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Prepared Statement for the Senate Appropriations Committee

Prepared Testimony of Secretary of Defense Donald H. Rumsfeld, Washington, DC, Wednesday, September 24, 2003.

Mr. Chairman, thank you for this opportunity to testify on the President's emergency supplemental request.

Earlier this month, the American people marked the anniversary of the September 11th attacks - and took stock of all that had been accomplished in the two years since this war on terror was visited upon us two years ago.

Thanks to the courage of our men and women in uniform, two brutal regimes have been removed from power, two nations rescued from tyranny. Thanks to those who fight the battles, seen and unseen, in the war on terror, thousands of terrorists have been captured or killed-including nearly two-thirds of known senior al-Qaeda operatives, and most of those responsible for the 9/11 attacks. With the support of dozens of nations, a number of planned attacks have been stopped, terrorist assets seized, and thousands of lives saved.

We have much to be grateful for. But perhaps our greatest blessing is the fine men and women who wear our nation's uniform. Each of them volunteered for service - and in the course of this war, many have given their lives. They are heroes -- they will not be forgotten. Still others have suffered serious wounds. I've visited with many of them, at Bethesda and Walter Reed, and Brooke Army Medical Center - to thank them for their service and sacrifice.

Our hearts go out to the families of all those who have been injured and killed in this war -U.S. and Coalition forces alike. And we are grateful also for the brave soldiers and fine civilian staffs from Coalition countries now serving in Iraq and Afghanistan.

Together, we have accomplished a great deal. But much work still remains. Notwithstanding our successes, dangers persist. Many terrorists are behind bars - but those that remain at large are

Updated: 24 Sep
2003

planning future attacks. Standing between our people and the gathering dangers is the courage of our men and women in uniform - and the determination of our country to see this war through.

As a sign of his conviction that we must prosecute this war, and defeat those who threaten us, the President has requested \$87 billion in emergency funds to fight the war on terror.

The vast majority of the funds the President has requested will go to the troops who are risking their lives in this struggle. Of the \$87 billion in the President's request, \$66 billion is to support ongoing military operations -- money for military pay, fuel, transportation, maintenance, weapons, equipment, life-saving body armor, ammunition and other critical military needs.

The President has requested:

- \$51 billion for military operations in Iraq,
- \$11 billion for military operations in Afghanistan, the Horn of Africa and other missions related to Operation Enduring Freedom,
- \$2.2 billion for defending the U.S. homeland, and
- \$1.4 billion to support coalition partners, many of whom are stepping forward with troops willing to risk their lives in this effort - but whose governments lack the resources to support those deployments.

So \$66 billion - or 75% of this request - is for troops. They need it - and they need it soon.

The remaining \$21 billion is to help the people of Afghanistan and Iraq secure their nations for freedom - so that they can get on a path to stability, self-government and self-reliance.

For Afghanistan, the President will reallocate nearly \$400 million in funds from existing accounts, and has requested an additional \$800 million to accelerate reconstruction efforts now underway.

This includes:

- \$300 million for roads, schools, clinics;
- \$400 million to train and support the Afghan National Army and the national police, border patrol and highway patrol;
- \$120 million to train demobilized militia and help them find jobs, and to support other private sector initiatives; and
- Nearly \$300 million to support rule of law, elections and other critical support for the Afghan government.

This support is in addition to the \$1.8 billion previously appropriated, and the \$5 billion that has

been pledged thus far by the international community.

As discussed by Ambassador Bremer before this Committee on Monday, the President has also requested \$20 billion for the U.S. contribution to support the Coalition Provisional Authority in Iraq- including \$15 billion to speed repairs to Iraqi's starved and dilapidated infrastructure, and \$5 billion to help Iraqis assume increasing responsibility for the security of their country-including training of Iraqi police, border guards, facilities protection services, a new Iraqi Army and a new Iraqi Civil Defense Corps, and for the Iraqi justice system.

The \$20 billion the President has requested does not cover all of Iraq's needs, which are vastly greater than this-nor is it intended to.

