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IRAQ: UPDATE ON U.S. POLICY

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IRAQ: UPDATE ON U.S. POLICY

WEDNESDAY, APRIL 26, 2006

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The Committee met, pursuant to notice, at 11:59 a.m. in room 2172, Rayburn House Office Building, Hon. Henry J. Hyde (Chairman of the Committee) presiding.

Chairman HYDE. The Committee will come to order. The President's strategy for victory in Iraq will help Iraqis build a democratic, stable and prosperous country that will serve as a partner in the War Against Terrorism. The framework for success in Iraq comprises three tracks for improving the political, economic, and security interests of the transforming Iraqi state. Effective progress in these areas necessitates constructive interagency coordination.

For 3 years, the American and Iraqi people have made enormous sacrifices toward this objective. The loss of human life and the unexpected increasing financial obligations have placed a heavy burden on American citizens. For Iraqis, political deadlock and sectarian strife have had disastrous and painful consequences.

Despite these setbacks, the United States, with the cooperation of our allies, has engaged in dialogue and substantive reconstructive efforts with the Iraqi people to help build the foundation for establishing a secure and sovereign Iraq.

In the political realm, Iraqis have demonstrated their commitment to rebuilding a government by their overwhelming participation in three democratic elections. On December 15, more than 11 million Iraqis risked their lives, and that of their families, to participate in elections for a new government under Iraq's new Constitution.

The recent compromise by the Shi'ite United Iraqi Alliance to put forward Jawad al-Maliki as the nominee for Prime Minister has potentially rescued the Iraqi political process. Notwithstanding their initial reluctance and opposition to the political reconstruction process, Arab Sunnis are slowly beginning to increase their participation. However, it remains to be seen if a broad and inclusive government will emerge, and more importantly, if this will be enough to satisfy the Sunni community's political ambitions.

The United States Government has committed itself to helping Iraq reduce its debt burden and encouraging the international community to provide increased assistance. Still, more action is required to enable a sustainable economy that can meet Iraq's needs over the long term.

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In the security sector, approximately 250,000 Iraqi security forces have undergone training and are gradually taking on responsibility for areas under their control. The United States should explore all possible means of ensuring that these forces are both representative of the Iraqi population and fully integrated in order that they might become a symbol of Iraq's sovereignty and contribute to Iraq's long-term stability.

However, there are significant challenges in our effort to help stabilize Iraq in the post-Saddam era. A recent GAO study that discussed the challenges facing the United States and Iraqi Governments in rebuilding Iraq found that the deteriorating security environment and the continuing strength of the insurgency have derailed stabilization and reconstruction efforts. This reality poses a serious concern for the U.S. Congress as multi-billion dollar emergency funding legislation for the war effort is currently underway.

I hope to hear from our distinguished panel not only about the areas in which we are making progress, but also about where we are facing our biggest challenges and how we are working to resolve them efficiently from lessons learned.

We are fortunate to have Ambassador Jeffrey and Assistant Secretary Rodman here today to provide a update of the situation in Iraq and discuss where we go from here.

I will now yield to my friend and colleague, Ranking Democratic Member Tom Lantos, for any opening remarks he may wish to make, and I might suggest with some reluctance that we will abbreviate the opening statements to the Chairman and Ranking Member of the Subcommittee having jurisdiction of this subject as well as Mr. Lantos and myself, primarily because of the short time available to our witnesses, and I think our time is more profitably spent hearing from them rather than listening to each other.

But with that precaution, I am happy to yield to Mr. Lantos.

Mr. LANTOS. Thank you very much, Mr. Chairman.

It is my understanding that this is not a hearing about how we got into Iraq. It is a hearing about our nation's role in the future of Iraq both militarily and in the daunting task of reconstructing the Iraqi economy. Through this and other hearings, it is imperative that we get to the bottom of charges that American funds have not been spent wisely or effectively in Iraq, and that our nation has an inadequate strategy for bringing stability to Iraq so that our troops can return home expeditiously.

Mr. Chairman, since our last Full Committee hearing on Iraq nearly 2 years ago, much has changed but then again much has not. In the spring of 2004, sovereignty was about to be transferred to an interim Iraqi Government with the hope of creating a new political culture in Iraq and stopping the transformation of unrest into insurgency.

It was our hope that our reconstruction program, which the Coalition Provisional Authority had launched, but which had been limping along, would kick into high gear, and it was expected that Iraq's own revenues would rise to fill in any gaps in our own reconstruction efforts.

Now, 2 years later, we face many disappointments. Despite two successful national elections and the national referendum on the

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new Iraqi Constitution, a new political culture remains in its infancy. For many months, the elected representatives of Iraq were unable to form a government. Now some progress is being made since the withdrawal of former Prime Minister Ibrahim al-Jofri and the naming of the new Prime Minister Jawad al-Maliki.

But the months of sectarian gridlock in the development of Iraq's Government required the focus on Iraq's short-term political development at the expense of the long run. In the absence of a political consensus all these months, a deadly insurgency metastasized, leaving almost 2,500 of our soldiers and tens of thousands of Iraqis dead.

Meanwhile the attack on the Golden Mosque in Samarra created a tremendous surge of sectarian violence that has spawned a serious problem of internal displacement and affected many areas of Iraq.

The deteriorating security situation has also led to a massive increase in the amount of reconstruction funds we have had to spend on security and substantially undermined our reconstruction plans, leaving infrastructure vulnerable to attacks or isolation. One result has been a failure to deliver services to the Iraqi people who, by some estimates, actually receive less electricity today than they did before the war, and Iraqi oil production is also below pre-war levels with exports less than 2 years ago.

These alarming realities call for a reexamination of the existing assumptions and strategy. The politics of Iraq are difficult but not impossible, and the increasing capability of the Iraq security forces to maintain order in some parts of the country while they have taken over is a source for cautious optimism.

There are several critical steps that must be taken immediately, Mr. Chairman.

First, the Iraqis must finalize the composition of their new government. I look forward to hearing what our witnesses have to say about what we are doing to assist them in this regard.

Second, we need to be working now to assure that once a parliament is convened that it can proceed to make the difficult constitutional changes that will be mandatory to maintain Iraq as a unitary state and to avoid fragmentation.

Third, we must be working harder to plan for Iraq's long-term political development. While the first two elements are priorities, we must not ignore programs that can help the Iraqi political process over the long term.

Fourth, we must continue and accelerate the handover of security responsibilities to the Iraqis themselves. We simply cannot be the major face on anti-insurgent activities in the face of a situation where Iraqi-on-Iraqi violence is increasing. Yet at the same time we must be cognizant that because of improper vetting we have likely been training and equipping Iraqi security forces that are perpetrating human rights abuses, fueling and not undermining the insurgency. We must do more to ensure that those we help are not seen as part of the problem.

Finally, if we are to provide more money for reconstruction in Iraq, we must make sure that the goals are achievable and are carried out by the Iraqis. In those contexts, I hope Congress will ex-

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tend the mandate of the Special Inspector General for Iraq to investigate new funds made available for Iraqi relief.

Mr. Chairman, I am pleased that this hearing is taking place, but I am convinced that this must only be the beginning. The problems in our reconstruction efforts bear closer examination, and I formally ask you to schedule a hearing with Scott Bowen, the Special Inspector General for Iraq, at the earliest possible time, along with other witnesses who can help us understand what we need to do better as we anticipate a new traunch of reconstruction funding and how we avoid the abuses we have seen in the past.

Thank you, Mr. Chairman.

Chairman HYDE. Ileana Ros-Lehtinen of Florida is the Chair of the Middle East Subcommittee, and normally she would be here and would make an opening statement. Since she is not, I am pleased to recognize Mr. Ackerman of New York, the Ranking Democrat on the Middle East Subcommittee, for 5 minutes.

Mr. Ackerman.

Mr. ACKERMAN. Thank you, Mr. Chairman.

A ray of sunshine emerged from the storm that is Baghdad this week. The Iraqi political leadership has finally seen fit to choose a new Prime Minister candidate. But with the continued bombings in Baghdad, we must think about the totality of the situation there to realize how far it is that we and the Iraqis still have to go.

The security situation has worsened. Car bombings have increased. Electricity generation and oil production remain below pre-Saddam levels. Iraqis still struggle to get decent water to drink. Political actors with militias ensure that the nation remains on the brink of civil war if political decisions do not go their way. We are in this mess because of failure. Failure by the Administration to think seriously and carefully about what it would take to invade, subdue, control, and rebuild a nation the size of California.

We remain in this mess because the same Administration officials refuse to acknowledge that they were wrong: Wrong about weapons of mass destruction; wrong about how the Iraqi people would receive us; wrong about how many troops it would take to control the country; wrong about how much reconstruction would cost; wrong about who would pay; wrong, Mr. Chairman, from the beginning and likely wrong until the end.

I would like our efforts in Iraq to succeed, Mr. Chairman, but my fear is that the wrong people are in charge. Mr. Lantos was very diplomatic and polite in his statement, the totality of which I wholeheartedly concur. But I would like to point out that we in this Committee have not done our constitutional oversight responsibilities and requirements.

