

voices in the Senate, including those of us who are engaged in national security questions, whether it is I, as the senior Democrat on the Senate Foreign Relations Committee, or Senator REED, as the senior Democrat on the Armed Services Committee, or Senator GRAHAM, who sits on Armed Services and is the chair of the Subcommittee on Foreign Operations of the Appropriations Committee. These are bipartisan voices, among others, who are making it very clear that this is a grave mistake. We have a chance not to make that grave mistake and the consequences that flow from it.

I yield the floor.

Mr. MENENDEZ. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The senior assistant legislative clerk proceeded to call the roll.

Mr. PERDUE. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. CASIDY). Without objection, it is so ordered.

THE BUDGET DEFICIT

Mr. PERDUE. Mr. President, as we come to a close of the 115th Congress, this will be my last speech in this Congress. It is an honor to be in this body. It is a privilege that I take very seriously, as I know the Presiding Officer does as well.

Today, I come to talk about a topic that I told this body in my maiden speech was the reason I ran for the Senate, and at the end of each year, I try to remind us all of where we are on this topic—the financial crisis that the United States faces today. It is intertwined with the global security crisis that we heard about in a speech just a minute ago. They are very much interrelated.

Today, we have \$21 trillion in debt. What makes that so important is that just this week, just recently, the Federal Reserve increased the Fed fund rate one-quarter point. To most people, that really doesn't sound like a big deal, but this is the ninth increase in just the last couple of years. Just this one-quarter point increase means \$50 billion of new interest that the Federal Government is obligated to pay each year, every year. Over the last couple of years, those nine increases together represent a 2.25-percent increase. So that 2.25 percent increase in the interest rate means an additional \$450 billion of new interest expense liability the Federal Government has incurred over the last couple of years. To put that in perspective, we only raise about \$2.2 trillion in total Federal income tax. We spent about \$700 billion on our military and only \$200 billion on our veterans.

This is a train wreck, and it is a crisis of full proportion. Yet here we were just last night passing our 186th continuing resolution since 1974 when the

Budget Act of 1974 passed. That is one of our problems. Combine that with 8 years of lethargic economic productivity, and you end up with a burgeoning debt crisis.

It is projected by the Congressional Budget Office that, at current interest rates, with no other interest rate increases, the interest on the debt will grow—by 2023, just 5 short years, we will be spending more on just interest than we will on national defense. That cannot happen. The world bond markets probably won't let that happen. And here we are in 2018.

How did we get here? In 2000, at the end of the Clinton administration, this country had \$6 trillion of debt. In 2008, at the end of President Bush's administration, we had \$10 trillion of debt. In 2016, at the end of President Obama's tenure, we had \$20 trillion of debt. In that 8 years, America added more to the debt than all other Presidents combined prior to 2008.

Today, the rate of growth continues. We are at \$21 trillion. In my office, we have a debt clock that actually shows real time how this debt clicks forward every day, every minute. It is a sobering thing to watch because this is a legacy we are giving to our children and our grandchildren, and there is no reason to let this go forward. We can solve this today.

Under the Obama administration, over those 8 years, the Federal Government borrowed a little less than 35 percent of what it spent as a Federal Government. Let me say that again. It borrowed almost a third of what it spent. To put that in perspective, the discretionary part of our budget—we spend about \$4 trillion a year, including all of our mandatory expenses, but only 1.3 of that 4.3 is discretionary. Discretionary spending is about 25 percent. So if you are borrowing 33 percent and your discretionary spending is 25 percent and all of your first money that comes in goes to pay for the mandatory expenses—like a car payment, a house payment, insurance payments—automatically deducted, that is exactly what happens in the Federal Government. What we have is a situation where every dime—during those 8 years—of discretionary spending was by definition borrowed money.

Today, we are not borrowing quite that much, but the problem continues that most of our domestic discretionary spending is borrowed money. This is not lost on leaders around the world. Our near-peer competitors in Russia and China pay attention to this. They saw we cut our military spending over those 8 years ending in 2016 by 25 percent. That is one reason we see a very active China right now in the South China Sea. It is also why we see Russia being very active in the Middle East. It is because of our inactivity and our withdrawal from the global stage, and that was driven largely by the political position that administration was in at the time, but I also believe it is because of the Federal crisis we have relative to our national debt.