We expect that the international community to step up with additional contributions as well. Already, some 60 nations have made pledges or contributions of \$1.5 billion-and there are discussions with others, who have expressed an interest in contributing as well. A free and stable Iraq is in the world's interest.

The hope and intention is that over the coming years the bulk of the funds for Iraq's reconstruction will come from the Iraqis themselves-from oil revenues, recovered assets, international trade, and foreign direct investment. The funds the President has requested are designed to help Iraqis so they can generate the income, and security, necessary to rebuild their own country.

Our goal is to help the Iraqi people get on a path to self-reliance. The investments proposed are intended to help them do that.

Today, Iraq is not yet producing enough income to pay for essential services. The \$15 billion the President has requested to pay for urgent repairs to Iraq's infrastructure will, along with international contributions and Iraqi funds, help Iraqis begin generating the income necessary to eventually pay their own way.

Take oil, for example. Ambassador Bremer testified that Iraq will earn about \$2.5 billion in oil revenue in 2003-a substantial sum considering the dilapidated conditions of its oil infrastructure. With improvements to that infrastructure, Ambassador Bremer estimates that Iraq's oil revenue should grow to about \$12 billion next year, and should reach roughly \$20 billion by 2005.

Investments are needed in water, sewage, power and other essential services that were allowed to degenerate over three decades-starved of investment as Saddam Hussein built his palaces and weapons. These are critical not only to the lives of Iraqis, but also to Iraq's ability to attract foreign investors.

Iraq's interim leaders are already taking steps to make Iraq hospitable to trade and foreign investment. Last weekend, Iraq's finance minister announced sweeping reforms of Iraq's tax and foreign investment laws. The Iraqi economy will be open to foreign capital and investment, with 100% foreign ownership permitted in all sectors except natural resources. Tariffs on imports will be 5% across the board, except for necessities like food, medicine and clothing-which will be tariff-free.

It is safe to say that, with the implementation of these provisions, Iraq will have some of the most enlightened-and inviting-tax and investment laws in the free world.

But to attract foreign investment, Iraq must have more than just attractive tax and investment laws; it must also have a reasonable security environment.

This is why the President has requested \$5 billion to train Iraqis to help defend their country. This includes \$2 billion for public safety, including the training of an additional 40,000 police in the next 18 months; \$2 billion to train a new three-division Iraqi Army and an Iraqi Civil Defense Corps; and almost \$1 billion for the Iraqi justice system. All of these investments are critical to the efforts of General Abizaid, General Sanchez and their troops' efforts.

Helping Iraqis provide for their own security is critical. The investments the President is requesting are, in a real sense, a critical element of the Coalition's exit strategy. The sooner Iraq can generate income and defend its own people, the sooner U.S. and Coalition forces can come home.

As foreign investment begins to flow, Iraq's leaders can invest in reconstruction and other efforts to bolster the economy and create growth and prosperity-so that the Iraqi people can achieve self-reliance.

That is the goal. But reaching that goal requires investments now to restore critical infrastructure and basic services necessary to jump-start their economy. Iraq cannot make those improvements today without assistance from the U.S. and the international community. But the purpose of this assistance is to help Iraqis get on a path where they can rebuild their own country-so that they do not become permanent wards of the international community.

This is why the President has requested that the \$20 billion be granted, and not loaned. Iraq is a nation with considerable potential-water, oil, vast wheat and barley fields, biblical sites and great potential for tourism, and an educated population. But it also owes almost \$200 billion in debts and reparations.

Iraq is in no position to pay its current debt service, let alone take on more additional debt. If we want to encourage Iraqi self-reliance, so that Iraqis can fund their reconstruction and so that American troops can come home, it would not be helpful to saddle Iraq with more debt it could not reasonably be expected to repay.

What the President has requested is a \$20 billion investment in the future of Iraq. To put that in context, the Marshall plan after World War II cost roughly \$90 billion in today's dollars. Those investments helped transform a region that been a source of violent war and instability for centuries, and turn it into a place of peace, prosperity and mutually beneficial trade.

