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STRATEGIES FOR RESHAPING U.S. POLICY IN IRAQ AND THE MIDDLE EAST

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BEFORE THE

COMMITTEE ON FOREIGN RELATIONS UNITED STATES SENATE

ONE HUNDRED NINETH CONGRESS

FIRST SESSION

FEBRUARY 1, 2005

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CONTENTS

	Page
Biden, Hon. Joseph R., Jr., U.S. Senator from Delaware	77
Boxer, Hon. Barbara, U.S. Senator from California	98
Chafee, Hon. Lincoln, U.S. Senator from Rhode Island	96
Coleman, Hon. Norm, U.S. Senator from Minnesota	90
Cordesman, Anthony H., Ph.D., Arleigh A. Burke Fellow in Strategy, Center for Strategic and International Studies	3
Prepared statement	8
Iraq: Strategy Versus Metrics: The Case for Information-Based Policy	12
"Playing the Course:" A Strategy for Reshaping U.S. Policy in Iraq and the Middle East	18
Dodd, Hon. Christopher J., U.S. Senator from Connecticut	87
Prepared statement	89
Feingold, Hon. Russell D., U.S. Senator from Wisconsin	93
Prepared statement	95
Hagel, Hon. Chuck, U.S. Senator from Nebraska	84
Khalil, Peter, Visiting Fellow, Saban Center for the Middle East Policy, the Brookings Institution	69
Prepared statement	73
Lugar, Hon. Richard G., U.S. Senator from Indiana	1
Martinez, Hon. Mel, U.S. Senator from Florida	100
Nelson, Hon. Bill, U.S. Senator from Florida	103
Newbold, Gregory S., Lieutenant General, U.S. Marine Corps (Ret.), Managing Director, Globesecnine	60
Prepared statement	65
Voinovich, Hon. George, U.S. Senator from Ohio, prepared statement	92

Additional Material Submitted for the Record

Natsios, Andrew S., Administrator, USAID:	
Letter to Senator Lugar	118
Enclosure to letter: "USAID's Iraq Reconstruction Program"	118

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STRATEGIES FOR RESHAPING U.S. POLICY IN IRAQ AND THE MIDDLE EAST

TUESDAY, FEBRUARY 1, 2005

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met, pursuant to notice, at 9:03 a.m., in room SD–419, Dirksen Senate Office Building, Hon. Richard G. Lugar presiding.

Present: Senators Lugar, Hagel, Chafee, Coleman, Voinovich, Sununu, Martinez, Biden, Dodd, Feingold, Boxer, Bill Nelson, and Obama.

OPENING STATEMENT OF HON. RICHARD G. LUGAR, U.S. SENATOR FROM INDIANA

The CHAIRMAN. This hearing of the Senate Foreign Relations Committee is called to order. The Committee on Foreign Relations meets for our first hearing on Iraq in the 109th Congress. In the last Congress we held 23 hearings on Iraq, a level of scrutiny demanded by the critical impact that the progress in Iraq has on United States national security.

The remarkable elections held in Iraq over the weekend demonstrated the courage and the commitment of the Iraqi people. Despite threats and acts of violence, reports indicate that millions of Iraqis voted. The results will not be certified until February 15, but there is little doubt that the election provides a basis for moving forward with Iraqi self-government.

Most importantly, the election can strengthen the legitimacy of Iraqi officials. The impact of having properly elected leaders in Iraq for the first time could be substantial. Insurgents may find it tougher to sell their propaganda that the government has no legitimacy and the United States is merely an occupying power. In addition, parties and groups in Iraq that participate in the government will have a growing stake in its success.

The election, however, does not guarantee that the path to democracy will be an easy one. The security situation in the Sunni areas of Iraq will remain extremely tense. Protecting the newly elected 275-member Transitional National Assembly must be a security priority. Methods also must be found to include Sunnis in the government without being unfair to the winners of the election.

The Iraq election will be viewed by some as the first step in the United States exit strategy, but we should recognize how much work is left to be done. The coalition must assign priority to training Iraqi security forces. Ultimately, our success at training Iraqis

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over time will determine how long United States forces will need to be in Iraq. We must be prepared to provide stability while Iraqi troops and police develop their capabilities, particularly during this time of Constitution-building.

We must also be prepared for the Iraqi Government and the Iraqi Constitution to develop in directions that are sometimes not in perfect harmony with our expectations. The election moves the Iraqis a step closer to achieving democracy, but that also means that they will be making more decisions about their future. We anticipate and hope that the new government will work closely with the United States and embrace democratic, pluralistic principles. Inevitably, however, it will make some decisions that we do not like.

Our Embassy in Iraq must work closely with the Iraqi Government to establish a positive counseling relationship. We also must undertake a diplomatic offensive in the Middle East, Europe, and elsewhere to encourage constructive relationships between the Iraqi Government and other nations.

The President is reportedly seeking an additional $80 billion for support of operations in Iraq and Afghanistan. Congress should be prepared to take up this proposal when it arrives and debate it soberly. We do not expect the request to include more infrastructure reconstruction funds, but we do expect it will include money to build and to operate the Embassy in Baghdad and to meet the urgent needs of training and equipping Iraqi security forces. Passage of such a bill would be a strong signal to the world and to Iraq about United States staying power.

We are pleased especially this morning to welcome back to the committee Dr. Anthony Cordesman, holder of the Arleigh A. Burke Chair for Strategy at the Center for Strategic and International Studies. Dr. Cordesman has testified before this committee on many occasions. We are grateful we can draw on his knowledge once more today.

We also welcome retired Lt. Gen. Gregory Newbold, Managing Director of GlobeSecNine and Executive Director of the Potomac Institute of Policy Studies. Before retirement, General Newbold was the Director for Operations on the Joint Staff.

Finally, we welcome Mr. Peter Khalil, who was the Director of National Security Policy for the Coalition Provisional Authority in Iraq from August 2003 to May 2004. He is now a Visiting Fellow at the Saban Center for Middle East Policy at the Brookings Institution.

Today the committee will use Dr. Cordesman's exceptional paper, "Playing the Course: A Strategy for Reshaping U.S. Policy in Iraq and the Middle East," to provide a framework for our discussion of policy issues in Iraq. Following Dr. Cordesman's testimony, the committee will ask that General Newbold and Mr. Khalil provide commentary and remarks on Dr. Cordesman's conclusions and prescriptions.

The committee has taken no position on the contents of Dr. Cordesman's paper. Rather, it is our hope that by using this format, our members can have a more productive and focused dialogue with our witnesses.

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When the distinguished ranking member, Senator Biden, arrives, we will call upon him for his opening statement, but for the moment we'll proceed with the testimony. Dr. Cordesman, would you please proceed.

STATEMENT OF ANTHONY H. CORDESMAN, PH.D., ARLEIGH A. BURKE FELLOW IN STRATEGY, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES

Dr. CORDESMAN. Thank you very much, Senator, and let me thank the committee for the opportunity to testify. I think it is clear that our strategy toward Iraq is today our most important foreign policy issue and I hope the committee will forgive me if I take just a few extra minutes to outline some of the views in "Playing the Course," which I do request be included in the record.

In that paper, I pointed out that the odds of success in Iraq are roughly even if we pursue the right policies and that the definition of success is going to be a pluralistic Iraqi Government that can work its way through years of difficulty without direct American support and continuing large American military presence. But I also pointed out that, while the United States must be prepared for failure in Iraq, exiting is a tactic and it is not a strategy. It can eliminate the costs of the war, it can eliminate casualties, but it will inevitably create at least as many problems as it solves, unless we exit under conditions that do define success. If we leave a legacy of political failure, chaos, or civil conflict in Iraq, that is not a strategy.

Regardless of what we do, we will need to reassess and rebuild our entire position in the Middle East and Southwest Asia, restructure our security policy and regional posture in the area, deal with problems like energy and the problems of a nuclear Iran.

Let me also say that, while cut-and-run may ultimately be a necessity, it too is not a strategy. It is a massive defeat. That is why I am going to argue that we really do need to do our best to salvage the situation in Iraq. We should not stay at any cost. We should not abandon Iraq as long as there is any hope of success.

I think, though, to understand what we can and cannot do in Iraq we have to begin by admitting that we have to build on the climate left by past mistakes, and I see nine major mistakes that we now have to deal with. One is going to war on the basis of the wrong intelligence and on the basis of a rationale we have not been able to defend to the world or to the Iraqis.

The second is to bypass the inter-agency process during the planning and preparation for the war, which has left a legacy of difficulty in terms of intelligence, the role of State Department, and civil-military relations.

The third is that we fought the war without any meaningful plan for stability operations and nation-building and we allowed political and economic chaos to take place as we advanced and in the immediate aftermath of Saddam's fall.

Fourth, we did not prepare our military forces for civil-military missions, to develop human intelligence capabilities and deal with terrorism and insurgency, to play the role of occupier in a nation with an alien religion, language, and culture. As a result, we have

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forced our military to adapt under pressure and in the face of a growing enemy.

For a year we assumed that a proconsul in the form of CPA could govern Iraq and plan its future rather than Iraqis, and we staffed much of the CPA with inexperienced ideologues, many of which spent virtually all of their time in a secure enclave and on 3- to 6-month tours. For a year we developed idealized plans for political reform that did not survive engagement with reality, and we focused far too much on national elections and drafting a constitution and not on effective governance. For a year we had military leadership that would not work closely with the leadership of the CPA, and we lived in a state of denial about the level of popular hostility we faced and a growing insurgency. For a year we made no effort to create effective military, security, and police forces that could stand on their own in dealing with the growing insurgency, terrorism, and lawlessness. Instead, we saw such forces largely as a potential threat to our idealized democracy and felt our forces could easily defeat an insurgency of some 5 to 6,000 former regime loyalists.

Finally, for a year we tried to deal with an Iraqi economy that was a command kleptocracy as if it could quickly and easily be converted to a modern market-driven economy. Again, we sent in far too many advisers with no real area expertise and with far too little continuity. We created a long-term aid plan without a meaningful understanding or survey of the economic problems Iraq faced, without an understanding of Iraq's immediate needs and expectations, and without the talent in either the United States Government or the contract community to implement such a plan or to develop the kinds of plans and programs that should have been focused on the short- and medium-term requirement that Iraq actually needed.

Many of the problems we face could have been avoided and I think it is to the credit of the people in Iraq today that the past does not have to be the prologue to the future. We have moved Iraq policy beyond the policy cluster in the Pentagon, we have weakened the hold of neoconservatives and we have begun to implement a serious inter-agency approach. We now have an ambassador and a general that can work together and function as a civil-military team. We have given sovereignty to the Iraqis and let them take over the political process. We have begun to accept the true complexity of the political problems in Iraq and the level of popular hostility and tension we face.

We have reorganized the U.S. and coalition military posture to fight a serious counterinsurgency and counterterrorist war. In fact, we have begun to rethink our entire process of force transformation to focus on these threats. We have begun to train Iraqi military, security, and police forces for the threat they actually face and not for a secure, stable, and democratic world.

We have, at least partially, understood that our initial aid plans were unrealistic and that priority has to be given to short- and medium-term stability and to using dollars as a substitute for bullets. We have also begun to understand that USAID in Washington is incompetent in dealing with the challenge it faces, that outside con-

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tractors cannot manage an effective aid program in Iraq, and that dollars need to go to Iraqis and not outsiders.

We need to give the Americans now serving in Iraq, and especially the civilians and military in the field, credit for these changes. But more does need to be done. When we talk about this, one problem we face is the lack of meaningful reporting coming out of the U.S. Government on the nature of what is happening in the military program, in the insurgency, and in the economic aid program.

Mr. Chairman, I have put a short paper together on the metrics that should be provided and I ask again that this be included in the record.

The CHAIRMAN. It will be included in the record.

Dr. CORDESMAN. Thank you, sir.

I do believe, however, that there are clearly five steps we do need to take and that these steps could increase our chances of success well beyond 50–50 during the coming year. First, we need to do everything we can to demonstrate the independence of the emerging Iraqi political structure, while encouraging inclusiveness and some form of federalism and while moving beyond a focus on elections and the constitution and providing the full range of support for governance that is needed in the field and outside the Green Zone.

We cannot measure legitimacy in terms of elections. Iraqis do not. They measure it in terms of the ability to govern, to give all Iraqis a fair share of wealth and power, to provide personal security, employment, and economic opportunity in terms of education and health service and basic utilities. They also measure it in terms of the ability of their government to disagree with the United States and the coalition, to act independently, and to take over the kind of roles that an independent government must perform. They look for our cooperation in terms of international institutions as well as within the process of the coalition.

Our fascination with elections needs to be matched with a focus on aiding governance, while we steadily phase down high-level intervention and pressure on the Iraqi Government. Every other thing we do will fail if the Iraqis cannot stand alone and visibly do so. We cannot save a government from itself and we will destroy it if we try to do so.

Second, we need a clear plan to create the kind of independent Iraqi military, security, and police forces that can replace United States and coalition forces except when they are needed in an advisory role. We do not have 127,000 useful or meaningful men in today's forces. We have somewhere around 7 to 11,000 that are beginning to have the necessary training and some of the equipment to deal with an active counterinsurgency campaign and the threat they face. We have something like two to three battalions today that can actually stand alone in the face of a serious insurgent attack. The first battalion with the kind of armor necessary to survive serious attack went into service on the 15th of January and its first actual appearance was during the course of the elections.

I prepared a detailed analysis of what has gone wrong and right with this effort and if I may impose on the committee I again ask that it be included in the record.

The CHAIRMAN. It will be included in the record.

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Dr. CORDESMAN. Thank you, sir.

The key point in this analysis, however, is simple: Once again, we will fail in Iraq unless we develop a convincing plan to create Iraqi forces with the leadership, experience, equipment, and facilities they need to secure their country without us and actually implement it. This is the sine qua non for American action and there is no more devastating critique of the ongoing failures in United States policy than the lack of such a plan in a public forum if one exists at all; a plan that will show the Iraqi people, the region, the Congress, and the American people that we can actually achieve a meaningful form of victory in Iraq.

Let me say here too that equipment and facilities are not a casual issue and they are a major problem in all of the public reporting on our progress to date. We do not see any indication that Iraqis are being given any of the equipment we see as vital to actually conduct operations in high threat areas. In fact, as an American I often find it contemptible that we so often criticize Iraqi forces for their behavior when they send them out to isolated facilities that cannot be protected or in vehicles without armor or protection when we talk about up-armoring HMMV's or replacing them with M–113's.

I find it equally strange that we do not report on Iraqi casualties and that we do not treat their losses as being important in the way we treat ours. If I may ask an obvious question, would any Senator or Congressman send their son or daughter out with the vehicles, with the combat equipment, and into the facilities where we send Iraqis? Would they expect them to stay, to defend and operate under these conditions?

Third, we need to complete the reorganization of our aid effort, to focus on bringing short- and near-term stability in dealing with the counterinsurgency campaign. Let me make it clear, I have nothing but respect for the USAID and contract personnel in the field, who have actually implemented useful projects and often done so at the risk of their lives. I also appreciate that the almost mindless focus on long-term aid efforts that shaped our initial aid request has been replaced with substantial reprogramming. However, anyone who looks at the USAID web page sees nothing but a long list of plans and project efforts that are not tied to any meaningful measures of effectiveness or to any defendable requirements.

USAID seems to live in a Panglossian fantasy world where no problems and challenges really exist and no public strategy plans and metrics of success are needed. We need economic stability for a nation of nearly 26 million people with an infrastructure better suited to 16 to 18 million. We need jobs for a 7.8-million-person workforce that now has at least 30 to 40 percent unemployment. What we have is an aid program based on American decisions about what is necessary, run largely by foreign contractors, with far too much money going to non-Iraqis, much of it to protect projects that end up being sabotaged or dysfunctional.

The good news is we have only disbursed about $2.5 billion out of the $18.4 billion in fiscal 2004 aid. The bad news is that money desperately needed to be spent. What we have seen is an aid program that hires all of 121,000 Iraqis out of a labor force of 7.8 mil-

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lion and where the total of Iraqis hired under the aid program has recently been dropping by about 9,000 Iraqis a week.

I would urge this committee to demand an immediate appearance by the director of USAID to explain the details of our aid program, to provide a clear plan for transferring funds and responsibility to the Iraqi government, to show how our projects meet valid requirements, and to prove that USAID's leadership is competent. Unless he can meet every such test, that leadership should be changed and the aid program should immediately be transferred to more competent hands.

Fourth, we need a clear declaration of our goals and principles for Iraq. We need clear and unambiguous statements from the President and Secretary of State that refute the key conspiracy theories that poison our relations and undercut the legitimacy of the Iraqi government. To be specific, we need a clear statement from the President that we will leave the moment the Iraqi government asks us to, that we will phase our forces down as soon as Iraq forces are ready to do the job, that we will not maintain permanent military bases, that we will not exploit Iraqi oil wealth or the economy, and that we will shift our aid funds to Iraq control and to benefit Iraqis, insisting only that the uses be validated and there be no corruption or waste.

Fifth, we need to have a regional strategy to support what we do in Iraq. We must give settling the Arab-Israeli conflict top priority and make our efforts fully visible. We must act through the Quartet whenever we can. In spite of our intervention in Iraq, survey after survey shows there is no single issue which causes more anger toward the United States than the Israeli-Palestinian conflict or does more to aid extremists and terrorists like bin Laden than the lack of visible high-level United States efforts to revitalize the peace process and the perception that the United States fights terrorism, but does nothing to halt settlements and occupation.

I do not for a moment advocate we halt any aspect of our struggle against terrorism or do anything to compromise the security of Israel. But we can only adopt the right policies toward Iraq if we adopt the right policies toward the Arab-Israel conflict.

Finally, Mr. Chairman, we also need to have a strategy that deals with the gulf region and with the Middle East that goes beyond rhetoric about democracy and reform. Far too much of our recent rhetoric has actually been used by our opponents to argue that we seek to overthrow governments in the region or to impose our own leadership. What we need now are practical, country by country efforts to quietly and steadily support the reformers in those countries, not noisy outside exiles. We need to press for achievable evolutionary progress steadily and without pause. We need to give human rights, the rule of law, economic reform, and demographic reform the same priority as democracy. And we need to recognize that democracy cannot work unless there are meaningful political parties and preparation for democracy to work.

Thank you very much, Mr. Chairman.

[The prepared statement and related material of Dr. Cordesman follows:]

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PREPARED STATEMENT OF ANTHONY H. CORDESMAN, ARLEIGH A. BURKE FELLOW IN STRATEGY, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES, WASHINGTON, DC

Several months ago, I laid out the basic elements of a strategy for dealing with Iraq in an analysis which I called "Playing the Course"—a paper that I now request be placed in the record of this hearing

In doing so, I pointed out that the odds of success in Iraq are at best even—if one accepts the fact that in the real world the only definition of success we can actually hope to achieve is some form of pluralistic Iraqi government that can work its way through years of political and economic difficulty without direct American military support.

AN EXIT IS NOT A STRATEGY

I also pointed out that the U.S. must be prepared for failure in Iraq, but that exiting is a tactic and not a strategy. Exiting Iraq would eliminate U.S. casualties and the cost of war fighting, but create as many or more problems as it solves.

Leaving a legacy of political failure, chaos, or civil conflict in Iraq is not a strategy.

A strategy means that we must reassess and rebuild our entire position in the Middle East and Southwest Asia, restructure our security policy and regional posture in an area with some 60% of the world's proven oil reserves, deal with what Islamist extremism will claim as a massive victory, cope with a nuclear Iran, and find some way to reestablish credibility in the world.

"Cut and run" may become a necessity, but it can never be a strategy; only a massive defeat.

This is why I have argued that we must do our best to salvage the situation in Iraq, and to correct our past mistakes. We should not do this at any cost; but we should not abandon Iraq as long as there is any serious hope of success.

FACING THE CONSEQUENCES OF OUR OWN MISTAKES

We also should recognize that we are where we are today as much because of nearly two years of avoidable failures in U.S. policy and leadership as because of the inherent difficulties in helping Iraq become a stable and successful nation.

In summary, we have made nine major mistakes:

- We went to war on the basis of the wrong intelligence and with a rationale we could not defend to the world or the Iraqis.
- We bypassed the Interagency process. We ignored warning after warning by U.S. intelligence experts, State Department officials, military officers with experience in the region, and outside experts that we would not be greeted as liberators fighting a just war, but by a highly nationalistic and divided people who did not want outsiders and occupiers to determine their destiny.
- We fought the war to remove Saddam from power without any meaningful plan for stability operations and nation building. We allowed political and economic chaos to take place as we advanced and in the immediate aftermath of Saddam's fall.
- We did not prepare our military forces for civil-military missions, to deal with terrorism and insurgency, to play the role of occupier in a nation with an alien religion, language and culture, or have the mix of HUMINT and weapons they needed for the "war after the war." As a result, we forced our military to slowly adapt under pressure and in the face of a growing enemy.
- For a year, we assumed that a proconsul in the form of the CPA could govern Iraq and plan its future, rather than Iraqis. We staffed much of the CPA with inexperienced political appointees and ideologues that spent virtually all of their time in a secure enclave and only served for brief three to six month tours.
- For a year, we developed idealized plans for political reform that did not survive engagement with reality. We focused far too much on national elections and drafting a constitution without having a similar focus on effective governance at the national, regional, and local levels.
- For a year, we had military leadership in Iraq that would not work closely with the leadership of the CPA, and which lived in a state of denial about the level of popular hostility we faced and a steadily growing insurgency.
- For a year, we made no serious attempt to create Iraqi military, security, and police forces that could stand on their own in dealing with a growing insurgency, terrorism, and lawlessness. Instead, we saw such Iraq forces largely as a potential threat to our idealized democracy and felt our forces could easily defeat an insurgency of 5,000–6,000 former regime loyalists.

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- For a year, we tried to deal with an Iraqi economy that was a command kleptocracy as if it could be quickly and easily converted to a modern market-driven economy. We sent in CPA advisors with no real experience and no continuity. We created a ridiculous long-term aid plan without a meaningful understanding or survey of the economic problems Iraq faced, an understanding of Iraqi needs and expectations, and the talent in either the U.S. government or the contract community to implement such a plan or develop the kind of plans and programs focused on short and medium-term requirements that Iraq actually needed.

THE PAST DOES NOT HAVE TO BE PROLOGUE TO THE FUTURE

This past does not have to be a prologue to the future. During 2004, we began to correct many of our past mistakes.

- We have moved Iraqi policy beyond the disastrous policy cluster in the Pentagon, weakened the hold of failed neoconservatives, and begun to implement a serious Interagency approach.
- We have an ambassador and a commander that can work together, and much more of a true civil-military team. We still lack the civilian elements that can support nation building in high-threat areas, but the U.S. military has found ways to partially compensate.
- We have given sovereignty to the Iraqis and let them take over the political process.
- We have gradually accepted the true complexity of the political problems in Iraq, the level of popular hostility we and our forces face, and the seriousness of the insurgent threat.
- We have reorganized the U.S. and Coalition military posture in Iraq to fight a serious counterinsurgency and counterterrorist war, and we have begun to rethink our entire process of force transformation to shift from a Cold War focus on advanced technology to fight conventional forces to one that can deal with the very different asymmetric, political, and ideological threats we actually face.
- We have begun to train Iraqi military, security, and police forces for the threat they actually face, and not for a perfect secure, stable, and democratic world.
- We have partially understood that our aid plans were totally unrealistic, and that priority must be given to short and medium term stability and to using dollars as a substitute and supplement to bullets. We have at least begun to understand that USAID in Washington cannot deal with the challenge it faces, that outside contractors cannot manage an effective aid program in Iraq, and that dollars need to go to Iraqis and not outsiders.

We need to give the Americans now in Iraq—and especially the civilians and military actually in the field outside the Green Zone—full credit for these changes. They have not stood idly by, failed to adapt, or failed to challenge the many failures in leadership they received from Washington.

America's "neoconservatives" may be an unmitigated national disaster in shaping policy towards Iraq, and in virtually every other aspect of foreign policy they have managed to affect. We have seen, however, that realists, true area experts, and adaptive military professionals can produce far better answers and have already begun to compensate for many of our past mistakes.

WHAT MUST BE DONE

The question now is what must be done to reinforce the steps we have already taken.

I should stress that my proposed answers have had to be formulated in a climate where there is remarkably little realistic U.S. government reporting of the metrics necessary to understand the true nature of the insurgency.

We have little meaningful data on the results of our efforts to create effective Iraqi forces, the economic problems Iraq faces, and the actual impact of our aid. We have substituted self-serving polls to justify our positions rather than to seriously and objectively poll Iraqi perceptions.

I have prepared a short paper on what needs to be done to improve the quality of the reporting to the American people and the Congress, and again, I request that it be included in the record.

Yet, I believe that enough data are available to show that there are five steps that might well increase our chances of success well beyond the 50–50 level, and that clearly need to be taken immediately if we are to move towards success during the coming year:

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- *We must do everything we can to demonstrate the independence of the emerging Iraqi political structure while encouraging inclusiveness and some form of federalism, and aiding in the process of governance.*

Our fascination with elections needs to be matched with a practical focus on aiding governance while we steadily phase down any high level intervention or pressure on the Iraqi government.

Iraqis do not measure legitimacy primarily in terms of elections. They measure it in terms of the actual ability to govern, to give all Iraqis a fair share of wealth and power, to provide personal security, to provide employment and economic opportunity, to furnish education and health services, and to provide water, electricity and sewers.

They also measure legitimacy in terms of the ability of an Iraqi government to implement independent policies, to disagree with the U.S. and outside powers, and visibly take decisions without anyone looking over the Iraqi government's shoulder.

We cannot cease to advise, but we must cease to impose. Where outside support is needed, it also will always be better if it comes from the U.N., the British, or some broader international effort and not from unilateral action by the U.S.

Every other thing we do will fail if the Iraqis cannot stand alone and visibly do so. We cannot save a government from itself, and we will destroy it if we try to do so.

- *We need a clear plan to create the kind of independent Iraqi military, security, and police forces that can replace the U.S. and Coalition forces except when they are needed in an advisory role.*

We need to stop lying to the Iraqis, the American people, and the world about our efforts to create Iraqi forces.

We do not have 127,000 useful or meaningful men in these forces of the kind needed to fight an aggressive, experienced, and well-armed threat. We have somewhere around 7–11,000 that are beginning to have the training and some of the equipment necessary to directly engage insurgent forces. We have about two to three battalions that can honestly stand alone in the face of serious insurgent attack, and the first battalion with the armor necessary to survive went into service in mid-January.

I have prepared a detailed analysis of what has gone wrong and right with this effort, and again, I ask that it be included in the record. The key point of this analysis, however, is simple: Everything we do in Iraq will fail unless we develop a convincing plan to create Iraqi forces with the leadership, experience, equipment, and facilities they need to secure their country without us and actually implement it.

Creating effective Iraqi forces to replace the Coalition forces is the sine qua non for American action. There is no more devastating critique of the ongoing failures in U.S. policy than the lack of such a plan in public form—if one exists at all. Furthermore, it must be a plan that shows the Iraqi people, the region, and the Congress and American people that we can achieve a meaningful form of victory in Iraq.

Equipment and facilities are not a casual issue. Nothing we have done to date has begun to be adequate. In fact, as an American, I find it contemptible that we so often criticize Iraqi forces for their behavior when we send them out to facilities that cannot be protected in unprotected vehicles that no American would willingly use with weapons inferior to their enemies. We then refuse to accurately report Iraqi casualties along with our own, treating their losses as less significant than ours.

Would any Senator or Congressman send their son or daughter out under these conditions if they were Iraqi? Would any member of Congress expect their son or daughter to stand and die without purpose?

The time has come for the Administration to explain exactly how our current plans will meet the need for strong and independent Iraqi forces, and when Iraqi forces will be given the equipment, facilities, and capabilities they really need to defeat the insurgents on their own.

- *We need to complete the reorganization of our aid effort to focus on bringing short- and near-term stability and to support the counterinsurgency campaign, and seriously consider replacing USAID's leadership of the Iraq aid effort.*

Politics, governance, and security are critical, but so are economics. We need a program to meet Iraq's immediate economic needs, to help bring security, and that is run and implemented by Iraqis in ways that provide virtually all of the money to Iraqis.

Let me make it clear that I have nothing but respect for those USAID and contract personnel in the field in Iraq who have actually implemented useful projects, and done so at the risk of their lives. Many have become combatant "noncombat-

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ants" in a world where armed peacekeeping, nation building, and humanitarian intervention have become all too common.

I also appreciate the fact that the almost mindless focus on long-term aid efforts that shaped our initial aid requests has been replaced with substantial reprogramming for short-term projects that meet Iraqi needs, give the money to Iraqis, bring stability and support security efforts.

Anyone who looks at the USAID web page, however, sees nothing but a long list of plans and project efforts that are not tied to measures of effectiveness or defendable requirements. USAID in Washington seems to live in a Panglossian fantasy world where no problems and challenges really exist and no public strategy, plans, and metrics of success are needed.

We need economic stability for a nation of nearly 26 million people whose overall infrastructure is better suited to 16–18 million. We need jobs for a 7.8-million-person Iraqi work force that now has 30–40% unemployment. What we still have is an aid program based on American decisions about what is necessary run largely by foreign contractors with far too much money going to non-Iraqis—much simply to protect projects that end up being sabotaged or dysfunctional.

The good news is that we have so far only disbursed $2.5 billion out of $18.4 billion in FY2004 aid. The bad news is that the money is desperately needed in Iraq, and that our projects only hire around 121,000 workers out of a work force of 7.8 million and the total has recently dropped by 8,000–10,000 a week.

I would urge this Committee to demand an immediate appearance by the Director of USAID to explain the details of our aid program to Iraq, to provide a clear plan for transferring the funds and responsibility to the Iraqi government, to show we actually know how well our projects met valid requirements, and prove that USAID's leadership is competent.

If he cannot answer these questions to the Committee's satisfaction, the aid program in Iraq should immediately be transferred to different hands.

- *We need a clear declaration of our goals and principles. We do not need declarations of American values or general good intentions.*

We need clear and unambiguous statements from the President and Secretary of State that refute the key conspiracy theories that poison our relations and undercut the legitimacy of the Iraqi government.

To be specific, we need a clear statement from the President that we will leave the moment the Iraqi government asks us to; that we will phase down our forces as soon as Iraqi forces are ready to do the job; that we will not maintain any permanent military bases; that we will not exploit Iraqi oil wealth or economy in any way; and that we are shifting our aid funds to Iraqi control and to benefit Iraqis—insisting only that the uses be validated and there be no corruption and waste.

These are obvious points, but we have either made them poorly, in passing, or at too low a level to be meaningful.

- *Finally, we must give settling the Arab-Israeli conflict top priority, make our efforts fully visible, and seek to act through the Quartet of the U.S., EU, U.N., and Russia wherever possible.*

In spite of our intervention in Iraq, no single issue creates more anger and hostility towards the U.S., or does more to aid extremists and terrorists like bin Laden, than the lack of visible, high-level U.S. efforts to revitalize the peace process and the perception that the U.S. fights terrorism but does nothing to halt settlements and "occupation."

We must not halt our struggle against terrorism, or do anything to compromise the security of Israel. We can only establish credibility in Iraq, the Arab world, and Islamic world, however, if we both adopt the right polices towards Iraq and towards the Arab-Israeli conflict, and if we show the same balance in our dealings with Israel and the Palestinians as we did at Camp David and Tabah.

PLANNING FOR WITHDRAWAL

Let me conclude by saying that neither the positive actions we have taken during 2004, nor the proposals I have just made can guarantee success. We are beginning late and we have wasted precious time we did not have. Success was always uncertain, and the idea Iraq would suddenly emerge as a success that would transform the Middle East was always a fantasy that did little more than prove just how decoupled from reality America's "neoconservatives" could be.

We may well have to leave Iraq without achieving the limited definition of success I gave at the beginning of this testimony. If an elected Iraqi government asks us to leave, we must do so as quickly and with as much integrity as possible. The same

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is true if we are asked to compromise our military effectiveness or the integrity of our aid process.

Failure is an option, and will scarcely be the only time the U.S. has faced defeat.

Abandonment, however, is not an option. If we are forced to leave Iraq, we should not do so in bitterness or in anger. We should be prepared to offer aid and assistance. We should make it clear that we will do what we can regardless of the circumstances. As Vietnam and China have shown, history endures long beyond anger and frustration, and so do our vital strategic interests.

In any case, even under the best conditions, we must leave in the next two to three years, and as soon as Iraqi forces can replace us. This is not a choice. Being an advisor and a friend is both possible and desirable. However, no policy in Iraq, this region, or the world can succeed where the U.S. seeks to keep bases or remains an "occupier."

We need to prepare for this contingency now, and the key to that preparation is two fold:

- First, it is to deal with the Israeli-Palestinian conflict in ways that can ease the anger against us in the Arab and Islamic worlds, and ultimately give Israel true security.
- Second, it is to rebuild and strengthen our relations with the Southern Gulf states and our other allies in the Arab world.

This second key to success is the subject for another hearing, but that we need to act now to make it clear that we will ensure the security of our Southern Gulf allies in every way we can regardless of what happens in Iraq. We will not withdraw; we will not leave them without protection against a nuclear Iran; and we fully understand how vital they are at a time when 40% of all the world's oil exports pass daily through the Strait of Hormuz and our Department of Energy projects that that percentage will raise to nearly 60% by 2025.

Finally, it would be to our vast benefit if the Administration and the Congress government could be far more cautious about talking about political reform and democracy in ways our enemies use to say we seek to overthrow governments in the region and impose our own leaders. What we need are practical country-by-country efforts to quietly and steadily support the reformers actually in those countries—not noisy outside exiles.

We need to press for achievable evolutionary progress. We need to give human rights, the rule of law, economic reform, and demographic reform at least the same priority as democracy, and we need to recognize that democracy cannot work without meaningful political parties and preparation.

To be blunt, we need a lot less lofty rhetoric, and a lot more pragmatic action. We need country-by-country strategies and plans that move progressively towards balanced and stable reform. We need country teams in each Embassy that can work with both friendly governments and local reformers on a quiet and steady evolutionary basis. We need to work with regional experts and media, our allies, and international institutions.

We don't need slogans; we need meaningful action.

IRAQ: STRATEGY VERSUS METRICS: THE CASE FOR INFORMATION-BASED POLICY

It is as easy to propose a strategy for Iraq as it is easy to have a strong opinion. The problem is to substantiate any such strategy with something approaching facts. At this point, "experts" are proposing everything from quick withdrawal to staying the course regardless of cost. The practical reality, however, is that "experts" must rely on media reports; unclassified, public relations-oriented government data; or sheer seat of the pants guesswork.

1. A FLOOD OF OPINION; A DROUGHT OF FACT

No one who served during Vietnam can fail to notice that there has been a polarization of the information people do choose to use out of the limited information available. Those who oppose the war and continued intervention choose every negative press report convenient to their case. The supporters of the war "mirror image" the opponents by choosing the favorable data.

The U.S. government has responded by suppressing past reporting that has proved to be embarrassing, and by avoiding reporting information that might be negative and "spinning" data. This bias in official reporting is compounded by operational problems. Streams of individual data requests hit overburdened military and civilian staffs on the scene without any coherence and coordination. The end result is no time for structured data collection and reporting, plus the feeling such exercises are a waste of time.

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The end result is confusion, rather than insight. The problem for policy making is not a lack of strategies, it is a lack of facts. It is the lack of metrics that can shed some light on what is really happening and the level of progress, problems, and risk.

Granted, no war ever has perfect metrics, but it would be far easier to know what strategy the U.S. should propose if an objective effort was made to pull together the data that are available in ways that would allow some coupling between strategy and a knowledge of the facts on the ground.

2. LOOKING AT GOVERNANCE AND POLITICS

The elections to come will help provide a much better picture of the level of polarization and religious alignment of the Arab Shi'ites; Arab Sunnis, Kurds, and other minorities. The elections in the governorates will also be useful, and will the post-election power brokering and new allotment of government positions.

Metrics of governance, however, may be more useful than metrics of politics.

- *One key indicator of stability in Iraq is to map where the government is in full control,* where it has a limited or insecure presence, and where it is largely absent or ineffective. It is obvious that in at least four provinces, the Iraqi government is only partially functioning.
- *Maps by governorate and city that show the scale of the insurgency are key measures of the level of risk and improvement/decline*—this is particularly true if such maps show the population in the area involved. It is obvious that in some half-secure areas, the government does not meet a key test from Vietnam days, it cannot operate at night or when insurgents are in the area.
- *Similar mapping of government services* adds meaning to the security test. Secure police presence is one key test. Ability to make government offices secure and functional is another.
- *It is equally important to map out the actual distribution of key government services* like pensions, economic aid, office services, etc. Most Iraqis, like most people in the world, need government services every day. Elections and politics are an episodic luxury.

All of the above options would be more effective if there was a census. The rough estimates that say the population is 60% Shi'ite, 20% Sunni, 15% Kurd, and 5% other are guesstimates first made over a decade ago. Having an accurate picture of the ethnic and sectarian mix would greatly aid in understanding how the insurgency tracks relative to such factors, as well as the true nature of the population size in threatened areas.

3. PUBLIC OPINION POLLS AND POLITICAL ATTITUDES

Sophisticated, properly structured public opinion polls can be of great value in understanding Iraqi views and needs. Public opinion polls based on small samples using limited questionnaires are little more than statistical drivel. The sample base may be "statistically valid" within a limited range of percentage error in the mathematical sense, but far too often, the methodology and results are empirically absurd.

The sample base in many recent polls is far too small and excludes too many areas and insurgents. Moreover results that cannot be broken out by area, ethnicity, religion, and social background lump together so many disparate groups that they provide few insights or no controls on who is really being surveyed with any adequacy.

The answer, however, is not to avoid public opinion polls. It is rather to see them as a critical metric worth funding at a high level of repeated activity with as much data on given localities and areas, and as much data on attitudes by ethnicity and sect as possible. Some past polls have provided much of the scope for this, but few recent polls seem to have made such an effort or to have credible transparency. A key metric is being ignored or misused.

A key tool is being misused or not used at all.

4. MAPPING WARFIGHTING

It is obvious that the U.S. government is making steadily more detailed classified efforts to understand the patterns in the fighting and the nature insurgents at a time what it has virtually suppressed all meaningful public reporting. Its daily incident reports are no longer made available on background; the Iraqi government no longer provides meaningful public estimates of Iraqi casualties, and even the broad monthly incident totals vary so much from U.S. spokesman to U.S. spokesman that they seem to have uncertain credibility.

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- *Reporting on insurgent captures and kills.* This again needs to be by governorate and major city, and show the nationality and ethic/religious character of those involved where possible.
- *Estimates of insurgent strength by group and location.* These do not have to be precise, but would both show the scope of the threat, and whether progress is estimated to be made in defeating it. The inevitable lack of precision is not an embarrassment, it is a warning.
- *Summaries of U.S./Coalition military action.* Like all of the metrics suggested these should not be so precise as to risk compromising operational security. The various press releases, however, give no picture of the level of overall military activity or activity by region, and no picture of the level of intensity in operations or the resulting trends.

5. REALISTIC METRICS FOR PROGRESS IN CREATING EFFECTIVE IRAQI MILITARY, SECURITY, AND POLICE FORCES

U.S. efforts to create capable cadres of effective Iraqi military, security, and police forces seem to be gathering momentum at a time that the U.S. has again suppressed virtually all meaningful reporting. Some areas where meaningful metric would be extremely useful are:

- *Combat effective military, security, and police forces in terms of manning and unit strength:* The kind of meaningless totals for training and equipped manpower now being issued produce misleading totals with no correlation to war fighting or self defense capability. Leadership and quality are the issue.
- *Capable forces versus goals over time:* The key projection for strategy is how many effective forces will be created over time, and is there a stable set of goals to measure progress by.
- *Trained manpower by service/type of force showing different levels of training:* "Trained" becomes milspeak for "meaningless" when it is not tied to a clear definition of exactly what training is involved.
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This may be a need for nation wide economic data focused on long term planning in the future. To have a future, however, the government and Coalition needs detailed economic mapping that looks at jobs, economic activity, and how aid is flowing by major city, by governorate, and by key area.

It often will not be possible to assemble comparable or complete data, but this is not operationally necessary. A mosaic of disparate data will often red flag key problems and areas. Unemployment, access to health care, and functioning education are key metric. So are power, sanitation, water, and secure roads. The breakdown of past existing services in any area is a major warning.

There are critical overlays to such data that help measure the realities in the war:

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- *Mapping sabotage and economic attacks.* Iraqi officials have issued guesstimates like a $10 billion loss to sabotage. Incident records need to be used to take a hard look at economic impacts of both insurgent and Coalition action. Sabotage that deprives areas or services, cuts or restricts nation building, and hits at key revenues or economic activity needs to be mapped and analyzed. The economic impact of the war should be known.
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One final, and hopefully obvious, point needs to be made about the above suggestions. A flood data may produce a flood of analysis but there is no reason it should produce a flood of wisdom. Every metric suggested above has limits and can produce confusing and sometimes contradictory result. No one set of metrics is likely to be decisive, and trend analysis will be critical.

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"PLAYING THE COURSE:" A STRATEGY FOR RESHAPING U.S. POLICY IN IRAQ AND THE MIDDLE EAST

EXECUTIVE SUMMARY

The odds of lasting U.S. success in Iraq are now at best even, and may well be worse. The U.S. can almost certainly win every military battle and clash, but it is far less certain to win the political and economic war. U.S. success is also heavily dependent on two variables that the U.S. can influence, but not control. The first is the emergence of a government that Iraqis see as legitimate and which can effectively govern. The second is the ability to create Iraqi military and security forces that can largely replace U.S. and other Coalition forces no later than 2006.

Improving the Odds in Iraq

This paper argues that U.S. success in Iraq is too important for the U.S. to withdraw in spite of the present odds and that it should "play the course" as long as it has a credible chance of success. It also argues that there are a series of steps that the U.S. can take to improve the odds of success, many of which build on initiatives that the U.S. already has underway.

These suggestions affect five separate areas of U.S. effort:

- Providing a clear statement of U.S. intentions that will make it clear the U.S. is seeking to create a viable and legitimate government in Iraq, and will not stay in Iraq once this occurs. This statement will address the major conspiracy theories that undermine U.S. efforts, and be backed by tangible actions.
- Stepping up aid efforts to develop effective governance, and placing a new emphasis on local as well as national governance.
- Giving even higher priority and resources to the effort to develop effective Iraqi military and security forces.
- Altering U.S. methods of warfighting to strengthen the political content of U.S. strategy and tactics.
- Recasting the economic aid effort to focus on Iraqi internal stability during 2005–2006, and transferring responsibility for planning, management and execution to the Iraqi government, while phasing out U.S. contracting efforts as soon as possible.

Know When to Hold Them, Know When to Fold, and Know When to Run

Taking these steps does not mean that the U.S. should "stay the course" if such measures do not work. The U.S. faces too much Iraqi anger and resentment to try to hold on in the face of clear failure, and achieving any lasting success in terms of Iraqi political acceptance means the U.S. must seek to largely withdraw over the next two years.

To paraphrase an old country and western song, the U.S. needs to know when to hold them, know when to fold them, and know when to run. If the U.S. is asked to leave by an Iraqi government, it must leave. The same is true if Iraqi efforts at governance decisively and/or if the U.S. cannot create effective enough Iraqi security forces to largely replace U.S. and coalition forces. Fighting a counterinsurgency campaign is one thing; the U.S. must not stay if Iraq devolves into civil war.

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There are, however, different ways to leave and some are much better than others. Stating and demonstrating that the U.S. has the right intentions will make it clearer to the world that the U.S. made every effort to succeed and help to defuse the impact of U.S. withdrawal. Efforts to strengthen the Iraqi government as much as possible as soon as possible not only raise the odds of success; they raise the odds that stability will eventually emerge even if the U.S. is forced to withdraw. Efforts to strengthen the role of the U.N. and to multilateralize as much of the aid process as possible will have the same effect.

The Regional Dimension

At the same time, the U.S. must make every effort to strengthen its position in other parts of the Gulf and the Middle East. Virtually the same strategy is needed whether the U.S. succeeds or fails in Iraq. Even "victory" in Iraq will be highly relative, and defeat will force the U.S. to reinforce its position in the entire region. The specific steps the U.S. needs to take are:

- Give the settlement of the Arab-Israel conflict the highest possible priority in the most visible form possible.
- Rebuild U.S. ties to friendly Gulf states like Saudi Arabia and strengthen ties to all of the GCC states, emphasizing cooperation in dealing with terrorism and Islamic extremism.
- Adopt a more flexible policy in dealing with Iran.
- Prepare for the potential impact of problems in Iraq in dealing with the fighting in Afghanistan.
- Recast U.S. energy policy to deal with the reality that the U.S. will have growing strategic dependence on Gulf and Middle Eastern oil exports for the next 20 years, and their security will become steadily more important.
- Adopt a realistic approach to political reform in the region that will improve U.S. relations with both moderate regimes and with the peoples of the area.
- Give the political dimension of counterterrorism a new priority, addressing the many aspects of the way in which the U.S. now fights the war of terrorism that needlessly hurt relations with the Islamic and Arab world, and restrict the educational, business, and other relations necessary to create a common effort to deal with terrorism and extremism.

Almost all of these steps are necessary regardless of the outcome of the U.S. intervention in Iraq, but they become far more urgent if the U.S. is forced to withdraw or Iraqi governance fails. In short, the U.S. strategy for Iraq must be part of a broader strategy for the Middle East, and one founded on pragmatism and not ideology.

