10:30 a.m. be equally divided and controlled between the two leaders or their designees; further, that following the cloture vote on the motion to proceed to S. 3240, the next hour be equally divided and controlled between the two leaders or their designees, with the Republicans controlling the first half and the majority controlling the final half.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. WHITEHOUSE. Mr. President, to our colleagues, I announce that it is the intention of the majority leader to resume consideration of the motion to proceed to S. 3240, the farm bill, when the Senate convenes tomorrow. At 10:30 a.m., there will be a cloture vote on the motion to proceed to the farm bill. We hope to reach an agreement on amendments to the bill during Thursday's session.

ORDER FOR ADJOURNMENT

Mr. WHITEHOUSE. If there is no further business to come before the Senate, I ask unanimous consent the Senate adjourn under the previous order, following the remarks of Senator SESSIONS.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SESSIONS. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE BUDGET

Mr. SESSIONS. Mr. President, every summer the Congressional Budget Office produces a long-term budget outlook. This is the report they produced yesterday, which is what they do every year. It is a grim document indeed, not a document that should give us comfort but should be a call to action as to what we would need to do about the financial future of our country. It is part of their effort to produce for Congress objective, impartial analyses. We all will complain about this or that from CBO, but they are pretty objective, and they work hard to produce the kind of information we can benefit from as Americans, certainly that we in Congress need as we deal with our challenges at this period in history. They lay out, over 25 years, what we could expect to see if current policy is extended.

These are some of the things they find in this report that are certainly disturbing to us. Actually, they are more than disturbing, they are unacceptable. They are absolute proof that we are on an unsustainable debt course, and that means we have to get off it or bad things will happen. The numbers I will give from this report, as Federal Reserve Chairman Mr. Bernanke indicated last year, would not happen—events wouldn't occur because we will have a crisis before that if we continue on this path.

This is what they found: 25 years under the current policy, annual deficits would reach $5 trillion a year or 17 percent of GDP and would rise steadily thereafter. In other words, we would have in 1 year a $5 trillion deficit. This year we expect to spend $3.7 trillion total, including defense and Social Security and Medicare.

They go on to make this finding: Federal debt would reach approximately 200 percent of GDP; that is, the debt would be twice as large as the entire American economy. Japan has that high a debt. It is the highest in the world. It is financed because of Japan's unusual saving policies—financed mainly internally, but we are not financing our debt that way now. In fact, 60 to 70 percent of our debt now is being financed by the Federal Reserve, by buying Treasuries by the Federal Reserve. That is very dangerous because it is, in effect, printing money. So this is an unsustainable path.

They go on to say annual Federal spending would rise to $10 trillion a year or 36 percent of GDP. So 36 percent of the entire economy would be consumed by Federal Government spending. We are now 18 to 20 percent, in that range. This is a historic alteration of the fundamental concept of our government being a government of limited powers. That is a stunning number.

They go on to say this: Yearly interest, what we would pay yearly, would reach $2.7 trillion. That is certainly a large number. As I said, this year we spent $3.7 trillion.

The Federal debt, according to the report, will be double the size of the entire U.S. economy in 2037, 25 years from now. CBO agrees that higher levels of Federal Government debt will burden American families and destroy economic growth. We have had studies on that. Reinhart and Rogoff reports—I think most economists agree with this principle—that when taxes reach high levels, it pulls down the entire economy's ability to grow.

They go on to say each family's share of the Federal debt will climb to $382,000, per family, by 2037 or an additional $287,000 over what today's family's share of the total American debt is. That is, of course, more than twice as much.

CBO warns that ''large budget deficits and growing debt would . . . lower the growth of incomes in the United States.''

According to CBO data, over the next 20 years, high debt levels will result in $21 trillion less in economic output. This is a significant reduction in economic growth, and it is out of growth that we hope to be able to close the deficit gap. Without growth, we can't do it. But if we run our debt too high, it pulls down growth and makes it even more difficult for us to maintain the growth levels we need to get our economy and Federal budget under control.

They go on to say that government debt will also slow economic growth nearly 1 percent a year, on average, supporting a landmark study done by Reinhart and Rogoff that quantified the effect of debt on advanced economies.

