

**Transcript of Remarks by Chairman Kent Conrad (D-ND)
at Senate Budget Committee Hearing on War Costs
February 6, 2007**

Opening Statement

I would like to welcome everyone to today's Budget Committee hearing on war costs.

I would like to particularly welcome our witnesses: Dr. Gordon Adams, Fellow at the Woodrow Wilson International Center for Scholars and former Associate Director of the Office of Management and Budget for National Security – welcome Dr. Adams; Dr. Michael Gilmore, the Assistant Director of the Congressional Budget Office and the head of CBO's National Security division – somebody who is very respected on these issues, we're glad to have you here; and Steve Kosiak, the Director of Defense Budget Studies at the Center for Strategic and Budgetary Assessments. I thank you all for your contribution to the work of the Committee.

I want to indicate that in addition to today's hearing on war costs, we expect to hear from the Secretary of Defense, Mr. Gates, on the question of war cost, as well as the overall defense budget.

The administration has been financing this war, not through the regular budget process, but as you know through a series of supplemental appropriations bills. We very much believe that these war costs ought to be considered in the regular budget process so they get the oversight that they deserve. To do the war funding the way the administration has been doing it avoids accountability and oversight. More spending, over \$10 billion a month, we think it's critically important that Congress conduct its oversight responsibility.

Let me be clear. We will provide our troops with everything they need for as long as they are in harm's way. I want to be crystal clear on that point. We will stand shoulder-to-shoulder with those who are supporting the resources that are necessary for our troops in the field. That is a responsibility that all of us on this Committee recognize. But we will also conduct the oversight that has been lacking because these provisions have not been in a budget request.

I want to at this moment commend my colleague who chaired this Committee previously for his vigorous insistence that these costs be included in a budget. Senator Gregg was a leader on this matter, is a leader on that matter, and I want to commend him for it.

The fact is that the Bush administration has not shown in its previous budgets the full cost of the war. At one point at the beginning of the war, the head of the Bush administration's USAID said, and I quote: "That's correct. 1.7 billion [dollars] is the limit on reconstruction for Iraq ... In terms of the American taxpayer contribution, that is it for the US. The rest of the rebuilding of Iraq will done by other countries and Iraqi oil revenues."

He couldn't have been more off the mark. We have already committed \$28 billion for Iraqi reconstruction and that does not count the money for their security forces.

At another point, in testimony before Congress, the Deputy Defense Secretary, Mr. Wolfowitz, said this: “The oil revenues of Iraq could bring between \$50 and \$100 billion over the course of the next two or three years... We’re dealing with a country that can really finance its own reconstruction, and relatively soon.” That prediction was also wrong.

And Secretary of Defense Rumsfeld was even more dismissive of predictions that the war could be costly. Here is the transcript of an interview on “This Week with George Stephanopoulos:”

Stephanopoulos: “What should the public know right now about what a war with Iraq would look like and what the cost would be?”

Rumsfeld: “...The Office of Management and Budget estimated it would be something under \$50 billion.”

Stephanopoulos: “Outside estimates say up to \$300 billion.”

Rumsfeld: “Baloney.”

Well it wasn’t baloney. We now know that the \$300 billion estimate doesn’t cover the cost of the war thus far. In fact, it was far below the cost of the war to this juncture.

Including the requests in the President’s budget released yesterday, the administration has now asked for a total of over \$520 billion in emergency funding – on top of the regular defense budget. That is more than 10 times the administration’s original war cost estimate.

To put this cost in perspective, the Iraq war is now approaching the cost of the Vietnam War. In 12 years of major involvement in Vietnam, we spent \$650 billion in today’s dollars. Less than four years after the invasion of Iraq, we are now considering a request that will bring the total cost of the Iraq war to more than \$500 billion. And that is without including the \$50 billion placeholder the President included in his budget for war costs in 2009. If we add Iraq and Afghanistan costs together, we are already well above the cost of the Vietnam War.

Unfortunately, Iraq has diverted resources from our effort in Afghanistan. The news from Afghanistan has been troubling and disturbing. The situation there looked like it was improving a few years ago, but now has deteriorated. We, I think, all understand the absolute necessity of prevailing in Afghanistan.

The budget also reflects those wrong priorities. Between what we have spent and what the administration has requested, Iraq has received three dollars for every dollar in Afghanistan. That is despite the fact that it was Osama bin Laden, based in Afghanistan, who attacked the United States and not Iraq led by Saddam Hussein.

The Bush administration’s cost estimate on the further build-up that he is calling for in Iraq has also been subject to question. The administration has indicated to us that the cost of the escalation in Iraq would be \$5.6 billion. Yet, last week, the Congressional Budget Office informed the committees that the “surge” would actually cost \$9 billion to \$27 billion depending on the duration of the escalation, because the administration was not fully accounting for the cost of all the support troops needed.

In addition to questions about the number of support troops needed for the President's plan, there are also questions about whether our troops lack the equipment needed to get their job done. Here was a *Washington Post* headline last week: "Equipment For Added Troops Is Lacking. New Iraq Forces Must Make Do, Officials Say." That is a serious matter. We should not be sending our troops into harm's way without the equipment that they need.

I see no indication that the President's budget plan will cover the cost that CBO has alerted us to.

I look forward to hearing our witnesses' thoughts on the costs of the President's proposals, and look forward to the chance for questions from the panel.

Question and Answers

Chairman Conrad Question:

Let me just indicate that we have a pattern here of the administration hiding the ball from the Congress and the American people on the cost of this war. It started at the beginning and it has continued right through. Until last year, they told us in every one of their budget submissions there was not going to be any cost to the war. Last year, they told us it was going to cost us \$50 billion and we're at \$163 billion and counting.

