers' money.

Conservatives believe in personal freedom; our opponents on the House floor, who oppose tax relief, believe that government should control the taxpayers' cash.

Republicans are for lower taxes versus higher taxes. Republicans are for limited government versus big government. We are also for economic