I asked Secretary of Treasury Geithner about the Rogoff-Reinhart study. He said it was an excellent study. Then he added: In some ways, it understates our problems.

We were talking about this 1 percent factor. When our debt exceeds 90 percent of GDP, we lose 1 percent of growth. He acknowledged the validity of that, and then went on to say that it understates the problem, because when we reach that high debt level, we are vulnerable to an economic shock—another recession, a 2007 debt crisis, a Greek-like problem.

Government debt, the report indicates, will also slow economic growth, and that 1 percent of slowing growth, according to numbers released by the Obama administration—and I think they are pretty accurate—1 million jobs is 1 percent of GDP. So if we go from 2 percent to 1 percent GDP growth, 3 percent to 2 percent GDP growth, we lose 1 million jobs.

We don't need to be losing jobs. We need to be creating jobs, and debt is a threat to economic growth. The idea some people have that we could continue to borrow, borrow, borrow and spend, spend, spend and this will create a healthy growing economy that could be sustained is absolutely truly false, I believe.

CBO gave this ominous warning:

> Growing debt also would increase the probability of a sudden financial crisis, during which investors would lose confidence in the government's ability to manage its budget and the government would thereby lose its ability to borrow at affordable rates.

It seems to me pretty clear, if we look at the numbers, that spending is the primary cause of our long-term fiscal imbalance—that and a lack of growth.

Under both the baseline and current policy scenarios set out by CBO, spending will remain well above historical averages. So it is not as if they are assuming we will cut spending and that we will reduce what the government spends each year. They are assuming the spending levels will be well above historical averages. If we return those spending levels to historical averages, I believe we then have a far better chance to get our economy under control, rather than just asking the American people to send more money to Washington.

Under current policy, annual Federal spending will exceed $10 trillion—or 36 percent of GDP—by 2037. Twenty-five years used to seem like a long time to me, but as I have gotten older, 25 is a lot shorter period of time.

By 2025, the report indicates, mandatory health spending, Social Security spending, and interest costs—Medicare and Medicaid, mandatory health spending—Social Security, and interest costs will consume 100 percent of the revenues this government is expected to receive; the Defense Department, zero; the Education Department, zero; Federal highway bill funds, zero. All of it would just be in those programs. That reveals to us that necessity of looking at those programs, to think that we can deal with our surging deficits without confronting the fact that the largest, most sustained growth areas are Social Security, Medicare, Medicaid, and interest on the debt.

What about raising taxes? Why don't we raise taxes? There are problems with raising taxes. It has consequences. It weakens the private sector. It takes more money from the private sector where the money is earned, where growth is generated, and distributes it to the governmental sector—which, I have to tell you, is not as efficient and productive and hasn't proven it is and has not gone through what private business has gone through, which is to make themselves more efficient, more productive, and utilize technology and advanced techniques to produce more widgets for less cost. The Federal Government has not done that.

This is what CBO said:

> To the extent that additional tax revenues were generated by boosting marginal tax rates, those higher rates would discourage people from working and saving, further reducing output and income.

There is no doubt about that. This is not some rightwing scenario. If we keep raising taxes on the productive sector, we are going to have less of it. It will discourage people from working and saving, further reducing output and income. That is an economic fact. It is not a scare tactic. So it is not just something we can do. Why don't we just raise taxes? That is the reason. It weakens economic growth. It weakens the private sector. It empowers the government, violates our heritage of limited government, and is not healthy for American families and job creation.

The Congressional Budget Office agrees we cannot wait; that we cannot continue to delay action on the deficits. This is what they say in this report:

> Waiting to address the long-term budgetary imbalance and allowing debt to mount in the meantime would be detrimental to future generations.

We don't need to do things that are detrimental to future generations. We are already leaving them with more debt than we ever should, and we need to get off this path.