Our Subcommittee, since 2002, here is the record: In 2002, we held no hearing on Iraq. In 2003, we held zero hearings on Iraq. In 2004, there was one hearing on Iraq having to do with the marshland Arabs. In 2005, there was one hearing in all that year on Iraq, having to do with the transition to democracy. In 2006, this year, there have been no hearings on Iraq.

The record of our Full Committee is equally dismal. In 2003, there was one hearing on Iraq. In 2004, outside of hearings to criticize the UN's Oil-for-Food Program, there was one hearing on Iraq. In all of last year, 2005, there was zero hearings on Iraq, and in

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this year, 2006, Mr. Chairman, this is the first hearing that we are holding on Iraq.

I think that this kind of a record indicates a lack of a serious effort to exercise our oversight responsibilities as to what is going on in a situation that is going terribly wrong.

The newspaper, TV, and radio accounts throughout the media have been replete with hundreds of stories on failures. One appearing today in the *New York Times*, "Rebuilding of Iraqi Pipeline," I am sorry, this was yesterday, "Rebuilding of Iraqi Pipeline as Disaster Waiting to Happen," talks about a project, page 1 story, $75 million to a Halliburton subcontractor, no bid contract. A few weeks after the project, $75.7 million, every penny allocated to it was spent, and the work came to a halt.

Hundreds of thousands of dollars a day is being spent now to stand there and look at the project, which cannot proceed because of all the warnings that were given that were not heeded by the Administration.

Story in the *Washington Post*, "U.S. Contractor admits bribery for jobs in Iraq, $8.6 million with a 25 percent profit margin blown." It goes on and on.

Washington Post, April 19, another story citing that the health effort that we have provided in Iraq and Afghanistan are absolutely total failures. This Committee and this Congress have not looked at that.

Another story, April 16, Baghdad, on the outskirts of Baghdad a sewage treatment plant that was repaired with $13.5 million in United States funds sits idle while all of the raw sewage waste from the western half of Baghdad is dumped into the Tigris River where many of the capital 7 million residents get their drinking water.

Same story, $39 million project blown. Same story later on, $57 million was down the drain. It is ironic. We have American infantrymen dying for sewage water in Iraq.

Another story in the *Voice of America*, United States official says Iraqi reconstruction facing serious articles. *Voice of America* cites a government report: "Today, more than 3 years later, Iraq is actually worse off in key construction centers than before we arrived and the Bush Administration is nowhere near fulfilling the rosy promises made before the war."

Chairman HYDE. The gentleman's time has long since expired.

Mr. ACKERMAN. Mr. Chairman, I thank you for at least allowing me the 5 minutes and would ask you to reconsider Members of the Committee who did show up today to at least have 1 minute.

Chairman HYDE. You have got 1 minute and 20 seconds over the 5 minutes, Mr. Ackerman.

Mr. ACKERMAN. The Chair is always liberal.

Chairman HYDE. We are always liberal when dealing with you.

Mr. ACKERMAN. We appreciate the freedom of speech extended to me, but I wish you would extend at least a minute to our colleagues, Mr. Chairman, noting that not even Republican Members are attending these hearings anymore.

Chairman HYDE. Let me try again. Your time has expired.

Mr. ROHRABACHER. Mr. Chairman, I would like permission to put into the record at this point a list of the many hearings that this

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Committee has had and the Subcommittees have had on the issues dealing with Iraq. The idea that we have not had oversight or investigations or hearings on Iraq, I do not understand how my colleague and friend came to that conclusion, but my own Subcommittee, for example, just recently held hearings, and I have a list here of, I think, about nine different hearings that we have had over the years, over the last couple of years on Iraqi issues, and I would like to submit them for the record.

[The information referred to follows:]

Summary of Oversight on Iraq War

9 Resolutions of Inquiry pertaining to the war in Iraq,

4 Full Committee Hearings (including today's),

3 Sub-Committee Hearings,

A members-only meeting,

5 classified briefings,

Numerous non-classified briefings.

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Full Committee Hearings 108th Congress:

05/15/03 Full Committee hearing "U.S. Policy Toward Iraq"

06/04/03 Full Committee hearing "U.S. Nonproliferation Policy After Iraq"

05/13/04 Full Committee hearing "The Imminent Transfer of Sovereignty in Iraq"

Full Committee Members Only Meetings 109th Congress:

The Prime Minister - Dr. Ibrahim Al-Ja'afari Al-Ashekir

Subcommittee Hearings 109th Congress:

4/6/05 Oversight & Investigations Subcommittee held a hearing "The Iraqi Documents: A Glimpse into the Regime of Saddam Hussein (not considered oversight on Iraq)

6/21/05 Middle East & Central Asia Subcommittee held a hearing on "Democracy in the Middle East."

6/29/05 Middle East & Central Asia Subcommittee held a hearing "Iraq's Transition to Democracy"

Classified Briefings 108th Congress:

05/25/05
05/14/03

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06/26/03
07/22/03
09/10/03

The Full Committee has hosted many unclassified briefings with Government officials and non-government officials. Yesterday the Committee held a briefing with the Special Inspector General for Iraq Reconstruction.

Mr. ACKERMAN. Reserving the right to object, and I will not object as long as nobody else objects to my inserting into the record the totality of all the articles that appeared in the newspapers.

Chairman HYDE. No, we don't object, Mr. Ackerman.

[The information referred to follows:]

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The New York Times
nytimes.com

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April 25, 2006

Rebuilding of Iraqi Pipeline as Disaster Waiting to Happen

By JAMES GLANZ

When Robert Sanders was sent by the Army to inspect the construction work an American company was doing on the banks of the Tigris River, 130 miles north of Baghdad, he expected to see workers drilling holes beneath the riverbed to restore a crucial set of large oil pipelines, which had been bombed during the invasion of Iraq.What he found instead that day in July 2004 looked like some gargantuan heart-bypass operation gone nightmarishly bad. A crew had bulldozed a 300-foot-long trench along a giant drill bit in their desperate attempt to yank it loose from the riverbed. A supervisor later told him that the project's crews knew that drilling the holes was not possible, but that they had been instructed by the company in charge of the project to continue anyway.

A few weeks later, after the project had burned up all of the $75.7 million allocated to it, the work came to a halt.

The project, called the Fatah pipeline crossing, had been a critical element of a $2.4 billion no-bid reconstruction contract that a Halliburton subsidiary had won from the Army in 2003. The spot where about 15 pipelines crossed the Tigris had been the main link between Iraq's rich northern oil fields and the export terminals and refineries that could generate much-needed gasoline, heating fuel and revenue for Iraqis.

For all those reasons, the project's demise would seriously damage the American-led effort to restore Iraq's oil system and enable the country to pay for its own reconstruction. Exactly what portion of Iraq's lost oil revenue can be attributed to one failed project, no matter how critical, is impossible to calculate. But the pipeline at Al Fatah has a wider significance as a metaphor for the entire $45 billion rebuilding effort in Iraq. Although the failures of that effort are routinely attributed to insurgent attacks, an examination of this project shows that troubled decision-making and execution have played equally important roles.

The Fatah project went ahead despite warnings from experts that it could not succeed because the underground terrain was shattered and unstable.

It continued chewing up astonishing amounts of cash when the predicted problems bogged the work down, with a contract that allowed crews to charge as much as $100,000 a day as they waited on standby.

The company in charge engaged in what some American officials saw as a self-serving attempt to limit communications with the government until all the money was gone.

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And until Mr. Sanders went to Al Fatah, the Army Corps of Engineers, which administered the project, allowed the show to go on for months, even as individual Corps officials said they repeatedly voiced doubts about its chances of success.

The Halliburton subsidiary, KBR, formerly Kellogg Brown & Root, had commissioned a geotechnical report that warned in August 2003 that it would be courting disaster to drill without extensive underground tests.

"No driller in his right mind would have gone ahead," said Mr. Sanders, a geologist who came across the report when he arrived at the site.

KBR defended its performance on the project, and said that the information in the geotechnical report was too general to serve as a warning.

Still, interviews by The New York Times reveal that at least two other technical experts, including the northern project manager for the Army Corps, warned that the effort would fail if carried out as designed. None of the dozen or so American government and military officials contacted by The Times remembered being told of the geotechnical report, and the company pressed ahead.

Once the project started going bad, senior American officials said, an array of management failures by both KBR and the Corps allowed it to continue. First, some of those officials said, they seldom received status reports from the company, even when they suspected problems and made direct requests.

"Typically when you manage a project, you have people who can tell you that you've got so much of your project finished and this much money that has been spent," said Gary Vogler, a senior American official in the Iraqi Oil Ministry. "We couldn't get anything like that."

Some warnings did in fact make their way to senior officials who could have stopped the project, said Donna Street, a Corps engineer who examined correspondence on the project after it failed. But neither the Corps nor the company seemed to act on them, Ms. Street said.