Regardless of how we got into Iraq, and regardless of our mistakes to date, we are there. Our strategic interests are now linked to both our success and that of the Iraqis. We can certainly survive withdrawal and failure, but the result will be seen as a serious defeat unless an Iraqi government emerges that is clearly better than Saddam Hussein's regime, unless Iraq holds together, and unless Iraq makes progress over time.

We have set the rules of the game to the extent we can, we hold the cards we are going to get, and we have made our bet. The most we can do at this point is hold, fold, or raise the ante. We do not need to rush towards some form of exit strategy before it is clear whether we will win or lose.

At the same time, we do not need a pointless ideological commitment to "stay the course," simply carrying on with what we are already doing. We need detailed and tangible ideas about how to make things better, and improve the odds of success. The challenge is how to best "play the course." It is how to take a bad to mediocre hand and increase the chance of getting a productive outcome.

The fact remains, however, that the odds of success are now at best even, and may well be worse. Popular anger and hostility towards the U.S. and Coalition forces has grown steadily since the spring of 2003. Some 11% of Arab Shi'ites and over 33% of Arab Sunnis saw attacks on Coalition forces as justified by early 2004.[1] The vast majority of Arab Iraqis never saw the Coalition invasion as legitimate, and some 70% wanted Coalition forces to leave Iraq when sovereignty was returned to the Interim Iraqi Government in June 2004. More than 80% of the Iraqi Arab's surveyed this summer expressed deep distrust in Coalition forces.[2] Iraqis still express hope in the future, but they do not feel the Coalition is capable of bringing either security or economic welfare. While no reliable polling has emerged since a new surge in the fighting in September 2004, it seems virtually certain that Iraq resentment of the U.S. and Coalition has steadily increased in recent months.

We must do what we can within very tight time limits, knowing that we may well fail. Iraq may divide, there may be civil war, and the Interim Government may fail without leaving a viable option. The end result of the series of elections to come may

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well be that the U.S. is asked to leave, asked to stay on Iraqi terms that largely consist of our providing aid, or tied to a government that does not have adequate popular support and legitimacy. "Playing the course" does not mean the U.S. can count on winning, and certainly does not mean staying beyond the point where "playing the course" is no longer productive. It also means that U.S. programs must be carefully tailored to the limits imposed by the "art of the possible." Trying to implement the "art of the desirable" is an almost certain road to failure.

Accordingly, we need to consider both whether there are steps we can take to improve the current odds and when and how to leave. To paraphrase a country and western song, we have to "know when to hold them, know when to fold them, and know when to run." We also need to understand that any strategy to "play the course" in Iraq must be tied to a regional strategy that will both increase our chances of success and our ability to leave under the best circumstances possible.

"AND KNOW WHEN TO HOLD THEM:" SEEKING AN ACHIEVABLE VICTORY

One key decision has to be made to have any real chance of winning. This is to define "victory" in narrow and pragmatic enough terms so that we have a credible hope of achieving it. By this standard, success can be measured as the emergence of an Iraqi government that holds the country together, offers more in terms of pluralism and the rule of law than did Saddam and the Ba'ath, which is seen as broadly legitimate by most Iraqis, and which can establish conditions for economic development.

As a corollary, we need to recognize that we cannot overcome many critical forces affecting the situation after more than a year of war and occupation. These forces include the present level of Iraqi resentment of the invasion and occupation, Iraqi nationalism, and cultural and religious tension. Success means the U.S. must transfer power to an Iraqi government that the vast majority of Iraqis see as legitimate, and leave Iraq as soon as this is practical—at least to the extent that the U.S. does not maintain significant military forces or military bases, and does not maintain the Green Zone and an "imperial" Embassy. The U.S. can, at most, stay in Iraq for one or two more years and it must do what it can as quickly as possible.

Moreover, we need to preserve a sense of history. Iraq has massive political, security, ethnic, religious, and economic problems that will take a half a decade to a decade to play out. The chances are that it will undergo several periods of crisis and instability after we leave. We can continue to influence this situation, but we can scarcely hope to control it. We need to understand—and make clear to Iraq and the world—that the transition to full independence, and American military withdrawal, place the responsibility for Iraq's future clearly in Iraqi hands. We must not claim either levels of success or responsibility that will allow critics to blame the U.S. for future problems it cannot control.

Defining Success as Narrowly as Possible

A future Iraqi government does not have to be favorable to the U.S. in any narrow sense. The U.S. does not need Iraqi dependency; it needs Iraqi success. A neutral government that distances itself from the U.S., or even one that is aggressively independent, will be perfectly acceptable. The key test of success is that such a government can hold the country together, gives every ethnic and religious group a relatively fair share of wealth and power, does not represent extreme factions, has no broader regional ambitions, and creates a climate where both internal stability and the welfare of the Iraqi people is likely to improve over time.

In fact, from both an Iraqi and regional viewpoint, the stronger and more independent the Iraqi government becomes the better. The U.S. does not need a client or dependent, and its best chance for being seen as having conducted a "just war" (or at least an excusable one) is to show that it leaves when it is asked to and leaves Iraqis clearly in charge. Put differently, the key in Iraq to knowing how long to "hold them" is having a clear plan to "fold."

As a corollary, "playing the course" means that there are several objectives the U.S. not only must not pursue, but also must conspicuously and openly reject:

- *One is to try to use Iraq as a tool or lever for changing the region.* The Iraqi example may have some impact over time, but nothing could be more destructive to regional efforts at reform than any deliberate effort to use Iraq as some kind of springboard for change in other countries. A meaningful reform strategy must be a country-by-country U.S. effort to encourage the positive evolutionary trends inside each country. Moreover, the U.S. must accept the fact that any foreseeable government that is legitimate in Iraqi eyes will sharply oppose present U.S. policies in dealing with the Israeli-Palestinian conflict and will be hostile to Israel's present government and policies.

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- *Iraq must not become a U.S. military base.* The U.S. may well need to maintain a strong advisory effort, but if the U.S. tries to maintain combat forces and bases under any conditions other than the broadest-based demand from Iraqis as a whole, it will do even more to alienate the Iraqi people, the region, and Islamic world. This does not, however, preclude U.S. efforts to create a regional security structure—building on institutions like the GCC—which could tie Iraq to a more stable regional security posture where the U.S. could both act as the ultimate guarantor of Iraq's security and work with Iraqi forces in a regional context.
- *The U.S. must establish Iraq's independence in terms of its politics, economics, and above all oil.* Iraq may well need continuing U.S. aid in its political and economic development, in addition to its military and security forces. The U.S. must, however, avoid even the image of seeking to continue to dominate Iraqi politics, and one key aspect of U.S. policy during 2005 and 2006 must be to relocate the U.S. Embassy and Green Zone as quickly as possible, and shrink the U.S. Embassy to something around 20% of its present size. The CPA will be a lasting model of how not to do things, and its imperial image has left a legacy that the U.S. must distance itself from as soon as possible. The U.S. mission in Iraq must be sized to meet key needs, but the goal must be to make it an equal among equals, not a center of political power.
- *Establish total transparency in showing that the U.S. has not taken any economic advantage of Iraq and has taken no steps to give U.S. firms a lasting advantage in any aspect of the Iraqi economy.* This does not mean that the U.S. should not encourage U.S. foreign investment, in oil and in every other area. It must do so, however, purely in market terms. The U.S. government, and especially the U.S. Embassy, must be extremely careful not to lever influence to the unfair advantage of U.S. firms, and it must cut itself loose from aid contractors as soon as humanly possible. It must exert Draconian ruthlessness in stopping any past ORHA, CPA, or U.S. military personnel from exploiting their past positions.

Clearly Stating U.S. Goals and Intentions in Terms Acceptable to Iraq and the Region and Demonstrating the U.S. Will Make Good on Its Policy

The U.S. needs to openly demonstrate to Iraqis, the region, and the world that it defines success in terms of Iraqi interests, not some effort to directly serve its economic and strategic interests. So far, the U.S. has not made this sufficiently clear or even done a good job of articulating its intensions in ways that reach Iraqis and the region. President Bush has spoken in generalities, and his senior officials have either failed to define U.S. intentions and objectives or have done so in ways that had had little practical impact—such as speaking in U.S. press conferences.

President Bush should take the opportunity of his reelection and/or the coming Iraq elections to make a statement to the Iraqi people and the world that clearly defines U.S. intentions and refutes the most dangerous conspiracy theories affecting Iraqi and regional behavior. To be specific, he should state that:

- The U.S. will only stay in Iraq until the insurgency is over and the Iraqi people have chosen a legitimate government, and will leave immediately if asked to do so by an elected Iraqi government;
- The U.S. has no intention of interfering in Iraqi elections or internal politics. It will accept any elected government as legitimate;
- The U.S. is training and equipping Iraqi forces to take over both the defense of the nation and internal security missions, and will phase out its military presence as Iraqi forces show they can perform these missions. It will do so earlier, if asked by the Iraqi government.
- The U.S. is bound by the policies set by the Iraqi Interim Government, and will not conduct military operations that have not been approved by that government.
- The U.S. have no interest in controlling Iraqi oil resources and exports, and is firmly committed to aiding the Iraqi Oil Ministry in developing Iraq's resources through open competition on global market terms. All decisions over the future development of Iraq's petroleum resources will be made by the Iraqi government.
- The U.S. is not seeking any other economic interest in Iraq, or any favoritism for U.S. companies.
- The U.S. believes that Iraq must have modern, professional military forces strong and well equipped enough to defend the nation without relying on U.S. and Coalition forces. The U.S. will actively aid the Iraqi government in achieving this role. It will encourage the development of regional security efforts, possibly including the expansion of the GCC. It will provide future military support

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to Iraq only if requested, and will consult with its regional allies and the U.N. in doing so.
- The U.S. will not maintain any permanent military bases in Iraq, and will transfer all facilities to the Iraqi government upon U.S. withdrawal.
- The U.S. will continue to provide military assistance and training if the Iraqi government requests this, but actively encourages other nations to join it in this role.
- The U.S. is not seeking to dictate the modernization and restructuring of the Iraqi economy. It is removing the strings from its aid process, and will begin to transfer the management of all U.S. economic aid to the Iraqi government, and allow the government to use such funds for its own projects using Iraqi contractors. It will only act to ensure that the projects are legitimate and are honestly and effectively implemented.
- The U.S. will fully withdraw from the Green Zone once Iraq is secure and an Iraqi government is in place, and will shift its mission to the size and role of a conventional Embassy.
- The U.S. is seeking full debt and reparations forgiveness for Iraq, and is committed to providing long-term assistance if this is needed.
- The U.S. believes that the role of the U.N. and other nations in ensuring free and fair elections, providing aid, and helping to train the Iraqi government and security forces should be steadily expanded. Its only concern is that the expansion of multilateralism must be accompanied by effective plans and the consummate resources.

President Bush not only needs to formally state such goals, he and U.S. officials will need to regularly repeat them and aggressively refute conspiracy theories and charges as necessary.

MAKING IRAQI POLITICAL LEGITIMACY REAL

There are two critical variables in Iraq over which the U.S. still has considerable influence, but no direct control: The first is how well Iraqis do in shaping their own government, executing governance at the national and local level, and giving the new Iraq true legitimacy among all of the key elements of Iraq's population. The second is the ability and willingness of Iraqi military and security forces to largely—if not totally—replace U.S. and other Coalition forces no later than the end of 2006.

Past U.S. actions have helped to create an extraordinarily demanding political schedule, and which ensures political tension, turmoil, and a constant risk of turnover in key officials and decision makers:

- November–December: Parties and candidates emerge, party lists are made public, platforms emerge; polling systems are defined.
- 27–31 January (30 January election day): Elections for 275-person National Assembly.
- February–March: Iraqi Transitional Government takes power.
- 15 August: National Assembly completes draft of permanent constitution.
- 15 October: Referendum for permanent constitution.
- 15 December: Elections for government completed—if constitutional referendum approves constitution.
- 31 December: Elected government assumes office.

There are four critical risks that both Iraqis and the U.S. will face throughout this process, and that Iraqis will probably continue to face for up to a decade after the U.S. and other coalition forces withdraw:

- *The risk that a majority of Arab Sunnis will not participate in the political process or will be actively hostile to the U.S. and evolving Iraqi government.* The fighting in Fallujah and other areas may create a more secure climate where Sunnis see participation as both necessary and desirable. This, however, is highly dependent on the quality of the aid and governance that follows the fighting and Sunnis seeing the government as providing valid political options. The battle for Fallujah in November 2004 provoked a major increase in attacks in other areas, and widespread Sunni anger and resentment. There is a significant risk the Sunnis will not join in the process and remain actively or passively hostile.
- *The risk the Shi'ites will divide and see a return to the kind of violence and insurgency al Sadr has carried out in the past.* It seems likely that the majority of Shi'ites will support the political process because it is to their advantage. This does not, however, mean Shi'ite support for the U.S. role, or that a significant minority of Shi'ites will not be alienated or follow more radical leaders like

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Sadr. There is a natural dilemma in Shi'ite politics. Including leaders like Sadr can radicalize them, excluding them can lead to violence.

- *No compromise between Kurd, Arab, and other ethnic factions can please everyone.* The Kurdish leadership has so far been pragmatic in compromising its demands, and the leaders of the Iraqi Interim Government have been equally pragmatic in accepting limited autonomy and de facto federalism. However, a constitution still has to be written and implemented, oil revenues and other economic problems must be dealt with, and serious ethnic problems over land and repatriation must be dealt with. Above all, the evolution of the Iraqi government must produce a political process the Kurds trust and are willing to participate in.
- *The political and electoral process will either break down, or—more probably—produce a set of political compromises that keep the existing leadership in power without allowing for legitimate opposition, debate, and electoral contests.* As of late November 2003, the Iraqi Electoral Commission had approved some 156 political parties out of requests by a total of 212. As of that time, no party had had a chance to campaign or declare a clear program, and many were brand new. The Interim Government was divided. For example, the Iraqi National Accord party led by Prime Minister Ayad was opposed by the new "Iraqi" party of President Ghazi al-Yawer. The leading established parties include the KDP and PUK Kurdish parties; three Shi'ite parties, and no Sunni parties.

  The dilemma is that Iraq does need strong and coherent leadership, but also needs a transparent enough political process to have legitimacy in the eyes of the Iraq people and allow minorities and factions to feel they can be heard, participate in the process, and have a credible hope of being represented now or in the future. The need to shape an effective Iraqi political process through the elections in January, the constitution referendum, and the full elections in late 2005 would pose an immense challenge in a divided nation, with little real political experience, even in peacetime.

The Iraqis urgently need as much outside aid as possible in both learning how to create a political process that can minimize these risks and making the new Iraqi government as effective as possible. At the same time, an Iraqi government can only become legitimate and effective if the U.S. and the international community recognize that Iraqis and the evolving Iraqi Government must make as many decisions as possible and that the existing political process must become far more inclusive and popular in character.

The U.S. cannot reinvent the wheel by trying to change the current political calendar. No form of U.S. interference can substitute for Iraqi progress, and the U.S. cannot constantly interfere without discrediting Iraqi efforts. The U.S. is no longer the decision-maker, it is an ally.

One of the hardest tasks the U.S. faces over the next two years is to restrict U.S. actions to aid and advice, and to preserve a proper, steadily growing, and visible distance between the U.S. team in Iraq and a sovereign Iraqi government. One method is to try to expand the role of the U.N. and other nations in providing political advice and support so that the U.S. is not seen as dictating or as the only advisor. This could include expanding the role of Britain and other Coalition states and give them the lead wherever possible. Turning to other nations, however, is likely to offer only limited help, and will sometime do little more than introduce new complications.

The most important way to strengthen Iraqi capability to govern, and Iraqi legitimacy, is to give the Iraqis control over as much of every aspect of the nation building and security effort as soon as possible, and let them control and manage their aid resources. It is to let the Iraqis make their own choices and own mistakes. In general, it will be far better to have Iraqis do things badly than have Americans do them badly—and some times even well.

U.S. Aid in Governance: Doing Too Little, Too Late

In this context, it is deeply disturbing to note that as of November 3, the U.S. had dispersed only $96 million in aid funds for "democracy" as part of the Iraq Relief and Reconstruction Program (IRRP). The U.S. Embassy Weekly Report states that the 2207 Report goal for the program was originally $831 million, of which the Congress actually apportioned $541 million.

Even these totals may be misleading. An analyst from the Congressional Research Service notes that there was no "recommended" program (Admin request) for democracy-building activities in the original FY2004 supplemental, although other activities, such as civil society and rule of law in the original request could be interpreted as having something to do with "democracy." Congress added $100 million for this specific purpose in the enacted legislation. By January 2004, after the June 2004

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transition plan was announced (November 15, 2003), the Administration shifted funds around to make the democracy sector larger—it became $458 million, later $451 million. The September 2004 Administration re-allocation request to Congress would have raised "democracy" by $180 million to $631 million. It is unclear why the figure for "democracy building" has gone up to $831 million, but it appears that either Congress moved more money to the justice/democracy category than the Administration requested or the Administration did a quick re-think of needs in mid to late-September. As of 11/17/04, the Administration has only obligated $473 million and spent $118 million of the $831 million available in "democracy building" funds.[3]

Similarly, the U.S. had dispersed only $33 million out of an apportionment of $290 million in funds for education, refugees, human rights, and government. (The 2207 Report goal was $379 million.) It had dispersed only $56 million out of $979 million in funds for justice, public safety, and civil society. The 2207 Report goal called for $1,122 million.[4]

If one ignores the fact there are conflicting data, and combines all of these programs as reported by the Department of State on November 3, 2004, the U.S. has dispersed a total of only $185 million out of $1,800 million in apportioned funds, with an original 2207 Report goal that called for $2,332 million. Given the scale of requirement to prepare for pluralism and some form of federalism, and the desperate urgency imposed by the political calendar, the current level of effort simply cannot support anything like the program needed. The U.S. effort to aid Iraqi governance is not playing the course; it is staying on the sidelines.

As in every aspect of the U.S. aid program in Iraq, there are many people in the field doing a good job with the resources they have, and taking serious risks in doing so. To put it bluntly, however, the U.S. either has a meaningful program it can actually implement or it does not. If the U.S. does have anything approaching an adequate program, it needs to develop a coherent statement of what that program is, establish clear metrics and milestones, and constantly reexamine its scale and content separate from other aid activities. If—as seems more likely—it has incoherent good intentions—and bits and pieces of a program actually in the field—the entire aid program affecting governance needs to be recast to suit the level of urgency in Iraq and the political calendar the U.S. is trying to make work.

The Problem of Local Government

The problems involved are further compounded by the past history of U.S. mistakes and failure in creating effective local governance documented in the International Crisis Croup (ICG) report of October 27, 2004. It will be extremely difficult to work out a political process of power sharing at the top of the central government, and it will almost certainly be years before the national lists and parties learn how to work together effectively and develop practical national political agendas. Effective and legitimate local government at the provincial, city, and town level is one way to both give each area and faction representation and to shape the broader democratic process.

As the ICG report describes in detail, basic reforms are needed in the way the Interim Government deals with provincial and local governments, in creating effective provincial councils and local governments, in the role played by the U.S. and its Coalition allies, and in the role played by the U.N. Creating an effective national consensus and government also requires that this progress be made in parallel with the national political process—particularly if Iraqi political leaders choose lists and rig a national government in the January 2005 elections which many Iraqis do not regard as legitimate.

Some form of revenue sharing may also be critical if various regions and factions are to be convinced that they will get a fair share of the nation's wealth. This is particularly true of oil revenue—which for the foreseeable future will underpin the national budget instead of tax and other income sources. It is easy to mistake "federalism" as being a matter of political power. It is a matter of financial power as well, particularly in almost exclusively Sunni areas like Al Anbar and in the Kurdish dominated north.

U.S. Transparency and the Role of the U.N. and Other Nations

The U.S. needs to publicize its efforts to help Iraq achieve success in governance and make it clear that its aid program is designed to help the Iraqis make peaceful pluralistic choices, not create a U.S. sponsored government. It needs to describe what it is doing to show it does not favor a given mix of ethnic and religious groups, and report problems and failures as well as success.

At the same time, the U.S. should make it clear to Iraqis and the world that when there are problems in governance, U.S. aid and influence cannot directly alter or

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correct them. As is the case in every area of U.S. action, Iraqis must not only be in charge, but be held publicly accountable. The constant effort to spin every minor accomplishment into success is precisely the wrong approach. Transparency and accountability serve three key purposes: (a) the independence and legitimacy of the Iraqi government and political process is clear, (b) the U.S. is not held accountable for Iraqi failures if it stays or withdraws, and (c) Iraqis are pressured to take responsibility.

The U.S. must demonstrate through its actions that it will actually begin to leave as soon as the Iraqi government, military, and security forces can do the job. It needs to demonstrate it through phased withdrawals and changes in its role. The U.S. should not set rigid deadlines, which will become targets for insurgents and opponents of the Iraqi government, but it should seek to do as much as possible during 2005 and if it does not succeed by the end of 2006, it seems likely that it will have effectively been defeated. More than 70% of Iraqis polled wanted the U.S. forces out as early as the fall of 2003, and the figure was well in excess of 80% by mid-2004.

This is one of many reasons why the U.S. needs to aggressively and openly seek to expand the role of the U.N. and other nations in helping Iraq develop its governance and political process. Just seeking multilateralism expands the legitimacy of the U.S. effort. Achieving it, particularly if the country becomes more secure, will be much more important. It will show Iraqis and the world that the U.S. is serious; that its efforts are designed to create an independent and legitimate government and that it is seeking to improve, not dictate, Iraq's future. It will also create an important process of continuity as the U.S. phases down its effort and if the U.S. has to withdraw rapidly in a crisis.

REINFORCING THE CURRENT EFFORT TO CREATE EFFECTIVE IRAQI MILITARY AND SECURITY FORCES

The second critical variable is the ability and willingness of Iraqi military and security forces to largely—if not totally—replace U.S. and other Coalition forces no later than the end of 2006. As has been touched upon earlier, it has been clear since early 2004 that Iraqis bitterly resent U.S. domination of the military-security effort, and polls in 2004 put hostility at well above the 80% level.

At the same time, poll after poll shows Iraqis see physical security as the most important single issue in their lives, followed by economic and educational security. Equally important, the same polls that reflected the unpopularity of Coalition forces reflected great popular confidence in the Iraqi army and police—although far more out of hope for what they might become in the future than their capabilities at the time the polls were taken.[5]

There is no question that creating the kinds of Iraqi forces that are required is a high risk effort that will have to be rushed forward under adverse circumstances. It is also almost certain that if polls were taken now—after Najaf, Baghdad, Samarra, Fallujah, and Mosul—the Iraqi people would show far less confidence. Nevertheless, the only practical solution to popular hostility to coalition forces is to create strong Iraqi military security forces as soon as possible, and to keep up the effort regardless of any near term problems and reversals. "Iraqiazation" either has to be made to work, or Iraq will become a mirror image of the failure of "Vietnamization" in Vietnam: Coalition military victories will become increasingly irrelevant.

The U.S. military and U.S. Embassy now seem to clearly understand this, as does the Iraqi Interim Government. The failures at the policy levels of the U.S. government, CPA, and shadow Iraqi government that gave General Eaton a hopeless mix of tasks and resources through May of 2004 seem to have been corrected. General Petraeus and the Multi-National Security Transition Command (MNSTC–I) may now be getting much of the support they need.[6]

It is disturbing, however, that the U.S. has stopped issuing meaningful public information on the equipment and training effort, and has cut the content of the Iraq Weekly Status Report to the point where it has limited value. Like the empty measures of success contained in USAID reports, the end result is that there is no way to relate what is happening to any meaningful picture of actual requirements and the measures of accomplishment that are provided are the kind of empty, self-congratulatory statements typical of public relations exercises.

Resources to Date

The only data on expenditure cover the Iraq Relief and Reconstruction Program (IRRP), but do not reflect reprogramming. Taken at face value, they indicate that the U.S. had dispersed $798 million for its Security and Law Enforcement Program at a rate of only $8 million a week.[7] This compares with an original program level of $3,235 million, which was raised to $5,045 million program for the FY2004 fiscal

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year because of reprogramming on September 30, 2004 ($1,808.6 million was reprogrammed to "security and law enforcement.")

The true total for such spending is higher, because the figures just quoted only cover the FY2004 program. Some $51.2 million was allocated to the Iraqi army in PL–108–11 April 2003. At the urging of the U.S. Embassy, an additional $1,808.6 million out of the FY2004 total funding for IIRP was reprogrammed to "security and law enforcement" in September 2004.

Unfortunately, the way in which the U.S. government has reported on aid expenditures in Iraq is so dysfunctional as to be almost totally misleading.[8] For example, the Inspector General of the CPA reported on October 30, 2004 that, "As of March 2004, the U.S. had obligated about $58.5 billion to stabilize the security situation in Iraq: About $57.3 billion for the U.S. military operations and $1.2 billion for Iraqi security forces." These figures dramatize the slow pace of the U.S. effort to create effective Iraqi forces at the time, although they also reflect the disparity between a large Coalition force presence in Iraq and the initial buildup of Iraqi Security Forces, and the problems in trying to rapidly create effective Iraqi forces in a country with poor infrastructure, limited administrative capabilities, and in the midst of an insurgency.

The Status of the Military Training and Equipment Effort in September 2004

As for manning and equipment, the U.S. used to provide reasonably detailed data on progress in training and equipping Iraqi forces. The Department of Defense provided the following data as of September 22, 2004.[9]

Service	Manning		Training		
	Required	Actual	Untrained	In training	Trained
Army	27,000	12,699	0	7,910	4,789
National Guard	61,904	41,461	0	2,189	39,272
Iraqi Prevention Force	6,584	4,417	0	5,489	1,928
Iraqi Special Ops Forces	1,967	651	0	75	576
Air Force	502	182	0	39	143
Coastal Defense Force	409	412	0	130	292
Total	77,175	62,822	0	15,832	46,990

	Weapons		Vehicles		Communications		Body armor	
	Required	On-hand	Required	On-hand	Required	On-hand	Required	On-hand
Army	23,606	15,432	2,298	1,768	3,596	1,021	20,949	6,137
Nationa Guard	68,760	37,636	2,142	727	11,209	427	62,032	23,320
Iraqi Prevention Force	8,850	3,300	583	152	1,789	1,583	6,584	2,741
Iraqi Special Ops Forces	1,898	1,274	180	67	1,212	115	1,620	605
Air Force	383	0	34	4	21	0	502	0
Coastal Defense Force	486	12	15	15	156	1	409	0
Total	103,983	57,653	4,421	2,753	13,764	3,157	71,152	32,803

These data reflected serious problems in the progress made as of September:

- The manpower totals do not reflect the fact 25–33% of men were on leave or in training at any given time. Many men are in units deployed a considerable distance from their home, and must travel to give their families their pay, and deal with family issues.
- Figures for training were uncertain, since all men are trained or in training, but training was often very limited or did not prepare them for demanding aspects of their mission.
- Total armed forces had 55% of weapons authorized for prior force structure, half of authorized total of 4,421 vehicles, 28% of communications, and 46% of body armor.
- The weapons data shown were for small arms and crew served weapons, and do not reflect Iraqi and U.S. plans to create heavier forces with armor.
- Some armor was being delivered; including at least 35 reconditioned Iraqi tanks, AFVS, and APC and 50 armored cars from the UAE.
- Hoped to get armor for more Iraqi mechanized units from Jordan and UAE.
- DoD stated totals for communications equipment totals were misleading, because: "Some radios are on-hand, but they are interim capability only." U.S. ad-

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visors feel that civilian and other radios bought as part of CERP program are adequate, and communications are much better than statistics show.

The Army then had 12,699 actives of 27,000 man authorized force.

- Of active strength, 4,789 are defined as trained (3 weeks for former military and 8 weeks for new recruits; the vast majority go through the 8 week course). This total was roughly 18% of authorized strength and 38% of men actually on duty.
- Equipment holdings, as of mid-September, were 65% of authorized weapons, 77% of vehicles, 29% of communications, and 30% of body armor.
- Training sufficiently limited so new forces normally need 6–8 weeks of working with U.S. forces. Were exceptions where units were rapidly formed out of experienced army personnel and fought well.
- Iraqi commandos had proven to be a well training and effective source of manpower.

The Iraqi National Guard was Iraq's largest force, but most of it was not a "combat ready" force to fight insurgent battles on its own.

- 41,461 actives vs. requirement for 61,904. Claims that 39,272 are trained and 2,189 are in training ignored the fact such training is limited and generally does not prepare most forces for demanding counterinsurgency and counterterrorism missions. Their training does prepare them to conduct "framework operations," which do play a significant role in a counterinsurgency conflict.
- Were some effective, combat ready elements.
- 40 of 44 National Guard Battalions operating with Coalition forces throughout country. All except those in Fallujah-Ramadi area were carrying out joint operations with coalition on daily basis.
- Equipment holdings, as of mid-September, are 55% of authorized weapons, 34% of vehicles, 4% of communications, and 38% of body armor.

The Iraqi Prevention Force had 7,417 men active for a force with an authorized strength of only 6,584.

- DoD reported that 26% have some training.
- Equipment was 37% of authorized weapons, 26% of vehicles, 86% of communications, and 41% of body armor.
- The creation of such specialized counterterrorism/counterinsurgency elements was underway, but the force was anything but "combat ready."

Iraqi Special Operations Forces had 651 men active for a force with an authorized strength of 1,967.

- DoD reports that 88% of actives have some training, and that 29% of full authorized force is trained and fielded. This force will grow once the conditions for doing so are in place and properly set.
- Equipment of 67% of authorized weapons, 37% of vehicles, 10% of communications, and 37% of body armor.
- The creation of such specialized counterterrorism/counterinsurgency elements is underway. This force was more combat experienced and proven than any other force in Iraq.

Air Force and Coastal Defense Force were only token forces.

Air Force had 0% of authorized weapons, 12% of vehicles, 0% of communications, 0% of body armor.

The Status of the Military Training and Equipment Effort as of November 2004

The data the U.S. has made public on Iraqi force development since September have been cut to the point where they do no longer indicate whether the serious problems in equipment delays that existed as of early September are being corrected; all equipment delivery data have been deleted from the report.

The same is true of data on trained manpower. All breakouts have been eliminated from public U.S. reporting from the Embassy, Department of Defense, and Department of State. The only heading in the Weekly Status Report is now "Trained/On-Hand." This figure has some value, however, since it reflects the manpower that have been trained and are still on duty, to avoid the problem of reporting those who are trained and are not on duty for whatever reason.

Useful data have, however, been provided by the Coalition training command in Iraq, MNSTC–I, although such data cannot go into the detail needed to distinguish between the total number of men trained and equipped, and what are sometimes much smaller numbers of men with fully adequate training and equipment for counterinsurgency and combat missions, or show the rapidly increasing size of the cadres of fully trained officers and NCOs.

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These data are current as of November 18; 2004, and are shown below: [10]

Force element	Current strength	On duty, trained and equipped	Total authorized
Police	87,133	47,342	135,000
Special Police Commando Battalions	2,019	900	2,019
Border Enforcement	16,237	14,593	29,360
Highway Patrol	925	370	6,300
Bureau of Dignitary Protection	484	484	500
Intervention Force	6,584	1,816	6,859
Emergency Response Force	168	168	270
Civil Intervention Force	1,091	1,091	3,720
National Guard*	43,318	41,409	55,921
	(41,261)	?	(61,904)
Special Operations Force	604	590	1,967
Army	16,634	4,507	27,000
Air Force	206	167	502
Coastal Defense Force	409	536	582
Total	173,903	115,882	275,708
Military Forces	(17,249)	(5,210)	(28,084)
Military and Elite Paramilitary (less National Guard)	(29,124)	(10,491)	(49,719)

*Data from MNSTC–I are not clear. Data in parenthesis are taken from U.S. Embassy Weekly Status Report of November 3, 2004.

While the Iraqi security and military forces continue to experience problems in terms of retention and performance, these totals do reflect significant progress since the summer of 2004 and a number of Iraqi combat forces have performed well in the fighting in Najaf, Samarra, and Fallujah. The performance of the police has been less satisfactory, but the cadres of properly trained and equipped units is beginning to increase in significant numbers.

According to MNSTC–I, nine more active Army battalions should complete their training by the end of December, and all 27 Regular Army or Intervention Force battalions (including six more from the Intervention Force) are planned to complete training by the end of January. This schedule has been maintained despite attacks on training bases, infrastructure delays due to unexploded ordnance discovered at one planned base, and forces being deployed to major combat operations earlier than initially planned. Some battalions have had a number of AWOLs due to intimidation attacks, and MNSTC–I is working with the Iraqis to adjust its numbers to reflect those. MNSTC–I is also taking measures to reduce the likelihood and impact of these in the future, and to assist them in recruiting of combat veterans.

Two battalions from the Iraqi Intervention Force conducted operations in Najaf. These same two battalions plus another are conducting effective combat operations in Fallujah together with two regular battalions, an Army Commando Battalion, a Police Emergency Response Unit, and Shewani Special Forces trained by 1st MEF. These constituted 2,700 Iraqis at their peak. Although not all Army battalions were at full strength, soldiers who are in the battalions fought effectively and are certainly "combat ready," with most being "combat proven." The last six battalions from the Iraqi Intervention Force will complete initial training (fourteen weeks) in the next 30 days.

Sixteen National Guard battalions are conducting operations effectively at the company level or above, with a number conducting operations effectively at the battalion level. Many Iraqi National Guard (ING) units have conducted combat operations. Current plans are to expand the National Guard from its previous authorized strength of 45 battalions and six brigades to 6 Division HQs, 21 Brigade Commanders, and 65 battalions.

The number of trained police now include over 31,000 former police trained in the three-week Transition Integration Program. Over 15,000 police have been trained in the 8-week Academy program of instruction. Capacity at the 8-week academies in Jordan, Baghdad, and other regional academies should soon exceed over 3,000 graduates per month.

The numbers for trained border enforcement personnel reflect training done by major subordinate commands (divisions). Capabilities among border enforcement personnel vary widely. MNSTC–I has established a centralized program of instruction for border personnel, presently at the Jordanian Police Academy with Department of Homeland Security Instructors. Will move this instruction to Iraq in the near future.

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Key Iraqi Force Components

While detailed data are lacking on the progress in training and equipment, the U.S. military team in MNSTC–I does provide useful data on the structure and type of training and equipment in key elements of the emerging Iraqi forces: [11]

- *Special Police Commando Battalions:* The Special Police Commando Battalions represent the Iraqi Ministry of Interior's strike-force capability. The commandos—ultimately to be comprised of six full battalions—are highly vetted Iraqi officers and rank-and-file servicemen largely made up of prior service Special Forces professionals and other skilled servicemen with specialty unit experience.

  The Special Police Commando Battalions represent the Iraqi Ministry of Interior's strike-force capability. The commandos—ultimately to be comprised of six full battalions—are highly vetted Iraqi officers and rank-and-file servicemen largely made up of prior service Special Forces professionals and other skilled servicemen with specialty unit experience. All members of the unit are chosen based on loyalty to Iraq and its new democratic model. The unit focuses primarily on building raid operations, counter-terrorist missions including anti-airplane hijacker, kidnapping and other similar missions.

  The force resembles more a paramilitary army-type force complete with heavy weapons, rocket-propelled grenades, AK–47 assault rifles, mortars, and 9mm Glock pistols. The commando battalions give the MOI a high-end strike force capability similar to Special Forces units and was quickly stood up to capitalize on previously existing skill sets in Iraq.
- *Iraqi Police Service Emergency Response Unit:* An elite 270-man team trained to respond to national-level law enforcement emergencies. Team members undergo a robust eight-week specialized training course spawned from the current wave of anti-Iraqi forces actions.

  The mission of the emergency response unit is to provide a national, high-end, rapid-response law enforcement tactical unit responsible for high-risk search, arrest, hostage-rescue and crisis response operations. The emergency response unit is the predominant force for national-level incidents calling for a DELTA/SWAT capability and will only be used in extreme situations by local and national authorities.

  The $64.5 million effort is part of a larger mission to create a nation-level law enforcement investigative and special operations capability within the Iraqi Ministry of Interior to counter terrorism and large-scale civil disobedience and insurgencies throughout Iraq. The capability will eventually include a Counterterrorism Investigative Unit and Special Operations Unit. Volunteers for the force must first complete the standard eight-week basic training course or three-week transition integration program course for prior service officers before entering the specialized emergency response unit training modeled after the U.S. State Department's Anti-Terrorism Assistance and Bureau of Alcohol, Tobacco and Firearms training programs.

  Of the total force, 235 eligible candidates received rigorous instruction based on the Anti-Terrorism Assistance Crisis Response Team training program while the balance of 35 recruits are part of the Special Operations Explosive Ordinance Team, based on the State Department's Anti-Terrorism Assistance Explosive Incident Countermeasures training course.

  Team members receive instruction on terrorist incidents, kidnappings, hostage negotiations, explosive ordnance, high-risk searches, high-risk assets, weapons of mass destruction, and other national-level law enforcement emergencies. Officers also have an opportunity to receive supplementary training in hostage negotiation, emergency medical procedures, and counterterrorism task force coordination.
- *Iraqi Intervention Forces:* The Iraqi Intervention Force is the counter-insurgency wing of the Iraqi army. Ultimately to be comprised of nine battalions, organized into three brigades, forces negotiate the standard eight-week basic training all Iraqi soldiers go through learning basic soldiering skills such as weapons, drill and ceremony,

  Soldier discipline, and physical training skills. After graduation, IIF battalions spend several weeks and months in intensive "military operations in urban terrain" follow-on training—otherwise know as "MOUT" training. In this period, soldiers work through instruction in the art of street fighting and building clearing operations typical to anti-insurgent operations in cities and towns. Units work in close coordination with other IA battalions and will be completely stood-up to the nine-battalion force by early 2005.

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- *Iraqi Special Operations Force:* The Iraqi Special Operations Force—the Iraqi Armed Forces—high-end strike force resembling U.S. Special Forces units—continues training and operations in the country with multinational force assistance. The Iraqi Special Operations Force—the Iraqi Armed Forces' high-end strike force resembling U.S. Special Forces units—continues training and operations in the country with multinational force assistance.

  Consisting of two trained battalions, including the 36th Commando Battalion—an infantry-type strike force—and the Iraqi Counterterrorism Battalion, the force has been involved in many operations throughout the country fighting anti-Iraqi forces with great distinction while continuing the stand-up effort of the unit. The force will add a third "support" battalion to its ranks in the coming months. Training is conducted at an undisclosed location.

  "Selection" for the force begins in the Iraqi National Guard and Iraqi army units already operating in the country, much like typical multinational Special Forces' recruiting efforts in their own countries. Outstanding recruits successfully negotiating the vetting process, including exhaustive background checks, skill evaluations, and unit evaluations along with literacy, psychological, and physical tests, are run through various team-building and physical events meant to lean down the recruit pool. The selection process runs roughly 10 to 14 days.

  The Iraqi Special Forces undergo intense physical, land navigation, small-unit tactics, live-fire, unconventional warfare operations, direct action operations, airmobile operations, counterterrorism, survival, evasion, resistance, and escape training. Special Forces soldiers are an army's unconventional warfare experts, possessing a broad range of operational skills. The unit was formed based on a conversation between the Prime Minister Ayad Allawi and multinational force personnel to give the Iraqi Armed Forces a high-end strike force in its ongoing security mission against anti-Iraqi forces operating in the country.
- *Iraqi Army:* Iraqi army soldiers negotiate standard eight-weeks of basic training including basic soldiering skills instruction in weapons, drill and ceremony, Soldier discipline, and physical training. Iraqi army soldiers negotiate standard eight-weeks of basic training including basic soldiering skills instruction in weapons, drill and ceremony, Soldier discipline, and physical training. Units negotiate advanced follow-on infantry, land navigation, and other operational training after graduation before deployment.

  The Iraqi army will ultimately be comprised of 27 battalions of infantry—including nine special Iraqi Intervention Force battalions—and three transportation battalions. The army will be organized into nine brigades and three divisions. The bulk of the force is slated to be in place by early 2005. Plans to create heavier and better armored forces are still in flux, but there are now 259 soldiers in the 1st Mechanized Brigade, preparing to train with 10 MTLB armored personnel carriers. These vehicles were drawn from a pool of over 300 armored vehicles that the Iraqis intend to make ready as the unit grows. The brigade has 50 T–55 tanks, 48 BMP–1s, 57 MTLBs, 36 Spartans, and 30 BTR–94s already. MNSTC–I hopes to have a combat ready armored battalion by the end of January and the time of election, with others to follow.
- *Iraqi Coastal Defense Force:* The Iraqi Coastal Defense Force is the Iraqi Armed Forces' naval component. Ultimately to number just more than 400 servicemen, the force also includes a land-based Coastal Defense Regiment resembling western-type "Marine" infantry forces. Land and sea based forces negotiate IAF eight-week basic training courses before moving on to follow-on training and sea training for the boat crews.

  Boat crews learn the basics in seamanship before moving on to instruction in advanced seamanship, towing, gunnery, sea rescue, chart reading, navigation, anti-smuggling, operations, and rigid inflatable boat integration and small boat drill instruction. Training is put in the context of a democratically based maritime sea force.

  Primary duties include protecting the country's roughly 50-mile coastline from smuggling and foreign fighter infiltration operations as well as the port assets at Umm Qasr in Southern Iraq and oil assets in the Persian Gulf. The force patrols out to the 12-mile international water boundary in the Persian Gulf with five 27-meter long Chinese-made patrol boats and various other support craft.

Setting the Right U.S. Short and Long-Term Objectives in Aid to Iraqi Military and Security Forces and Providing the Necessary Transparency

These numbers and force descriptions show that the Iraqi military and security forces are now far too weak to take over the security mission and will almost cer-

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tainly remain so well into 2005. They also indicate that the U.S. may be moving too slowly in creating military forces that can deal with the insurgency problem by 2006. While the U.S. is seeking to help Iraq build a three division force, it seems clear that it is not yet committed to creating the kind of national military forces that can defend the country and give the government legitimacy and respect.

In practice, the U.S. can only succeed in "playing the course" of the program for training and equipping Iraqi military and security forces meets the following key short-term and longer-term objectives:

- Create effective police and security forces capable of operating on a nation-wide basis.
- Create a suitable mix of military and specially trained and equipped security forces that can help defeat the insurgencies in Iraq and come to maintain security without Coalition assistance.
- Create the structure and cadres that will allow an Iraqi government to expand the Iraqi military to the point where it is capable of defending the nation and with the size, professionalism, and equipment to act as an effective, modern military force for national defense.

This latter objective means creating a longer term U.S. aid and advisory plan that will give Iraq the modern, professional military forces it needs for defense and deterrence without risking a return to either a political role for the armed forces or the kind of military buildup that could lead to an arms race and a destabilization of the region.

More broadly, U.S. needs to carefully reexamine the level of effort it is making in each area. There are serious tradeoffs in force quality if the training, force building, and equipment effort is rushed. The end result could be a failed force. Yet, the U.S. can only "play the course" effectively if it works out goals and plans with the Iraqi Interim Government that go far beyond the 28,000 man armed forces—and the roughly 40–55,000 man total of military, paramilitary, and National Guard—the U.S. currently says are "required." This may well mean scaling up a much larger training and equipment program over time than the U.S. currently plans.

U.S. Transparency and the Role of Allied Forces

Finally, the U.S. needs to communicate a clear plan for achieving all three of the previous objectives to the Iraqi people and the region. Once again, it needs honest and transparent reporting that is detailed enough to be convincing, while pushing Iraqis towards responsibility and accountability.

It needs to show that it is truly dedicated to creating legitimate forces for a legitimate government, and creating the conditions necessary for a phased U.S. withdrawal. It needs to go back to reporting systems that are detailed and transparent enough to show the progress it is making, and minimize the impact of the various conspiracy theories rampant throughout the country.

The U.S. also needs to keep seeking as much allied and outside support in the training effort as possible. The U.S. will not get significant numbers of additional combat troops. In fact, it will be almost impossible for its current allies to maintain their present troop strength unless it articulates a clear strategy for both improving the legitimacy of the Iraqi government and phasing out Coalition troops. It is one of the many strategic ironies in Iraq that any serious increase in foreign troops requires a level of internal security in Iraq that makes them largely unnecessary.

At the same time, an NATO or other country that plays a role in the training process not only aids a critical mission; it also adds a degree of transparency and legitimacy to the military effort. Their presence and activity will make it clear that the U.S. is creating real Iraqi capabilities, and does intend to leave.

The U.S. State Department announced on November 19, 2004, that NATO's decision to send military trainers to Iraq was the first collective, consensus decision the alliance had made on Iraq in two years, and would substantially increase the number of military trainers in the country from around 65 to as many as 400. Not clear, however, exactly when such manpower will arrive and it will require an additional 1,000 to 1,200 personnel to support the trainers by providing force protection, logistics, and communications—creating a mission total of between 1,500 and 1,700 people, some of which will be drawn from the United States. Most of the new military personnel were scheduled to be in place within 5 to 6 weeks, and the U.S. military personnel contributions will come from outside Iraq.[12]

SHAPING THE POLITICAL DIMENSION OF U.S. MILITARY ACTION

The U.S. has already learned that it can win virtually any direct military battle or clash, but it cannot secure the country. Moreover, U.S. and Coalition forces are so unpopular that their presence can create added hostility and new insurgents.

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This is one key reason for creating effective Iraqi military and security forces. Winning the military action is only part of the story. As in Vietnam, if the interim Iraqi government cannot win the political battle, U.S. victories in the military battles become irrelevant.

Interoperability, giving the Iraqis the Lead, and Replacement of U.S. Forces

The very professionalism of the U.S. military often makes it reluctant to give allied forces major responsibility or a lead role. There are also very tangible limits to how quickly Iraqi forces can be trained, equipped, and gain enough experience to be fully interoperable and take over from U.S. forces.

