

decisions on what they are going to plant and how their business is going to work.

I am proud of the effort so far, our coming together and having folks join in this wonderful bipartisan effort to get to work.

I yield the floor.

The PRESIDING OFFICER (Mr. MANCHIN). The Senator from South Dakota.

Mr. THUNE. Mr. President, I ask unanimous consent that my Republican colleagues, Senators McCAIN and AYOTTE, and myself be permitted to enter into a colloquy for up to 30 minutes.

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

#### DEFENSE SEQUESTRATION

Mr. THUNE. Mr. President, I come to the floor, along with my colleagues, Senators McCAIN and AYOTTE, to talk about the significant uncertainty surrounding sequestration and its threat to our national security.

The triggered reduction in spending is \$1.2 trillion. After accounting for 18 percent in debt service savings, the required reductions amount to \$984 billion to be distributed evenly over a 9-year period or \$109.3 billion per year. So what we are talking about is \$54.7 billion in reductions will be necessary in both the defense and nondefense categories, despite the fact—despite the fact—defense funding constitutes just 20 percent of the budget.

As my colleagues Senators McCAIN and AYOTTE are well aware, this sequester disproportionately impacts defense spending, putting our national security at risk.

It has been almost a full year since the Budget Control Act was passed, and Congress needs a precise understanding from this administration as to the full effects of sequestration on national security funding. Both Senator McCAIN and I, along with Senators SESSIONS, AYOTTE, and others, have called on the administration to detail the impact of sequestration on defense accounts.

This information is necessary for Congress to address the deep and unbalanced defense budget cuts that are expected under sequestration—which are in addition, I might add, to the \$487 billion in reductions that were carried out last August.

What little information has been made available from the administration about the planned cuts to defense should give all of us pause about our Nation's security if sequestration proceeds without any modifications.

In a letter to Senators McCAIN and GRAHAM this past November, Secretary Panetta said that over the long term, sequestration means we will have the smallest ground force since 1940, the smallest fleet of ships since 1915, and the smallest tactical fighter force in the history of the Air Force.

If sequestration were to go into effect, we risk turning back the clock on our military strength to where it was during the early 20th Century, before

World War II. That clearly cannot be allowed to happen if we hope to have a future in which we are secure, prosperous, and at peace in the world.

I wish to turn now to my colleague Senator McCAIN, who is the ranking member of the Armed Services Committee. He has been a leader in calling attention to this cloud of sequestration cuts looming over the Defense Department and its threat to our national security. He is, obviously, one of the foremost experts in the Senate when it comes to the issue of national security, and someone who has been raising the issue of sequestration and its impact to our national security interest for some time.

I would ask Senator McCAIN if he might comment on his observations with regard to this issue and its impact on national security.

Mr. McCAIN. I thank my colleague from South Dakota and appreciate very much his leadership on this issue and my colleague from New Hampshire, Senator AYOTTE, who has done a preliminary study on the effect of these sequestrations on our defense industries and jobs and employment in States across America.

In fact, she has been asked by the Conference of Mayors to give them assessments. One of the problems we have is not only sequestration itself, as my colleague from South Dakota mentioned, but the American people don't fully understand the impact—not only from a national security standpoint but from an economic standpoint.

I appreciate and admire our Secretary of Defense who continues to say that sequestration would be devastating to our national security, the effects would be Draconian in nature. He has described it in the most graphic and, I think, accurate terms. But we don't know exactly what those impacts would be and, unfortunately, the Secretary of Defense and the Defense Department have not given us information as to what those impacts would be. The American people need to know and they deserve to know what these impacts would be.

That is why we put in the Defense authorization bill a requirement that the Secretary of Defense send to the Congress and the American people the exact effects of this sequestration, which he has refused to do, up until now.

Since we have not taken the bill to the floor—and it may not be signed until the end of this year—that is why I have an amendment pending on the farm bill, to seek that same reporting, because Members of Congress, elected representatives, and the American people deserve to know the effects of sequestration.

One, they need to know from the interest of our national security, but I would argue to my friend they also need to know from the impact on an already faltering economy. I want to thank the Senator from New Hampshire, who has done more on this issue.

In fact, she has given every member of our conference a rough readout as to exactly what the impact would be in our States. But obviously, the Senator from New Hampshire and I don't have access to the same database the Secretary of Defense has as to these Draconian effects.

So in summary, I would say we are facing what is now known as the fiscal cliff: the debt limit, which needs to be raised; the sequestration issue; the expiration of the Bush tax cuts; and several other issues, which we are all going to now address in a lameduck session. That is a Utopian vision for a lameduck session that, frankly, is not justified by history.

