

be able to procure a second Virginia class submarine nor a DDG-51 destroyer needed to keep costs down and to achieve the minimum size fleet—313 ships—that the Navy has stated is the absolute minimum.

Operating under a full-year's CR also means that the taxpayers are going to end up paying more for less. The Navy would likely have to renegotiate some of its procurements. The Army has already shut down work on the Stryker Mobile Gun System that will likely incur additional costs to restart.

It is also important to recognize that at a time when the American public is most concerned about jobs and the economy, the Defense appropriations bill provides funds that are the source of thousands of jobs in the United States—jobs that will be lost or at least deferred.

The Secretary of the Navy has said that the combined effects of failing to fund the Defense Department will directly affect the strength of the industrial base and that more than 10,000 private sector jobs at shipyards, factories, and Navy and Marine Corps facilities across the country will be jeopardized.

I could go on and on listing the ways our servicemembers and our DOD civilian workforce and the private sector contractors will be affected by our failure to act. There is simply no excuse for this Senate not to have acted last year on a Defense appropriations bill. Surely, we should turn our attention to focusing on the needs of our military immediately, and we should heed the warning of Secretary Gates, who said:

That is how you hollow out a military—when your best people, your veterans of multiple combat deployments, become frustrated and demoralized and, as a result, begin leaving military service.

Let's do what is most important and let's do it now. Let's pass the Defense appropriations bill.

I wish to thank the ranking member of the Budget Committee, Senator SESSIONS, for yielding me time.

The PRESIDING OFFICER. The Senator from Alabama.

THE BUDGET

Mr. SESSIONS. Madam President, I wish to share some remarks about the budget. I note how pleased I have been to work in this past year with the Presiding Officer on some legislation that I think, had we had just a couple more votes, we would have made progress and done something worthwhile to help ensure that our spending does not range above our budget, as too often has been the case in our country.

The fact is the American people, by large numbers from polling data, believe we are on the wrong track, and the intelligentsia, the witnesses we have had before the Budget Committee—I am ranking member of that committee—keep telling us we are on an unsustainable path. Witnesses called by the Democrats or Repub-

licans, the professional CBO witnesses from all walks of intellectual and business life, say we are on an unsustainable debt path. They are not kidding. They meant that, and the words mean something. We cannot continue what we are doing.

Admiral Mullen, the Chairman of the Joint Chiefs of Staff, recently said:

I believe that our debt is the greatest threat to our national security. If we as a country do not address our fiscal imbalances in the near-term, our national power will erode and the costs to our ability to maintain and sustain influence could be great.

He said if we do not address it in the near term—not just in the long term, in the near term.

Recently, on February 17, Secretary Geithner, the Secretary of the Treasury, appeared before the Budget Committee, and we went over the President's budget. He was, I will have to say, more candid than was OMB Director Jack Lew. I was asking him about the situation we are in and the effect of the budget that allows the debt to double in the next 10 years—causes the debt to do so. He said, "It is an excessively high interest burden."

I was asking about the fact that the money we borrow, the debt we assume we have to pay interest on.

It is unsustainable . . . with the President's plan, even if the Congress were to enact it, and even if Congress were to hold to it and reduce those deficits as a percentage of GDP over the next 5 years, we would still be left with a very large interest burden and unsustainable obligations over time.

It is pretty clear we are on an unsustainable path, and it is pretty clear the American people are exactly correct—we are on the wrong track. We are headed the wrong way. We need to get off of that.

So what is it that we have been presented with? We are presented with a plan. We call it a budget, but it is really the administration's plan for what we are going to collect and spend over the next 10 years. They can plan to raise taxes, they can plan to cut spending, they can plan to increase spending and borrow more money. They can plan. That is their plan.

So we got a plan 2 weeks ago. In that, the President told us this:

What my budget does is put forward some tough choices, some significant spending cuts, so that by the middle of this decade our annual spending will match our annual revenues. We will not be adding more to the national debt.