The key to political and military success will, however, be to create a pattern of operations where Iraqi forces are as visible as possible, become truly interoperable, and take over as many security and military missions as possible. This involves more than the training and aid effort that has just been discussed. It requires detailed, ongoing U.S. efforts to transform operations into joint U.S.-Iraqi and then Iraqi operations as quickly as this can be done with the proper level of effectiveness.

The Sunni Side of the Political, Military, and Economic Battle

The political and economic battle is very different from the military one. It will be fought over several months, not days or weeks. It will extend far beyond the bounds of cities like Fallujah. Barring a revival of the kind of Shi'ite insurgency led by Al Sadr, it will be a struggle to give the Iraqi Interim Government enough control over the Sunni Arab-driven aspects of the insurgency in Iraq to achieve the following seven objectives:

- *Defeat insurgents without alienating the Sunnis to the point where political compromise is impossible:* A battle conducted in a political context in which a coalition and interim government victory does not become a convincing image of martyrdom in Iraqi Sunni and Arab eyes. Civilian casualties and collateral damage should not create convincing images of another Jenin in the Palestinian West Bank or the massive use of excessive force.
- *Establish sufficient security and control to deny Sunni insurgents and terrorists any major sanctuary and "no-go" areas in Fallujah, Anbar province, and Iraq generally.* Not only defeat the insurgents who stay in Fallujah, but prevent their dispersal or their going under cover to the extent that they cannot control any major populated area, during daylight and at night.
- *Ensure that Iraqi military and security forces demonstrate enough credibility so that they play a major role in the battle, can be the most visible security presence in the area after major fighting is over, and can erase the impression of failure left by Iraqi forces in April.* Further, they should provide a credible picture to the Iraqi people, the region, and the world that government forces can—in time—take over a fully sovereign role from U.S.-led coalition forces and lead to the coalition's withdrawal.
- *Establish sufficient security in every high threat area so that Iraqi security forces and administrators can function* in Fallujah and key cities and towns in Anbar province.
- *Establish sufficient Iraqi Interim Government political control over Fallujah, Anbar, and the "Sunni triangle"* to give the government a major boost in legitimacy and make polling and elections possible in the area.
- *Give the Sunnis incentives to join the political and electoral process.* A significant number of Arab Sunnis must be persuaded to participate in the political process and January's election to avoid creating a Shiite- and Arab-Kurdish-dominated Iraq. The Sunnis controlled Iraq during Saddam Hussein's rule.
- *Create conditions where there is immediate aid and compensation and longer-term economic hope.* The military effort must be accompanied by U.S. and Iraqi Interim Government efforts to institute an effective public-assistance and economic development process that offers jobs, hope and incentives to join the interim government as a functioning and tolerated entity.

This struggle may not be as difficult as it seems, but its course highly uncertain. The good news is that there is no rigid separation between Arab Sunni and Arab Shi'ite, and the estimates saying that Arab Sunnis are 20% of the populations and Arab Shi'ites are 60% are decades old and are not based on a census. Many Sunnis intermarry and live with Shi'ites, and most past clashes were the result of attacks by the Ba'ath regime and not the result of popular tensions. Sunni insurgent numbers still seem relatively small, perhaps some 12,000–16,000 full time actives plus perhaps twice to three times that number acting as a pool of part time insurgents or "instant" volunteers. This is scarcely an insignificant number, but is a small fraction of the more than five million Arab Sunnis in Iraq.

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The bad news is that the U.S. military victory in Fallujah probably only affected 10–20% of the full time Sunni insurgents in Iraq, and many seem to have escaped. Other Sunni insurgents attacked throughout Iraq during the fighting, and had considerable success in starting an uprising in Mosul. The decision to attack Fallujah was opposed by Iraq's Sunni president, its leading group of Sunni clerics, and a number of other Iraqi politicians. Sunni Arab media coverage was almost universally hostile both inside and outside Iraq, and these negative images were compounded by TV coverage that appeared to show a U.S. Marine killing a defenseless, wounded prisoner and then a devastated and deserted city.

Fallujah illustrates the fact that U.S.-led military victories—regardless of how convincing in military terms—can only be the prelude to an ongoing Iraqi-led political and economic struggle mixed with ongoing efforts to establish security in every part of Iraq. Iraqis, not Americans, will have to shape the most critical part of their destiny. U.S. forces can only give them the opportunity to succeed. Consequently, the Iraqi Interim Government's performance in achieving all of the above political and economic objectives during the course of 2004–2006 will be the key litmus test of whether the military actions in the war have meaning and offer Iraqis and the Americans hope of lasting success.

No one in the United States, the Coalition, and Interim Government can afford to forget this for a moment in the heat of the fighting. This is particularly true because the interim government failed to perform effectively in establishing governance, establishing aid, and providing security after the U.S. victory in Samarra, and after the fighting in Najaf and Sadr City. If the interim government does not do better in Fallujah, Anbar province, and Iraq as a whole, the insurgents will recover and return, the Sunni Arabs will reject the interim government and political process, and the political process will be seriously discredited.

Put differently, it is critical to give the Iraqi Interim Government help in "stability operations" and nation building after each battle, and give it as much of a lead and visibility as possible in both the fighting and its aftermath. It is not the U.S. that has to win in terms of Iraqi and regional perceptions, it is the interim government.

This "Iraqi first" aspect of successful military operations means highlighting Iraqi military and security operations, not U.S. operations, and steadily expanding the military security role of Iraqis over time. It means pushing the government into more successful civil-military operations and downplaying the U.S. role. It means giving U.S. commanders large discretionary (CERP-type) aid funds to both ease the backlash civilian casualties and collateral damage cause to the U.S., and to back up Iraqi government civic action programs and cover for any failures. It also means educating U.S. forces to be extremely sensitive about the need to build up the interim government's credibility and to defer to it in ways that reinforce its legitimacy.

The Shi'ite Side of the Political, Military, and Economic Battle

The political and economic battle also requires the U.S. to make every effort to help the Iraqi Interim Government maintain the support of the Arab Shi'ite majority, and of the Kurds and other minorities. This balancing act is now largely Iraqi, but the U.S. does retain significant influence, and can allocate and reprogram economic aid to this end.

"Playing the course" also means supporting the interim government in its efforts to pressure Sadr to join the political process and avoiding new clashes driven by his militia. Here again, giving Iraqi leaders and forces maximum visibility in decision-making and any future fighting is critical. The most efficient way may be the U.S. military way; the way to achieve political victory (and minimize any backlash against the U.S.) will be the Iraqi way.

The U.S. must never forget that losing the Iraqi Shi'ites means losing the war in terms of any ability to create a representative government of the kind the U.S. is seeking to create. Like civil war or being asked to leave by an elected Iraqi government, it is a key indication the U.S. must leave. This, however, means accepting that a Shi'ite majority may well emerge with values and goals from those of the U.S.

It also means exercising care in dealing with Iran. The U.S. cannot shape its Iran policy around the risk that Iran may challenge the U.S. and interim government far more directly than it has to date; it scarcely, however, can ignore this risk.

The Kurdish Side of the Political, Military, and Economic Battle

The U.S. should make it unambiguously clear to the Kurds that it will support them and the protection of their legitimate rights as long as they remain part of the Iraqi political process, and will not support them at all in any effort at sepa-

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ratism or ethic cleaning in dealing with Iraqi Arabs and other minorities like the Turcomans.

So far, the Kurds have shown they understand the political realities involved, although they naturally push their cause to the margin. The U.S. must do nothing to change this perception. It must also make it clear to the Kurds that if things go wrong in Iraq, it will not support or protect them as it did with Saddam, either against their fellow Iraqis or from pressure and threats from Iran, Syria, and Turkey. The U.S. has no future strategic interest in the Kurds, and no humanitarian obligation to protect them from the consequences of their own mistakes.

The Civil Side of U.S. Military Operations and the Need for New Kinds of Jointness

U.S. troops in Iraq face a serious and dangerous mix of insurgency and terrorism. The U.S. can subordinate military effective and force protection to civil and political concerns. At the same time, it seems clear that some elements of the insurgency will continue indefinitely into the future, and that the U.S. cannot delay many civic action and aid activities until something approaching local security is established.

The U.S. military has already established that it understands the need to use dollars as well as bullets. It has used the Commander's Emerging Relief Program (CERP) with considerable effectiveness, and has since used the reprogramming of aid funds in similar ways. As of October 2, 2004, the U.S. had dispersed $578.3 million in CERP funds. Some $150.4 million had gone to police and security services and the facilities protection service, but the rest had gone to civic action. Another $383.8 million was approved for a somewhat similar time-urgent program called the Accelerated Iraq Reconstruction Program (AIRP) in April 2004.[13]

What is less clear is how good the partnership is between the U.S. military and the U.S. aid effort in governance and economic programs, and whether the U.S. Embassy and U.S. command have been able to establish the necessary level of civil-military jointness in making it possible to carry out such programs. The poor civil-military relations between the CPA and previous military command left what at best was a poisoned chalice.

As will be discussed shortly, one of the keys to success in economic aid and stability, will be to terminate the U.S. contractor effort as immediately and fully as possible, and to shift aid planning and execution to the Iraqi government and Iraqi contractors. Such an effort, however, requires careful U.S. review in the field and often hands-on advice and support by U.S. officials and direct, accountable employees of the U.S. government. It also requires removing non-Iraqi security personnel as quickly as possible. This will make civil-military jointness even more critical than in the past.

It also raises an issue that may be too late to address in Iraq, but that may be critical in the future. The separation of U.S. civilian authority and operational military commands makes good practical sense during conventional warfighting. It is far less clear that it should happen in stability, peacemaking, and nation building operations.

Many of the pointless civil-military tensions, and much of the lack of effective civil-military coordination, during ORHA and the time of the CPA were the result of a divided presence coupled to divided responsibility. The need for truly integrated civil-military operations (including integrated effort in developing local military, security, and police forces) is simply too great to permit this to happen in the future, and such integration should occur in Iraq as quickly as possible.

ECONOMIC AID AND STABILITY

The U.S. economic aid program in Iraq has had many individual success and accomplishment, and U.S. AID and contractor personnel have accomplished a great deal in individual areas in spite of immense difficulties and the dangers in the field. As an overall effort, however, U.S. economic aid has lagged far behind the need for urgent action; has wasted vast resources on an impractical contracting effort; and reflects U.S. views and priorities. As a result, it is decoupled from the needs of Iraq, the political and military realities and pressures in the country, and the need to transition responsibility and action to the Iraqi government as soon as possible.

The situation is made worse by an almost completely dysfunctional reporting system within the U.S. government that does not tie plans and accomplishments to realistic requirements, and that reports different kinds of aid in separate reports using different categories. It has been compounded by the CPA's inability to put its ideas about economic reform into action while sustaining economic distortions like the massive subsidies provided under Saddam Hussein. It was further compounded by a focus on longer-term plans and expenditures in a country where the U.S. faced serious security problems and needed to act decisively and to begin achieving far more visible results over a year ago.

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The U.S. has had problems in every aspect of its efforts in Iraq that threaten its ability to "play the course." Its efforts at economic aid, however, are a uniquely mismanaged mess.

Effective Plans and Action, Not Resources, Are the Problem

Any estimate of either Iraq's near-term or overall needs for aid can only be a crude guesstimate. Figures like $50–$100 billion have been quoted for "medium term relief and reconstruction," but they are not based on either reliable input data or credible models. The present problem, however, is not one of resources. There are enough funds to "play the course."

As of early November, the U.S. had only disbursed $3,255 million of $18,060 in FY2004 IRRF aid. Disbursements were also running at well under $50 million a week. It is disturbing that a total of $14,891 million of this total is said to be committed, and $10,437 is said to be obligated. This kind of "progress" may well be wasted on delayed and unneeded efforts, or vast amounts of overhead and security expenditures. At the same time, the Inspector General for the CPA has reported that a total of some $55.1 billion had been provided or pledged for Iraqi relief and reconstruction. As of September 30, 2004 this included: [14]

- *$24.1 billion in U.S. appropriated funds,* used primarily for reconstruction. These funds come from three public laws: (a) PL108–287 provides a total of $300 million in CERP funds under PL108–287 ($100 million allocated to Iraq). PL108–11 (April 2003) provides $2,475 million in IRRF funds, $802 million in NRRRF, $684 million in CERP, $51 million for the new Iraqi Army, $413 million to USAID, and $66 million to the Department of State. PL108–106 (November 2003) provides $18,439 million in IRRF, $877 million in CPA OPS/IG, $106 million in IRMO, and $140 million in CERP.
- *$28.2 billion in Iraqi funds,* used primarily for ongoing operating expenditures, but also for reconstruction and relief: $1,724 million in vested funds from frozen funds; $927 million in seized funds and confiscated cash and property, and $25,782 million in the Development fund for Iraq, financed by oil revenues, repatriated funds, and money in the oil for food account.
- *Some $2.8 billion in donor funds:* $849 million in humanitarian relief, $435 million in IMF EPCA funds, and $1,355 billion in actual deposits for the $13,589 million pledged at the Madrid International Donors Conference for Iraq Reconstruction.

Iraq will almost certainly need more aid over the next few years, as well as debt relief and forgiveness of reparations from the Gulf War. The immediate task, however, is to put an aid program in place as soon as possible that helps establish security, meets the urgent needs of the people, and moves money to Iraqi projects run by Iraqis.

Restructuring the Near Term Approach to Economic Aid and Stabilization

The U.S. Embassy has already successfully sought reprogramming of $3,460.1 million aid funds to meet urgent security needs. President Bush approved this transfer on September 30, 2004. It cut $1,074.6 million out of electricity projects and $1,935.6 million in water projects that could not be executed in a timely way and which faced many security problems. It added $1,809.6 million to security and law enforcement, $460.5 million to justice and public safety, $660 million to private sector employment development, and $80.00 million to governance. The U.S. has stepped up emergency aid expenditures to deal with contingencies like Fallujah. There also is a base of valid aid projects underway that should be successfully pursued.

Nevertheless, there seems ample reason for the U.S. to act immediately to "zero base" the current economic aid effort to achieve the following objectives:

- *Ensure adequate financing for short term CERP/AIRP projects to allow intensive U.S. operations in CY2005 and CY2006, and make military and political stability efforts the key priority.* The priority is to make things work in Iraq in the middle of drastic political change, insurgency, and economic crisis. Mid- and long-term efforts will have priority when—and if—there is a longer term.
- *Focus on unemployment and immediate social needs.* The latest weekly report on aid related jobs shows a loss from 68,000 jobs to 61,000. This trend, however, is irrelevant. The Iraqi labor force totals at least 7.8 million. More than 11 million Iraqis are young dependents between 0 and 14 years of age (more than 40% of the population). The U.S. Census Bureau estimates that there are 4.2 million Iraqis in the critical employment age between 20 and 24, and more than 2.2 million are male. There are no accurate employment statistics, but real and disguised unemployment is probably around 30–40%, and may be 40–60% among

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young males. Stability at the local level is the issue. Classic infrastructure and institutional development must wait.

- *Put the Iraqis in charge of planning, project development, and project management for mid- and long-term projects.* The U.S. has not shown any special competence in formulating and executing such projects. If anything, trying to do things the U.S. way, with a heavy emphasis on large, long-term infrastructure projects and construction efforts has helped convince a large part of the Iraqi people that the U.S. is not even trying to help them. There will be a continuing need for the U.S. to review projects, take steps to limit corruption, and ensure proper completion. The Iraqi government, however, must be given as much authority as soon as possible, and the Iraqi people must see that it is in charge.
- *Encourage short-term and mid-term solutions with clear local benefits in troubled and high risk areas.* The need to do this should be obvious but the current aid plan still tends to emphasize mid- to long-term construction. Over $8 billion out of the $18.4 billion in FY2004 IRRF funds, and puts $5.248 billion into water and electricity projects that are time consuming and vulnerable.[15] These efforts may well be needed in time; but local needs should be met right now and even if this means patchwork efforts that are not cost-effective.
- *Minimize the role of USAID in Washington.* Iraq is not a traditional "client" for aid, and the USAID contracting process is a slow moving nightmare oriented towards U.S. formulated and executed projects. USAID personnel have often done well in the field, but direction should come out of the U.S. Embassy and aid flows should be programmed to go directly to the Iraqi government and contractors.
- *Minimize or eliminate the use of U.S. or non-Iraqi contractors.* Reliance on large U.S. contractors may have made some kind of sense at the start. At this point, their overheads and security costs, and the non-performance of many foreign subcontractors, is a major problem. It compounds the Iraqi impression that the U.S. aid effort is not serious and does not help Iraqis. It adds major delays and creates far more security risks than letting Iraqis do the job. This effort is not about "buy American" and meeting accounting and contracting standards. It is about nation building and achieving a strategic result.
- *Multilateralize the aid process to minimize direct U.S. responsibility and allow the U.S. to use joint pressure on the Iraqis to perform.* The U.S. should seek to create international groups to handle key aspects of the aid effort. This is necessary both to make it clear that the U.S. is not attempting to dictate and that it is no longer responsible for Iraqi actions. It is also a key way to seek further aid from other countries.
- *Make the aid and economic development process transparent.* No one can talk to Iraqis and not be aware of the fact that their expectations are grossly exaggerated and they are badly informed about both what must be done and what is being done. Part of the problem is that they simply do not know the scale of the challenges involved. Part is the contrast between the constant lists of "accomplishments" being claimed by the U.S. and the realities they live with. The U.S. needs to provide far more honest reporting on the scale of the problems Iraq has inherited from Saddam's regime, how much must be done to correct them, the realities of what the U.S. aid program is actually accomplishing, and how such accomplishments relate to real world needs and goals.
- *Make a major point of multilateralizing development aid for the petroleum sector.* It is still far from clear how much Iraq's oil fields have suffered from mismanagement and the years of underfunding that began early in the Iran-Iraq War. The present oil ministry goal of 2.5 MMBD may or may not be suitable given current reservoir problems. The recent weekly average of 2.39 MMBD certainly does not meet this goal, or compare with estimates of 2.8–3.0 MMBD in prewar capacity.[16]

  Average oil exports have been ranging from 1.1 to 1.8 MMBD in 2004, generally on the lower side. High oil prices and export revenues per barrel have allowed Iraq to earn $14.6 billion in oil revenues in 2004, as of November 2004, but it seems unlikely that Iraq will earn the $18 billion it earned in 2002, much less the $22 billion in near term annual earnings the U.S. projected at the time the war began. Moreover, as of November 2004, the U.S. had actually dispersed only $56 million of $1,701 million in IRRF aid for oil infrastructure.[17]

  There is no single area more critical to the Iraqi economy, to giving the Iraqi government the resources it needs, and to refuting charges that the U.S. and Britain are seeking to grab Iraqi oil than helping the Oil Ministry create an effective plan to repair and develop Iraq's oil resources in a way that is multilateral and transparent enough to make it clear to Iraqis and the world that the U.S. truly wants to help and not to profiteer.

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- *Push debt and reparations forgiveness to the limit:* The last thing Iraq needs is a burden similar to one place on the Weimar Republic. A stable and secure Iraq cannot emerge with massive foreign obligations and debts. Nations in general find it easier to foreign such obligations than to provide real aid money, and a major U.S. effort to open pressure all of Iraqi debtors and reparations holders is a good way to externalize the aid effort and counter nations that are willing to be critics, but not to help.
  The Paris Club agreement on November 21st to reduce some $31 billion of $38.9 billion in Iraq's debt in three stages is an 80% reduction that does not meet the goal of a 95% reduction set by the U.S., but is an important step forward, particularly if it can be extended to all debtors and remain linked to pressure on Iraq for effective economic reform.[18] It does, however, leave Iraq with combination of reparations and remaining debt that may exceed $120 billion. This is one of the few political weapons the U.S. has in dealing with outside powers and it should use it to the maximum extent possible.[19]

Restructuring the Mid- and Long-Term Approach to Economic Aid

In addition to these immediate priorities, the U.S. needs to take a similar approach to encouraging the Iraqi government to carry out multilateral and study plans that will allow it to act when (and if) security and stability are established, and Iraq's longer term needs can really be established.

- *Infrastructure planning:* Roads, electricity, water, and sewers: The U.S. has placed far too heavy an emphasis on infrastructure recovery without having clear Iraqi plans and priorities, and Iraqi decisions designed to correct the massive imbalances and inadequacies Saddam's regime created in the services and facilities provided to given groups. This is an area where Iraq needs to make hard decisions and choose its own path, not have the path chosen for it.
- *The financial sector:* The U.S. made some good beginnings in this area, but Iraqis now see many of its efforts to open up the financial sector in conspiracy theory terms. The U.S. needs to shift as much of the burden in this sector to the World Bank and IMF as possible, and ideally, to work with Iraq to find some European or Asian nation to take the lead.
- *State industries:* Iraq's state industries are a major economic millstone around the neck of its development efforts. They are also a political nightmare. The U.S. should encourage reform, but distance itself from direct involvement. Let Iraqis, the IMF/World Bank, and other nations take the lead.
- *Subsidies:* As above. The U.S. has already done enough damage by failing to come to grips with the problem immediately after the war, when something might have be done with far more ease.
- *The agricultural sector:* Some progress has already been made here. Creating an efficient and competitive sector, however, again involves political issues that the U.S. should be careful to give the Iraqi government the lead in. Aid efforts should be as multilateral as possible.
- *Education: The issue is not facilities; it is quality and relevance in term of job creation.* Unlike some countries in the region, Iraqis see this on their own. The U.S. role should be to encourage them to plan and act, and provide aid. It can be largely passive.
- *Austerity and Financial Discipline:* Iraq needs job creation, sustainment, and stability first. The U.S. should help it resist any types of rapid economic reform that will be internally destabilizing. Landings need to be as soft as possible.

Plans for U.S. withdrawal and phasing down the U.S. aid effort should not mean abandoning Iraq. They should instead mean mid- and long-term aid plans that can actually be implemented on terms the Iraqis want, can execute, and can sustain. The U.S. also needs to be careful to multilateralize such efforts as much as possible to give them international legitimacy, avoid taking responsibilities that belong with the Iraq government, and demonstrate the legitimacy of its actions.

"KNOW WHEN TO FOLD AND KNOW WHEN TO RUN:" WHEN AND HOW TO GET OUT

While any form of conspicuous U.S. failure in Iraq will be serious defeat, such a defeat is still all too thinkable and all too possible. This is why every section of this analysis has not only addressed what can be done to create some acceptable form of "victory," but the need to transfer responsibility to Iraqis, and to create the kinds of transparency that will minimize the political backlash and blame the U.S. will face if it must withdraw.

As has been stated in the introduction, the key to any feasible form of "victory" is to plan to "fold" just as rapidly as the Iraqi government can take over the political and security burdens, and has some basis for dealing with the economic crisis. The

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only way to win the game in Iraq is to stop playing it as soon as the Iraqis are ready to take over. Ideally, this should occur no later than the end of 2006, and take place earlier if Iraqi governance, legitimacy, and security can be established during 2005.

At the same time, the U.S. does not need the kind of exit strategy that means deliberately planning for failure. It also does not need to set deadlines for withdrawal that may well make failure a self-fulfilling prophecy. The odds may not be good, but they are scarcely unacceptable and it may well be possible to improve them substantially during 2005—if the U.S. acts promptly and decisively.

It cannot be emphasized too strongly that the U.S. should not set deadlines for a U.S. troop presence, or ceilings on U.S. aid. These are a dangerous signal to the insurgents, who will see such deadlines as a reason to keep fighting and as a key sign of American weakness and lack of resolve. They will make it even more difficult to attract and keep coalition and international support. They also are far more likely to make Iraqis think about protecting themselves, and make them avoid the risks of supporting the interim government and nation building process. Morality and ethic also play a role, not just expediency. This is a war the U.S. started, and a peace process that it initially bungled. Quite aside from power politics and strategy, it has a moral and ethical responsibility to the Iraqi people.

Yet, the U.S. and its allies do need to think and plan for the "unthinkable." They need contingency plans to deal with different kinds of failure, and they must plan for the possibility that Iraqis may either demand an exit or the situation may become untenable in spite of U.S. and allied efforts. No one can guarantee success in Iraq; or that Iraq will not descend into civil war, come under a strongman, or split along ethnic or confessional lines. The U.S. must be ready if the Iraqis fail to move forward and reach a necessary political consensus, divide or move towards civil war, or ask the U.S. and its coalition allies to leave.

It is silly and dangerous to deny the possibility this can happen, or to claim the U.S. can never withdraw. If anything, this encourages precisely the kind of Iraqi government dependence on the U.S. that will make things worse for both Iraq and America. The U.S. should make it clear the length and nature of its effort in Iraq is conditional. It should make it clear that the Iraqi government has goals it must meet, that it must take the creation of Iraqi military and security forces seriously, and must focus on economic, power sharing, and other key realities and succeed.

Iraqis should know that the U.S. does have credible plans to leave if an elected government asks it to leave, and to reduce its role and presence in response to any such legitimate request. It should make it equally clear that it has a presence to phase out its military role, and reduce the size of its Embassy, as Iraqi capabilities expand and the Iraqi political process and capability to govern reaches the point where an Iraqi government feels it is ready.

Rather than setting deadlines, the U.S. should make it clear that it is committed to an "exit strategy" tied to the Iraqi political process, and to the "legitimacy" of its own position in Iraq. Iraqis and the world should know the U.S. plans to leave under two conditions: Whenever this is demanded by a legitimate Iraqi government, or in phases as Iraqis take over given missions. The U.S. must recognize that its ability to stay and perform meaning roles over the next few years is directly linked to a firm and open commitment to leave in the future.

The U.S. should, however, also make it clear to Iraqis that it will not stay if the situation deteriorates beyond certain limits. It should set clear metrics for Iraqi success and continuously pressure Iraqi leaders and the government to meet them. It should not go beyond aid in counterinsurgency; it should leave if the political process fails and the civil war breaks out. It should leave if the Iraqi government and security forces fail to develop over the next two years, and it should not attempt to stay if the Iraqi government cannot manage the budget, economy, or its foreign aid. Any of these contingencies are a clear message that the U.S. should begin to "run," and should quietly prepare plans for such action.

Regardless of how the U.S. departs, it should still try to do as much in withdrawing to ensure that the future situation in Iraq will be as favorable as possible. It should not take key assets with it, and should continue with valid aid programs if this is possible. However, it is one thing to play the game and quite another to try to deal with defeat by reinforcing failure or "doubling the bet." If it is clear by 2006 that the U.S. cannot win with its current level of effort, and/or the situation seriously deteriorates to the point where it is clear there is no new Iraqi government and security force to aid, the game is over. There no longer is time to fold; it is time to run.

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THE BROADER REGIONAL CONTEXT: HAVING SOMEPLACE ELSE TO "RUN" TO

The U.S. must also recognize that the game in Iraq is only one arrow part of the strategy it must develop in the Middle East. Win, lose, or draw in Iraq, the U.S. needs to pursue major initiatives that will improve its overall position in the region, reassure it allies, and allow it to stay in an area with some 63% of the world's proven oil reserves and some 37% of its natural gas.

In the worst case of force withdrawal, the U.S. must also be ready with major efforts to reassure the friendly Gulf states and other Arab allies, demonstrate that the U.S. will maintain a major presence in the Gulf, contain any risk that civil conflict in Iraq will spill over into other countries, contain any Iranian actions, and deal with the inevitable Islamist claims of "victory."

The U.S. must make every effort to strengthen its position in other parts of the Gulf and the Middle East. Virtually the same strategy is needed whether the U.S. succeeds or fails in Iraq. Even "victory" in Iraq will be highly relative, and defeat will force the U.S. to reinforce its position in the entire region. The specific steps the U.S. needs to take are:

- Give the settlement of the Arab-Israel conflict the highest possible priority in the most visible form possible.
- Rebuild U.S. ties to friendly Gulf states like Saudi Arabia and strengthen ties to all of the GCC states, emphasizing cooperation in dealing with terrorism and Islamic extremism.
- Adopt a more flexible policy in dealing with Iran.
- Prepare for the potential impact of problems in Iraq in dealing with the fighting in Afghanistan.
- Recast U.S. energy policy to deal with the reality that the U.S. will have growing strategic dependence on Gulf and Middle Eastern oil exports for the next 20 years, and their security will become steadily more important.
- Adopt a realistic approach to political reform in the region that will improve U.S. relations with both moderate regimes and with the peoples of the area.
- Give the political dimension of counterterrorism a new priority, addressing the many aspects of the way in which the U.S. now fights the war of terrorism that needlessly hurt relations with the Islamic and Arab world, and restrict the educational, business, and other relations necessary to create a common effort to deal with terrorism and extremism.

Giving Solving the Arab-Israeli Conflict the Highest and Most Visible Priority

Arafat's death has created an opportunity that the U.S. must act upon as immediately as possible. There is nothing to be gained from waiting for two inadequate governments to try to bludgeon each other into peace. A common solution cannot be imposed by force, and the U.S. and Arab world will never agree on all the details of a final settlement. The time has come, however, for an open and continuing effort by both the Quartet and Arab world to define a final settlement, and to build on the lessons of Camp David and Taba.

The time has come for the U.S. to both act on its own and put pressure on the rest of the Quartet and moderate Arab states to take every possible measure to persuade the Palestinians to reject terrorism and on the Israelis to both evacuate the Gaza, and roll back the settlements the West Bank that extend beyond "Greater Jerusalem" and security adjustments to the 1967 boundaries.

This means the kind of compromise that President Clinton proposed at Camp David and that was discussed at Taba. Adjustments involving some 3% of the area of the West Bank, not the 10–20% included in some maps of the Israeli security barrier or the 30–40% some times proposed by hard-line settlers. At the same time, 35 years of facts on the ground are facts on the ground. The worlds of 1949 and 1967 are gone forever, and peace must be based upon this reality.

The challenge is to persuade Israel to make as many compromises as possible, and to find ways to compensate the Palestinians. The time has come to look beyond the narrow terms of a settlement and see what a massive aid program could do to guarantee a future Palestinian state's economic and political success, and give the Palestinians living standards that could underpin a peace. More ambitiously, it is to look at how Jordan, Israel, and a Palestinian state could cooperate to live in peace.

Boundaries are the past. With the exception of the holy places, the focus should be economics, demographics, living standards, and security in the broadest sense. This may well require a Western and Arab economic aid program totaling billions of dollars over a period of years. It will certainly require a continuing U.S. aid program to Israel as well.

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Moreover, it requires Palestinians and Arab governments to look honestly at the demographics of Gaza and the West Bank, and to understand that it is going to be an incredible challenge to deal with the inherent population growth in both areas.

Gaza only had less than 245,000 people in 1949, and around 330,000 in 1967. The CIA estimates it now has more than 1.3 million, a growth rate of more than 3.8%, and 49% of its population is 14 years of age or younger. The U.S. Census Bureau estimates that it will grow to 1.7 million by 2010, and 4.2 million by 2050.

The West Bank had 775,000 people in 1949, and around 680,000 at the end of the 1967 war. The CIA estimates it now has more than 2.3 million, a population growth rate of more than 3.2%, and 44% of its population is 14 years of age or younger. The U.S. Census Bureau estimates that it will grow to 2.8 million by 2010, and 5.6 million by 2050.

Far too many generations of young Palestinians have already been wasted in conflict. If the generation that now exists and the generations to come are to have hope, then the Palestinian refugees outside Gaza and West Bank—nearly 90% of whom have never seen what will be "Palestine," must be made full citizens of the countries where they now reside as refugees.

Rebuild U.S. ties to friendly Gulf States like Saudi Arabia and Strengthen ties to all of the GCC states, Emphasizing Cooperation in Dealing with Terrorism and Islamic Extremism

The U.S. needs to take broad steps to encourage evolutionary political, economic, and demographic reform in the region, and to recast its approach to counterterrorism to take more consideration of its political impact. Both steps are discussed later in this report. In the short term, however, the U.S. needs to prepare now to strengthen its security ties to every friendly state in the Gulf, and to key neighboring states like Egypt and Jordan.

The security posture of Saudi Arabia and every other Gulf Cooperation Council (GCC) state is undergoing major changes. They no longer face a major near to mid-term threat from Iraqi military forces, but must deal with instability in Iraq and the growing risk that Iran will become a nuclear power. This confronts Saudi Arabia and its neighbors with hard strategic choices as to whether to ignore Iran's efforts to proliferate, seek U.S. military assistance in deterring Iran and possibly in some form of missile defense, or to acquire more modern missiles and its own weapons of mass destruction.

The most urgent security threats to the Southern Gulf states, however, no longer consist of hostile military forces. They have become the threat of Islamic extremism and terrorism. Since May 2003, Saudi Arabia has faced an active internal and external threat from Islamic extremists, many affiliated with Al Qaida or exile groups, and it must pay far more attention to internal security than in the past. At the same time, the Saudi government must deal with the fact that this threat not only is internal, but also is regional and extends throughout the Islamic world. Saudi Arabia's religious legitimacy is being challenged, and its neighbors and allies face threats of their own.

Bahrain, Kuwait, and Oman faces Islamist security threats at a lower level, but must also mix reform with improved internal security. The UAE has some Islamist elements, and Qatar has essentially chosen to buy time by mixing U.S. basing and reform with the tolerance of Islamist extremists as long as they do not act within Qatar.

Saudi Arabia, in particular, must make major adjustments in its alliances. The events of "9/11," the backlash from the Israeli-Palestinian conflict, differences over how to deal with terrorism, and differences over the Iraq War have all combined to complicate Saudi Arabia's security relations with the U.S., and to force it to distance itself from the U.S. in some ways. At the same time, the Al Qaida terrorist attacks on Saudi Arabia in May 2003 made it brutally clear that Saudi Arabia was a full participant in the war on Islamic terrorism and had even stronger incentives to cooperate with the U.S. in anti-terrorism. Similarly, Saudi Arabia has not found any substitute for U.S. power projection capabilities in dealing with Iran, instability in Iraq, or Yemen, and needs U.S. technical assistance to deal with massive and continuing deliveries of U.S. military equipment.

The other Gulf states face somewhat similar problems, and the past failure to create an effective regional security structure has made their problems worse. The Gulf Cooperation Council has made some advances in military cooperation and internal security, but remains largely a hollow shell. There is no true integration of security efforts and only symbolic progress towards collective security. Interoperability remains poor at every level, and there is little progress towards effective power projection and sustainability.

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There is little meaningful progress towards the creation of the kinds of information technology, C41 (Command, Control, Communications, Computers, and Intelligence), IS&R (Intelligence, Surveillance, and Reconnaissance, and net-centric systems) that could tie together the forces of the GCC, as well as make Saudi cooperation with U.S. forces far more effective. At the same time, petty rivalries continue to divide the Southern Gulf states, and Saudi Arabia face serious problems in dealing with Yemen and in obtaining Yemeni cooperation in blocking the infiltration of terrorists and the smuggling of arms and narcotics.

All of these factors interact with a longer-term set of threats to the stability of every Gulf State that are largely economic and demographic, but which may ultimately be more important than outside military threats and the threat of Islamic extremism and terrorism. Recasting military plans and improved internal security efforts must be coupled to political, economic, and demographic reform.

Saudi Arabia, for example has embarked on a process of political, economic, and social reforms that reflect a growing understanding by the governing members of the royal family, Saudi technocrats, and Saudi businessmen that Saudi "oil wealth" is steadily declining in relative terms, and that Saudi Arabia must reform and diversify its economy to create vast numbers of new jobs for its young and growing population. These efforts so far are still faltering and have failed to gather the necessary momentum, but their success is at least as essential as any change in Saudi Arabia's security structure.

Every Gulf state must find ways to combine economic reform with political and social reform to remain stable in the face of change, and every state must be far more careful about the ways in which it uses the revenues from its oil exports and its other revenues. This means hard decisions about future arms imports and investments in military and security forces. Massive changes are needed in military planning, and especially in military procurement and arms imports, to create balanced and effective forces at far lower cost.

As yet, Gulf states have only begun to react to these changes. Their military and internal security forces are only beginning to adapt to the fact the Iraqi threat has largely disappeared, that Iran's threat is a mix of proliferation and capabilities for asymmetric warfare and not the build-up of conventional forces, and that they are engaged in a generational struggle against domestic and foreign Islamic extremism. They have only begun the process of deeper political, economic, and social reform; their plans are still half formed, and no aspect of reform as yet has the momentum necessary to succeed.

Even if the U.S. succeeds in Iraq, it needs to work with every Gulf state to help them make the necessary changes in their respective security structures. It also needs to move decisively and openly away from an emphasis on arms sales and U.S. basing and deployments to encouraging effective security cooperation, strengthening the right kind of internal security efforts, creating more cost-effective military forces, and slowing down arms imports to fund higher priority needs. The U.S. also needs to emphasize that its presence in the Gulf will be tailored to meet local and not just U.S. security needs, that the size of its forward posture will be tailored to the threat, and that it is seeking military partnership and interoperability. The U.S. also needs to lay the groundwork now for reshaping its military posture in the Gulf when it withdraws its forces from Iraq and leaves all of its bases in that country.

If the U.S. fails in Iraq, this will create an even stronger incentive to have the strongest possible ties to the Southern Gulf States. Saudi Arabia remains the key to any coordinated effort—just as it remains the key to including Iraq in some broader regional security concept. This does not mean seeking a return to the direct basing of the pre-Iraq War era, or trying to create some form of U.S. pillar. It does mean rebuilding ties with Saudi Arabia focused in counterterrorism and energy interdependence. At the same time, the U.S. needs to strengthen its ties to Bahrain, Kuwait, Oman, and the UAE, as well as work as closely as possible with Yemen.

The U.S. should quietly develop a clear strategy and action plan for discussing such future cooperation with each country that will lay the groundwork for action if the U.S. is forced to withdraw from Iraq, and prepare aid efforts and incentives for cooperation in adjusting to this contingency. The same is true in preparing for the impact of any U.S. withdrawal on Jordan and Egypt.

As a side issue, the U.S. needs to be far more careful about talking about NATO initiatives in the region. To date, far too many of the discussions of this issue have focused on what NATO wants without any discussion of how this is going to benefit the Gulf states in terms of security, interoperability, and better arms sales policies. There is no evidence that NATO or European countries will actually provide more military capability, or seriously ease the burden on U.S. force deployments. There is a very real risk that another "talk shop" will be layered over the existing problems in Gulf security structures. U.S. efforts focused on getting NATO forces for

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Iraq that the U.S. clearly is not going to get now seem more likely to end in counter-productive tokenism than anything else.

Adopt a More Flexible Policy in Dealing with Iran

The U.S., the West, and Gulf states cannot afford to ignore either the military realities in Iran, or the risk it will pose to Iraq whether the U.S. fails or succeeds. At one level, there is a clear case for the U.S. to encourage its Gulf and other allies to try to halt or limit Iranian proliferation and for the U.S. to work with Gulf states to create an effective level of military containment, deterrence, and defense. At another level, the U.S. will need to work with Iran to make it clear that there are good options for negotiation and improving relations, and options for cooperation in dealing with Iraq that will be to the advantage of Iran, Iraq, and the U.S.

Iran is the only military power that poses a direct threat in terms of conventional military forces and proliferation. The disclosures made by the IAEA over the last year indicate that it is nearly certain that Iran will continue to covertly seek nuclear weapons, regardless of what it claims to agree to. It is developing long-range missiles, it has never properly declared its holdings of chemical weapons, and the status of its biological weapons programs is unknown.

Moreover, the disclosures that have come out of Libya's decision to end its nuclear program indicate that Iran may well have one Chinese fission weapons design, with a 1,000-pound payload, and all of the technology necessary to make high capacity P2 centrifuges. This would eliminate the need for many aspects of nuclear weapons testing, as well as make it far easier to create small, dispersed trains of covert centrifuge facilities.

Iran is still a significant conventional power. It has some 520,000 men under arms, and over 300,000 reserves. These include 125,000 Iranian Revolutionary Guards trained for land and naval asymmetric warfare. Iran's military also includes holdings of some 1,600 main battle tanks, 1,500 other armored fighting vehicles, 3,200 artillery weapons, 300 combat aircraft, 50 attack helicopters, 3 submarines, 59 surface combatants, and 9 amphibious ships.

Iran is a potential threat to Gulf shipping as well as to shipping in the Gulf of Oman. It occupies islands near the main shipping channels in the Gulf and has close contacts with outside terrorist movements. At the same time, virtually all of Iran's military equipment is aging or second rate and much of it is worn. It has not been able to modernize its air forces, ground based air defenses, or develop major amphibious warfare capabilities. Iran lost some 50–60% of its land order of battle in the climatic battles of the Iran-Iraq War, and has not imported a cutting edge weapon system since that time, or created advanced new C41 systems.

According to U.S. intelligence estimates, Iran imported $2.0 billion worth of arms during 1996–1999, and $600 million from 2000–2003. Iran only signed $1,700 million worth of new arms agreements during 1996–1999, and only $500 million in new arms agreements during 2000–2003.[20] This is roughly 30% to 35% of the level necessary to recapitalize and modernize its forces. Though Iran may be able to compensate in part through its domestic military production, its current weapons developments are scarcely advanced enough to solve its problems. As a result, it must either succeed in proliferation or rely heavily on asymmetric warfare.[20]

Iran has declared it has the capacity to make chemical weapons. The details of its biological warfare efforts are unknown but it continues to import suspect biotechnology. It is also moving forward in the nuclear dimension. The IAEA has discovered a number of disturbing details about its uranium enrichment program that are very similar to Libya's nuclear weapons program, including the ability to produce P–2 centrifuges. Iran has conducted experiments with Uranium Hexafluoride that could fuel a weapons-oriented enrichment program, and has worked on a heavy water plant that could be used in a reactor design that would produce fissile material far more efficiently than its Russian supplied light water reactor. While it is not yet confirmed, Iran may well have received the same older Chinese design data for a 1,000–2,000 pound nuclear weapon that Libya acquired through Pakistani sources.

The report by the Director General of the IAEA, dated September 1, 2004, states that Iran continues its nuclear development program, has a design for P–2 centrifuge, and that there has been low and highly enriched uranium contamination in Iranian nuclear sites.[22] The Board of Governors met on September 13, 2004, they are divided over what to do with Iran, and they are likely to postpone their decision until their November meeting.

There is also evidence that Pakistan might have helped Iran in its enrichment program. The Agency argues that Pakistan has helped Iran since 1995, and that the Pakistanis delivered the P–2 design to the Iranians. IAEA goes on to claim that Iran is intending to "turn 37 tons of nearly raw uranium called yellowcake, into ura-

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nium hexafluoride." Experts contend that this could be enough to create 5–6 atomic weapons.[23]

It is doubtful that Iran will really fully comply with the NNPT, and it seems more likely that it is only a matter of time before Iran acquires nuclear weapons. It's, however, very unclear what kind of a nuclear power Iran will be. No plans have ever surfaced as to the number and type of weapons it is seeking to produce or the nature of its delivery forces. Nothing meaningful is known about Iranian nuclear doctrine and targeting, or plans to limit the vulnerability of its weapons and facilities—and whether these could include a launch-on-warning or launch-under-attack capability.

Iran might be content to simply develop its technology to the point it could rapidly build a nuclear weapon. It might choose to create an undeclared deterrent, limit its weapons numbers and avoid a nuclear test. It might test and create a stockpile, but not openly deploy nuclear-armed missiles or aircraft. It also, however, might create an overt nuclear force. Each option would lead to a different Saudi response, as well as provoke different responses from Israel and the U.S., creating different kinds of arms races, patterns of deterrence, and risks in the process.

Delivery systems are also a problem. Iran is reaching final development of its Shahab-3 missile, and working on a longer-range version of the missile as well as the Shahab-4, and Shahab-5. These missiles will be able to reach most Gulf cities and area targets, but are far too inaccurate and lacking in total payload to be effective conventional weapons. They are useful militarily only if they have warheads carrying weapons of mass destruction. Moreover, Gulf states face the risk of some form of covert attack or the possibility of the transfer of weapons to some anti-Saudi extremist group or proxy. These currently do not seem to be probable scenarios, but they are possible.

Much will depend on whether Iran feels it faces a threat of attack or preemption if it openly deploys nuclear forces, and on its perception of the level of cooperation between the U.S. and the Southern Gulf states in creating effective defenses and deterrence. Iran will never be a regional "superpower," but it may well become dangerous if any power vacuum or lack of resolve emerges in the region. It will certainly exploit any gap between U.S. policies and efforts and those of other Gulf states, as well as any opportunities offered by states outside the region.

Much will also depend on how Iran perceives its options in dealing with the U.S. over both its overall security position and Iraq. The U.S. needs to offer carrots as well as sticks. It needs to make it clear to Iran that the U.S. will not stay in Iraq or uses its position there against Iran. It needs to stop talking about an "axis of evil," and act from a stance of "more in sorrow than in anger," calling for cooperation and putting the onus on Iran's hardliners. It needs to adopt a clear posture of being willing to engage in unrestricted official dialog, and show it will engage Iran in any area where quiet talks and mutual cooperation can help both nations. Afghanistan is an example, and should have been a prelude to such cooperation over Iraq.

Above all, the U.S. needs to stop talking vaguely about Iran at the "official spokesman" level and making charges it does not substantiate in detail. The U.S. needs to makes its concerns clear and specific, and back them up. It needs to advance proposals, not just problems. It needs to recognize Iranian concerns and show how cooperation over Iraq and other issues could benefit Iran more than confrontation. It also needs to think long and hard about how to approach Iran in the case of either success or failure in Iraq. A stable Iraq means a Shi'ite majority; a failed Iraq means a power vacuum. Iran should be quietly told what U.S. policy is, and what its options are, in both cases.