One of the aspects of this sequestration, the reason we need to address it now, is because the Pentagon has to plan. They have to plan on a certain budget. They can't wait until the end of this year, or early next year when it kicks in, until January 2, I believe it is, of 2013, in order to adjust to it. So, one, we need the information.

And, two, Members of Congress need to know that the sequestration issue should be, and must be, addressed. I thank Senator THUNE not only for his outstanding work on the farm bill but also for his leadership on this important issue.

I yield to my colleague from New Hampshire, who has done probably a more in-depth study of this issue and its impact on the defense industry in America and jobs and employment than any other Member.

Ms. AYOTTE. I thank Senator McCAIN for his leadership as the ranking Republican on the Armed Services Committee. No one knows these issues better in the Senate than JOHN McCAIN. So it is an honor to be here with him, and also my colleague Senator THUNE, with whom I serve on the Budget Committee. Senator THUNE has been very concerned about the impacts of sequestration on our national security. I call sequestration the biggest national security threat you have never heard of. The American people need to know this threat to their national security, to the protection of our country, which is our fundamental responsibility under the Constitution.

I fully support the amendment Senator McCAIN has brought forward on the farm bill that he championed, along with Senator LEVIN, on the Defense authorization, because we can't afford to keep hiding the details of what will happen to our Department of Defense and our military if sequestration goes forward.

To be clear, as Senator THUNE has already identified, the Department of Defense is taking significant reductions. In the proposed 2013 budget from the President, the Department will take approximately \$487 billion in reductions over the next 9 years. That already means a reduction of approximately 72,000 of our Army and a reduction of 20,000 of our Marine Corps. But what we are here talking about today

is an additional \$500 billion to \$600 billion in reductions coming in January of 2013 that the American people need to know about, and our Department of Defense should clearly identify what is going to happen with those reductions.

But here is what we do know. As Senator McCAIN and Senator THUNE have already talked about, our Secretary of Defense has warned that these cuts will be devastating; that they will be catastrophic; that we will be shooting ourselves in the head if we did this for our national security; that we would be undermining our national security for generations.

This is what it means, and what our service chiefs have told us so far about the preliminary assessments of sequestration:

For our Army, what they have said is an additional 100,000 reduction in our Army, 50 percent coming from the Guard and Reserve, on top of the 72,000 coming in the proposed 2013 budget. That would result in our ground forces being reduced to the smallest size since before World War II.

For the Navy, our current fleet is 285 and the Navy has said previously that we need 313 ships. If sequestration goes forward the Navy has said that our fleet will have to shrink to between 230 to 235 ships and submarines. At a time when China is investing more and more in their navy, where we have increased our defense focus in our national security strategy on the Asian Pacific region, it would make that increased focus a mockery, truthfully, if we allowed sequestration to go forward.

We have heard the same from our Marine Corps. What the Marine Corps has said about sequestration every Member of Congress should be concerned about. The Assistant Commandant of the Marine Corps has said if sequestration goes forward, it is an additional 18,000 reduction in our Marine Corps, and that the Marines would be incapable of conducting a single major contingency operation. Think about it: The Marine Corps of the United States of America incapable of responding to a single major contingency operation. This is at a time when the threats to our country have not diminished. This is at a time when we still have men and women, as we sit here today, who are serving us admirably in Afghanistan.

And, by the way, OMB has already said that the OCO—or war funding—will not be exempt from sequestration.

We owe it to our men and women who are in the field right now to make sure they have the support they need and deserve from this Congress.

When we look at where we are, this is not just about our national defense. But you would think that being about our national defense, our foremost responsibility in Congress, would be enough to bring everyone to the table right now to resolve this, regardless of whatever your party affiliation is. But this is also an issue about jobs, because the estimates are, in terms of the job

impact in this country, George Mason University estimates that over 1 million jobs will be lost in this country over 1 year due to sequestration. And that is just looking at research and development and procurement.

Well, let's talk about some of the States that will be impacted, because every one of my colleagues represents a State in this Chamber that will be impacted by the jobs at issue.

We look at where our economy is right now, and yet we continue not to address this fundamental issue of sequestration when 1 million jobs are at stake.

For Virginia, the estimate is 123,000 jobs; Florida, 39,000 jobs; Ohio, 18,000 jobs; North Carolina, 11,000 jobs; Connecticut, 34,000 jobs; Pennsylvania, 36,000 jobs. In my small State of New Hampshire, it is projected that we will lose approximately 3,300 jobs.

So not only is this a national security issue, but we are also talking about our defense industrial base. And once we lose much of the talent in that industrial base, it doesn't necessarily come back. We have many small employers who can't sustain these cuts, who will go bankrupt, and won't be able to come back. And once they are gone, we lose their expertise and the U.S. military becomes more reliant on foreign suppliers.

