



110th Congress

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110th Congress

May 24, 2007

Dear Republican Colleague:

When the Senate recessed for Easter, we emphasized that Democrats had failed to enact any of their much-touted “Six for ‘06” initiatives, due to the majority party’s lack of bipartisanship and cooperation. The Senate has just completed seven additional weeks of legislative session, but little has changed.

Instead, these past two months have been like “Groundhog Day,” dominated by hyperpartisan posturing and headline-seeking investigations, with very little progress on major legislative initiatives. Democrats have all but abandoned any real effort to send their “Six for ‘06” agenda to the president. Their focus has been all politics, all the time, while the practical challenges of governance have been ignored.

This partisanship has been most disappointing in relation to the war in Iraq. Congress’s role in a time of war is to ensure that our soldiers, sailors, and airmen have the resources they need to fight that war, but our colleagues have spent these past seven weeks playing politics with that funding. Democratic legislators wanted to micromanage the work of General Petraeus and set an arbitrary withdrawal date for American troops. They larded up the emergency war spending bill with unrelated domestic spending, and they even sneaked in a job-killing minimum wage increase that failed to protect small businesses. **Let us hope that Democrats’ tactical retreat in the face of public opinion also means that they recognize the folly of having legislators substitute their judgment for that of military leaders.**

While the Democrats continue to campaign on a partisan agenda, Senate Republicans remain committed to an aggressive agenda of reform. We will be promoting a national defense that gives Americans security from the terrorists; demanding fiscal responsibility and the elimination of wasteful Washington spending; working to preserve tax policies that help working families and encourage growth and opportunity; improving access to quality, affordable health care; developing an energy security plan that relies on both existing and alternative sources; and ensuring that immigration reform contains true border security and enforcement at the workplace.

We hope that our Democratic colleagues will use this next legislative period to advance a true legislative agenda, one focused on the public policy challenges of the day and not on politically motivated headlines. As we have throughout this Congress, Republicans are ready to cooperate to ensure that the priorities of the American people are addressed.

Handwritten signature of Jon Kyl in blue ink.

Jon Kyl
Chairman

Handwritten signature of John Cornyn in blue ink.

John Cornyn
Vice-Chairman

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Conference Chairman Kyl's staff has created a 35-page background document titled Key Facts: the United States and Immigration.

Conference Vice-Chairman Cornyn's staff has created a special briefing book on the war in Iraq titled Iraq: A Comprehensive Resource.

Your Legislative Director received a copy of these briefing materials earlier this week.



**IRAQ AND
\$\$\$\$ FOR TROOPS**

The Consequences to the Troops – and the Democrats – of Delaying Troop Funding for More Than 100 Days

Democrats' approval dropped as troops lacked critical armor and protection

For more than three months, Democrats refused to provide funding to our troops unless the legislation included a surrender date announcing to our enemies our intention of leaving Iraq, regardless of conditions on the ground. Democrats finally yielded to Republicans' firm stand against an arbitrary withdrawal, and our troops will finally receive the funding they need. However, this delay has had real consequences for the troops and for the Democrat majority.

- **Troops have been prevented from receiving the armor and equipment they need:** According to Defense Secretary Robert Gates, “the funding delay negatively impacts our forces in the field by needlessly delaying the accelerated fielding of new force protection capabilities such as the Mine Resistant Ambush Protected (MRAP) vehicle and counter-IED technologies developed and acquired by the Joint IED Defeat Organization (JIEDDO). Finally, the ongoing delay resulted in the depletion of funds necessary to accelerate the training of Iraqi security forces.” [Defense Secretary Robert Gates, Letter to Senator John McCain, May 9, 2007]
- **Democrats were blamed for not providing funding to our troops:** When asked who is more responsible for the troops not having funding, 44 percent blamed congressional Democrats, while 34 percent blamed President Bush. [CNN/Opinion Research Poll, May 4-6, 2007]
- **Approval of the Democrat-led Congress is down to only 29 percent:** The Democrat Congress has dropped from its 37 percent approval rating in February. Congress doesn't even receive the support of a majority of Democrats, with only 37 percent approval among members of its own party. [Gallup News Service, “Congress Approval Down to 29 Percent,” May 15, 2007]
- **The Democrats' legislative agenda has stalled:** According to the *Washington Post*, “Not a single priority on the Democrats' agenda has been enacted, and some in the party are growing nervous that the ‘do nothing’ tag they slapped on Republicans last year could come back to haunt them.” [*Washington Post*, “Democrats' Momentum is Stalling,” May 11, 2007]

Funding Delay Has Slowed Acquisition of Lifesaving Protection for Troops

Defense Secretary Robert Gates warned that delaying the supplemental funding legislation for our troops was restricting the acquisition of lifesaving Mine Resistant Ambush Protected [MRAP] vehicles. These MRAP vehicles are the best protection we can provide our troops against IEDs, the number one killer in Iraq. The Democrats' refusal to provide funding for more than three months has delayed the acquisition of this critical protection.

Mine Resistant Ambush Protected [MRAP] Vehicles — An Urgent Need

“Fielding this [MRAP] capability will save Marine lives and any delay in the acquisition process will result in avoidable and inexcusable injury or death of Marines and other forces.”

— Lt. Gen. James Amos, commander of Marine Corp Combat Development Command

“[T]he funding delay negatively impacts our forces in the field by needlessly delaying the accelerated fielding of new force protection capabilities such as the Mine Resistant Ambush Protected (MRAP) vehicle.”¹

— Secretary of Defense Robert Gates

Improvised Explosive Devices Are the Number One Killer in Iraq:

- Improvised explosive devices [IEDs] account for approximately 70 percent of U.S. casualties in Iraq.²
- According to audiotapes released in November 2004, Abu Musab al-Zarqawi ordered his followers to *“Block off all their main and secondary supply lines for these are their main arteries and ambush them along those routes for they are exposed and easy prey.”*

MRAPs Protect Troops From IEDs:

- MRAPs are armored vehicles that have reduced roadside bomb casualties in Iraq by as much as two-thirds.³
- MRAPs reportedly have a nearly 100 percent survival rate for troops who occupy them.
- *“These are literally lifesaving vehicles ... Simply stated, MRAPs are critical to the protection of our troops.”* — Senator Joseph Biden⁴
- *“It’s an extremely survivable vehicle. I guarantee it saves lives.”* Referring to a team of Marines who were riding in an MRAP that hit a roadside bomb and suffered only a blown tire, he added that, had the Marines been riding in a Humvee, *“they would all be dead.”* — Marine Staff Sgt. Tim Kessler⁵

The Need for MRAPs:

- Both the Army and Marine Corps have indicated that thousands of MRAP vehicles are their highest unfunded procurement need.⁶

¹ Defense Secretary Robert Gates, Letter to Senator John McCain, May 9, 2007.

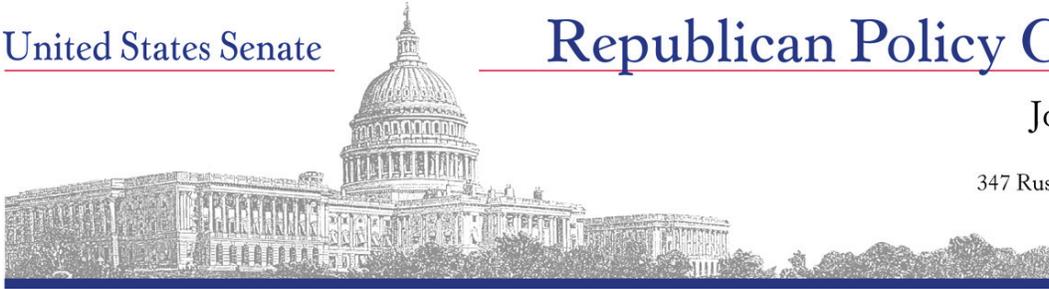
² Dear Colleague letter from Senator Joseph Biden, May 7, 2007.

³ AP, “Armored Vehicles for Iraq May Be Delayed,” Lolita C. Baldor, April 28, 2007.

⁴ Dear Colleague letter from Senator Joseph Biden, May 7, 2007.

⁵ AP, “Armored Vehicles for Iraq May Be Delayed,” Lolita C. Baldor, April 28, 2007.

⁶ InsideDefense.com, “Billions Needed for New Armored Trucks,” Jason Sherman, Feb. 16, 2007.



Jon Kyl, Chairman

347 Russell Senate Office Building
Washington, DC 20510
202-224-2946
<http://rpc.senate.gov>

December 4, 2006

The Consequences of Surrender in Iraq

Executive Summary

- The enemy in Iraq is comprised of both Sunni extremists, namely al Qaeda, and Shia extremists, such as terrorist sponsors in Iran; who both seek to fortify their influence in the region, and expand it beyond.
- Democrats have claimed that a recently declassified National Intelligence Estimate (NIE) concluded that the war in Iraq has “made the war on terror more difficult to win”—even though the terrorists see the war in Iraq and the war against terrorists as one in the same.
- The NIE *actually* concluded that, should jihadists be perceived to have failed in their efforts to undermine democracy in Iraq, “fewer fighters will be inspired to carry on the fight.”
- Thus, the terrorist influence can be prevented from growing if it is defeated in Iraq, which clearly counsels for staying in Iraq to secure in place an Iraqi government that can defend itself against jihadist influence.
- Yet, Democrats continue to push for the “phased withdrawal” of U.S. troops from Iraq without any regard for the ability of the government to govern, defend, and sustain itself.
- As the President contends, “If America were to pull out before Iraq can defend itself, the consequences would be absolutely predictable—and absolutely disastrous.”
- Iran and al Qaeda would be the greatest beneficiaries of a premature withdrawal. They would see it as a victory for political violence and their extremist ideology.
- Moderate regimes in the region would then similarly be threatened by extremist groups in their own countries who rely upon political violence, and by state sponsors of terrorism.
- The enemy would then have a base of operations, like Afghanistan under the Taliban was for al Qaeda—only this time with oil resources to draw upon.
- The terrorists would use this base and those resources to continue to export their extremist ideology and to target U.S. interests for attack—even if U.S. troops were no longer in Iraq or the region.

Introduction

Given the highly visible recent increase in violence and loss of life in Iraq, it is understandable that some are calling for the withdrawal of U.S. troops.¹ If the campaign promises and post-election statements of Senate Democrats are to be believed, the new Senate majority will attempt to “pressure the White House to commence the phased redeployment of U.S. troops from Iraq in four to six months,”² without any regard to the capability of the Iraqi government to govern itself, sustain itself, and defend itself.

The President contends that, “if America were to pull out before Iraq can defend itself, the consequences would be absolutely predictable—and absolutely disastrous.”³ This is demonstrably the case because the consequences can be gleaned from the statements of U.S. enemies, along with their past practice. The worst enemies of the United States would suddenly have a base of operations from which to expand their influence and continue to target U.S. interests—despite U.S. departure from Iraq. This paper will demonstrate that this is precisely the goal of the enemies, and it will examine the consequences of surrendering in Iraq before the mission of helping secure an Iraq that can govern, sustain, and defend itself is complete.⁴

The Enemy in Iraq: Both Sunni and Shia Extremists

The Sunni and Shia⁵ extremists who perpetrate violence in Iraq see, and accept, terror and violence as a legitimate tool of political discourse. Just like other actors in international politics, they direct their violence toward some political end. As the President has described, “They kill in the name of a clear and focused ideology, a set of beliefs that are evil, but not insane.”⁶

Sunni extremists (al Qaeda) seek a global caliphate.