That is a pretty clear statement, right? It is actually a breathtaking statement to me because I know how hard it is to do that, but he said it flatly and plainly:

Our annual spending will match our annual revenues. We will not be adding more to the national debt.

Jake Tapper, the ABC reporter, at a White House press briefing a couple of weeks ago asked Mr. Carney, the press flack, about this dramatic statement. He asked him if he thought "we will not be adding to the national debt" is a statement that will withstand scrutiny.

"Mr. Carney: Absolutely."

I don't know what world people are living in. Are we communicating in English or some other language? This budget that is presented to us comes nowhere close to living within our means, matching expenditures and revenues, and not adding more to the debt.

Look at this chart. These are the President's numbers, the numbers that have been put out here, and this is what we have been asked to pass. It is before the Budget Committee. I wish it were not so, what we have. I know it is not easy to offer these numbers. I know Senator McCASKILL knows that. She has looked at that. But I think we have to begin to alter them a lot.

Look, in 2010 our total debt, the gross debt of the United States, is \$13.5 trillion. In 10 years, under the President's budget—these are numbers in his budget document that he submitted to us—it goes to \$26.3 trillion. Not projecting a war, not projecting another recession, both of which, I guess, could occur during that time. We are living on the absolute edge—actually, almost over the edge, what we are doing and spending. It is \$13 trillion in new debt.

Let me make this point. Not 1 year between now and 2021, the 10th year, does the annual deficit fall below \$600 billion. This is an unbelievable number. President Bush was hammered when he had a \$450 billion budget, his highest, and he was correctly criticized for that. The lowest that is projected over 10 years is \$26.3 trillion. Last year's budget deficit was \$1.3 trillion. The deficit we expect this year is going to be—on September 30, when September 30 rolls around, the estimates are that the total annual deficit this year will be \$1.6 trillion, the highest we have ever had in the history of the Republic. Nothing was ever seen like it. It does project down some. All the projections are showing it will show some drop down, but they are heading back up in these outyears of 2019, 2020, 2021. The budget deficits are going up there. So this is not a sustainable budget. It is not a sustainable path for us to be on as a nation. We cannot continue on this path. It is a great threat to us.

This week, Chairman CONRAD, the very able Democratic chairman of the Budget Committee, knowledgeable and fair, has been having hearings. We have had the Secretary of Education, the Secretary of Energy, and the Secretary of Transportation testify to us about their portion of this overall budget, this budget that would double the debt in 10 years.

What do you think Education is asking for? What are they asking for?

Think about, back in your States, what you have been reading about cities' school systems and county school systems in States cutting budgets, having to do with less, reducing costs, reducing teachers—reducing costs in any way they can. They have been doing a lot of things they have had to do. Some of them are probably going to make that system stronger in the future, but

they are not easy. You would rather not have to make tough choices, but they are doing it all over America.

Our U.S. Department of Education, however, demands an 11-percent increase this year, after two substantial increases the previous 2 years. I think it is a 38-percent increase in 3 years for the Department of Education. This cannot be contained? We cannot have level funding for the Department of Education? We have to have an increase of 11 percent on, what, 2 percent inflation? Five times the inflation rate after 2 previous years? This is living within our means when we are going to have, next year, a deficit of over \$1 trillion?

Energy came in yesterday, Dr. Chu. He wants a 9.5-percent increase in spending. Basically, all I can see that the Department of Energy does is take money, try to mandate programs to require people to use more expensive energy, and participate, I guess with the Interior Department, in locking up energy sources in the United States that we ought to be unlocking, creating jobs and prosperity and wealth for America. They need to get their act together.

The price of gasoline is going up. I traveled in my State last week. I finished a talk, and a hand would go up about gasoline prices. You know, you learn something when you are out traveling around. This is on people's minds, and they do not think it is going to stop at \$3.40.

Senator MURKOWSKI, the former chairman of the Energy Committee, now ranking on that committee, knows more than I.