Prepare for the Potential Impact of Problems in Iraq in Dealing with the Fighting in Afghanistan

It is time to need to think long and hard about the future of Afghanistan, and what can actually be done about it—particularly if the U.S. is forced to withdraw from Iraq. There already is a serious risk that the legacy of the defeat of the Taliban is making Afghanistan the "poster child" of politically correct and unobtainable goals. This situation is difficult now, and could become explosive if the U.S. is seen as being defeated in Iraq.

What is need is realism, and not good intentions. As is the case in Iraq, it is plans that can be actually implemented. This requires several existential questions to be dealt with that the U.S. (and Europe) often seem determined to ignore:

- What constitutes achievable success in nation building in Afghanistan, and is it that much different from what the West normally regards as failure?
- How long and intensive should the fight to deal with the remnants of the Taliban and Al Qaida go on? What kind of fight is actually worthwhile? When

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do the problems in terms of domestic hostility to Western intervention, for Pakistan, etc. exceed the benefits?
- Is a true central government really practical or necessary?
- Is any kind of economy other than a drug economy actually possible, and what does economic reform and development in Afghanistan actually mean?
- What can NATO really accomplish? As the Economist points out (June 19, 2004), NATO and Western international efforts to date are not a success story: Many pledges in aid and in providing police and security forces have not been kept.
- NATO only now has 6,500 men in the ISAF, and most have such light equipment they are undergunned compared to some warlords. They currently only function in Kabul and have a limited presence in Kunduz. Adding some 3,500 men more, as a result of the NATO summit of June 2004, will fall far short of the 5,000 President Karzai requested as a minimum. Only 1,500 of the personnel will evidently actually be deployed to Afghanistan, including one battalion of 700 men. (2,000 more of the 3,500 will be a ready reserve, including two more battalions). Those deployed will provide token Europe support for the PRTs planned for Faizabad, Maimana, Baghian, and Mazar-I-Sharif, but not deal with the Pushtun issue.[24]
- What can be done to make aid more real and more effective? What can be done to convert non-U.S. pledges into actual aid deliveries (only about $386 million of a total of only $1,24 billion in such pledges had actually been provided as of June 2004, versus $1.4 billion out of U.S. pledges of $3.3 billion)? Moreover, is actual aid needed and not loans? Do NGOs need new fiscal monitoring and controls to examine how much money they actually spend in country, as distinguished from overhead and salaries?

Afghanistan does not have to be "mission impossible," but the U.S. and Europe must focus on "mission practical" to make real progress. They also need to look far beyond democracy and politics, and come to grips with governance, economic, demographics, and the hard realities on the ground.

The U.S. also needs clear contingency plans for having to leave Iraq under any conditions that the region will perceive as defeat. This may well mean moving some elements of U.S. forces eastward, rather than to the Gulf, or bring them home. The U.S. will need to take tangible action in Afghanistan to show that a local reversal is not a regional defeat, and that the U.S. will act to strengthen both Afghanistan and Pakistan.

This does not, however, mean expanding its role in Central Asia. That role is already conspicuously tied to dictators and failed regional leaders, and the U.S. needs to be far more careful about the extent to which it becomes coupled to such regimes in local eyes. "The enemy of my enemy is my friend" is a proverb that requires far more judgment and restraint.

Recast U.S. Energy Policy to Deal with the Reality that the U.S. Will Have Growing Strategic Dependence on Gulf and Middle Eastern Oil Exports for the Next 20 years, and Their Security will Become Steadily More Important

The election campaign is over and it is time for both parties, and the Administration and the Congress, to be honest about energy. The U.S. can and must find substitutes for petroleum, but this will take decades. In the interim, the U.S. and the global economy will actually become steadily more dependent on energy imports, and particularly on energy imports from the Gulf. The Department of Energy estimates that oil will account for some 39% of the world's energy consumption through 2015, and that the U.S. and its major trading partners in developing Asia will account for 60% of the increase in world demand through this period.[25]

The MENA region has some 63% of all of the world's proven oil resources, and some 37% of its gas. In 2001, the Gulf alone had over 28% of all of the world's oil production capacity, and the entire MENA region had 34%.[26] These reserves, and low incremental production costs, ensure the region will dominate increases in oil production through at least 2015. The EIA estimates that Saudi Arabia alone will account for 4.2 MMBD of the total increase, Iraq for 1.6 MMBD. Kuwait for 1.3 MMBD, and the UAE for 1.2 MMBD. These four countries account for 8.3 MMBD out of a worldwide total of 17.9 (46%). To put these figures in perspective, Russia will account for an increase of only 1.3 MMBD.[27]

The International Energy Agency estimates cover a longer period than the EIA estimates. They predict that total conventional and non-conventional oil production will increase from 77 MMBD in 2002 to 121.3 MMBD in 2030. This is a total increase of 44.3 MMBD worldwide. The Middle East will account for 30.7 MMBD, or 69% of this total. The IEA also estimates that the rate of dependence on the Middle East will increase steadily after 2010 as other fields are depleted in areas where

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new resources cannot be brought on line. It estimates that 29 MMBD, or 94% of the total 31 MMBD increase in OPEC production between 2010 and 2030 will come from Middle Eastern members of OPEC.[28]

This dependence will be easier to secure with a friendly and stable Iraq, but the U.S. has no choice. The U.S. Energy Information Agency (EIA) summarizes the trends in Gulf oil exports as follows in its International Energy Outlook for 2004, and it should be noted that its estimates are based on favorable assumptions about increases in other fuels like gas, coal, nuclear and renewables, and favorable assumptions about increases in conversion and energy efficiency:[29]

> In 2001, industrialized countries imported 16.1 million barrels of oil per day from OPEC producers . . . Of that total, 9.7 million barrels per day came from the Persian Gulf region. Oil movements to industrialized countries represented almost 65 percent of the total petroleum exported by OPEC member nations and almost 58 percent of all Persian Gulf exports.[30]
>
> By the end of the forecast period (2025), OPEC exports to industrialized countries are estimated to be about 11.5 million barrels per day higher than their 2001 level, and more than half the increase is expected to come from the Persian Gulf region.[31]
>
> Despite such a substantial increase, the share of total petroleum exports that goes to the industrialized nations in 2025 is projected to be almost 9 percent below their 2001 share, and the share of Persian Gulf exports going to the industrialized nations is projected to fall by about 13 percent. The significant shift expected in the balance of OPEC export shares between the industrialized and developing nations is a direct result of the economic growth anticipated for the developing nations of the world, especially those of Asia.
>
> OPEC petroleum exports to developing countries are expected to increase by more than 18.0 million barrels per day over the forecast period, with three-fourths of the increase going to the developing countries of Asia. China, alone, is likely to import about 6.6 million barrels per day from OPEC by 2025, virtually all of which is expected to come from Persian Gulf producers.
>
> North America's petroleum imports from the Persian Gulf are expected to double over the forecast period. At the same time, more than one-half of total North American imports in 2025 are expected to be from Atlantic Basin producers and refiners, with significant increases expected in crude oil imports anticipated from Latin American producers, including Venezuela, Brazil, Colombia, and Mexico. West African producers, including Nigeria and Angola, are also expected to increase their export volumes to North America. Caribbean Basin refiners are expected to account for most of the increase in North American imports of refined products. With a moderate decline in North Sea production, Western Europe is expected to import increasing amounts from Persian Gulf producers and from OPEC member nations in both northern and western Africa. Substantial imports from the Caspian Basin are also expected.
>
> Industrialized Asian nations are expected to increase their already heavy dependence on Persian Gulf oil. The developing countries of the Pacific Rim are expected to almost double their total petroleum imports between 2001 and 2025.

While quantified estimates of export dependence are uncertain, its clear that it would take a massive breakthrough(s) in technology or discoveries of reserves outside the Middle East and North Africa (MENA) to change these trends.

Moreover, both the military security of the MENA region, and its ability to achieve the necessary investment in new energy production are critical U.S. strategic interests. For example, some 40% of all world oil exports now pass daily through the Strait of Hormuz and both EIA and IEA projections indicate this total will increase to around 60% by 2025–2030.[32]

The IEA projections, for example, indicate that Middle Eastern Exports will total some 46 MMBD by 2030, and represent more that two-thirds of the world total. This means that the daily traffic in oil tankers will increase from 15 MMBD and 44% of global interregional trade in 2002, to 43 MMBD and 66% of global interregional trade in 2030. This means that the daily traffic in LNG carriers will increase from 28 BCM and 18% of global interregional trade in 2002, to 230 carriers and 34% of global interregional trade in 2030.[33] The IEA does, however, estimate that these increases would be some 11% lower if oil prices remained consistently high in constant dollars.

The International Energy Agency also estimates that imports will rise from 63% of total OECD demand for oil in 2002 to 85% in 2030 some $3 trillion dollars must be invested in the oil sector from 2003 to 2030 to meet world demand for oil, and something approaching half of this total must be invested in the Middle East. Some

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$234 billion will be required for tankers and oil pipelines, and again, a substantial amount must go to the MENA area.[34]

Under most conditions, the normal day-to-day destination of MENA oil exports is strategically irrelevant. Oil is a global commodity, which is distributed to meet the needs of a global market based on process bid by importers acting in global competition. With the exception of differences in price because of crude type and transportation costs, all buyers compete equally for the global supply of available exports, and the direction and flow of exports changes according to marginal price relative to demand. As a result, the percentage of oil that flows from the MENA region to the United States under normal market conditions has little strategic or economic importance. If a crisis occurs, or drastic changes take place in prices, and the U.S. will have to pay the same globally determined price as any other nation, and the source of U.S. imports will change accordingly. Moreover, the U.S. is required to share all imports with other OECD countries in a crisis under the monitoring of the International Energy Agency.

The size of direct imports of petroleum is also only a partial measure of strategic dependence. The U.S. economy is dependent on energy-intensive imports from Asia and other regions, and what comes around must literally go around. While the EIA and IEA do not make estimates of indirect imports of Middle Eastern oil in terms of the energy required to produce the finished goods, the U.S. imports them from countries that are dependent on Middle Eastern exports, analysts guess that they would add at least 1 MMBD to total U.S. oil imports. To put this figure in perspective, direct U.S. oil imports increased from an annual average of 7.9 MMBD in 1992 to 11.3 MMBD in 2002, and 2.6 MMBD worth of U.S. petroleum imports came directly from the Middle East in 2002.[35] If indirect U.S. imports, in the form of manufactured goods dependent on imports of Middle Eastern oil were included, the resulting figure might well be 30–40% higher than the figure for direct imports.

Moreover, the U.S. and other industrialized states are increasingly dependent on the health of the global economy. With the exception of Latin America, Mexico, and Canada, all of America's major trading partners are critically dependent on Middle Eastern oil exports. In 2002, the Middle East and North Africa supplied 5.0 MMBD of 11.9 MMBD of European imports (42%). MENA exporters supplied 4.0 MMBD of Japanese imports of 5.1 MMBD (79%). While MENA countries supplied 0.8 MMBD out of China's imports of 2.0 MMBD (39% and growing steadily in recent years), 0.2 MMBD of Australia's imports of 0.6 MMBD (33%), and 6.5 MMBD of some 8.6 MMBD in imports by other Asian and Pacific states (76%).[36]

The EIA and IEA project that the global economy will also grow far more dependent on the Middle East and North Africa in the future. The EIA's International Energy Outlook 2004 projects that North American imports of MENA oil will increase from 3.3 MMBD in 2001 to 6.3 MMBD in 2025—an increase of 91%, almost all of which will go to the U.S. The increase in exports to Western Europe will be from 4.7 MMBD to 7.6 MMBD, an increase of 62%. This assumes major increases in oil exports from the FSU and conservation will limit the scale of European imports from the Middle East. Industrialized Asia—driven by Japan—will increase its imports from 4.1 MMBD to 6.0 MMBD, or nearly 50%. China will increase its imports from 0.9 MMBD to 6.0 MMBD, or by nearly 570%; and Pacific Rim states will increase imports from 5.0 MMBD to 10.2 MMBD, or by 104%.

U.S. oil imports are only a subset of U.S. strategic dependence on Middle East oil exports. It is important to note, however, that neither the Bush energy policy, nor any recent Congressional energy bills, are projected to have any meaningful strategic impact on U.S. import dependence if they are ever passed into law and transformed into action. It takes massive shifts in U.S. energy consumption and supply over extended periods of time to accomplish this and there are good reasons that the Bush Administration, Kerry energy policy, and Congressional advocates of different policies have either failed to make meaningful analysis of the impact of their proposals on U.S. import dependence or have provided "blue sky" estimates that are little more than political posturing.

If one turns to the EIA estimates made since the Bush Administration came to office, it is clear that realistic models of U.S. energy needs will lead to steady increases in U.S. energy imports. The EIA's 2003 Annual Energy Forecast reports that net imports of petroleum accounted for 55 percent of domestic petroleum consumption in 2001. U.S. dependence on petroleum imports is projected to reach 68% in 2025 in the reference case. This is a rise in U.S. net imports from 10.9 MMBD in 2021 to 19.8 MMBD in the reference case (+82%). In the low oil price case, net imports would rise to 21.1 MMBD. They would be 18.2 MMBD in the high oil price case, 17.8 MMBD in the low economic growth case, and 22.3 MMBD in the high economic growth case.[37]

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The EIA's annual U.S. energy forecast for 2004 predicts that imports will be even higher. It reports that net imports of petroleum accounted 53 percent of domestic petroleum consumption in 2002. U.S. dependence on petroleum imports is estimated to reach 70 percent in 2025 in the reference case, versus 68 percent in the 2003 forecast. Imports are expected to be 65 percent of total consumption. In the low oil price case this number is estimated to be 75 percent.[38] (The AEO2003 report indicated that estimated imports as a share of total oil consumption would be 65 percent in high price case in 2025, and 70 percent in the low price case.)

The specific figures will vary according to oil price s and the growth of the U.S. economy, and the EIA contingency forecasts are summarized below in millions of barrels per day:[39]

Year and projection	Product supplied	Net imports	Net crude imports	Net product imports
2002	19.8	10.5	9.1	1.4
2025:				
Reference	28.3	19.7	15.7	3.9
Low oil price	31.1	23.3	18.2	5.1
High oil price	25.6	16.6	14.3	2.2
Low Growth	25.9	17.6	15.0	2.6
High Growth	30.6	21.8	16.4	5.4

In 2002, net U.S. imports of petroleum accounted for 53 percent of domestic petroleum consumption. Increasing dependence on petroleum imports is projected, reaching 70 percent in 2025 in the reference case. The corresponding import shares of total consumption in 2025 are expected to be 65 percent in the high oil price case and 75 percent in the low oil price case.

In short, the practical problem for the foreseeable future is how to ensure that the MENA states can obtain the more than $1 trillion the International Energy Agency estimates they will need to expand energy production capacity and exports, and to protect growing U.S. and global dependence on MENA energy exports, particularly from the Gulf. There are no meaningful near and mid-term options that will allow the U.S. to reduce dependence in any meaningful strategic sense at anything like today's market prices for energy. The U.S. must shape its security policies accordingly, regardless of what happens in Iraq. It must also shape them in light of U.S. dependence on a global economy—not simply direct U.S. dependence on oil imports.

Encourage Evolutionary Political, Economic, Demographic, and Social Reform

The U.S. cannot secure its narrow strategic interests in the Middle East unless it also seeks far broader strategic goals that will meet the needs of its peoples as well as those of the United States. The battle for hearts and minds extends far beyond Iraq, and the West and the Middle East, particularly the U.S. and Arab world, need to take a more honest approach to reform.

So far, governments have reacted largely by treating the symptoms and not the disease. Counterterrorism is essential to deal with the most obvious and damaging symptoms, but it cannot deal with the underlying causes. Military force is sometimes necessary. However, it is now all too clear in Iraq that it can create as many—or more—problems than it solves.

The practical results are all too clear from an August 2004 survey by the Pew Research Center, and one that clearly shows how the divisions between the West and Middle East affect moderate and traditionally friendly states. The Pew group reported, "In the predominantly Muslim countries surveyed, anger toward the United States remains pervasive . . . Osama bin Laden is viewed favorably by large percentages in Pakistan (65%), Jordan (55%) and Morocco (45%). Even in Turkey, where bin Laden is highly unpopular, as many as 31% say that suicide attacks against Americans and other Westerners are justifiable.

There are many other surveys that deliver the same message, just as there are many surveys of U.S. and Western opinion that reflect anger against terrorism, and hostility towards Islam and the Arab world. The events of 9/11, the rise of Islamic extremism and the faltering Western reaction, the broad regional backlash to the Arab-Israeli conflict, the Iraq War, and the growing clash between religions and cultures, have all led to a crisis in relations that governments cannot address in such conventional terms.

U.S. and Arab relations are where they are today for many reasons, but one of them is that the Western and Islamic worlds have previously defined "tolerance" in

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terms of mutual ignorance, and in terms of governmental indifference at the ideological, political, and cultural level.

Empty U.S. calls for instant, region-wide democracy and political reform are producing a dangerous counterreaction in much of the Arab world. A Western focus on counterterrorism—without a balancing focus on creating bridges between the West and Middle East—is often breeding extremism rather than defeating it.

At the same time, token pledges and efforts at reform within the Arab world fall far short of the needs of Arab peoples, and are weak and ineffective counters to extremism. Neither Middle Eastern governments nor Middle Eastern intellectuals have yet shown they can honestly address the scale of the region's problems or act decisively at the speed and depth required.

These efforts cannot deal with problems that are "generational" in nature. They are not the product of one temporary series of conflicts and tensions, or of the threat posed by today's groups of terrorists and extremists. Weak regimes, population growth, demographic, hyperurbanization, and a failure to develop and diversify regional economies all act to create pressures on the Middle East that will outlive Bin Laden and Al Qaida by decades.

Most of the nations of the Arab and Islamic world now face pressures and changes that they can only deal with if they come firmly to grips with the need for reform:

- Failed secular regimes and political parties have pushed the peoples of the region back towards Islam and made them seek to redefine the role of religion in their lives.
- Massive population increases: The Middle East and North Africa had a population of 112 million in 1950. The population is well over 415 million today, and approaching a fourfold increase. It will more than double again, to at least 833 million, by 2050.
- A "youth explosion," where ages 20–24—the key age group entering the job market and political society—has grown steadily from 10 million in 1950 to 36 million today, and will grow steadily to at least 56 million by 2050.
- Some 36% of the total MENA population is under 15 years of age versus 21% in the U.S. and 16% in the EU. The ratio of dependents to each working age man and woman is three times that in a developed region like the EU.
- A failure to achieve global competitiveness, diversify economies, and create jobs that is only partially disguised by the present boom in oil revenues. Direct and disguised unemployment range from 12–20% in many countries, and the World Bank projects the labor force as growing by at least 3% per year for the next decade.
- A region-wide average per capita income of around $2,200 versus $26,000 in the high-income countries in the West.
- A steady decline in non-petroleum exports as a percentage of world trade over a period of nearly half a century, and an equal pattern of decline in regional GDP as a share of global GDP.
- Hyperurbanization and a half-century decline in agricultural and traditional trades impose high levels of stress on traditional social safety nets and extended families. The urban population seems to have been under 15 million in 1950. It has since more than doubled from 84 million in 1980 to 173 million today, and some 25% of the population will soon live in cities of one million or more.
- Broad problems in integrating women effectively and productively into the work force. Female employment in the MENA region has grown from 24% of the labor in 1980 to 28% today, but that total is 15% lower than in a high growth area like East Asia.
- Growing pressures on young men and women in the Middle East and North Africa to immigrate to Europe and the U.S. to find jobs and economic opportunities that inevitably create new tensions and adjustment problems.
- Almost all nations in the region have nations outside the region as their major trading partners, and increased intraregional trade offers little or no comparative advantage.
- Much of the region cannot afford to provide more water for agriculture at market prices, and in the face of human demand; much has become a "permanent" food importer. Regional manufacturers and light industry have grown steadily in volume, but not in global competitiveness.
- Global and regional satellite communications, the Internet, and other media, have shattered censorship and extremists readily exploit these tools.
- A failed or inadequate growth in every aspect of infrastructure, and in key areas like housing and education.
- Growing internal security problems that often are far more serious than the external threat that terrorism and extremism pose to the West.

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- A failure to modernize conventional military forces and to recapitalize them. This failure is forcing regional states to radically reshape their security structures, and is pushing some toward proliferation.
- Strong pressures for young men and women to immigrate to Europe and the U.S. to find jobs and economic opportunities that inevitably create new tensions and adjustment problems.

Unlike today's crises and conflicts, these forces are so great that they will play out over decades. They cannot be dealt with simply by attacking today's terrorists and extremists; they cannot be dealt with by pretending religion is not an issue, and that tolerance can be based on indifference or ignorance.

Today, both sides take a dysfunctional approach to reform. The Arab world tends to live in a state of denial about both the scale of its need for reform, and the ineffectiveness of most of its present efforts. Arab governments and Arab intellectuals have generally failed their peoples. They promise, plan, and talk but falter in taking meaningful action. The end result is that the failure of evolution breeds revolution, and the failure of moderates breeds extremists.

Far too many of these failures also transcend culture and religion. A failed state sector is a failed state sector. Policies that block economic growth block economic growth. Bad education is bad education, and rote learning is rote learning. A development plan that is never really implemented cannot lead to development. Slow progress in the rule of law and basic human rights is simply too slow to be acceptable. A virtual conspiracy of silence on the subject of population growth and demographics amounts to intellectual cowardice.

There is no question that much in the U.S. and the West also deserves criticism. The answer, however, is not to stifle criticism, but rather to encourage mutual criticism and common pressure for reform and change. Moreover, the problems involved are relative; the Arab world and Middle East simply are moving too slowly, making far too many excuses, and exporting a great deal of the problems that can only be solved through action at home.

Blaming the West, "globalism," the U.S., and a colonial heritage, are all further forms of moral and intellectual cowardice. At least 90% of the problems of Arab states and Middle Eastern governments are self-inflicted wounds. They will only be solved when individual Arab countries have the courage and will to solve them on their own.

The other side of this coin, however, is that U.S. calls for instant progress towards region-wide "democracy" and "elections"—the kind of vague generalities that called for the initial drafts of the U.S. "Greater Middle East Initiative"—only make things worse. They treat all countries as the same, ignore the need for political parties, experience with elections, and moderate opposition movements. They also ignore the human rights, rule of law, economic, demographic, educational, and social reforms that often have a higher priority and are the precursors to meaningful pluralism. Far too often, the U.S. has adopted a "one man, one vote, one time" approach to change in the Middle East; and has ignored the need for evolution by its friends in the search for a revolution that would bring extremists and its enemies to power.

The vague generalities of the G8 communiqué that took the place of the "Greater Middle East Initiative" were far less damaging, but also provide no basis for real progress. They do not offer incentives in terms of economic aid, accession to the WTO, better trade, or foreign investment. They talk in meaningless terms about regional solutions and intraregional cooperation.

A broad debate, indeed dialectic, is needed on reform in the Arab world and Middle East. The primary force for this debate must come from within, but it must be provoked, challenged, and aided from without. At the same time, the U.S., EU, and all of the members of the G8 need to move beyond both political mirror imaging and vacuous good intentions.

Calls for reform need to be evaluated, planned, and prioritized on a country-by-country basis. They need to build on what countries, and their reformers, are doing wherever possible. They need to find out the best evolutionary path to human rights, rule of law, economic, demographic, educational, and social reforms in a given country; and provide real incentives not just criticism. They need to understand that democracy without stability, and the proper checks and balances, is simply a different form of extremism.

Give the Political Dimension of Counterterrorism a New Priority

The same pressure for reform are both an underlying cause of terrorism and a reason why the U.S. must give the political dimension of counterterrorism a new priority. The U.S., the West, and every moderate state and movement in the Islamic world now face a common threat in forms of Islamic extremism that cannot tolerate other interpretations of Islam, much less Judaism and Christianity.

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This threat is inevitably coupled to the threat posed by forms of Christianity that see all non-Christians as damned, and Jews simply as a convenient mechanism to trigger the second coming. It is coupled to Israeli extremist statements that effectively dehumanize Palestinians and reject the legitimacy of Islam, and statements in the Arab world that go from anger against Israel to attacks on all Jews and Judaism.

The result to date has been a flood of mutually hostile press reports, television coverage filled with conscious and unconscious bias, and in movie villains that exploit, rather than counter, prejudice. We see it in a series of public opinion polls that reflect a growing polarization between broad sectors of the public, and again, particularly in the U.S. and Arab world.

Most tangibly and dangerously, the practical result is terrorism and violence; endless conspiracy theories, vicious stereotypes; detentions; and growing barriers to travel and immigration. It is reflected it in the breakdown of long-standing alliances, in the growing bitterness and underlying hatred in the Arab-Israeli conflict; in Afghanistan and Iraq in the form of religiously inspired insurgency and asymmetric war; and in threats to acquire and use weapons of mass destruction against those with different cultures and religions.

So far, the U.S. has responded by focusing on counterterrorism. In the process, it has created growing barriers between it in the Arab world, undermined past alliances, and focused on short-term expedience. Many Arab regimes have acted in terms of denial, taken half measures, and failed to address extremism. The end result of both approaches is that the problem is growing, not diminishing. The problem is also that extremist movements are developing new linkages and finding new ways to exploit popular anger, emotion, and religious prejudice.

The U.S. needs to work with Arab and other Islamic regimes to take a new approach to public policy that goes beyond the traditional approach to strategy, and one that must have the active support of both Western and Islamic governments. Governments—and particularly the U.S. government and the moderate governments of the Arab world—need to make a concerted effort to make religious and cultural tolerance a matter of public policy. They need to support this effort in the ways they structure education, diplomacy, law enforcement, immigration, and all of the other tools available to the state.

What are some of the practical actions that the U.S., other Western, and Arab and Islamic governments need to employ to bring balance and depth to their actions, and to implement such a grand strategy? The answers must be empirical, and many must be found on a nation-by-nation and case-by-case basis. The best approach should be the subject of an intense debate in both the West and at appropriate points along the continuum of the Arab countries, the Middle East, and the Islamic world. It is clear, however, what some of the answers must be:

- Western and Islamic governments must make enduring efforts to bridge the gap between cultures and religions, and create a common effort to move towards development and reform.
- Governments need to fund dialogue and mutual exchanges at the levels only governments can mount, and do so through a mix of grants, public information campaigns, and governmental use of all the tools available to influence domestic and foreign public opinion.
- The leaders of governments need to encourage the highest-ranking religious leaders of the West and Islamic world to deal as firmly with the divisions between Judaism, Christianity, and Islam as the Vatican finally dealt with the divisions between Judaism and Christianity.
- Comprehensive educational reform is needed in both the Middle East and the West to teach tolerance based on understanding at every level from the earliest levels of education through graduate education, and a systematic purging of education material with prejudice, hate, or stereotypes.
- Use should be made of all the legitimate tools of law to put an end to extremist and hate-oriented literature and use of the media.
- Governments need to carry out a comprehensive review of visa policies based on the understanding that encouraging legitimate study abroad, media presence and visits, academic exchanges, visits for dialogue and cultural familiarization, and international business are as much a critical element in the war on terrorism as defeating or interdicting terrorists.
- An equally comprehensive review is needed of counterterrorism policies that looks beyond a narrow focus on defeating terrorists and seeks to ensure that necessary action to defeat terrorism does not create unnecessary anger and hostility, detain or arrest the innocent, or fail to compensate those who are unfairly arrested.

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- Western policies towards immigration must emphasize tolerance and equality for Arab and Islamic immigrants, not just economic need and security.
- Governments need to act to set common ground rules for handling deportations and detainments that fully consider the human rights and political aspects of such actions, and their "backlash".
- A common effort to develop efficient means for reviewing charitable and other fund transfers and activities so that legitimate activity is not blocked by the effort to reduce the funding of extremism and terrorism.
- Creation of new mechanisms for security dialog between groups like NATO and the GCC, and on a national basis, to ease the pressure for arms sales, strengthen mutual security efforts to deal with threats like proliferation and asymmetric warfare, and create true security and arms control partnerships in regions like the Gulf.

There is one other critical step the U.S. needs to take to deal with terrorism and every other issue in the region. The U.S. needs strong, well-funded, and proactive U.S. Embassy teams that can deal with the needs and perceptions of each country in the region. It needs to adequately fund public diplomacy at the national level, and tie together its efforts at encouraging reform, building effective security structures, and counterterrorism.

Effective national policies are not enough. The U.S. needs coherent efforts tailored to the need of given countries, and to give the term "country team" real meaning. It needs to put an end to the underfunding of U.S. efforts in the field, and break out of the increasing tendency to see Embassies as fortresses that need to be defended, rather than as the first line of action.

Shaping the Post-Iraq Environment

Wars are usually a bad time to try to shape regional policy. It should be clear, however, that even the best outcome in Iraq is not going to transform any other nation in the region in the near to mid-term if ever. Any U.S. defeat in Iraq is going to immediately affect the U.S. in every other area of U.S. policy in the region.

The U.S. cannot afford to defer any of these other issues and concentrate on Iraq—whether it adopts a "play the course" strategy in Iraq or any other approach. It needs a comprehensive strategy and action plan for dealing with the Middle East—win, lose, or draw.

NOTES

[1]There are many poll results that make this point. Perhaps the best in terms of detail was one sponsored by ABC and conducted in February 2004. It showed that the Iraqi people as a whole still had real hope for the future. At the same time, the polls made it clear that there already were deep divisions within Iraqi society that could block nation building, or even lead to civil war. The results of the poll were mixed. Some reflected the deep ethnic and religious differences in Iraq. Other results were more optimistic. Even if one looks at results for the least confident group—the Sunnis—it is obvious that most Iraqis saw life as getting better, understood that Iraq was in transition, and had hope for the future.

The ABC News poll found the following attitudes:

	Percent responding to survey question		
	Sunni Arabs	Shi'ite Arabs	Kurds
Life these days:			
Good	66	67	85
Bad	33	33	13
Life compared to one year ago:			
Better	50	60	69
Worse	25	16	13
Expectations:			
Better	61	72	83
Worse	12	4	2

The attitudes reflected in the ABC poll scarcely provided any guarantee of success, victory, and peace. Minorities generally shape violence and civil war, not majorities. It was clear from the broader range of results discussed throughout this analysis that there were Iraqis that remained extremely hostile to the Coalition.

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This was particularly true in Iraq's western province of Anbar and the most hostile cities in the Sunni triangle, but it was also true of some Shi'ites as well.

The evolving mix of insurgents that the U.S. and Coalition had begun to fight in the late spring of 2003 also had significant popular support in their ethic area. Anbar is the single most Sunni Arab-dominated province in Iraq, the area with violently hostile cities like Fallujah, and anger over the U.S.-led invasion spikes in that group, which was favored under Saddam Hussein's regime. ABC estimates that Anbar has some 5% of Iraq's population and is 92% Sunni and 91% Sunni Arab. It also accounts for 17% of all Sunni Arabs.

In a February ABC News poll of Iraq, 71 percent of respondents in Anbar viewed attacks on coalition forces as "acceptable" political action. Among all Iraqis, just 17 percent held that view. Similarly, 56 percent in Anbar said attacks on foreigners working alongside the CPA are acceptable, compared with 10 percent of all Iraqis. The ABC analysis found that Anbar residents are no worse off economically than most Iraqis. But they are less apt to say their lives are going well (52 percent in Anbar, compared with 70 percent in all Iraq); their expectations for the future are less positive; and above all, they are far more deeply aggrieved over the invasion and occupation.

- Eighty-two percent in Anbar say the invasion was "wrong," compared with 39 percent of all Iraqis. (Sixty-seven percent in Anbar say it was "absolutely" wrong, compared with 26 percent nationally.)
- Residents of Anbar are twice as likely as all Iraqis to say the invasion humiliated rather than liberated Iraq.
- Sixty-five percent in Anbar say coalition forces should leave now, compared with 15 percent of all Iraqis.
- More residents in Anbar prefer "a strong leader for life" than either a democracy or an Islamic state. In all Iraq, more prefer democracy.

Attitudes in Hostile Areas: The Sunni Triangle

The ABC poll figures for the attitudes in the entire Sunni triangle (Ramadi, Fallujah, Tikrit, Samara, Baquba, and Baaji) are only marginally more reassuring. This area is estimated to have some 12% of Iraq's population and is 81% Sunni and 79% Sunni Arab. It has 34% of all the Sunni Arabs in Iraq.

- Seventy-one percent in the Sunni Triangle say the invasion was "wrong," compared with 39 percent of all Iraqis. (Fifty-six percent in Sunni Triangle say it was "absolutely" wrong, compared with 26 percent nationally.)
- Residents of Sunni Triangle are nearly twice as likely as all Iraqis to say the invasion humiliated rather than liberated Iraq.
- Thirty-eight percent in Sunni Triangle say coalition forces should leave now, compared with 15 percent of all Iraqis.
- More residents in Sunni Triangle prefer "a strong leader for life" than either a democracy or an Islamic state. In all Iraq, more prefer democracy. The ABC Poll found the following results and they seem likely to be equally true of the rest of the "Sunni triangle."

[In percentage]

	Anbar	Entire Sunni Triangle (Ramadi, Fallujah, Tikrit, Samara, Baquba, Baaji)	All Iraqis
Attacks "acceptable" on:			
Coalition forces	71	44	17
Foreigners working with CPA	56	33	10
Presence of coalition forces:			
Support	85	80	51
Oppose	9	9	39
"Strongly" oppose	76	63	31
Say coalition forces should leave now	65	38	15
Invasion was:			
Right	9	16	48
Wrong	82	71	39
Invasion was "absolutely" wrong	67	56	26
Invasion:			
Liberated Iraq	9	14	42
Humiliated Iraq	83	75	41
Confident in CPA	12	14	28

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[In percentage]

	Anbar	Entire Sunni Triangle (Ramadi, Fallujah, Tikrit, Samara, Baquba, Baaji)	All Iraqis
Confident in occupation forces	9	17	25
Preferred political system:			
Single leader for life	45	41	28
Islamic state	18	19	21
Democracy	18	26	49
No opinion	19	14	4
Sunni	92	81	40

The Risk of Shi'ite Hostility

This mix of ethnic, regional, and national results does not imply that Iraq as a whole cannot reach agreement on a new government. The ABC poll data show a lack of interest in retribution with regard to the Ba'athists, and the desire (even in Kurdistan) to keep Iraq as a single nation in spite of extreme political fragmentation and wariness.

The polling does, however, reflect a host of problems that have been apparent on the ground ever since the fall of Saddam Hussein. These include high and unrealistic expectations for the future. They reflect ongoing public concerns and demands—nationally and locally—for such essentials of life as security, jobs and electricity. It also shows that U.S. and Coalition success is critically dependent on Shi'ite goodwill. Or, to be more objective, success is dependent on Shi'ite tolerance and intelligent self-interest.

The first year of occupation showed that the Coalition could hope to win a fight against part of Iraq's Sunnis—if it could eventually persuade the majority to support the nation building process and accept peaceful solutions. It showed the Coalition could largely count upon Kurds—who had nowhere else to go—if they remained unified and were willing to accept a realistic form of autonomy while respecting the rights of Arabs and other minorities. Sheer demographics made it clear, however, that the Coalition effort had no hope of dealing with a true popular uprising or rejection by the majority of Iraq's Shi'ites, or with the result of a serious civil war either between Sunni and Shi'ite or mass popular Shi'ite factions.

It is important to note in this regard that 37% of the Shi'ites felt humiliated by Iraq's defeat. 35% felt the invasion was wrong, 12% felt the Coalition should leave immediately, and 12% felt that attacks on Coalition personnel were acceptable. While only 7% of the Shi'ites polled preferred a religious leader, 32% preferred a strong leader versus 39% for democracy.

This is a significant and potentially violent Shi'ite minority, although the ABC poll also shows that Shias in the South—a region heavily repressed under Saddam's regime—are more likely than those elsewhere to say it was right for the coalition to invade, and to say the invasion liberated rather than humiliated their country.

[In percentage]

	Southern Shia Arabs	Shia Arabs elsewhere
U.S.-led invasion was:		
Right	56	44
Wrong	28	47
Invasion:		
Liberated Iraq	49	34
Humiliated Iraq	27	53
What Iraq needs at this time: A gov't mainly of religious leaders	79	52
Preferred system:		
Democracy	39	41
Islamic state	31	16
Single strong leader	18	33
Confident in religious leaders	57	44

[2] Based on the analysis by my colleagues Rick Barton and Sheba Crocker in "Progress or Peril? Measuring Iraq's Reconstruction," CSIS Post-Conflict Reconstruction Project, CSIS, 2004.

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Oxford: How much confidence do you have in the [U.S. and UK occupation forces]?

[In percentage]

	Oct.–Nov. '03	Feb. '04	Mar.–Apr. '04	Jun. '04
Great Deal	7.60	8.70	7.00	6
Quite a Lot	13.60	19.00	18.40	14
Not Very Much	22.20	25.60	22.30	30
None at All	56.60	46.80	52.30	51

Oxford Research International "National Survey of Iraq."

IIACSS: How much confidence do you have in [Coalition forces] to improve the situation in Iraq?

[In percentage]

	Jan. '04	Apr.–May '04	May '04
Great Deal	11.60	2.60	1.50
Fair Amount	16.70	4.40	8.20
Not Very Much	13.70	4.70	6.10
None at All	53.30	83.50	80.60

IIACSS, Department of State, CPA, "National Poll of Iraq."

[3] E-mail dated 22–11–2004 from Curt Tarnoff, Specialist in Foreign Affairs, Congressional Research Service, 202–707–7656, ctarnoff@crs.loc.gov.

[4] Once again, the data are uncertain. The original (FY04) request in education/refugees, etc. was $300 million, in January 2004, it became $280 million, in April 2004, $259 million, and $379 million under the re-allocation plan. E-mail dated 22–11–2004 from Curt Tarnoff, Specialist in Foreign Affairs, Congressional Research Service, 202–707–7656, ctarnoff@crs.loc.gov.

[5] Based on the analysis by my colleagues Rick Barton and Sheba Crocker, "Progress or Peril? Measuring Iraq's Reconstruction." CSIS Post-Conflict Reconstruction Project, CSIS, 2004.

Attitudes towards Iraqi Police Forces

IIACSS: How much confidence do you have in the [new Iraqi police] to improve the situation in Iraq?

[In percentage]

	Jan. '04	Apr.–May '04	May '04
Great Deal	44.80	47.90	47.30
Fair Amount	35.00	29.60	28.70
Not Very Much	6.70	8.60	5.70
None at All	11.00	11.20	15.80

IIACSS, Department of State, CPA, "National Poll of Iraq."

Iraqi Perception. Also see Saban Center for Middle East Policy, Brookings Institution, "Iraq Index: Tracking Reconstruction and Security in Post-Saddam Iraq," and "Progress or Peril? Measuring Iraq's Reconstruction," CSIS Post-Conflict Reconstruction Project.

Oxford: How much confidence do you have in the [new Iraqi police]?

[In percentage]

	Oct.–Nov. '03	Feb. '04	Mar.–Apr. '04	Jun. '04
Great Deal	19.70	7.60	33.00	35
Quite a Lot	30.60	43.30	39.20	39
Not Very Much	33.40	20.60	17.60	20
None at All	16.30	8.50	10.20	7

Oxford Research International, "National Survey of Iraq."

Attitudes Toward Iraqi Army Forces

IIACSS: How much confidence do you have in the [new Iraqi army] to improve the situation in Iraq?

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[In percentage]

	Jan. '04	Apr.–May '04	May '04
Great Deal	34.70	36.50	32.90
Fair Amount	28.40	25.00	28.50
Not Very Much	9.70	9.90	8.60
None at All	17.20	17.80	20.10

IIACSS, Department of State, CPA, "National Poll of Iraq."

Oxford: How much confidence do you have in the [new Iraqi army]?

[In percentage]

	Oct.–Nov. '03	Feb. '04	Mar.–Apr. '04	Jun. '04
Great Deal	16.00	19.70	24.40	24
Quite a Lot	30.10	42.20	46.70	50
Not Very Much	34.30	27.50	17.10	20
None at All	19.50	10.70	11.80	6

Oxford Research International, "National Survey of Iraq."

[6] For a discussion of some of the problems involved, see "Rebuilding Iraq: Resources, Security, Governance, Essential Services, and Oversight Issues," Washington, GAO–04–902R, June 2004.

[7] The money allocated to total obligations had only put $2,325 million into the start of the pipeline. Office of the Inspector General, Coalition Provisional Authority, "Report to Congress," October 30, 2004. p. 59.

[8] The Deputy DoD OIG for Inspections and Policy is about to begin a joint project with the DoS OIG to cover all phases of the training effort for the Iraqi police forces. This should be extended to cover Iraqi military and security forces.

[9] Department of Defense, "Iraq Weekly Status Report," September 22, 2004.

[10] Department of Defense, "Iraq Weekly Status Report," November 3, 2004 and information provided from MNSTC–I.

[11] http://www.mnstci.iraq.centcom.mil/facts__troops.htm, accessed November 11, 2004.

[12] State Department Report, November 19: NATO's Iraq Training Plans, press release on 23–1–04 as of 9:32 AM.

[13] Office of the Inspector General, Coalition Provisional Authority, "Report to Congress," October 30, 2004, p. 69.

[14] Office of the Inspector General, Coalition Provisional Authority, "Report to Congress." October 30, 2004.

[15] Department of Defense, "Iraq Weekly Status Report," November 3, 2004.

[16] Iraq's oil situation is considerably more complicated than some estimated indicate. An in depth analysis by DOE/EIA in its Country Analysis Brief of November 2004 raised the following issues:

In early August 2003, the CPA put the cost of rehabilitating Iraq's oil sector to its pre-war state at $ 1.144 billion, and the time frame to do so at nine months. Much of this work is being performed by KBR under the supervision of the USACE and the "Restoration of Iraqi Oil" (RIO) program. In late January 2004, USACE awarded two major upstream contracts, worth $1.9 billion, under RIO 2. Contracts went to KBR (for $1.2 billion) in the south; Parsons and Australia's Worley (for $800 million) in the north.

According to the Oil and Gas Journal, Iraq contains 115 billion barrels of proven oil reserves, the third largest in the world (behind Saudi Arabia and Canada). Estimates of Iraq's oil reserves and resources vary widely, however, given that only 10% or so of the country has been explored. Some analysts (the Baker Institute, Center for Global Energy Studies, the Federation of American Scientists, etc.) believe, for instance, that deep oil-bearing formations located mainly in the vast Western Desert region, for instance, could yield large additional oil resources (possibly another 100 billion barrels or more), but have not been explored. Other analysts, such as the U.S. Geological Survey, are not as optimistic, with median estimates for additional oil reserves closer to 45 billion barrels.

. . . Iraq generally has not had access to the latest, state-of-the-art oil industry technology (i.e., 3D seismic, directional or deep drilling, gas injection), sufficient spare parts, and investment in general throughout most of the 1990s. Instead, Iraq reportedly utilized sub-standard engineering techniques (i.e., overpumping, water injection/"flooding"), obsolete technology, and systems in various states of decay (i.e., corroded well casings) in order to sustain production. In the long run, reversal of

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all these practices and utilization of the most modern techniques, combined with development of both discovered fields as well as new ones, could result in Iraq's oil output increasing by several million barrels per day. In February 2004, former Iraqi Oil Minister Issam al-Chalabi stated that recent efforts to boost Iraqi production might be harming the country's oil reserves.

According to the U.N. Joint Logistics Centre (JLC), in August 2003 "about 40% of [northern Iraqi] production [was being] transferred to the Baiji refinery, with the balance into the fields, ostensibly to maintain pressure. This is a most unusual practice but extraction of the surplus crude is necessary to produce much needed LPG. It means, however that crude oil production is overstated by the volume reinjected (it not being available for refining or export, but counted as production). The reinjected crude may be lost forever." Meanwhile, the USACE has stated that its mission was to focus on war-damaged, above-ground oil facilities, not "redeveloping the oil fields," with Iraqi engineers reportedly estimating that expected recovery rates at Kirkuk have fallen as low as 9%, far below industry norms.

On August 13, 2003, Iraq's main oil export pipeline from its main northern oilfield of Kirkuk to the Turkish port of Ceyhan reopened (see below for more details), but the line was shut down once again shortly thereafter due to sabotage on August 15 and 17. The pipeline reopened once again in early March 2004. Iraq currently is aiming to increase its exports to around 2.0 MMBD by the end of March 2004, but this goal depends in large part on security being maintained. Between April 2003 and the end of the year, there were an estimated 86 attacks on Iraqi oil infrastructure, including the country's 4,350-mile-long pipeline system and 11,000-mile-long power grid. In response, the U.S. military set up a 9,700-person force, called Task Force Shield, to guard Iraq's oil infrastructure, particularly the Kirkuk-Ceyhan line. Under Saddam Hussein, Iraqi pipelines were guarded in part by local tribes, and in part by two army divisions dedicated to the task.

. . . As of early March 2004, Iraqi production (on a net basis) had reached perhaps 2.2 MMBD, with "gross" production (including reinjection) of around 2.4 million bbl/d. Although Iraq is a member of OPEC, its oil output has not been constrained by OPEC quotas since it resumed oil exports in December 1996.

Prior to the latest war, oil industry experts generally assessed Iraq's sustainable production capacity at no higher than about 2.8–3.0 MMBD, with net export potential of around 2.3–2.5 million bbl/d (including smuggled oil).

Among other challenges in maintaining, let alone increasing, oil production capacity, were Iraq's battle with "water cut" (damaging intrusion of water into oil reservoirs) especially in the south. In 2000, Saybolt International had reported that NOC and SOC were able to increase their oil production through use of short-term techniques not generally considered acceptable in the oil industry (i.e., "water flooding," injection of refined oil products into crude reservoirs). The Saybolt report now appears to have been largely accurate. In addition, a U.N. report in June 2001 said that Iraqi oil production capacity would fall sharply unless technical and infrastructure problems were addressed.