For example, Sunni extremists, namely al Qaeda, have made clear that their goal is to establish a caliphate⁷ in the region, and expand it throughout the world. The President has pointed out how Ayman al-Zawahiri himself, commonly believed to be the second in command of al Qaeda after Osama Bin Laden, has proclaimed this to be the goal and outlined a strategy to attain it. That strategy relies on pushing U.S. and coalition forces out of Iraq, because the terrorists would use the vacuum created by an American retreat to gain control of Iraq. The terrorists would then use Iraq as a base from which to launch attacks against America, overthrow

¹ Part of the recent upsurge in violence correlates to the Muslim holy month of Ramadan, during which attacks, and casualties, in Iraq have historically increased precipitously. Major General William Caldwell, spokesman for Multi-National Force-Iraq, Operational Briefing, Oct. 12, 2006, available at http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=6380&Itemid=30 (“Historical trends tell us that the attacks will generally increase by 20 percent during this holy month of Ramadan.”)

² Carl Levin, Press Conference of the Senate Armed Services Committee Ranking Member, Nov. 13, 2006 (claiming that “most Democrats share [this] view”).

³ George W. Bush, Address to the American Legion National Convention, Aug. 31, 2006.

⁴ George W. Bush, Press Conference of the President, Oct. 25, 2006 (“The ultimate victory in Iraq [is] a government that can sustain itself, govern itself, and defend itself.”).

⁵ Iraq is approximately 60 percent Shia, and 35 percent Sunni, which itself is customarily broken out into 20 percent Sunni Arab and 15 percent Kurdish.

⁶ George W. Bush, Address to the Military Officers Association of America at the Capital Hilton Hotel, Sept. 5, 2006.

⁷ The word “caliph” is a title given to a Muslim leader, and literally means “successor” or “deputy.” Khaled Abou El Fadl, *Islam and the Challenge of Democratic Commitment*, 27 Fordham Int’l L. J. 4, 18 (2003). A caliphate is the jurisdiction of the caliph, namely the defined territory over which he exercises his leadership.

moderate governments in the Middle East, and try to establish a totalitarian Islamic empire that reaches from Indonesia to Spain.⁸ Al Qaeda employs terrorist tactics to establish this empire because it cannot accomplish this end through an open political dialogue.⁹

Shia extremists (Iran) seek regional domination and proclaim hatred for America.

Sunni extremists in Iraq are fighting for what Shia extremists already have in Iran—control of a state. Shia radicalism “is just as dangerous, and just as hostile to America, and just as determined to establish its brand of hegemony across the broader Middle East.”¹⁰ Similarly, their goal is regional domination. The words of Iran’s own leaders illustrate how their goal is to drive America out of the region and dominate the broader Middle East.¹¹

Just like al Qaeda, the leaders of Iran seek to attain this goal by violence, not by votes. According to the State Department, Iran remains the most active state sponsor of terrorism.¹² They fund, arm, and provide direct support and safe haven to terrorist groups, such as Hezbollah. Moreover, Iran directly targets Americans; as prior to the attacks of September 11, Hezbollah was responsible for more terrorist-related American deaths than any other organization. The leaders of Iran and Hezbollah have declared their hostility for America and their intention to target Americans, and they have successfully executed their threats in the past.

The extremists’ goal is to remake the world in their repressive image.

Islamic extremists will not quit their war against the United States even if the United States were to withdraw from Iraq immediately, because their aspirations do not end in Iraq or in the Middle East. Leaders of both extremist sects have plainly and openly stated that they will not rest until their ideological beliefs govern the world. For example, as the President has explained, these radicals “have declared their uncompromising hostility to freedom,” their intention to reject peaceful coexistence and compromise with others, and to subjugate all peoples under their vision of a unified, totalitarian Islamic state.¹³ As Abu Bakar, the spiritual leader of Jemaah Islamiyah, declared, “If the West wants peace, they’ll have to accept to be governed by Islam.”¹⁴ In his “Letter to America” in 2002, Osama Bin Laden stated that he wants the United States to withdraw completely from all of its global interests, convert to Islam, and completely change its society to conform to the dictates of the Koran. He then warned that if Americans “fail[ed] to respond to all these conditions, then [they should] prepare for [a] fight with the Islamic Nation.” Similarly, Hassan Nasrallah, the leader of Hezbollah, frequently proclaims that his goal is “death to America.”¹⁵ As former Speaker of the House Newt Gingrich has explained, this is a battle with an “irreconcilable wing of Islam.”¹⁶

⁸ George W. Bush, Sept. 5, 2006; George W. Bush, Address at the United States Naval Academy, Nov. 30, 2005.

⁹ George W. Bush, Sept. 5, 2006 (“[Al Qaeda] know[s] that given a choice, the Iraqi people will never choose to live in the totalitarian state the extremists hope to establish.”).

¹⁰ George W. Bush, Sept. 5, 2006.

¹¹ George W. Bush, Sept. 5, 2006.

¹² State Department Office of the Coordinator for Counterterrorism, Country Reports on Terrorism, p. 173 (Apr. 2006).

¹³ George W. Bush, Sept. 5, 2006.

¹⁴ Stephen J. Hadley, Remarks of the National Security Advisor to the Council on Foreign Relations, Oct. 18, 2005 (quoting Abu Bakar).

¹⁵ E.g., George W. Bush, Sept. 5, 2006 (quoting the terrorist leader).

¹⁶ E.g., Newt Gingrich, Prepared Remarks of the Former Speaker of the House to the House Permanent Select Committee on Intelligence Subcommittee on Oversight regarding the Status of the Office of the Director of National Intelligence, Oct. 19, 2005.

The President has cautioned that Americans ignore these warnings at their peril, as “history teaches that underestimating the words of evil and ambitious men is a terrible mistake.”¹⁷ Yet, President Bush has acknowledged that some American people “hear the terrorists’ words, and hope that they will not, or cannot, do what they say.”¹⁸ But the attacks of September 11 and World War II both demonstrate that the unthinkable mass murder of thousands of innocents in the name of an ideology is, in fact, a reality. Moreover, Afghanistan provides a practical example of how extremists would govern a state. As the President has described, Afghanistan under the Taliban, with the support of al Qaeda, was a “totalitarian nightmare”:

A land where women were imprisoned in their homes, men were beaten for missing prayer meetings, girls could not go to school, and children were forbidden the smallest pleasures like flying kites. Religious police roamed the streets, beating and detaining civilians for perceived offenses. Women were publicly whipped. Summary executions were held in Kabul’s soccer stadium in front of cheering mobs.¹⁹

The leaders of Iran similarly significantly restrict the political rights and civil liberties of citizens, including the ability to create a government representative of the citizens’ wishes.²⁰ It is the goal of the extremists, as found in their very words, to expand this type of governance throughout the world.

To expand their influence, the extremists must first drive the United States out of Iraq.

As the President has explained, “The Shia and Sunni extremists represent different faces of the same threat. They draw inspiration from different sources, but both seek to impose a dark vision of violent Islamic radicalism across the Middle East.”²¹ To attain that goal, al Qaeda, for example, must first drive the United States out of Iraq so that it can restore the safe haven it had in Afghanistan. Similarly, a Shia-dominated state in Iraq would create a formidable hegemonic axis between Iran and Iraq, which could use its combined power and influence to force its perverted vision of governance upon other countries in the region.

¹⁷ George W. Bush, Sept. 5, 2006.

¹⁸ George W. Bush, Sept. 5, 2006.

¹⁹ George W. Bush, Sept. 5, 2006.

²⁰ State Department Bureau of Democracy, Human Rights, and Labor, Country Reports on Human Rights Practices: 2005 (Mar. 8, 2006).

²¹ George W. Bush, Sept. 5, 2006.

U.S. Surrender in Iraq Has Tangible Consequences

Most Senate Democrats support a timeline for withdrawing troops from Iraq without regard to conditions on the ground there.²² Although such a departure may prevent the loss of life of U.S. troops in the short-term, the extremists have made clear that they will continue to target Americans for death until their extremist ideology governs everywhere. Secretary Rice has outlined the cost of failure in Iraq:

If we abandon the Iraqi people, before their government is strong enough to secure the country, then we will show reformers across the region that America cannot be trusted to keep its word. We will embolden extremist enemies of moderation and of democratic reform. We will leave the makings of a failed state in Iraq, like that one in Afghanistan in the 1990s, which became the base for al-Qaida and the launching pad for the September 11th hijackers. And we should not assume for one minute that those terrorists will not continue to come after the American homeland.²³

If U.S. troops leave Iraq before the government there can defend itself against the extremists targeting it, then the extremists will be able to displace the governing authority and have for themselves a foothold in Iraq from which to pursue their goals.

Al Qaeda and Iran will be the greatest beneficiaries.

Iran would be the primary beneficiary of a U.S. surrender in Iraq because it would be easier for Iran to assert what General Casey has described as Iran's "decidedly unhelpful" influence in Iraq. Iran is "using surrogates to conduct terrorist operations in Iraq, both against us and against the Iraqi people," and, through its covert special operations forces, is providing weapons, Improvised Explosive Device ("IED") technology and training to these surrogates, namely Shia extremist groups in Iraq.²⁴ It is similar to the relationship of support between Iran and Hezbollah; as one expert stated, "It's no accident that Iran's current ambassador to Iraq was formerly Tehran's liaison to the Lebanese terrorist group."²⁵ In this regard, if U.S. forces leave Iraq before the Iraqi government is capable of defending itself, Iraq will not be able to repel Iranian influence.

Similarly, as will be discussed later, al Qaeda would benefit from the failure of Iraq to be able to govern and defend itself because al Qaeda thrives in territory over which the central government does not exert governance, allowing al Qaeda to train and plan attacks unhindered. As General John Abizaid, Commander of United States Central Command, has cautioned,

²² 109th Cong., 2nd Sess., Record Vote No. 182, Jun 22, 2006 (rejecting S. Amdt. 4320 to S. 2766, FY07 Defense Authorization Bill, which, in part, called upon the President to submit "estimated dates" for the "phased redeployment" of U.S. forces from Iraq).

²³ Condoleezza Rice, Remarks of the Secretary of State to the 88th Annual American Legion Convention, Aug. 29, 2006.

²⁴ General George Casey, Press Conference of the Commander of Multinational Force-Iraq ("MNF-I"), June 22, 2006, available at <http://www.defenselink.mil/Transcripts/Transcript.aspx?TranscriptID=3752>.

²⁵ Michael Rubin, *Last Chance for Iraq?*, National Review, Sept. 11, 2006.

“Failure to stabilize Iraq could increase Iranian aggressiveness and embolden al Qaeda’s ideology.”²⁶

Moderate regimes in the region would be threatened.

Moderate regimes in the region would become threatened by extremist enemies of moderation and democratic reform because the departure of U.S. troops from Iraq before a viable government is in place would demonstrate that political violence works. Islamic extremists “target nations whose behavior they believe they can change through violence;”²⁷ whereas a critical element of the strategy in Iraq is to help ensure that the hopes Iraqis have expressed at the polls are translated into a secure democracy.²⁸

Democracies are defined by their peaceful transition of government, and when a democratically elected government is overthrown by force somewhere, it may embolden anti-democratic groups everywhere. Moderate regimes in the region, such as Saudi Arabia, Jordan, and Egypt, would rightly view the overthrow of a moderate regime by an insurgent force as a threat because such an event may embolden local insurgent populations. Moreover, states that sponsor such groups, like Iran and Syria, could view an insurgent success in Iraq as an event supporting their strategies and policies. As the President recognized, “each strain of violent Islamic radicalism would be emboldened in their efforts to topple moderate governments and establish terrorist safe havens.”²⁹

The enemy would have a base of operations, like Afghanistan was, only with resources.

