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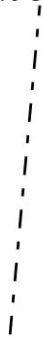
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Subject: TALKING POINTS: The President's Funding Request for Fighting the War on Terror
[Iraq FY04 funding FAQs FINAL.pdf](#)

The President's Funding Request for Fighting the War on Terror In Iraq and Afghanistan

Key Messages

- President Bush has called on Congress for \$87 billion in FY 2004 to fight the War on Terror in Iraq and Afghanistan and to carry out the three main objectives of the President's plan: improving security by aggressively hunting down the terrorists; expanding international participation; and helping these countries become free, democratic, and stable nations that reject terrorism.
- ***The Stakes are High in Iraq—the Central Front in the War on Terror—and Critical Work Remains in Afghanistan.*** Terrorists and regime remnants are making a desperate stand in these countries. The United States and our allies are confronting them where they live and seek refuge, rather than leaving terrorists in their safe havens to gather the strength and resources to attack us at home again.
- ***Our Troops Must Have the Resources Necessary to Win the War on Terror.*** The spending request will give our troops in Iraq and Afghanistan the equipment they need to stay on the offense, and increase their safety and security. It includes funding to replace equipment used or destroyed during combat operations, armored Humvees to better protect our forces, better housing for the troops deployed overseas, and enhanced pay reflecting the dangers and hardships they face.
- ***Stabilizing Iraq and Afghanistan Will Increase Our Security at Home and Help Win the War.*** These countries have been mismanaged by oppressive rulers and ravaged by war for decades, becoming a training ground for al-Qaida and other terrorist organizations. The sooner freedom and democracy take root in Iraq and Afghanistan, the sooner these countries will cease to be safe havens for terror groups – and the safer America and the world will be.

Key Facts

- The costs of fighting the War on Terror are significant but less as a percentage of the overall economy than previous conflicts in American history. According to a recent analysis by USA Today, the cost of fighting the war in Iraq amount to approximately 0.5% of Gross Domestic Product, compared with 130% for World War II and 15% for the Korean War.
- The \$87 billion request for Iraq and Afghanistan is less than 4% of the entire federal budget next year – yet critical to our efforts to win the War on Terror.
- Initial estimates of Iraq's total needs range from \$50-75 billion. The Administration believes that \$20 billion represents the United States' reasonable share of the cost, and expects the rest of the costs to be filled by the international community and Iraq's own resources. U.S. funds will be carefully targeted to immediate security needs, as well as a reasonable share of the critical infrastructure priorities like electricity, oil production, and water.
- Iraqi oil revenues are estimated to total approximately \$12 billion in 2004 and \$19 billion in each of 2005 and 2006. The President's request assumes that these revenues will cover recurrent Iraqi budget costs, as well as funding some infrastructure investment costs in 2005 and 2006.
- President Bush has held the line on non-defense spending growth. In 2001, the last budget before President Bush took office, non-defense spending grew by nearly 15%. He cut that growth rate to 6% in 2002, less than 5% in 2003, and 2% in 2004 – while providing funding for key security and domestic priorities.
- Today's deficits are larger than anyone wants, but they are still less than 5% of GDP and are manageable if we put them on a steady downward path through strong economic growth and responsible spending restraint. The President's budget does precisely that, halving the deficit from its peak within five years.

Frequently Asked Questions about the President's Funding Request

Why can't we just provide the resources for the troops and let the Iraqis pay for their own infrastructure?

Iraq suffered from decades of corruption and mismanagement by Saddam Hussein and his cronies. While he built dozens of lavish palaces for himself and his family and funded weapons of mass destruction programs, he failed to invest in the country's critical infrastructure. As a result, Iraq is more than \$100 billion in debt and is unable to tap the full potential of its resources.

The stability and security of Iraq and Afghanistan is critical to winning the war on terror because, as free, democratic and stable countries, they are no longer breeding grounds for terrorists. And, the sooner we can help secure the transition to democracy and create conditions for economic investment and growth in both Iraq and Afghanistan, the sooner these countries will cease to be appealing havens for terrorists and the safer America will be. Also, as Iraq rebuilds its economy and infrastructure, it will be able to assume more of the costs on its own.

Why is rebuilding Iraq costing more than the Administration said it would? Has the Administration been honest about the costs of this war with the American people?

Iraq under Saddam Hussein was one of the most tightly controlled and secretive societies in the world. Until the country was liberated, it was difficult to accurately estimate exactly how much internal damage or neglect had been suffered by everything from the electrical grid to the water and sewage systems. In addition, rebuilding efforts have been hampered by remnants of the Iraqi regime and foreign terror groups who have consciously targeted the Iraqi infrastructure for sabotage in an effort to destabilize the country. Coalition forces will not let them win and will see

the stabilization effort through to success.

Before the war, OMB and DOD officials said that the cost of the war in Iraq would be in the \$50-60B range. Between the President's \$87B request and the original supplemental for the war, the total cost will be close to \$160B. Where did the money from the Administration's original \$62.5B request go?

The Administration's request earlier this year for a \$62.5B supplemental reflected a cost estimate of the initial 6-month phase of the invasion, liberation, and immediate stabilization of Iraq. That original request has turned out to be remarkably accurate. Of the original amount in the supplemental request, only about \$4 billion remains. Virtually all of the \$2.5 billion appropriated to the Coalition Provisional Authority for its operations has been committed.