Now you tell us, Dr. Gilmore, that the so-called "surge," or the escalation, which the administration has told us is going to cost \$5.6 billion, you have told us that if it lasts a year, the more likely cost is \$20 to \$27 billion. Have I got that right? Is your estimate that a year-long additional deployment as called for in the President's plan would be in the range of \$20 to \$27 billion?

Dr. Michael Gilmore, Assistant Director of the Congressional Budget Office, Answer:

If the increase were extended to 12 months, including three-month build-up and three-month ramp-down, the total cost through 2009 that we estimate would be \$20 to \$27 billion. Now, our understanding of what the President's plan calls for at this point, which is a build-up hitting about 20 brigades in theater in May extending through August and then a ramp-down. The total cost through 2009 would be \$9 to \$13 billion, and in 2007 would be \$7 to \$9 billion, depending on the level of support forces.

Conrad Question:

Let me just say the President has told us consistently he is opposed to a time-line. It all sounds like a time-line to me. For 2008, he's calling for \$140 billion; for 2009 \$50 billion; in 2010 no money. If that is not a time-line I don't know what a time-line is. With respect to the escalation, the President is saying it is going to cost \$5.6 billion. If that is accurate, what could we conclude would be the amount of time this escalation would last, based on history of what these troop levels cost?

Gilmore Answer:

\$5.6 billion would be a shorter increase in forces than the four-month increase that we have estimated. We have seen none of the detail behind that \$5.6 billion. I have heard that \$2 to \$3 billion of it is associated with the Naval forces, the deployment of the additional carrier to the Persian Gulf and then covering for what that carrier would have done in the Western Pacific by having the Ronald Reagan sail and pick up the Kitty Hawk Air Wing.

Conrad Question:

Well that would make the estimate even further off because your estimate doesn't include Naval costs?

Gilmore Answer:

Our estimate excludes Naval costs so if it were really \$2 to \$3 billion, then it would be a surge that composed a length of a third of the one we looked at.

Conrad Question:

One third of how long?

Gilmore Answer:

It would just be a month or two, according to our estimates, which of course the department disputes.

Conrad Question:

When you hear the department say, well they are going to do this, but they are only going to have a troop level over and above the combat troops that are deployed of 10 or 15 percent in terms of the cost. What is your reaction to that based on your professional experience?

Gilmore Answer:

I don't understand it.

Conrad Question:

Do you believe it?

Gilmore Answer:

As I said, I don't understand it. We have asked for additional information. In fact, we met with the Army on January 25th. Unofficially, we received information which is consistent with the estimates that we made, in terms of the number of support forces, but obviously Secretary Gates is disputing that.

I can only point out, again, that our estimate is based on our understanding of Army planning. We do understand that. On historical experience -- and I am not talking about ancient historical experience, I am talking about recent historical experience -- I went through the force levels that occurred during the increase in forces to cover the Parliamentary elections. At that point, they had 20 brigades in theater, 189,000 forces. Our higher estimate would be 190,000 troops in the theater beginning in May when they hit 20 brigades. As far as I understand what the administration is saying at this point, they would say there would be 160 to 166,000 troops in theater in May, and that is just absolutely inconsistent with what we know of Army planning and what the administration

has executed in the past, and what the administration announced last November in terms of the needed support package for the forces that are going to be part of the rotation.

Conrad:

Let me just say in looking at this, it seems to me that the administration's claim is just not credible. It is not credible based on what the history has been, not only in this conflict, but other conflicts. It is not credible with respect to what we have seen in Iraq.

Additional Comments from Chairman Conrad

I have just been notified that Secretary Gates, who is scheduled to come before the Committee next Thursday, will not come before the Committee next Thursday. I just say that I find that very disappointing. We have serious issues that have been raised, and for the Secretary to now change what was a commitment to this Committee is just unacceptable to the Committee. I just want to make that very clear. This is an overwhelming driving element to this budget and for the Secretary, who was scheduled to come here next Thursday, this morning to tell us now he will not come, I just find unacceptable.

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The discrepancy between the testimony of the witnesses today and what the administration is telling us is so stark that I can understand why the secretary doesn't want to come up here and testify. But that is just not acceptable. We have gone through this war for four years, and no Secretary of Defense has come before this Committee to testify, and I think it is abundantly clear why not. Because they have played hide the ball -- with this Committee, with the Congress of the United States, with the people of this country -- on the true cost of this war. It is no longer arguable. It is very clear.

And I am going to ask this Committee, I am going to circulate a letter and ask on a bipartisan basis that we write to the Secretary insisting that he hold to his previous commitment to come before this Committee next week. Let me just say at the same time, I am researching sterner measures and we won't go further with that now until we find out what that research discloses. It is not acceptable to this Committee to have the Secretary of Defense refuse to come before this Committee and defend these numbers.

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I think it is essential, given the extraordinary cost associated with these requests the administration has made, that the Secretary himself come before this Committee. I don't think that is an unreasonable request. He had previously agreed to do so. It is just unacceptable for him to back out. I can tell you for too long secretaries of Defense have been bucking this to someone else. This Committee I think deserves to hear from the Secretary of Defense. The discrepancy between what he is saying the cost will be and the professional testimony of the nonpartisan Congressional Budget Office about what this cost will be are so sharply different that we simply must insist that the

Secretary of Defense come before this Committee and explain his intentions. That is something we are going to insist on. I hope that message is received.