Iraq would become a safe haven for terrorists, even more valuable than Afghanistan under the Taliban was for al Qaeda. If U.S. forces leave Iraq before Iraq is able to govern itself, any advances made to this point would come to an abrupt halt, and eventually regress to the point of state collapse, leaving in its wake a failed state. A failed state, like Afghanistan was under the Taliban, is unable to impose order or project sufficient authority over its own territory to make itself inhospitable to terrorist groups.³⁰ Failed states afford terrorist groups easy access to valuable commodities to help fund their activities, since such commodities are not fully under central government control. For example, a failed state in Iraq would leave the abundant oil resources of Iraq available to terrorist groups. In this regard, an anarchic Iraq would be even more valuable than Afghanistan was because of the tremendous oil resources that would be available to terrorist groups there.

The world already has an example of what terrorists do with their access to oil resources, as Iranian terrorist sponsors use the “resources to fund the spread of terror and pursue their

²⁶ General John Abizaid, Prepared Remarks of the Commander of United States Central Command before the Senate Armed Services Committee hearing on U.S. military operations in Iraq and Afghanistan, Nov. 15, 2006.

²⁷ George W. Bush, Address Commemorating Veterans Day, Nov. 11, 2005.

²⁸ George W. Bush, Address of the President to the Nation, June 28, 2005.

²⁹ George W. Bush, Sept. 5, 2006.

³⁰ Failed states are not necessarily state sponsors of terror in that they do not actively welcome or support terrorist groups, but they may serve as “attractive safe havens and staging grounds” for terrorist groups because the central government cannot make its territory inhospitable to terrorist groups. Susan E. Rice, *U.S. Foreign Assistance and Failed States*, Nov. 25, 2002, available at <http://www.brook.edu/views/papers/rice/20021125.htm>. At the same time, an abandoned Iraq may be susceptible to having its government taken over by factions sympathetic to al Qaeda or Iranian-supported Shia extremists, by which Iraq could then potentially become an active state sponsor of terrorism.

radical agenda.”³¹ Moreover, well-funded terrorists would “pursue and purchase weapons of mass murder,” just as Iran is doing now.³² A failed state of Iraq would provide “our worst enemies—Saddam’s former henchmen, armed groups with ties to Iran, and al Qaeda terrorists from all over the world—. . . a new sanctuary to recruit and train terrorists.”³³

The enemy would use this base to target the United States, even if the United States were no longer in Iraq.

There is little doubt as to how extremists with a safe haven awash in oil resources would use that asset, because, as was explained earlier, the extremists’ agenda in Iraq does not end with pushing the United States out; it is merely the first step in their continuing battle against the West.³⁴ Those who advocate withdrawing from Iraq seem to do so on the grounds that it will result in a safer America and less American loss of life. This is clearly not the case, because “if we leave, [the terrorists] will follow us.”³⁵ Their own statements and ambitions make this clear. While Americans may find the extremists’ desire to establish a worldwide caliphate unbelievable, it is not so to the Islamic extremists, who will fight their war against Western civilizations even if the United States were to withdraw completely from not only Iraq, but also the Middle East as a whole.

Indeed, these enemies must be defeated because they do not seek compromise with the United States. Democrats have put their own interpretation on a recently declassified National Intelligence Estimate to conclude that the war in Iraq has “made the war on terror more difficult to win”³⁶—despite the fact that the terrorists themselves see the war in Iraq and the war against Islamist terrorists as one in the same. The NIE, however, *actually* concludes that, should jihadists be perceived to have failed in their efforts to undermine democracy in Iraq, “fewer fighters will be inspired to carry on the fight.”³⁷ This clearly counsels that it is in the long-term national security interest of the United States to leave in place an Iraqi government that can defend itself against jihadist influence, rather than, as incoming Homeland Security Chairman Lieberman has aptly said, “abandon 27 million Iraqis to 10,000 terrorists.”³⁸

A Timeline for Withdrawal Emboldens the Enemy

The only tangible part of the Democrats’ plan for Iraq that the Administration is not already executing is either to require the phased redeployment of U.S. troops from Iraq over the

³¹ George W. Bush, Sept. 5, 2006.

³² George W. Bush, Sept. 5, 2006.

³³ George W. Bush, Aug. 31, 2006.

³⁴ For example, Ayman al-Zawahiri, commonly believed to be the second in command of Al Qaeda after Osama Bin Laden, in a letter to Abu Musab al-Zarqawi, Bin Laden’s designated leader of al Qaeda in Iraq at the time, stated that “the mujahedeen must not have their mission end with the expulsion of the Americans from Iraq.” The Director of National Intelligence announced the public release of this letter in a news release on October 11, 2005, which is available at http://www.dni.gov/press_releases/20051011_release.htm. The full text of the letter is available as a link to this press release.

³⁵ George W. Bush, Aug. 31, 2006 (quoting General Abizaid).

³⁶ 152 Cong. Rec. S10064 (daily ed. Sept. 25, 2006) (statement of Sen. Kennedy).

³⁷ National Intelligence Council, Trends in Global Terrorism: Implications for the United States, Declassified Key judgments of the National Intelligence Estimate (Apr. 2006).

³⁸ Joe Lieberman, *Our Troops Must Stay*, Opinion Journal, Nov. 29, 2005, available at <http://www.opinionjournal.com/editorial/feature.html?id=110007611>.

next four to six months, or require a timeline for withdrawal.³⁹ Either strategy sets the departure of U.S. troops according to some politically expedient timeline, rather than in relation to the ability of the Iraqi government to govern, defend, and sustain itself. In a different time, however, Senator Biden, in speaking about the intervention in Bosnia, cautioned against the dangers of setting “an artificial deadline” for the withdrawal of troops because that “would turn our troops into lame ducks as a given date approaches.”⁴⁰ That rationale is at least as compelling in Iraq as it was in Bosnia.

Even retired military personnel who are critical of the Administration have rejected the proposal to set a timeline for the withdrawal of U.S. troops from Iraq. On September 25, 2006, the Democratic Policy Committee held an “oversight” hearing on Iraq, inviting witnesses who have been publicly critical of the Administration’s policies in Iraq. During that hearing, in responding to a question about “the consequences of setting a time certain” to leave Iraq, Retired Army Major General John Batiste stated that “pull[ing] out of Iraq on some timeline . . . without finishing the work we started” would leave a “regional mess.” Army Major General Paul Eaton (ret.) cautioned that Iran would be “the greatest beneficiary” of such a withdrawal. Finally, Marine Colonel Thomas Hammes (ret.) concluded that a withdrawal would “create new and convenient sanctuaries for terrorists” in Iraq. He then listed the many “bad things” that would be available to terrorists in Iraq if the United States were to withdraw its troops, including his belief that this would “recreate Afghanistan for the terrorists.”⁴¹ Thus, even in a forum that was pre-arranged to be critical of the Administration’s Iraq policy, the witnesses rejected the Democrats’ main tangible proposal for an Iraq policy.

Conclusion

Given the change in leadership in the next Congress, along with the multiple internal and external reviews of Iraq policy taking place, it is likely the case that there will be some initiatives policymakers will have to grapple with in the near term. Whatever those recommendations are, they will not be on stone tablets. What is for certain, however, is that a U.S. withdrawal from Iraq before a government that can govern, defend, and sustain itself against the terrorists is in place only redounds to the benefit of extremists by providing them a base of operations with oil resources for their use in their continuing war against the West.

RPC Staff Contact: Michael Stransky, 224-2946

³⁹ One example of a Democratic “plan” for Iraq can be found in a letter from Congressional Democrat leaders to the President dated September 4, 2006, available at <http://democrats.senate.gov/newsroom/record.cfm?id=262426>. White House Chief of Staff Josh Bolten responded on behalf of the President to explain how three of the proposals in that letter “reflect[ed] well-established Administration policy,” and the fourth proposal, to begin the phased redeployment of U.S. troops from Iraq, was “dangerously misguided.” Response from the Chief of Staff Josh Bolten to a Democratic Letter, Sept. 5, 2006.

⁴⁰ Joseph R. Biden, *Bosnia: Why the United States Should Finish the Job*, SAIS Review, Vol. 18, no. 2, p. 1 (Summer/Fall 1998). Moreover, in his “Plan for Iraq,” <http://planforiraq.com/documents/pfi.pdf>, Senator Biden has stated that U.S. actions in Bosnia could be “illustrative” for U.S. policy in Iraq. This is a curious analogy, given the Democrats’ demand for the withdrawal of U.S. troops from Iraq. U.S. troops have been in Iraq for approximately one-third the amount of time U.S. troops were in Bosnia to create the peace Senator Biden uses as an “illustrative” example, but yet Democrats would like to pull U.S. troops out of Iraq before peace is established there.

⁴¹ Senate Democratic Policy Committee Oversight Hearing on the Planning and Conduct of the War in Iraq, Sept. 25, 2006, transcript available at <http://democrats.senate.gov/dpc/hearings/hearing38/transcript.pdf>.

Iraq Is The Central Front Of Al Qaeda's Global Campaign

(Excerpts from a 5/3/07 White House Document)

- **Osama Bin Laden: Baghdad is "the capital of the caliphate."** (Text Of Bin Laden's Audio Message To Muslims In Iraq, Posted On Jihadist Websites, 12/28/04)
 - **Bin Laden: "The most important and serious issue today for the whole world is this third world war ... raging in [Iraq]."** BIN LADEN: "I now address my speech to the whole of the Islamic nation: Listen and understand. The issue is big and the misfortune is momentous. The most important and serious issue today for the whole world is this Third World War, which the Crusader-Zionist coalition began against the Islamic nation. It is raging in the land of the two rivers. The world's millstone and pillar is in Baghdad, the capital of the caliphate." (Text Of Bin Laden's Audio Message To Muslims In Iraq, Posted On Jihadist Websites, 12/28/04)

Some news reports claim President Bush is overemphasizing al Qaeda's role in Iraq violence.

