

**Transcript of Remarks by Senator Kent Conrad (D-ND)
at Senate Budget Committee Hearing on the President's FY 2006 Defense Budget
with Deputy Defense Secretary Paul Wolfowitz, General Peter Pace, Vice Chairman of the
Joint Chiefs of Staff, and Under Secretary Tina Jonas, Comptroller
March 1, 2005**

I want to join the Chairman in first of all thanking you, Secretary Wolfowitz, General Pace, and Comptroller Jonas for being here today. It is very important for the deliberations of this Committee to have a defense panel before us and we appreciate very much your taking the time to come and make a presentation here.

I also want to join the Chairman, and through you, thank the men and women in uniform. I think every American is intensely proud of how you conducted yourselves at a time of great stress. I believe my state has the highest proportion of troops in Iraq. We are proud of each and every one of them. We recognize their sacrifice and their service, and again, through you, we want to express to them this nation's undying gratitude, whether one agrees with every element of the policy of the United States really shouldn't have a place with respect to how we regard the men and women who meet the call of this nation. That is an extraordinary thing that people do to answer this nation's call at a time of need.

I would just like to put a few things in perspective in my opening remarks and then we'll get to questions. And I want to thank the Chairman as well for holding this hearing. I put up this chart just to put in perspective where we are in terms of, in constant dollars, the defense budget of the country over an extended period of time. What this chart shows is, going back to 1953, coming off the Korean War, and the peak of the time of the Vietnam War, which was between \$400 and 500 billion in constant dollars. Then the Reagan defense buildup, which was just about \$500 billion in constant dollars. And now, this buildup which appears to be, if my eyesight is correct, the highest in real terms since the Korean War.

So we've got a trajectory here that I think we all understand. It's a result of the war in Iraq, the war in Afghanistan, it is the result of the war on terror. Those are the things that are pushing up this defense budget. It is where most of the increase in domestic discretionary spending has occurred. In fact, 91 percent of the increase in domestic discretionary spending is a result of the increases in defense, homeland security and the other responses to September 11 – the rebuilding of New York, the airline bailout, etc. The vast majority of the increase in spending that has occurred is in just those three areas.

I think the administration has been less than forthright with respect to what these costs would be. This is an interview with George Stephanopoulos in January of 2003 with the Secretary of Defense. The interviewer asked this question, "What should the public know right now about what a war with Iraq would look like and what the cost would be?"

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

The interviewer: "Outside estimates say up to \$300 billion."

The Secretary: "Baloney."

These are just the supplementals that we have had since that time. The supplemental in 2003 was \$79 billion. We had a total of supplementals in 2004 of \$112 billion, and this year \$82 billion. You add that up and we're approaching the \$300 billion that was described as "baloney."

Well, whatever the description, the harsh reality is this has cost us a lot, and it's going to cost us a lot more. And as I look at the budget, I don't see the President providing for these costs anywhere close to what most objective observers say the cost is going to be. We've got the supplemental now of \$82 billion. The Congressional Budget Office says that the expected cost is over \$380 billion [over the next 10 years].

And if I were to fault the administration, I would fault them for not really sharing with us in a clear way what the costs are going to be. I know people say, well it's hard to estimate the cost. Well, that's what a budget is about. It's like a family saying it's hard to estimate what our utility bill is going to be so we just leave that out of the family budget. Or it's hard to estimate how much we're going to eat out so we're going to leave that out of the budget. You know, we know the right answer is not zero past September 30 of this year, and yet that's where we are with the budget. So I would urge the administration to put in the budget what they think the real costs are going to be.

Let me go to the next slide. This is a quote again from the Secretary on February 12, 2004 before the Defense Appropriations Committee: "We've instituted realistic budgeting so that the department now looks to emergency supplementals for unknown costs of fighting wars and not to sustain readiness, as had been the practice previously."

But when we look at this budget, when we look at these supplementals, we see something other than that assertion. We see: \$5 billion for army modular force restructuring; \$2 billion for aid to foreign militaries; \$100 million for Jordan Special Ops training center; \$300 million for recruiting and retention; and, as much as \$3 billion of core Army operations and maintenance.

And I would say to you, Mr. Secretary, and through you to the Secretary of Defense, from a budgetary standpoint I think it is critically important that we have these ongoing expenses included in the budget itself, not in supplementals, because that will lead us down a road that is even more unsustainable than our current course.

With that, I look very much forward to your testimony. Mr. Secretary, you reminded me this morning that we first met in Indonesia almost 20 years ago. And I was very impressed by you then. As I have expressed to you before publicly, we appreciate all those who come forward and serve this nation and I say that to General Pace as well, who I have high regard for. Comptroller Jonas, thank you as well.