MR. PETER HUESSY: I want to welcome you here this morning to this in our next seminar on national security policy, and particular budget issues, as we are privileged to have Jeff Sessions from Alabama who, as you know, was elected first to the United States Senate in 1997. He’s the third ranking member of the Armed Services Committee, the number one ranking Republican on the Budget Committee, and also serves on the Judiciary Committee. He is a walking advertisement why you should not have term limits.

(Laughter).

I just had to say that, Senator. I want to thank our guests here and our sponsors, and in particular our friends from the Czech Republic, France, Russia, Canada, Austria and Great Britain. I want to welcome you here; as well as America’s serving men and women in uniform. I want to thank you all for being here today.

Just a reminder of our two upcoming seminars prior to the July 4 recess. Tomorrow I urge you to attend Uzi Rubin, who will be speaking to us about Middle Eastern and Iranian ballistic missile threats, as well as Middle Eastern missile defense efforts; including those, of course, of Israel and its allies, including the joint efforts with the United States. And then Mark Schneider will be speaking to us on the 20th about Russian strategic nuclear policy and doctrine, not only what they’re building but what are these instruments for? How do they see nuclear weapons? And then we’ll take a break for the July 4th recess.

Senator Sessions, I want to thank you on behalf of our Reserve Officers Association of America, the Air Force Association and the National Defense Industrial Association. I want to thank you for being with us today and giving us your thoughts on some of the budget issues we’re facing: sequestration as well as how this is going to impact the strategic forces of the United States, including our nuclear modernization efforts and missile defense. So on behalf of our three major sponsors and our industry sponsors here today, thank you for coming over and speaking to us today. Would you give a warm welcome to Jeff Sessions?

(Applause).

SEN. JEFF SESSIONS: Thank you, Peter. It’s a pleasure to be with you and be able to share some thoughts about a matter that’s (important to us?). Historically speaking, I’m of the view that the United States has got to figure a way to be and remain the pre-eminent military power in the world.
No one else is able to do what we’re able to do. We have created the finest and the most capable dedicated and technologically advanced military ever. We have a professional team of people that have demonstrated they’re willing to place their lives as risk. They’re ferocious in combat. They make minimum errors, and if an error is made they have the best after-action report and reviewing system of any government agency in existence.

I’m really proud of them and we’re going through a period of time in which that fabulous defense structure is in danger. And I’ve got to tell you, it is. And Admiral Mullen, I’m not sure exactly what he meant when he said the debt represents the greatest threat to our national security. That’s been quoted thousands and thousands of times. But he did say that, and I think it has a number of meanings.

I would say that – what did he mean by that? I would say the reality is that is that the reality of debt permeates our minds. We are having to cut spending even if we don’t want to cut spending. And that impacts the Defense Department. It just does.

When you don’t have money, it does. And you end up with a situation in which we’re not able or are not willing to find the resources to go forward. And we are literally borrowing about $.40 of every dollar we spend.

You think that’s not true, but I’m telling you it is. Last year, I believe, it was $3,700 billion that we spent -- $3,700 billion -- and we take in about $2,400 billion or something like that. And give me a break. We’ve been doing that for four consecutive years and we’ll do it again next year.

And I want to share with you some numbers that you need to be aware of as to where the problem lies and where the spending is surging the most. Many believe that the reason we’re in financial problems is because of the wars in Iraq and Afghanistan, that this has been the driving force of our financial deficits and has put us in debt since we average $1.2 to $1.3 trillion for the last four years in deficits. Well, that’s not so.

Last year we had $1.3 trillion in deficit that year. The cost of both wars for 10 years was $1.3 trillion. You got that chart -- that chart up there? But non-war federal spending was $28.6 trillion, 96 percent; and the war as of 2001 through 2011 was $1.1 trillion. So that’s $100 billion a year. And our deficit was $1,300 billion last year – in one year. You see?

So this is a message we do need to get out. The entire defense budget this year is about $540 billion. Well that wouldn’t be half the deficit if you didn’t pay a dime for the Defense Department. If you eliminate the entire Defense Department you would cut our annual deficit in one half, if somebody didn’t come over and steal what we’ve got and take what we’ve got. So this is a myth that the war is costing us and bankrupting the country.