- **But General David Petraeus says al Qaeda is "probably public enemy number one" in Iraq:** "Secretary Gates noted the other day that al Qaeda has declared war on all Iraqis ... I think it is probably public enemy number one. It is the enemy whose actions sparked the enormous increase in sectarian violence that did so much damage to Iraq in 2006, the bombing of the Al Askari mosque in Samarra, the gold-domed mosque there, the third holiest Shi'a shrine." (Gen. David Petraeus, Press Briefing, The Pentagon, 4/26/07)
 - **Gen. Petraeus: "Iraq is, in fact, the central front of al Qaeda's global campaign."**
- **National Intelligence Estimate: "If such a rapid withdrawal [e.g., over 12-18 months] were to take place ... AQI would attempt to use parts of the country – particularly al-Anbar province – to plan increased attacks in and outside of Iraq ..."** (National Intelligence Council, National Intelligence Estimate: "Prospects for Iraq's Stability: A Challenging Road Ahead," January 2007)
- **Director of National Intelligence Mike McConnell: al Qaeda's "major effort is to prompt sectarian violence."** SEN. LIEBERMAN: "So my question is, is it not correct that we have concluded that one of the major goals of al Qaeda in Iraq is to stimulate the sectarian violence that some describe as a civil war? Is that correct?" ADM. MCCONNELL: "Yes, sir. I would agree with that. There has been some evidence that those in Pakistan and those in Iraq had some disagreements. But I would agree with exactly the way you described it – that the major effort is to prompt sectarian violence to keep the violence at an increasing level going forward." (Committee On Armed Services, U.S. Senate, Hearing, 2/27/07)
- **CIA Director Gen. Michael Hayden: "... I strongly believe [U.S. failure in Iraq] would lead to al Qaeda with what it is they said is their goal there, which is the foundations of the caliphate, and in operational terms for us, a safe haven from which then to plan and conduct attacks against the West."** (Committee On Intelligence, U.S. House Of Representatives, Hearing, 1/18/07)
- **Defense Intelligence Agency Director Gen. Michael Maples: "Al Qaeda in Iraq is the largest and most active of the Iraq-based terrorist groups."** "[Al Qaeda in Iraq] attacks against Iraqi government targets and coalition forces continue with a particular intent to accelerate sectarian violence and to destabilize Baghdad. ... Al Qaeda in Iraq continues to pose a regional threat and aspires to become a global threat." (Committee On Armed Services, U.S. Senate, Hearing, 2/27/07)
- **House Majority Leader Steny Hoyer (D-MD): "Al Qaeda obviously is a very significant presence [in Iraq] at this point in time."** (Rep. Steny Hoyer, News Conference, Washington, DC, 4/25/07)

Plan B? Let's Give Plan A Some Time First

*by Frederick W. Kagan
New York Times
May 6, 2007*

ONE of the most common criticisms of the current “surge” in Iraq is that its proponents have not developed a Plan B in case it fails. The skeptics liken this lack of a backup strategy to the Bush administration’s failure to plan for various contingencies after the initial invasion in 2003; they see a continuity of errors between previous strategies in Iraq and the new one.

In fact, the debate shows only how little the critics of the war understand about military operations. As one of the initial proponents of the surge, I argue that there is no Plan B because there cannot be one. The idea that there can be a single alternative strategy, developed now, just at the beginning of the surge, is antithetical to the dynamic nature of war. At this early stage, there are only possible general responses to various contingencies, which will become more focused as operations move forward.

The strategy now under way in Iraq — we are providing an increased number of American forces, working closely with Iraqi troops, to establish and maintain security in Baghdad as a precondition for political, economic and social progress — will change the situation in Iraq significantly, whether or not it succeeds in its aims.

In fact, it has already done so, and for the better: the rebel Shiite cleric Moktada al-Sadr has apparently fled to Iran; American and Iraqi forces have killed or captured more than 700 key leaders and allies of his Mahdi Army, causing the movement to fragment; sectarian killings in Baghdad in April were about one-third of the level in December.

There have been gains outside the capital as well. Nearly all of the two dozen or so major tribal leaders in Anbar Province have joined the new Anbar Salvation Council, which is committed to fighting Al Qaeda and other foreign terrorists; Prime Minister Nuri Kamal al-Maliki, along with his defense and interior ministers and national security adviser, met with these sheiks and the provincial council in Anbar’s capital, Ramadi, in March to discuss reconstruction; reports in the American press suggest that even some Sunni Baathist insurgents formerly allied with Al Qaeda are now fighting the foreign terrorists in Anbar and elsewhere.

On the political front, the tenor of the Iraqi government’s pronouncements has changed. Prime Minister Maliki and the commander of the Iraqi forces in the surge, Lt. Gen. Aboud Qanbar, have repeatedly declared a new commitment to establish security in a nonsectarian manner; in a 180-degree turnaround, Mr. Maliki has now permitted repeated strikes against senior Shiite militia leaders and sweeps of Shiite neighborhoods; and the government has publicly vowed to expel Shiite squatters from the houses of displaced Sunnis.

At the regional level, discussions have begun between Iraq and its neighbors, including the international conference held in Baghdad in March and last week’s regional conference at Sharm-el-Sheik in Egypt. Saudi Arabia pledged last week to forgive 80 percent of its loans to Iraq.

Some of these promising developments may yield permanent gains; others may offer false hope. But the thing to keep in mind — and the thing those calling for a Plan B seem to forget — is that they will proceed in unpredictable ways.

In mid-2006, for instance, the Marine commanders in Anbar had nearly given up hope for restoring peace to the province. Now the Anbari sheiks are sending their sons to join the local

police forces and take on Al Qaeda. In fact, so many young men have joined that the police forces in Ramadi and Fallujah are considered to be at “overstrength.” Many applicants in Anbar had to be turned away because they could not read or write, so the local government has set up literacy programs to prepare them to reapply.

This spring, 500 locally recruited policemen conducted a large-scale sweep through Ramadi, without direct American support. While a number of officers have been killed at their checkpoints by Al Qaeda’s suicide bombers, their efforts are having an effect: attacks in Ramadi are reported to have dropped to fewer than five a day on average, down from last year’s average of more than 20.

The point is that it is impossible to say with any confidence what Iraq will look like in the fall. Yes, many things might happen to derail the current plan. But each eventuality would require a different response.

Of late, the American military command in Iraq has been remarkably adaptive to the changing situation, responding to both good and bad events they occur. For example, the Qaeda forces driven from Anbar by the increasing animosity of the local leaders have sought new havens in places like Diyala Province. The two top American generals, David Petraeus and Ray Odierno, responded by quickly sending reinforcements to Diyala to prevent the terrorists from establishing new bases.

When Moktada al-Sadr called for fellow Shiites to demonstrate against the American surge last month, General Petraeus wrote an open letter to the Iraqi people pointing out that such demonstrations would not have been permitted under Saddam Hussein, and asking the demonstrators to avoid violence. In the end, the demonstrations were limited in scale and peaceful, and fears that Sunni terrorists would set off a wave of attacks on the protesters proved unfounded.

As we look ahead, two things are very clear. First, there can be no “do-over” — the various plans proposed in late 2006 as alternatives to the current strategy are extremely unlikely to be relevant in 2007. Any idea of reverting to the Iraq Study Group plan — which focused on pushing more Americans into training teams and pulling them out of the neighborhoods — will probably not make sense in August.

Second, it is very premature to evaluate the success or failure of the surge, since the third of five additional brigades has just begun operations and the other two will not be in place for weeks. The major clear-and-hold operations that are the centerpiece of the strategy have not yet begun in most parts of Baghdad. Military and political plans of this magnitude take months to work, and General Petraeus is right to say that we will not know if this one is working until the fall at the earliest. As the facts on the ground change, our military leaders and policy makers will consider new strategies to deal with them. This is the nature of war.

This is not the time to be rehashing strategies developed six months ago under very different conditions, or to be planning for the collapse of a strategy that has just begun. It is time, however, to consider the possibility that any Plan B in Iraq will focus on exploiting the success of the current surge rather than on mitigating a failure.

Frederick W. Kagan is a resident fellow at the American Enterprise Institute and a former professor of military history at the United States Military Academy.

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IMMIGRATION

BORDER SECURITY AND IMMIGRATION REFORM

Republicans Fight for Tougher Enforcement and an Immigration System That Better Serves American Interests

The Senate immigration bill contains a number of Republican priorities. If Republicans had not fought for these provisions, Democrats would have passed an automatic amnesty bill without any of the improvements and restrictions that Republican involvement has now guaranteed.

- ✓ **Beefed-up border security.** Republicans are insisting on dramatic and immediate improvements to border security, including 18,000 Border Patrol agents and 370 miles of fencing, as part of a continuous effort to protect the borders.
 - Republicans insist that border security improvements must be completed before other reforms can occur. *Democrats blocked any “triggers” in last year’s bill.*
- ✓ **Enforcement at the workplace.** Republicans are insisting on a meaningful, effective, and workable electronic employment verification system that will prevent employers from hiring illegal workers and eliminate the “magnet” that attracts so many illegal aliens.
 - This verification system must be fully operational before other reforms occur (another “trigger”), *a position Democrats rejected last year and resisted in negotiations.*
- ✓ **Merit-based future immigration system and an end to “chain migration.”** Republicans are insisting on eliminating future “chain migration” and transforming our immigration system so that all future efforts are focused on attracting those immigrants (and their immediate families) who have the combination of job skills, education, and English language proficiency that will make them productive Americans.
 - *Many members of the Democrat majority have resisted any effort to ensure that our immigration system be rebalanced to serve national needs.*
- ✓ **A truly temporary worker program.** Republicans insist that a temporary worker program be for a limited period of time and not serve as a path to citizenship. Temporary workers must truly be temporary.
 - *The Democrat majority continues to resist this approach, seeking to let “temporary” workers stay in the United States indefinitely and become permanent residents without going home. On May 21, more than half of Senate Democrats voted for a Dorgan amendment to strike the temporary worker program from the bill.*
- ✓ **Limits on processing of illegal aliens.** Majority-party Democrats made legalization of illegal aliens a non-negotiable priority, but ***Republicans refused to allow automatic amnesty or a guaranteed path to citizenship for illegal aliens.*** Republicans insist that all green card applicants must (1) wait for the backlog of legal applications to be cleared first, (2) pay higher fines than in last year’s bill, (3) pass a criminal background check, and (4) show a nearly perfect work history, English proficiency, and familiarity with American civics. ***If they cannot do so, they will be subject to removal.*** Republicans also insist that access to permanent status be prioritized based on immigrants’ job skills, education, and English proficiency.
 - Due to Republican efforts, illegal aliens will not gain an automatic right to stay in this country indefinitely.

Highlights of the Secure Borders, Economic Opportunity, and Immigration Enforcement Act of 2007

Border Security

The bill contains new border security and workplace-enforcement benchmarks that must be satisfied before any temporary worker program can go into effect or before any Z visa can be issued (see below). Those benchmarks include:

- 18,000 border patrol and immigration enforcement agents must be hired.
- 370 miles of border fencing must be built.
- 200 miles of vehicle barriers must be completed.
- 70 ground-based radar and camera towers on the southern border must be operational.
- 4 unmanned aerial vehicles must be deployed.
- 27,500 detention beds must be available so that apprehended aliens can be detained.

Workplace Enforcement through an Electronic Employment Verification System

Employers will be required to verify the work eligibility of all employees using an electronic employment eligibility verification system. This system will be coordinated with the Department of Homeland Security (DHS) and the 50 states and will enable an employer to quickly verify that new employees are legally authorized to work in this country. The DHS will be able to share information with the Social Security Administration to prevent the illegal use of others' social security numbers.

The bill includes tough sanctions on employers who continue to hire illegal aliens, including fines of \$5,000 per illegal worker for a first offense and up to \$75,000 per illegal worker for multiple offenses. When fully implemented (estimated to be 18 months), no illegal alien should be able to gain legitimate employment in the United States. This new verification system must be fully operational before the temporary worker program can go into effect or before any Z visa can be issued (see below).

Merit-Based Future Immigration System and an End to “Chain Migration”

The bill would create a new merit-based “point” system to select future immigrants based on skills, education, and other attributes that further our national interests including the ability to speak English; level of schooling, including added points for training in science, math, and technology; job offer in a specialty or high-demand field; employer endorsement; and family ties to the United States. Each year, those with the most points will be given green cards and will be able to bring only their immediate families.

To ensure the integrity of this new merit-based immigration system, the current system of “chain migration” will end. Currently, nearly two-thirds of green cards are awarded to relatives of U.S. citizens. Future immigrants will be able to bring their spouses and minor children (with a 40,000 annual cap on the number of parents of U.S. citizens who can be migrated), but siblings, cousins, and other extended relatives will be required to qualify on their own through the merit-based “point” system.

There is a significant backlog of current applications for green cards. This bill will ensure that family members who have already applied legally and have lawfully waited their turn in line will receive their green card within 8 years.