Transportation today, Secretary LaHood—you have to like Secretary LaHood. He is a likable man. He believes in roads and transportation. Hold your hat. Do you know how much the transportation is going to increase this year if the President's budget is approved? It is 62 percent. I am flabbergasted. Sixty-two percent? Is there a State in America that is not showing hardly any increase in their budgets, and we are having a 62-percent increase? No, it is an investment in the future—investment, investment, investment. Give me a break. It is spending, spending, spending and debt, debt, debt.

It is a pretty serious problem we are dealing with. I think the Education Department needs to be doing some different things instead of just spending money. They need to figure out how children learn. We have to quit defining our commitment to education on how much money we throw at the problem, how many new buildings we build. We have to ask are children actually improving? Are they learning better? And too often that is not the case. Canada, our neighbor to the north, spends \$7,500 per year, per pupil. We spend \$11,500, and they get better results. Is that an investment? It is not a good investment if we are spending more and getting substantially less. We need the Secretary of Education to be figuring

out how to help education get better, not see how much more money we can spend, because we do not have the money. This year we will spend \$3.5 trillion.

We will bring in, in income to the United States, \$2.2 trillion. That is almost unbelievable, but it is an absolute fact. It is undisputed—\$3.5 trillion we spend, we bring in \$2.2 trillion, and 40 cents of every dollar that is spent this year is borrowed. That is why the experts tell us we have a potential debt crisis.

Moody's, the bond rating agency, in December wrote a letter warning that they could downgrade our debt within the next 2 years if we do not get off this unsustainable path. So we need Education to help get better education, not see how much more money they can spend. We need Energy to help produce energy. They are the Energy Department. We need Transportation to figure out how to use their money wisely.

All of this is about the economic health and growth and future of America. The fact is, according to the great study by Rogoff and Reinhart—which Secretary of Treasury Geithner said he agreed with—that study has been completed. They advised their main finding is that across both advanced countries and emerging markets, high debt-to-GDP levels, 90 percent or above, are associated with notably lower growth outcomes. Seldom do countries simply grow their way out of deep debt burdens.

Well, their study says that it is, on average, 1 percent less growth. Well, if we are looking for 3 percent growth this year and we get 2, that makes a lot of difference. Three percent would be good growth. If we get 2 percent, we are now going to get 1 because we are being dragged down by our debt.

In addition, Mr. Geithner said this to us. Not only does he agree it reduces growth, he says it puts us in a position where we could more readily have a debt crisis. If something happened around the world, another debt crisis could spread here and we could slip back into a recession.

That is why we have to do this, to create a healthy, growing economy and get this debt burden off us, to create jobs, empower the private sector. By the way, what percent of GDP are we? We are 94 now and are projected to be 100 percent of GDP by September 30 this year.

Our gross debt will be 100 percent of GDP by September 30 this year. That puts us way into the danger zone. It is unacceptable. What do we have from the President's budget? A budget that increases spending every year, that has its lowest annual deficit \$600 billion, which I think \$600 billion would be the lowest deficit—the highest deficit ever achieved prior to President Obama becoming President.

It will double the debt in 10 years, and interest on our debt will go from under \$200 billion last year—hold your

hats—to \$844 billion in the 10th year. We will be paying interest this year, \$844 billion. How much is that? People say they do not know. What does that mean?

Well, the Federal highway budget this year, the baseline budget, was 40, education, I think, is 60. You see, we are going to \$800 billion in interest for which we get nothing, and much of that is sent to people around the world, places such as China and Saudi Arabia, who are buying our bonds and we are having to pay them interest.

Not good. So we are on the wrong path. It is true, we have to change. I appreciate the House of Representatives, which is going to send us a continuing resolution that begins to take some steps toward reducing the dangerous path we are on. That is just a first step. We have to do a lot more things.

If we work together, we can do them. But we are going to have an effort in which all of us join together, first in recognition that we are facing a grave threat to our national security, and, second, a grave threat to our economy but one we can meet. I have looked at the numbers. I know it is not going to be easy. But if we take a tougher path, the harder path, maybe the path less traveled, it is the path to prosperity and to a rebound in American strength and vitality.