In fact, the CEO of Lockheed Martin has said recently:

The very prospect of sequestration is already having a chilling effect on the industry. We're not going to hire. We're not going to make speculative investments. We're not going to invest in incremental training, because the uncertainty associated with 53 billion of reductions in the first fiscal quarter of next year is a huge disruption to our business.

To my colleagues who think we can kick this can down the road until after the elections, please understand that when it comes to jobs, these defense employers have a responsibility under Federal law, what is called the WARN Act, to notify their employees if they are going to be laid off at least 60 days before a layoff will occur.

What that means is there could be hundreds of thousands of WARN Act notices going out, likely before the election in November, letting people across this country know that they may lose their job because Congress has not come forward and addressed this fundamental issue to our national security right now.

In conclusion—and I know Senator THUNE is supportive of this. I am the cosponsor of a bill along with Senator McCAIN and others that comes up with savings to deal with the first year of sequestration, and I would ask every Member of this Chamber: Let's sit down and resolve this. We do need to cut spending, and we should find these savings. It is important to deal with our debt. But let's make sure we find savings that don't devastate our national security or undermine our national security for generations or hollow out our force, as our Chairman of

the Joint Chiefs of Staff has said about sequestration. I would urge my colleagues on both sides of the aisle, let's sit down now and resolve this issue on behalf of our most important responsibility, which is to protect the American people from the threats that still remain around the world and are very real. We have seen it with Iran trying to acquire the capability of a nuclear weapon. It still remains a very challenging time, and we need to protect our country from the threats we face.

I thank my colleague Senator THUNE, and I turn it back to him.

Mr. THUNE. I would say to my colleague, the Senator from New Hampshire—because she mentioned that she and I both serve on the Budget Committee—that this perhaps could have been avoided had we passed a budget that dealt with title reform.

The reason we have these huge cuts, these steep and unbalanced cuts to the defense budget, is because we punted on the Budget Control Act to the supercommittee, which didn't produce a result, and this triggered these across-the-board reductions in spending—half of which come out of the defense budget, as the Senator mentioned, a defense budget that represents only 20 percent of Federal spending. So proportionality here seems to be a real issue. Why would you gut the part of a budget from which you get the resources to keep your country safe and secure?

Frankly, it comes back—in my view, at least—to the fact that now, for 3 consecutive years, the Budget Committee, on which the Senator and I both serve, has failed to produce a budget, spelling out a more reasonable and thoughtful plan for how to deal with these challenges as opposed to having this budget axe fall in this disproportionate way on our national security interests.

I am curious as to the Senator's thoughts with regard to the reason why we are where we are today.

Ms. AYOTTE. I would say to my colleague from South Dakota, you are absolutely right. It is outrageous that it has been over 1,100 days that we have not had a budget in the Senate. In the Budget Committee that we both serve on, the Senator and I are anxious to resolve the big fiscal issues facing our country.

I agree with the Senator from South Dakota, if we did that function of budgeting, we wouldn't be in this position where we have put our national security at risk because we are not taking on the big-picture fiscal issue to get our fiscal house in order in Washington and make sure we reform mandatory spending so those programs are sustainable and available for future generations. So here we are.

Not only do I serve on the Senate Armed Services Committee, but I am the wife of a veteran. It is astounding to me that we would put our national security at risk rather than doing our jobs, putting together a budget that is

responsible and proportional. That is one of the underlying reasons why we find ourselves in the position we are right now.

I ask my colleague from South Dakota, as Commander in Chief, the President has a responsibility on this very important issue. It is such an important and weighty responsibility as President of the United States to be Commander in Chief. Where is the President on these issues?

Mr. THUNE. Ironically, the point my colleague from New Hampshire made earlier and the statements made by the President's own Defense Secretary about what these cuts would mean just speak volumes. It is absolutely stunning when we look at the impact this would have on our national security budget, and, at least to date, the President is not weighing in on this argument at all.

I think what the Senator from New Hampshire and Senator McCain and I are saying is this: Show us your plan.

If we are going to do something about this, we need to know how they intend to implement this. So the transparency issue is very important. Asking them to tell us how they are planning on making these reductions seems to be a critically important part of not only informing the American public but giving Congress a pathway—if there is one—to address and perhaps redistribute these reductions.

When we are talking about a \$109 billion reduction that will take effect in January of next year—half of which comes out of defense—on top of \$½ trillion in cuts to accrue over the next decade that were approved as part of the Budget Control Act, that is a huge chunk out of our national security budget.

I think the Senator from New Hampshire made an excellent point as well about how this obviously impacts national security first and foremost. I have always maintained that if we don't get national security right to protect and defend the country, then the rest is all secondary.