Truly Temporary Worker Program

The bill will create a temporary worker program to fill jobs Americans are not doing. To ensure this program is truly "temporary," workers will be limited to three two-year terms, with at least a year spent outside the United States between each term.

U.S. employers seeking temporary workers must advertise the job in the United States at a competitive wage before hiring a foreign worker. Temporary workers will be allowed to bring immediate family members only if they have the financial ability to support them and they are covered by health insurance (although workers with families will be limited to a single two-year term).

The number of temporary workers will be capped at 400,000 but can be adjusted in the future depending on demand and the domestic unemployment situation. A separate seasonal agriculture program will be created within the temporary worker program.

Temporary Legalization of Illegal Aliens With No Automatic Path to Citizenship

The bill will provide an opportunity for legalization for those illegal aliens who have maintained continuous physical presence in the country since January 1, 2007. First, illegal aliens who apply will be given probationary status that is expected to last at least 18 months. Second, after the border security and enforcement benchmarks have been met, those with probationary status who wish to remain will be required to pass a background check, remain employed, maintain a clean criminal record, pay a fine, and receive a counterfeit-proof biometric card to apply for a work visa or "Z visa." That Z visa will be renewable every 4 years, but only if the worker can prove he has been working nearly continuously for the previous 4-year period, that he is proficient in English, and that he has been educated in American civics.

After at least 8 years in the Z visa category, persons will be eligible to apply for a green card, but only after paying an additional fine, completing accelerated English requirements, and returning to their home country to file their green card application. The processing of green card applications will be prioritized based on merit and should be completed within 5 years (at least 13 years from now). It will take approximately 5 additional years for a green card holder to become a citizen.

Accelerated Assimilation for Immigrants

The bill will declare that English is the "common language" of the United States and call on the United States government to preserve and enhance it. It will also enact accelerated English requirements for many immigrants. The existing illegal alien population will be not be able to renew their Z visas without learning English. For the future immigrants who must qualify under the merit-based point system, more points will be given depending on the level of proficiency in English.

In addition, the DHS Office of Citizenship will be expanded to include coordinating assimilation efforts in its mission, and the secretary of education will make an English instruction program freely available over the Internet.

Republican Contributions to Immigration Bill Cause Heartburn on the Left

“Liberals ... are unhappy with the proposal because it makes a far-reaching change in the immigration system that would admit future arrivals seeking to put down roots in the U.S. based on their skills, education levels and job experience - limiting the importance of family ties.” [AP, “Kennedy Defends Immigration Bill,” May 18, 2007]

- “Without a real path to legalization, the program will exclude millions of workers and thus ensure that America will have two classes of workers, only one of which can exercise workplace rights.” *John J. Sweeney, President, AFL-CIO*
- “It is not an understatement to say this is an incredibly radical change. It has been the basis of the immigration system. It is not a small matter to dismantle that. It hadn’t been the subject of the bill because that element was added by the White House in a back room.” *Cecilia Munoz, chief lobbyist for the National Council of La Raza*
- “The Senate immigration reform compromise is unacceptable. Family reunification has been the cornerstone of our nation's immigration policy since 1965, when the U.S. government replaced discriminatory quotas that excluded Asian immigration for generations.” *Asian American Legal Defense and Education Fund (AALDEF)*
- “We say no to this deal. We already know that there are provisions that are completely unacceptable.” *Chung-Wha Hong, executive director of the New York Immigration Coalition*
- “The deal, as announced, would eviscerate family-based immigration, institute a radically new, untested ‘merit’ system, provide inadequate numbers of green cards, and preclude a meaningful path to permanent residence for new temporary workers.” *American Immigration Lawyers Assoc.*
- “Immigrant Rights Groups Condemn New Senate Proposal to Overhaul Nation's Immigration Laws” *DemocracyNow.org press release*
- “We find the elimination of the family immigration system, the creation of a new temporary worker program that would create a permanent underclass of workers with few rights and no ability to become citizens, and the limitations on due process to be anti-family, anti-worker and fundamentally un-American.” *Colorado Immigrant Rights Coalition*
- “U.S. Senator Byron Dorgan (D-ND) said Thursday he will offer an amendment to strike the guest worker provision that apparently will be included in the immigration legislation announced earlier in the day. The provision says the number of guest worker visas each year would be limited to 400,000, but that cap would be increased depending on demand.” *U.S. Senator Byron Dorgan, Press Release* (*On May 21, more than half of Senate Democrats voted for this amendment.)
- “It's [the bill's guest worker program] also disruptive of families. You know, we're about families and family values and having people coming and going, taking their children out of school or being separated from them ... We should try to fashion something that recognizes the reality of life ... I have serious objection to the point system that is in the bill now.” *Nancy Pelosi, ABC News' “This Week”*
- “Without modifications, the proposed bill could devalue the importance of family reunification, replace the current group of undocumented immigrants with a new undocumented population consisting of guestworkers who will overstay their visas, and potentially drive down wages of American workers. We may need a new worker visa to bring in people at all levels of our economy, but these workers should not be forced out of our country or into hiding after two or three years if they prove themselves worthy of an opportunity to stay and join the American family.” *Sen. Barack Obama, Press Release*

U.S. Immigration Preference System¹

- The Immigration and Nationality Act generally provides an annual limit of 675,000 legal permanent residents (LPRs) who can be admitted to the United States annually.
- The annual limit on LPRs, however, is flexible, and certain categories of permanent residents are permitted to exceed the limits.
- The U.S. immigration system is based on preference. Visas are distributed based on either family-sponsored or employment preferences.

General Breakdown of Worldwide Limit:

- Generally, the worldwide annual limit is comprised as follows:
 - 480,000 family-sponsored immigrants, including immediate relatives of U.S. citizens and family-sponsored preference immigrants (plus certain unused employment-based preference numbers from the prior year);
 - 140,000 employment-based preference immigrants (plus certain unused family preference numbers from the prior year);
 - 55,000 diversity immigrants; and
 - Immediate relatives of U.S. citizens, as well as refugees and asylees who are adjusting status, are exempt from direct numerical limits.
 - Immediate relatives include the spouses and unmarried minor children of U.S. citizens and the parents of adult U.S. citizens.

Family-Sponsored Preferences:

- The family-sponsored preference categories are as follows:
 - First — unmarried sons and daughters of U.S. *citizens* and their children
 - Second — spouses, children, and unmarried sons and daughters of *alien* residents
 - Third — married sons and daughters of U.S. citizens and their spouses and children
 - Fourth — brothers and sisters of U.S. citizens (≥ 21 years) and their spouses and children

Employment-Based Preferences:

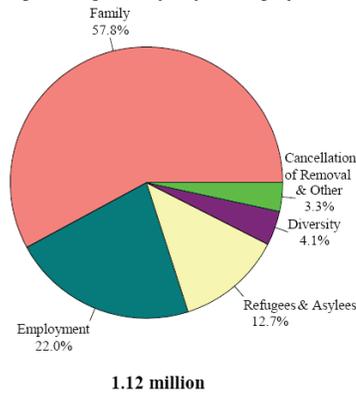
- The employment-based preference categories are as follows:
 - First — priority workers and their spouses and children
 - Second — professionals with advanced degrees or aliens of exceptional ability and their spouses and children
 - Third — skilled workers, professionals, and unskilled workers and their spouses and children
 - Fourth — special immigrants and their spouses and children
 - Fifth — employment creation (investors) and their spouses and children

¹ All information in this document can be cited to the Congressional Research Service, "U.S. Immigration Policy on Permanent Admissions," RL32235, Ruth Ellen Wasem, updated May 9, 2007.

Legal Permanent Residents of the United States¹

- During FY2005, a total of 1,122,373 aliens became legal permanent residents (LPRs) in the United States.
- The largest number of immigrants, 57.8 percent, was admitted because of a family relationship with a U.S. citizen or resident.

Figure 4. Legal Immigrants by Major Category, FY2005



- Immediate relatives of U.S. residents made up the largest group of aliens obtaining LPR status.

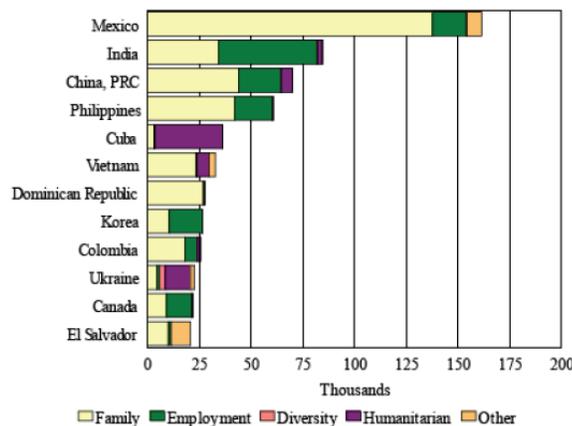
Table 3. FY2005 Immigrants by Category

Category	Number
Total	
Immediate relatives of citizens	436,231
Family preference	212,970
Employment preference	246,878
Refugee and asylee adjustments	142,962
Diversity	46,234
Other	37,098

Source: Statistical Yearbook of Immigration, FY2005, DHS Office of Immigration Statistics, Dec. 2006. For a more detailed summary of FY2005 immigration by category, see Appendix C.

- Citizens of Mexico comprised the largest group of any nationality, with 161,445 becoming LPRs in FY2005.

Figure 5. Top Twelve Immigrant-Sending Countries, FY2005



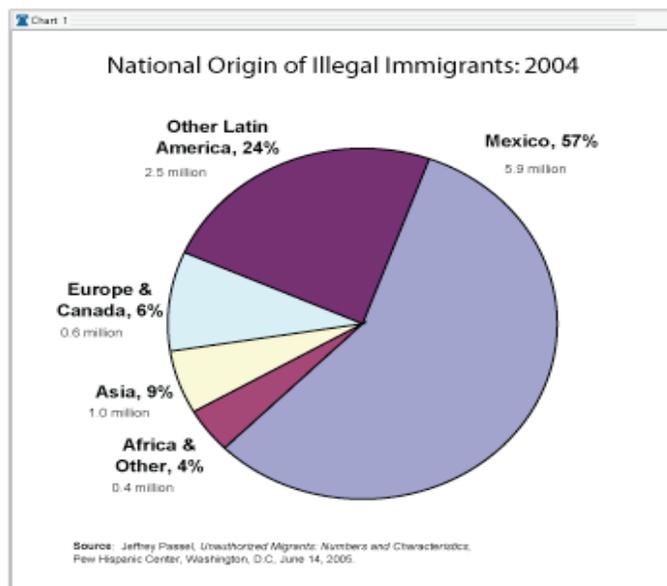
¹ All information in this document can be cited to the Congressional Research Service, "U.S. Immigration Policy on Permanent Admissions," RL32235, Ruth Ellen Wasem, updated May 9, 2007.

Illegal Aliens as a Percentage of the Immigrant Population in the United States¹

- Between 10 and 12 million illegal aliens currently reside in the United States.
- Illegal aliens comprised one-third of the 36 million foreign-born residents in the United States in 2005. The composition of all 36 million foreign-born residents is as follows:²
 - Naturalized citizens — 35 percent
 - Legal non-citizens — 33 percent, and
 - Illegal aliens — 31 percent.
- Illegal aliens now comprise three to four percent of the total U.S. population.
- Of the approximately 1.3 million new immigrants entering the United States each year, about 700,000 are illegal.

