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ENERGY AND WATER DEVELOPMENT  
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BUDGET

DEMOCRATIC POLICY COMMITTEE

March 4, 2003

Dear Colleague:

On January, 9, 2003, I introduced a one percent value added tax to pay for our war efforts. The bill, S. 112, is titled the War Financing Act of 2003 and has been forwarded to the Finance Committee.

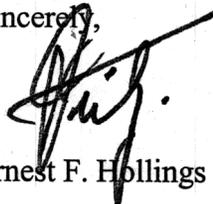
Experts estimate that the war costs will range from \$100 to \$200 billion. This does not include the post war rebuilding costs which are estimated in the trillions of dollars. Nor do we know costs associated with any potential conflict with North Korea. Finally, we know that the President's budget predicts record deficits for this year, without taking into account the cost of the war with Iraq. We have paid for all previous wars in our nation's history. See attached: Taxes to Pay for War. The above notwithstanding, for the first time we have no plans to pay for a war— we are sending a message that the Army is going to war but the country is not.

It is unconscionable to be asking the young men and women of our armed services to risk their lives in war, while those of us at home assume no sacrifice and instead go on a vacation funded by tax cuts. To those young men and women in our armed services, we are saying, "Come back alive, because when you come back we will hand you the bill for the war."

A one percent value added tax is a very modest step towards paying for our war debts. While this small tax will not generate sufficient revenues to completely pay for the war, it serves two important goals: (1) It will unite the country behind our troops by asking all Americans to do their part to help with the war effort; and (2) It will generate revenues today to help pay for the war rather than completely passing the buck to future generations.

I hope that you will co-sponsor this legislation. If you have any questions or would like to co-sponsor this legislation, please contact Brian Nagle in my office (4-6121).

Sincerely,



Ernest F. Hollings