What other countries are realistically going to contribute to the reconstruction effort? What are our expectations for the Madrid donor conference?

We expect the many members of the international community -- as well as international financial institutions and organizations, such as the United Nations -- to be significant donors. We have been in discussions with these donors individually and collectively as we plan for the conference. They, like the United States, will be reviewing needs assessments being prepared by the UN, World Bank, and IMF as they determine their level of contribution.

What is our exit strategy in Iraq?

President Bush told the American people after 9/11 that we would confront the threats to our nation before they reached our shores, and our troops are performing that vital task right now. They are also liberators, not occupiers, who are bringing freedom to an oppressed people and helping the Iraqi people to build a new government that could help to foster peace and stability in the region.

The President has outlined a plan for fulfilling our mission in Iraq with three main objectives: improving security by aggressively hunting down the terrorists; expanding contribution of the international community beyond the more than 40 countries currently participating; and accelerating efforts to transfer power and responsibility to the Iraqi people. Progress in meeting these objectives will help determine when U.S. troops can leave, and we are making progress.

Does the U.S. have enough forces in the region to accomplish the mission?

In the professional judgment of the U.S. military commanders, the 130,000 U.S. troops currently in Iraq can carry out the mission given to them. The plan for the next year assumes the addition of one to two more multi-national divisions and greater participation of the new Iraqi Army.

What is the extent of international assistance on the military side?

There is one British-led multi-national division and one Polish-led multi-national division with elements from between ten and fourteen countries contributing to the Polish-led division. Thirty-one nations in total currently have troops deployed to Iraq. The plan is to have at least one more international division.

Can the United States afford this war and continue to do everything else the President called for?

We must do what is necessary to win the war on terror and keep Americans safe. Failure is not an option. The

costs associated with acting in Iraq and Afghanistan are significant, but they pale in comparison to the immeasurable costs – in life, property, and the economy – of the terrorist attacks of September 11. The President and Congress vowed to take the necessary steps to prevent that from happening again, and funding the War on Terror is needed to secure the safety of our citizens.

President Bush has laid out a pro-growth economic agenda that, coupled with restraining the overall growth of federal spending, will enable the federal deficit to be cut in half from its peak within 5 years.

The deficit is over \$500B and nearing 5% of GDP. Won't that harm the economy and simply shift the burden to future generations?

The current deficit is not hurting the economy. Interest rates remain near historic lows. And the budget – like America itself – is in solid shape considering the extraordinary strains placed upon it: a stock market fall that began in early 2000; a recession underway by early 2001; the revelation of corporate scandals; and, of course, the effects of the September 11 attacks and ensuing War on Terror.

Although today's deficits are larger than anyone prefers, they are manageable if we put them on a steady downward path through strong economic growth and responsible spending restraint. The President's budget does precisely that, halving the deficit from its peak within five years. President Bush has significantly cut spending growth outside of defense and homeland security needs. In 2001, the last budget before President Bush took office, non-defense spending grew by nearly 15%. He has cut that growth rate to 6% in 2002, less than 5% in 2003, and 2% for 2004.

The Administration has said repeatedly that we are at war, but America has never cut taxes during wartime. As war costs escalate, why not revisit the tax cuts?

The war costs in Iraq comprise less than 1% of the overall economy and less than 4% of the federal budget. The tax cuts helped to make the recession one of the shortest and shallowest in history and are helping to fuel an economic recovery and new job creation. Raising taxes is exactly the wrong thing to do during an economic recovery.

Why not just repeal the tax cut for the top income earners?

Two out of every three taxpayers in the top income tax bracket are small business owners who pay their taxes as individuals, and this group receives most of the benefits of the reduction in the top tax bracket. Since most of the new jobs in our economy are created by small businesses, cutting the top tax rate is a powerful way to encourage job creation. And, raising taxes on these small business owners would slow the economic recovery while only paying for a small fraction of the costs of military operations.

Why spend the \$87 billion on Iraq when it could go toward priorities at home, like education or health care?

Keeping America safe from another terrorist attack must be and is the number one priority of this Administration. The President's spending request for fighting the war on terrorism in Iraq and Afghanistan is a short-term investment that will pay big dividends in securing the safety and security of America and the world.

The costs associated with acting in Iraq and Afghanistan pale in comparison to the immeasurable costs – in life,

property, and the economy – of the terrorist attacks of September 11. Thousands of Americans lost their lives. Thousands lost their jobs, the stock market closed for days, airlines were grounded, and the travel industry was hit hard. Studies suggest that the economic cost of 9/11 was in the hundreds of billions of dollars. One study even estimated the cost to the economy at well over \$2 trillion.

At the same time, this Administration is committed to meeting other needs at home, and the President's budget calls for funding those priorities. While \$87 billion for the war on terror in Iraq and Afghanistan is a significant request, it is a one-time budget request for 2004 and represents less than 4% of the entire budget next year.

In the first war supplemental, the President sought and Congress provided an additional \$4B for homeland security needs. Why did the Administration not include additional homeland security funds in this request?

President Bush has proposed more than doubling homeland security spending from pre 9/11 levels of \$16.2B to \$34.6B in FY04. Unlike the short-term funding requested for the Department of Defense's activities in Iraq and Afghanistan, funding for homeland security is now a permanent part of the regular budget of the government.

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Prepared by the White House Office of Communications

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