"It seems to me that there was pretty much an absence of anything," she said. "The reports went out. The questions were asked. But there was just no response."

An independent United States office, The Special Inspector General for Iraq Reconstruction, began an investigation of the project and issued a report earlier this year. It sharply criticized KBR for not relaying the problems, and concluded that "the geological complexities that caused the project to fail were not only foreseeable but predicted."

The company received a slap on the wrist when it got only about 4 percent of its potential bonus fees on the job order that contained the contract; there was no other financial penalty.

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In interviews, two of the top Army Corps commanders who have had involvement at Al Fatah were reluctant to criticize the work done by KBR in Iraq. That was also the case in February when the Army Corps agreed to pay Halliburton most of its fees on a large fuel supply contract in Iraq, even though Pentagon auditors had found more than $200 million of the charges were questionable.

Congressional Democrats have accused Halliburton of enjoying special privileges because Vice President Dick Cheney was its chief executive before he became vice president.

Although independent experts have noted that it is one of a handful of companies with the experience and size to handle enormous jobs like the reconstruction effort, KBR is often sheltered by a military that is heavily dependent on it.

Through a spokeswoman, Melissa Norcross, KBR rejected the criticisms leveled at it in the Fatah pipeline case by the inspector general and other officials, saying that the company had responded properly to an urgent request by the United States government to build the crossing quickly in a dangerous area.

Ms. Norcross asserted in a written response to questions that the geotechnical report was too general to suggest any measures but extensive ground testing, which would have required sophisticated equipment. "Such equipment was not available in the region, and certainly not in Iraq," she said.

She said statements that the company did not report regularly about the project are "completely without merit" and that daily and monthly reports were duly filed. Ms. Norcross said that when serious problems arose, "the Corps directed KBR to continue" with the drilling.

With the failed effort at Al Fatah, the inspector general estimated lost money from crude oil exports at as much as $5 million a day. The United States was forced to issue a new $66 million job order that includes another attempt to run pipelines across the Tigris — this time using a different technique.

Stunned by a Change in Plans

On April 3, 2003, invading American troops had reached the outskirts of Baghdad and were eyeing its smoking skyline. A naval aircraft dropped a single bomb on the Fatah crossing.

Gen. T. Michael Moseley, the Air Force chief of staff who was the allied air commander, said that bridges were not generally targets in the war, but that he approved the Fatah strike to stop the enemy from crossing the bridge on which the original pipelines had run through openings beneath the road.

The pipelines had carried crude oil from the fields around Kirkuk, 60 miles to the northeast, crossed the Tigris at Al Fatah and transported the crude to refineries or to export terminals in Turkey.

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Still, there was reason for optimism. The Fatah bridge was one of three bridges chosen as high priorities in an initial $680 million rebuilding program mandated by Congress. Army Corps engineers estimated that it would cost some $5 million and take less than five months to string the pipelines across the bridge once it was repaired.

"There is an urgent and compelling need to accomplish this feat as soon as possible," Douglas Lee Cox, the northern Iraq project manager for the Army Corps, wrote in a memo on June 9, 2003.

Then, as quickly as the bridge project had been approved, it was dropped with little explanation, in favor of a bridge in Tikrit. Older buried pipelines were able to carry limited amounts of oil, American officials said, but breakdowns were a constant worry.

Army Corps officials were stunned. Without the Fatah bridge, they were forced to consider new ways of putting pipelines across the river. They debated options like digging a huge trench in the riverbed and laying the pipelines in it — the option that would later be chosen after the KBR project failed.

KBR ultimately settled on trying to put the pipelines under the Tigris using a technique called directional drilling, in which nearly horizontal holes are bored out in an arc through the riverbed. In a written response to questions, the company said it chose the technique because it was the only one that could be used to complete the project as quickly as the Army Corps had demanded.

Mr. Cox said he had not even been consulted. Gary Loew, another senior Corps official in Iraq at the time, remembers that the idea for drilling came from KBR and said that the Corps approved it verbally in the summer of 2003.

Mr. Cox, who was familiar with the technique from his own work in Texas, knew that with the heavy equipment and supplies needed for the job, his colleagues' claims that Fatah could be finished in 60 to 90 days were nonsense, particularly with the deteriorating security on the road from Kirkuk, where the supply planes would land.

"I said, 'Now how in the heck do you think you're going to do directional drilling with the situation we have here?' " Mr. Cox recalled, adding that he had told KBR officials, "It takes us forever to get enough security to drive down this road, and that's at 70 miles an hour."

That same month, a KBR pipeline expert saw a preliminary design and advised the company "that the project would probably fail," according to the inspector general report.

The most blatant warning came from the study that KBR had commissioned from Fugro South, a geotechnical firm. The study stated repeatedly that the project should not begin without extensive field exploration and laboratory testing of the area.

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KBR went ahead with the work without sharing the report with senior oil officials in Iraq. Nor did it carry out the testing that the report strongly recommended.

The report had cited "past tectonic activities near the site." The words, suggesting slippage of the earth's crust in eons past, would prove prophetic.

Troubles From the Start

The Fugro report did have one important consequence.

KBR included it in a "request for proposals" to drilling subcontractors — along with contradictory information from KBR suggesting that the ground was made of ordinary clays, silts and sandstones, the inspector general report found.

Faced with that contradictory information, the subcontractor that won the bid negotiated a contract that required it only to try drilling holes on a daily basis — not necessarily succeed.

"There was no requirement that the subcontractor complete any holes," the inspector general wrote.

Ms. Norcross, the KBR spokeswoman, said that no subcontractor would have been "willing to mobilize equipment and personnel to an unstable war zone" if the contract had been written more stringently.

An official in the inspector general's office saw it differently. "It was a horrible contract," the official said. "It's basically, 'Give it your best shot, spend six months doing it.' "

In late January, 2004, drilling began. The plan called for boreholes to accommodate 15 pipelines, which would arc beneath the Tigris at shallow angles. Troubles turned up instantly. Every time workers plied the riverbed with their drills, they found it was like sticking their fingers into a jar of marbles: each time they pulled the drills out, the boulders would either shift and erase the larger holes or snap off the bits.

The area had turned out to be a fault zone, where two great pieces of the earth's crust had shifted and torn the underground terrain into jagged boulders, voids, cobblestones and gravel. It was just the kind of "tectonic" shift that the Fugro report had warned of — hardly the smooth clays and sandstones that KBR had suggested the drillers would find.

The crew abandoned the first borehole and started a second, the inspector general reported. Twenty-six days later, the borehole went through. But the crews found it impossible to enlarge the hole enough for a 30-inch pipe to pass through. By the end of March, five months after arriving in Iraq, they managed to jam a 26-inch pipe through.

The crews would never again get anything larger than that across the riverbed. To make matters worse, the project

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suffered from constant equipment shortages, just as Mr. Cox, the Army Corps project manager, had predicted.

If KBR had declined to write performance clauses into the drill subcontract, the company had also included language that prevented the crews from speaking directly with the Army Corps, let alone passing along word that some of them knew that the effort was futile.

The company "restricted subcontractor communications by requiring all communications be addressed to them," the inspector general found.

Mr. Vogler, the senior Oil Ministry official, said he began hearing rumors from Iraqis in the ministry in Baghdad that something had gone terribly wrong, but the company itself seemed determined not to clarify what had happened. "We couldn't get a good status report," Mr. Vogler said.

"We kept asking for it," he said. "We couldn't get one."

Still, a trickle of information found its way through the command structure of the Army Corps. Ms. Norcross of KBR said that in April 2004, the company notified a contracting officer in Baghdad that 75 percent of the $220 million allocated for the job order had been exhausted.

By then the insurgency had worsened, and the camp suffered regular attacks. The threat became so severe that drilling was temporarily suspended "while KBR and the Army Corps of Engineers worked to address the lack of adequate force protection," Ms. Norcross said.

After security concerns were addressed, the work at Al Fatah resumed and so did problems with the drilling. Troubling reports from KBR officials at the site eventually reached higher in the Army Corps, but there was little reaction.

J. Michael Stinson, an American who took over as senior oil adviser to the Oil Ministry in March, said not all of the blame for the project lies with the company.

"I don't know that the Corps covered itself with glory either," Mr. Stinson said. "The engineers, the managers, probably should have said: 'Time out. Let's send a bunch of people home. Let's find out if this is going to work.' "

'Culpable Negligence'

Finally, in early July 2004, some eight months after the project began, the Army Corps sent Mr. Sanders to Al Fatah.

A geologist with a Ph.D. from the University of Oklahoma and a former oilman, the blunt-spoken Mr. Sanders, now 68, said he joined the Army Corps when he grew bored with retirement. One of the first documents he found

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at the site was the Fugro report, and it set off alarm bells.

"You just don't see a consultant's report like that that is totally dismissed," he said.

"That put them on notice," Mr. Sanders said. "When they didn't take that notice, they accepted what I would call culpable negligence."

KBR maintains that the report did not contain enough detailed information to raise questions about the project.