Oil market consultants PFC Energy have stated that "unless water injection used to maintain pressure in the southern fields is restarted, there is a strong possibility that [they] will go into more rapid decline and suffer permanent reservoir damage." PFC added that "this means the rehabilitation work at the Garmat Ali water processing plant is crucial." U.N. oil experts reportedly have estimated that some reservoirs in southern Iraq have been so badly managed that their ultimate recovery rates might be only 15%–25%, well below the 35%–60% usually seen in the oil industry.

Iraq's southern oil industry was decimated in the 1990/1991 Gulf War, with production capacity falling to 75,000 bbl/d in mid-1991. That war resulted in destruction of gathering centers and compression/degassing stations at Rumaila, storage facilities, the l.6–MMBD (nameplate capacity) Mina al-Bakr/Basra export terminal, and pumping stations along the l.4–MMBD (pre-war capacity) Iraqi Strategic (North-South) Pipeline. Seven other sizable fields remain damaged or partially mothballed. These include Zubair, Luhais, Suba, Buzurgan, Abu Ghirab, and Fauqi. Generally speaking, oilfield development plans were put on hold following Iraq's invasion of Kuwait, with Iraqi efforts focused on maintaining production at existing fields.

. . . In December 2002, the Council on Foreign Relations and the Baker Institute released a report on Iraq's oil sector. Among other things, the report concluded that: (1) Iraq's oil sector infrastructure is in bad shape at the moment, being held together by "band-aids," and with a production decline rate of 100,000 bbl/d per year; (2) increasing Iraqi oil production will require "massive repairs and reconstruction . . . costing several billions of dollars and taking months if not years"; (3) costs of repairing existing oil export installations alone would be around $5 billion, while re-

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storing Iraqi oil production to pre-1990 levels would cost an additional $5 billion, plus $3 billion per year in annual operating costs; (4) outside funds and large-scale investment by international oil companies will be needed; (5) existing oil contracts will need to be clarified and resolved in order to rebuild Iraq's oil industry, with any "prolonged legal conflicts over contracts" possibly "delay[ing] the development of important fields in Iraq"; (6) any "sudden or prolonged shut-down" of Iraq's oil industry could result in long-term reservoir damage; (7) Iraq's oil facilities could easily be damaged during any domestic unrest or military operations (in early February 2003, the Patriotic Union of Kurdistan claimed that Iraqi soldiers were mining oil wells in the north of the country in anticipation of war); and (8) given all this, a "bonanza" of oil is not expected in the near future.

According to the Middle East Economic Survey (MEES), problems at Iraqi oil fields include: years of poor oil reservoir management; corrosion problems at various oil facilities; deterioration of water injection facilities; lack of spare parts, materials, equipment, etc.; damage to oil storage and pumping facilities; and more. MEES estimates that Iraq could reach production capacity of 4.2 MMBD within three years at a cost of $3.5 billion. The International Energy Agency, in contrast, estimates a $5 billion cost to raise Iraqi output capacity to 3.7 MMBD by 2010, and a $42 billion cost to raise capacity to 8 MMBD by 2030.

[17] Department of Defense, "Iraq Weekly Status Report," November 3, 2004.

[18] Office the Press Secretary, Press Release, November 21, 2004, 508 PM.

[19] An EIA report dated 11–04 notes that, "the country's economy, infrastructure, environment, health care system, and other social indicators all deteriorated sharply. Iraq also assumed a heavy debt burden, possibly as high as $116 billion if debts to Gulf states and Russia are counted, and even more if $250 billion in reparations payment claims stemming from Iraq's 1990 invasion of Kuwait are included. It is possible, however, that much of Iraq's debt will be written off in the end, and that reparations will be capped at a certain level, possibly around $40 billion. In December 2003, former U.S. Secretary of State James Baker was sent as an envoy to several of Iraq's major creditor nations, attempting to secure pledges to write off some of Iraq's debt. Russia stated that it would be willing to write off part or all of the $8 billion it is owed in exchange for favorable consideration for Russian companies on Iraqi oil and reconstruction projects. In January 2004, Kuwaiti Prime Minister al-Sabah announced that his country would be willing to waive some of the $16 billion owed by Iraq, and would help reduce Iraq's overall foreign debts as well. Under U.N. Security Council Resolution 1483, Iraq's oil export earnings are immune from legal proceedings, such as debt collection, until the end of 2007."

[20] Richard F. Grimmett, "Conventional Arms Transfer to Developing Nations, 1996–2000," Washington, Congressional Research Service, CRS RL32547, August 26, 2004, pp. 50 and 61.

[21] Richard F. Grimmett, "Conventional Arms Transfer to Developing Nations, 1996–2000," Washington, Congressional Research Service, CRS RL32547, August 26, 2004, pp. 50 and 61.

[22] IAEA GOV/2004/60, "Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran," Report by the Director General, 1 September 2004.

[23] Sanger, David, "Pakistan Found to Aid Iran Nuclear Efforts," The New York Times, September 2, 2004.

[24] Michael Evans and David Charter, "NATO will send More Troops to Afghanistan," London Times, June 29, 2004; Defense News.com, June 30, 2004.

[25] See http://www.eia.doe.gov/emeu/cabs/pgulf.html, DOE/EIA estimated in September 2004 that the Persian Gulf contains 715 billion barrels of proven oil reserves, representing over half (57%) of the world's oil reserves, and 2,462 Tcf of natural gas reserves (45% of the world total). Also, at the end of 2003, Persian Gulf countries maintained about 22.9 MMBD of oil production capacity, or 32% of the world total. Perhaps even more significantly, the Persian Gulf countries normally maintain almost all of the world's excess oil production capacity. As of early September 2004, excess world oil production capacity was only about 0.5–1.0 MMBD, all of which was located in Saudi Arabia.

According to the Energy Information Administration's International Energy Outlook 2004, Persian Gulf oil production increased from 18.7 MMBD in 1990 to 22.4 MMBD in 2001. It is expected to reach about 27.9 MMBD by 2010, and 38 MMBD by 2020, and 45.0 MMBD in 2025. This would increase Persian Gulf oil production capacity to over 33% of the world total by 2020, up from 28% in 2000.

The estimate does, however, change significantly in the high oil price case: It is expected to reach about 21.4 MMBD by 2010, and 27.3 MMBD by 2020, and 32.9 MMBD in 2025.

[26] Estimates differ according to source. The last comprehensive USGS analysis was performed in 2000, and was seriously limited by the fact many countries were

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affected by war or internal turmoil and declared reserves without explaining them or provided data by field. Standard estimates of reserves by non-USG sources like those in the Oil and Gas Journal and World Oil do not adjust reported data according to a standardized methodology or adjust for the large number of countries that never alter their estimates of reserves for actual production.

For example, six of the ten nations with the largest proven reserves are in the MENA region. An IEA analysis shows a range of 259–263 billion barrels for Saudi Arabia, 105–133 billion for Iran, 66–98 billion for the UAE, and 31–29 billion for Libya. The figure of 115 billion for Iraq is consistent only because it is a figure announced in the past by the Iraqi government and there are no accurate, verified estimates. To put these figures in perspective, the range for Russia is 60–69 billion, 25–35 billion for Nigeria, 23–21 billion for the U.S., and 52–78 billion for Venezuela. (International Energy Agency, "Oil Market Outlook," World Energy Outlook, 2004, OECD/IEA, Paris, October 2004, Table 3.2.)

Estimates alter radically if an unconventional oil reserve like Canadian tar sands are included. The Middle East has only about 1% of the world's known reserves of oil shales, extra heavy oil, tar sands, and bitumen. Canada has 36%, the U.S. has 32%, and Venezuela has 19%. The rest of the world has only 12%. The cost-effectiveness of producing most of these reserves, and the environmental impact, is highly uncertain, however, even at high oil prices. (International Energy Agency, "Oil Market Outlook," World Energy Outlook. 2004, OECD/IEA, Paris, October 2004, Figure 3.13.)

Reserve estimates also change radically if ultimately recoverable reserves are included, and not simply proven reserves. Some estimates put the total for such reserves at around 2.5 times the figure for proven reserves. For example, the IEA estimate for the Middle East drops from around 60% to 23%. Such estimates are speculative however, in terms of both their existence and recovery price, and do not have significant impact on estimates of production capacity through 2025–2030. They also ignore gas and gas liquids. The Middle Eastern share of undiscovered oil and gas resources rises to 27% based on existing data.

Such estimates are also heavily biased by the fact that so little experimental drilling searching for new fields occurred in the Middle East between 1992 and 2002. The IEA estimates that only 3% of some 28,000 wildcat explorations for new fields worldwide took place in the Middle East. Recent exploration in key countries like Iran, Iraq, and Libya has been minimal. Some 50 Saudi fields, with 70% of the reserves that are proven, still await development. (International Energy Agency, "Oil Market Outlook," World Energy Outlook, 2004, OECD/IEA, Paris, October 2004, Figure 3.15.)

[27] Guy Caruso, "U.S. Oil Markets and the Middle East, DOE/EIA," October 20, 2004.

[28] IEA estimate in the World Energy Outlook for 2004, Table 3.5, and analyzed in Chapter 3.

[29] The DOE/EIA, "International Energy Outlook for 2004," can be found at http://www.eia.doe.gov/oiaf/ieo/download.html.

[30] See http://www.eia.doe.gov/emeu/cabs/pgulf.html. In 2003, Persian Gulf countries had estimated net oil exports of 17.2 MMBD of oil (see pie chart). Saudi Arabia exported the most oil of any Persian Gulf country in 2003, with an estimated 8.40 MMBD (49% of the total). Also, Iran had estimated net exports of about 2.6 MMBD (15%), followed by the United Arab Emirates (2.4 MMBD—14%), Kuwait (2.0 MMBD—12%), Iraq (0.9 MMBD—9%), Qatar (0.9 MMBD—5%), and Bahrain (0.01 MMBD—0.1%).

U.S. gross oil imports from the Persian Gulf rose during 2003 to 2.5 MMBD (almost all of which was crude), from 2.3 MMBD in 2002. The vast majority of Persian Gulf oil imported by the United States came from Saudi Arabia (71%), with significant amounts also coming from Iraq (19%), Kuwait (9%), and small amounts (less than 1% total) from Qatar and the United Arab Emirates. Iraqi oil exports to the United States rose slightly in 2003, to 481,000 bbl/d, compared to 442,000 bbl/d in 2002. Saudi exports rose from 1.55 MMBD in 2002 to 1.77 MMBD in 2003. Overall, the Persian Gulf accounted for about 22% of U.S. net oil imports, and 12% of U.S. oil demand, in 2003.

Western Europe (defined as European countries belonging to the Organization for Economic Cooperation and Development—OECD) averaged 2.6 MMBD of oil imports from the Persian Gulf during 2003, an increase of about 0.2 MMBD from the same period in 2002. The largest share of Persian Gulf oil exports to Western Europe came from Saudi Arabia (52%), with significant amounts also coming from Iran (33%), Iraq (7%), and Kuwait (6%).

Japan averaged 4.2 MMBD of net oil imports from Persian Gulf during 2003. Japan's dependence on the Persian Gulf for its oil supplies increased sharply since the

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low point of 57% in 1988 to a high of 78% in 2003. About 30% of Japan's Persian Gulf imports in 2003 came from Saudi Arabia, 29% from the United Arab Emirates, 17% from Iran, 12% from Kuwait, 11% from Qatar, and around 1% from Bahrain and Iraq combined. Japan's oil imports from the Persian Gulf as a percentage of demand continued to rise to new highs, reaching 78% in 2003.

[31] Estimates by country and necessarily uncertain. The "International Energy Outlook for 2004" estimate of production capacity in MMBD for MENA countries is as follows:

Country	2001	2010		2020		2025	
		Reference	High price	Reference	High price	Reference	High price
Iran	3.7	4.0	3.5	4.7	3.8	4.9	4.3
Iraq	2.8	3.7	2.9	5.3	3.7	6.6	4.6
Kuwait	2.3	3.7	2.3	4.4	2.9	5.0	3.4
Qatar	0.6	0.6	0.6	0.8	0.7	0.8	0.7
Saudi Arabia	10.2	13.2	9.4	18.2	12.9	22.5	16.0
UAE	2.7	3.3	2.7	4.6	3.3	5.2	3.9
Total Gulf	22.4	27.9	21.4	38.0	27.3	45.0	32.9
Algeria	1.6	2.0	1.6	2.4	2.0	2.7	2.2
Libya	1.7	2.0	1.7	2.6	2.1	2.9	2.4
Other Middle East	2.0	2.2	2.4	2.6	2.9	2.8	3.1
Total Other	4.3	6.2	5.7	7.6	7.0	8.4	7.7
Total MENA	26.7	34.1	26.1	45.6	34.3	53.4	40.6
Total World	79.3	95.1	90.0	114.9	107.2	126.1	117.3
(US)	9.0	9.5	9.9	8.9	9.6	8.6	9.0

OPEC data are labeled confidential but are very similar. The IEA does not provide country-by-country estimates, but uses very similar models with similar results. It estimates total world production was 77 MMBD in 2002, and will increase to 121 MMBD in 2030. If one looks at the data for the Middle East, the latest IEA estimates are as follows:

The IEA estimate in the "World Energy Outlook for 2004," Table 3.5, is:

	2002	2010	2020	2030	Ave. annual growth (percent)
OPEC Middle East	19.0	22.5	37.4	51.8	3.6
Other Middle East	2.1	1.8	1.4	1.0	−2.7
Total	21.1	24.3	38.8	52.8	.....
Non-Conventional Oil (Worldwide)	1.6	3.8	6.1	10.1	6.7
World	77.0	90.4	106.7	121.3	1.6

[32] See http://www.eia.doe.gov/emeu/security/choke.html#HORMUZ. The Strait is the narrow passage between Iran and Oman that connects the Persian Gulf with the Gulf of Oman and the Arabian Sea. It consists of 2-mile-wide channels for inbound and outbound tanker traffic, as well as a 2-mile-wide buffer zone. The EIA estimates that some 13 MMBD flowed through the Strait in 2002. The IEA puts the figure at 15 MMBD in 2003. Both agencies indicate that the amount of oil moving by tanker will increase steadily as Asian demand consumes a larger and larger share of total exports.

Closure of the Strait of Hormuz would require use of longer alternate routes (if available) at increased transportation costs. Such routes include the 5 million-bbl/d capacity Petroline (East-West Pipeline) and the 290,000-bbl/d Abqaiq-Yanbu natural gas liquids line across Saudi Arabia to the Red Sea. Theoretically, the 1.65–MMBD Iraqi Pipeline across Saudi Arabia (IPSA) also could be utilized, more oil could be pumped north to Ceyhan (Turkey), and the 0.5 million-bbl/d Tapline to Lebanon could be reactivated.

[33] International Energy Agency, "Oil Market Outlook," World Energy Outlook, 2004, OECD/IEA, Paris, October 2004, Table 3.7 and 3.8.

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[34] International Energy Agency, Oil Market Outlook, World Energy Outlook, 2004, OECD/IEA, Paris, October 2004, Chapter 3.
[35] BP/Amoco, "BP Statistical Review of World Energy," London, BP, 2003, p. 17.
[36] BP/Amoco, "BP Statistical Review of World Energy," London, BP, 2003, p. 17.
[37] EIA "Annual Energy Outlook, 2003," pp. 80–84.
[38] Energy Information Administration, "Annual Energy Outlook 2004," p. 95.
[39] EIA, "Annual Energy Outlook, 2004," Table 26.

The CHAIRMAN. Well, thank you very much, Dr. Cordesman, for a very comprehensive, very important paper. As you saw, some members were nodding at various points. A good number of these issues are ones in which we find accord. You have phrased the issue in an articulate way. Now, there are others that we may want to question, and we will be doing that in a moment. This is why we have called General Newbold and Mr. Khalil for immediate commentary on your paper.

Let me mention, if I can engage in a colloquy with the distinguished ranking member for a moment, that the distinguished ranking member requests that after the comments by General Newbold and Mr. Khalil, he be recognized for his opening statement. That seems to be a reasonable thing to do.

Senator BIDEN. I do not want to interrupt the flow here.

The CHAIRMAN. The other reasonable thing to do, if we can. We have nine members present. We are approaching a quorum. We could obviate the need to meet in a business meeting at 2:30, given the fact that there appears to be unanimous consent, as far as I can tell, on the effective busywork that we need to do, namely the adoption of our rules, budget resolution, subcommittee organization and membership.

Senator BIDEN. That is correct. There is no disagreement on our side.

The CHAIRMAN. So, not to disconcert the witnesses, but at the proper moment, I might call for order and dispense with that business if possible. If not, I would ask all members to be prepared to meet at 2:30 this afternoon in S–116 to do that business.

I call now on General Newbold.

STATEMENT OF GREGORY S. NEWBOLD, LIEUTENANT GENERAL, U.S. MARINE CORPS (RET.), MANAGING DIRECTOR, GLOBESECNINE

General NEWBOLD. Thank you, Mr. Chairman. I am honored to be here, obviously, on the subject before this committee.

The first thing I would like to offer is that I am comforted that the debate, the discussion, the dialogue, is taking place before this committee. Too often this is viewed as a solely military issue with military solutions and the fact is that it is not. It takes all elements of our national power to address this issue, and most fundamentally this committee is the appropriate one.

Sir, I have prepared a written testimony that I would like to offer for the record.

The CHAIRMAN. It will be made a part of the record in full.

General NEWBOLD. Thank you, sir.

I will make comments that highlight what are in the written testimony. I know that your first priority is that I comment on Dr. Cordesman's paper and I will do that and then offer some of my own views.

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I have read a lot of Dr. Cordesman's writings and we have discussed these issues at length. I have a great deal of regard for him and for his paper. I find very little not only to disagree with, but virtually everything to support. I have also read his written testimony and, frankly, I find that even better. I think it is more focused and pointed. It is critical, but where it is critical it makes a great deal of sense, and it matches my personal experience.

I will not regurgitate the points he has made, but I would like to highlight and reinforce some of my own that complement what Dr. Cordesman has said. In particular and in no particular order, I think our public diplomacy, information operations campaign, not only in Iraq but elsewhere, have been abysmal. It is almost a cultural weakness of ours, but very costly when we are this inefficient and this ineffective.

Our regional policies, as Dr. Cordesman pointed out, are viewed as one-sided and they have implications and effects that reach far beyond Iraq. In fact, when I am asked about an appropriate Iraq strategy my first answer is that there is no independent Iraq strategy; it has to be a regional strategy. When our policies are viewed as so totally one-sided, the complications are evident.

We had an extremely poor plan prior to the invasion for what would take place after the invasion. There was some planning done on the military level. It was done in spite of the process, not because of it. We have inherited the seeds that we have sown and the vacuum that we created, and that is very unfortunate. More unfortunate is that if we do not correct this process that resulted in such flawed and even arrogant planning, we are doomed to repeat it.

I would like to point out that I think the United States military in Iraq has performed magnificently at the operational and at the tactical level. I have a number of friends that have been involved in the fight and, frankly, I spend part of every single day trying to take care of the wounded sailors and marines who are at Bethesda, Walter Reed, and elsewhere. I have enormous respect for what they have accomplished, but I believe that much of it is in spite of our policies and our strategy and not because of it. They deserve all the credit and all the support we can give them.

But the truth is we have overly focused on military solutions. We focused on military strategy for Iraq and in the postwar phase we have been very energetic on the military front, but that should not be the centerpiece for our policies, as I will point out.

At the national level, we have been deluding ourselves on some key points, probably most importantly on the nature of the insurgency in Iraq, but also on the nature of what it will take, more broadly than Iraq, to counter radical Islam and terrorism and to develop the policies and procedures that will accommodate that.

The state of training of Iraqi forces were described by Dr. Cordesman and in my own opinion we are either deluding ourselves or it is being misrepresented. I will talk a little bit more about the Iraqi national guard and the Iraqi army later on. But if the centerpiece for our withdrawal is the state of training, then we first must be honest about it.

We also have not had truly an international coalition to the degree that has been described and we will begin to lose additional members of the coalition.

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The fundamental reality of what exists in Iraq right now is that we have an intractable insurgency of great vehemence that has cost us over 10,000 casualties and over 1,000 Americans. It has no immediate end in sight and we ought to know by now what our strategy is. I do not think we do.

No matter what strategy we adopt, I think we ought to have a clear goal to be out of Iraq within 2 years. That may not be achievable, but it ought to be our goal. If we set it as our goal, perhaps we will assign the assets, the resources, and the mental energy to achieve it. If we are content to stay in Iraq for 5 years, if we are content to sustain the casualties at the rate we have to date, then it will be our future.

A fundamental weakness of what we have been doing in Iraq in my view is that we have viewed the Iraq situation overwhelmingly from an American perspective. This is not unique to this administration. It is something I have witnessed in administrations for as long as I have been involved in the process. But it is the problem we have right now, and examples of what I am talking about, the ethnocentric view of this situation, include on the political front expectations that I believe are exaggerated of what are immediately achievable in Iraq.

Our goals ought to be noble and they ought to be very challenging. But we cannot set them as the minimum standard for what we will accept in Iraq. It is not Iowa. It has a rich history of clan-tribal accommodations and government that will take generations to overcome.

The second problem I see on our American perspective of the issue is that we see the insurgency as a military problem. As I will point out later, we have failed to grasp what has caused the insurgency and what has sustained it. If we view it only in military terms, then we will have only military solutions. We have done a wonderful job on the tactical level. We have killed literally thousands of insurgents. We have inflicted punishing defeats on the insurgents in Najaf, in Samarrah, and in Fallujah. But during the same timeframe we have had such great victories on the tactical level, the insurgent strength has grown from 5,000 to 20,000. We cannot kill the insurgents as fast as they can recruit them, so we have to look for a different strategy.

Most troubling of all the American perspective problems I have described is that we have yet to articulate why we believe that ordinary Iraqis, Shiites and Sunnis, men and women, old and young, Baathist and the downtrodden, have joined the insurgency. Until we describe its root causes, we will not come up with the solutions that address them. The most basic primer at any war college will tell you that you begin to fight an insurgency by understanding why there is an insurgency. In all my contacts and all my reading and all the expressions I have heard, I have yet to see the government address that.

I would like to point out that among the solutions I would recommend, none of them involve an immediate withdrawal. I think that would be a catastrophic mistake——

Senator BIDEN. Say that again, General, because I did not hear it. I did not hear what you just said.

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General NEWBOLD. Sir, I think it would be a catastrophic mistake to have a strategy that would call for an immediate withdrawal.

Senator BIDEN. Thank you.

General NEWBOLD. I think the implications of that would be catastrophic because, not only in the Iraqi sense, but for the signal it sends to the world and the encouragement it would give to those who have confronted us. I am not asking for that, not recommending that at all.

However, we have to understand that the fundamental reason for the insurgency, the thing that ties all of the various groups together, is that in their view we are an occupying power. It does not matter how noble our reasons and our rationale. It does matter what they believe the reasons are. They see us as a western power in their country, in their region, for oil, and we have to do something that addresses that.

I have close friends and people I respect that have countered the milestones and timelines argument by saying that the insurgents will hunker down and wait for our withdrawal and then go on the offensive. I think they make a fundamental and sad mistake. If they would address first why so many people, why 20,000, are in the insurgents and why so many more are supporting the insurgency, they will examine that and find that if we withdrew then the insurgency would unravel. Now, there are conditions we must establish for a withdrawal and I will address them.

We have to have a new strategy, a recrafted one. It has to be bolder, more flexible, and more imaginative than we have had to date. It has to be based on military actions that strike the insurgency and dissipate its strength. But even more important, it must tie ordinary citizens of Iraq to the future that we have described and the new elected government will describe. They have to have more stake in the future that we postulate than the one the insurgents do and they must believe that we can achieve what we said.

Dr. Cordesman has talked about the woeful steps that have been taken to provide the ordinary comforts of life to the Iraqi citizens, ordinary comforts that are not ordinary in Iraq. Six hours of electricity a day in Baghdad is one testimony to that.

Our troops have performed with distinction, but they cannot do it all. We have a golden opportunity with the election. It is a wonderful manifestation of what is possible. But we will lose the momentum quickly if we do not sustain the effort on a broader array of fronts.

More specifically, in the security realm there has been an enormous amount of progress and innovativeness in the last month. With General Casey and General Luck's visit and most especially with General Abizaid's plan to greatly augment the forces that will train the Iraqi army, I see a good amount of hope. The Iraqi national guard effort was a huge mistake. It was not only ineffective, it was counterproductive. It consumed an enormous amount of equipment and money and, at least in the Sunni areas, it was a totally ineffective force.

The Iraq army, on the other hand, much more competent. In places where it has had to fight it has fought well. It will take

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some time, but it will take time according to the surge efforts we make. I am encouraged by what has happened in the last month.

Dr. Cordesman has talked about the pitiful efforts we have made to equip. After a year and a half, we are now approaching the 50-percent level in most of the items that are desperately needed, and we have to do better than that. We have to call on our allies, not only to make promises to help train, but to deliver on those promises. And in my view, if it takes additional forces in the short term to control the rest of areas like Mosul and others that percolate, then we ought to do that, rather than sustain this level of effort for 5 more years of bleeding.

In the political realm, if it had matched the efforts on the military side we would not be having the problems we are today. The fact is most of the political effort was expended in Baghdad and the insurgency will be won or lost in the interior. After a year of trying, there has been almost no success in getting political training teams out into the interior to help with the provinces, and that is unsatisfactory.

My recommendation is that we regionalize our effort in Iraq, that we create a graduated or an exaggerated system of carrots and sticks, incentives and disincentives, by which stable areas of Iraq can receive benefits that make them a clear model for the others to emulate. The areas unstable will be told that they will receive the benefits, the gratuities, the independence, independence of judgment, etcetera, only when they become stable. As it stands right now, all of the regions are created equally, treated equally, and that is unfortunate. Unless there are incentives we cannot condition human behavior to adjust.

In the economic realm, Dr. Cordesman has talked at length about that. Suffice it to say that the meager expenditure of our resources has had an outcome that has undermined our effort. Quality of life for Iraqis must improve. We must provide jobs to give people an alternative to the insurgency, and we frankly have to overhaul what has been done there, as Dr. Cordesman said.

Finally, in the war of public opinion, I have already described how poorly we have done. In that regard, I go out on a limb independent of many of the people whose opinion I respect. I truly believe that one of the reasons for the vehemence of the insurgency is that they view us as an occupying power. While I do not recommend timelines, I do recommend that we break away from a blind obedience to the code of conditions only and offer some hope to the Iraqis conditioned on a roadmap. We ought to provide an example that will indicate that if conditions in Iraq or in the provinces—one at a time, become more stable, that they will see the coalition forces are withdrawing.

There is a way to do that. We can do it with illustrative examples that shift the responsibility directly to the insurgents for the length of the stay of the U.S. forces. I believe that we have to do that. The ordinary Iraqi has to know that United States and coalition forces are there because the insurgents have made that a requirement. Together with the newly elected government of Iraq, we ought to indicate that forces can begin withdrawing when the insurgent activity declines, as soon as the end of the year. If conditions were such that the Iraqi army was fully capable of handling

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an inconsequential insurgency, then it is possible that our forces could largely be withdrawn by the end of 2006.

If conditions do not allow that because the insurgents refuse to comply, then it is their responsibility for an extended stay. We ought to use this in an information campaign broadcast by the President and articulated on a daily basis to ensure that the message is loud and clear, not only in Iraq, but throughout the region.

I think the elections gave us a wonderful opportunity, but the momentum will soon slip. We need to be more open-minded about possible alternatives to our strategy in Iraq. We need to listen to different voices. We need to be flexible and adaptive and we need to re-invigorate the three elements of national power that have been so weak so far.

Mr. Chairman, thanks for the time to appear before the committee.

[The prepared statement of General Newbold follows:]

PREPARED STATEMENT OF GREGORY S. NEWBOLD, LIEUTENANT GENERAL, U.S. MARINE CORPS (RET.), MANAGING DIRECTOR, GLOBESECNINE, ARLINGTON, VA

First, I am honored to have been invited before this Committee, composed of these members, on a subject of such vital importance to our country.

Second, I am comforted that the forum for this discussion is the Senate Foreign Relations Committee because too often we view these issues as military in their origins, processes, and solutions. They are not. These issues don't start, and their answers don't lie, strictly in the military realm. To address the issue at hand appropriately, our nation and this committee must take into account both all elements of our national power and the character of this insurgency more fully than we have in the past.

In this paper and during my oral testimony, I will provide my views about the most productive course for our strategy in Iraq, but will first comply with the Committee Chairman's letter of invitation, in which I was asked to provide commentary on Dr. Cordesman's paper, "Playing the Course: A Strategy for Reshaping U.S. Policy in Iraq and the Middle East."

Dr. Cordesman's Paper. As you know, Dr. Cordesman is an astute and prolific analyst of issues that affect our national security. "Playing the Course," and a host of other of his papers, perform a great service by their dissection of key issues in both a detailed and frank way. Perhaps more importantly, Dr. Cordesman's prescriptions are generally ahead of government thinking.

In my view, Dr. Cordesman's analysis hinges on his five main recommendations and four central observations. The recommendations are essentially these:

- Craft a dramatically improved statement of U.S. intent for Iraq and the region and implement it in an overhauled communication effort.
- Develop more effective Iraqi governance at the local, provincial, and national level.
- Increase the effort to adequately train and equip the Iraqi security forces.
- Improve the political and informational effects of U.S. military strategy and operations.
- Recast the economic focus of effort to increase near term stability and transition to Iraqi management of this effort as soon as possible.

Dr. Cordesman's four central observations—as extracted by me—that I will use as the basis for my comments are these:

- The odds of a successful outcome in Iraq are about even.
- The U.S. has to seize upon the opportunity to declare victory and withdraw as soon as possible—probably by the end of 2006.
- The U.S. must see the conflict in broader terms than we are now. The U.S. must implement regional policies that bring due credit to us, and we must see the conflict in ways that can address the root causes of terrorism and the clash of cultures.
- The U.S. must free itself from hindrances to its strategic freedom of action imposed by dependence on Middle Eastern oil.

First, I agree with Dr. Cordesman's recommendations and observations without caveat or criticism. They are correct. To be useful to this committee, though, I will

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reinforce specific points that I think are crucial to a meaningful analysis, and offer some additional specificity in recommendations that I think should be fundamental elements in a re-crafted U.S. strategy.

My reinforcement of Dr. Cordesman's recommendations is based on my own thoughts:

- Our public diplomacy/information operations have been poor throughout the last several decades and are distinctly not up to the task today.
- Our regional policies are almost universally viewed as one-sided, and our credibility on almost every other issue is undermined by this fact.
- We had a poor to non-existent plan for the post-invasion phase, and are now reaping what we sowed. In fact, failing to correct the conditions that resulted in poor planning may doom us to repeat them.
- The U.S. military has performed magnificently and heroically—not because of the strategy, but in spite of it.
- We have focused overly on the military as a tool to contain the insurgency, and have been woeful in providing the other elements of national power that are needed in at least equal measure.
- At the national level, we are deluding ourselves in many key ways—examples are the public assessments of the state of training of the Iraqi forces and police, the underlying nature of and prospects for the insurgency, the degree to which we truly have an international coalition in support, and in the strategy for adequately addressing the root causes of terrorism, radical Islam, and instability in the region.

First, as I see the fundamental reality—we are facing a tough, resilient insurgency that has no end in close sight. We've had over 10,000 casualties and over 1,000 deaths, and by now we should know whether our strategy has a realistic chance of creating appropriate conditions in Iraq and bringing our troops home. In my view, five years of this is unsustainable in what it will cost us materially (our most patriotic young citizens), economically, diplomatically, and politically. We should not accept five years of what we are experiencing now. No matter whose strategy is adopted, it ought to set at its goal a termination within two years. Better to surge now—with whatever that costs us—than to bleed for five years.

A fundamental weakness in my view, and one we must correct, is that we continue to view Iraq overwhelmingly from an American perspective. (This is not a phenomenon unique to this Administration, and was equally a characteristic of the previous one.) Two examples in the current crisis are illustrative of our myopia. The first is that we define a satisfactory political outcome—federalism and democracy—in ways that are more realistic for Iowa than for Iraq. The dream is correct and noble; the standards for near term attainment are unrealistic. The second is that we view the insurgency as a military problem that can be defeated principally by killing more insurgents. In the past six months we've killed thousands of insurgents and inflicted significant defeats on them at Fallujah, Samarra, and Najaf—and by our own estimation the insurgent ranks have grown from 5,000 to 20,000. What is most troubling is that I have yet to see or hear of a government assessment that adequately describes what motivates thousands of young and old, male and female, Sunni, Shia, and Kurdish Iraqis to attack us with suicidal fervor. The basic primer in all of the service war colleges instructs you that you cannot formulate an effective strategy for an insurgency, if you have not adequately assessed its root causes. As it stands now, we think of the problem and the target as the insurgents; rather than what creates the insurgents. We attack the insurgents, rather than what produces them.

Iraq is now fractionalized; some discord and factional fighting are part of its future. If we departed peremptorily, the cost to Iraq, the region, our credibility, and probably to our national security, would be severe. Pared to its core, though, our central problem is that our attempts to stabilize the country are being undermined by the insurgency—and the fundamental reason for the insurgency is that we are occupying Iraq. It does not matter how nobly we view our presence; what matters is that the absolutely overwhelming view of Iraqis (and of others in the region) is that we are occupiers. Worse, in their view, we are Western infidels there only to control oil. Their recruiters are having a good deal easier time than ours.

The irony of our occupation is simple, but profound—there is no stability without us, but our presence inflames the insurgency that causes instability. The trick, then, is to craft a strategy that neutralizes the rationale for the insurgency—the chief complaints that drives the active insurgents and their supporters to violence—while strengthening the stake of the ordinary Iraqi in a future tied to the legitimate government.

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A re-crafted strategy must be far bolder and broader than has been initiated thus far. Thus far, we have attempted a military defeat of the insurgents, augmented by weak efforts to improve the material condition of the Iraqis. As Dr. Cordesman points out, only a small portion of funding for infrastructure, security, and quality of life improvements have been spent. The ordinary things that most symbolize a life with hope—jobs, electricity, clean water, security, and sewage and trash removal are not ordinary enough. Coalition military training teams operated throughout the provinces, while training teams to assist in governance, economics, and information dissemination are scarce outside of the capital. Our troops have performed with distinction, but they can't do it all.

We have an opportunity to seize important initiative with the significant success of the election, but the momentum we gained can be transitory if not reinforced. The theme to a reinvigorated strategy should address root causes, and be no more complicated than dramatically enhanced incentives and disincentives ("carrots and sticks") that make clear that the dreams and aspirations of ordinary Iraqis lie with the new Iraqi government, and the insurgents are the enemy of their hopes.

Where we need to sustain and augment the effort:

In the Security Realm. While we strike insurgent forces and keep them off balance, we must give full weight to Gen. John Abizaid's call for a dramatically enhanced force to train the Iraqi Army. The National Guard proved to be largely useless in the Sunni areas, and our main efforts have to focus on the more promising Iraqi Army. We also need our European allies immediately to fulfill their promise to help train Iraqi security forces. We must ruthlessly overcome the inertia that has taken over a year and a half to provide only half of what is needed to fully equip the Iraqis security forces. Soon, we are going to lose a portion of our allies on the ground, and we need to replace them as the need arises. Finally, if we don't want the insurgency to drag on for five years, we need to be ready to surge adequate forces to dominate restive areas like Mosul and Ramadi. We have operational momentum, and we ought to exploit it.

Where we need to overhaul our effort:

In The Political Realm. Our diplomatic and political efforts pale in comparison to our military ones. Our political assistance is almost completely restricted to Baghdad, while the insurgency will be won or lost in the outlying areas. We should implement a regionalization strategy that empowers the more stable provinces and motivates the restive areas to change, consistent with a carrot and stick approach. To the stable areas, we should offer increased financial assistance, less Coalition presence, and greater autonomy in disbursing aid. This strategy won't work, however, unless the benefits are exaggerated enough to encourage emulation by those who don't have them. Alternatively, the restive areas would receive restricted amounts of aid, less autonomy, and more Coalition force presence because they would be augmented by those who are released from duty in the stable areas. Those in the unstable areas need daily reinforcement that a better life ensues when the area is stable. When the people believe this, the insurgents lose their protective cloak and their support network.

In The Economic Realm. As Dr. Cordesman points out, our inability to dispense appropriated funds where they are needed is nothing short of astounding. To a significant degree, the inability to improve the daily lives of the Iraqi citizen is our biggest failure, and one of the biggest sources of dissatisfaction. We need to create or restore basic human services, and we need to establish jobs. If we don't dramatically alter the speed at which we are dispensing aid, all other efforts may be moot. The CETA funds, by which military commanders have been able to fund projects that improve the quality of life for Iraqis in their area, ought to be an immediate and active model for other agencies.

In The War of Public Opinion. By any poll, scientific or otherwise, we have performed dismally in attempting to win hearts and minds. [This almost seems to be an American cultural deficiency, because this trait has been symptomatic for generations of administrations.] But beyond our inability to grasp and articulate the themes that resonate most heartily with the various groups in Iraq, we have little to advertise. If root causes are important, then we need to find the ways to neutralize them. When the reasons are material—quality of life issues—then we need to work to address them, and advertise our success. Solutions here were previously discussed. The more difficult situation, though, occurs when the root cause of violent opposition to our forces, is our forces. To legions of Iraqis driven by what we would call nationalism, the cause is simple—they are an occupied country.

Since the issue most fueling the insurgency is our presence, we need to shift responsibility/blame for our current presence to the insurgents. Simply communicated, we would probably have withdrawn by now, if not for the actions by the insurgents. And, we could make a fairly speedy withdrawal now, if not for insurgent actions.

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The key to success in the war for public opinion is that we need to be able to discuss what would happen with success. This approach must be a unified front with the newly elected Iraqi leadership. In my view, closed mindedness about discussing anything except that our withdrawal is wholly "condition based," fuels the perception that we have no intention of withdrawing. To be sure, we don't need or want precise timelines, but we ought to be imaginative enough to provide examples of what could happen if the insurgency was measurably suppressed and the Iraqi Army was stronger. We must be utterly convincing that the length of our stay can be short or long—and it is entirely dependent on the violence currently tolerated by the silent majority of Iraqis.

An Example. Our goal is to leave Iraq a stable country, able to administer to its own needs and security. This is not now possible. Should the insurgency wane significantly, however, you might expect to see reduction in U.S. and Coalition forces by the end of the year. If, on the other hand, the insurgents refuse to respect the will of the Iraqi people and its government, we would be compelled to remain until conditions permitted a beginning to our withdrawal. We would prefer to begin a withdrawal, but apparently the insurgents are not willing to see either our departure or the government of the Iraqi people succeed. Continuing the example, if the insurgency were to be assessed as "controlled and of minor consequence" by the end of 2006, there would be no reason for continued U.S. presence in Iraq—other than those minor forces requested by the Iraqi government to assist in training the new Iraqi Army. Such a withdrawal, though, is entirely dependent on the ability of the Iraqi Army to provide reasonable security. If the insurgents continue to disrupt the daily lives of Iraqis and their attempt at democratic government, and the government requests our continued operations, then we would have no choice but to stay.

We have a chance to build on the success of Sunday's elections, and future demonstrations of democracy in Iraq, by undermining the legitimacy of those who violently oppose us. To exploit this success, though, we need to demonstrate more honesty in self-appraisal, and greater flexibility and imagination in implementation, than we have to date. We cannot accept further delays in administering the political, economic, and public information aspects of our strategy, because the cost will ultimately be measured in young Americans. We should set goals for how long we want to sustain this effort, and take the actions that provide a real opportunity for making them achievable.

This will take flexibility among our key decision-makers, and a willingness to exploit alternative views and options—neither have been the norm.

The CHAIRMAN. Well, thank you very much, General Newbold, for your very comprehensive and thoughtful statements. Members will have questions for you as well as for Dr. Cordesman and Mr. Khalil in just a few moments.

As the chair announced before General Newbold's testimony, we would like at this point to have a business meeting, which would obviate the need to meet this afternoon at 2:30. I have asked the distinguished ranking member for his permission, and he has told us to proceed.

So let me just say, now, that more than 10 members are present. The hearing is now recessed, to reconvene shortly at the conclusion of the business meeting. For the interest of our audience, this should take just a moment.

I now call the committee to order and convene the business meeting. I call members' attention to the business meeting agenda. The committee must approve subcommittee organization and membership, subcommittee jurisdiction, Foreign Relations Committee rules, and the committee budget resolution. These items are described in your committee memo and all have been agreed on in discussions between the chairman and the ranking member. Our responsibility today is to pass these organizational items so that the committee can become fully functional in this Congress.

Do you have any further comments, Senator Biden?

Senator BIDEN. Mr. Chairman, I would just like to survey again my colleagues.

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My understanding is from staff and each of your staffs that everyone has signed off on and we are all on the same page on this.

[No response.]

Senator BIDEN. That being the case, Mr. Chairman, we have no objection and suggest we adopt the changes, the agenda, as you have laid it out.

The CHAIRMAN. Is there further debate?

[No response.]

The CHAIRMAN. If there is no debate, I move that the items on the agenda be approved en bloc by a voice vote. All in favor say aye.

[A chorus of ayes.]

The CHAIRMAN. All opposed say nay.

[No response.]

The CHAIRMAN. The ayes have it and the agenda is passed.

Please record the members who are present. If other members come in they would have the opportunity to vote. I appreciate very much the cooperation of the membership.

Senator BIDEN. Mr. Chairman, a minor little point. Since we had called the meeting for this afternoon, can we leave the record open the entirety of the day for those members who may not make it to this hearing but would like to be recorded?

The CHAIRMAN. By unanimous consent, the record will be kept open for the rest of the day for members' comments or votes or both.

Senator BIDEN. Thank you.

The CHAIRMAN. I thank Senator Biden.

This concludes the business meeting. I now call to order the hearing and the Chair recognizes Mr. Khalil. Thank you for your patience.

STATEMENT OF PETER KHALIL, VISITING FELLOW, SABAN CENTER FOR THE MIDDLE EAST POLICY, THE BROOKINGS INSTITUTION

Mr. KHALIL. Thank you, Mr. Chairman and Senators. I would also like to thank you and the committee for the honor to testify today for the first time, and I hope not for the last time. I am going to start, Mr. Chairman—I have a prepared written statement also I hope to place in the record.

The CHAIRMAN. It will be placed in the record in full.

Mr. KHALIL. Thank you, sir.

I am going to keep my remarks brief and to the point. I have studied Dr. Cordesman's paper and noted his comments today and General Newbold's comments and agree with the broad thrust of their arguments. I hope to make apparent any points of difference as I deliver my comments.

By way of quick introduction and to set the context for my remarks, I was sent to Iraq as an independent civil servant of the Australian Government, not a political appointee and I hope not one of the ideologues that Dr. Cordesman referred to earlier. I was working in my time there very closely with the Iraqi political leadership and also the tribal leaders and the clerics and academics across the country on the issue of rebuilding the Iraqi security forces and national security institutions, such as creating the newly

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civilian-led Iraqi ministry of defense. I was also involved for some time in conducting negotiations with Iraqi political militia leadership in transitioning their forces into the state security services.

It was, if I may say, a great honor to serve my country and to serve within the U.S.-led coalition. I am honored to be part of that long tradition of United States-Australian alliance and real friendship, which I think actually springs not just from our shared strategic interests but also our shared values.

Even though today I will be focusing on security aspects, I do agree with Dr. Cordesman that any Iraq strategy must, both at the operational and strategic level, push progress in a combination of political transition, security and economic reconstruction for it to be successful. A successful Iraq strategy not only defeats the insurgency but makes possible two very important goals which I do not think are mutually exclusive. They are: First, a speedy return of United States troops in the next few years; and second, the longer term strategic goal of a free and democratic Iraq, able to defend herself from external threats and no longer a threat to her neighbors, nor a haven for terrorists. These are goals which I assume all the Senators on the committee share, although there may be some disagreement on how to get there.

There are three key areas I want to touch on this morning, all of which I believe are critical to the successful Iraq strategy and which can make the achievement of these goals possible. First, the policy direction of training of Iraqi security forces, their capabilities, and my firm belief that it is actually the quality, not the quantity, of these forces which is critical in ensuring a realistic transfer of security responsibilities from United States forces to Iraqi forces, and basically how we should proceed on this front. Second, the second key area is the critical importance of reform and rebuilding of the Iraqi security institutions and ministries and the capacity-building efforts in those structures. Third, very quickly, where the two tracks of security reforms and political transition meet and the need, I believe, for the United States to ensure that there is a commitment to the underlying principles and democratic practices, which I think are crucial to a genuine Iraqi democratic state.

The first key area, security and training policy. We are, at present, in a situation which is essentially United States and coalition forces leading the counterinsurgency effort with Iraqi forces only in a very supporting role. General Casey said in the past that what the Iraqis want to do in the next year is reverse that. I think that is possible, and I also think that the exit strategy as outlined by the administration is, at least at the strategic level, fundamentally sound: Train Iraqi security forces and have them take over responsibility for directly dealing with the insurgency so that United States forces can gradually withdraw. The devil is in the detail, however. It is the quality, not the quantity, of the forces, as I have said, which is critical to a realistic transfer.

At present, as Dr. Cordesman has pointed out, the vast majority of the Iraqi security forces, 127,000 I think is the number, have not actually been given the required counterinsurgency or counterterrorism training and therefore do not have the required capabilities to conduct offensive or even at times, as we have seen

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in Mosul and other places, defensive operations against the insurgents.

