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Speech

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Prepared Statement for the Senate Armed Services Committee

By Deputy Secretary of Defense Paul Wolfowitz, Washington DC, Thursday, May 13, 2004.

Mr. Chairman and Members of the Committee, I am happy to be here today to testify in support of President Bush's request for a \$25 billion reserve fund and to receive your input on the structure of this reserve.

The President's \$25 Billion Reserve Fund

The reserve fund we are requesting will provide an insurance plan so the Department of Defense (DoD) has adequate resources for both its core defense activities and its operations in Iraq and Afghanistan. It is critical to avoid any disruption in funding for our military forces.

The Department's plan had been to cash flow FY 2005 operations in Iraq and Afghanistan until a Supplemental budget request could be prepared by early 2005. Now, however, our higher projected troop levels increase the risk that certain accounts – especially Operation and Maintenance, Army -- would have difficulty cash flowing operations beyond the February-March timeframe in 2005. This reserve fund will eliminate that risk and provide a margin of safety.

The reserve fund would be used primarily for operation and maintenance (O&M) requirements, but a portion is expected to be used for force protection needs. Requirements are likely to include:

- Fuel for helicopters, tanks, and other vehicles.
- Transportation costs for movement of personnel and equipment in and out of the theater of operations.

- Equipment maintenance (such as lubricants, repair parts) and logistics supplies.
- Force protection needs such as individual body armor and up-armored HMMWVs.
- Continued momentum to achieve a more modular Army.

The Administration still anticipates submitting a supplemental appropriation request to Congress in early 2005 to fund incremental costs for contingency operations. It continues to be impossible to know what our total supplemental funding needs will be for FY 2005 -- particularly after the election in Afghanistan and after sovereignty is transferred in Iraq. Depending on the circumstances, we could face the need for either more or fewer troops – and more or less intensive operations.

The Coalition's Strategy to Achieve Victory in Iraq

Support of this request will ensure that our wonderful men and women in uniform have the tools that they need to continue winning the fight in Iraq, a victory that will also make our country more secure. America's commitment to success in Iraq was underscored again this past Monday during the President's visit to the Pentagon with his strong statement of support. As the President said, "The United States has a vital national interest in the success of free institutions in Iraq as the alternative to tyranny and terrorist violence in the Middle East. As we carry out this mission, we are confronting problems squarely, and we are making changes as needed."

Despite recent violence and at a time when so much attention is being focused properly on the abuses of detainees in Iraq, we need to continue to move forward on all fronts implementing the coalition's strategy to set conditions that will ensure a free Iraq that is stable and at peace with its neighbors. Our strategy involves three interdependent lines of operations to build indigenous Iraq capacity and transition responsibilities from the coalition to Iraq rapidly, but not hastily. While the lessons to be learned from the violent events of the past few weeks affect the way we pursue these three lines of operation, these are still the three key elements that will bring success in Iraq.

The first element involves building capable Iraqi security forces to achieve stability. Accordingly, we have redoubled our efforts to recruit, train, equip and, most importantly, mentor Iraqi security forces - Police, Iraqi Civil Defense Corps, Army, Border Police, and the Facilities Protection Service. Over the next few months our aim is to certify the ability of these forces, that they are ready to assume greater responsibilities from coalition forces. Similarly, through technical assistance and mentoring by U.S. prosecutors and judges of their Iraqi counterparts, we have been helping to build the capacity of the Iraqi

criminal justice sector.

The second element involves nurturing Iraq's capacity for representative, self-government with the aim of creating a government that the Iraqi people will feel is theirs and that moves us out of the position of being an occupying power. While many think that June 30 will be a magical date on which Coalition Provisional Authority (CPA) will suddenly transition all of its responsibilities to a new Iraq government, it is actually just one step in a process. Already, free Iraqis have been gradually assuming responsibility for governmental functions for quite some time. Many Iraqi ministries report to the Governing Council rather than the CPA. Iraq now has a functioning judiciary to provide equal justice for all. At the local and provincial levels, elected assemblies are up and running. When the Interim Government assumes office on June 30, its most important task will be to prepare the way for elections to establish the Transitional Government in January of 2005. That government in turn will be replaced by elections for a fully constitutional government at the end of 2005.

The third element involves the reconstruction of Iraq's infrastructure and the restoration of essential services that are providing better lives for Iraqis and putting people back to work. Iraq has tremendous potential. Iraq has well-educated and industrious people. It has fertile land and water resources, and it has abundant natural resources. Our strategy aims to put Iraq on course to realizing that potential and to setting conditions for Iraqis to reap greater prosperity in the future.

This strategy remains a valid guide to working through new realities and uncertainty about events after the Iraqis begin governing themselves. We have encountered intense armed resistance in recent weeks, but that does not invalidate our strategy. In fact, what the enemy fears most is that Iraqis will be in charge of their own country, and they will face what the key terrorist, Zarqawi, calls "suffocation."

The surviving hard-core elements of Saddam's regime have everything to lose from eradication of the old order and the prospect of being held to account for their crimes. They and the terrorists and foreign fighters with whom they make common cause are tough and ruthless killers, but they have no positive vision to offer Iraq – only fear and death and destruction. They are trying to destabilize the country before it has a chance to stand on its own feet. While we cannot inspire fear the way they do – and would not want to – we offer a hopeful vision of a new Iraq that the great majority of Iraqis look forward to. The transition to Iraqi sovereignty and elected constitutional government will eventually make the enemy's position untenable.

More Flexible Authorities

Regarding the special authorities that President Bush requested, I thank the Committee for its support of the Commander's Emergency Response Program (CERP). This has been a remarkably successful way of helping the people of Iraq and Afghanistan and gaining their support for our operations there.

I also thank you for providing "train and equip" authority to help us enhance the ability of Iraqi and Afghan military and security forces to combat terrorism and support U.S. and coalition military operations. In the past our military commanders have been hampered by the lack of a flexible funding authority that included security forces, especially in Iraq. As you move toward conference, I ask that you let us discuss with you the need to build on this important step by adopting the fuller authority that the President requested.

In closing, I want to thank all the wonderful men and women who wear the uniform of the United States of America, and particularly the nearly 140,000 in Iraq and more than 15,000 in Afghanistan serving on the front lines of the Global War on Terrorism. Words cannot adequately express how proud and how grateful we are for your service.

I also thank this committee for the strong support given to U.S. security and our military people in your FY 2005 National Defense Authorization Bill. The President's staff and the Department of Defense are still reviewing the details and will provide you our views shortly. We look forward to assisting you in achieving the best possible support for America's armed forces and our vital missions around the globe. Thank you.

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