Today, in Iraq and Afghanistan, we have a similar opportunity to help nations that were sources of terror and war get on a path to becoming sources of freedom and moderation in a turbulent region. If we have the vision to do so, the people of the world will reap the benefits of that investment for generations to come.

Still, \$87 billion is a lot of money. And the American taxpayers deserve to know that it is being

spent wisely. So let me say several things:

I recently returned from Iraq and Afghanistan, as did Secretary Powell. He will tell you, as I will, that progress is being achieved in both countries.

Afghanistan is on the road to stability, democracy and self-government. After two years of training, the Afghan National Army has been fighting side-by-side with Coalition forces in our most recent anti-terrorist campaigns - Operations Mountain Viper and Warrior Sweep.

The central government is working to extend authority to the provinces. Together with Afghan authorities, the Coalition has deployed Provincial Reconstruction Teams (or PRTs) to four provinces, with four more on the way. Afghanistan faces challenges to be sure, but the progress has been measurable. The terrorist training camps are gone. Al-Qaeda is on the run. The Afghan people are liberated and the country is on the path to democracy.

In Iraq the Coalition forces also face real difficulties and danger-including the threat from regime remnants, and foreign fighters who are coming into the country to oppose the Coalition. What is remarkable is that, despite the significant dangers they face, the Coalition civil and military staff in Iraq has - in less than five months - racked up a series of achievements, in both security and civil reconstruction, that may be without precedent.

Consider a few of their accomplishments:

- In less than five months, virtually all major Iraqi hospitals and universities have been re-opened, and hundreds of secondary schools-until a few months ago most often used as weapons caches-have been rebuilt and were ready for the start of the fall semester.
- 70,000 Iraqis have been armed and trained in just a few months, and are contributing to the security and defense of their country. Today, a new Iraqi Army is being trained and more than 40,000 Iraqi police are conducting joint patrols with Coalition forces. By contrast, it took 14 months to establish a police force in post-war Germany-and 10 *years* to begin training a new German Army.
- As security improves, so does commerce. Some 5,000 Iraqi small businesses opened since liberation on May 1st. The independent Iraqi Central Bank was established and a new currency announced in just two months-accomplishments that took three years in post-war Germany.
- The Iraqi Governing Council has appointed an Iraqi cabinet of ministers-something that took 14 months in Germany.
- In all major cities and most towns and villages, Iraqi municipal councils have been formed-something that took 8 months in Germany.
- To date, the Coalition has completed some 8,000 civil affairs projects-with many more underway.

All this, and more, has taken place in less than five months. The speed and breadth of what

Ambassador Bremer, General Tom Franks, General John Abizaid, General Rick Sanchez, and the Coalition military and civilian teams have accomplished is impressive-it may be without historical parallel, whether compared to post-war Japan, Germany, Bosnia, or Kosovo.

These successes would not be possible without many months of preparation-planning that began before Operation Iraqi Freedom was launched. And they would not be possible without substantial international support and cooperation.

I keep hearing that the U.S. should not "go it alone." Well, the U.S. is not going it alone. There are, at this moment, some 25 nations in the Coalition Provisional Authority - it is a genuinely international operation. Moreover, there are currently 32 countries with troops in Iraq today.

These include: Albania, Azerbaijan, Bulgaria, the Czech Republic, Denmark, the Dominican Republic, El Salvador, Estonia, Georgia, Honduras, Hungary, Italy, Kazakhstan, Korea, Latvia, Lithuania, Macedonia, Moldova, Mongolia, the Netherlands, New Zealand, Nicaragua, Norway, the Philippines, Poland, Romania, Slovakia, Spain, Thailand, Ukraine, and the UK.

Portugal is at this moment preparing to deploy forces to Iraq. Of the 19 NATO nations, 11 have already committed troops to Iraq. We are currently in discussions with 14 other countries that have expressed possible interest in sending forces.

Do they equal our forces or financial contributions? No they do not. But do they represent a significant military commitment and a political commitment for those nations? Yes, they do. And we are, as we should be, deeply grateful for their contributions, their political courage, and their friendship.