The next chart I would just show you, shows our per capita debt. And that chart is pretty stunning: Spain is $20,000; Portugal, $22,000; France, $35,000; Greece, $40,000; Italy, $40,000; Ireland, $46,000; and the United States, $49,000. So we have the highest per capita debt. We have higher per
capita debt than the European Union. We have more debt than the European Union and the UK combined. And we’ve been very fortunate in a lot of different ways, but I would just say to you it is in truth a dangerous circumstance because the needle on the tachometer is in the red zone. And we don’t have as much maneuvering room if something bad happens. And the course we’re on remains unsustainable. And I have to say the president of the United States’ budget does not make it any better. I’ve seen the budget. The budget has no reform of Medicare, Social Security, Medicaid, food stamps, programs that are growing at an extraordinary rate.

Now you are aware of the defense cuts in the Budget Control Act came about as part of the agreement to raise the debt ceiling. So we agreed to cut $2.1 trillion in exchange for raising the debt ceiling $2.1 trillion. That was supposed to carry us past the election.

They won’t tell us when we’re hitting a new debt ceiling, but it’s going to be hitting it by the end of the year, and somehow we’re going to make them say what the numbers are. But I think we’re soon reaching the debt ceiling again much sooner than we expected. And it’s going to cause another problem, another spasm in the system that’s not going to be helpful to us. So we’re worried about that.

And how did the sequester work? Well, half of it fell on the defense that had already cut in the Budget Control Act, $487 billion from the Defense Department. That was in the Budget Control Act, flat out. And then you had this leverage, this hammer, this Sword of Damocles that was supposed to force the people to reach an agreement. And if not, there’d be another $500 billion from the Defense Department.

But in the course of reaching that agreement in the late hours of night, I don’t think people realized, or allowed themselves to consider, that the agreement might not be reached. I always thought it was dubious that an agreement would be reached. And then one wasn’t reached, and so the sequester is in place and the hammer fell even more.

You have that chart up? This shows you some of the stuff that’s exempt from the sequester. So the Defense Department gets another $500 billion cut, but food stamps and Medicaid are growing far faster than defense, for example.

Food stamps in 2008 through 2011 grew 100 percent, double. Medicaid has gone up 37 percent. The Defense Department base budget has gone up 10 percent.

So we’re going to take $500 billion out of defense. And Medicaid and food stamps are totally exempt from any cuts, so is Social Security. And Medicare, take just a two percent reduction in Medicare.

So I guess I would say to you it is fair to say that the Defense Department is disproportionately bearing the cost of cuts in our government. You got one more there, Jeff? There’s a feeling that the Defense Department has grown so fast, and everybody else has been having a tight budget. That’s not so.
This chart shows you that from 2008 through 2010 the Defense Department grew three years 11 percent, and non-defense discretionary – that’s not entitlements, Social Security, Medicare – this is roads, education, all the other non-defense programs, it grew at 24 percent. It has been growing disproportionately. This administration every year proposes increases; has been until we’ve had such dramatic prices – real increases in fundamental budgetary spending for non-defense discretionary. They think it’s their time. One of them said that on the floor during the debate. We’ve had tight budgets for years under you – or something, I guess. And so now we’re going to spend some ourselves. You got the Defense Department money. That’s kind of the mentality that’s out there politically. So I would just say to you those are dangerous theories.

And do you have anything else, Jeff, that you’ve got there? Okay. So I wanted to share that you to say that this is a crisis. So how are we going to fix the sequester?

The House has done so. Paul Ryan has come up with a good plan that actually gives back some of the $489 billion, I believe, and has none of the sequester. And it’s all paid for, all keeping us with a $3.1 trillion net savings in spending over 10 years, which is not too much to cut. It’s not enough. So he does a real nice job of that.

And Senator McCain and Graham and I and others have been working in the Senate to come up with a similar proposal to see if we can do something to avoid the sequester on the Defense Department in the Senate. I’m hopeful that we can do that. We need to do it now.

We don’t need to end up at the end of the year having this part of some colossal midnight 11th hour agreement that nobody sees. It’s brought up to the floor in an up or down vote. This is no way to run a government or a business or any other institution. We ought to be doing that now.

