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Barack Obama

Speech on Sequester Impact at Newport News Shipbuilding

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Hello, Newport News! Well, it is good to see all of you here today.

I want to thank your CEO, Mike Petters, for showing me around. I usually don't get a chance to hang out with nuclear submarines, especially submarines that my wife has sponsored. So right there, that was worth the trip.

But most importantly, it's a great chance to see the incredible men and women who, every single day, are helping to keep America safe and are just the bedrock of this country's manufacturing base. Thank you to all of you.

I want to thank our outstanding Secretary of the Navy, Ray Mabus, who's here. There he is right there -- the good-looking guy over at the end. I want to thank your Mayor, McKinley Price, who served this nation bravely in the U.S. Army. I want to thank two outstanding Congressmen who care about this facility, care about Virginia and care about the country -- Congressman Bobby Scott is here -- and Congressman Scott Rigell is here as well.

Now, the reason I came here today, in addition to seeing just some incredible stuff -- it's true, every time I come to these places, I don't know how you all do it. It is just amazing work.



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But the main reason I'm here is to call attention to the important work that you're doing on behalf of the nation's defense, and to let the American people know that this work, along with hundreds of thousands of jobs, are currently in jeopardy because of politics in Washington.

In a few days, Congress might allow a series of immediate, painful, arbitrary budget cuts to take place -- known in Washington as the sequester. Now, that's a pretty bad name -- sequester. But the effects are even worse than the name. Instead of cutting out the government spending we don't need -- wasteful programs that don't work, special interest tax loopholes and tax breaks -- what the sequester does is it uses a meat cleaver approach to gut critical investments in things like education and national security and lifesaving medical research.

And the impact of this policy won't be felt overnight, but it will be real. The sequester will weaken America's economic recovery. It will weaken our military readiness. And it will weaken the basic services that the American people depend on every single day.

Already, the uncertainty around these cuts is having an effect. Companies are starting to prepare for layoff notices. Families are preparing to cut back on expenses. And the longer these cuts are in place, the greater the damage.

So here at Newport News Shipbuilding, you guys have made an enormous investment, because we've said in order to maintain the finest Navy that the world has ever known we've got to make sure that there is an orderly process whereby we are continually upgrading our ships, building new ships, maintaining our ships properly. And these are some big ships. So it's expensive, and it's complicated. And you've got 5,000 suppliers all across the country, and you've got to have some certainty and some knowledge about how things are going to proceed over the long term for Mike and others to plan properly.

So you're rightly concerned. Mike is properly concerned about the impact that these cuts will have on not just this company, but companies and small businesses from all 50 states that supply you with parts and equipment.

Mike was telling me that you guys have already made a billion dollars' worth of capital investment. You've got half a billion dollars in training costs as you recruit and hire new people. Well, those aren't commitments that you make lightly. You've got to have the capacity to plan and have some certainty in terms of what it is that we're going to be doing. And you know that if Congress can't get together and plan our nation's finances for the long term, that over time some of your jobs and businesses could be at risk.

Over at the Norfolk Naval Station, the threat of these cuts has already forced the Navy to cancel the deployment, or delay the repair of certain aircraft carriers. One that's currently being built might not get finished. Another carrier might not get started at all. And that hurts your bottom line. That hurts this community.



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Because of these automatic cuts, about 90,000 Virginians who work for the Department of Defense would be forced to take unpaid leave from their jobs. So that's money out of their pockets, money out of their paychecks. And then that means there's going to be a ripple effect on thousands of other jobs and businesses and services throughout the Commonwealth, because if they don't have money in their pockets or less money in their pockets, that means they're less able to afford to buy goods and services from other businesses. So it's not just restricted to the defense industry.

All told, the sequester could cost tens of thousands of jobs right here in Virginia. But it doesn't just stop there. If the sequester goes into effect, more than 2,000 college students would lose their financial aid. Early education like Head Start and Early Start would be eliminated for nearly 1,000 children, and around 18,000 fewer Virginians would get the skills and training they need to find a job.