But Mr. Sanders said drill supervisors at the site, the kind of workers he liked to call "tool pushers," had indicated otherwise.

Hoping to start a conversation with them during his visit, Mr. Sanders said the geology around the area looked as if it could be tough on a drilling operation. The men did not hesitate. "They agreed that it was just the wrong place for horizontal drilling," Mr. Sanders said. "They didn't see any probability of getting one of the big holes done."

But he said they had been told to keep drilling — pushing their tools, anyway. Of course, by giving Mr. Sanders any information, they had probably violated their contract with KBR.

Mr. Sanders, outraged by the poor quality of the work and what he described as the indifference of the Army Corps to it, contacted the inspector general. "Everything I could see out of it was being swept under the rug," he said.

But it was already too late. One morning at about the time of his visits, American officials in the Oil Ministry in Baghdad finally obtained a status report from KBR.

All the money had been spent.

Col. Emmett H. Du Bose Jr., who in December 2003 assumed command of the task force of the Corps in charge of the project, said other items in the $220 million job order, like putting emergency power generators at oil installations, did get done.

KBR provided him with optimistic assessments nearly to the end of the line, Colonel Du Bose said in a telephone interview, and he was convinced that the project would be a success. But he said that he was not sure who, if anyone, might have seen the contradictory information in the Fugro report.

"In hindsight, knowing what I know today, I would have probably said we need more geology information before we start drilling those holes," Colonel Du Bose said.

The new Al Fatah project is being carried out by a joint venture involving Parsons Corporation and the Australian

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company Worley, said Col. Richard B. Jenkins, commander of the Gulf Region Division-North for the Army Corps, in a telephone interview from Iraq.

The work relies on a less risky method in which the pipelines are laid down in a trench dug into the river bottom and encased in concrete. Colonel Jenkins said that Al Fatah was now "essentially a completed project."

But as of last week, an official at Iraq's State-owned North Oil Company said, oil was still not flowing at Al Fatah.

Eric Schmitt contributed reporting from Washington for this article, and an Iraqi employee of The New York Times from Kirkuk, Iraq.

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Billion-Dollar Start Falls Short in Iraq

U.S. Officials Worry About Leaving Baghdad Without Basic Services

By John Ward Anderson and Bassam Sebti
Washington Post Foreign Service
Sunday, April 16, 2006; A11

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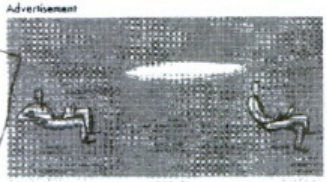
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BAGHDAD -- On the southern outskirts of Baghdad, a sewage treatment plant that was repaired with $13.5 million in U.S. funds sits idle while all of the raw waste from the western half of Baghdad is dumped into the Tigris River, where many of the capital's 7 million residents get their drinking water.

Adjacent to the Karkh sewage plant is Iraq's most advanced sanitary landfill, a new, 20-acre, $32 million dump -- also paid for by the United States -- with a liner to prevent groundwater contamination. It has not had a load of garbage dropped off since the manager of the sewer plant was killed four months ago. Iraqis consider the access roads too dangerous, and Iraqi police rarely venture into the area, a haven for insurgents who regularly lob mortar shells across the city into the Green Zone less than six miles away.

The mothballed projects highlight a growing concern among U.S. officials here: whether Iraqis have the capacity to maintain, operate and protect the more than 8,000 reconstruction projects, costing $18.4 billion, that the United States has completed or plans to finish in the next few years, which include digging roadside drainage ditches, refurbishing hospitals and schools, and constructing electric power plants.

"The United States must ensure that the billions of dollars it has already invested in Iraq's infrastructure are not wasted," said an October report by the Government Accountability Office, the investigative arm of Congress, citing what it said were "limitations in the Iraqis' capacity to maintain and operate reconstructed facilities."

For example, the report said, "as of June 2005, approximately $52 million of the $200 million in completed large-scale water and sanitation projects either were not operating or were operating at lower capacity due to looting of key equipment and shortages of reliable power, trained Iraqi staff, and required chemicals and supplies."

The Karkh facilities -- not included in the GAO report -- also illustrate the security problems that plague reconstruction efforts and have forced U.S. officials to redirect as much as $3.5 billion from building projects and into security to protect them, raising the cost of infrastructure improvements by between 16 percent and 22 percent, officials say.

"It's a nightmare -- you can't ask the 4th ID [Infantry Division] to go out and put their lives on the line for a sewer repair," said Charles Thomas, 59, a water contracting specialist with the Army Corps of Engineers who lives in Potomac. "We've given the Iraqis enough to go out and fix the systems

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themselves. It's time for the Iraqis to step up, and they can and they want to."

These days, as money begins to run out, U.S. officials say they spend much of their time teaching modern democratic practices and personal responsibility to Iraqis raised in a system of favoritism, nepotism and pervasive corruption built during 24 years of deposed president Saddam Hussein's rule.

Efforts to improve Iraq's water system have exposed some reconstruction challenges and what the GAO report called "sustainability problems" after U.S. forces pull out.

At a recent board meeting of the Baghdad Water Authority, an Iraqi who had won a contract to build a small water treatment plant offered his plan. The water authority's chief engineer looked at it and said in disgust: "This is the Spanish design."

When the contractor protested, the engineer stormed out of the room and returned two minutes later with a large schematic showing that the Iraqi contractor had copied the design of a Spanish firm and replaced the firm's name with his company's logo.

The contractor apologized. That was an old plan, he explained, opening another large roll of paper and spreading it on the table. The chief engineer looked at it.

"This is the Chinese plan!" he said with a roar, leaving to retrieve another drawing showing that the contractor had swiped the second design, too. "Are you working for your country or someone else?"

From the side of the table, Lt. Col. Otto Albert Busher III, a reservist in the Army Corps of Engineers and the U.S. government's point man on water issues in Baghdad, watched with amusement. "This is a huge leap forward," he said.

"Two years ago the Army and the U.S. government sat at the head of the table, and now the Iraqis run the meeting and take the minutes and set the agenda," he said. But not without some help. Among the skills that Busher, a former director of public works in Hopkins, Mass., is teaching the Iraqis are master planning, budgeting, procurement, contract and accounting -- and even how to run a public meeting.

Plenty of problems remain, he said, the most critical being the poor state of Baghdad's water network and the lack of money to repair it. Busher estimated that between 40 percent and 60 percent of the purified water that leaves Baghdad's treatment plants never makes it to city taps because of leaks in the system.

"You're looking at a couple of million dollars of lost water per day," he said. And because the water network was built 25 years ago with brittle cement pipes that have a 20-year life, every time a bomb explodes in Baghdad, the water system is damaged.

Even tanks rumbling on the streets crack the pipes -- and not just water pipes, but sewer pipes that run alongside. Contamination of fresh water by sewage "happens on a daily basis," Busher said.

"You could easily sink $3 billion into infrastructure in Baghdad" to fix water and sewer problems, he said. "But we're still shooting at five-meter targets. We don't have the resources for 500-meter targets."

The United States and United Nations initially budgeted about $34.4 billion for short-term relief and reconstruction, about $21 billion of which is to be paid by the United States. A recent report by the U.S. Department of Energy estimated long-term reconstruction costs in Iraq at "$100 billion or higher."

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In the water and sanitation sector, the World Bank estimated that $6.8 billion was needed through 2007. Congress initially allocated $4.6 billion for the sector, and that was cut to $2.6 billion by the State Department; the savings were shifted to other priorities, particularly security, according to a September GAO report. Along the way, the original target of delivering potable water to 90 percent of Iraqis was lowered to 50 percent to 60 percent, the report said.

In testimony before Congress in February, Stuart W. Bowen Jr., the special inspector general for Iraq reconstruction, said that only 49 of the planned 136 large water projects would be completed because of what he called a reconstruction funding gap. "Most of the projects planned in sewerage, irrigation and drainage, major irrigation and dams have been canceled." But officials here say they are not getting credit for what they have accomplished.

Dawn Liberi, director in Iraq of the U.S. Agency for International Development, said her agency has restored water-treatment service to 3.5 million Iraqis and sewer service to 3.2 million, By the end of the year, she said, those numbers will more than double.

"The United States was never meant to do this whole job by itself. There's about a $40 billion difference in what was needed for the entire job to be done," she said, based on what the United States is spending and what the World Bank calculated was needed.

The United States is making major investments in Sadr City, a teeming Shiite slum with about 2 million residents in northeast Baghdad that is a stronghold of militia leader and cleric Moqtada al-Sadr.

A $15 million repair of a water-distribution system was finished in January. Work continues on a $47.5 million project to build a water-treatment plant and lay new pipes in the area. A $106.5 million rehabilitation of the neighborhood's power grid is also underway.

Talib Hussein Hailoon, a member of the Sadr City Council, said the projects were the most important infrastructure improvements in the neighborhood in decades. Council President Jawad Kadhum said the water improvements would mean that leaking water would no longer swamp the streets and clean water, not raw sewage, would come from taps.

