

**Transcript of Senate Floor Statement by Senator Kent Conrad (D-ND) on the Biden  
Amendment to Pay For the President's Iraq Reconstruction Supplemental Request  
October 2, 2003**

I want to start by putting in perspective where we are in the fiscal condition of the country as we consider this request from the President for \$87 billion for Iraq. I think it is important for us first to recognize we already face next year a record budget deficit of \$535 billion. But that really understates the seriousness of the problem because, on top of that, under the President's proposal, we will also be taking \$160 billion of Social Security trust fund money to pay for other things. That gives a total operating deficit for next year approaching \$700 billion.

Some have said, well, it is really relatively small as a share of our gross domestic product. That is not correct. Fairly measured, the operating deficit next year is the biggest we have had since World War II. If we look at the Social Security trust fund, if we back that out and we treat it the same way in 1983, what we see is the deficit as a percentage of GDP is the biggest it has been since World War II. This is a huge deficit, however measured.

The President has told us these deficits will be small and short term. Wrong again. They are not small; they are huge by any terms, dollar terms or GDP terms. Beyond that, they are long lasting. In fact, according to the President's own analysis, they go on and on and on, and they get worse as the baby boom generation begins to retire. Just over the next decade, we see an ocean of red ink. According to Congressional Budget Office numbers, if we just add in proposals to extend the tax cuts, to add a prescription drug benefit, and to provide AMT reform, there will be deficits of \$600 billion, \$700 billion, as far as the eye can see.

We have a problem of spending and of revenue. The revenue as a percentage of gross domestic product next year will be the lowest since 1950. That is a revenue crisis, as well as a spending problem. If we look at the spending side of the equation, we can see the increases in discretionary spending over the baseline have occurred overwhelmingly in just three areas: defense, homeland security, and rebuilding New York and providing airline relief. In 2003, ninety-two percent of the increased spending is in those areas. I might add those are areas that all of us, on a bipartisan basis, supported.

The President of the United States told us 2 years ago he would virtually pay off the debt. He said by 2008 there would be virtually no publicly held debt left. Now what we see is, instead of the debt being virtually eliminated, we see it skyrocketing. The gross debt of the United States, we estimate, will be \$6.8 trillion by the end of this year. In 10 years, we estimate it will be approaching \$15 trillion -- all at the worst possible time. It is the worst possible time because the baby boom generation is going to begin retiring in 2008.

On this chart, the green bar is the Social Security trust fund, the blue bar is the Medicare trust fund, and the red bar is the cost of the tax cuts -- those that have already passed and those that are proposed by the President. What this shows is, at the very time the Social Security and Medicare trust funds go cash negative -- at that very time, the costs of the President's tax cuts

explode, driving us deeper and deeper into deficit and debt.

You don't have to take my word for it, or the Congressional Budget Office's word for it. You can take the President's word for it. Here is the calculation from his budget of what would happen if we followed his proposals, his tax cuts, his spending. What it shows is we never get out of deficit and that the deficits explode. This is as a percentage of gross domestic product -- which he prefers to refer to now to try to understate the magnitude of the problem. Look at what his own analysis shows. It shows these are the good times, even though there are record deficits -- the biggest we have ever had in dollar terms, and as a percentage of GDP since World War II. But it is going to get much worse.

The Congressional Budget Office warned us, as the *New York Times* reported it on September 14: "This course prompted the Congressional Budget Office to issue an unusual warning in its forecast last month: If Congressional Republicans and the administration get their wish and extend all the tax cuts now scheduled to expire, and if they pass a limited prescription drug benefit for Medicare and keep spending at its current level, the deficit by 2013 will have built up to \$6.2 trillion. Once the baby boomers begin retiring at the end of this decade, the office said, that course will lead either to drastically higher taxes, severe spending cuts or 'unsustainable levels of debt.'"

Just this week, the Committee for Economic Development, major business leaders in the country, the Concord Coalition, and the Center on Budget and Policy Priorities warned of the dangers of the current fiscal course. They said: "To get a sense of the magnitude of the deficits the nation is likely to face without a change in policies, consider that even with the full economic recovery that CBO forecasts and a decade of economic growth, balancing the budget by the end of the coming decade (i.e., in 2013) would entail such radical steps as: raising individual and corporate income taxes by 27 percent; or eliminating Medicare entirely; or cutting Social Security benefits by 60 percent; or shutting down three-fourths of the Defense Department; or cutting all expenditures, other than Social Security, Medicare, defense, homeland security, and interest payments on the debt -- including expenditures for education, transportation, housing, the environment, law enforcement, national parks, research on diseases, and the rest -- by 40 percent. Beyond the next decade, the tradeoffs become even more difficult."

When we look now to what the President is proposing in this \$87 billion, and we look back at what we were told -- remember when Larry Lindsey, the President's chief economic adviser, said it would cost \$100 billion to \$200 billion for our involvement in Iraq, and he was chastised by this administration? The head of the Office of Management and Budget said he was way off. He wasn't way off. He was right on. We are already at \$140 billion for this Iraqi undertaking.

The administration has been wrong, wrong, wrong. They have been wrong repeatedly. They are wrong about the deficits. They said there wouldn't be any. Then they said they were going to be small. Then they said they were small as a percentage of gross domestic product. They were wrong on each count. Then they told us: Iraq won't cost much.