And I really think that the House deserves credit for confronting it now, and the Senate leadership on our side at least is working hard and pushing to try to have an agreement before even fall. We should do it before the Fourth of July recess. We need to get this done sooner rather than later, it seems to me.

But it’s not coming together right now in the Senate. And the president is not showing any leadership and he’s not saying we’ve got to get it done. The chief executive, I think, should be saying this is not good for America to have this come until the end – to the end of the year and all of us have to do it in the last minute rush. They shouldn’t do that because there will be adverse consequences economically, militarily, to efficiency and productivity if you wait until the last minute. Presumably, some of the negotiators who’ve been through these things think the Republicans would be in a weakened position because we would be desperate to get the sequester fixed, and they can use that as leverage on all the other issues out there. But that’s really – I don’t think we should do that with the defense of America. I think that’s something that we ought to rise above, actually.

I would share with you, Peter, some thoughts about some of the budget numbers that we’re dealing – some of the issues of strategic importance. The nuclear weapons policy remains a bit
befuddled, it seems to me, in the minds of our leaders. For example, the NNSA budget request falls short where we hoped to be.

If you remember, when the new START Treaty was promoted, which I did not support – never felt it was that important, never felt it provided us with anything of importance – but it became a big deal. And Senator Kyl and a number of us supported seeking from the president a commitment to support a strong nuclear modernization policy. And we’re just looking at the numbers here.

For example, in 2011 the president’s budget request falls $100 million short of what we essentially agreed to in that 1251 report. In 2012 it falls $400 million short. In 2013, $300 million short. In fiscal year ’14 $800 million short, ’15 $900 million short, ’16 $1 billion, and ’17 $1 billion short. By ’17 the president’s request is $8 billion and the 1251 report that we thought we were going to have came in at $9 billion.

So it’s $1 billion short in that year. So this will impact our ability to modernize our nuclear missile systems. And I would say this about it. We absolutely need a modernization program.

I would say if the right things were done we might could do that in the last month, because I’m stunned how much money it takes to manage these programs. We tell them, we’ve got to have a modernization program. Okay. Tell us what it will take to do that?

Okay. It takes all these billions of dollars. Alright. What are you going to do with it? Well, we’re going to have two new buildings. One is going to cost $6 billion and one is $7 billion or $8 billion.

Oh, okay. Eight billion dollars for a building? Give me a break. Somebody needs to look at that.

(Justin Cropp Steel ?) built this fabulous steel plant in Mobile, Alabama. It’s the biggest industrial announcement in the whole country -- laid out acres of steel and concrete -- $5 billion. And we’re going to spend $7 billion each on two big buildings?

I’m just saying to you that the days that we can throw money around because people ask for it is over. We need to get value at the point of the spear, not infrastructure, in my opinion. So I don’t know whether we can save some money there and get in there and come in with a good leadership at the top.

But I am a bit concerned and have been that there’s a disconnect with the Defense Department having the responsibility to defend America and the Energy Department basically being a supplier of the weapons system without the same mandate and incentive to save money. They just ask for whatever they think they need and they expect us to give it to them. Whereas the Defense Department when they ask and submit a budget they’re having to choose between things and choices about what they’re going to spend their money on. They have to compete within the Pentagon before they submit their budget. And I think we pay way – I think the Energy Department is going to have to be more efficient and bring their costs down for what they provide for America.

And I can assure you that we’re the only country in the world that’s not producing pits and some of the other nuclear capabilities. And they are not spending what the Energy Department says we’ve
got to spend to do it. Other countries are doing this on a regular basis, a lot less expensive, I think, than the Energy Department. But that’s my bias.

And one of the biggest items in the whole budget is nuclear cleanup. We were in the Strategic Committee one day and they came in and said we’ve had a new estimate on the cleanup costs at Hanford and some of the others. Well, what is it?

Well, we projected $130 billion and now it’s going to be $180 billion. This is the greatest cost over-run in the history of the world. I mean, $50 billion, you just walk in here and it’s going to be a hundred – well, it’s going to be over 20 years.

Well, so what? We don’t have that – I mean, somebody’s got to – we did it a lot cheaper in South Carolina. They sealed up some stuff that they could seal up. They did it a lot less expensively.