U.S. officials hope that this and similar projects will ease anti-U.S. sentiment and perhaps reduce support for Iraq's insurgent groups and violent militias.

"If I can sit in a La-Z-Boy and if the TV and AC work, why am I going to go out and lay an IED?" said Col. Peter J. Rowan, a commander in the Gulf Region Division of the Army Corps of Engineers who lives in Fairfax County.

Despite the massive U.S. investment, there is a huge funding shortfall, and how Iraq will make it up is anybody's guess.

The country has no real tax base, and the government projects that about 90 percent of its annual operating revenue will come from oil. The oil sector is not producing or exporting as expected. Last year 186 attacks on oil facilities kept production and exports about 800,000 barrels below prewar levels and cost the country $6.25 billion, the Oil Ministry reported in February.

The needs are glaring. At the Wehda water-treatment plant on the Tigris River, eight water pumps built in 1945 and 1958 sit alongside massive new electric generators from USAID, which were purchased to ensure reliable electricity to pump water even during the capital's long power failures. But the generators

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have not been connected, and only half the pumps are working. Water seems to drip from every joint.

Lt. Col. Joe Gandara, a special troops battalion commander with the 4th Infantry Division from Fort Hood, Tex., walks around the facility with pride and consternation. The United States has spent $6 million to get the facility to this semi-respectable state, and another $6 million has been approved to finish the job. In the meantime, he has given the Iraqis $18,000 worth of tools to keep everything operating, although with two different generations of pumps -- both of them old -- finding spare parts is difficult.

"This is a big challenge because there's no standardization, and it's tough keeping up," said Gandara, 42, a father of six with a master's degree in civil engineering from Texas A&M. "We're not trying to fix an entire network, we're trying to take someone on life support and get them to live on their own."

The Karkh sewage plant and landfill have different problems.

Eight months ago, the governor of Baghdad province sent a group of armed men to the mayor's office and ran him out, then installed a new one. The circumstances did not allow for the new mayor and his staff to be fully briefed, according to Busher, a lanky, professorial civil engineer prone to understatement. "Initially, the new mayor didn't even know he had a new landfill," he said.

The sewage treatment plant was opened in September; the landfill in October; and in December, the manager of the treatment plant was killed, Busher said. No one has been back to operate either facility since, he said.

The new mayor has sent letters to the prime minister and the ministers of defense and interior requesting protection for the facilities, Busher said, but has gotten no response.

An official in the office of the Interior Minister said the projects were enmeshed in bureaucratic disputes over how to protect the facilities and who was responsible for doing so.

The new mayor, Saber al-Esawey, said it was unclear when the facilities would reopen. He blamed the United States for not coordinating the projects with local authorities and for picking a poor location. Even though they are "good projects," he said, "they did them without the advice of the Baghdad municipality, and we got no benefit at all."

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Study faults US health effort in Iraq, Afghanistan

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By Will Dunham
Reuters
Wednesday, April 19, 2006; 7:23 PM

WASHINGTON (Reuters) - The United States has botched efforts to improve public health in Iraq and Afghanistan, missing a chance to gain support in those countries, an independent report released on Wednesday said.

U.S. reconstruction efforts in Iraq following the 2003 invasion failed to maintain and improve basic sanitation and provide safe drinking water in heavily populated areas, the RAND Corp. report stated.

This may have encouraged anti-American sentiment and sympathy for the insurgency, the nonprofit research organization said.

"Nation-building efforts cannot be successful unless adequate attention is paid to the health of the population," said Seth Jones, a RAND political scientist and a lead author of the report.

"The health status of those living in the country has a direct impact on a nation's reconstruction and development, and history teaches us it can be a key tool in capturing the goodwill of a nation's residents."

U.S. efforts to rebuild the public health and health care systems received too few dollars, and the projects that were carried out did too little to improve the lives of ordinary Iraqis and Afghans, according to the report.

For example, initial efforts in the critical period immediately after the Iraqi invasion focused on things like redesigning medical training programs and designing disease-tracking systems, which did not help most Iraqis.

About 40 percent of Baghdad's water and sanitation network has been damaged since the U.S. invasion, and efforts to rebuild the crumbling and aging system have moved too slowly amid security problems and looting, the report stated.

Researchers unfavorably compared health reconstruction in Iraq and Afghanistan to post-World War Two efforts in Japan and Germany. However, while those countries remained calm under foreign occupation, violence in Iraq and instability in Afghanistan have hindered reconstruction projects.

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U.S. Contractor Admits Bribery For Jobs in Iraq

Occupation Officials Got Cash and Gifts for Deals

By Griff Witte
Washington Post Staff Writer
Wednesday, April 19, 2006; D01

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An American businessman who is at the heart of one of the biggest corruption cases to emerge from the reconstruction of Iraq has pleaded guilty to conspiracy, bribery and money-laundering charges, according to documents unsealed yesterday in federal court in Washington.

As part of the plea, Philip H. Bloom admitted his part in a scheme to give more than $2 million in cash and gifts to U.S. officials in exchange for their help in getting reconstruction contracts for his companies. Bloom's firms won $8.6 million in reconstruction deals, with an average profit margin of more than 25 percent.

Yesterday's filings included e-mails that provide insight into the fraud. In one, an Army Reserve officer who allegedly helped Bloom secure his contracts expresses gratitude for Bloom's largesse.

"The truck is Great!!! I needed a new truck . . . People I work with cannot stop commenting on how much they love it," the officer wrote in a Sept. 2, 2004, message to Bloom. The officer then added a bit of reassurance: "If there were any smoking guns, they would have been found months ago."

The reassurance was premature. Bloom's deals soon attracted the interest of investigators, and the case has ensnared three officials of the U.S.-led Coalition Provisional Authority, which ran Iraq for a year after Saddam Hussein's regime was toppled.

More arrests are likely. The documents unsealed yesterday refer to an unidentified co-conspirator who was chief of staff for the CPA office in Al-Hillah, which supervised the reconstruction of all of south-central Iraq.

According to Bloom's plea agreement, which was signed in February, he faces up to 40 years in prison, five years of supervised release and a fine of $750,000. He also must repay the government $3.6 million and forfeit $3.6 million in assets.

John N. Nassikas, Bloom's attorney, said that his client is cooperating with investigators and that he hopes to have Bloom's prison sentence reduced.

Bloom's cooperation may provide investigators with further insight into a case that highlights how some were able to exploit the chaotic, freewheeling and cash-rich environment that characterized Iraq in the months after the U.S. invasion. That initial period was marked by little oversight, but that changed as auditors have fanned out across the country looking for signs of impropriety.

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"This shows oversight is working," said Stuart W. Bowen Jr., special inspector general for Iraq reconstruction, whose office uncovered Bloom's crimes. "It will send a message to those involved in similar schemes that we are on the case."

Bowen said his office is investigating 70 other cases that involve criminal allegations.

The Bloom case came to light in November when he and CPA official Robert J. Stein Jr. were charged with fraud, money-laundering and conspiracy -- the first criminal corruption case arising from the Iraq reconstruction. Stein, already a convicted felon when he was hired as a CPA contracting officer, pleaded guilty in February.

Two others have been charged in connection with the case. They are Michael Brian Wheeler and Debra Harrison, both lieutenant colonels in the Army Reserve.

The court papers unsealed yesterday paint a picture of how Bloom, a businessman with operations in the United States and Romania, used gifts of cash, cars, plane tickets and jewelry to secure lucrative reconstruction contracts from December 2003 to December 2005. Bloom also supplied women to provide sexual favors at his Baghdad villa to the CPA officials who helped ensure that his companies won the contracts he wanted.

In many cases, the documents show, Bloom submitted multiple bids on the same contracts but did so under different names to disguise the fact that the CPA officials were steering the deals his way. He also used elaborate money-laundering tactics to hide the bribes he handed out in return.

E-mail exchanges between Bloom and his conspirators show that they had highly specific demands for what bribes they wanted. One official coveted a 2004 GMC Yukon sport-utility vehicle with all-wheel drive, a "Summit White" exterior and a "Sandstone Leather" interior. Another, the chief of staff, apparently instructed Bloom through an intermediary that he wanted an electric-blue Nissan 350Z hard-top convertible but that there were only two such cars in the western United States. "There is a car in California that has all these features, plus a satellite radio. Cost (including shipping to Salt Lake City): $35,990," the unidentified intermediary wrote to Bloom in a June 25, 2004, message.

Another official wrote to Bloom two months later: "I'll let you know when I actually pick up the car. At that point you'll get a great big thank you and I owe you from me."

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US Official Says Iraq Reconstruction Facing Serious Obstacles

By Dan Robinson
Capitol Hill
25 April 2006

Robinson report - Download 3.59 MB

A U.S. government official has told Congress Iraq's new government will require long-term U.S. and international assistance if reconstruction efforts are to succeed. The official provided a list of challenges facing the new Iraqi government.