Now, I do not imply that there should not be this large number of Iraqi forces in existence. It is just that they each have a role and function, as in any society, and not all of them can actually be thrown out into the front line against the insurgency.

The assumption of the Pentagon in the early postwar phase was that there would not be such an intense and deadly insurgency. So consequently a lot of the plans to train Iraqi security forces were broad and based on large numbers of recruits doing very basic training in local policing and also conventional military operations. Dr. Cordesman is also correct in saying that the emphasis has clearly shifted to training the right type of Iraqi security forces with the capabilities to take over offensive operations from the United States with minimal support.

I have more detail in my written testimony about the problems with both the Iraqi police and the Iraqi national guard training and there is a detailed discussion in that of the specific training policy for each of the Iraqi forces. The main point I wish to make here is that, even with the improvements in the vetting and training process having become centralized, firstly under General Eaton and now currently under General Patraeus, the bulk of these forces—that is, the national guard and the police—will not necessarily have the capabilities to take on the insurgents even with the training they get now.

While I was in Baghdad, I have seen as late as May 2004 national guard and police forces, local police forces, providing perimeter security, even in the Green Zone, outer perimeter security, and they also performed with distinction in securing polling centers in the recent election. But that is what they are trained to do, basic fixed-point security. They do not have the capabilities to take on the insurgents offensively. Only the specialized units, police units and army special forces, which are currently very limited in number, as Dr. Cordesman has pointed out, have the required capabilities to take on the insurgents offensively.

I would also like to note that the bulk of Iraqi army training and capabilities are geared toward conventional military operations—defending Iraq from external aggression. I believe that, given the past history of the Iraqi army and its use as a tool of repression, the United States must be very careful not to overemphasize the use of the army in internal security operations.

It was in early 2004 that the Iraqi interim political leadership and the CPA put in place the policy to raise and train high-end internal security forces, commonly known as the Iraqi Civil Intervention Force, an umbrella grouping which includes several types of specialized police units with this specialized training, SWAT teams and special police commando units. I think these are the critical forces, with the capabilities to take on the insurgents.

They are particularly important, not just because of the specialized training and skill sets, but the ability to combine intelligence, law enforcement, and light infantry capabilities. They are also important in my view in the sense that we can limit a heavy emphasis on army internal security operations.

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So, I think the key to a realistic transfer of security responsibility, that is Iraqi security forces that can successfully conduct offensive and defensive counterinsurgency operations with minimal United States support, rests not only with building up the Iraqi army special forces, but more importantly these high-end internal police forces under the ministry of interior.

As far as I understand, these forces are growing in number. There are, I think, plans for something like 33 battalions of these forces to come out of the training pipeline over the next 24 months. But I actually believe a concerted and concentrated effort must be made in the next 12 months to intensify and increase the training of these specialized units, particularly in counterinsurgency and counterterrorism, to ensure a realistic handover in the next 24 months.

I think it is short of a plan, but specifically an increase and-or a shift in the allocation of U.S. and coalition training resources and manpower to the specific co-in and counterterrorism training of these forces, I think this will lead to a realistic handover and the consequent withdrawal of U.S. troops.

The second key area is building the capacity of Iraqi security institutions and ministries. There is obviously more to Iraqi security strategy than training forces. A key area where progress has been made to date and the groundwork laid is the capacity-building efforts within the newly civilian-led Iraqi ministry of defense. A good example for the Senators is the time I spent there conducting interviews and selection of senior leadership for the ministry of defense, up from the ministry down through the deputy secretaries and the secretary and the senior leadership in the ministry. We had to discount around half of the hundreds of Iraqis that we interviewed for these positions because they either did not understand or would not accept the very simple concept of a civilian minister of defense.

So I do really believe that the training, mentoring, and educational and technical assistance for this new civilian service in the ministry of defense and also for the more troubled ministry of interior is an area that the United States has made good ground in over the past 2 years, but really needs to remain committed to, likewise with other coalition partners such as the U.K. and Australia, which have committed assistance there.

To the third and last point, the political transition process and the need for underlying democratic practices to be instilled in the Iraqi structures. Democracy is not just about elections, as Dr. Cordesman has pointed out. There are underlying principles and practices in the security sector specifically which make democracies work and must be encouraged in Iraq.

The principles and democratic practices which are specific to ensuring Iraqi security institutions work in a democratic state include some of the following, and I want to emphasize the principle of civilian control over the military, but more specifically democratic civilian control over the military and, more broadly, the security forces, so a clear chain of command up through the operational military, Iraqi military and police commanders, to the civilian ministers of defense and interior and of course up to the prime minister and the security cabinet.

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An even distribution of power among the key security ministries, particularly important to Iraq, so that not one minister has dominant control over Iraqi forces.

Transparency in both the executive and the national assembly and a clear separation of the two, particularly in the need to establish oversight committees in the new national assembly, something I am sure the Senators here would be very much behind.

Checks and balances in the national assembly on the use of force and in the executive on this insofar as such decisions require cabinet consensus and the approval of the president always, I think, are critical and they must be adhered to to ensure the newly formed Iraqi security institutions work in a democratic state.

The United States does have considerable ability to influence and encourage the new Iraqi political leadership, but these principles and practices, some of which have been established over the past 2 years, need to be respected and enshrined, and that there is no serious deviation from these important foundations, because I do believe that whatever progress is made with the elections that we have just seen, these will be in jeopardy without the ongoing presence of some of these democratic practices.

I think the focus of United States policy and continued United States support in these areas will ensure longer term success in Iraq and mitigate the need to return to a possibly failed state in 20 years time. Put simply, during this political transition process over the next 12 months the administration really should focus its efforts in supporting the commitment to these underlying structural foundations and principles common to all democracies and really stay out of some of the meddling and internal Iraqi politics and political personalities.

In conclusion, Mr. Chairman, I think three key points can be summarized here. One, increasing or shifting the allocation of resources to training counterinsurgency and counterterrorism training for Iraqi forces over the next 12 months. That may include army ranger battalion special training from the United States being committed to that effort.

Second, continued United States focus on capacity-building for the Iraqi security institutions, such as the ministry of defense and the ministry of interior, which back up these forces and are very important.

Third, United States influence of the political process should be focused on encouraging and enshrining these underlying democratic practices and principles I have outlined within the Iraqi security and political structures.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Khalil follows:]

PREPARED STATEMENT OF PETER KHALIL, VISITING FELLOW, SABAN CENTER FOR MIDDLE EAST POLICY, THE BROOKINGS INSTITUTION, WASHINGTON, DC

Anthony Cordesman's paper "Playing the Course: A Strategy for Reshaping U.S. Policy in Iraq and the Middle East" presents sound strategic assessments which can aid U.S. policy towards Iraq. My agreements with his ideas and a few points of difference are made apparent in the following analysis and recommendations. Any Iraq strategy both at the operational and strategic level must push progress in a combination of political transition, security and economic reconstruction for it to be successful.

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A successful Iraq (exit or victory) strategy aims to achieve two goals: 1. the speedy return of U.S. troops in the next few years; and 2. the establishment of a free democratic and pluralistic Iraq, secure and stabilized, able to defend herself from external threats, no longer a threat to her neighbors nor a haven for terrorists. These do not have to be mutually exclusive. A weakening and defeat of the insurgency through a combination of progress of Iraqi security reform, democratic political transition and economic reconstruction will lead to the achievement of both.

There are three key areas of U.S. policy over the next 12 months which can ensure the achievement of these goals:

1. The training of Iraqi security forces and the building up of their capabilities. The quality, not the quantity, of these forces is critical in ensuring a realistic transfer of security responsibilities from U.S. forces to Iraqi forces.

2. The reform and rebuilding of Iraqi security institutions and ministries, capacity building in those structures and the practice of underlying principles and democratic practices within those structures that are crucial to a genuine Iraqi democratic state.

3. The political transition process and the point at which the two tracks of security reforms and political transition form an important nexus which the U.S. must help to shape.

1. SECURITY AND TRAINING

At present U.S. and coalition forces are leading the counterinsurgency effort with Iraqi forces in support. General Casey has said that "What the Iraqis want to do in the next year is reverse that," and he has added that "We're an outside force, and the Iraqis in some parts of the country see us as an occupation. We need to get the Iraqis in front."

The exit strategy concerned with security as outlined by the administration is, at least at the strategic level, fundamentally sound: to train Iraqi security forces and have them takeover responsibility for directly dealing with the insurgency so that U.S. forces can gradually withdraw. The devil is in the details, however. It is the quality, not the quantity, of the Iraqi security forces which is critical to a realistic transfer of security responsibility from U.S. forces to the Iraqi security forces. At present the vast majority of these forces (130,000 trained and in uniform) have not been given the required training and do not have the required capabilities to conduct offensive (or even defensive) operations against the insurgents.

This is not to imply that there should not be the large numbers of Iraqi forces which exist. It is just that they each have a role and function, as in any society, and not all of them can or should be thrown on the front line of the insurgency.

Problems with both the Iraqi Police and Iraqi National Guard (ING) can be traced back to the fact that initially, throughout 2003 and early 2004, much of the training and vetting of recruits for these services was decentralized. Local U.S. and coalition military commanders were given the responsibility to raise these units, leading to a lack of standardization in their training and in uneven vetting of these recruits across the country. The pressure on the United States and coalition military to get Iraqi boots on the ground led to many local police simply being "reconstituted"—former police officers who were brought to work without having to go through the required police academy training. National guardsmen went through minimal levels of basic training and then were expected to be the bulk of Iraqi forces facing the insurgents.

To a certain extent, these training and vetting problems have been rectified. The raising and equipping of Iraqi Police and ING have been centralized, first under Major General Eaton from spring 2004 until June 2004 and since then under his successor, Lt. Gen. David Petraus. Under General Petraus, ING training involves 3 weeks of basic training and 3–4 weeks of collective training. However, ING capabilities are still limited to basic tasks such as fixed-point security, route-convoy security and joint patrolling with coalition troops. The ING performed these tasks admirably during the January 30 elections, when they were charged with creating cordon and perimeter security around polling centers; yet they still require heavy U.S. logistical and combat support.

Local Iraqi police forces currently complete 8 weeks of training (or a 3–week refresher course for former officers) in police academies around Iraq and in Jordan. Still, their capabilities are limited to local policing duties and ensuring basic law and order. Given their skill sets, they are unable to combat the insurgency effectively as a frontline force. It should be noted that even the best-trained Western police forces would have a great deal of difficulty dealing with such intense and continuous attacks with RPGs, small-arms fire, and suicide bombings on their officers and police stations.

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In contrast to the ING and the police, the Iraqi Army has had a centralized recruiting and vetting structure from its inception. As a result, the Army has attracted a higher quality of recruits who must undergo thorough and standardized vetting, and the training itself has been of a higher standard. The basic 8-week army boot camp is supplemented by additional training for recruits moving into special forces, such as the Iraqi Intervention Force (IIF).

It should be noted that the bulk of Iraqi Army capabilities are attuned to conventional military operations, especially defending Iraq from external aggression. Given the past history of the Iraqi Army, including its use as a tool of repression against the Iraqi people, and the propensity for the military to dominate Iraqi politics, the United States must be very careful not to overemphasize the use of the Iraqi army in internal security operations. Necessity, however, has required the building up of the IIP (9 battalions by the end of January 2005) as the Army's key counterinsurgency wing. This force has proven to be extremely capable in operations in Samarra and Fallujah in late 2004. The Iraqi armed forces also has at its disposal two trained battalions: the 36th Commando Battalion—a special ING battalion put together to serve as an infantry-type strike force in late 2003, with fighters from many of the different Iraqi militias—and the Iraqi Counterterrorism Battalion, with fighters drawn from both the ING and Army units.

The key to a realistic transfer of security responsibility to Iraqi forces rests not only with these Iraqi Army special forces (such as the IIF), but more importantly with the building of high-end internal security forces under the Ministry of Interior. These specialized national police units are particularly important because of their specialized training and skill sets and their ability to combine intelligence, law enforcement, and light infantry capabilities. They are also important in the sense that a heavy emphasis on Army internal security operations can be limited as much as possible.

It has taken some time for the building of these internal security forces to get underway. The assumption of the Pentagon in early 2003 and in the early postwar phase was that there would not be such an intense and deadly insurgency. Consequently, the initial plans to train the Iraqi security forces were broad, relying on large numbers of recruits with very basic training in policing and conventional military operations. Only in early 2004 did the Iraqi interim Governing Council and the Coalition Provision Authority put in place a policy to begin building specialized internal security forces to fight the insurgency. Since then, the emphasis has clearly shifted to training the right type of Iraqi security forces with the capabilities to take over offensive operations from U.S. forces with minimal support.

These high-end internal security forces are commonly known as the Iraqi Civil Intervention Force, an umbrella grouping that includes several types of specialized police forces:

- The Iraqi Police Service Emergency Response Unit: an elite 270-man team trained to respond to national-level law enforcement emergencies—essentially a SWAT capability.
- The 8th Mechanized Police Brigade (MPB): a paramilitary, counterinsurgency Iraqi police unit. The MPB will comprise three battalions.
- The Special Police Commando Battalions. The Special Police Commando Battalions provide the Ministry of Interior with its strike-force capability. The commandos—which will ultimately comprise six full battalions—are highly vetted Iraqi officers and rank-and-file servicemen largely made up of Special Forces professionals with prior service. [1]

These internal security forces, which are specifically and intensively trained in counterinsurgency and counterterrorism, are the key to the transfer of security to Iraqi forces.

2. BUILDING THE CAPACITY OF IRAQI SECURITY INSTITUTIONS AND MINISTRIES

It should be made clear to U.S. policymakers that democracy is not just about elections, and there is more to the Iraqi security strategy than training forces. There are underlying principles and practices in the security sector which make democracies work and must be encouraged in Iraq. Thus, it is imperative that U.S. policy makers ensure that fundamental principles inherent in all democratic states are part of the security and political structures of the future Iraq. The focus of U.S. policy and continued U.S. support in these areas will ensure longer term success in Iraq and mitigate the need to return to a failed Iraq in 20 years' time.

A key area where progress has been made to date and needs to be continued is capacity building within security institutions, such as the newly civilian-led Iraqi

[1] http://www.mnstci.iraq.centcom.mil/facts__troops.htm.

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Ministry of Defense. A functioning and strengthened civilian-led Iraqi Ministry of Defense (IMoD) is critical given the past history of civil-military relations in Iraq. During the Baathist regime, the Baath Party emptied the military of independent professional officers and replaced them with Baathist ideologues in uniform who held the key security posts in the cabinet. In turn, this Baathified military dominated the ministry.

The new IMoD, headed by a civilian Minister of Defense, was established in April 2004. The United States and its coalition partners, such as the United Kingdom and Australia, must remain committed to capacity building, training of civil servants, mentoring, and technical assistance for the new civilian service in the IMoD. This is critically important, as the ministry's civil service not only provides the logistical and administrative support for the new armed forces, but also articulates and develops the strategic defense policy for the country under the guidance of the civilian Minister of Defense and ultimately up to the security cabinet of ministers.

An independent civil service with no political appointees has been established in the IMoD. The Iraqi Minister of Defense cannot bring "his people" into the IMoD. Iraqi civil servants are professional and objective, dedicated to serving the national interests of Iraq without fear of losing their jobs with a change of minister. Unfortunately, Iraq has a predilection for nepotism and corruption, and the Interim Ministry of Interior was rife with examples of different ministers appointing cousins, uncles, and other personal favorites to senior leadership positions. This cannot afford to be replicated in the newly established IMoD.

There are many critical principles that underlie a democratic state: the separation of powers, freedom of expression, and a host of civil and political rights. Principles and democratic practices specific to ensuring that Iraqi security institutions such as the new IMoD work in a democratic state include:

- The principle of civilian control over the military, but more specifically democratic civilian control over the military. This entails a clear chain of command up through the operational Iraqi military commanders to the civilian Minister of Defense, the Iraqi Prime Minister, and the security cabinet.
- Transparency in both the executive branch and the National Assembly.
- An even distribution of power among the key security ministries. This is particularly important to Iraq, in order to assure that no one minister has dominant control over the Iraqi security forces.
- Checks and balances in the National Assembly on the use of force and in the executive, insofar as such decisions require cabinet consensus and the approval of the President.
- The establishment of oversight committees in the National Assembly.

These are fundamental principles and practices which are critical to the long term goals as outlined. They must be adhered to ensure the newly formed Iraqi security institutions work in a democratic state. A genuinely free democratic Iraq requires democratic practices and democratic institutions. The U.S. ability to influence and encourage the Iraqi political leadership to enshrine these principles and structures (some which have already been put in place during the past two years) but also to ensure there is no serious deviation from some of these important foundations is critical to achieving long-term U.S. strategic goals in Iraq.

Although these principles and practices may seem like intangibles in comparison to concrete needs such as training, they may be even more important. No matter how well the Iraqi security forces are trained and take over their security responsibilities, the real danger exists that U.S. policy makers will drop the ball on ensuring the maintenance of these democratic security structures and practices. The United States needs to keep its assistance up in ensuring that these institutions and these democratic practices continue through political transition process over the next 12 months.

3. THE POLITICAL TRANSITION PROCESS AND THE NEXUS BETWEEN SECURITY REFORM AND POLITICAL TRANSITION

Put simply, the political transition is one in which the Administration should focus on those underlying structural foundations and principles common to all democracies. The United States must ensure that in the political transition over the next 12 months, including the drafting of the constitution and the development of Iraqi security and political institutions, that they encourage the practice of these principles in governance in the security and political spheres while essentially foregoing interference in individuals and political personalities.

The legitimacy of the newly elected National Assembly and the executive government that is formed will be key to accomplishing the long-term goal: a free democratic Iraq. Thus, the United States must resist the temptation to try to control the

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political process which will form the new Iraqi government. Certainly, in a general sense the United States should encourage a Shi'a leadership to include key Sunnis in the new cabinet. However, overall the United States needs to play the ball and not the man—in other words, focus on maintaining sound structural foundations and underlying principles and not supporting personalities who may be in or out of favor.

A democratically elected Iraqi government in which Sunni, Shiite, Kurd, Turkoman, Christian, Yazidi, Communist, capitalist, secularist, and Islamist are all represented may not even be a government the United States particularly likes—particularly if Sunni ex-Baathists or radical clerics like Muqtada al-Sadr hold key cabinet posts. But such a government will be legitimate, with the support of an overwhelming Iraqi majority, and will serve to hold the country together to the detriment of the insurgents. As long as this future government does not attempt to erode the important principles which buttress a pluralistic democratic state, the United States should not attempt to fiddle with the internal Iraqi political process—even if it does not like who wins.

The CHAIRMAN. Thank you very much, Mr. Khalil.

I call now upon the distinguished ranking member, Senator Biden, for his opening statement.

STATEMENT OF HON. JOSEPH R. BIDEN, JR., U.S. SENATOR FROM DELAWARE

Senator BIDEN. Thank you very much, Mr. Chairman.

Tony, I am sorry I missed the very beginning of your statement, but I can assure you quite literally there is not a thing you have written that I have not read in the last 2 years, and that is not an exaggeration.

As I listened to your statement, General, I think we should point out for the record, nothing either of you are saying is new today in terms of what you have been saying from the very beginning. It is kind of dumbfounding we are here at this point having to be—reiterating these points.

Mr. Chairman, I want to thank you for having this hearing. As we have all seen, we obviously have an extremely distinguished panel. I have already relied a great deal on the advice of two of our witnesses over the last 2 years in formulating my own views thus far. So it will not be surprising for them to hear that I agree with virtually everything they have had to say.

Sunday's elections were, to state the obvious, a significant positive tribute to the courage of the Iraqi people and to the courage of our soldiers and civilians in Iraq. The images of children dancing in the streets and elderly walking miles to polling stations despite the obvious danger were incredibly moving. Given the trauma of the past 2 years, to say nothing about the past 3 decades, it was encouraging to have some good news coming out of Iraq.

But, as all of you have pointed out, one election does not make a democracy or even a stable government make. Whether the history books look back on Sunday as a transformational event in Iraq is going to depend on what the Iraqis do and what we do in the next several months. It seems to me that we have several very important challenges, some of which you all have mentioned.

First, in my judgment we have to use our influence to work the Sunnis back into the constitutional writing process here, which will define minority rights and protections. Quite frankly, in my most recent trip to Iraq last month, I got the sense, from some of the Shias with whom we met that they understood that, that the Kurds understood that. Now, whether or not they can translate

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that understanding to reality remains to be seen. But it seems to me that is a critical step that has to be undertaken.

Second, the Iraqi Government, to state the obvious, needs more capacity. When Senators Lugar and Hagel and I were there a year and a half ago, right after Saddam's statue went down, we kept talking about capacity, what we were going to do to provide the Iraqi people with any capacity.

When the transfer of sovereignty occurred last summer, it was clear that we transferred sovereignty, but virtually no capacity. I want to ask you in the question and answer period more about why it has been we have failed to focus on that and instead have insisted on this arbitrary number of 127,000 trained Iraqis as if it provided capacity for this government.

Third—and I am summarizing here, Mr. Chairman—we need to show reconstruction results. I am going to be anecdotal. I was with my friend from Rhode Island on a recent trip. We met with a number of people, the same people we met with, I met with, 2 months earlier, 3 months earlier, with Senator Hagel.

General Chiarelli of the First Cav, he was very, very simple and straightforward. I think he has done a hell of a job. He said: Look—he showed us Sadr City and he said: This is my responsibility. Then he showed us HMMV's going down the streets with sewage up to the hubcaps and piles of garbage literally 10, 12 feet high in front of the front doors of homes, not much further away than this rail is from that door. He said: I talked to the CPA and I have talked to their successors about what we do about that, and they talk about $100 million, hundreds of millions of dollars, tertiary treatment plant.

He said: Give me some PVC, let me run it with Iraqis from the homes to the Tigris River, drain the swamp. You know, we have all seen the Powerpoint presentations the military, that you guys, General, love so much; He then showed us where all the attacks on his forces had been, where the most environmentally degrading circumstances existed, where he had, I think it was—correct me, Chuck or staff, if I am wrong. I think he said he had 30 million bucks he was able to spend right away, where he used it.

Then he put another graph right on top and said: Now look what has happened. CNN 3 or 4 days ago—some of you may have seen it; I was at Davos and I turned on CNN. They had Chiarelli walking down a street with Iraqis who were turning in insurgents because they now had a street built, the garbage taken away, the sewage diverted, and lights on.

The idea that we have only spent $2.4 billion—not very well, I might add—out of the 8—as you said, Tony, the good news and the bad news. The good news is we have only wasted $2.4 billion. The bad news is we still have this vast bulk of this reconstruction money we have not used.

So I would like to ask you some more specific questions about that, but the failure of us being able to use more than 15 percent of the so-called Marshall Plan reconstruction has not been all because of insurgents. It is not all because it is too dangerous. It is the method we have chosen as to how to lay it out.

In my judgment we have to move away from these massive projects that are costly, slow, susceptible to both the incompetence

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of American contractors and the difficulty they have in dealing with security, as well as not providing any immediate tangible results for folks in the street.

Fourth, it seems to me we finally have to make Iraq the world's problem, not just ours. I had the opportunity, Mr. Chairman, to spend I do not know how much time, but a considerable amount of time with a few of my colleagues, with President Chirac. The President, our President, has a unique opportunity when he heads to Europe now. It is time the Europeans stop bleeding for the Iraqi people and ante up a little bit. It is time they get over George Bush. It is time they get over the election. It is time to get over it. They love beating up Bush and I believe it has been used as an excuse, in some cases from their perspective legitimate, to avoid their own responsibility.

Talking with the French president, he was very specific—it is not appropriate to lay it out here—very specific about things he is willing to do relating to training on and off the scene, relating to involvement in civil society issues. We should ask, ask. We should give them a way out and into their responsibilities. I know some of you have mentioned that.

Fifth, it seems to me we have to articulate much more forcefully what our plan is. We are going to come up and we are going to have to vote for $80 billion, I say to my colleagues here. I am prepared to vote for it, but this time I am not voting for it unless they tell me what they want to do. I am not looking for a withdrawal date. I am one who has been calling for more forces up until recently. I have been one who has been suggesting that we have to do more.

But I want to tell you something. As that old song goes, what is the plan, Stan? I do not see any evidence, except on the training side and only in the last 4 to 6 weeks, that there is any coherent notion about how Iraq fits into our regional strategy and about how, in fact, we even define what the insurgency is.

The Secretary of Defense started off calling them dead-enders and jihadists. Give me a break. They are dead-enders, a bunch of dead-enders and jihadists. Well, what are they? I want the administration to tell me what they think they are, so I have any notion to whether or not there is any maturation in the thinking of this administration, because otherwise we are faced with a situation, Dr. Cordesman, in my view that you had said in your November article which you have updated for this presentation here, which is that we do not have much better than a 50-percent chance.

You indicate if we do these things we have a much better than 50-percent chance. I think we do as well. But I want to tell you: If there is no change, no change in the thinking of this administration, significant change in the last 10 months, we do not have a shot in my view of prevailing. And I am not in on the game any more, because then I am faced, as we always are in the Senate, with Hobson's choices by presidents, two bad choices. The one is, do we continue to drain American blood for an approach that seems to be, I think, a loser, or has there been a change in the strategy. And if it is, what is the strategy? So I want to know what it is as just one Senator.

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I also believe, to state the obvious, we have to support our military, and that relates to their training, their mission, their rotation schedule, the equipment they are provided. We can go into that later and I do not want to take the committee's time since so many of our colleagues are here now.

I think maybe most importantly, I say to my colleagues more than the witnesses, we need some straight talk to the American people here. We need to level with them. I know you are tired of hearing me saying this, but no foreign policy can be sustained very long without the informed consent of the American people, and there has not been informed consent. We still operate in this fiction that we do not have to put money for Iraq in the budget, in the regular budget.

I do not know how you guys in good conscience can support that notion, that it is unknowable what we need. We still talk about this in terms of what great success we are having. I recommend any administration official who tells us what great success we are having to get back in a HMMV with the Senator from Rhode Island and me and go 50 to 60 miles an hour inside the Green Zone, with automobiles weaving in and out and while sitting there, although I did not hear them, six mortar attacks in broad daylight inside the Green Zone; flying in, making sure we cannot go anywhere at all except on a helicopter at high speeds about 100 feet off the ground. Tell me about how much more security we have. Why do they insist on this fiction that we have 125,000 trained Iraqis?

So we better level with the American people. There are a number of questions that are going to have to be answered by the administration. They will get my continued support if they try to answer them, but I want to tell you something. We should use this opportunity, I will say parenthetically, Mr. President, of voting for money to get a real live strategy written, stated, articulated by the administration as to what their plan is, because if it is a repeat of the last 2 years we are doomed to fail in my humble opinion.

I thank you for allowing me to make this statement, Mr. Chairman, and I will reserve my questions until after you question.

The CHAIRMAN. Thank you very much, Senator Biden. Let me just say that, one characteristic of the hearing on both sides, both the witnesses and the Senators, is that there will be a lot of straight talk this morning. It is meant to have oversight, but likewise a constructive purpose. We appreciate your papers as well as your responses to the questions that we will ask to try to flesh out what you have said to us.

We have many Senators here. The chair would suggest that we have a 7-minute question period for our first round, so that we try to get to as many Senators as possible. I know you, Dr. Cordesman, must leave us, I understand, at about 11:30; is that correct?

Dr. CORDESMAN. I changed the plane until later, Senator, so I can extend it. Thank you.

The CHAIRMAN. I am glad you will be able to stay longer. That is great.

Now, let me just ask members to be thoughtful about the 7-minute limit. As always, the chair will try to be liberal and make sure answers have been given and questions have been asked. But

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at the same time, as a courtesy to all of our members, it would be helpful if we can try to observe the time limit.

Let me start by asking a question and then ask the three of you for comments. In the testimony that you have given today there is a question about definition of the insurgents. Who are they? To contain or defeat them, calls for careful definition of the enemy. Likewise, why do they appear to be growing in number even as a number are killed by our security forces or the Iraqi security forces.

An assertion has been made that essentially the insurgency comes because we, that is the United States and our allies, are perceived as occupiers, and that the end of occupation would end a rationale for the insurgency. Let me just ask for more definition of this proposition. Some have suggested that the insurgency is primarily focused in four of the 18 provinces of the country. One of the characteristics of those provinces is a high number of Sunnis. Furthermore, some have suggested that a number of the insurgents have in mind not only the end of American occupation, but likewise the end of the Iraqi democracy experiment. In other words, they would simply like to take power again, and one way of doing that is, of course, the elimination of outsiders, ourselves included, but also of those who are involved in this fledgling experiment, including those who would be involved in the constitution-building, or at least the present leaders, to be replaced by those whom the insurgents would attempt to install by force.

That may be a stretch for 20,000 people, but then no one knows whether just 20,000 are involved. So I am curious, how do we have this situation in which, on the one hand, we are pledged to try to defend the fledgling democracy, the 275 people that will now assemble, the election procedure of a referendum on their constitutional development, and the December 15th election of the new officers of the country, while at the same time providing the training that we have all talked about today, including certainly much more training? The people you have identified need to have specific types of training to be more effective.

How do we go about trying to determine, as Dr. Cordesman has suggested, the metrics of how well we are doing? Clearly, in our hearing with Dr. Rice, Senator Biden raised the point about the 120,000 that are suggested as trained and the estimates of 12, 14,000, maybe, who really seem to be effective against an insurgency, or capable of replacing U.S. forces. We raised the metrics question during that confirmation hearing.

How would we know how that training is coming so that we can have this dialogue with the Iraqis or with the world as to our withdrawal, as to how this handover occurs, and thereby leave behind a group of people who are prepared to defeat insurgents who may be after them by then and no longer after us?

Dr. Cordesman, would you begin with your comments on this broad question?

Dr. CORDESMAN. Well, Senator, you have hit on, I think, one of the key questions. Let me say, all of these numbers when you talk to intelligence people who actually serve in the field have to be generated as guesstimates. They will tell you, if you keep asking us to provide an estimate we will provide you with an estimate.

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But we do not have a basis for counting. We do not have a methodology that we can defend. We have to make rough estimates.

So General Newbold quoted 20,000. I am perfectly happy to support the figure. I have seen estimates as low as 14,000. Iraqi officials have talked about 200,000 sympathizers. The truth is that we do not have an intelligence structure that can give us precise numbers.

We are talking, too, about a very diverse movement, and I will concentrate here on the Sunnis. Some 35 groups have claimed to exist. I think the latest estimate I heard was that we could confirm the existence of about 18. Some of these have outside leadership. There are no outside groups per se except for a relatively small but fairly lethal group that is responsible for a lot of the suicide bombings.

The most recent estimate for General Casey was that only 1,000 of the insurgents were foreign volunteers, and most of these foreign volunteers are not trained, experienced people. They are being recruited locally in Arab countries and funneled in through primarily Syria, but also to some extent Iran.

When we talk about these movements, they are organized so there are core cadres of people who do planning and organization. There seem to be finance and infrastructure cadres who do not operate, but do provide services. Then you keep recruiting locally young men, most of them young Sunnis, in an area where unemployment is put at the 70-percent mark for this particular age group.

Some of the groups are Islamic. They seem to be relatively small as pure Islamist extremist groups, but certainly there is a growing number of Sunni groups that are Islamists there. Some are Baathists, some are former regime loyalists, many are local.

So we really need to understand. Why are they growing? Well, they are growing because many of them are hostile to the new government. They are hostile to the loss of Sunni power. They are hostile to the existence of a more democratic structure in an artificial country where the Sunnis led because Britain used divide and conquer tactics from the foundation of Iraq to the present.

Now, when it comes to metrics, the metrics we had in Vietnam were better than the metrics we have now. We broke them down locally. We showed what areas could be secured. We showed what the number of incidents were. We broke the incidents down by type and we had pattern analysis of what the incidents were trying to do. We have suppressed that data, although we initially published it.

Since time has run out, I will try to get back to metrics on how you can deal with measuring the improvements in the Iraqi forces later.

The CHAIRMAN. Well, thank you, following an example that I hope we will set, we will not proceed with additional comments of others. You may want to make those comments as you respond to other Senators or in a second round.

Senator Biden.

Senator BIDEN. Thank you. I promise I will adhere to the same discipline.

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I would like to just focus in the 7 minutes on training, if I may. Dr. Cordesman, through my four trips into Iraq and regular e-mail contact between the trainers that are there and my staff, I share the view that has been expressed I think by all of you, that I think that there has been a bit of, as we Catholics say, an epiphany of the need for fundamental change in training. I think General Petraeus is first rate. I think he is making a genuine effort. I think they are changing the way in which this is going on. I think they are much more realistic about what the reality is there.

Without getting us into numbers—and by the way, Dr. Cordesman, you said up to 16 or 17 thousand. I think that was the number. I have been using the figure, based on what I have been able to glean from the folks in the field, somewhere at the low end of around 5,000, at the high end, 18,000, depending on how you define their mission and what you define as capacity.

We all agree that part of, quote, a "success strategy" is giving the capacity to the emerging elected government to not only govern itself with some legitimacy, but also to be able to maintain its position with a capacity to have a security force available to it. How long are we talking about, assuming the change has taken place as to how to train and what the goals are as we think it has? I am vastly oversimplifying in the interest of time. How long are we talking about, assuming everything went according to plan, we work like heck, we have a rational new policy?

What are we talking about? Are we talking months? Are we talking more than a year, Dr. Cordesman? What are we talking about to be able to give an Iraqi government the capacity to maintain its own security?

Dr. CORDESMAN. I think, briefly, Senator, we are talking some point in 2006. We had only one operational battalion of the Iraqi army in the spring of 2004. We have been able to increase that to something like 27 battalions at the end of this month. But that is training and equipment. Let me stress, that does not mean they are combat-ready.

Senator BIDEN. I understand.

Dr. CORDESMAN. You have to have leaders. You have to have unit integrity and you have to have experience. We can do that by putting in U.S. advisers. We can do it by selectively moving units into the field. But to actually get to combat-ready forces, that process, once you have trained and equipped, is going to take you a matter of at least 3 to 4 months.

You also, in terms of equipment, have not equipped these forces with what they need to survive. What you have are a few old Soviet APC's, but you do not have a real mechanized battalion in the field yet. We will have a mechanized brigade by some time in the summer. But we are talking about three divisions eventually and that would be some point in 2006.

Senator BIDEN. Thank you.

General, do you want to add to that? You have done it.

General NEWBOLD. Sir, just a couple of quick comments. As is obvious to everybody here, we are not training them to western standards. The real standard is how good are they against the insurgents. So to some degree it depends on how quickly we and the

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Iraqis can destroy the power of the insurgents, not just military but political as well.

I would argue that we ought to—in certain areas of Iraq—use moderately trained Iraqis to control the situation, as we have seen both in the north and in the south of Iraq. We certainly cannot in western Iraq. But we can incrementally feed them into the more benign areas with the state of training that they have right now.

I think it will take until the end of this year to be able to do that in many areas of Iraq. It will take through next year, if we overhaul our strategy, before the predominance of the security mission can be undertaken by the Iraqis. They will be at a self-generating point, dependent upon the activity of the insurgency, probably within a year. That does not mean that——

Senator BIDEN. No, I understand. By the way, in communicating with some folks on the ground these last couple days, on the Iraqi performance. They did perform well in the election. But what everybody forgets is the United States secured the perimeter. The United States essentially established martial law. The United States on election day actually shut down the country in terms of vehicles, etcetera. Then within the second perimeter you had the Iraqi army performing well, and within the interior perimeter you had the national guard and police performing well.

But absent that outer perimeter, being able to be locked down, figuratively speaking, by the United States military, no one should read into what happened on election day the idea that the Iraqi forces have the capacity. Let me put it another way. Absent the presence of American forces in Iraq on Sunday, I do not think the kind of situation that existed would have been possible.

Well, I can see the light is about to go on. I am going to come back and ask you about the notion of building an integrated Iraqi force—I am talking about an army that can shoot straight, have the proper equipment, be under the control of a civilian Iraqi government, being in the range of 30 to 40,000 over the next couple years. Is it likely to be integrated, that is Sunni, Shia, Kurd? What are the problems we face there?

But I have many more questions, but I will abide by the yellow light and yield back the last few seconds I have.

The CHAIRMAN. Thank you, Senator Biden.

Senator Hagel.

STATEMENT OF HON. CHUCK HAGEL, U.S. SENATOR FROM NEBRASKA

Senator HAGEL. Mr. Chairman, thank you.

Gentlemen, thank you for coming before our committee this morning. You have each made a significant contribution and your careers attest to that as well.

For the record, General Newbold, I think it would be helpful if you would tell this committee what you did at the Pentagon in your last job and how you were involved in the lead-up to our invasion of Iraq and when you left the Pentagon?

General NEWBOLD. Okay, sir. I became the Director of Operations for the Joint Chiefs of Staff in August of 2000. The Director of Operations, as you know, is responsible for oversight for the employment of our forces around the world and is the communicator

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between the Joint Staff and the equivalent operations that go on in the combatant commanders' realm. I left that job in November of 2002.

Senator HAGEL. 2002.

General NEWBOLD. Yes, sir.

Senator HAGEL. So you had a considerable amount of experience on the inside at the Pentagon as we were preparing to go into Iraq?

General NEWBOLD. Sir, I had virtual access to every bit of intelligence. Other than the Presidential daily briefings, I think I had 100 percent other than that. I participated in all the planning, all the conduct of operations for Afghanistan and all the planning for operations for Iraq.

Senator HAGEL. My point in asking you to put that on the record is so that we will all clearly understand that you are not a very distinguished lieutenant general retired who is before us today just commenting or speculating. In fact, you were there and had a very significant responsibility for our efforts. So thank you for your service.

Let me ask each of you, and because of our time restraints I would appreciate a brief answer: The issue is Kurdistan. What in your opinion is the likelihood of the Kurds moving to establish an independent state? Dr. Cordesman, may I start with you.

Dr. CORDESMAN. I think they will only do that, Senator, if they cannot find a way to protect what they already have in some form of not necessarily autonomy, but federalism. If there are compromises, if as it seems this new government remains inclusive, then I think the Kurds will be more than willing to stay and will not seek independence, particularly given the risks of seeking independence and the problems with the Turks.

Senator HAGEL. Thank you.

Mr. Khalil.

Mr. KHALIL. Thank you, Senator. Having spent many hours and days with Massoud Barzani and Jalal Talabani, I think I can summarize their key concerns as: First, political instability—they do not know what this future government will hold—and second, security, obviously terrorist attacks in their region and Irbil and Sulaimaniya and so forth. So until they find out what the political situation will be, they are committed and have been on the record to be committed to a federal structure so long as the autonomy that they have developed over the last 10 years remains. That is a red line for both Barzani and Talabani. So they are committed to this stage.

The other point I should make is we made great efforts to include the Kurds in the central governmental structures, in the security institutions and in the political structures. You see obviously Barham Salih is the deputy interim prime minister. The secretary general of the ministry of defense is a Kurd. One of the four-star generals is a Kurd. There are Kurds in the Iraqi army, in the security forces.

They feel that they have a place within that central government. I think they will also have a place, given their turnout in the elections, a place in the new, newly elected government as well.

Senator HAGEL. Thank you.

General Newbold.

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General NEWBOLD. Sir, I think the Kurds have set the minimum conditions, politically, economically, and culturally, that they expect to be met. On the economic side, other than the political—on the economic side, they want access to oil; and on the cultural side they want to protect what elements there are of Kurdish culture. As long as those are met, I think you will hear proclamations and politics about independence, but I think they will be content to be part of a greater Iraq. If any of those three or all of those three are endangered, I think they will probably seek alternatives.

Senator HAGEL. Thank you.

Both Dr. Cordesman and General Newbold mentioned in your testimony on more than one occasion the future of Iraq being very significantly attached to regional security, the regional dynamic, which I happen to agree with and I have spoken on that point over the last few years. Would you each develop that regional security, regional strategy dynamic, with some context? What are you referring to when you talk about a regional strategy? Dr. Cordesman, we will begin with you.

Dr. CORDESMAN. First, Senator, as I said earlier, we need to have a strategy that will reassure moderates, people in the Arab world who want a peace settlement, that we are aggressively out seeking to create an Arab-Israeli peace settlement and a settlement between Israel and the Palestinians. It is not necessary that we compromise or give up on Israel's security. It is absolutely necessary we be constantly visible and pushing for the kind of conditions which were advanced by President Clinton and again at Taba.

Second, we need to reassure people in the region that, regardless of what happens in Iraq, we will stay in the region, maintain a security presence, and that they can count on us being there to support them.

Third, we need to get away from this constant emphasis on general rhetoric about democracy and have Embassy teams and practical policies that encourage reform on an evolutionary basis, working with governments when we can, and working with reformers in the countries, not working with people from the outside, who in general have no impact or influence.

Senator HAGEL. General Newbold.

General NEWBOLD. Sir, I think we have to understand not only our goals and have them be crafted realistically, but we have to understand what the people in the region consider their fundamental goals and objectives involving security, economic interests. Again, we view these overwhelmingly in American perspective through our eyes. The Iranians' role in this, the Gulf States, and the internal frictions they have among themselves, their forms of governance, and the interrelationship of all the Arab states just in their future is critically important that we understand, and I would submit that we do not very well.

We need to match our goals and objectives to theirs more closely and to appreciate what they consider the fundamental requirement. Most importantly is, as Tony Cordesman has pointed out, our treatment of the Palestinian-Israeli issue is perceived to be a factor which undermines our credibility in all other issues. Unless we are perceived as more evenhanded, I think we will have trouble

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throughout the region convincing people that our goals are objective.

Senator HAGEL. Thank you very much.

Mr. Chairman, thank you.

The CHAIRMAN. Thank you, Senator Hagel.

Senator Dodd.

STATEMENT OF HON. CHRISTOPHER J. DODD, U.S. SENATOR FROM CONNECTICUT

Senator DODD. Thank you, Mr. Chairman. Mr. Chairman, thank you for holding this hearing. The timing was tremendously appropriate, to come immediately after the events on Sunday, and it is tremendously worthwhile to have such competent witnesses before us.

Mr. Cordesman, let me tell you, your statement here today is—I hesitate to speak as glowingly about it for fear that others may not pay as much attention to it. But I want to tell you, this is about as clear and thoughtful a set of recommendations as I have seen and I commend you for them.

Let me ask you, just without getting too open-ended, but obviously I would like to hear how you read the elections. What should we take from this? If you are being asked to give a brief analysis of what happened on Sunday and what should we as Americans read from that and how do we then take that decision and try and move it forward a bit? I wonder if you might comment on the elections themselves.

Dr. CORDESMAN. Well, first, Senator, one of the problems we have is we do not know how many people turned out. We do not know who they voted for and we do not know what the people they voted for are going to decide. But whatever happened, it is quite clear that very large numbers of Kurds went out and voted, not simply for a national election, but for a Kurdish assembly and for local elections. A lot of the tensions and problems that people feared did not take place, particularly given the history of Kurdish rivalry.

Sunni parties went out and voted in large numbers. We probably will never be able to know how many really voted because one problem is the registration lists are the Oil for Food list. They are not people who went out to register to vote and only about 60 percent of the polling places that were required could actually be put into the field and many did not open.

But all that said, it is quite clear that the Sunnis not only went out and voted, they voted for different parties, they did not vote along some clear theological line, and the party that was most religious, it is the quietest party that is not seeking any kind of theocracy. It is seeking a government which again is based on coalitions. In those areas where Sunnis could vote, the vote was very, very mixed. But there are indications that in places like Mosul when people saw it was safe to go out to vote in Sunni areas they did begin to vote, not in the numbers required.

The other thing to put this in context is we keep talking about the Sunnis, but they are at most 20 percent of the population. More recent estimates put them into the 12- to 15-percent category. The areas where people could not vote, like Al-Anbar Province or

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Nineveh or elsewhere, probably had something on the order of 7 percent of the population of the country.

So the election I think, given the conditions, is a much better tribute or a much better sign of hope than can be indicated simply by how many people out of the registration list went to the polls.

Senator DODD. Dr. Khalil.

Mr. KHALIL. Thank you, Senator. All of the Iraqis, whether they be Sunni, Shia, or Kurd, also voted for local provincial elections as well as the national assembly. The Kurds, as Dr. Cordesman pointed out, had the additional vote for the Kurdish assembly.

He is right that the Sunnis make up around 20 percent of the population, but they do make up about 99 percent of the insurgency. The important point about this is that, even though there was much talk about boycott by the Iraqi Islamic Party, a more moderate Sunni party, and the Moslem Scholars Association, the leader of the Iraqi Islamic Party actually said before the elections that he would not prevent his candidates, who were still on the slate and still on the ballot, from taking their seats if they won. So there might still be some Sunni representation on the assembly.

The other point which is important is as far as bringing more moderate Sunnis into the political process, I think it is important that they be made part of the constitutional drafting process, the Sunni jurists and clerics, and also that the new cabinet has some Sunni leaders appointed as ministers. Both Shia leaders have said that they will commit to this. Abdul Aziz al-Hakim and Jafri have said this. So there is the potential to bring the Sunnis into the political process and I think there are some positive signs.

Senator DODD. General, I want you to comment as well, but I want to ask you something as well. When I came in you were talking about the withdrawal or the exit strategy. I do not have your exact words here, but you said we could leave when the insurgents allow us to leave. What occurred to me, just for the sake of discussion, is there a realistic assessment here that there are certainly significant parts of the insurgency or elements of the insurgency that would like us to stay for their own broader political purposes, that having the United States in Iraq on a daily basis, the informational benefit to them throughout the Arab world and elsewhere, engaged in sort of a quagmire, may serve their longer term and deeper interests than having us leave Iraq?