The international forces in Iraq are extraordinary. Earlier this month, I met many of them when I visited the Polish Multinational Division in Babylon, which had just taken over from the Marines in the South-Central sector of Iraq. That division alone includes troops from 17 nations, with four more nations providing civil support-for a total of 21 countries.

Many were from nations that had only recently recovered their own freedom and independence-and were proud to be helping the Iraqi people recover theirs. It was an honor to meet them, and see their enthusiasm and their commitment.

In Afghanistan, NATO has just taken over command of ISAF-the Alliance's first mission outside of Europe in its history. I met with the new German commander of ISAF forces in Kabul. What they are doing is important for Afghanistan, and for the NATO alliance.

Between Iraq and Afghanistan, there are 49 countries with forces on the ground-with many others making important contributions in other ways. So this business that America is "going it alone" is not factual, plain and simple-it is false.

Finally, let me conclude by recalling why we are spending that money.

The *Wall Street Journal* recently tallied the costs to our country and economy, of the September 11th attacks.

They include:

- \$7.8 billion in lost income for the families of the more than 3,000 victims-money that would have gone to pay for braces and summer camps, schools and colleges.
- \$21 billion sent to New York City for direct damage costs.
- \$4 billion for the victims fund.
- \$18 billion to clean up the World Trade Center site.
- \$700 million to repair the Pentagon.
- As much as \$6.4 billion in reduced or lost wages and salaries for workers in New York industries.
- 1.3 million net jobs lost nationwide.
- \$150 billion in reduced GDP.
- \$50 billion in costs to the insurance industry.
- \$11 billion in lost business to the airline industry.
- The bankruptcy of two airlines, even after a \$15 billion federal bailout.
- \$38 billion in costs for new border security, protection against biological threats, and emergency preparedness.
- \$1.3 billion in costs to state governments for homeland security, and
- \$33 billion in spending by the private sector for new protective services.

Even assuming for some overlap, the 9/11 attack alone cost the American people literally hundreds of billions of dollars-and that is not counting the enormous price paid in lives, and the immense suffering of their families and loved ones-men and women from all walks of life, of all races and religions, and from most countries of the world.

If September 11th cost more than three thousand lives and hundreds of billions of dollars, it makes \$87 billion pale by comparison.

Our nation can afford whatever it needs to defend our people, our way of life and our vital interests. At the height of the Cold War, in the Eisenhower and Kennedy years, we spent roughly 10% of GDP. The last time I was Secretary of Defense, in the 1970s, we spent roughly 5% of GDP on defense. Today, we spend a little over 3%-a great deal of money, to be sure, but a modest fraction of our nation's wealth.

Our job is to work to prevent another attack like the one we experienced on September 11th - before it happens. There is only one way to do so - by taking the battle to the terrorists, and those who give them support and sanctuary.

As President Bush told the UN yesterday, "events during the past two years have set before us the clearest of divides: between those who seek order, and those who spread chaos... between those who honor the rights of man, and those who deliberately take the lives of men and women and children without mercy or shame. Between these alternatives there is no neutral ground.... Because a coalition of nations acted... Iraq is free... [and] people are safer because an unstable aggressor has been removed from power."

To defend freedom in the 21st century, we need to root out the terrorists. We need to make clear to the world's terrorist states that defying 17 UN resolutions, filing false declarations with the UN, refusing to cooperate with UN inspectors, and refusing to disarm and prove to the world you have done so, has consequences. We need to help the now free people in Iraq and Afghanistan rebuild from the rubble of tyranny, and claim their places as responsible members of the community of nations.

A British author once declared: "If a nation values anything more than freedom, it will lose its freedom; and the irony is that if it is comfort or money that it values more, it will lose that too."

Is \$87 billion a great deal of money? Yes. But can we afford it? Without question. Because it is necessary for the security of our nation and the stability of the world-and because the price of sending terrorist a message that we are not willing to spend what it takes or do what it takes-that we value comfort or money more than freedom-would be far greater.

Thank you, Mr. Chairman.



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