David Walker

David Walker, comptroller general of the Government Accountability Office, painted a sober picture of Iraq for a House Government Reform subcommittee.

Describing Iraq's democracy as being at a precarious stage he says only a concerted effort by the U.S. and the international community can meet the political, security, economic and other needs of Iraqis.

"2006 will be a critically important year, and more needs to be done by both the U.S. and the international community to help ensure that it results in real and sustainable progress within Iraq," said David Walker.

Walker's testimony was based on his visit to Iraq earlier this year, and four reports by the GAO since 2005.

While he says Iraqis have made real progress, holding three elections, he also says they face overwhelming challenges in forming a permanent government, quelling insurgents and sectarian violence.

"The new government will confront the enormous task of strengthening a range of government institutions, disbanding the militias, resolving disputes over national borders and oil revenues and addressing significant corruption," he said. "Appointments to the key ministries of interior, defense and oil in particular will be critical to unifying Iraq and minimizing sectarian violence."

On a range of issues, from Iraq's oil sector to electricity generating capacity and water supplies, Walker agreed with lawmakers that key objectives have not been met.

Henry Waxman is a California Democrat and a critic of how the Bush administration has handled reconstruction:

"Today, more than three years later Iraq is actually worse off in key reconstruction sectors than before we arrived and the Bush administration is nowhere near [fulfilling] the rosy promises it made before the war," said Henry Waxman.

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Waxman notes that despite the U.S. expenditure of some $2 billion, Iraqi oil production remains below pre-war levels, with similar shortcomings in electricity generation.

Committee chairman and Republican Congressman Christopher Shays says Congress must continue to examine contracting, management and other failures that have set back reconstruction, but adds the U.S. has no choice but to remain in Iraq:

"Premature withdrawal of our military will guarantee failure," said Christopher Shays. "I believe we must replace our withdrawal mindset with a mindset that appreciates what our military, State Department and others have accomplished in Iraq and the sacrifices made by the people of Iraq to grasp hold of democracy and live a better life."

GAO comptroller Walker says the U.S. has made more progress building Iraq's military than it has Iraqi police forces, adding that giving Iraqis the logistical capabilities to support and sustain themselves is a critical need.

Maryland Congressman Dutch Ruppersberger believes U.S. troops should withdraw from Iraq's urban areas to allow Iraqis to take over more of the security burden:

"By doing this we would be able to start sending a lot more of our troops home, but we [would] have our key operations on the perimeter, we're backing up the Iraqis, we're not leaving because they are not ready yet, but they have to learn themselves to provide their security," said Dutch Ruppersberger.

President Bush reiterated this week that the U.S. will remain in Iraq to defeat terrorists and provide hope to the Iraqi people.

GAO comptroller Walker told lawmakers it is likely Iraq will need much more than the $56 billion originally estimated for reconstruction and stabilization, adding it remains unclear how the Iraqi government will finance these objectives.

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Assessments of rebuilding in Iraq draw Defense ire

By Rowan Scarborough
THE WASHINGTON TIMES
April 24, 2006

Pentagon reconstruction officials are privately complaining that the special inspector general for Iraq is drafting error-prone reports and hampering their work in Iraq, according to defense officials.

But the office of Stuart W. Bowen Jr., the White House-appointed special inspector general for Iraq reconstruction, rejects the complaints, saying Mr. Bowen issues accurate reports and solid advice.

Mr. Bowen is generally hailed in the press and in Congress as the man who has brought oversight to a $24 billion program of U.S. taxpayer funds that at times lacked proper supervision and accountability. Mr. Bowen, a lawyer and former aide to President Bush, separately investigated the spending of Iraq oil money and found significant mismanagement and fraud.

But within the Pentagon and among some defense officials in Iraq, Mr. Bowen's staff is viewed as inaccurate and meddlesome at times, according to interviews with defense officials and e-mails between Army Project and Contracting Office officials in Washington and Baghdad.

Defense officials complain that SIGIR, the acronym for Mr. Bowen's office, has 55 inspectors in Iraq, nearly one for every program manager, forcing the managers to spend increasing amounts of time answering their questions.

Their most serious complaint is that SIGIR's draft reports contain too many errors.

"The quality of the SIGIR reports has been so poor that the government agencies who are the subject of the reports have become the quality assurance for the documents," said a defense official who asked not to be named because he was not authorized to speak for the department. "Countless man-hours are expended correcting the SIGIR's mistakes and inaccuracies."

James P. Mitchell, chief spokesman for Mr. Bowen, rebutted the complaints by saying most draft report findings are returned from the contracting office with the notation "concur."

The complaints, Mr. Mitchell said, "come with oversight."

"But oversight has its value. And we feel we have made a lot of difference in how Iraq reconstruction has been managed in making it more efficient and effective, and we believe we are deterring fraud," he said. Five persons have been arrested on fraud and bribery charges based on Mr. Bowen's investigations. There are still 70 open cases.

James Jeffrey, the State Department's chief policy adviser on Iraq, had nothing but praise for SIGIR in testimony in February before the Senate Foreign Relations Committee

"I want to particularly highlight the signature work of SIGIR in evaluating management operations and big-picture issues related to our [reconstruction] strategy," Mr. Jeffrey said. "We listen closely to SIGIR's suggestions, and many of our actions from direct contracting, including with Iraqis, to our focus on cost-to-complete, and plans for operations and maintenance of our projects reflect SIGIR's input."

On consuming too much time of contract officers, Mr. Mitchell said it is SIGIR policy to immediately report findings to managers and not wait until filing a report.

A senior Pentagon contracting official declined to comment when asked about Mr. Bowen's work.

The unnamed defense official showed a reporter e-mails between reconstruction officials in Washington and those in Baghdad complaining about SIGIR's methods. This official contended that SIGIR misstated an important statistic to measure progress in Iraq: how many citizens have access to drinking water. The official said SIGIR reported that fewer Iraqis were getting water compared with prewar levels. The State Department hotly disputed the numbers.

Mr. Bowen tried to settle the dispute in a letter to Secretary of State Condoleezza Rice.

"SIGIR is reviewing newly received data indicating that approximately 20.5 million Iraqis now have access to drinking water," he said in the March 7 letter, a copy of which was obtained by The Washington Times. "As SIGIR noted in its January quarterly, best prewar estimate indicated that 12-13

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million Iraqis had access to drinking water in 2003. Thus, it appears that access to drinking water has increased since 2003."

Defense officials say the letter was Mr. Bowen's way of admitting a mistake without expressly saying so. But Mr. Mitchell said there are various numbers from different government groups on potable water and the issue "took a lot of hashing out." He said SIGIR stood by its numbers.

Administration officials provided a November 2005 draft of the SIGIR management report to The Times, with numerous paragraphs circled by Pentagon officials to indicate they believed the assertions were inaccurate. For example, one section quoted "some reports" that said the now-disbanded Coalition Provisional Authority filled jobs with "a disproportionate number of ideologically motivated but inexperienced young people."

The final report in January omitted that section and reduced the assertion to a small footnote.

L. Paul Bremer, who ran the authority that ruled Iraq for the first year after the ouster of Saddam Hussein, was willing to openly criticize Mr. Bowen. He sent a terse letter to the inspector general after one of his first reports in 2004 skewered the former ambassador's management of billions in Iraqi oil money.

"In my view, this draft report does not meet the standards Americans have come to expect of the inspector general," Mr. Bremer wrote.

Mr. Mitchell said Mr. Bremer did not point out any instance in which a SIGIR report was factually wrong.

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NewsTrack

Defense officials: Too much Iraq oversight

WASHINGTON, April 24 (UPI) -- Reconstruction officials complain the special inspector general for Iraq has become a major obstacle to getting the job done, The Washington Times reports.

Defense officials say that Stuart Bowen Jr., a former aide to President George Bush who heads the office, has too many inspectors. With 55 inspectors on staff, that's one for almost every program manager and means that managers spend much of their time answering queries, the newspaper said.

There are also complaints that reports from SIGIR, the acronym for the office, are riddled with errors.

"The quality of the SIGIR reports has been so poor that the government agencies who are the subject of the reports have become the quality assurance for the documents," a defense official who did not want his name used told the Times. "Countless man-hours are expended correcting the SIGIR's mistakes and inaccuracies."

James Mitchell, a spokesman for Bowen, denied the claim, saying that most reports are returned simply marked "concur."

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April 19, 2006

American Pleads Guilty as Iraq Corruption Inquiry Expands

By JAMES GLANZ

The American businessman at the center of a widening corruption inquiry in Iraq pleaded guilty on Tuesday to federal charges of conspiracy, bribery and money laundering for illegally obtaining millions of dollars of construction contracts at the heart of the American-led rebuilding program in 2003 and 2004.

The court papers describing the plea agreement, motions filed by the legal team representing the businessman, Philip H. Bloom, 66, and interviews with contractors and government officials in Iraq make it clear that the case is certain to expand. The court papers, focusing narrowly on Mr. Bloom's contracting work in the south-central Iraqi city of Hilla, indicate that at least three more senior Army Reserve officers are likely to be implicated.