Today, if you look at the sources of our income and the uses of that income and our expenses, just on the Federal budget side, we raise about \$2.2 trillion.

The first three line items that we dedicate money to or allocate money to is a subsidy for the Social Security trust fund. Now, this is the first year that has really happened. It was never supposed to happen. The trust fund was supposed to sustain itself forever, indefinitely. It was supposed to be self-sustaining.

The second item is the Medicare trust fund. Now, the Medicare trust fund has to be subsidized by the general account of the Federal budget.

The third is this unlimited entitlement we have called Medicaid under the Affordable Care Act. It is an unlimited expense depending on what different Governors decide to do and what the Federal Government has to do in terms of matching funds that go to those States.

Those three line items—just those three—account for more than 50 percent of all Federal income tax dollars we collect—over 50 percent.

The Social Security trust fund is projected to go to zero—the balance in that trust is supposed to go to zero in 12 years. The Medicare trust fund is supposed to go to zero in 8 years. This is a situation that is exploding before us. Discretionary expenditures have leveled out. Those are being fairly controlled. What is not being fairly controlled are all the mandatory expenses—the Social Security, expense of Medicare, Medicaid, pension benefits for Federal employees, and the interest on the debt. The fastest growing of all that is the interest on the debt, as I mentioned earlier. We have added \$450 billion of new interest expense just in the last 2 years.

I believe there is a way forward. We have been talking about it. President Trump said job No. 1 when he got elected was growing the economy. Why? Well, one of the benefits—we put people back to work, we have confidence going again, and we get the economy going, but it also raises more dollars for the Federal Government.

The Congressional Budget Office said that if we grow the economy 100 basis points more than we were growing during the Obama administration, which was only 1.9 percent over 8 years, that that 1 percentage point of growth adds \$300 billion a year. Well, we are growing much faster than that now. We are growing at almost twice the rate. The GDP is growing at almost twice the rate it grew during the Obama administration. What that means is that we have lowered the curve over the next decade of this debt cycle—this ever increasing debt cycle—we have lowered the curve by as much as \$3 trillion, by some estimates. That is the first step.

The second step is this budget process we are working on to try to fix it. We formed a joint select committee this year of equal numbers of participants from Republican to Democrat,

House and Senate. While we didn't pass a bill coming out of that exercise, we did agree on several things that will allow us to avoid putting pressure on the end of the year that leads to these continuing resolutions and these omnibuses that are generating more and more debt.

The third thing is, we are done with Agencies' excess spending. This year, the Department of Defense has provided—the first ever in U.S. history—its own internal financial audit. There was a law written in 1981 that said this was required, but nobody has ever forced that to happen. Secretary Mattis and President Trump have forced that to happen. Over the next couple of years, we will be digesting exactly what they are finding in that internal audit. We can't get a turnaround if we don't know what is going on with the outflows, and that is exactly what we are doing in the Department of Defense.

So make this known, that President Trump says: Yes, we have increased spending to get our readiness back, to recap our military, and to develop the capability we need to protect this country. But at the same time, he is holding the Department of Defense accountable for every single red cent it spends, and the first step of that is this internal audit.

As a member of the Armed Services Committee and the Budget Committee—this is in the wheelhouse of those two committees, and I can state that every single member, Democratic and Republican, is interested in that audit and how it can make us much more productive and efficient in terms of how we spend taxpayer money.

The fourth is, after 8 years of arguing about the healthcare insurance plans for the individual market, which is about 21 million people, we need to start talking about the underlying cost drivers of our spiraling healthcare costs.

Lastly, the fifth and final thing we have to do to address this debt over the next 20 to 30 years is that we immediately have to save the Social Security, Medicare, and Medicaid Programs for our recipients who need those benefits, but we also have to secure them for the future.

There are solutions out there. That is the good news today. The bad news is, yes, the spiraling debt is still with us. It is absolutely the No. 1 threat to our national security; there is no doubt about that. I believe that, and Secretary Mattis believes that. Prior Chairmen of the Joint Chiefs of Staff believe that. We have to get the political will to face the American people and to tell us all that we have to have a plan over the next 20 or 30 years that will absolutely bring this back into reason.