National Origin of Illegal Immigrants:

- The vast majority of illegal immigrants in the United States come from Mexico.
 - Nine percent of all Mexicans now reside in the United States.
 - The number of Mexicans in the United States has increased from 760,000 in 1970 to 10.6 million in 2004.
 - Over half of all Mexicans in the United States are illegal immigrants.
 - In the last decade, 80 to 85 percent of all Mexicans coming to the United States have been illegal.



¹ Unless otherwise noted, all information in this document can be cited to The Heritage Foundation, Backgrounder #1936, “Amnesty and Continued Low-Skill Immigration Will Substantially Raise Welfare Costs and Poverty,” Robert Rector, May 12, 2006.

² Pew Hispanic Center, Report, “Growing Share of Immigrants Choose Naturalization,” Jeffrey S. Passel, March 28, 2007.

Illegal Alien Population by State¹

The following chart lists the total number of illegal aliens living in each state in 2005. The chart was created by the Pew Hispanic Center, based on an analysis of data from the Current Population Survey (CPS). The CPS found that there were an estimated 11.1 million illegal aliens living in the United States in March 2005. This chart is based on that total number.

U.S. total 11,100,000 (10,700,000-11,500,000)			
California	2,500,000-2,750,000	Indiana	55,000-85,000
Texas	1,400,000-1,600,000	Iowa	55,000-85,000
Florida	800,000-950,000	Oklahoma	50,000-75,000
New York	550,000-650,000	New Mexico	50,000-75,000
Arizona	400,000-450,000	Kansas	40,000-70,000
Illinois	375,000-425,000	South Carolina	35,000-75,000
Georgia	350,000-450,000	Missouri	35,000-65,000
New Jersey	350,000-425,000	Nebraska	35,000-55,000
North Carolina	300,000-400,000	Kentucky	30,000-60,000
Virginia	250,000-300,000	Alabama	30,000-50,000
Maryland	225,000-275,000	Mississippi	30,000-50,000
Colorado	225,000-275,000	Arkansas	30,000-50,000
Washington	200,000-250,000	Louisiana	25,000-45,000
Massachusetts	150,000-200,000	Idaho	25,000-45,000
Nevada	150,000-200,000	Rhode Island	20,000-40,000
Pennsylvania	125,000-175,000	Hawaii	20,000-35,000
Oregon	125,000-175,000	Delaware	15,000-35,000
Tennessee	100,000-150,000	District of Columbia	15,000-30,000
Michigan	100,000-150,000	New Hampshire	10,000-30,000
Ohio	75,000-150,000	Alaska	<10,000
Wisconsin	75,000-115,000	Wyoming	<10,000
Minnesota	75,000-100,000	South Dakota	<10,000
Utah	75,000-100,000	Maine	<10,000
Connecticut	70,000-100,000	Vermont	<10,000
		North Dakota	<10,000
		Montana	<10,000
		West Virginia	<10,000

Based on March 2005 Current Population Survey

¹ The chart in this document was taken from the Pew Hispanic Center, Fact Sheet, "Estimates of the Unauthorized Migrant Population for States Based on the March 2005 CPS," April 26, 2006.

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BUDGET & TAXES



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Jeff Turcotte (202)224-2574

The Democrats' FY 2008 Budget: An Anchor on the U.S. Economy

The U.S. economy has grown and prospered over the past several years – with the creation of 7.9 million new jobs and tax revenues that have outpaced projections by \$300 billion, the economy has experienced smooth sailing. Now, Democrats have passed a huge, bloated budget that will act as an anchor – weighing down the economy with massive tax increases, spending and debt. The budget employs a myriad of gimmicks to make it easier to spend now and pay later, weakening budget enforcement mechanisms and passing the buck to current and future taxpayers.

Democrats' Budget Imposes Largest Tax Increase in U.S. History

- Despite economic success of 2001/2003 tax relief policies, this budget fails to extend them, thus imposing a \$916 billion tax hike over five years on families, seniors and small businesses (the engine of growth for the economy).

Democrats' Budget Embraces Unrestrained Spending

- Budget spends \$23 billion over the President's discretionary request for FY 2008, a total of \$82 billion over FY 2007.
- Budget spends \$205 billion over the President's discretionary request over five years.
- Entitlement spending grows unchecked by \$402 billion over five years.
- Budget includes 37 reserve funds that pave the way for hundreds of billions of dollars in new taxes and spending.

Democrats' Budget Racks Up Trillions in Debt

- Spending in budget increases gross debt by \$2.5 trillion over five years.

Democrats' Budget Ignores Entitlement Crisis

- Budget makes no attempt to address \$69 trillion long-term entitlement obligation facing the nation, shirking the responsibility to protect the economy and effectively passing the burden on to future generations.
- Democrats throw out even the very small savings (\$15 billion over five years) in Medicare that was included in Senate-passed version.

Democrats' Budget Manipulates Reconciliation to Expand Entitlements

- Instead of using reconciliation savings for deficit reduction, the budget uses reconciliation as a way to hijack savings to use them for the creation and expansion of new entitlement programs.
- Democrats throw out a bi-partisan point of order in the Senate-passed budget that would have limited any new spending in response to reconciliation instructions to 20%; under this budget, new spending is likely to be as much as 2,900% higher than the savings instruction.

- Under this budget, it is possible that for the relatively small \$750 million reconciliation savings instruction, tens of billions will be saved and then used to expand entitlements rather than for deficit reduction.

Democrats' Budget Throws Up Roadblocks to Basic Tax Relief

- A two-step House trigger mechanism requires that any tax relief for 2010 or later be covered by a projected 2012 surplus, creating a complicated obstacle to even the most basic tax relief, such as marriage penalty relief or the child tax credit.
- First step: House Budget Committee Chairman must ensure that tax relief legislation contains a provision making the tax relief contingent on OMB's projection of a surplus.
- Second step: If the contingency provision is not in the tax relief legislation, House Budget Committee Chairman must change the budget resolution to create a revenue-level violation budget point of order against the tax relief legislation in question.
- Democrats make tax relief contingent on a surplus, but they do not hold their spending increases to the same contingency standard.

Democrats' Budget Raids Social Security Trust Fund

- Budget spends 100% of Social Security surplus in every year but 2012.
- The Social Security Trust Fund is raided for more than \$1 trillion over five years.
- Democrats throw out all Social Security protections contained in the Senate-passed budget (enforcement mechanisms to prevent raids on the Social Security surplus).

Democrats' Budget Uses "Tax-Go" as Smokescreen for Tax Hikes

- Pay-go, or "Tax-go," is weakened so that it is easy to spend in the short-term, but the offsetting "pay-for" part of the equation is delayed over six and 11 years – charge now and pay later – much later. This is a change from the Senate-passed budget and from every other Pay-go point of order that Senator Conrad has advocated; the first-year deficit-neutrality test was dropped.
- This budget does nothing to address this inconsistency of the budget baseline, which treats expiring mandatory programs and expiring tax relief differently, so that existing spending continues to be assumed while existing tax policy must be offset. This is a smoke-and-mirrors trick for raising taxes.

Democrats' Budget Changes Budget Enforcement Rules, So Spending and Taxing is Easier, But Tax Relief is Impossible

- Pay-go point of order, or "Tax-Go," is watered down to make short-term spending easier, while offsets can be made over the long-term.
- Social Security enforcement is completely undercut – both the Social Security "Circuit Breaker" provision and the "Save Social Security First" point of order, contained in the Senate-passed budget, were thrown out.
- Point of order against raising income tax rates, contained in the Senate-passed budget, is thrown out.
- Requirement for a supermajority to waive unfunded mandates point of order is thrown out, making it easier to burden state and local governments with costs from federal government requirements.
- Point of order against mandatory spending in appropriations bills is weakened, and the 2007 supplemental appropriations bill is exempted altogether from this point of order.
- Bi-partisan point of order in the Senate-passed budget that would have limited any new spending in response to reconciliation instructions to 20% is thrown out; under this budget, new spending is likely to be as much as 2,900% higher than the savings instruction.

The Incredible Shrinking Bush Deficit

And the new Democrat deficit.

By Peter Ferrara

National Review Online

May 21, 2007

The Treasury Department's tax-collection data for April puts the federal deficit over the 12-month period ending April 30 at \$144.7 billion. This leaves the deficit at about one percent of GDP, and declining, which is not a significant economic problem.

The decline is due to surging tax revenues from a booming economy. The deficit is down about \$120 billion, or 45 percent, since last April. It has declined by \$309 billion, or 68 percent, over the last three years from the peak of \$455 billion in April, 2004. This experience shows that combining pro-growth tax cuts with just moderate spending restraint can sharply reduce, and, indeed, eliminate the deficit.

The deficit has declined now for 26 consecutive months and will continue to do so over the next 5 months until the end of the fiscal year. The deficit will consequently soon be well below one percent of GDP. Even with some modest slow down in economic growth, this deficit could be eliminated over the next two years with reasonable restraint in the growth of federal spending.

But any such reasonable restraint in spending is not going to happen with the new Democrat Congress. Their emerging budget plan calls for even more rapid increases in federal spending, sopping up all projected increases in revenues, which will leave no scope for continued deficit reduction in the next fiscal year. They tout a plan to eliminate the remaining rapidly

shrinking deficit over a ridiculous *five* years, and that only with tax increases.

Starting this fall, therefore, Democrats will be harping on a deficit which was rapidly falling toward extinction, but which they chose instead to sustain and perpetuate with excessive spending increases.

Tax revenues this fiscal year are running at about 19 percent of GDP, which is in line with historical averages over the last *50-plus* years, showing there is no justification for a tax increase. But the Democrats' plan for history-shattering tax increases starting in the next fiscal year, to support record-setting increases in spending. Their long-term budget plan is for truly massive increases in taxes and spending, like nothing ever seen before.

Those conservative commentators who argued last year that Democrats would be better at fiscal discipline than the Republicans played a major role in bringing down the Republican congressional majorities. They are being proved quite wrong.

Now just wait until you hear about the Democrat plans for entitlements.

— *Peter Ferrara is a senior fellow at the Free Enterprise Fund, director of entitlement and budget policy at the Institute for Policy Innovation, and general counsel for the American Civil Rights Union.*



SENATE REPUBLICAN

POLICY COMMITTEE

April 17, 2007

The Far-Reaching Tentacles of the Alternative Minimum Tax: A Glimpse at Past Legislation

Executive Summary

- Although Democrats now seem to have vocally united as a party against the Alternative Minimum Tax's (AMT) reach, it was this same party that, when it last controlled both the legislative and executive branches, passed a law to cast the AMT net even wider over the middle class.
- Today, the AMT represents an excessive tax burden for millions of Americans, and one that will grow exponentially if it remains unchecked. In addition to affecting millions of middle-income taxpayers, even the original purpose of the AMT – to target the few who were avoiding tax liability – is frustrated.
- If further action is not taken, it is estimated that the AMT could claim 35 million families and individuals by the end of this decade.
- Changes enacted by Democrat majorities increased the AMT's effect on taxpayers while several attempts by Republicans to repeal or alleviate its effects were opposed by most Democrats.
- In 1993, the last time that Democrats controlled the House, Senate, and Presidency, Congress raised the AMT rates and failed to index the exemption amounts for inflation.
 - But for the 1993 increase and its failure to index for inflation, only 2.6 million tax filers would be subject to an AMT penalty next year rather than the projected 25 million under current law.
- Under Republican control, Congress passed The Taxpayer Relief Act of 1999, which contained a provision to repeal the AMT.
 - With no Senate Democrats supporting it, the bill passed the Senate and Congress only to be later vetoed by President Clinton on September 23, 1999.
- During the recent Budget Resolution debate, three Republican amendments would have reduced or eliminated the impact of the AMT. However, only one Democrat Senator voted "yes" for just one of the three amendments relating to AMT.
- Despite their recent assertions expressing opposition to the AMT's growing reach, the Democrats' record on the AMT indicates a change in message. It is important to provide some perspective as to why the AMT developed into the menace it is today.