Mr. Bloom has been talking with prosecutors since his November arrest about the full range of his work in Iraq, according to papers that his lead lawyer, John N. Nassikas III, has filed with the Federal District Court for the District of Columbia.

Mr. Bloom's guilty plea comes with the possibility of 40 years in prison and nearly $8 million in fines and other payments, the Justice Department said in a statement.

At least three other Americans have been arrested in the case, and one of them, Robert J. Stein Jr., a former American government official in Iraq, pleaded guilty to five federal counts in February and is awaiting sentencing. The two others are senior Army Reserve officers who have been released on bail.

The papers, which argue that Mr. Bloom is not a flight risk and should be released as those talks continue, assert that he has provided "tens of thousands of documents relevant to the government's wide-ranging investigations."

Some of those discussions have led investigators to potential new cases in Baghdad, where Mr. Bloom and the companies he controlled also did extensive contracting work. A United States official in Iraq said documents and other evidence in the case also cast strong suspicion on a range of other officials who ran the Coalition Provisional Authority's local headquarters from the Babil Hotel in Hilla.

"It just seems like everybody associated with that place, there was just a dark cloud hovering over that hotel," said the official, who spoke on condition of anonymity because he was not authorized to discuss the case publicly.

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In the guilty plea on Tuesday, Mr. Bloom admitted showering Mr. Stein and other officials with more than $4 million in bribes, gifts and stolen cash in return for steering huge reconstruction contracts to Mr. Bloom's companies. Mr. Bloom moved much of the money through wire transfers from banks in Romania, where he lived for many years, Switzerland and the Middle East to accounts controlled by his co-conspirators, the court papers say.

Mr. Stein, in turn, used the money to buy things as varied as cars, jewelry, illegal guns and real estate in his home state of North Carolina. The money for the reconstruction projects involved in this case came from Iraqi oil proceeds and assets seized from Saddam Hussein's government.

Mr. Bloom's guilty plea "sends a message to Iraqis that U.S. oversight will track down, arrest and prosecute American citizens who committed crimes in Iraq involving Iraqi money," said Stuart W. Bowen Jr., who leads the office of the Special Inspector General for Iraq Reconstruction.

The inspector general's office originally uncovered evidence of the corruption in Hilla. Mr. Bowen said that "we have more cases of a similar vein in the pipeline" but declined to provide further specifics, citing continuing investigations.

Many details of the vortex of corruption that took shape in Hilla in 2003 and 2004 were disclosed in papers unsealed when Mr. Stein offered his guilty plea. But Mr. Bloom was not identified explicitly then, and the latest papers confirm that it was he who provided cash, plane tickets, jewelry, alcohol and "money laundering services" to officials he hoped to influence in Iraq.

Mr. Stein and others also accepted "sexual favors from women provided by Defendant Bloom at his villa in Baghdad," the papers say.

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Businessman Pleads Guilty in Iraq Scheme

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By MARK SHERMAN
The Associated Press
Tuesday, April 18, 2006; 9:18 PM

WASHINGTON -- With millions of dollars in Iraqi reconstruction contracts to be had, Philip H. Bloom offered up money, cars, premium airline seats, jewelry, alcohol, even sexual favors from women at his villa in Baghdad.

For a while, the kickback scheme worked. Bloom, a U.S. businessman who saw opportunity in Iraq, paid more than $2 million in bribes to U.S. officials who directed more than $8.6 million in contracts to companies he controlled.

After the inspector general for reconstruction projects began auditing contracts, the system crumbled.

Bloom is facing up to 40 years in prison and nearly $8 million in penalties after pleading guilty to conspiracy, bribery and money laundering, according to court documents made public Tuesday.

He is one of four people charged so far in a scheme that included the theft of $2 million in reconstruction money and the illegal purchase of machine guns and other weapons.

Robert J. Stein, a former contract official for the U.S.-led occupation forces in Iraq, pleaded guilty in February to his role in the scheme. Two lieutenant colonels in the U.S. Army Reserve also have been arrested, while three other officers have been implicated but not charged.

Bloom, who lived in Romania for many years, has been in custody since his arrest in November upon his return to the United States.

He secretly pleaded guilty in February and has been cooperating with investigators since. It was not clear why the plea was made public Tuesday. His lawyers did not immediately comment.

E-mails that prosecutors included in the court documents show that Bloom directed his employees to spare no expense in satisfying the officials who controlled contracts in the Coalition Provisional Authority's South Central region office in Hillah, about 50 miles south of Baghdad.

One official requested a blue Nissan 350Z sports car, which cost more than $30,000. "It appears that there are only two ... in the western United States," an employee wrote Bloom in June 2004.

In January 2004, Bloom ordered business-class plane tickets for an Army Reserve officer and his wife. "Very important to us ... I want to make sure its done right," Bloom wrote.

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Bloom benefited from an elaborate bid-rigging scheme in which he would submit several bids for companies he controlled and others that did not exist. Some of the bids were high, while others were low.

All the bids came in under $500,000 each because that was the limit of Stein's authority to award a contract.

Bloom's companies won contracts for a police academy for Hillah and renovation of the public library near Karbala.

The criminal charges have their roots in audits performed by Inspector General Stuart W. Bowen Jr.

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Chairman HYDE. But I do hope Mr. Rohrabacher's list includes nine Full Committee hearings on Iraq that were forced by resolutions of inquiry. We have had four Full Committee hearings, three Subcommittee hearings of Members-only meetings, seven classified briefings, and numerous non-classified briefings on Iraq. If your list includes those, then——

Mr. ROHRABACHER. Yes, sir.

Mr. SCHIFF. Mr. Chairman, if I could make a parliamentary inquiry of the gentleman from California and his list. Does that list include hearings as the Chairman indicated, parliamentary inquiries where we are not entitled to call witnesses, can't question anyone, can't ask about the facts of what was going on, but merely have a vote on the majority's recommendation to disapprove of the resolution?

Chairman HYDE. It is my recollection you are a very participatory Member on those hearings. But in any event, we disagree. Let us proceed.

Thank you very much, Mr. Ackerman.

I would like to welcome Ambassador James Jeffrey. On August 10, 2005, Secretary of State Rice appointed Ambassador Jeffrey as Senior Advisor to the Secretary and Coordinator for Iraq. Ambassador Jeffrey is a career member of the U.S. Foreign Service who previously served as Deputy Chief of Mission in Baghdad from June 2004 to March 2005.

Mr. Peter Rodman is Assistant Secretary of Defense for International Security Affairs, and prior to joining the Defense Department he was the Director of National Security Affairs at the Nixon Center. He also served at the State Department and on National Security Council staff during the Administrations of Presidents Nixon, Ford, Reagan, and the first President Bush. Welcome, Mr. Rodman.

Mr. Rodman, I understand that you will introduce General Jones, is that correct?

Very well, I hand over that light burden to you.

Mr. RODMAN. I am happy to do that now, Mr. Chairman. We are joined by Brigidier General Michael Jones who is the Deputy Director for the Middle East on the Joint Staff, and he is in a position, of course, to answer questions that may come up on security and military matters.

Chairman HYDE. Very well. Thank you.

Ambassador Jeffrey.

STATEMENT OF THE HONORABLE JAMES JEFFREY, SENIOR ADVISOR TO SECRETARY RICE AND COORDINATOR FOR IRAQ, U.S. DEPARTMENT OF STATE

Mr. JEFFREY. Mr. Chairman, Ranking Member Lantos, Members of the Committee, thank you very much for giving me the opportunity to appear here today with my colleagues.

What I would like to do is submit for the record the written testimony we have provided, and I will just summarize it in the interest of brevity, sir.

Chairman HYDE. Without objection so ordered.

Mr. JEFFREY. Iraq is, as we all know, at the top of the United States foreign policy agenda. As President Bush pointed out in An-

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napolis last fall, it is a crucial test of our will to prevail in the Global War on Terror. The stakes are high, and the consequences of failure are truly dire. Together with the Iraqi people we will succeed.

We are pursuing, as the Chairman mentioned, a three-track strategy—economic, security and political—and we are making progress on all three. I will talk about each of them and some of the obstacles in a second.

What I want to first underscore is the extraordinary importance of the present moment. Our overall strategy across the board keys on the rapid stand up of an inclusive, effective, democratic government. A government that is inclusive will undercut those elements, Shi'ite as well as Sunni Arab, while seeking power through bullets not ballets. A government that is effective will draw on the extraordinary resources—human, institutional, and natural—that Iraq possesses to enable the country to become self-reliant. And a permanent democratic government will, first of all, achieve our specific goals laid out in U.S. Security Council resolutions for a democratic country. Secondly, it will send a powerful and much needed signal throughout the region and throughout the world.

What I would like to do is to update you now on where we are on that political process that is so important and so central to everything we are doing.