One of my great colleagues in this body, a Democrat, Senator SHELDON WHITEHOUSE from Rhode Island, has an idea to go out in the future and pick a certain date, agree on the debt as a

percentage of GDP, and then move backwards with a guardrail plan on a roadmap to today to allow us to get there over time. I am in full support of that. He has been a big ally in this effort to rein in the debt and to develop a budget process that is sensible.

Mr. President, it is clear to me that after 4 years in this body, we have made some progress on this but not nearly enough. In 6 short years, one of our major trust funds, one of the major pillars of our social safety net system, the Medicare system—that trust fund goes to zero.

We deserve better than this. Democrats and Republicans both agree on that. What we have to do now is translate that into cooperation on this floor this next year; to talk about compromise, to find ways to get through the extreme positions this town and the media really encourage us to take.

Behind the scenes—behind that door right there—you know and I know we talk in a different way than we do when we are in front of the media. I believe, behind that door right there, lies the solutions to most of these problems, where we can be cooperative and find common solutions to these problems.

The last thing I will say is this. This country is not bankrupt. We have about \$130 trillion of future unfunded liabilities. If you just look at the next 30 years, that is true. Fortunately, though, on the other side of the balance sheet, we have some people estimate well more than \$250 trillion of assets.

The question is, Do we have the will to address the debt problem over some reasonable period of time using our assets and our productive capability to make this country stable and financially strong again? Not only do the citizens of the United States deserve this and need this, the rest of the world needs us. We are the most philanthropic country in the history of the world. Yet that is jeopardized by this intransigence that continues in this city.

I am an optimist, and I believe we will solve this. We have a good many new Members coming into this body next year—some great Members who are retiring—but it is time this moves up in our priority chain, where this is the No. 1 crisis that we begin to deal with.

I believe the best days of America are ahead because this problem has solutions, and we have plenty of resources to do it. It just depends on the political will.

Let me say this too. I believe, with a Democratic-controlled House, a Republican-controlled Senate, and a Republican in the White House, the American people have sent a message to Washington saying: OK, guys, it is time. This is one of the priorities.

We will see in this next year if the House decides to legislate or they decide to investigate.

I yield the floor.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The senior assistant legislative clerk proceeded to call the roll.

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

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

RECESS

Mr. YOUNG. Mr. President, I ask unanimous consent that the Senate stand in recess subject to the call of the chair.

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

Thereupon, the Senate, at 4:05 p.m., recessed until 6:09 p.m. and reassembled when called to order by the Presiding Officer (Mr. YOUNG).

TRIBUTE TO ORRIN HATCH

Mr. LEAHY. Mr. President, as a President pro tempore emeritus, I would like to recognize the retirement of the Senate's current President pro tempore, Senator ORRIN HATCH. Senator HATCH and I have both had the privilege of representing our constituents for more than four decades. He has fought for the interests of Utah and his constituents throughout his career.

Senator HATCH has shown a commitment to his beliefs. As both a chairman and ranking member of the Judiciary Committee during my tenures in both posts, we have had more than one occasion to partner, to spar, and to share a laugh. Once we even exchanged ties. I gave him a Jerry Garcia one, and he gave me a Rush Limbaugh tie.

He will be remembered here in the Senate as a respected colleague.

I wish Senator HATCH, his wife, Elaine, their six children, and all his family the best.

TRIBUTE TO BILL NELSON

Mr. LEAHY. Mr. President, Senator NELSON is the only Member of this body to see the Earth from space. Perhaps that is why he has been a champion of our environment, our climate, clean air and water, both here in the United States, and for the entire planet.

Senator NELSON has said that seeing our little planet suspended in the infinity of space imparted him "with a profound sense of obligation to become a better steward for our planet Earth." He has never shirked that obligation. Whether urgently warning about the dangers of a quickly warming planet or about the importance of conserving wildlife and our natural spaces, Senator NELSON has long understood that the health of our children and grandchildren depends on our responsible stewardship of our planet today. What is more, Senator NELSON understands that confronting climate change is not