But there is a huge economic impact, as was pointed out not only by the study my colleague from New Hampshire mentioned but also by the Congressional Budget Office recently in speaking about the fiscal cliff that hits us in the first part of January next year and could cost us 1.3 percent in growth, which, according to the President's economic advisers, could be 1.3 million jobs. If the national security issue does not get your attention, certainly we would think the economy and jobs issue would. Yet we are hearing silence—crickets coming out of the White House.

I would hope he would weigh in on this debate and at least provide us with an idea of how the administration intends to implement this and hopefully a plan about how to avert this. As has been emphasized by the President's Defense Secretary, there would be a catastrophic impact on our national security interest.

Ms. AYOTTE. I ask Senator THUNE, is this not so important when we think about the impact on our national security that now we hear from the President that Members on both sides of the aisle should sit down instead of kicking this can beyond the elections?

What I have heard from our employers is that they will have to make decisions now that could impact our defense industrial base. We are talking about shipbuilders, we are talking about experts, small businesses that work in this area. Once those jobs go away in terms of a small business, such as a sole supplier on one of our major procurement programs, which happens quite often, that expertise goes away. We don't immediately pull that back. So we are talking about an estimate of 1 million jobs, and the private sector can't wait for us to resolve this until after the election. They need us to resolve this now. In my view, our military can't wait until after the election, nor should our military be put in that position. They should know that we are going to resolve this because we want to keep faith with them. We do not want to hollow out our force. We do not want to put them at risk. So, on a bipartisan basis, this is a critical issue to resolve before the election. I wondered what my colleague's view was on that.

Mr. THUNE. Mr. President, again I appreciate the leadership of the Senator from New Hampshire as a member of the Armed Services Committee on not only this issue of national security but also as a member of the Budget Committee, where we serve together. It is critical that we do something soon, and the reason for that, as the Senator from New Hampshire mentioned, is that a lameduck session of Congress—is not an appropriate time to try to legislate on a major issue such as this, particularly given the fact that there is going to be a pileup of other issues. We have tax rate expiration issues to deal with and potentially another debt limit vote coming up.

It seems to me that we ought to provide as much certainty as we can to our military, to the leaders of our military who have to make these decisions, and to the people who build these weapons systems and experience many of these reductions that will impact jobs.

As my colleague mentioned, there is a Warren Act requirement that they notify people if they are going to lay off people. There has to be a lead time to this, and that is why getting a plan from the administration that lays out in specific and detailed terms exactly what they intend to do with regard to sequestration is really important to this process and as a matter of fundamental transparency for the American people and for the Congress.

Clearly, there is a need—in my view, at least—for us to deal with this in advance of the election, not waiting, not punting, and not kicking the can down the road as is so often done here.

I appreciate the leadership of the Senator from Arizona, the ranking member of the Armed Services Committee, and my colleague from New Hampshire in raising and elevating this issue and putting it on the radar screen of the Senate in hopes that something might actually happen before the election. But that will require that the President of the United States and his administration get in the game. So far, we haven't heard anything from them with regard to how they would implement sequestration or what suggestions they might have that would avoid and avert what would be a national security catastrophe if these planned or at least proposed reductions go into effect at the first of next year.

I see that the Senator from Arizona, the ranking member of the Armed Services Committee, is back. Does the Senator have any closing comment before we wrap up this session?

Well, let me thank my colleagues in the Senate and particularly the Senator from Arizona and the Senator from New Hampshire for what they are doing on this issue. I hope that we are successful and that in the end we can get some greater transparency from the administration about how they intend to implement these reductions and that we might be able to take the steps that are necessary, as was pointed out, on a bipartisan basis. This is not an issue that affects one side or the other, it is an issue that affects the entire country when we are talking about our national security interests and the great jeopardy and risk we put them in if we don't take steps to address this issue.

I yield the floor.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. McCain. Mr. President, I ask unanimous consent to address the Senate in a colloquy with my colleague from South Carolina, Senator GRAHAM.

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

#### NATIONAL SECURITY

Mr. McCain. Mr. President, Senator GRAHAM and I know there are others who would like to come to the floor on the issue of the almost unprecedented release of information which directly affects our national security—in fact, the most important programs in which we are engaged, including the use of drones and our counterterrorism activities, and, of course, the highly classified cyber attacks that have been made on the Iranians in order to prevent them from achieving their goal of building nuclear weapons.

I can't think of any time that I have seen such breaches of ongoing national security programs as has been the case here. The damage to our national security has been articulated by many both inside and outside of the administration, including the most damaging that we have seen. Our Director of National Intelligence said that it is the worst he has seen in his 30 years of service in the area of intelligence. All of the