I yield the floor.

THE PRESIDING OFFICER. The Senator from Kentucky.

Mr. PAUL. Madam President, we had an election a few months ago. In that election, the American people sent a message, a message that they were concerned about the debt, concerned about our kids and our grandkids and how this debt is going to be handed down to future generations.

I am not only concerned about that, I am concerned about the imminent threat that this debt poses for our economy and for our people. We are spending about \$10 billion a day. Of the \$10 billion a day we are spending, we are borrowing about \$4 billion.

How big is one billion? It is hard for most of us to fathom how big one billion is. One billion seconds ago I was in high school. One billion minutes ago, Jesus was alive. One billion hours ago, we were in the Stone Age. But \$1 billion ago, at the rate the government spends it, was only a few minutes ago.

The government is spending money like there is no tomorrow. We had an election and we thought as voters we sent a message to this place. But it is not getting through. The President gave us a budget. His proposal for 10 years is to spend \$46 trillion. How big is \$1 trillion?

I mean, it is hard to fathom \$1 billion, much less \$1 trillion. One trillion dollars, it is hard to imagine. It boggles the mind. If we had thousand-dollar bills and I stacked them in my hand, a stack of thousand-dollar bills 4 inches high would be \$1 million. But if I want to have \$1 trillion in hundred-dollar bills, it would be 67 miles high.

Why do these numbers mean anything to us? Why does the deficit or the debt mean anything to us? Because it is stealing from our future. We have to do something about it. I think I agree with the Senator from Alabama, that it is a threat to our future, that we could have a crisis come upon us where we cannot manage our debt.

How do we pay for our debt? We can either tax people—most of us think we are already taxed enough already. We are not willing to pay more than 40 percent of our income for taxes. We can borrow. But we borrowed an enormous amount. We now owe the Chinese \$800 billion, the Japanese \$700 billion. The list goes on and on. We owe the Russians nearly \$200 billion. We owe Mexico \$20 billion. The list goes on and on.

Where we were once a great nation that exported goods to the world, our No. 1 export is our debt. But what happens when foreign countries quit buying our debt or when the interest we have to pay them exceeds what we are able to pay? Most of the estimates on what we will be paying or the President's estimates are saying we will have a 3½-percent interest rate. I remember 1979, though, when interest rates went to 21 percent.

If that happens, interest will consume the budget, and we will have very little left for anything else. As it is, the course we are on, if we do nothing, if we just keep spending the way we are spending, entitlements and interest consume the whole budget within a decade. That is with conservative estimates on interest. Imagine what happens if interest rates begin to rise such as they did in the 1970s, and some are predicting this can happen.

Recently, we have been hearing in the newspapers that some members on the other side of the aisle, members of their leadership, are saying: Well, this is all well and good, but those over here, we are mistaken that there is any problem with Social Security. They say Social Security is not adding anything to the debt. They say Social Security is not adding one penny to the debt.

I am pretty new here. But Washington math that says we are not adding to the debt with Social Security is flatly wrong. I have a couple charts with me. Over here is what we bring in, in Social Security taxes, payroll taxes, FICA taxes. Here is what we spend on Social Security recipients. This is what we bring in, this is what we spend.

We are now, for the first time, spending more than we take in. Well, the other side will tell us, they will say: Well, it is not so bad. We have interest payments that fill in the difference. They say Social Security is fine, has all these surpluses. If we go to the Social Security Office, we will find a stack of paper. These are Treasury bills. They are nonnegotiable. They cannot be traded to anyone. We own them, and we pay ourselves interest on the Social Security surplus.

How do we pay the interest? We borrow it from China. So to make up this

difference, for them to say Social Security is on solid footing and that we are simply paying and spending the interest it brings in, it is a lie. The interest is paid by borrowing from China. We are borrowing nearly \$2 trillion a year.

The Senator from Alabama showed us the statistics. Even though the deficit, official deficit, will be like \$1.5 or \$1.6 trillion, the debt limit, if we watch closely, in a month, will go up \$2 trillion—all kinds of things they do not count, off-budget items, money they borrowed from places.