Across the country, these cuts will force federal prosecutors to close cases and potentially let criminals go. Air traffic controllers and airport security will see cutbacks, and that could cause delays at airports across the country. Tens of thousands of parents will have to scramble to find child care for their kids. Hundreds of thousands of Americans will lose access to primary care and preventive care like flu vaccinations and cancer screenings, including more than 3,500 children right here in Virginia.

So these cuts are wrong. They're not smart. They're not fair. They're a self-inflicted wound that doesn't have to happen.

Now, the reason that we're even thinking about the sequester is because people are rightly concerned about the deficit and the debt. But there is a sensible way of doing things and there is a dumb way of doing things. I mean, think about your own family. Let's say that suddenly you've got a little less money coming in. Are you going to say, well, we'll cut out college tuition for the kid, we'll stop feeding the little guy over here, we won't pay our car note even though that means we can't get to work -- that's not what you do, right?

You step back and you say, what is it that's important -- our child's education, making sure they're healthy, making sure we can get to the job, keeping our house repaired? And then you say, here are the things that aren't so important and you cut those out. You prioritize, and you make smart decisions. Well, we should be doing the same thing.

Now, I've laid out a plan that details how we can pay down our deficit in a way that's balanced and responsible. We have the plan right on a website, the White House website. Everybody can go see it. It details exactly how we can cut programs that don't work, how we can raise money by closing loopholes that are only serving a few, as opposed to the average American.

We detailed \$930 billion in sensible spending cuts that we're willing to make and \$580 billion in wasteful tax loopholes and deductions that we're willing to eliminate through tax reform.



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And what I've said is if the Republicans in Congress don't like every detail of my proposal, which I don't expect them to, I've told them my door is open. I am more than willing to negotiate. I want to compromise. There's no reason why we can't come together and find a sensible way to reduce the deficit over the long term without affecting vital services, without hurting families, without impacting outstanding facilities like this one and our national defense. There's a way of doing this.

And the fact is there are leaders in both parties throughout this country who want to do the same. I've got to give Scott Rigell credit. He is one of your Republican congressmen who's with us here today -- and that's not always healthy for a Republican, being with me. But the reason he's doing it is because he knows it's important to you. And he's asked his colleagues in the House to consider closing tax loopholes instead of letting these automatic cuts go through. He's concerned about the deficit, and he's more than prepared to make some really tough cuts, but he wants to do it in a smart way.

Bobby Scott -- same thing. Some of the cuts we've proposed, Bobby might not think are perfect, but he knows that we've got to make some tough decisions. He just wants to make sure that you aren't the ones who are adversely impacted and that we're sharing the sacrifice in bringing down our deficit; we're not just dumping it on a few people and we're not doing it in a dumb way.

Senators like John McCain have made similar statements to what Scott said. Your Republican Governor along with other governors around the country have said they want Congress to stop the sequester, to stop these cuts.

But I just have to be honest with you. There are too many Republicans in Congress right now who refuse to compromise even an inch when it comes to closing tax loopholes and special interest tax breaks. And that's what's holding things up right now.

Keep in mind, nobody is asking them to raise income tax rates. All we're asking is to consider closing tax loopholes and deductions that the Speaker of the House, John Boehner, said he was willing to do just a few months ago. He said there were a bunch of loopholes and deductions you could close. He said you could raise \$800 billion, a trillion dollars by closing loopholes.

Well, we're not even asking for that much. All we're asking is that they close loopholes for the well-off and the well-connected -- for hedge fund managers, or oil companies, or corporate jet owners who are all doing very well and don't need these tax loopholes -- so we can avoid laying off workers, or kicking kids off Head Start, or reducing financial aid for college students.

I don't think that's too much to ask. I do not think that is partisan. The majority of the American people agree with me. The majority of Newport News agrees with me. We need to get this done.



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But the choice is up to Congress. Only Congress has the power to pass a law that stops these damaging cuts and replaces them with smart savings and tax reform. And the second I get that bill on my desk, I will sign it into law. But I've got to get Congress to pass it.

None of us will get 100 percent of what we want. Democrats, they've got to make some tough choices too. Democrats like me, we've said we're prepared to make some tough cuts and reforms, including to programs like Medicare. But if we're willing to compromise, then Republicans in the House have to compromise as well. That's what democracy is about. That's what this country needs right now.