We can’t, at a time of tight budgets, we can’t be spending $100 billion on a cleanup in areas that are not absolutely necessary to do so. Sure we need to ensure we’re not polluting the water and that kind of thing. But I’m worried about that I think we could find some money.

With regard to the missile defense system, I remain concerned about it. I do believe missile defense is important to our national defense. I do believe that we do not need to allow Iran and North Korea to have a blackmail capability on the president of the United States, to be able to say if you push us too far we’ll launch our missiles and we can hit the United States and you don’t have nothing you can do about it.

We need to have a good missile system. We have proven the GBI. We invested over decades in establishing that system. It will work. It will defend America. And now after all of this effort and all of this expense there’s a hesitation about deploying it at the degree we ought to deploy it.

With regard to Europe, I strongly favored the GBI site in Europe. We were moving forward with a two stage missile that would have been effective against Iranian weapons for virtually all of Europe. And it was the right thing to do, I thought. We worked hard with our Czech friends and our Polish friends, and all of a sudden it was decided not to, apparently as part of a reset theory.

And all of a sudden out of the blue it was said we’re going to have a new system. We’re going to an SM III Block 2-B, and this will do it. Well when is it going to be?

This was ready to be deployed in what -- ‘15, ‘16 on the GBI system -- could have been deployed? Well in the ‘20 early, we’ll get it done. I would just say you went from one in the hand to two in the bush.

You’ve got a system that’s ready to go. So who’s to say that one will ever be accomplished? How many budgets has it got to clear (before this ?) will ever go? So you go from something that was ready to be done to a problematic future.
The SM III Block 2-B is a fine system. It could be very good. It’s going to take a lot of budgets and a lot of money over a lot of years to make sure we complete it. And I’m not sure we’ll have the will around here to do so. So I would express concern about that.

But as I told you, I think a couple of years ago here, I didn’t think the Russians were going to be happy about the SM-3. Well, have they been? No.

So we were going to not do that to get them to sign the New START Treaty and a new relationship with Russia. And all this was going to be part – it hasn’t worked very well, it seems to me. We’re not at the stage of relationships between our two countries that I’d like us to be at. I’m worried about it.

So you have a situation in which the president then meets with Mr. Medvedev and he says, you know, tell Mr. Putin we’ll talk to you after the election when I have more freedom, I’m less encumbered and only got one more election. Well what did that indicate? That indicated to me that he would be talk – well, it’s clear in the tape that the talk was about missile defense and we’ll talk after the election.

So I don’t know. To me, I think that’s evidence of a lack of commitment to actually producing and deploying the SM III Block 2-B if the president is re-elected. I may be wrong. I hope I’m not.

So those are some things that are on my mind. And our budget is pretty good. Our Armed Services Committee still works, for the most part, in a bipartisan way. The big issues we’re in pretty good shape.

We’ve had more and more social issues that get brought up in the committee and they cause divisive votes. And I don’t like it. I think the military is not a social experimentation entity, it’s an institution that defends America first and foremost. But we have a lot of that. Democracy in America is not always neat and clean.

But fundamentally I think the Armed Services Committee has been pretty good with a good budget. And Senator Levin and Senator McCain have been effective in moving forward with missile defense. I think there’s a danger with nuclear weapons and modernization, but we can keep it on track if we stay working.

We’ve got to watch the numbers for the Army and Marines and all. We know we’re going from 560,000 active duty Army now to 480,000 by 2017, in five years. That’s a big drop, 560,000 to 480,000. That’s going to be some pain and dislocation, morale dangers that would occur in that rapid a drawdown. But that’s the plan right now, so we’ll have to watch that.

What’s on your mind, Peter? Have we got time for questions?

(Applause).
I’ll be glad to try and answer them. I’ve got a good staff. You know – where’s Pete? He’s right behind me. Pete Landrum (ph) is my military, and Jack Bennett (ph) is my Navy fellow that’s doing a great job for us too.