The truth is, we have to wake up and say our entitlements are unsound. Nobody wants to hear that. People say: You cannot be elected by saying that. Well, guess what. It is the truth. If we do not speak the truth to our problems, we will eventually and ultimately encounter a crisis in our country, and I am for averting that crisis.

I think the President has abdicated in his leadership. We have this enormous problem, and he is giving us \$46 trillion worth of spending, annual deficits of \$1 trillion that go to the end of time, and he has abdicated his duty. The entitlement system is broken. I did not break it. I am not responsible for the baby boom. We have all those people who were born after the war, and they are retiring.

It just happened. We have fewer workers. Once upon a time, we had over 50 workers for every retiree. It worked. Once upon a time, people lived with an average life expectancy of 65. Social Security worked in the beginning, worked for many years. We are now down to less than three workers for one retiree. It is not working. We have a huge number of people retiring.

It is nobody's fault. But what we want is leadership. Where is the leadership in Washington to say the entitlements are broken and we have to do something about it? It may not be popular, but can we not say someone should lead? The President is failing us and is not leading. We need leadership. How do we fix Social Security? Here is what happens if we do nothing. Look at the red ink. It piles on. This year alone, we will have to borrow \$37 billion to pay for Social Security. It goes up to over \$100 billion within a decade.

How do we fix Social Security? It is very simple. Everybody knows it, but everybody wants to be quiet. No one wants to say it. I will say it. The age for Social Security will have to gradually rise. I have said it. I have said it repeatedly. I do not want it, necessarily. I do not want to have to do the things we have to do. But someone has to stand and say it has to be done.

We can do it gradually. We can raise the age or allow the age to rise slowly for those 55 and under, and we can fix Social Security by doing that. That alone fixes at least half or more of the problem. We let it rise gradually on the younger people.

There is an alternative. If we stick our heads in the sand and say: Do nothing; we are not touching Social Security;

we are not touching Medicare; we are afraid to lead; Wait and let the President lead someday, if we do that, the system is run into the ground. It is a problem.

What happened in Greece when they ran into a debt crisis? They changed the age of eligibility for their entitlements overnight. That is much more difficult. When you are 67 and all of a sudden someone tells you, you do not get it for another year, and you planned on it, that is very difficult.

But what if we say gradually, to those my age and younger, tell them they will have to make adjustments because we do not have enough money. You know what, I think young people already realize it. These young people here, if they are listening to this debate, they know Social Security is broken, Medicare is broken. It will not be there for them unless we fix it. So we need to be the responsible adults. We need to fix these problems and they can be.

Next week, I and a couple other Senators will present a fix for Social Security that fixes Social Security in perpetuity. That is a long time, forever. We will fix Social Security by allowing the age to rise gradually on younger people, and, by saying to those who will retire, the younger people, again, that they may not get as much out of it as some other people get. Basically, there will have to be some testing that says, when you are in a higher income bracket, your Social Security payments will not rise as rapidly as some others will.

It is the only way we fix it. But those two changes fix Social Security forever, if we are willing to do it. The question is, if we speak boldly, if we lead, is that a detriment or an asset? I, personally, think it is the right thing to do, but I also think it is an asset. I think the people will understand, when we lead, we have to make difficult choices.

We have been kicking the can down the road, borrowing and borrowing and borrowing. I think we are coming to a point in time where it has to end. It is going to end either voluntarily and gradually, if we can promote a solution, or it can end with a bang. A bang is a crisis. I do not want that to happen. I want it to happen gradually, in a very rational and reasonable manner. I think we can do it.

But I think what we are finding from the other side and from the President is a failure to lead. I propose that we have new leadership, and we are going to need new leadership if we are going to get this debt under control.

At the very least, we need to have this conversation. I am glad we are having it.

I yield the floor.

The PRESIDING OFFICER. The Senator from Alaska.

ENERGY

Ms. MURKOWSKI. Madam President, clearly some very serious subjects are