Is that a fair criticism of the assumption that we can go when they allow us to go?

General NEWBOLD. Yes, sir. Just on the election very quickly, I thought it was a wonderful, courageous display by ordinary Iraqis and it ought to give us hope and it gave them tremendous hope. There is the potential for it to have a contagious effect throughout the region. We should not overplay that, but we ought to try to take advantage of it.

The momentum will slip quickly unless we are effective at pushing the things that made it possible. The Sunnis will be the key. They are a minority that believes they have majority rights and an almost cultural disposition to rule. If the new government provides them opportunities and gives comfort to quell their fears, then I think they'll participate and I think we have some opportunities there.

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As far as the exit strategy, my comment of course was to shift the responsibility to the insurgents so that we shift the blame if we stay there longer than we would desire, than they would desire. But I do believe there is a hard-core element, Islamists, radical Islamists most particularly, who take some comfort by our presence in Iraq to allow them to increase their vitriolic statements throughout the world and to attack us in the place where we are vulnerable.

Senator DODD. Thank you.

Thank you, Mr. Chairman.

[The prepared statement of Senator Dodd follows:]

PREPARED STATEMENT OF SENATOR CHRISTOPHER J. DODD

Mr. Chairman, I would like to commend you for holding this important hearing just two days following elections in Iraq. I would also like to thank our distinguished panel of witnesses who are here today to share their thoughts on U.S. policy toward that country and the greater Middle East. There is no more important issue facing us than the future of that region, and I look forward to hearing the expert testimony of all our witnesses, and to engaging in a productive dialogue. Dr. Cordesman, I would especially like to thank you for the various items you have submitted for the record. You make some very important recommendations that I believe the Bush Administration would do well to heed.

Obviously, it will be some days yet until we know the results of the Iraqi elections. But I think it is important to say that regardless of the many challenges we face and any disagreements we may have over the direction of U.S. foreign policy, the holding of elections in Iraq was a momentous event for the Iraqi people. But we shouldn't take that to mean something it doesn't.

The elections are not the end of our task in that country—they are a beginning. First of all, we will not always have troops there. If the new Iraqi government requests that the U.S. withdraw its troops, we should abide by its request. And if it doesn't make this request, we should still do everything in our power to ensure that we adequately prepare Iraqis for handling the defense and stability of their country as quickly as possible.

That means we will have to start being honest about the numbers of Iraqis currently up to the task of defending and stabilizing their country. Common sense dictates that if the number of those types of forces were even close to the figure that Secretary of State Rice quoted for trained forces generally in that country—120,000, including 50,000 police—then U.S. troops would likely be able to start withdrawing as we speak. That is obviously not the case.

Simply put, when it comes to the training of Iraqi forces, we have a long way to go. And we are in desperate need of an effective plan to get there.

But paying lip service to withdrawal and having a realistic plan to do so are not one and the same. We can't approach withdrawal from Iraq in the same haphazard and shortsighted way that we approached the invasion of that country. We have to have a plan or we could turn a difficult situation into something much worse. I couldn't agree more with Dr. Cordesman on this point—that regardless of whether we withdraw gradually over the next couple of years or if the Iraqi government asks us to leave in the coming weeks—we must not abandon the people of that country.

What does that mean? It means that there is more to nation building—and I think it is safe to call it that—than the use of military might. Regardless of when we exit, we should be generous with offers of aid and assistance to the new Iraqi government—even if that government sometimes takes stands on issues with which we disagree. We've refused to learn this lesson with respect to democratically elected governments in our hemisphere, such as Venezuela, and I hope that we don't make the same mistake with respect to Iraq.

What is needed more than anything else when it comes to nation building is the partnership of the people in the nation you are trying to build. To loosely borrow a well-known phrase, the new Iraq needs to be a country built by Iraqis and for Iraqis. That means using U.S. aid increasingly to put Iraqis to work in the building of their country. According to statistics, at least 2 million Iraqis are currently unemployed. American aid could be used to put them to work in rebuilding their country's infrastructure. This is the right thing to do. But more importantly, it would give Iraqis a greater stake in the success of a democratic Iraq, which is in our mutual interests.

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Moreover, U.S. aid should be focused on short term projects, not long-term lofty ideas. Because the legitimacy of the new Iraqi government will be based in large part on whether it is able to provide the basic services that every citizen expects of their government.

However, the subject of this hearing rightly extends beyond U.S. policy in Iraq and seeks to address the future of our policy throughout the greater Middle East. Iraq is not the only place where elections were recently held. In the Palestinian territories too, there is a new democratically-elected government in power led by Mahmoud Abbas. That government has not only paid lip service to the need to restart the Israeli-Palestinian peace process—it has also taken some steps toward that end. The Israeli government has responded in a positive way to these steps. But we're at a delicate juncture here. A door is open, and we do not know how long it will remain so.

I commend Secretary Rice for using the beginning days of her service as Secretary of State to travel to Israel and the Palestinian territories and meet with both sides. I hope that her trip will mark the beginning of a high-level and personal involvement by the Bush administration to advance the cause of peace between Israelis and Palestinians.

Another issue that cannot be ignored is that of Iran. It is obviously in our best interest, as well as in the interest of regional Middle East security, to prevent Iran from acquiring nuclear weapons. To that end, the U.S. must do two things.

First, I believe we must work more closely with the Euro-3—Britain, France, and Germany—to put together a comprehensive strategy for dealing with Iran's nuclear program that includes both credible carrots and credible sticks. And second, we must reassure our allies in the region that our twin commitments to development and security—especially in the event that Iran achieves nuclear capability—extend beyond Iraq. Our allies will be more confident in the U.S. commitment to that region knowing that U.S. interest will not fade as we eventually disengage from Iraq.

In short, we have our work cut out for us. But the future could hold great potential if we get our act together with respect to our policy in the Middle East. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Dodd.
Senator Coleman.

STATEMENT OF HON. NORM COLEMAN, U.S. SENATOR FROM MINNESOTA

Senator COLEMAN. Thank you, Mr. Chairman.

I want to follow up on the questions about the election. I had a chance to be in Iraq about 3 weeks ago. We were in Iraq and Afghanistan, and then went to Brussels and met with the Secretary General of NATO, met with the new President of the European Union, President Barroso. Two observations and then a question.

In Afghanistan, Hamid Karzai talked about—these are his words—"the paradigm-shifting impact of the election." He talked about the impact that had on the Taliban, that really it gutted any strength that they had by the fact that people showed up. He anecdotally told the story of one polling place in a tribal area where mortar shells were lobbed in. The women refused to leave the line. They were going to vote. The men scattered but came back. So he talked about the paradigm-shifting impact of the election.

On the last comment and then the question. I was struck in visiting with the NATO ambassadors with the level of pessimism amongst almost every one of them about what was going to happen on Sunday in Iraq. It was almost as if they could not conceive that, in fact, an election, a valid election, would take place. It just was not going to happen. It did.

So my question is kind of looking to the future. What do you see? You have done a good job, Dr. Cordesman, of kind of explaining what happened. Look a little bit to the future. Is there this poten-

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tial for this election to be a paradigm-shifting event? Was it just because of great security that the insurgents were not able to come forth and do all that they did? If the insurgents, as Mr. Khalil talked about, are 90 percent Baathists, it is internal then, they are not external folks, what does the statement that the Iraqis made about democracy, about voting, what does that do to the insurgency?

Dr. CORDESMAN. We need to be very careful, Senator, because the latest estimate I have seen is there were over 100 attempted or actual incidents in the Baghdad area and somewhere between 260 and 300 attempted incidents in the area outside Baghdad. It was not as if they were passive. So the insurgents are not going to go away quickly. As General Newbold and Mr. Khalil have pointed out, they are a serious issue and a lot of them are committed.

But they certainly do remain a relative minority, both in terms of their religion and ethnicity, and that has to be kept in perspective. Now, where is this going to go? I do not think you can say that you have seen any turning point here until you see what the results of the election are. I do not mean the vote. If the Iraqi parties come together, if as has been suggested by my colleagues they are inclusive to the Sunnis in the ministers and in terms of the convention for the constitution, if they show they can cooperate, retaining the good ministers—and this is important, continuity—but sharing power among each other, then this step forward in governance, combined with the election, will over time, I think, become a turning point.

But we should not expect that to occur simply because there is a vote. People have to show they can govern. They have to show they can make the right political decisions. They have to show they can be inclusive. If they meet these tests, that is a turning out.

Senator COLEMAN. Mr. Khalil.

Mr. KHALIL. Thank you, Senator.

I traveled to Ramadi and had a very interesting meeting with the governor of Al-Anbar Province, the tribal leaders, and also around a dozen or 15 insurgents, basically ex-military personnel. These are rational actors, and I am talking about the ex-Baathists—they are still Baathists—the Saddam loyalists, the ex-military personnel and the intelligence folk. They will come to the negotiating table.

It is the extremists, the Islamic extremists, the foreign jihadists, which you cannot negotiate with. Obviously, with Zarqawi saying democracy is wicked, that is not a negotiating point. So if you look at Muqtada Sadr as a template, there is a potential to bring these guys into the political tent. He laid down his arms, or the Mahdi army's arms, and thought about coming into the political process rather than using force, and there you see reconstruction occurring in Sadr City.

I think this can occur in the Sunni Triangle with some of these more moderate Sunni resisters, the ex-Saddam security personnel.

Senator COLEMAN. General Newbold.

General NEWBOLD. I agree with the comments of my colleagues. I think it has the potential to be a seminal event. We need to quickly reinforce what was positive about it and give concrete evidence of what the Iraqis were looking for. We need to take some

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combination of the Sunnis—just a quick reminder: The Sunni areas in the west of Iraq are not naturally wealthy areas. There are little resources, little hope out there, independent of the central government who will sustain them. The central government needs to indicate that it will sustain them politically, economically, and culturally.

Senator COLEMAN. I have a little time. Could you follow up? Can you give your assessment of the impact and the opportunities on the international community? I have talked about the pessimism I saw before the election amongst our allies. Talk a little bit about the impact of the election on our allies and how do we seize—if there are opportunities there, how can we seize them?

Dr. CORDESMAN. Well, very briefly, Senator, it is already clear that there is much more positive Arab press and media coverage as a result of the output of the election. The coverage was more balanced in some ways than I expected, which is not to say that it was perfectly objective. A lot of people who had remarkably pessimistic statements up to the point where the election was held have begun to either back off or be more accepting.

But again, I think General Newbold made the point. If we see a pattern of violence develop over the next week, if we see the coalitions do not work together, if we see any split from a major faction, then this temporary boost could be just that. So is it positive so far? Yes. Is it going to stay positive? Everything depends on what the actions are.

Senator COLEMAN. General Newbold, I think we have got a couple of seconds left. Is there anything you want to add to that?

General NEWBOLD. Yes, sir. I am not surprised by the comments you heard at the NATO ministerial level and I think it was very grudging accord that al-Jazeerah and the other Middle Eastern outlets gave to the elections. I think that the bias is unfortunate; not helpful.

Senator COLEMAN. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Well, thank you very much, Senator Coleman.

The chair wishes to announce that a full statement on the hearing from Senator Dodd will be made a part of the record. Likewise a full statement by Senator Voinovich, who had to leave to be involved in another hearing, should be a part of the record.

[The prepared statement of Senator Voinovich follows:]

PREPARED STATEMENT OF SENATOR GEORGE VOINOVICH, U.S. SENATOR FROM OHIO

Thank you, Mr. Chairman. I am glad to have the opportunity to be here with my colleagues on this Committee to continue discussion on U.S. policy toward Iraq and the greater Middle East. This conversation is appropriate on the heels of Sunday's historic elections, in which an estimated eight million Iraqis cast ballots to choose members of a national assembly, who will have the opportunity to write a new chapter in the history of a free and democratic Iraq.

The significance of the elections the world witnessed just two days ago should not be understated. This event marks a major step in efforts to move toward a new era of peace, stability and democracy in Iraq, and the Iraqi people are to be commended for their commitment to the principles of democracy and their perseverance when faced with very real threats of violence from those who do not wish to see freedom prevail in Iraq.

We must also recognize the role played by dedicated American men and women in uniform, who, working with coalition partners and Iraqi security forces, worked

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to provide a secure and stable environment so that the elections could in fact take place. Their service was not without cost or personal sacrifice.

More than 1,400 American service members have lost their lives while serving in Iraq. Moreover, it is reported that in addition to an estimated 35 Iraqis who were tragically killed by suicide bombers who attacked polling stations on Sunday, a 22-year-old Army medic from Cincinnati, Ohio, Private First Class James H. Miller IV, lost his life while providing security for the elections. Last week, four United States Marines from the State of Ohio were killed when a helicopter crashed near Iraq's border with Jordan. These men and women have made the ultimate sacrifice not only in order to promote a free, democratic and prosperous future for the people of Iraq and the greater Middle East, but also to protect the national security interests of the United States.

As our witnesses will discuss, it is essential that the U.S. policy makers constantly re-examine strategies to bring lasting peace to Iraq. We owe it to the Iraqi people and to our men and women in uniform to ensure that we move forward with a solid plan, doing all that we can to empower Iraqis so that they are able to provide for their own security and stability as soon as possible. This is not an easy task, which makes our discussion this morning even more important.

I would like to join the Chairman and Ranking Member in welcoming our distinguished witnesses this morning: Dr. Anthony Cordesman of the Center for Strategic and International Studies (CSIS); Lieutenant General Gregory Newbold, USMC (Ret.) of the Potomac Institute for Policy Studies and GlobeSecNine; and Mr. Peter Khalil, who is a Visiting Fellow at the Brookings Institution.

Thank you. I look forward to your testimony.

The CHAIRMAN. Senator Feingold.

STATEMENT OF HON. RUSSELL D. FEINGOLD, U.S. SENATOR FROM WISCONSIN

Senator FEINGOLD. Thank you, Mr. Chairman. I thank you and Senator Biden for holding this hearing. Like many Americans and Iraqis and people around the world, I was deeply moved by the courage of the Iraqi men and women who went to the polls to participate in Sunday's election and to make their voices heard in determining the future of their country. Iraqi's election was unquestionably an inspiring event.

I do have, of course, a series of very serious continuing concerns that I have outlined briefly in an opening statement that I would ask to be put in the record if I could.

The CHAIRMAN. It will be put in the record in full.

Senator FEINGOLD. Given the limited time, Dr. Cordesman, I would like to go on to a point you mentioned in your testimony. You underscore the need for clear statements from the President and the Secretary of State that help refute the sort of key conspiracy theories that poison our relations and undercut the legitimacy of the Iraqi government.

Among the statements you call for is one clearly stating that we will not exploit Iraqi oil wealth in any way and that we will shift our aid funds to Iraq control, insisting only on sound accountability measures. As I consider these recommendations, my thoughts turn to the report that the Special Inspector General for Iraqi Reconstruction issued on Sunday. This is an office that I fought hard to make sure would exist and now this report indicates that the Coalition Provisional Authority failed to impose adequate controls on nearly $9 billion that was distributed to various Iraqi ministries during the period prior to the transfer of sovereignty late last June.

I find this extraordinarily disturbing. The $8.8 billion in question was Iraqi money, proceeds from oil sales and repatriated funds, that the United States as the occupying authority was responsible

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for administering. But today we simply cannot account for what happened to these funds. This kind of mismanagement is a gift to those forces who want the world, and particularly the Muslim world, to mistakenly believe that the United States is a corrupt and imperialistic power.

In my view, this is not just an oversight failure. It is a policy failure, with the potential to help the very forces that wish to do us harm. How will Iraqis and others in the region understand this failure? In light of the inability of the CPA to account for what happened to this Iraqi money, how likely is it that the nascent Iraqi government could provide meaningful accountability for U.S. taxpayer dollars if they were given the kind of control over the reconstruction budget that you actually have advocated?

Dr. CORDESMAN. Senator, the argument always in the field is we are too busy today doing things to account for all of these expenditures. The problem, as you pointed out, is tomorrow always comes and you are then judged by how well you accounted for them.

I think that these figures are at least somewhat excusable, simply because of the pressures, the uncertainties, the reprogramming. But it should not have been that difficult to maintain a modern accounting system. This is not the kind of cash flow problem where you have to get down to individual dollars and cents. These are massive expenditures.

What I find a lot more disturbing is when I read the reporting that comes out weekly as to what we are doing with the money now. We have reporting on electricity which is the amount of power generated, not the amount of power distributed. Often the reporting on the electricity generated is the theoretical capacity, not the amount actually delivered. We have reporting on the oil sector, which is a critical earning area, the oil sector indicates we not only are not coming close to meeting our goal, we do not have significant stocks to deal in the area with the winter.

More than that, I look at the latest figures on expenditure on the oil program and you allocated $3.6 billion to help renovate the oil sector in this $18.4 billion tranche and they spent all of—let us see. Let me correct that. They spent all of $123 million of that money to date. You look down the list, there is 15 percent of the money disbursed on electricity, which does not mean completions. We spent 15 percent on trying to improve governance. We spent something like 5 percent of the money that was allocated on health care and 7 percent of the money on water. For those of us who do believe in the private sector, we spent about 9 percent on private sector development.

When I look down the list of what people claim is done, it is just one list after another of a project started. Nobody says whether the project survived. Nobody says whether the project can ever be used. We have massive projects like water plants north of Basra that cannot feed the system, so even if they are not sabotaged it does not matter.

What bothers me is not that there is an accounting problem. What bothers me is this incredibly powerful tool is not being used to support Iraq, is not being used to fight insurgency, is not being used to support the government. I think any soldier or commander in the field will tell you that dollars are as important as bullets,

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and we are getting plenty of bullets and we are not spending the dollars.

Senator FEINGOLD. Thank you, doctor. You note that United States success in Iraq is heavily dependent on two things, the emergence of a government that Iraqis see as legitimate and which can effectively govern and the ability to train Iraqi military and security forces that can largely replace United States forces.

It seems to me that that will become increasingly difficult for Iraqis seeking to broaden their political power base. It is going to be hard for them to avoid publicly rejecting the U.S. presence in the country and publicly rejecting any kind of collaboration with the United States. So in a way their political imperatives would lead them in this direction even if these leaders recognize that Iraqi's security forces are ill-prepared to provide security without international assistance.

So I am concerned that one of your conditions might, of course, clash with the other, that Iraqis seeking political legitimacy may be unable to support a United States presence for long enough to train Iraqi forces. I would like your thoughts on that.

Dr. CORDESMAN. Senator, there were several parties that went into this election initially talking about having a fairly rapid U.S. exit. Both of them changed their positions before the elections were held. We do not have a major party out there that participated in the election that is calling for any kind of rapid or precipitous U.S. withdrawal.

What they are calling for is creating Iraqi forces as soon as possible which can replace us, which I think is exactly what we want. So certainly there will be plenty of people in the insurgency who do not like us there, but at least as yet none of the major lists that participated in the election do not see the need to keep us until their own forces are ready.

Senator FEINGOLD. Thank you, Mr. Chairman.

[The prepared statement of Senator Feingold follows:]

PREPARED STATEMENT OF SENATOR RUSS FEINGOLD

I thank Chairman Lugar and Senator Biden for holding this important hearing today, and I thank all of our witnesses for taking the time to be here to help the Committee think through the very serious challenges and the high stakes that confront our policy in Iraq and the broader Middle Eastern region today.

Like many Americans, Iraqis, and people around the world, I was deeply moved by the courage of the Iraqi men and women who went to the polls to participate in Sunday's elections and to make their voices heard in determining the future of their country. Iraq's election was, unquestionably, an inspiring event.

But while I commend the Iraqis, and the brave servicemen and women who helped to make the conditions for elections possible, common sense also tells me that Iraqi elections are not a silver bullet for resolving ongoing instability in Iraq, and celebrating these elections is no substitute for articulating and implementing a clear, efficient plan for handing off responsibility for Iraq's security to the Iraqis themselves and bringing American troops home.

Our troops on the ground have been performing courageously—sometimes even in the inexcusable absence of adequate equipment, support, and mission-appropriate training. They deserve better policy. American taxpayers have been asked to contribute hundreds of billions of dollars to this effort—and the Administration has failed to budget responsibly for these costs. The next generation of Americans is going to get stuck with the bill, and they deserve better policy. All Americans have a real, urgent stake in prevailing in the fight against terrorism, in denying terrorists new recruits and shoring up a global coalition to hunt down and eliminate terrorist networks. But Iraq has become the new premier training ground for terror-

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ists, and our international standing has been dramatically weakened by our policies there. America's national security deserves better policy.

We need a strategic plan, not lofty rhetoric. We need a clearly defined and realistic mission, not a sweeping set of abstract commitments. And we need a concrete timetable for achieving clear goals, not vague policies that wander from objective to objective with no end in sight. So I look forward to this hearing, and hope that soon we will hear from the Administration about how, precisely, they intend to proceed.

The CHAIRMAN. Thank you, Senator Feingold.

Senator Chafee.

STATEMENT OF HON. LINCOLN CHAFEE, U.S. SENATOR FROM RHODE ISLAND

Senator CHAFEE. Thank you, Mr. Chairman.

Welcome, gentlemen. Senator Biden mentioned Dr. Cordesman's November paper and I see that in that paper you talk about advocating a regional strategy, and I know Senator Hagel touched on that while I was gone. In particular you talked about being more flexible with Iran. Maybe you could add to that and illuminate on how we can be more flexible with Iran?

Dr. CORDESMAN. It is odd, Senator, that "containment" was a word that became so unpopular and which in retrospect in the case of Iraq does not necessarily look all that bad. In the case of Iran, I think the challenges are much worse than they were in the case of Iraq. We are not talking about a simple dictator, nor are we talking about a broken military force. We are talking about a more cohesive country which has its own political turmoil.

I think the key here is in many ways containment. It is to work with the Europeans. It is to put pressure on, but work with, the International Atomic Energy Agency to see if we can block proliferation. I cannot make you any promises, but I do not believe that any effort to rush into military threats or military options is the way that we can deal with the problem of proliferation in Iran.

Similarly, I am afraid that Iran is moving toward a less democratic, more conservative, more isolationist, traditionalist political structure, and the coming presidential elections will cement the problems that occurred in the Majlis, when you essentially would not let the more moderate candidates even run, much less be elected. But it is still possible to have dialogue with Iranians. It is still possible to talk to people. It is possible to make it clear that our objectives are not ones which challenge Iran's basic national interests. These are ways we can, at least, hope that we can move toward a more open dialog and a better situation in the future.

But I think it is absolutely clear that we cannot permit transfers of technology for proliferation if we can block them. We cannot allow Iran to operate in other countries in asymmetric or terrorist operations if we can put pressure on them to halt it. We must do all we can to block the transfer of arms.

The one caution I would give is that American sanctions against Iran have been almost totally ineffective and as Iran has learned how to make better oil deals we are watching those sanctions essentially become almost purposeless. We need to take a very hard look at that aspect of our policy and see if there is not some way to work with countries rather than put out sanctions which no longer impede them.

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Senator CHAFEE. What would be a good venue for dialogue? How would we start that?

Dr. CORDESMAN. Unfortunately, Senator, I think a lot of that—I have been in many second track dialogues with Iranians and it was always very interesting and I learned a great deal. The end reaction every time, however, is we have a long list of things we would like you to do, but if you did them our internal politics prevent us from actually moving forward. Those dialogues over time have shown that the people who advocate dialogue in Iran are progressively more cautious and more frightened of the consequences of being in them.

We still have to try. We have to meet with them in second track meetings wherever we can. But I think one of the great tools we have here is to work with the Europeans, who have been allies here and cooperated with us in trying to block proliferation. It is to make use of countries which can talk to Iran and do not have the same history and communicate wherever we can a positive message, that if Iran will back away from the policies that divide us, none of which really serve its ultimate interests, we are ready to have an official dialogue, to deal with Iran in economic terms, to have the kind of relations we should have.

Senator CHAFEE. Who of the Europeans have the best relations with the Iranians, the ruling government that exists in Iran now, which European or a number of them?

Dr. CORDESMAN. I think often we are talking about some of the smaller countries, like Switzerland, who have more continuity, talk to the people in Iran. Germany certainly has worked hard at this issue. Britain has tried. Unfortunately, Britain has found, as have others, that when you go beyond dialogue to actually set policies you often provoke reactions among the Iranians which make it difficult.

But one of the problems we have is these countries, Senator, are virtually all talking to the Khatemi faction. They are talking to the people who will not be there when this President leaves office. We do not even know if the more pragmatic traditionalists, like the Rafsanjani faction, will be represented in large numbers. If they are, then the Europeans will be able to talk to them. But it does seem to vary by country and on a given day the country that seems to favor Iran the most has the best relations. It is a very troubled, difficult situation.

Senator CHAFEE. Would any of the other two guests like to add anything?

General NEWBOLD. Just very quickly, Senator. I think Iran is a schizophrenic society and has to be dealt with to some degree that way. That is, it reminds me of when I was Director of Operations, Joint Chiefs of Staff, our path toward Iraq was becoming obvious. I suggested that we look at Iraq and those things that would undermine Saddam Hussein and those things that would reinforce his power. A clear analysis there, a simple analysis, would show that many of the things we were doing, in fact, reinforced the power of Saddam Hussein.

In a like way with Iran, if we are bellicose, if we are too threatening, we reinforce the radicals and we undermine the people that might be predisposed to align with us.

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Senator CHAFEE. Thank you.
The CHAIRMAN. Thank you very much, Senator Chafee.
Senator Boxer.

STATEMENT OF HON. BARBARA BOXER, U.S. SENATOR FROM CALIFORNIA

Senator BOXER. Thanks, Mr. Chairman.

I want to thank the panel. You have just been so interesting, I think, for all of us. I really appreciate your being here and extending your time.

Secretary of State Rice said after the election, she said the election signals a new day for Iraq. I agree with that, but I think it also should signal a new day for America and our policy toward Iraq. Of course, for me that is what I am grappling with, how do we take this good news and how do we put a light at the end of the exit tunnel. And I know "exit" has suddenly become a somehow charged word. I am not wedded to the word, but an end, an end of so much money, an end of so many troops, etcetera, an end of being a target to the insurgents, all of that.

Friday I visited with the families of marines stationed at Camp Pendleton and this particular marine—First Marine Expeditionary Force has taken a huge hit. I want to report that their families are just extraordinary and I think we all know that. General, you know this. They are just extraordinary. They are willing to make even more sacrifices. If they are asked to by their Commander in Chief, they will absolutely do it.

So I think it is up to us to show our appreciation to them, not only by doing what I am very excited to see is going to happen, I think, in the State of the Union, a great increase in some of the benefits, which members of both parties want to see happen along with the President, but also I do think we need a light. We need to light a candle here so we have some goal.

General, you actually used the word "goal," and I think in many ways for me you did light a candle to our exit, although you said we should set a goal of being completely out of Iraq in 2 years. Is that correct? That is what you said? Yes.

I assume you believe that should be done gradually, is that correct?

General NEWBOLD. I am sorry, ma'am?

Senator BOXER. I assume you believe that should be done gradually. Okay, so it seems to me if we were just to, just for the sake of discussion, adopt that goal, we then have to take your next statement, which is disheartening—that one was heartening—and that was that you said that you don't see an end in sight of this insurgency. Those were your words.

So if we have this strategy, this goal to be out in 2 years, doing it gradually, but yet there is no end in sight to this insurgency, clearly the training of Iraqi forces, which I have to say—Senator Biden has just been on this for so long, and Senator Lugar as well, in hearing after hearing after hearing. It looks like this goal that you set can only be met if we can transfer authority to the Iraqis themselves, because there is, quote, "no end in sight of this insurgency."

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So I guess it is frustrating for us because, first, we cannot seem to find out exactly how many troops are trained, and there are reasons for that. But Senator Biden asked Secretary Rice a number of questions. I am not going to go over the give and take, but at the end of the day Senator Biden said—and Joe, if I misstate this please tell me—that you felt if they were properly trained that they could replace our people one on one, if they were properly trained. To which she replied: I really do not think so; I do not think they can do all of that which American forces do.

Then she said: But in some ways, she said, they will be better because—and I am liberally quoting her now; she said—they really know the neighborhood. They know better than our people who are these insurgents.

So with that, I want to ask a question. If Secretary Rice—first, I want to know if you agree that we cannot make this one to one transfer, because if we could that would begin a drawdown and it could begin to gradually bring our forces home in direct relationship to the training of their forces. So I want to ask you about that.

But I also, Dr. Cordesman, wanted to ask you: If Secretary Rice is correct and the Iraqis know the neighborhood better, why is it that we do not believe them when they are telling us, the Iraqi intelligence, that they may have 30,000 fighters and up to 200,000 supporters? You alluded to it, but you did not seem to give it too much credence.

So those are those two questions I have.

General NEWBOLD. Senator, on the direct swap one for one, I do not believe that we can swap the units and the individuals one for one, but I am also not sure we need to. Again, my recommendation is that we regionalize our approach and we use the newly trained Iraqi forces, who are clearly not up to United States standards right now, but use them in the more benign areas, freeing up some of our forces—coalition forces, United States forces—to move to the more active and violent ones, and over time as the Iraqi forces become better trained and become stronger quantitatively, then they can replace us in those areas.

So a one for one swap is not required in order to achieve what we want to to withdraw our forces.

Dr. CORDESMAN. Senator, part of the problem I have with all of these numbers, as I said earlier, is intelligence, if it is not based on facts, is intelligence based on guesswork. We do not have a way of measuring the number of insurgents in any meaningful way. If you want to make a conservative guess, you push the number down. If you want to make a pessimistic guess, you push it up.

I think that the Iraqi Minister of Defense and other Iraqi officials rounded the numbers off because they first wanted to make the point that we are dealing with considerable sympathy for the insurgency. That is where the 200,000 came from. Where the 30,000 came from and whether it is better than 14,000 gets back to whether you define core insurgents, people who are members of organized cells, fighters, part-time sympathizers.

Now, we broke those out in Vietnam. What we have today in Iraq is virtually meaningless reports coming out by way of public data, and to the extent I understand it, one reason they are meaningless is we have not standardized the way we break out the as-

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sessment of insurgents in given areas, and our numbers are bad even when we pull together the intelligence estimates. But I have not seen the classified data, I cannot assure you of that.

Senator BOXER. Well, Mr. Chairman, if I could just say, I have had meetings with the military, our military, trying to find out the size of this. It is frustrating since our coming home depends on the size of this insurgency.

I just wondered if I could simply ask one quick question and that would be the end of me.

The CHAIRMAN. Very well.

Senator BOXER. That is, what do you think was the role of the Grand Ayatollah Sistani in the turnout?

Dr. CORDESMAN. I think it was extremely positive. He has pushed for elections. He has pushed hard. But he has pushed for coalitions. He has been a quietist. He has not pushed for any kind of theocratic rule. It is clear that he sees a Shiite Iraq as an Iraq that has to have Sunnis and Kurds in it, rather than something that is a Shiite enclave. So I think his role was consistently positive.

Senator BOXER. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Boxer.

Senator Martinez.

STATEMENT OF HON. MEL MARTINEZ, U.S. SENATOR FROM FLORIDA

Senator MARTINEZ. Mr. Chairman, thank you very much and thank you for holding this hearing. I think it is extremely timely. I too share in the delight of seeing these pictures on television of people voting, standing in line, daring the insurgents and daring the negative forces who do not believe in democracy. So I am, for one, extremely pleased with where we are today and I am delighted we have a chance to hear from these gentlemen, and thank you all for coming.

Dr. Cordesman, I wanted to ask if you might lay out for me one of the things I heard in following up on the euphoric day of the election about not losing the momentum. I know we have talked in several ways about that issue, but I would like to know from each of you if you could detail out a perhaps one, two, three approach of how to maintain the momentum, but then again how to build on that momentum to achieve the goal that we seek, which is obviously to empower an Iraqi Government to handle their own affairs and yet allow us to have a timely withdrawal.

Dr. CORDESMAN. The key to the momentum, Senator, I think is ultimately Iraqi. We need to encourage them—and here my colleagues have made the same points—to be inclusive, to bring in the Sunnis, to try to defuse the insurgency by showing those Sunnis who will be part of the country that they have a future in spite of the economic and other problems they face.

We need to encourage the kind of settlement with the Kurds, the type of federalism that will stabilize the structure. We need to work with the new ministries and new parties and make it clear we will support them and that we accept their sovereignty. One of the visible signs we have to have is the fact that we are not pro-

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consuls, but we are working with these new elected officials as truly sovereign officials.

I have already suggested one key tool would be to move toward transferring control of the aid funds and the aid projects to them. I think that would give a lot of momentum. Another would be to announce a plan for training and equipping Iraqi forces that showed Iraqis that we will indeed give them the quality, the capability, to take over as many of the missions as possible, as soon as possible.

I think, as I mentioned earlier, it would be equally valuable if we understood that a Presidential or a Secretary of State policy statement outlining our goals for Iraq and for this government, that dealt with each of the major conspiracy theories, which was actually set forward openly by the President—and General Newbold made a key point. It is incredible to me that American officials cannot understand you do not communicate policy in press conferences. Nothing you say in a press conference is a policy statement.

If you have a policy toward Iraq, the President or the Secretary of State—and those are the only two officials—have to announce it openly, clearly, and in a specific speech. This to me is just one proof of what General Newbold said, that our public diplomacy is often as much an enemy as the insurgents.

Senator MARTINEZ. Mr. Khalil.

Mr. KHALIL. Thank you, Senator. On how to maintain momentum, I agree with Dr. Cordesman. The political process has to be inclusive of the Sunnis clearly, involve them in the drafting of the constitution and get them involved in the new cabinet.

Second, economic reconstruction needs to be targeted in the Sunni Triangle towns and cities. I think, in reference to what Senator Biden said earlier, smaller projects, Iraqi companies, and contractors being involved in this is absolutely critical.

Third, obviously a focus on training, counterinsurgency training, for the Iraqi forces to ensure a realistic handover.

Just on the insurgency a quick point. They do not all see eye to eye in the insurgency. When we spoke to the Fallujan tribal leaders, for example, they referred to the foreign Islamists as "the destroyers" and they are happy to get rid of them. But they could not move against what they called the "sons of the tribe," who were Iraqi ex-military personnel. So there is some room for maneuver here.

They have been coordinating their efforts because they have the same short-term goals of derailing the political process, but in the long term they certainly don't have the same agenda, and you can start to break up that insurgency by bringing some of the ex-Saddamists and ex-Baathists, the military personnel, into the political process.

Senator MARTINEZ. General.

General NEWBOLD. Senator, in order to ensure we do not lose the momentum I would do four things that match my colleagues' statements. First, we have to have a quick display, visible evidence that there is an increased transfer of power and authority to Iraqis in the political, economic, and military realms. It has to be that visi-

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ble. It has to be articulated and displayed, so the Iraqis believe that the situation is changing.

Number two, I have already spoken to the accommodation of the Sunnis in which they are made more comfortable that they will be taken care of politically and economically.

Number three, I agree very strongly with the Presidential statement. I think it needs to be done, not just for Iraq but for the world.

Finally, at the end of the day the Iraqis need to believe not just the elections, but the follow-on actions that constitute forming their democracy, bring them hope for the future. That in and of itself, that hope will sustain them until such time as they completely govern the country and we withdraw.

Senator MARTINEZ. Thank you.

One other area I wanted to follow up on, Dr. Cordesman, your mention of transferring the management of the aid or the funds to the Iraqis, which I can certainly understand would be an important consideration. I notice your criticism of those funds that appear to not have been properly accounted for. As someone who had a little bit of experience in running a multi-billion dollar department of government that often had a difficult time tracking funds that were transferred to others to spend, I wonder if the transferring to the Iraqis would not then also be accompanied by those kinds of problems in accountability.

I am not suggesting by that we should not do it. But you know, we used to work an awful lot at HUD on what we called capacity-building and it seems like in order to be able to spend the dollars you almost have to invest dollars so the folks know how to spend them, and then the very complicated process of accounting for how you spend them. So in other words, there is a whole bureaucracy that has to be in place. There has to be, frankly, information technology, a lot of things have to happen in order for us to apply our standard to how they account for the funds that we might transfer.

Would you delve into those? Maybe too much into the weeds, but I really wonder how we would do that.

Dr. CORDESMAN. Senator, very briefly, I do not believe that you can transfer money to Iraq without seeing significant corruption. This is a society which has inherited a kleptocracy and people are desperate for money. But I think we need to be very careful about what our goals here are. It is not to create a very large cadre of Iraqi CPA's, and here I mean accountants. It is to get the money into Iraqi hands where, as my colleagues have said, it is going to buy stability, it is going to help deal with the Sunnis, it is going to compensate the Kurds, who, incidentally, have lost the money they have through smuggling and Oil for Food and there is a potential stability problem there.

How do you measure success? It is not by accounting. It is by projects out in the field. It is by things accomplished. It is by having U.S. people observe and see that the projects actually get implemented. It is by giving people the equivalent of things like the CERP program so our commanders still retain the money that they can give again, so dollars can be used instead of bullets.

If we lose 10 to 15 percent to corruption, so what? We are losing more than that now simply to buy mercenaries to protect projects

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that do not work. I think this is a fundamentally different issue. Our problem is not accounting; it is winning.

Senator MARTINEZ. I agree with you and I appreciate my time is up, but I do want to point out that I agree with that approach. I think we have to get the money out there. I was just hearing, on the other hand, Ambassador Bremer being blamed at times for perhaps putting out too much money early on that has not been as fully accounted as it should be. I do not think we can apply our accounting standards to what needs to be done on the field, and I appreciate your point of view on that. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Martinez.

I will just comment without asking you to reply further. The answer you gave, Dr. Cordesman, that the Kurds have lost money from the smuggling and the Oil for Food program, is an interesting footnote for the current investigation of Oil for Food. I make that point simply because, as we get into the weeds of that, our own policy, or lack of it, is likely to come to the fore.

Senator Nelson.

STATEMENT OF HON. BILL NELSON, U.S. SENATOR FROM FLORIDA

Senator NELSON. Thank you, Mr. Chairman.

Speaking of Ambassador Bremer. I would like to ask you all about my colleague from Florida. He countermanded a Floridian, General Garner, who was put in charge of Iraq to begin with. General Garner wanted the Iraqi army to virtually stay intact. Bremer came in and said dismantle it. I would like your comments on that.

Dr. CORDESMAN. Senator, I think that in reality—and I overflew quite a number of those concerns when I was in Iraq and I am sure that my colleague has seen a lot more of them—it was gone. There were elements of one corps left intact, not a particularly good one, up in the northeast. The army was a conscript-oriented force, the parts that we would probably have wanted to have retrained. It left, came back, looted, and left again.

One of our basic problems in training the Iraqi army was just creating new barracks and facilities once we decided to do it. I think that the decision that was wrong, was having watched it disband, we had no plan to create a credible force to deal with security either in terms of the police, the security forces, or the military. We talked about a token force to be on the borders, policemen who would operate basically in a more secure environment than you can find a mile away from Capitol Hill, and security forces whose main purpose was not to be security forces.

That was a decision which simply should not have been made. There should have been from the start the understanding of how difficult the problems would be. Moreover, in disbanding it took a long time to decide that it is not a good idea to have several hundred thousand young men wandering around with no income and no job and some of the best trained people in the country with no meaningful pension. And even then we could not get the money to them for a matter of months, and this is a cash economy. Most Iraqis cannot go to the bank or cash a check.

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So I think the problems here were not the fabled disbanding of the Iraqi army, which we did with some 18,000 precision-guided munitions and quite a lot of tanks. It was the aftermath.

Senator NELSON. General, in your statement you said, and I am quoting: "We had a poor to nonexistent plan for the post-invasion phase." Then you go on to say: "At the national level we"—meaning the United States—"are deluding ourselves in many key ways. Examples are the public assessments of the state of training of the Iraqi forces and police, the underlying nature of, and prospects for, the insurgency, the degree to which we truly have an international coalition in support, and in the strategy for adequately addressing the root causes of terrorism, radicalism, and instability in the region."

I have felt, along with our colleagues here, our leaders in the committee, that the United States has not stepped out vigorously enough to get other nations of the world to help us in the plan for the occupation and in the training of Iraqis. So we have gotten all of these countries, in Europe and others, that have hardened their positions publicly, saying they will not come in and help us with the occupation.

But is there not the indication that these countries have told us that they will help with the training of the Iraqi army and the Iraqi police? And, what are your observations about the United States unwillingness to step out and really implore these nations, including Arab nations in the region, to help us with training? And, if they would, how do you see that helping us to accelerate the training of the Iraqi forces?

General NEWBOLD. Senator, I think it is critical that we get our international partners to participate more fully. Two reasons: Quantitatively, and that is simply we could use more trainers; and also symbolically, to broaden this from a United States occupation to an international effort to rebuild Iraq. Senator Biden, I know, has worked closely to try to gain more from our traditional allies.

There are two faults really there. Frankly, my experience in my dealings was that sometimes we dealt with them arrogantly and the reaction of some of our allies was predictable. On the other hand, some of our allies were the ones that would not support Secretary Powell's attempts at smart sanctions and the failure of smart sanctions led down a path toward what became the invasion of Iraq and the power of the people that wanted to, the power within our government, that wanted to do that.

So on the part of the allies, they have been recalcitrant, reluctant, and halting, and that is unfortunate. Iraq is important not just for the United States, not just for the region, but for the world. As Senator Biden pointed out, I think we need to redouble our efforts, perhaps swallow a little bit of our pride. But we also need to expect some of our traditional allies to be more accommodating, and if they are not, it will stick with us for some time, I am afraid.

Dr. CORDESMAN. Senator, could I make just one comment. You referenced "Arab training." One thing we need to be very careful about: If we take the figures that are normally used, 80 percent of this country is not Sunni Arab. The neighbor to the east is Iran. It is very difficult to bring in outside people for training, for training missions, beyond what we have already gotten from Jordan,

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and Jordan is conducting these training missions at the cost of potentially serious political instability.

So I think if we are going to solve this problem it has to be through us, Europe, and outsiders, not through people in the region.

Senator NELSON. Which outsiders?

Dr. CORDESMAN. Hopefully Europeans. But I will tell you honestly, I do believe the administration and people in the field have made every effort to try to bring more trainers in from Europe. The truth is that European countries, that are not present, are not going to send training people in there. Remember, what we need is interoperability, leadership, and units that can have quality and function with unit integrity. So simply pushing people through a training facility, particularly if it has a different language and different customs and patterns, can almost be counterproductive, not a help.

Senator NELSON. Well, is this to say then that we are doomed?

Dr. CORDESMAN. No, sir. It is to say that I think General Luck's strategy of putting more United States and hopefully British forces into Iraqi units, concentrating on stiffening and training them while they are in service to supplement the programs General Petraeus has under way, is a good solution in the way of moving toward the quality we need. But if we wait for the Europeans, we are going to be in very serious trouble, and it is important to note that both in the Balkans and in Afghanistan the Europeans have only delivered about 30 percent of the police forces they pledged and those were problems where there was a great deal more support than we have in Iraq.

Senator NELSON. So we are looking at a force of 120,000 U.S. troops for at least a couple of years?

Dr. CORDESMAN. No, sir. I think that what you are looking at is, if you move to the point where you go from two or three experienced battalions to the point where the 27 battalions in the army now in existence are actually in the field and experienced by the middle of the year, if you see the national guard phased out and the better manpower used in the army, as General Newbold has said, and I think my colleague as well, you can by late 2005 and through 2006 see a steady drawdown in United States forces and see competent Iraqi units replace ours.

But to do that they not only need training, they need standardized equipment, they need standardized rules of engagement, they need to be fully interoperable, and they need to be units which can cooperate with each other in the field. It is nice to have NATO units, it is nice to have units trained outside, it is helpful as a sign of solidarity, but when we stress so much interoperability and standardization in NATO, we have to remember it is a lot more important in putting together a force like this in a country that faces an ongoing insurgency.

Mr. KHALIL. Mr. Chairman, could I add a quick comment to the Senator's question? Just on the issue of outside help, Senator, I did travel a fair bit to some of the Arab countries in the region to ask them for support and assistance in some of the training. I traveled with General Eaton and other CPA leadership. Many of them wanted to help because it was in their strategic interest to see a

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stabilized Iraq, but many did so very privately. They did not want it made public because of domestic pressures, and there is some assistance from some of these Arab states that is not out there as far as public information.

On the issue of the Iraqi army, it was dissolved and many of the conscripts, around 400,000 of the conscripts, the largest share were not going to come back. I think the real problem was in the immediate postwar phase, knowing that there was going to be this security vacuum, that there was not an increase in U.S. and coalition troops to fill that vacuum and to provide basic law and order.

There was a grace period where Iraqis did view the coalition forces as liberators, but that quickly eroded because of the lack of basic law and order and the looting that occurred.

Senator NELSON. Thank you.

The CHAIRMAN. Thank you very much, Senator Nelson.

Let the record show that Senator Obama has been here from the beginning of the hearing. I appreciate your patience, Senator. We are delighted that you are here as our 11th questioner. We have very good participation today by the committee. Senator Obama.

Senator OBAMA. Thank you very much, Mr. Chairman.

I want to thank the guests. It has been very informative, so I very much appreciate their presence and patience with us. This weekend I think we saw an enormous glimmer of hope in what has been a very difficult situation, and I think that it is a testimony to the Iraqi people. It is also a testimony to our military, which, as you indicated, General, have performed oftentimes despite bad policies to provide the kinds of security that facilitated the election. So I am very proud of our troops.

I have mentioned before, Illinois I think, would be the third or fourth largest coalition partner if it was a country. So I am just grateful that we reached the point that we did this weekend. We have a lot of work to do.

