

**Transcript of Statement by Senator Kent Conrad (D-ND)
Upon Introduction of Conrad Amendment
to Prevent Further Deficit Increases Until Costs of War Are Estimated
at Senate Budget Committee Markup of FY 2004 Budget Resolution
March 13, 2003**

We are in an extraordinary situation. On the brink of war with nearly a quarter of a million young Americans poised on the Iraqi border, none of us knowing if the conflict will occur, but I think all of us have a pretty good sense that it is likely. Because of that, and because we are in record deficit territory, and as we look at the recommendation of the Chairman and his budget, we see deficits when you exclude Social Security of over \$500 billion this year, and that's before any cost of war, and deficits continuing throughout the rest of the decade when Social Security is excluded from the calculation as law requires us to do.

It strikes us as terribly unwise to add \$1.6 trillion to the debt as the Chairman's mark does. Cumulative totals as we've analyzed the Chairman's mark overnight would add \$1.6 trillion in cumulative deficits over this period. And so we are offering an amendment that is a war time budget to protect the resources for national security and economic recovery. This amendment says we may not consider legislation that would increase the deficit until the President submits to Congress a detailed report on the overall estimated costs of the war. This point of order is enforced with a 60 vote point of order. There are only two exceptions: legislation relating to national or homeland security, in other words that is one place where we could increase spending, additional expenditures for national defense or homeland security; and the only place where we would be able to have additional tax cuts would be an economic recovery and job creation package which does not increase the deficit over the time period from 2005 through 2013.

Mr. Chairman, members of the Committee, we believe this is a wise course for us to take as we know the President's budget does not have anything in it for the cost of war, nor does the Chairman's mark. And yet, we have learned through the press that we can expect a supplemental in very short order of anywhere from \$60 billion to \$95 billion.

When we look at wartime expenses that are therefore unmet in the President's budget or the Chairman's mark, we see there is no provision for a 2003 supplemental, although we've been told it's coming and that it will be large. There's no money for humanitarian aid for Iraq, the feeding of people displaced by any conflict. There's no money for the reconstruction of Iraq, although we have been given unofficial estimates of some \$30 billion of cost over 10 years. There is no money for the occupation of Iraq, although we have been informed that the range of cost for that is \$17 billion to \$46 billion per year. There is no money in the Chairman's mark or in the President's budget for aid to Turkey, Israel or Jordan, although we have been told that already commitments have been made that are in the range of \$19 billion of actual outlays. And there's no additional money for the war on terrorism in 2004, although we have already been told that that will be a cost of some \$19 billion.

I think if we reality test here, all of those costs may be low because we know that in war after war the initial war cost estimate has been much below what was actually experienced. If

we go back to the Civil War, the estimates were that it was going to cost \$200 million. In fact, it cost \$3.2 billion, a 1,500 percent increase. In World War II, the estimate was it would cost \$112 billion. In fact it cost over \$195 billion, a 75 percent increase over the estimates. In Vietnam, the initial war cost estimate was for \$12.3 billion. In fact it cost \$111 billion, an increase of 802 percent.

And Mr. Chairman and members of the Committee, if we look at our history, we've not seen a circumstance in which taxes were cut as we went into a war. Going back to the Revolutionary War when excise and property taxes were enacted; the War of 1812 where excise and sales taxes were also enacted; the Civil War where excise and inheritance and income taxes were enacted; the Spanish-American War where excise and inheritance taxes were raised; World War I where income, estate and corporate taxes were raised; World War II where there was a major expansion of corporate, excise and income taxes, and war bonds were sold; Korea where income taxes were raised; Vietnam where you had both tax cuts in early phases of the war and later tax increases; Persian Gulf War where there was the 1990 tax increase.

And now breaking the pattern, we have the President proposing, and the Chairman as well, major tax cuts. The President is proposing a \$1.9 trillion tax cut, when the interest costs are included.

Mr. Chairman, we believe the wisest course would be to say, "no" to new spending, except for national defense and homeland security, "no" to additional tax cuts, except for a stimulus package for 2003 and 2004 that would not increase the deficits in the years 2005 through 2013.

We believe this is a deficit that says all of us must sacrifice, not just our troops in the field, not just the national guard reservists, over 180,000 who have been called up from their jobs, taken away from their families, but that all Americans -- when we are at the brink of war -- be asked to sacrifice, especially given the fact that we are in record deficit, especially given the fact that we are on the brink of the retirement of the baby boom generation that will plunge this country into deep deficit and deep debt.

We don't see sacrifice in this budget being proposed by the Chairman or the President. We see indulgence and we don't think that sends the proper message when our troops are in the field on the brink of war.