Here is what Ari Fleischer, the President's chief spokesman, said on February 18 of this

year: "And Iraq, unlike Afghanistan, is a rather wealthy country. Iraq has tremendous resources that belong to the Iraqi people. And so there are a variety of means that Iraq has to be able to shoulder much of the burden for their own reconstruction." What happened? The administration told us Iraq was going to be able to pay, they were going to be able to cover much of the cost of their own reconstruction. Now that proves to be wrong as well.

This administration repeatedly told us the cost of Iraqi reconstruction could be largely borne by Iraq. Here is what the Deputy Secretary of Defense said before the House Appropriations Subcommittee on Defense in March of this year: "The oil revenues of Iraq could bring between \$50 and \$100 billion over the course of the next 2 or 3 years... We're dealing with a country that can really finance its own reconstruction, and relatively soon." Wrong again.

And just months later they are asking for \$20 billion, and that is just a downpayment. Make no mistake, they are going to be here asking for more, and they are going to be here asking for more soon because they have already acknowledged they need another \$40 billion or \$50 billion for Iraqi reconstruction. They say they are going to get it from somewhere else. Where else? When we ask them, they say they have a big donors conference coming up. Do you know how much has been pledged? \$1.5 billion. Where is the other \$40 billion or \$50 billion going to come from? They are going to be right back here asking for more. They misled this Congress. They misled the American people. They did it repeatedly on issue after issue.

Here is what their USAID Administrator, Mr. Natsios, said on April 23 of this year: "That's correct. \$1.7 billion is the limit of reconstruction for Iraq.... In terms of the American taxpayer contribution, that is it for the U.S. The rest of the rebuilding of Iraq will be done by other countries and Iraqi oil revenues." Wrong again. Wrong, wrong, wrong, and not just by a little bit; these folks have been wrong by a lot. Whether it was talking about the deficit or talking about the war with Iraq or the reconstruction of Iraq, this is a record of being wrong; wrong on major point after major point, over and over.

They say to us now: "What we're focused on in the \$20 billion is the urgent and essential things." The \$20 billion is the urgent and essential things. Really? Let's look.

In this plan, there is \$6,000 per radio/telephone. It costs for a satellite phone in this country \$495. It costs for a walkie-talkie \$55. Why when we go to Iraq all of a sudden phones cost \$6,000? A satellite phone, where one can call anywhere in the world, costs less than \$500, and this administration is coming before this body and saying they need \$6,000 per phone.

They want \$33,000 per pickup truck. We have a lot of pickup trucks in our State. We have more pickup trucks being sold than any other kind of automobiles. The average cost of an award winning American truck is \$15,400, and they want us to spend \$33,000 per truck in Iraq.

They want us to pay \$50,000 per prison bed. In this country, it costs \$14,000 to build a prison bed. I don't know who did these calculations, but they seem an awful lot more eager to spend money in Iraq than they are to spend money in this country. It goes on and on.

They want \$10,000 a month for business school in Iraq. In our country, it costs \$4,000 a month for the best business schools, and we are going to be telling the American taxpayers they should spend \$10,000 per month for business school? Who put these numbers together? Who came up with this plan?

The one that maybe is most incredible of all is the witness protection program. They want \$200,000 per family member. For a family of five, that is \$1 million, and \$100 million to protect 100 families. In our country, the witness protection program costs \$10,000 per witness. In Iraq, this is going to cost \$1 million for a family of five. We don't have a witness protection program like that in this country. We have nothing like it. This is 20 times as much in Iraq.

They want \$333 for 30 half-days of computer training. It costs \$200 in this country. This doesn't stand much scrutiny. This whole plan doesn't stand much scrutiny, and it is time for us to ask the tough questions. Clearly, this administration has not asked the tough questions.

I just found out they have \$3 billion for water projects in Iraq, when they proposed in our country cutting water projects by 40 percent. They cut the water projects in America 40 percent and put in \$3 billion for water projects in Iraq. I don't think the American people had any idea they were signing up to pay for a ZIP Code in Iraq or to have a witness protection program that costs \$1 million a family or that they were going to be building \$3 billion worth of water projects in Iraq. That wasn't the deal they signed onto. That is the deal this administration wants us to take, and all of this in the midst of the biggest deficits in our history, when we are having to borrow every dime. It does not make any sense.

The very least we should do is pay for these costs and not put it on the charge card one more time. That is why the Biden amendment should be supported. He is asking the wealthiest among us to pay it. This is not a matter of what some people claim of going after the rich. Look, my wife and I are in this category. We pay additional taxes under this amendment. I am voting for it because it is the right thing to do. We should not be increasing the deficit of the United States. We should not be putting it on the charge card when we already have record deficits. We ought to pony up and pay for the decisions we have made.

Paying for this would just be a beginning. We would still have record deficits, by far the biggest in our history. We ought to support this amendment as a sign that we are getting serious about facing up to our fiscal challenges in this country. We also ought to adopt a series of amendments to cut the waste out of this proposal by the administration.

If this measure is not adopted, we ought to support other amendments to pay for these initiatives and other amendments to scrub this whole proposal for the fat and the waste that is so clearly included. It is intolerable to say to the American taxpayer, pay these costs, all of it with borrowed money, all of it to be paid by future generations of Americans. That is not the way we have conducted ourselves in the past, and it ought not to be the way we conduct ourselves now and in the future.

I urge my colleagues to support the Biden amendment. I thank the Chair and yield the floor.