MR. HUESSY: Senator Levin mentioned yesterday or two days ago that he would go with sequestration only at the $10 billion a year level for ten years or only $100 billion. He didn’t say in return for, what? But he said as an alternative to the last portion of sequestration. Have you heard him say that? It was in the media, so it was in the press. Have you heard him say that and what’s your sense as to what movement is there in the Senate, if any, towards an alternative to an automatic cut? As you know, businesses have to send out notices as some point, probably the first week of November, that they're going to have to lay off a lot of people if sequestration goes through. That's by law. And I've seen figures from the Aerospace Industries Association that say 1.1 million jobs will be lost in the defense industry if sequestration goes through.

SEN. SESSIONS: Carl Levin – I had not heard that – said he would not accept more than $100 billion in additional cuts.

MR. HUESSY: As opposed to –

SEN. SESSIONS: Well, I’ll just say Kent Conrad, the chair of the Budget Committee, a month or two ago in making comments about it – and we took some testimony on it. Kent said, well maybe we don’t need to do the whole sequester, but I think the Defense Department is going to have to take some more cuts. He was on the Simpson-Bowles Commission that has been so praised. But if you don’t know it, Simpson-Bowles cuts more than sequester, just in case you didn’t know it.

So there’s a movement out there to – so the House has put us in pretty good negotiating position, I think. They’ve come in and have no sequester – do not focus on that, find places where they can reduce the spending. Many of these are cuts that the administration has offered up at previous times and had bipartisan support. So I think there’s a battle going on. I don’t know whether to see that as good news or bad. I’d say it could be worse. As the chairman of the committee says, $100 billion and – Conrad’s – I know some Democrats don’t want to see – or publicly are saying they don’t want any cuts in sequester. That doesn’t say they wouldn’t vote for it as a compromise or if the president wants it, but they’re saying that they wouldn’t prefer it.

Someone else?

MR. JOHN ISAACS: John Isaacs, Council for a Livable World. The Democrats argue that sequester was set up not to force cuts in defense and domestic, but to force an agreement between Democrats and Republicans. Democrats would compromise on entitlements, the Republicans on increasing taxes. How do you feel about that overall larger picture?

SEN. SESSIONS: Well they didn’t ask me that, because I don’t think we need more taxes. But we may have – I won’t say we’ll never have them, but I’m not for taxes to increase spending. I’m not for
taxes that do anything other than maybe strengthen our entitlement commitments or reduce our debts. That’s the problem. So we really – we do have a disagreement there.

I think that was a view, that an agreement might be reached on that basis. I would say that’s the Democratic view, that they can use these cuts to force tax increases. And it may happen, but I’m not for it.

I would just say this to you. I’m not giving on the $2.1 trillion cut. The Defense Department, if you care about it you can fuss at me if you want to, but I’m not voting for it.

I would suggest you talk to somebody else on the other side, because we told the American people we would raise the debt limit but we were going to cut $2.1 trillion in spending. That was a solemn commitment last August. And if we can’t stick to that, if we can’t reduce $2 trillion when we’re spending $37 trillion and we have $1.3 trillion deficits for the last four years, we are in pathetic shape. This country is in danger.

And somewhere, somehow, when we say something like this we’ve got to stick by it. As a Republican on the Budget Committee, I just can’t go along with a wink and a nod again and again and again. That’s why we’re broke. That’s why we’re in the fix that we’re in.

Every year, Senator Conrad sends out a budget notice to the appropriators – I don’t know if you saw it -- $14 billion. You say that – the allocation is above the number we agreed to in the Budget Act just last August. $14 billion just like that. Well, that’s just $14 billion.

I did a chart several years ago. You may have been there, when the appropriators fudged $16 billion. I did this chart and increased the baseline $16 billion, is what these things do.

So you come back next year and it’s not – and you have another manipulation and you do another $14 billion. It’s not $14 billion. It’s $14 billion plus the baseline $14 billion so it’s a $28 billion hit.

And the next year it’s $32 billion or $36 or whatever. It goes up. And so it ended up a $16 or $18 billion fudge that year. I had this chart. I thought it was brilliant. And it showed it was almost $1 trillion added to the debt if every year we just cheated $16 billion and violated the budget.

So this is the kind of thing that the American people are not happy about. They are not happy. And who is correct?

Oh, the Tea Party is angry. They’re a bunch of stupid people. They’re not stupid.

The United States Congress is borrowing $.40 of every dollar we spend. We have a higher per capita debt than Greece. The American people are right. It’s Washington that’s in denial, that’s in a dream world. It cannot be continued.