So let me just make one last point, by the way, for those of you who are following this. Now, lately, some people have been saying, well, maybe we'll just give the President some flexibility. He could make the cuts the way he wants and that way it won't be as damaging. The problem is when you're cutting \$85 billion in seven months, which represents over a 10-percent cut in the defense budget in seven months, there's no smart way to do that. There's no smart way to do that. You don't want to have to choose between, let's see, do I close funding for the disabled kid, or the poor kid? Do I close this Navy shipyard or some other one? When you're doing things in a way that's not smart, you can't gloss over the pain and the impact it's going to have on the economy.

And the broader point is, Virginia, we can't just cut our way to prosperity. We can't just cut our way to prosperity. We can't ask seniors and working families like yours to shoulder the entire burden of deficit reduction while asking nothing more from the wealthiest and the most powerful. We're not going to grow the middle class just by shifting the cost of health care or college onto families that are already struggling, or forcing communities to lay off more teachers or cops or firefighters or shipbuilders, and then folks who are doing really well don't have to do anything more. That's not fair, and it's not good for the economy.

And the other thing we've got to do is to stop having these crises manufactured every month. It seems like -- I know you guys must get tired of it. Didn't we just solve this thing? Now we've got another thing coming up? I mean, think about if Mike Petters ran his business this way -- once every month or two there would be some crisis, and you wouldn't be sure whether or not you were working or not. Even if it got solved eventually or ultimately, it would be pretty discouraging on people. You would be less productive. Ships wouldn't get built as fast. You would waste money because you don't know exactly what to expect. Folks aren't sure, am I showing up to work today, or not?

If it's not a good way to run a business, it's sure not a good way to run a country.

Now, all of you, the American people, you've worked too hard for too long rebuilding and digging our way out of the financial crisis back in 2007 and 2008 just to see Congress cause another one. The greatest nation on Earth can't keep on conducting its business drifting from one crisis to the next.



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We've got to have a plan. We've got to invest in our common future. Our true north is a growing economy that creates good middle-class jobs; a country that provides its people with the skills they need to get those jobs and make sure that you're getting paid a decent wage for working hard so you can support your families. That's what we should be focused on right now. Not weakening the economy. Not laying people off.

That's what we should be talking about in Washington. And if you agree with me, I need you to make sure your voices are heard. Let your leaders know what you expect of them. Let them know what you believe. Let them know that what this country was built on was a sense of obligation to not just each other but to future generations; that we've got to shoulder those obligations as one nation, and as one people.

I was in a conversation with some of the governors from across the country yesterday and I told them, I said, I've run my last election. Michelle is very happy about that. I'm not interested in spin; I'm not interested in playing a blame game. At this point, all I'm interested in is just solving problems. All I'm interested in is making sure that when you get up early in the morning, and get to this ship at 5:30 in the morning, that you know if you do a good job and if you work hard and if you're making sure that all the parts to this incredible ship that you're building are where they need to be -- if you're doing what you do, then you can go home feeling satisfied, I did my job, I did my part, I can support my family, I can take pride in what I've done for this country.

That's all I want. I want us to be able to look back five years from now, 10 years from now, and say we took care of our business and we put an end to some of these games that maybe, I guess, are entertaining for some but are hurting too many people.

But in order for us to make that happen I'm going to need you. The one thing about being President is, after four years you get pretty humble. You'd think maybe you wouldn't, but actually you become more humble. You realize what you don't know. You realize all the mistakes you've made. But you also realize you can't do things by yourself. That's not how our system works. You've got to have the help and the goodwill of Congress, and what that means is you've got to make sure that constituents of members of Congress are putting some pressure on them, making sure they're doing the right thing, putting an end to some of these political games.

So I need you, Virginia, to keep up the pressure. I need you to keep up the effort. I need you to keep up the fight. If you do, Congress will listen. If you stand up and speak out, Congress will listen. And together, we will unleash our true potential, and we'll remind the world just why it is the United States builds the greatest ships on Earth and is the greatest nation on Earth.

Thank you. God bless you. God bless the United States of America.