Introduction

Since before the November elections, Democrats, in particular, have publicly focused on the need to fix the growing Alternative Minimum Tax (AMT) problem.¹ Numerous Democrats promised to protect the middle class from the snarls of the AMT. However, although Democrats now seem to have vocally united as a party against the AMT's reach, it was this same party that, when it last controlled both the legislative and executive branches, passed a law to cast the AMT net even wider over the middle class. This paper highlights some of the more recent legislative history in order to provide some perspective as to why the AMT is such a menace today.

Background on the AMT

At its inception in 1969, the individual Alternative Minimum Tax (AMT) was intended to address a report by the Treasury Department that 155 high-income Americans avoided paying any federal income taxes in 1966 through the aggressive use of tax deductions and other legal techniques for sheltering income.² Today, by threatening to capture as many as 25 million Americans under current law, the AMT has mutated into a middle-class tax burden.

Since its inception in 1969, more than 20 pieces of legislation have made changes to the AMT. The original AMT rate was 10 percent on amounts in excess of the then-exemption of \$30,000. By 1990, the AMT rate had increased to 24 percent. Today, the top AMT rate is at 28 percent.

The AMT has become both a menace and a misnomer of the American income-tax system. It represents an unfair and oppressive tax burden on American taxpayers. Moreover, its name belies its effect. It is not an "alternative" to the income tax – it is a mandatory, parallel tax system with which taxpayers must comply. And, it is not a "minimum" tax – Americans must pay the higher of their regular income tax or the AMT.

Today, the AMT represents an excessive tax burden for millions of Americans, and one that will grow exponentially if it remains unchecked. If further action is not taken, it is estimated that the AMT could claim 35 million families and individuals by the end of this decade.³ That is a substantial reach from the 3.5 million filers that are estimated to be affected by the AMT in 2006.⁴

¹ "Rangel noted in the interview, a priority for the new Congress should be reforming the alternative minimum tax, a system designed originally to make sure wealthy people cannot avoid paying taxes but which has increasingly affected middle-class taxpayers," Christian Science Monitor, *GOP Shifts Back to a Basic Issue: Taxes*, October 18, 2006.

² Statement of Eric Solomon, Assistant Secretary for Tax Policy, U.S. Department of the Treasury, Testimony Before the Subcommittee on Select Revenue Measures of the House Committee on Ways and Means, available at <http://waysandmeans.house.gov/hearings.asp?formmode=view&id=5588> (March 7, 2007).

³ Senator Charles Grassley, *Cong. Rec.*, February 12, 2007.

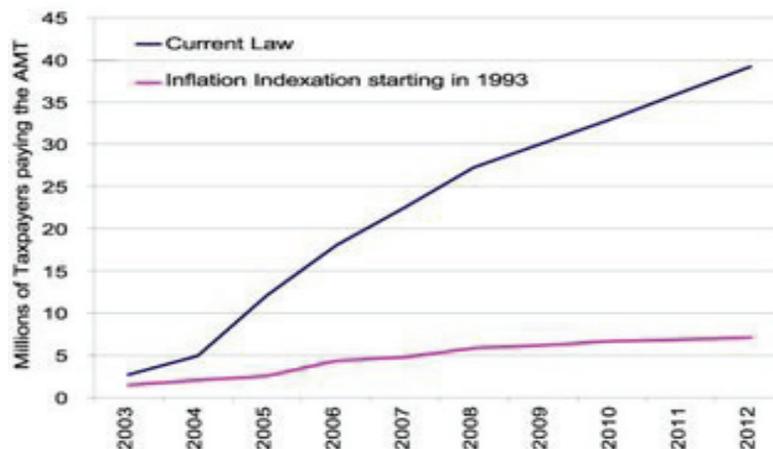
⁴ The large difference in taxpayers affected in 2006 versus 2007 is due to the "hold-harmless patch" that expired at the end of 2006.

1993 Act Broadened the Reach of the AMT

While the Democrats continue their misleading portrayal of the AMT as a problem resulting from the Republican 2001 and 2003 tax relief packages, it is important to look back at other attempts to change the AMT. Changes enacted by Democrat majorities increased the AMT's effect on taxpayers while several attempts by Republicans to repeal or at least alleviate its effects were opposed by most Democrats.

In 1993, the last time that Democrats controlled the House, Senate, and Presidency, Congress raised the AMT rates to their current rates. The Omnibus Budget Reconciliation Act of 1993 created a two-rate AMT tax system, raising the rates from 24 percent to 26 percent for taxpayers with income under \$175,000 and to 28 percent for taxpayers with income over \$175,000.⁵ While the 1993 bill did raise the exemption amounts, the Democrats failed to index the AMT income exemption or the new rate brackets for inflation, a major reason that the AMT entraps so many taxpayers today. Because of the failure to index for inflation, in a ten-year period “this stealth tax hike increased sixfold the number of filers paying the AMT, to nearly 2 million from 300,000.”⁶ This 1993 Act passed with *no Republican votes*,⁷ and 30 Democratic Senators who voted for the rate increase (some of whom were then serving in the House) are still in office.⁸

The chart below, from the American Shareholders Association, demonstrates the far-reaching impact of the 1993 law. It compares the number of filers who will be hit by the AMT under current law to the number who would have been hit had the AMT rate not been changed in 1993 and had the exemption been indexed for inflation at the 2005 level (\$40,250 for singles and \$58,000 for joint filers). But for the Democrat Congress' 1993 increase and its failure to index for inflation, only 2.6 million tax filers would be subject to an AMT penalty in 2007 rather than the projected 25 million under current law.



⁵ Public Law 103-66.

⁶ *Wall Street Journal*, “Bill Clinton’s AMT Bomb,” February 23, 2007.

⁷ U.S. Senate Roll Call Votes 103rd Congress – 1st Session, on H.R. 2264, available at http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=103&session=1&vote=00247 (August 6, 1993).

⁸ Press Release from Americans for Tax Reform, H.R. 2264: Omnibus Budget Reconciliation Act of 1993 – 08/06/1993, available at <http://www.atr.org/content/html/2007/feb/022207pr-amthypocrisy.htm> (February 22, 2007).

Legislation Aimed at Helping Middle-Class Taxpayers

Later in the 1990s, Congress, under Republican control, passed The Taxpayer Relief Act of 1999, which contained the following provision: Section 121, Repeal of the Alternative Minimum Tax on Individuals: “For purposes of this title, the tentative minimum tax on any taxpayer other than a corporation for any taxable year beginning after December 31, 2007, shall be zero.”⁹ With no Senate Democrats supporting it, the bill passed the Senate only to be later vetoed by President Clinton on September 23, 1999. Thirty-seven current Democratic members of the Senate voted *against* the bill.¹⁰ According to President Clinton’s veto statement:

I am returning herewith without my approval of H.R. 2488, because it ignores the principles that have led us to the sound economy we enjoy today and emphasizes tax reduction for those who need it least....The prudent course in the face of these uncertainties is to avoid making financial commitments, such as massive tax cuts, that will be very difficult to reverse....¹¹

Democratic claims that the Bush tax cuts are responsible for much of the current AMT problem are inaccurate. The Economic Growth and Tax Relief Reconciliation Act of 2001 not only provided needed income tax relief, but also provided AMT relief as well. The 2001 act permanently allowed the child tax credit, the adoption tax credit, and the IRA contribution credit to be claimed against a taxpayer’s AMT. In addition, the act increased the exemption amount through 2004.¹² “Since the 2001 tax relief bill, the Finance Committee has produced packages to continue to increase the exemption amounts to keep taxpayers ahead of inflation, with the most recent being the Tax Increase and Reconciliation Act of 2005, which increased the AMT exemption to \$62,550 for joint returns and \$42,500 for individuals through the end of 2006.”¹³

The most recent attempts in the Senate to provide middle-income taxpayers protection from the AMT took place during debate on the Senate Budget Resolution, S.Con.Res. 21. During the debate, three Republicans offered amendments that would have reduced or eliminated the impact of the AMT on American taxpayers. However, nearly all Democrats voted *against* any of the AMT relief amendments, with only *one* Democrat Senator voting “yes” for just one of the three amendments relating to AMT.

⁹ U.S. Senate Roll Call Votes 106th Congress - 1st Session, on H.R. 2488, available at http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=106&session=1&vote=00261 (August 5, 1999).

¹⁰ Press Release from Americans for Tax Reform, H.R. 2488 -- To amend the Internal Revenue Code of 1986, available at <http://www.atr.org/content/html/2007/march/031607pr-1999amtcaucus.html> (March, 16, 2007).

¹¹ President Clinton, Veto Statement of H.R. 2488, September 23, 1999 available at <http://www.lib.umich.edu/govdocs/text/prs92399.txt>.

¹² Public Law 107-16. WFTRA extended the patch through 2005 and TIPRA extended the patch again through 2006.

¹³ Senator Grassley, *Cong. Rec.*, February 12, 2007.

Grassley Amendment #471: To repeal the AMT. The amendment failed, 44-53, with no Democrat voting in favor of the amendment.¹⁴

Sessions Amendment #473: To permit a deduction for personal exemptions for purposes of computing the AMT. The amendment failed, 46-53, with no Democrat voting in favor of the amendment.¹⁵

Lott Amendment #606: To repeal the 1993 Clinton AMT tax increase that generally increased AMT rates from 24 percent to the current two-tiered rate structure of 26 percent and 28 percent. The amendment failed, 49-50, with only one Democrat Senator, Ben Nelson (NE), voting in favor of the amendment.¹⁶

The Rhetoric, Then vs. Now

What the Democrats Used to Say About the AMT

[Republicans] eliminate the alternative minimum tax that guarantees that the wealthiest of Americans will pay some kind of tax....[They] give the wealthiest of Americans an exemption from the alternative minimum tax that guarantees fairness.

Senator John Kerry, Floor Statement, August 5, 1999

By raising the income tax rate to 31 percent, phasing out personal exemptions, limiting deductions for taxpayers earning over \$100,000 and increasing the alternative minimum tax, this bill ensures that those with the ability to pay contribute to the deficit reduction package.

Senator Patrick Leahy, Floor Statement, October 27, 1990

We have designed a package to present to our colleagues to try to improve the package, to try to have one that is more fair to the middle class and to the other groups we have identified. We have done that by taking the top rate to 33 percent...increasing the alternative minimum tax for those who seek to avoid tax liability.

Senator Kent Conrad, Floor Statement, October 17, 1990

What the Democrats Now Say About the AMT

The AMT is a looming problem that is impacting hard-working families and for each year that we fail to address the AMT, it gets worse and more expensive.

Senator John Kerry, Floor Statement, May 17, 2006

¹⁴ U.S. Senate Roll Call Votes 110th Congress - 1st Session, on S.Amdt. 471 to S.Con.Res. 21, available at http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=110&session=1&vote=00108 (March 23, 2007).

¹⁵ U.S. Senate Roll Call Votes 110th Congress - 1st Session, on S.Amdt. 473 to S.Con.Res. 21, available at http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=110&session=1&vote=00100 (March 23, 2007).

¹⁶ U.S. Senate Roll Call Votes 110th Congress - 1st Session, on S.Amdt. 606 to S.Con.Res. 21, available at http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=110&session=1&vote=00113 (March 23, 2007).