I have told this story, but back in Marion, AL, I was at a house of a World War II veteran just less than 2 years ago. Mr. Wheeler has since passed away, but he was the last person to speak as I was listening to people's views. He said he lived through the Depression and served in World War II, he lived through the inflationary period in the 1970s and 1980s, and the problem we face is not the high cost of living; the problem we face is the cost of living too high. Frankly, that is what has happened. Individually, we have lived too high. We have to deleverage. Individual families are doing it. The government has lived too high. It has assumed too much debt, and there is no way out of it—no easy way. There is no free lunch. Nothing comes from nothing. Somebody pays.

To get this debt under control, we have to manage better than we ever have, in my opinion. I truly believe that, and we can do it. We can manage better. It is going to take leadership of the Chief Executive Officer of the United States, and Congress needs to be involved in the process too.

Federal Reserve Board Chairman Ben Bernanke, before the Senate Budget Committee earlier this year, testified this way:

> Having a large and increasing level of government debt relative to national income runs the risk of serious economic consequences. Over the longer term, the current trajectory of federal debt threatens to crowd out private capital formation and thus reduce productivity growth. . . .

It is growth we need. It is growth we need that will make America more competitive, that will produce more widgets for less cost, that will allow us to export and be competitive, to defeat importers by producing products better and at less cost than the importers can. That is within our grasp. But we are getting away from that and debt is a threat to us.

Chairman Bernanke goes on to say:

> To the extent that increasing debt is financed by borrowing from abroad, a growing share of our future income would be devoted to interest payments on foreign-held federal debt. High levels of debt also impair the ability of policy makers to respond effectively to future economic shocks and adverse events.

Adverse events occur periodically, and high levels of debt impairing our ability to react to those make us more vulnerable to serious economic dislocations that would occur in the future.

But Mr. Bernanke also knows that on our current course, we will never make it to the years where our debt is three, four, five times the size of our economy.

He also stated about the CBO outlook:

> The CBO projections, by design, ignore the adverse effects that such high debt and deficits would likely have on the economy. But if government debt and deficits were actually to grow at the pace envisioned in this scenario, the economic and financial effects would be severe.

In other words, what he is saying is we are not going to get there. It is not going to happen because we will have a financial crisis before then, and we can see that.

We had the President's fiscal commission, Erskine Bowles and Alan Simpson, and they told us, ''We are facing the most predictable financial crisis in our Nation's history.'' Both of them signed a statement to the Budget Committee just last year to that effect, and they said we could have an economic crisis in as little as 2 years.

We have not had a budget in the Senate. The Republican House has produced a budget, but the Senate Democrats have determinatively refused to bring up a budget in committee or bring one on the floor. We are now 3 years without a budget, while we have had trips to Las Vegas and conferences and tax credit loopholes for children of illegal aliens. Children who don't even live in the United States are getting a $1,000 tax credit from Uncle Sam and we can't get that fixed. That seems to be too hard to do, costing $4 billion a year.

So these are the kinds of things Americans need to be aware of and need to be focused on. If we do so, there are a number of options that would allow us to get the country on a sound path. We can do some things without debt, such as tax simplification that creates more growth, such as eliminating every regulation that does not serve the national interest and benefit the economy but adds cost to our productive capability in America and delays production of energy or delays construction of factories and businesses—eliminate those regulations that don't make sense. We can work hard to produce more American energy, keeping our wealth at home. We can reduce the amount of debt we are running up so we are sending fewer dollars, fewer billions of dollars, abroad every year after year after year just to pay the interest on the debt.

There are a lot of things we can do that will create jobs and growth and productivity gains in America that will not add to our debt, and we have to find those things. We have to tighten our belt across the board, in Congress and the White House and down to every agency and department and government entity that exists in this country and around the world. If everybody does that, we will surprise ourselves with how much progress we can make. I think it is not too late for us to reverse the course.

I yield the floor.

ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

The PRESIDING OFFICER. The Senate stands adjourned until 9:30 a.m. tomorrow.

Thereupon, the Senate, at 6:45 p.m., adjourned until Thursday, June 7, 2012, at 9:30 a.m.

CONFIRMATION

Executive nomination confirmed by the Senate June 6, 2012:

THE JUDICIARY

JEFFREY J. HELMICK, OF OHIO, TO BE UNITED STATES DISTRICT JUDGE FOR THE NORTHERN DISTRICT OF OHIO.