And it’s going to impact the defense world, I’m just telling you. And so we’ve got to do it as smartly as we can. We cannot damage the morale of the finest military that has ever existed.
We can’t alter procurement systems as we’ve done too often and go from an efficient production rate to an inefficient production rate and think we’ve done something smart. We’ve got to be better about that. Maybe we can phase in the reductions in ways that are – I now we can. Any smart business could. You could do it in a way that had the least possible damage.

And the sequester does not do that. Sequester would cause us more damage than we ought to suffer even if we fully implemented it. And it does not need to be fully implemented.

Food stamps have gone from 1 in 50 people to 1 in 7. I supported Rand Paul’s amendment to block grant the food stamps which ought to be done. It’s now $80 billion a year. We block granted it to the states at 2006 levels, I believe, maybe 2007. It would save $350 billion and it would increase with inflation. That and zero cuts, it was exempt from any cuts.

Medicaid is increasing at seven-plus percent a year. Medicare is increasing at seven percent. The Defense Department isn’t increasing at that rate.

These are forces that are driving the debt of America. And the president and his team are attacking Paul Ryan, who lays out a plan that actually confronts these issues. Give me a break.

So I don’t know, maybe they’ll be politically successful. Maybe they won’t. I don’t know. I guess the American people are going to decide, politically. You guys are better politicians than I am.

Politically, it seemed to me like in 2009-2008 the Democrats had big victories and felt like their vision of America had been affirmed. In 2010 the Republicans had a big victory and we think our vision was affirmed. So maybe this is the rubber match. Maybe this is the deal, that it’s going to take the elections to decide where our priorities will be and how we’re going to handle them.

But I’ve got to tell you, whoever wins and has the advantage after the dust settles on this election will have an ability to contend they’ve gained some. But it’s still going to take a big agreement within the next year. We can’t go another year without confronting entitlements. They’re already eating up our budget.

How about this, the interest on the debt last year was $225 billion. According to the score of the president’s budget, which is he spent more and taxed more, but it’s basically the same as the BCA debt numbers. Both of those show that in the 10th year the interest payment of the United States will be $850 billion.

Interest on the debt, according to our BCA current baseline spending trajectory, by 2019 interest on the debt will exceed the entire defense budget. So that’s (very round ?) numbers. So we’re confronting a reality here that’s not going away.

Will we have to have more revenue? The economic slowdown is a big part of this. But the CBO numbers project an economic rebound, not robust, but about what most economists would say.
So they’re projecting these numbers, grim as they are, and they’re still projecting some growth. So we’ll need to confront the reality of spending. And you can’t tax your way out of it and the more you increase taxes the more you depress growth. And it’s growth, ultimately, that’s going to help us get through this.

But I’m optimistic. Why am I optimistic? One guy at the end of a speech said, why can you be optimistic after all those numbers you just gave us?

And I told him that I made the speech and I didn’t say I was optimistic and my staff said you were too negative. You need to be optimistic. So I’m trying to be optimistic.

(Laughter).

Actually, if we do several things: reform the tax code and make it – we can’t cut taxes, really, but you can reduce marginal rates and do some things to make us growth oriented; if you eliminate all the regulations that don’t produce a benefit for America, and there are a lot of them; if we continue to exploit our potential for more American energy, stop that wealth transfer of wealth going out of the country; creating jobs like North Dakota has found they can do with American energy; that we defend our legitimate trade interests on the world stage. We cannot allow foreign countries to manipulate currency or other trading rules and regulations and getting unfair advantage. And we need to bring the debt cloud down. That is a depressant.

So if the American people saw we had a plan that had our entitlements under control, our spending under control, even if we didn’t balance the budget right away; but if we had a plan that really changed – that would help grow America – and if you made the government itself leaner and more productive, like every business in America is, that would make America – all of which do not cost money. All of those things would make us better, stronger, more vibrant, without adding to the debt, actually reduce the debt.

We have no choice. I believe that’s the direction we’ve got to go. We can’t tax our way out of this. I can show you the numbers. It would be massive taxes that would damage the economy.

