

**Draft Version of Ambassador Bremer's Statement
to the Senate Armed Services Committee
September 25, 2003**

Mr. Chairman and members of the Committee, thank you for this opportunity to discuss the President's supplemental request.

Before I begin, I want to pay tribute to the men and women of our armed services. Leading a coalition, our armed forces delivered a military victory without precedent.

In roughly three weeks they liberated a country larger than Germany and Italy combined. And they did so with forces smaller than the Army of the Potomac.

Our armed forces accomplished all this while absorbing and inflicting minimal casualties. Iraqis understood that we tried to spare the innocent.

Mr. Chairman, I know that you and all Americans hate waking up to hear a newscast that begins, "Last night another American soldier was killed in Iraq..." I am among the first to know of those deaths and no one regrets them more than I do.

But these deaths, painful as they are, are not senseless. They are part of the price we pay for civilization, for a world that refuses to tolerate terrorism and genocide and weapons of mass destruction.

Those who ambush Coalition forces, who set the truck bombs, are trying to thwart constitutional and democratic government in Iraq. They will win some battles, but they are going to lose their war with history.

President Bush's vision provides for an Iraq made secure through the efforts of Iraqis. It provides for an Iraqi economy based on sound economic principles and bolstered by a reliable infrastructure. And finally, the President's plan provides for a democratic and sovereign Iraq at the earliest reasonable date.

If we fail to recreate Iraq as a sovereign democracy sustained by a solid economy we will have handed the terrorists a gift.

We must deny terrorists them the gift of state sponsorship, which they enjoyed under Saddam, and must deny them the chaos such as they thrived in during the 1980s in Lebanon.

But creating a sovereign, democratic, constitutional and prosperous Iraq deals a blow to terrorists. It gives the lie to those who describe us as enemies of Islam, enemies of the Arabs and enemies of the poor.

That is why the President's request has to be seen as an important element in the global war on terrorism.

Our national experience teaches us how to consolidate a military victory.

We did not have that experience we emerged victorious from World War I. Many had opposed the war and wanted to solve problems at home. We won the war and did not consolidate the peace.

We know what happened. Extremism, bred in a swamp of despair, bankruptcy and unpayable debts, gave the world Fascism in Italy and Nazism in Germany—and another World War.

After that conflict we showed we had learned that military victory must be followed by a program to secure the peace.

In 1948 the greatest generation responded with the boldest, most generous and most productive act of statesmanship in the past century—the Marshall Plan.

When Secretary of State George C. Marshall first described the Marshall plan he laid out some truths that resonate today.

“Its purpose,” Marshall said, “should be the revival of a working economy... so as to permit the emergence of political and social conditions in which free institutions can exist.”

The Marshall Plan, enacted with overwhelming bipartisan support, set war-torn Europe on the path to the freedom and prosperity which Europeans enjoy today. After a thousand years as a cockpit of war Europe became a cradle of peace in just two generations.

The grants to Iraq the President seeks bespeak grandeur of vision equal to the one which created the free world at the end of World War II.

Iraqis living in freedom with dignity will set an example in this troubled region which so often spawns terrorists. A stable peaceful economically productive Iraq will serve American interests by making America safer.

There are some things I would like to point out about this supplemental request:

- We have a definite plan with milestones and dates.
- No one part of the supplemental is dispensable and no part is more important than the others.
- This is urgent. The urgency of military operations is self-evident. The funds for non-military action in Iraq are equally urgent. Most Iraqis welcomed us as liberators. Now the reality of foreign troops on the streets is starting to chafe. Some Iraqis are beginning to regard us as occupiers and not as liberators. Some of this is inevitable, but faster progress on reconstruction will help.

The link to the safety of our troops is indirect, but real. The people who ambush our troops are small in number and do not do so because they have undependable electric supplies. However, the population's view of us is directly linked to their cooperation in hunting down those who attack us. Earlier progress gives us an edge against the terrorists.

- This money will be spent with prudent transparency. Every contract of the \$20 billion for Iraq will be competitively bid.
- That the money be granted and not loaned is essential. Initially, offering assistance as loans seems attractive. But once again we must examine the facts and the historical record. Iraq has almost \$200 billion in debt and reparations hanging over it as a result of Saddam's economic incompetence and aggressive wars. They cannot pay what they owe now, much less take on more debt.

The President's first priority is security and he has a three-element plan.

- Public safety—police, border enforcement, fire and a communications system to link them.
- National defense—a new army and civil defense system.
- Justice system—courts and prisons

This security assistance to Iraq benefits the United States in four ways.

First, Iraqis will be more effective. As talented and courageous as the Coalition forces are, they can never replace an Iraqi policeman who knows his beat, who knows his people, their customs, rhythms and language. Iraqis want Iraqis providing their security and so do we.

Second, as these Iraqi security forces assume their duties, they replace Coalition troops in the roles that generate frustration, friction and resentment—conducting searches, manning check points, guarding installations.