A couple of questions I have. One, I am just going to pick up off the training issue that Senator Nelson and certainly Senator Biden have been pursuing vigorously. I was out of the room. I understood that I think someone asked, and my staff indicated that it might have been you, Dr. Cordesman or General Newbold, that you did not think that we needed a one-to-one replacement of American troops to Iraqi security forces. I was not sure whether you were able to elaborate on that, but do you have an estimate at this stage in terms of a reasonable minimum number of security personnel that are fully trained and equipped in the way that you have discussed to allow us then to phase out and let them take on the full responsibility of security in their country?

Dr. CORDESMAN. No, Senator; I do not. I think the reasons are this. First, this is an ongoing battle. We do not know what the insurgency will be over time. As we have all said, a lot of this depends on the politics and to some extent the aid policies that are pursued. More inclusive policies could reduce the size of the Sunni threat. If you get the Islamists, the outsiders, the extreme units, more isolated, you need far less troops, both American and Iraqi.

If you make mistakes, the reverse is going to be true. We do not have a core understanding at this point of what units in the Iraqi military structure we can build on. I am looking at a report dated

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21st of January from the U.S. Embassy and it refers to special operations forces, a counterterrorist force, and a commando battalion as having conducted independent operations. That is a very limited number of men.

But you have got 27 battalions in the field. If you build up to solid brigades and the insurgency goes down, then the Iraqi forces can replace us more quickly. If the insurgency goes up and the Iraqi forces remain weak, then one-to-one ratios become almost theoretical. It has been pointed out that police can operate in much of this country if the country is secure and the police are properly deployed, trained, and equipped.

But the fact is that today, out of 55,000 supposedly trained Iraqi police forces, about half do not have real training and you have something on the order of 13 battalions out of that force—that is somewhere around 8,000 police—with the core capability to deal with significant threats.

On January 6th they folded the national guard in—and I will leave that to General Newbold or to my other colleague—into the army. That had 68 battalions in the national guard, which sounds incredibly impressive, except maybe two to three of them could actually function because this was the old Facilities Protection Service.

What we desperately need is a clear plan to create a balanced, integrated approach to strengthening Iraqi forces, one that Iraqis can see, that you in the Congress can see, and that the world can see. But for us to sit here and say we can give you these numbers under these conditions, we simply do not have the kind of information. That is one of the reasons why our efforts are being given so little credibility in much of the region.

Senator OBAMA. That is a good point, so let me follow that up, and any of you can respond to this. But where does that plan for security force development and training, where does that get articulated? Now that we have had these elections, although the job of the assembly is primarily to draft this constitution, is that still primarily our function in consultation with them? Who announces it? How do we track it?

Part of my interest is figuring out how, on an ongoing basis, we are going to be able to evaluate the progress that is made.

Dr. CORDESMAN. Well, in a practical way, Senator, first, we do not know if the Minister of Defense or the Minister of the Interior will stay. The last time we had considerable turbulence and lost 3 months simply because the Ministers changed. The Minister of Defense in the old government did not get along well with the Minister of the Interior and got along even less well with the Minister of Finance.

I would suggest that in practice the best way to approach this would be to have the people actually in the field—General Petraeus, General Sanchez, General Casey—propose an integrated plan which would include the police and security forces with the military to the Iraqi government, so they would have a clear plan to work from rather than ask them to do something they will not be able to do for months, but give them the sovereign right to make the key decisions.

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I would make that plan clear and public so people could see what our intentions were and that we were really stepping up to the job with the mix of equipment, training, leadership, and advisory presence that is really needed.

Senator OBAMA. General, Mr. Khalil, do you want to add anything to that?

General NEWBOLD. Real quickly, over the last 6 weeks the United States military in Iraq through Central Command has developed actually quite a good security plan. You could argue it is a bit later than the need, but——

Senator OBAMA. It is a year late.

General NEWBOLD. But it is a pretty good plan. My most important point would be that that is a security plan and, unless articulated into a broader plan that shows much more energy and imagination in the economic, political, and informational realm, then we will become more efficient without becoming more effective in Iraq.

Senator OBAMA. Mr. Khalil.

Mr. KHALIL. Thank you, Senator. Just very quickly also, I think the plan also has to emphasize shifting the focus of training and training resources on the counterinsurgency forces that can really take over responsibility, so increasing police trainers, increasing army ranger training personnel, even FBI trainers in some cases, and not just from the United States, from other coalition partners, I think is imperative, even to the point where you might want to think about not going ahead with the full 68 battalions of the National Guard. I think they are currently at around 40 battalions or 45 battalions, and shift those resources to training counterinsurgency forces. I think that is a critical element.

Senator OBAMA. Mr. Chairman, I know I am out of time, but maybe if I could just have one last follow-up question and then I can turn it over to you and Senator Biden.

Shifting gears a little bit, but it picks up on your last point there, General. That is, it is our task as the U.S. Government to articulate our policies. Dr. Cordesman, you, I think, laid out what I find a very persuasive suggestion, that we specifically, unequivocally, in a policy statement as opposed to in an ad hoc fashion debunk some of the conspiracies that may be—conspiracy theories that may be out there with respect to our presence.

I thought all those are suggestions that I hope this administration pays attention to. I am wondering whether we should rightly expect a well-articulated exit strategy as part of that broader statement, because when Dr. Rice was here I recognized this administration's reluctance to put a firm timetable. On the other hand, it strikes me that, particularly given some of your comments, General, about the fact that our presence there may actually inhibit some of the political developments that we want to see happen, that this now may be the time post-election where we stake out a position, recognizing that there may be some flexibility involved, but that we say very clearly, here is what we anticipate doing on the security front, on the economic front, on the political front, and that it would actually enhance our ability to execute over the next year or two.

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So I wanted to see if what you talked about, doctor, was inclusive of a broader exit strategy or you were restricting your comments to those five or six points that you thought needed to be made.

Dr. CORDESMAN. The problem I have with exit strategies become so confused with simply leaving as distinguished from strategy.

Senator OBAMA. Let me interrupt then just to say, I have been very clear and I think the majority, the strong majority of this committee, has been clear that we want also a success strategy and not simply a cut-and-run strategy. So I asked the question in that context.

Dr. CORDESMAN. I think it is exactly as General Newbold has said, I think frankly we have all said. It should not just be a military strategy. It should be an economic strategy. It should be a political strategy. It should be a clear statement of American objectives. And it should be quite clear to the Iraqis in the world that at the end of this, when Iraq is able to have a government that stands on its own, when it has military forces that, at most, require a United States advisory presence, that when its economy has taken the benefits of the aid that is needed, we will be out of Iraq except for whatever very limited remnant is needed and we will have no bases, we will make no effort to exploit the situation, our objectives will be to create the kind of Iraq which can stand on its own, deal with its own problems, and remain hopefully pluralistic and federalistic.

The only caution I would give you, Senator, is I do not believe we should set some calendar. If a calendar is to be proposed it should be proposed by the Iraqis, first, because it is their choice to make and, second, because I become frightened that the minute you put a date down and for any reason you cannot make the economic program work, the military program takes more time, there is some kind of political division that is not a crisis but difficult, and you cannot meet that deadline, all of a sudden your credibility comes into question and, more than that, as you move toward the deadline the insurgents are going to try to find every fault line they can to make that deadline impractical and unworkable.

Senator OBAMA. Could you argue that that was the same argument that was being made about the election? I guess what I am wondering is whether just creating some sense of urgency actually then accelerates activity and shapes and channels and focuses people's attentions in ways that are useful and makes it less likely that we would drift and continue failed policies when we know that we are going to have to make this thing work in a time certain.

Dr. CORDESMAN. There is a difference between, I think, putting out a plan that shows the urgency we have in economic aid and in creating effective military forces and in setting deadlines for withdrawal. Do not forget, Senator, we have two more deadlines just this year, the constitutional election and then an election at the end of the year. We are going to be moving very, very rapidly there.

I think the best thing to do is not to set deadlines for withdrawal, but to set very clear milestones for practical U.S. action. One obvious area is to make the aid program work. Another is to get effective Iraqi forces on line. Those give the kinds of urgency I think we need without potentially trapping us.

The CHAIRMAN. Thank you very much, Senator Obama.

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We will have a second round of questioning now. We promise not to hold you indefinitely through your lunch hour, but we will allow 10 minutes for our second round.

I will commence by raising a question just pragmatically. We on this committee and you today as witnesses have found a number of deficiencies in terms of our planning and execution of whatever we were doing in the past. But pragmatically, what is your assessment of how we are doing now? For example, Ambassador Negroponte went to Iraq at midyear to stand up a very large Embassy. We estimated, at least at the time of our hearings, that there would be maybe 700 employees in that Embassy, maybe more than that, for that matter, with a number of Iraqis employed in various capacities.

Ambassador Negroponte has been in operation now for several months of service there. You have cited Generals Petraeus, Casey, and Sanchez who are now in our military leadership capacity there. I raise this question because frequently as we all talk about this we point out that these things happened and that they did not work out particularly well. But then, as opposed to simply condemning the whole efforts therefore, we are all in favor of making things work out well now, playing the ball where it lies and moving ahead.

How well are we doing with the current leadership that we have in the country? Or should the question be broader? Does it include the President, the Secretaries of Defense and State? In other words, can you give some assessment of how we are doing?

Dr. CORDESMAN. Senator, as I said in my testimony, I see significant improvements taking place in the area. I think that just talking to people, the relationships between the Embassy and the military, the inter-agency cooperation, is far better than it was a year ago.

I think there is the feeling that Ambassador Negroponte has created an effective team on the civil side. You have several other Ambassadors, all of which have a very high reputation. You do have a problem. The Embassy, for reasons which we should have thought about harder, was put in the wrong place and the Green Zone is not the place to have an Embassy. You have people too concentrated in the Embassy. One of the complaints I hear from the military is they need civilians to assist them in a lot of the missions they have and those people are not going out into the field, I think often more because they are not allowed to than because of any reluctance, although there were recruiting problems in getting that Embassy staffed with many of the sort of people at the lower and mid-level.

So I think you do see a more powerful team, and certainly in the field you have people, I think, that can implement a policy effectively. My greatest concern there would be twofold. One is continuity, because I am very much afraid we are going to rotate people yet again in a society where having people stay is absolutely critical. A 1-year tour is almost a recipe for difficulty, if not failure.

The other is I do not know if we have a meaningful problem—a plan, rather, for dealing with this Embassy. I am afraid we have a very expensive building going up in the Green Zone, rather than one which is being moved out into areas at a reasonable size and

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cost to meet the future need and reduce the security profile. I would want to have a very clear picture of exactly why we are doing this, because I often get the impression we have people tripping over each other in that Embassy rather than being functional as we go down the level.

But in general, when you ask how we are doing, we do not have a viable aid plan, we do not have a public broad plan for making the Iraqi forces ready and capable, we do not have a clearly articulated plan for supporting governance, and we do not have a series of public statements from the President or Secretary of State which deal with the issues which are of great concern, rightly or wrongly, conspiracy theories, to many Iraqis. Those are four areas that have got to be fixed as soon as possible.

The CHAIRMAN. Let me then follow through this way. Before the military action occurred, this committee had hearings with regard to the planning that we felt would be required following military victory. One of the more discouraging hearings was one in which we asked for testimony from the Department of Defense and it was not forthcoming. So we were led to speculate as to what was occurring with the 150 persons reportedly back in the Pentagon interdepartmental, presumably thinking about what we were going to do. But it was never clearly articulated by anyone in the administration. We had some witnesses who likewise aided our speculation and a good number of people who offered suggestions of what probably should be in the plan, some of them specialists on Iraq from think tanks in this country and on some occasions actual Iraqis who had some experience with their own country.

Now, I mention that because it is conceivable, as I have reflected back, that, audacious as it may seem, perhaps this committee, aided by some of our expert witnesses and others, might have drafted a plan or some plans. Not that we are supplanting the Commander in Chief or the Department of Defense or State or anyone else, but maybe for sake of argument there was, at least, some cohesive thought, as opposed to our commenting again and again that there was not much of a plan and that we were not hearing from anybody and therefore our oversight was somewhat frustrated.

Maybe our responsibility was a little bit broader. This is one reason why we are having this hearing today, to try to think, building upon what has been, I believe, a very important moment with the election, however one wants to describe what that means and what it means in the future: What do we do now?

You have suggested, all three of you, the need for a plan or plans. You have just outlined about four plans, Dr. Cordesman, that you felt were required. Maybe there are more. What if, just for sake of argument, this committee said, we really do not see the administration's plans and so as a result we are going to suggest some plans ourselves? Not to be provocative or overstepping our bounds, but nevertheless we just think somebody needs to be thinking about these things.

Is it conceivable that this might stimulate those responsible at various levels in the administration, the military, Ambassador Negroponte, whoever, to say, okay, but you have got it wrong, this is really what we ought to do? Would this sort of tease out of the

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system the plans that might occur and that, absent our being this bold, might not happen for a while?

Do any of you have any thoughts or guidance to our committee along those lines?

Senator BIDEN. Our collective staff behind us are rolling their eyes.

I think you are dead right, but anyway go on.

The CHAIRMAN. Notwithstanding rolling of eyes.

Dr. CORDESMAN. I am sure your loyal staff can have such a plan within the next 4 days.

More seriously, I think we have to do something. This is the first day of February. It is an obvious statement, but we are now down to 11 months in 2005. We have a constitution which to be made work there has to be as much support to federalism as we can possibly give by way of tangible plans between now and the late spring. We need to be ready to have an election where people fully believe in the future by the end of this year.

Those plans should exist in every area. They do not have to be my plan and I am sure each of the colleagues would agree. But it is very, very discouraging that what we have today is no plan in every important area, no plan that can convince the Iraqis, no plan that can convince the Congress, no plan that can win the support of the American people or the world.

One way or another, that plan should exist. I do not care what it takes to force it to the surface. It should exist.

The CHAIRMAN. Let me just comment quickly that this committee did believe that we ought to be engaged in some type of permanent organization for nation-building or reconstruction, as I think it is now called at the State Department. We proceeded to have a plan for this. Immediately the State Department and other people in the administration said: Well, we are already behind the scenes doing a lot of this and so we really do not want you to pass a bill mandating such; it has to happen administratively.

So, in fairness, we heard Secretary Rice testifying the other day about quite a considerable effort going on in this area, which is a 180 change from the thought, say of 4 years ago, that we are just not engaged in nation-building, never intend to be. But clearly we are. The State Department actually has some people thinking about this and doing it.

This is why I raise this suggestion, that from time to time people say, well, this is not your province. In fact, behind the scenes: You do not know what you are talking about; we are actually doing these things. But I hope that is the case, for the same reason that you have suggested, Dr. Cordesman, because the plans are not apparent and they are probably very necessary for all the reasons you have given.

I would just conclude by saying specifically that you have raised a very important question that this committee probably should be seized with, and that is the Embassy building, the location and so forth. You are testifying that putting it in the Green Zone is not a very good idea. We are about to appropriate money, as I understand, as part of an $80 billion supplemental for Iraq and Afghanistan to build an Embassy.

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Some would say, well, of course it is there. That is the only conceivable place you could protect all these people. In other words, as Senator Biden has described his travels, currently in Iraq this is a pretty dangerous place for all of our folks to be going. So some would say, no wonder you do not have many volunteers, this is not exactly the best kind of duty. So you, at least, ought to hunker down, provide some security, build the Embassy there.

Likewise, public diplomacy is a topic that we have explored to a fair degree. We held one hearing after another. But we always keep coming up with the fact that whatever we are doing simply misses the mark. Now, surely in this whole country there are some persons of sufficient intelligence who could formulate a plan that is better than what we have, as opposed to our holding hearings pointing out that whatever we have done is ineffective, as one person after another leaves the administration having had a go at it for 6 months or more.

This is why I query the idea of somebody having a try. Our staffs are very good at it, but plagiarizing broadly from your papers and testimony today and from others who have testified before us, we may now have some good ideas.

Senator Biden.

Senator BIDEN. I would like to follow up on that, Mr. Chairman. I know this is a strange, a strange turn of events. I think that we are sitting here as loyal Americans trying very hard to support an administration that finds itself in a very difficult spot, and trying to, at least speaking for myself and based on the struggle you have just seen my colleague go through here, trying to not overstep our bounds, understanding the constitutional limitations on the role of the Senate and the Senate Foreign Relations Committee.

But I now regret in retrospect not having taken the documents we produced here back, even in the bad old days when I was chairman straight through to the follow-on and amplification of the effort when my friend became chairman, before the war. In hearings going back to the summer of 2002, the nature of the problem we were going to face was laid out in exquisite and excruciating detail, as if—I have press occasionally approach me and say, well, all right, you say this now. I say: No, no, no, no, we are not saying this now. We said this a month ago, 3 months ago, 5 months ago, 7 months ago, a year ago, 2 years ago.

What I am afraid I am doing again, in a public admission here, is, to use the phrase for the third time to this committee, engaging in what Samuel Johnson said people engage in who consider second marriages. That is the triumph of hope over experience. I am afraid I am engaging in that again.

Let me get right to it here. The truth of the matter is this is still a divided administration. As much as we state just authoritatively that we have no intention of having a permanent military base here, that is not my understanding of what is still being debated within this administration. The reason why no one from this administration has said, in my view, we have no intention of having a permanent military base, is there are still powerful voices, not the President, powerful voices in this administration who want a permanent base.

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I recently got back from the World Economic Forum. Every major player in the region in what they call bilateral meetings came up to me and said: Are you trying to have a permanent military base there? You know, sometimes paranoia is justified. The reason why I would respectfully suggest many of the obvious questions and plans you lay out that should be on the table now, are not on the table is, there is still disagreement, not among our uniformed military in my observation, General, thus far, but with the civilians over there, the civilians over there.

Now, maybe I am wrong, but why in the Lord's name would the Secretary-designee, now Secretary of State, sit before us and say without equivocation, followed on by every civilian leader in this administration, no, we have 125,000 folks trained, knowing full well what was meant by "trained"? Why would they say that, except that I do not think they are on the same page yet.

Now, I realize this is mildly heretical, but I do not get the sense they are on the same page regionally. Do any of you—this is a rhetorical question. Do any of you think that the administration has a position on Iran, yet? If it does, I would like you to secretly tell me. I am not being a wise guy. I am not being a wise guy here. They have not resolved their positions.

We sit here and say we need a regional plan. My lord. They are in disagreement in this administration on what to do about the Palestinian election, whether or not to move to the road map immediately, whether or not to sit back and twiddle our thumbs, whether or not to get engaged. We are divided on whether or not we are going to join the Europeans in an attempt to actually try to reach an accommodation, at least test the possibility of an accommodation with the Iranians, or whether we are going to sit back and stay out of the deal.

So I do not know. I think we are all kind of engaging in this notion of a triumph of hope over experience. I have yet to see—and if it exists, I pray they come forward with it; maybe the beginning of the outlines will occur in the State of the Union. And I am not being political. I think when I said this 4 years ago about how divided this administration was, everybody thought I was being political. This is the single most divided administration of the seven Presidents I have served with. Absolutely like a San Andreas Fault ran down the center of this administration, or ran down somewhere in this administration.

I tell you what, I am not sure, notwithstanding Powell's exodus, notwithstanding some of the changes that have taken place, that there is a resolution of the fundamental underlying questions we all say has to be dealt with. A regional strategy; how can you have a regional strategy if you do not have a bilateral strategy, a strategy on a bilateral issue of Iran-United States? How can you have a regional strategy if I have yet to hear an articulation of what our Mideast policy is now? I have yet to hear it privately, publicly.

On the central issues that we are going to allay the concerns of the Iraqi people, I would like to have them allayed internally. I would like the President to say: We guarantee you there will be no permanent American base in Iraq, period. That is so easy to say. Why has he not said it? It is not that he is not a bright guy. It

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is not that he does not understand the consequences of that. I believe they have not made up their mind.

So it leads me to the following question. I have been implying as I look back on it to my constituencies and to my colleagues and to my own caucus in a partisan sense that the administration has got it now, because I constantly am pointing out General Petraeus's efforts, General Luck, what he is about to recommend, and so on, and that is all progress. But I do not get any sense—Mr. Khalil, I quoted you in the hearing. The response I got was—they continue to talk about, when you hear the President speak, the jihadists. I am constantly saying I have not heard a single military person tell me that that makes up more than 10 percent of our problem in terms of the insurgency. Yet, when the President speaks he talks about if we do not fight them in Baghdad, we are going to fight them in Boston. Give me a break. The election is over.

I hear talk about the inability to articulate our position on Iran, in the Middle East. So where is the regional plan? I hear the economic plan. I do not see any evidence—it may exist. I do not see any evidence, doctor, that this administration has made at the Presidential level a decision that we are fundamentally going to change our approach on the distribution of the remaining roughly $16 billion in reconstruction funds.

Lastly, what concerns me almost as much as anything, I do not get the sense that at the Presidential level, the Secretary of State, President, Secretary of Defense, the Vice President's office, that there is a recognition that this is a tribal society and that the core constituencies are tribal and clerical. They are not the sort of generic Shia, Sunni, Kurd. May I remind everybody, which you guys already know in spades, what prompted a trip, occasionally on the floorboards of an automobile, in 2002 by Senator Hagel and me to Irbil was, guess what, we wanted to hear firsthand that Barzani was not going to kill Talabani and Talabani was not going to kill Barzani. That was only 2½ years ago.

But I see nothing to indicate to me that at the policy level of this administration there is a recognition of any of these fundamental points relating to regional policy, relating to the distribution of reconstruction moneys. What do you hear when you ask the Secretary of Defense why there is not more reconstruction? I will say in advance, if the Secretary is listening, I am paraphrasing the best of my understanding of your position; Mr. Secretary: The reason why it is not going on is totally a consequence of the insurgency. That is the only reason nothing is being done; the insurgency. We have no progress on the economic front because of the insurgency.

Obviously that is an impediment. But my observation, that is not the primary problem. It is a plan. When are we going to move from Brown and Root—and I am not beating up on Brown and Root. I am not pulling the Democratic stuff about that. When are we going to move from they are the solution to all our problems to the idea that you pointed out, Mr. Khalil, for some time: You got to get in the neighborhoods, you got to get down to specific things.

So that is a reflection of my intense frustration, which leads me to my question: Do you think the administration realizes how fundamentally they need to change their policy of the past 2 years?

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Dr. CORDESMAN. I see a hint, Senator, but there are no secrets in Washington and there certainly is no such thing as a secret strategy that has to be implemented on the interagency basis. As Senator Lugar pointed out, that strategy is absolutely vital. It needs to be public, it needs to be understood here, in Iraq, and in the world, and it is not.

If it exists, there is no conceivable reason not to make it public, to articulate it, and to provide it in detail. If it does not exist, we have, depending on whether you take us seriously, at most 23 months to make this work, and we do not have time not to force the issue.

I would just say one remark in conclusion. I had as one of my assignments, a very long time ago writing for the Secretary of Defense, an assessment of why the collapse took place in Vietnam, why the ARVN could not defend itself, and why the Viet Cong dominated so quickly. That report vanished into the hands of the OSD historian and was never seen again, but it is not a report that I would like to write in the future about Iraq.

Senator BIDEN. General.

General NEWBOLD. Senator, I have absolutely no reason to believe that this administration will change the process that resulted in this mess to begin with. I continue to have close friends in every building that is central to this and have long discussions with them, no disagreements. I do not believe the things that we propose in here, or the chairman has articulated about what we need for the future, are going to change.

Senator BIDEN. Mr. Khalil.

Mr. KHALIL. Senator, the way it works—and I have viewed this firsthand as both a participant and an observer—is a bottom-up, trickle-up effect almost. The people in the field, the military, the officers, the enlisted, the civilian personnel, based on trial and error get things right and it sort of trickles up, higher up if you like. But there is not strategic guidance from the top down.

I always found it very curious that there was no clear strategic plan or strategic objectives articulated at the top of the government, and I always thought it was the immense nature of the U.S. Government, all the agencies and departments and they could not get it together. But there certainly does need to be this clear strategic objective articulated so that the policy can be formed in all these key areas we have talked about today—political transition, economic reconstruction, and security—and have that flow downward rather than having it be a bottom-up.

But clearly the administration—it eventually does make its way up because we hear talk about the importance of shifting to training security forces. This was in December that there was a real emphasis on this from the White House. So it sort of makes its way up very slowly.

Senator BIDEN. With all due respect, I do not think that would have occurred had we not continued to beat them up and beat them up and beat them up and raise it and raise it and raise it and raise it and raise it. I could be wrong about that. But I tell you what, I would like to suggest, and I will conclude, Mr. Chairman, I would like to suggest that, with a requisite degree of humility—and there cannot be too large a dose of it—that this committee under your

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leadership, you and I, attempt to lay out, attempt to lay out, what we think the strategy should be or encompass, and where we cannot agree at least lay out the alternatives that are available, because quite frankly, Mr. President—Mr. Chairman—I do not know that it is likely to come in any form that is discernible from any other source, quite frankly.

But if we do it—look, you are the guy who put together very quietly a group of the leading people in this country, military, State, retired, active—I mean, employed—left and right, to deal with this nation-building notion. I came along for the ride with you on that. It was your leadership. I am absolutely positively convinced that it would not have reached the point where there is action occurring now had you not done that.

So again, I mean this with absolute—there is not a large enough dose of humility for me to suggest that we should try this. But somebody—it has got to be started somewhere. You guys do it. You guys do it from your think tanks, from your background, from your interest, from your great credibility. But it does not quite get there no matter how good you are.

So I think it ends up having to—I think it will force the issue. I am going to be presumptuous: I think there will be a lot of grateful administration people if, in fact, we could somehow begin to force this issue. And maybe, if we begin, Mr. Chairman, midterm or right in the beginning, it will maybe prove to be unnecessary, and that will be a wonderful moment if that occurs. But I think until we politically help, quite frankly, in a bipartisan way, help make it clear that there is a general consensus on the kinds of things we have to know, I am not sure it is going to happen.

I want to point out now for the record and for the press that remains here, there has been very little disagreement on post-Saddam Iraqi policy, suggestions, criticisms, constructive criticisms, between and among Democrats and Republicans in the Senate. Almost every one of us who have taken this on as our major responsibility, foreign policy and this, have been, if not in the same pew, clearly in the same church. So I do not see that much disagreement based on any partisan, partisan approach to this. So I hope we can, at least, take a crack at some version of that.

I personally want to thank each of you. Your testimony and your advice for the last 2 years has been invaluable. Thank you.

The CHAIRMAN. Well, I thank the distinguished ranking member for his comments, and I would concur that it is very important for our committee in a bipartisan way to view the situation and to offer constructive ideas. We have been attempting to do that, I think with some success. But I think that probably we need to do more. Stimulated by your guidance this morning, and the excellent testimony you have given, we will proceed to do that.

Certainly it would be a better idea than simply having partisan arguments about the competence of the President, of the Secretary of State or Defense or whoever as individuals, personalizing the situations, or debating which administration does better. What we really need now are plans, as you pointed out, with a fairly narrow timeframe in which some things have to occur. If we are able to help stimulate that, this may be for the better.

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But in any event, we thank the three of you for your comprehensive testimony and for being so forthcoming in your responses. We are hopeful that we can call upon you again for testimony, but in the meanwhile, perhaps at least, for some expert advice.

Thank you very much. The hearing is adjourned.

[Whereupon, at 12:30 p.m., the committee was adjourned.]

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

LETTER FROM ANDREW S. NATSIOS, ADMINISTRATOR, USAID

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT,
Washington, DC, February 22, 2005.

Hon. RICHARD G. LUGAR,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: I appreciate your continued support for the U.S. Agency for International Development (USAID) and your determination to ensure that our nation has the capability it needs to face our present engagements in Iraq and the Middle East. Your efforts to engage the Senate Foreign Relations Committee in a discussion of the strategies necessary for the success of the Iraq reconstruction effort is welcome.

In that spirit, I would like to bring to your attention the erroneous criticism of USAID in testimony before your Committee on February 1, 2005. The subject of the hearing was "Strategies for Reshaping U.S. Policy in Iraq and the Middle East." The assessment of USAID provided at the hearing was misinformed and displayed a significant misunderstanding of our activities and the roles of the different U.S. Government agencies involved in the decision-making process for Iraq reconstruction.

The acknowledgement of the courageous efforts of USAID government and contract personnel in Iraq who are implementing programs under dangerous circumstances was much appreciated. Also noted, and we agree, was the U.S. Government's effort to adapt to the need for more short-term, quick-impact projects that realize more immediate results for Iraqis. It was quite striking, however, that many of the policy prescriptions and adaptations called for in the hearing are precisely the activities that USAID has been implementing for some time.

Mr. Chairman, the enclosed document covers several points concerning the successful performance of programs USAID has designed and is implementing in Iraq. USAID has held and retains a vital role in the U.S. Government effort to assist Iraqis in reconstruction and in the transition to a stable democracy. May I request that you make this letter and its enclosure a part of the record of your February 1, 2005, hearing?

As always, I am available to provide you and your staff with any information needed regarding our activities in Iraq.

Sincerely,

ANDREW S. NATSIOS,
Administrator.

Enclosure.

USAID'S IRAQ RECONSTRUCTION PROGRAM

USAID has and continues to measure progress in Iraq and has demonstrated a pattern of success in its reconstruction programs. USAID has maintained transparency in its reporting to Congress and the American public about how U.S. taxpayer dollars are being spent in Iraq.

- USAID continues to issue both daily updates (to date, nearly 500 have been issued) for internal government use and weekly updates for public consumption (posted on our website) which report on the progress of our different reconstruction projects in Iraq.
- Each USAID reconstruction program is linked to appropriate strategic objectives within the U.S. National Strategy for Supporting Iraq.
- USAID cooperates with the Iraq Reconstruction Management Office (IRMO) to ensure full support for U.S. Government objectives and strategies, and integrates its reports on progress with other U.S. Government efforts in Iraq, through IRMO.

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- All USAID programs are implemented using a well-established USAID procedure for the supervision of programs. Work plans are generated and approved for every implementing partner. They are adjusted as necessary based on the evolving, and extremely dynamic, situation in Iraq.
- To date, the USAID Inspector General (IG) has conducted 20 performance audits and 45 financial audits of USAID programs in Iraq.
- Performance audits conducted by the USAID IG generally found USAID programs in Iraq to be in compliance with Federal Acquisition Regulations and made recommendations to the process going forward. These audit reports are available at www.usaid.gov/oig/.
- In addition, on performance of individual USAID contracts for Iraq, the IG has generally found that the activities are being carried out according to the contracts.
- For example, an IG performance audit of USAID's Community Action Program found that based on a statistical sample of 89 selected projects (e.g., citizen participation, inter-community and local government cooperation) 98 percent were achieving intended results. (January 2005)
- An audit of USAID's reconstruction and rehabilitation activities found that 64 of 72 of Bechtel's activities were complete or on schedule. Remaining delays were due to changes in scope, security and coordination issues with the Coalition Provisional Authority or Iraqi ministries. (June 2004)
- Additionally, an audit of results data reported by USAID for Iraq education activities found that for eight activities reviewed (e.g., schools rehabilitated, student kits and furniture delivered) six were under-reported, one was reported accurately, and one activity was over-reported (1,500 schools rehabilitated verses 1,356 actual due to a differing definition of what constituted completion). (June 2004)
- The IG has completed 45 financial audits of USAID contracts in Iraq. Twenty more are in process. These audits covered various costs incurred under USAID/Iraq contracts totaling approximately $591 million. Of those completed, questioned costs have been minor (less than five percent of total amount audited), and they have not been related to fraud. Moreover, since these questioned costs are not related to fraud, much of the questioned amount is subsequently allowed when additional records are found to support the costs.
- The USAID IG also works with the Special Inspector General for Iraq Reconstruction and the results of all USAID IG audits are included in his quarterly reports to Congress.
- The IG is continuing to perform performance and financial audits of the Iraq program. Our regional office in Iraq is currently conducting three audits of USAID activities: Health Care, Electrical Generation and Water and Sanitation activities. These audits are examining whether intended outputs are being achieved and whether sustainability in these programs has been addressed by USAID.

Initial reconstruction funding under what is referred to as the first Iraq Relief and Reconstruction Fund I (IRRF I), were appropriated by Congress directly to USAID; however, USAID did not make all program funding decisions.

- IRRF I reconstruction funds implemented by USAID in Iraq were targeted to the immediate needs identified by the U.S. Government Disaster Assistance Response Team (DART) and as approved by the CPA.
- USAID made program funding decisions under IRRF I with the approval of the CPA, and in many cases, received carefully defined tasks to implement from the CPA.
- Under IRRF I, USAID was appropriated approximately $2.1 billion for Iraq reconstruction efforts. To date, all of those funds have been obligated and $1.7 billion (77.8 percent) has been spent.
- For example, of the $69,732,000 obligated by USAID for healthcare programs in Iraq under IRRF I, $67,320,000 (96.6 percent) have been spent. These funds are being used to directly benefit Iraqis—immunizing literally millions of Iraqi children and hundreds of thousands of pregnant women, equipping healthcare centers to improve primary care, and building capacity at the Iraqi Ministry of Health.
- Additionally, of the $1.03 billion apportioned under a USAID contract to Bechtel for infrastructure reconstruction under IRRF I, 100 percent has been obligated, and $766.9 million (77.4 percent) has been spent. Tasks under this contract included: power plant rehabilitation; rehabilitation of water treatment facilities; telecommunications rehabilitation; rehabilitation of essential roads, bridges, and railways; school reconstruction; health clinic construction and rehabilitation; re-

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habilitation of the Baghdad and Basrah International Airports; and rehabilitation and management of the Port of Umm Qasr.

Funding under IRRF II ($18.4 billion), as appropriated by Congress, was managed by the now-expired CPA, and is currently managed by the Iraq Reconstruction Management Office (IRMO) under the U.S. Department of State Embassy in Iraq.

- USAID does not maintain the responsibility for the overall strategic programming and program funding decisions for IRRF II funds.
- Strategic programming authority under IRRF II resided with the CPA under Ambassador Bremer until it expired, and is now with IRMO under the direction of Ambassador Negroponte.
- All IRRF II funds apportioned to USAID, under both the CPA and IRMO, are programmed to fulfill specific U.S. government-wide reconstruction goals.
- USAID does not retain responsibility for programming the entire $18.4 billion appropriated under IRRF II.
- As of January 26, 2005, USAID had been apportioned slightly less than $3 billion of the IRRF II funds. Of that total, over $2.5 billion (87 percent) has been obligated to existing contracts and grants and over $480 million has been spent on ongoing CPA/IRMO-approved projects in support of the Iraqi people.
- The great bulk of the remainder of the $18.4 billion was apportioned initially through the CPA to the Iraq Project Management Office (PMO), and then to the Iraq Project and Contracting Office (PCO), an organization of the U.S. Department of Defense (post-CPA, the PMO was renamed as the PCO).
- The role of the CPA/PMO, and the programming decisions that it made prior to its expiration, is an essential component to any discussion of reconstruction strategy and spending.
- Despite the relatively small share of reconstruction funds apportioned to USAID, USAID has provided successful programs which address short and medium-term needs while setting the foundations for long-term stability.
- Under the IRRF II, for example, a total $786 million is dedicated to healthcare. USAID has been apportioned only $75 million (9 percent) of that amount. Of this, $50 million is obligated to the current construction of a children's hospital in Basrah, and the remaining funds are currently being programmed to build capacity at the Ministry of Health. All other dedicated healthcare funds have been apportioned to PCO.
- Additionally, under IRRF II, USAID is implementing successful programs in local governance, community development, transition initiatives, health, education, private sector development, economic governance, vocational education, business skills training, agriculture, infrastructure rehabilitation (power, water and sanitation, and telecommunications), humanitarian assistance, and assistance to the elections process.

USAID has undertaken a comprehensive approach to democratic development in Iraq, not limited to elections as an event, but encompassing the deeper and more profound changes required to establish stable democratic institutions. Most importantly, USAID recognizes that the spirit of democracy is rooted not in the institutions of government, but in the people. Therefore, we have worked creatively and vigorously to ensure that the Iraqi people have an active voice in the creation of their own democracy.

- USAID recognized, before arriving in Iraq, the importance of effective regional and local governance to Iraq's future, both as a tool of governance, and as an incubator for a new generation of democratic elite. Toward that end, USAID programs have worked in a coordinated fashion to support Iraq's political transition, informing Iraqis of the process, assisting in the devolution of authority to provincial and city governments, and constructing the mechanisms to foster a new cadre of democratic leaders in Iraq.
- To promote diverse and representative citizen participation in communities throughout Iraq, USAID designed the Iraq Community Action Program (CAP). Under this program, USAID awarded cooperative agreements now worth nearly $168 million to five international non-governmental organizations (NGOs).
- These NGOs are working in different regions across Iraq to foster stability and improve Iraqis' lives by ensuring that citizens' basic needs are met within their respective communities in a process that gives Iraqis a voice in those decisions. Specifically, this program:
  - Establishes community committees that are representative of the gender, ethnic, and religious composition of the community;
  - Demonstrates rapid improvements in Iraqis' lives and the positive outcome of citizens working together to identify common priorities; and
  - Draws upon local expertise to address identified priority needs.

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- To date, CAP has worked with over 700 community groups to implement over 3,000 immediate impact local projects, chosen by the communities themselves.
- The CAP process facilitates the development of community leaders through the creation of the community groups. Over 12,000 Iraqis have stepped forward and been selected by their communities to represent them in project selection and implementation. This has provided a training ground for future leaders, many of whom have gone on to fill leadership roles in city, provincial, and national venues.
- USAID also committed more than $2.4 million to a nationwide Civic Education Campaign, which educates Iraqis on democracy and Iraq's political situation. To date, USAID partners have facilitated over 29,000 civic dialogue meetings attended by over 750,000 Iraqis, helping them understand the concepts of democracy and participate in the shaping of their future.
- These meetings provided a forum for debate and the development of democratic understanding. Never before in the history of Iraq have so many Iraqis had the opportunity to learn the fundamentals of democracy and prepare themselves to actively participate in the development of their government.
- A solid local government system in Iraq is the foundation upon which a democratic national government can be built. Effective local governance encourages citizen participation, builds experience in governance, fosters dialogue among competing groups, and delivers essential services based on community priorities.
- USAID is performing a thorough analysis of those candidates elected to the Transitional National Assembly to determine how many of those newly elected officials began their public service at the local community and provincial levels with the indirect support of USAID activities.
- A near total vacuum existed in Iraq in the ability of government institutions at all levels to provide basic services such as water, sewer, electricity, solid waste collection and disposal. USAID, therefore, designed and is implementing, in April 2003, a $236 million Local Governance Program (LGP). Since its inception, the LGP has worked with Iraqis in all 18 governorates to promote diverse and representative citizen participation in provincial, municipal, and local councils.
- During the first year of the program, USAID awarded $15.5 million in rapid response grants to strengthen the capacity of municipal authorities to deliver core municipal services.
- The LGP facilitated the establishment and reconstitution of 16 governorate councils, 90 district councils, 194 city or sub-district councils, and 445 neighborhood councils.
- The LGP also works to strengthen the management skills of city and governorate administrations, local interim representative bodies, and civic institutions to improve the delivery of essential municipal services such as water, sewer, electricity, solid waste collection and disposal; and civil society organizations and their participation in public life. LGP staffs have trained thousands of Iraqi civil servants in the details of effective governance.
- The LGP has fostered new Iraqi leaders whose leadership in Iraq's govemorates, cities, and towns improves the quality of life of Iraqi citizens. This new, non-Ba'athist cadre of civil servants is playing an integral role in helping to secure Iraq's evolving democratic future as they participate in elections and the constitutional process.
- Since the announcement of the November 15 agreement in 2003, USAID has planned, implemented, and managed a comprehensive package of technical assistance and commodities supporting Iraq's transitional election process. This technical and operational assistance, along with broader democratization and civil society programs like CAP and the LGP, has contributed greatly to the positive election outcome.
- In support of the January elections, USAID's partners implemented domestic election monitoring programs resulting in the training of approximately 12,000 domestic observers and 15,000 of the accredited political party observers mobilized on Election Day.
- Through our partners, USAID implemented a comprehensive, country-wide voter education and get-out-the-vote campaign, including special programming for Sunni areas.
- In the post-election period, USAID will continue to plan and implement a variety of programs matching the needs of the evolving Iraqi democracy, undertaken in full partnership with Iraqi counterparts. In particular, USAID is undertaking activities in four key areas—constitutional development, institutional development, civic participation, and local governance development—ensuring

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follow-up to elections success with comprehensive support to the Iraqi democratic transition.

USAID has adapted to the challenges of the insurgency and is providing short and medium-term deliverables through its programs—directly and more visibly improving the lives of Iraqis.

- USAID's programs have been designed, from the outset, to balance the need for short and medium-term deliverables with the need for setting the foundation for longer-term stability in Iraq.
- USAID's ongoing agriculture, civil society, education, health, and local governance programs all institute grant programs designed precisely for flexibility and short and medium-term impact while linking these short-term impacts into a coherent long-term strategy.
- USAID has formed a unique partnership with the U.S. Army's 1st Cavalry Division (1st Cav). Together, USAID and the lst Cav are focusing their efforts on reducing tensions in Sadr City and other poor neighborhoods throughout Baghdad that have become dangerous.
- Since April 2004, USAID, in coordination with the 1st Cav, has targeted immediate assistance, through its infrastructure and transition initiative programs, to improve the provision of essential services as well as to provide labor-intensive projects such as trash pick-up and surface sewage removal in restive Baghdad neighborhoods. In this joint effort, USAID has approved more than 860 transition initiative grants, worth nearly $100 million.
- This effort has generated both extensive short-term employment for thousands of Iraqis and provides the foundations for medium-term stability. Since June 2004, USAID grants have created temporary (60-day plus) jobs for an average of 21,000 local residents per month in the Baghdad districts of Sadr City, Tissa Nissan, Abu Ghraib, Karradah, Al Rasheed, Al Mansour, Al Adahamiyah and Al Khark.
- Moving forward, these projects served as models for collaboration between USAID and the U.S. military that was replicated in other strategic cities, including Najaf, Tal'Afar, and Samarra.

USAID has taken a comprehensive approach to the particular challenges of market economic transitions.

- USAID has extensive, successful experience assisting in command-to-market economic transitions. We are well aware of the time and effort this transition requires and our programs reflect the long-term view, but do not ignore short and medium-term deliverables.
- Drawing on our experience, from Poland to Mongolia, we designed and are implementing a comprehensive program of systematic and sustained assistance in Iraq.
- Individual programs in economic governance, private sector development, vocational education, and agricultural reform address both the immediate problems of Iraq's economy, and are establishing the foundations for the long-term process of economic transformation.

USAID has deployed highly qualified personnel to Iraq and these staffs have maintained USAID's continuity on the ground.

- USAID personnel joined a multi-agency effort to plan for humanitarian and reconstruction needs in Iraq in late 2002, and USAID was prepared to mobilize its significant development resources and technical expertise to support humanitarian relief and reconstruction requirements in Iraq.
- Following the cessation of major conflict, the U.S. Government deployed a multi-agency Disaster Assistance Response Team (DART)—including USAID staff—to Iraq to assess and respond to humanitarian needs and to help coordinate the emergency relief effort.
- At the same time, USAID deployed technical staff to prepare for the immediate reconstruction requirements. USAID established offices in Arbil, Baghdad, Al Hillah, and Al Basrah and USAID personnel were located in Kuwait, Doha, Amman, and Cyprus to provide regional support. On July 27, 2003, the USAID Mission Director officially announced the formation of USAID's Mission to Iraq. The USAID Mission in Baghdad coordinates all USAID programs.
- USAID has deployed numerous expert personnel, with post-conflict development experience in regions including Serbia, Bosnia, Kosovo, Rwanda, West Bank/Gaza, and East Timor, to Iraq.
- Regional experts with experience in programs throughout the Arab world, from Jordan to Egypt to Morocco, are a core part of USAID's staff, as well as of the staffs of our contractors.

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- USAID experts include career foreign service officers with decades of overseas experience; academics who have spent many years doing research on topics as diverse and relevant as local governance in the Arab world, peace-building, and strategic planning for reconstruction and stabilization; economists and lawyers specialized in command-to-market transitions who have served from Poland to Mongolia; engineers with major project experience in infrastructure development throughout the developing world; and civil society experts who have run programs in countries as diverse as Guatemala, Mali, Egypt, and Romania.
- Our experts are not merely visiting Iraq. They are deployed there for an extended period of time. In fact, there are still USAID personnel on the ground that entered Iraq immediately following the war in 2003. As a result of their exceptional skill and dedication, the majority of USAID senior staff tours in Iraq have averaged over one year from the beginning of our service there. This pattern does not evidence a lack of continuity.

USAID has, and continues to work in close cooperation, indeed partnership, with both the appropriate government agencies in Iraq, as well as with the Iraqi people.

- All USAID programs have been developed, and are implemented in the closest possible consultation with Iraqi government leaders and organizations.

USAID and all of its partners employ large numbers of Iraqi professional staff in a wide range of technical and expert roles in every program area.

- We continue to expend considerable effort to train Iraqi contractors to function as productive sub-contractors on various reconstruction projects using substantial numbers of Iraqi labor.
- For example, Bechtel has used 120 different Iraqi subcontractors on 160 subcontracts for a total value of $185 million under its first contract. Additionally, Bechtel employed an average of 3–4,000 Iraqis per day in 2004 on projects in Iraq.
- At present, USAID programs, contracts and grants alone are employing 53,900 Iraqis.

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HEARING

BEFORE THE

COMMITTEE ON FOREIGN RELATIONS UNITED STATES SENATE

ONE HUNDRED NINETH CONGRESS

FIRST SESSION

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