So we’ll end up at the end of the year, with all this debt cliff – I would say, if the Republicans were to win and have a majority and elect a president, then I think you’d probably have some sort of temporary extension and it would be up to the president and the Congress to create permanence. That’s another thing we could do to create growth without cost, is make our take rate permanent: the doc fix, the alternative minimum tax, the death tax, dividends, capital gains; create certainty throughout the whole system and end all this uncertainty. But in the end, it probably would take – somebody said it took Reagan until September or October to get his done. So you could do it that way.

If President Obama wins, then I think he would have more leverage to push for his vision of America, and Republicans will have to compromise, maybe more than they would like to. But we really need permanency in our system. We really do.
I’m on the Budget Committee. A majority of Republicans could write a budget, be good for 10 years. So those are the kinds of things that – I guess what I’m saying to you is our mentality is to put ‘em off, to do temporary fixes.

You’re hearing of great, great threats about the end of the year. Surely the worst thing that would happen is another one of these temporary fixes. But if the Republicans have the majority – I mean, I think they would have an obligation in the interim of that temporary, to do something permanent.

And I believe President Obama would have an obligation, even if it took some temporary extensions, so there’ll be time to reach an accord or something that could be passed. We need to end all this temporary business. We need some permanent tax rates.

We need the Defense Department to know what their budget is going to be for a number of years so they can plan. And every other department and agency needs to know that. Private businesses who are doing work for the government need to know what the possibilities are. I think it’s just a very critical time.

But again, somehow we’ll work through this cliff business. The question is, will we reach permanency and stability in the next year? And that, to me, is absolutely necessary for the future of the country.

Peter, this crowd looks as dead as a doornail.

(Laughter).

(I guess ?) I’ve really depressed your day. But I think the country always comes back.

MS. : But you’re optimistic.

SEN. SESSIONS: But I’m optimistic. I am optimistic. And actually some days I am already seeing things like companies are bringing back manufacturing from abroad. They really are. I’m seeing it in Alabama. I’ve been to the plants.

We have lower energy. Wages haven’t been going up much. People are glad to have a job -- whatever.

Problems in other countries. Their expenses are going up. Their energy costs are going up. Their wages are going up.

So all of a sudden some of these advantages no longer exist. And we need a renaissance in manufacturing. That is really necessary for the long-term future of America.

Was there another question? If not, thank you so much. One more?

MR. STEVE DRAPER (ph): Steve Draper from Congressman Pierce’s staff. Just completely off the reservation, I was just curious from your perspective on the Armed Services Committee, we’re in the
middle of a lot of negotiations around the world with other countries on how to help protect — swinging
to Asia or working with the Europeans on defense. Do you see a change in the way that we’re going to
negotiate with other countries on the load sharing associated with defense over the next decade?

SEN. SESSIONS: That is such an important question. What kind of load sharing with our allies
will be going on in negotiations around the world to do that? I’m worried by – last year when with
Senator Kyl we visited countries and were sort of telling people we’re not going to cut and run and we
are going to maintain a viable defense and you can count on that; about half way through I started
telling them, what are you doing? Instead of, don’t worry, we’re going to be there, you (can ?) cut your
budget, we’re going to take care of you.

I was in one of the top European nations, one of the top officials, and so we were talking about
their contribution and lack of it. And I was a little critical. And he said, some people think that banks are
more important than tanks.

Now you think about that. This was a serious person of a serious great nation sending a real
signal. So how much help are we going to get from our allies when they’re in the tank financially? Right
now, it’s harder for them than us.

And we really need the Europeans, particularly, to be more sophisticated in how they – if they’re
going to have a European Union they need to have a defense department where each one shares and
does and has high quality sophisticated weapons systems. I really do – and each one can’t just have a
one year – I think the Germans are ending their one year, nine months, everybody draft, or whatever
they have.

I mean, how stupid is that? I mean, what can you do? They already don’t even let them shoot
their guns in Afghanistan because they’re not trained. It’s just not a very good system. So they need to
use the money they have more wisely.

I think Japan needs to step up. We had a nice visit in Australia. I think Australia is prepared to
be a good partner in the Pacific. South Korea, they’ve got capabilities.

But your guess is as good as mine. Some in this room’s a lot better than mine about what the
real prospects of more – the democratic world being more unified in defending itself.

Thank you.

(Applause).  