Third, this frees up Coalition forces for the mobile, sophisticated offensive operations against former regime loyalists and terrorists for which they are best suited.

Finally, these new Iraqi forces reduce the overall security demands on Coalition forces and speed the day when we can bring troops home.

Security is indispensable, but by itself is insufficient and cannot endure.

A good security system cannot persist on the knife edge of economic collapse. Saddam left behind an economy ruined not by our attacks but by decades of neglect, theft and mismanagement—he never once prepared a budget.

His ill-conceived and clumsily executed policies left Iraq with:

- an oil industry starved nearly to death by underinvestment,
- thousands of miles of irrigation canals so weed-clogged as to be almost useless, and
- an electrical system that can at best meet only two-thirds of demand.

The Iraqis must refashion their economy from the Soviet-style, command economy Saddam left them. That poor model was further hobbled by cronyism, theft and pharonic self-indulgence by Saddam and his intimates.

Important changes have already begun.

The Iraqi Minister of Finance on Sunday announced a set of market-oriented policies that is among the world's boldest.

Those policies include:

- A new Central Bank law which grants the Iraqi Central Bank full legal independence.
- Foreign firms may open wholly owned companies, including banks, or buy them. Foreign firms receive national treatment and have an unrestricted right to remit profits and capital.
- Tariff policy is simple. There is a two-year "reconstruction tariff" of five percent on most imports and the rest come in with no tariff.
- On October 15, Iraq will get a new currency, the New Dinar, which will float against the world's currencies.

The Iraqi Government has put in place these legal procedures for encouraging a vibrant private sector. But those policies will come to nothing if they do not rest on a sound infrastructure in a reasonable security environment.

We have made significant progress restoring these essential services. The widely predicted humanitarian crisis did not occur. There was no major flow of refugees. All of Iraq's 240 hospitals and 90 percent of its health clinics are open. There is adequate food and there is no evidence of epidemic. We have cleared thousands of miles of irrigation canals so that farmers in these areas have more water than they have had for a generation. Electrical service will reach pre-war levels within a month.

However, the remaining demands are vast, which is why most of the President's request for non-military assistance is for infrastructure programs.

On another front there is already good news. The democratization of Iraq, on which so much global attention is focused, is further advanced than many realize.

Encouraging a quick political transformation, we have laid out a clear, seven-step process leading to sovereignty. Three of the seven necessary steps have been completed:

1. An Iraqi Governing Council was appointed in July.
2. In August the Governing Council named a Preparatory Committee to recommend a mechanism for writing Iraq's new, permanent constitution.
3. Earlier this month the Governing Council appointed ministers to run the day-to-day affairs of Iraq.
4. The fourth step, writing a constitution, frames all that follows. The constitution will be written by Iraqis.
5. The constitution will be ratified by popular vote of the entire adult population.
6. After the constitution is ratified, elections for a new government will be held.
7. The final step will come after elections, when we transfer sovereignty from the Coalition to the new government.

Some, including members of the Iraqi Governing Council, suggest we should give full sovereignty to an Iraqi government immediately or very soon.

I firmly believe that such haste would be a mistake.

No appointed government, even one as honest and dedicated as the Iraqi Governing Council, can have the legitimacy necessary to take on the difficult issues Iraqis face as they write their constitution and elect a government.

The only path to full Iraqi sovereignty is through a written constitution, ratified and followed by free, democratic elections. Shortcutting the process would be dangerous.

As you examine the President's plan I am sure you will see that every part depends on every other part.

The need to protect the Coalition and the populace alike against terrorists and common criminals is obvious and indispensable.

All of this requires the help of Congress.

The United States must take the lead in restoring Iraq as a friend and democratic model. There is a donor conference in Madrid in late October. We must set the example for other nations of goodwill and work with them to avoid the near anarchy in which terrorists will feel right at home.

When we launched military operations against Iraq we assumed a great responsibility that extends beyond defeating Saddam's military.

We cannot simply pat the Iraqis on the back, tell them they are lucky to be rid of Saddam and then ask them to go find their place in a global market-- to compete without the tools for competition.

If, after coming this far, we turn our backs and let Iraq lapse into factional chaos, we will have sewn the dragon's teeth which will sprout more terrorists and eventually cost more American lives. Make no mistake. These requested funds represent an investment in America's national security.

You may think I exaggerate. I ask you to look at what happened in Afghanistan, another country which, after it was debilitated by decades of war and mismanagement became easy prey for the Taliban and al Qaida.

The reconstruction of Iraq may seem distant from American concerns today. Eight time zones and two continents separate the East Coast of the United States from Iraq. The West Coast is effectively half a world away.

Iraq only seems far away. Today Iraq is a focal point in our global war on terrorism. Failure there would strengthen the terrorists morally and materially.

Mr. Chairman and members of the committee we respectfully ask Congress to honor the President's supplemental request, which responds to urgent requirements in order to achieve the vision of a sovereign, stable, prosperous and democratic Iraq at peace with us and with the world.

Mr. Chairman, I welcome your questions.