AMT relief is a critical part of the Senate's version of this bill, and we all must do everything we can to ensure that this tax – which affects middle-class and upper-class taxpayers, above all – is addressed this year.

Senator Charles Schumer, Floor Statement, February 1, 2006

The alternative minimum tax was never intended to apply to middle-class families, and they deserve tax relief.

Senator Edward Kennedy, Floor Statement, February 13, 2006

Conclusion

Despite their recent assertions expressing opposition to the AMT's growing reach, the Democrats' record on the AMT indicates a change in message. Although they now claim to be in favor of alleviating the strain of the AMT, their actions and rhetoric in the 1990s belie that position, and that position was certainly not the case during votes on this year's Budget Resolution. To address the serious problems presented by the AMT today, Congress needs to understand the history of how the AMT developed into the burden it is today, and then take serious steps to eradicate that menace once and for all.

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GAS PRICES/ENERGY

Remember this?



April 26, 2006

Talking Points on Gas Prices

Gas Prices Are Reaching Record Levels Despite Democrat Promises:

- The average price of retail gasoline hit \$3.218 a gallon this week, up 11 cents in just the past week and a half.¹ **The average is expected to pass the inflation-adjusted record of \$3.223 this week.** Some experts are predicting that gas prices could reach \$4 a gallon soon.²
- The last time gas prices spiked, Democrats held press conferences across the nation pledging to lower gas prices. A headline in the *New York Times* from this publicity blitz read “**Democrats Eager to Exploit Anger Over Gas Prices.**” The article reported that “[t]he recommendations of the memorandum [sent by Democrat campaign officials] to Democratic candidates include holding a campaign event at a gas station ‘where you call for a real commitment to bringing down gas prices ...’”³
- **Democrats now have to answer to these families and explain how they campaigned on a promise to lower gas prices while gas prices have reached an all-time high on their watch.**

Price Increases Can Be Traced to a Lack of Refinery Capacity:

- News reports suggest that increased gas prices can be linked to production shortages at a time of increased demand. **More directly, the problem can be traced to a continuing lack of refining capacity and unexpected outages at the nation’s oil refineries. A series of recent outages, largely for maintenance, have reduced the supply of domestic gasoline.**

¹ *USA Today*, “Gas Prices Approach 1981 Record,” May 22, 2007.

² CNNMoney.com, “Get Ready for \$4 Gasoline,” May 7, 2007.

³ *New York Times*, “Democrats Eager to Exploit Anger Over Gas Prices,” April 21, 2006.

- Because of high costs, regulatory red tape, and public opposition, **refiners haven't built a new facility since 1976 — 30 years ago.** The system is under such strain that any outages or disruptions are quickly felt in the market in the form of increased prices. The lack of domestic refining capacity also increases our reliance on foreign sources of refined gasoline. America now imports about a million barrels of gasoline every day — that means that about one of every 10 gallons of gas Americans get at the pump is refined in a foreign country.
- Regulations requiring a variety of new regional gasoline blends also increase the price and make it difficult to address shortages by moving supply from one area of the country to another.

Republicans Tried to Do Something About Gas Prices But Were Blocked by Democrats:

- Republicans saw the strain on the existing system but were blocked when they tried to do something about it. **Republicans introduced legislation to streamline permitting to build new refineries, and that effort was blocked by Democrats. Republicans introduced legislation to provide incentives for building new refineries, and that effort was blocked by Democrats. Republicans introduced legislation to reduce the number of boutique blends of gasoline, and that effort was blocked by Democrats.**

Price Gouging Legislation Proposed by Democrats Is Not the Answer:

- Democrats have again proposed price gouging legislation to address high gas prices. The *Washington Post* reported that “industry experts say that the efforts aren't likely to have any effect.”⁴
- Only last year, the Federal Trade Commission (FTC) investigated allegations of price gouging and market manipulation by refiners.⁵ The commission investigated whether refiners manipulate prices by restricting supply, altering their product output, or diverting refined gas overseas rather than selling it in the United States. The FTC investigation “revealed **no evidence to suggest that refiners manipulated prices through any of these means.**”
- While the report dismissed evidence of price gouging, it pointed to a lack of refinery capacity as a problem. The report concluded that domestic refinery capacity has “**not kept pace with rising demand over the same period.**”⁶

⁴ *Washington Post*, “As Gas Prices Rise Again, Democrats Blame Big Oil,” May 11, 2007.

⁵ Federal Trade Commission, “Investigation of Gasoline Price Manipulation and Post-Katrina Gasoline Price Increases,” Spring 2006.

⁶ *Id.*



SENATE REPUBLICAN

POLICY COMMITTEE

Energy Policy Act of 2005: Results

On August 8, 2005, the president signed into law the Energy Policy Act of 2005 (EPAct). This bipartisan bill was the first comprehensive energy bill passed by Congress in 13 years. In just 21 months, EPAct has led to measurable results, including increased energy production and conservation, and it has helped diversify U.S. energy sources.

Natural Gas:

EPAct created a program that, by eliminating bureaucratic delay, will help bring 7 trillion cubic feet of new gas to market over the next 15 years, an amount equal to nearly half of current U.S. consumption.

- **1.34 billion cubic feet/day of new Liquefied Natural Gas (LNG) capacity on line.**
- **13.3 billion cubic feet/day of new LNG capacity approved by FERC.**
- **7 new LNG terminals or terminal expansions approved by FERC.**

Clean Power:

EPAct has helped to offset the unanticipated costs of new nuclear plant construction, provided the framework for insurance to cover the public in the event of an accident, provided loan guarantees supporting the development of clean power, and provided a production tax credit for new nuclear power plants.

- **More than 30 new nuclear power plants planned.**
- **More than 38,000 megawatts of electricity will be generated by 2020** if all plants are built.
- **More than 28 million households can be powered** by the electricity from the new plants.
- **Zero airborne emissions will be generated by the 30-plus plants.**

Coal:

EPAct established three tax credits for investments in clean coal facilities:

- **159 new coal-based facilities** in various stages of planning.
- **2.6 million barrels of oil daily that can be replaced by clean, synthetic fuel** from coal by 2025.

Oil & Gas Production on Federal Lands:

EPAct included several provisions affecting access to federal lands to address concerns over delays in the permitting process for oil and gas development on these lands. Section 365 of the EPAct established federal permit streamlining pilot projects in seven Bureau of Land Management (BLM) Field Offices in five western states. This section also established a BLM Permit Processing Improvement Fund where 50% of rental revenue for oil and gas leases on federal lands will be deposited and made available to the pilot project without further appropriation.

- Since enactment of EPAct, the BLM has been able to process a record number of applications for permits to drill (APDs).

Wind Power:

EPAct extended until the end of 2007 a production tax credit for new wind energy. As of February 2007:

- **3,000 megawatts of new wind power on line.**
- **900,000 homes that can be powered** by new wind power.
- **4.5 billion dollars in economic activity** spurred by new wind power production.
- **11 billion pounds of CO₂ emissions avoided** by new wind power production.
- **6,000 megawatts of new wind power slated to be on line** by end of 2006.
- **2 million homes that can be powered by new wind power** by end of 2007.
- In August of 2005, before EPAct, there were 8,600 megawatts of wind power on line. **At the end of 2006, there were 11,600 megawatts of wind power — a 35% increase (in 19 months).**

Ethanol/Renewable Fuels Standard:

EPAct established the first renewable fuels standard (RFS) which required a percentage of the gasoline market in the U.S. to contain renewable fuel. By 2012, the applicable volume of renewable fuel in the gasoline market must be at least 7.5 billion gallons – nearly a doubling of the U.S. ethanol market since 2005. The EPA promulgated a direct final rule in December 2005 that required refiners, importers, and gasoline blenders to collectively ensure the amount of renewable fuel volume to be at least 2.78 percent of total gasoline consumption.

Ethanol Production:

Since enactment of EPAct:

- **73 new ethanol plants** have broken ground.
- **500 million gallons of new annual ethanol production** are now on line.
- **1.4 billion gallons of annual ethanol production.**

Delivery to the Consumer:

- Before EPAct, 329 E-85 pumps delivered blended gasoline.
- **To date, 1,188 E-85 pumps have been installed.**

Hybrid Vehicles:

EPAAct replaced the tax deduction for buying hybrid cars with a more generous tax credit.

- Before EPAAct, in calendar year 2005, 199,145 hybrid cars were sold in America.
- EPAAct — **with hybrid tax credits** — took effect at the beginning of 2006. In 2006, 254,545 cars were sold, a 28% increase.

Efficiency Standards:

EPAAct implemented efficiency standards for appliances, including washers, refrigerators, freezers, air conditioners, and ice makers. DOE codified these standards in 2006.

- **15 new efficiency standards** implemented for large, highly consumptive appliances.
- **50,000 megawatts of energy saved by 2020** because of the 15 new efficiency standards.
- **80 600-watt power plants won't be needed** because of the new efficiency standards.
- **6 trillion cubic feet of natural gas** that can be replaced by coal fuels by 2025.
- **60,000 coal miners expected to join workforce** over next five years.

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SCHIP

Background on SCHIP and Proposed Expansion

- Republicans in Congress passed the State Children’s Health Insurance Program (SCHIP) in 1997 to help states provide health coverage to the children of working poor families who did not qualify for Medicaid. The program was designed to cover children between 100 — 200 percent of the federal poverty level (\$40,000 per year for a family of four).
- The program has significantly reduced the number of uninsured children. The uninsurance rate for children between 100 — 200 percent of the federal poverty level has dropped 25 percent (from 22.5 percent in 1996 to 16.9 percent in 2005). Last year, 6.6 million children were enrolled in SCHIP.
- However, while Congress created the program to cover children below 200 percent of the federal poverty level, some states are using SCHIP to cover children up to 350 percent of the federal poverty level (\$72,000 a year for a family of four). Additionally, some states are diverting as much as half of their SCHIP funds to cover adults and even adults without children. Covering adults and higher income parents diverts resources from low-income children. Several of the states that cover adults through SCHIP have very high rates of uninsured low-income children.
- Democrats now are proposing to change the program from one that provides assistance to low-income families to a health care entitlement for the middle class. This expansion would increase dependency on the federal government for health care and represent a significant step toward a government-run health system.
- If SCHIP were to raise its eligibility threshold to 400 percent of the FPL (\$82,600 for a family of four), as suggested under the plan introduced by Cong. Dingell and Sen. Clinton, over *71 percent* of children would be eligible for one of these programs.¹
- A significant majority of children in the income brackets targeted by Democrats already have health care. The CBO estimates that 77 percent of children living in families with incomes between 200 and 300 percent of the FPL have private coverage, as do 89 percent of children in families with incomes between 300 and 400 percent of FPL.²
- The CBO concluded that SCHIP has a significant “crowd-out” effect even at current levels. For example, CBO’s analysis concluded that out of every 100 children who enroll in SCHIP, there is a corresponding reduction in private coverage of between 25 and 50 children.³ The crowd-out effect is even more pronounced at higher income levels. The CBO said that “expanding the program to children in higher-income families is likely to generate more of an offsetting reduction in private coverage (and therefore less of a net reduction in uninsurance) than expanding the program to more children in low-income families.”⁴

¹ The Honorable Michael Leavitt, Secretary, U.S. Department of Health and Human Services, Remarks at the American Enterprise Institute, April 24, 2007.

² Congressional Budget Office, “The State Children’s Health Insurance Program,” May 2007.

³ *Id.*

⁴ *Id.*

110th Congress
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