As was mentioned, over the weekend the Iraqi Council of Representatives selected a presidency council by essentially unanimous vote, encompassing Shia Arab deputy president, a Sunni Arab deputy, and a Kurdish President. That presidency council then selected a Prime Minister nominee, Jawad al-Maliki, who was mentioned earlier, who now has 30 days to stand up a government. At the same time the council of representatives selected a speaker from the Sunni Arab community, and two deputy speakers. So we have made enormous progress.

We still have to see the stand up of the rest of the government. This is a crucial test on whether we can achieve or the Iraqis can achieve with the help of the international community an inclusive government that reflects, as did their first seven choices, the broad spectrum of Iraqi society. We think this is absolutely essential. We are doing everything we can to support them. One example of that, of course, is the unprecedented joint visit of Secretary Rice and Secretary Rumsfeld that is going on right now to meet with some of these new leaders and to look at the way forward.

We talk a little bit about the three elements of our strategy. Success on the political track has been marked, as mentioned, by major political events, culminating in December elections. Once the government is set up, the formal process laid out and the transition administrative law, a UN Security Council Resolution 1546 will be complete, but the work will not be complete on the political track.

We do need to see an inclusive government, a government that will tackle the many problems, some of which have been mentioned and laid out in the Iraqi Constitution for further implementation by law. These involve issues as complicated as regional versus central powers, the distribution of oil proceeds, de-Ba'athification, and other core questions of reconciliation and unity.

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These new leaders must implement the Constitution in a manner that protects the guarantees that the Constitution provides to every Iraqi citizen through new legislation, and that will be an important project as well. Again, we in the international community will be helping.

Despite concerned efforts by terrorists and insurgents to derail assistance efforts, there has been in fact measurable progress along the economic track. The economy has grown from $18.9 billion in 2002 to $33.1 billion 2005. The IMF, International Monetary Fund, estimates that Iraqi real Gross Domestic Product grew by 2.6 percent in 2005, and expects it to grow by as much as 10 percent this year.

A November 2005 labor survey indicated that unemployment has dropped to 18 percent across Iraq. The last such survey indicated 28 percent unemployment.

Now, always in a country such as Iraq there are questions on the measures and the way that you determine unemployment, but we do think that there is truth to this report. We believe that, in particular, informal commercial activity and the major reconstruction efforts are contributing to the drop in unemployment.

Overall, income in Iraq per capita has doubled between 2003 and 2005.

Now, we agree that reconstruction has been hindered by security and many other problems, including a new government and a government that has shifted every few months, corruption, infrastructure that has not been really maintained since the 1970s, and other problems that go back to Saddam Hussein's tenure there.

Nonetheless, we have been successful in rehabilitating water and sewage services and immunizing almost all children against childhood diseases.

While most of the major infrastructure projects are about to be completed, under the Iraqi Relief and Reconstruction Fund, the IRRF, IRRF I and IRRF II of over $20 billion, we have increased significantly the amount of potential electrical power, over 2,700 megawatts on the net with 500 more to come. We are working now by the end of this year—with Iraq support as well—to see several hundred thousand barrels a day more of oil production. A major problem with the oil exports, which is of great concern for the economy and for the Members of the Committee, is that the major pipeline to the North that prior to the war was pumping 400,000 barrels a day has been shut down because of a variety of problems, beginning with the security situation, but there are other problems in the systems as well, including the South there is a lot of work to be done on the ports, on the pumping stations, and the like.

As I mentioned we are closing out the IRRF by the end of this fiscal year. Of the $18.4 billion appropriated in IRRF II, $16.4 billion has already been obligated in addition to the $2.5 billion in IRRF I.

Our Fiscal Year 2006 supplemental and Fiscal Year 2007 requested assistance programs for Iraq totalling about $2.4 billion. These programs are much more traditional assistance programs designed to help Iraq in the transition to self-reliance in the civilian realm, and they will focus on building Iraqi capacity at the national level with the ministries in particular, and at the provincial level

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through a variety of programs ranging from unemployment to small-scale reconstruction to training of local government.

Efforts on the security track are led by the UN Security Council mandated multinational force in Iraq. The miliary strategy for Iraq includes defeating the terrorists, neutralizing the insurgency, and training, organizing and equipping the Iraqi security forces.

United States coalition and Iraqi forces are working together to clear areas of enemy control, build the capacity of the security forces to hold what we have cleared, and to advance the rule of law. My colleagues stand ready to address the training and equipping effort in more detail.

Recently, as Congressman Lantos mentioned, we have seen increased sectarian strife following the attack on the Samarra Golden Mosque. The Iraqis, with United States support, have deployed army as well as police forces in Baghdad and elsewhere to do everything they can to put a cap on that. We have seen the violence go up and down since that time. We believe that both security measures and the stand up of this inclusive government we are all hoping for is the answer to this violence which we do find troubling.

The international community, again, has an important role in Iraq. The most visible contributions, of course, come from the over 30 coalition partners with currently 21,000 troops in the country.

On the political track, the Independent Electoral Commission for Iraq has benefitted greatly from the financial and other technical assistance that the UN and many countries provided in the conduct of the two elections and the constitutional referendum.

Partners in Madrid since then have pledged over $13.5 billion in aid. In coordination with Iraqi leaders, we have been encouraging the rapid disbursement of this aid because, frankly, it is lagging with less than $4 billion disbursed, as well as working with some of our partners for potential new sources of aid.

We have also worked with the international community to reduce Iraq's record amount of external debt, $125 billion in 2003, six times its GNP at the time. As of last month, 16 of the 18 members of the Paris Club have concluded bilateral debt relief agreements with Iraq, including the $4.1 billion forgiven by the United States. Over $30 billion in Iraqi debt has been or will be forgiven by Paris Club members, and we are working now with the Arab states for them to follow suit.

As Iraq's needs change, so too will the type of international support required. As Iraqis assume a greater role in their own security, the face of the international partnership should reflect that shift with increased economic and political support complementing the military support we receive through the coalition.

Finally, on behalf of all those serving in Iraq or working on this crucial issue, I want to assure you of our commitment to success, our dedication to make the lives of Iraq's 26 million citizens better, and to help make the entire region more secure and more free.

Thank you very much, Mr. Chairman.

[The prepared statement of Mr. Jeffrey follows:]

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PREPARED STATEMENT OF THE HONORABLE JAMES JEFFREY, SENIOR ADVISOR TO SECRETARY RICE AND COORDINATOR FOR IRAQ, U.S. DEPARTMENT OF STATE

Mr. Chairman, members of the Committee, thank you very much for giving me the opportunity to testify today.

Iraq is, as we all know, at the top of our foreign policy agenda. As the President pointed out at Annapolis last fall in unveiling our National Strategy for Victory in Iraq, it is a crucial test of our will to prevail in the Global War on Terrorism. The stakes are high, and the consequences of failure truly dire.

Together with the Iraqi people, we will succeed. We are pursuing our three track strategy—security, economic, and political—steadily forward, and I will describe the progress and obstacles in each of these tracks in a moment. What I want to first underscore is the extraordinary importance of the present moment. Our overall strategy keys on the rapid standup of an inclusive, effective, democratic unity government. A government that is inclusive will undercut those elements, Shia as well as Sunni Arab, who seek power through bullets rather than ballots. An effective government will use the country's extraordinary human, natural, and institutional assets to enable Iraq to become self-reliant. And a permanent, democratic government will achieve the goal of the United Nation (U.N.) Security Council program for Iraqi, live up to our commitment to the Iraq people, and send a powerful—and much needed—signal throughout the region and the world that people want to live in freedom and not under the shadow of terrorism.

Over the weekend, the strategy of the President, my boss, Secretary Rice, other cabinet officers and colleagues such as Ambassador Khalilzad, along with the U.N., and allies such as the United Kingdom, supported the Iraqis in taking another critical step in the stand up of a national unity government. The Council of Representatives asked Jawad al-Maliki to form a new government as Prime Minister, selected a Presidency Council, a Speaker and two deputies. The action taken by the Iraqi parliament this weekend to put in place just such an inclusive, broad, strong government is an extremely important development. We urge the Iraqis to rapidly complete the government formation in the same cooperative, pluralistic fashion, and get to work on the problems facing their country.

Let me talk a bit more about the specific elements of our strategy.

Success on the political track has been marked by a series of major electoral events with a relatively clear time line, culminating in over 12.2 million Iraqi voters (78 percent of those eligible) voting on December 15, 2005 to elect a Council of Representatives, the first step in the formation of a government under Iraq's constitution. Despite an upsurge in sectarian violence, these voters deserve an inclusive, representative government sooner rather than later for the bravery and dedication they demonstrated by going to the polls, and we believe now that the Iraqis are well on the way to such an agreement.

We are moving into a period where progress on the political track must be viewed in terms of significant steps forward by the democratically elected government. The new Iraqi constitution will require leaders to find common ground on a number of important issues including, for example, the role of the judiciary, the distribution of oil proceeds, questions of federalism, and core issues of national reconciliation and unity. These new leaders must implement the constitution in a manner that protects the guarantees provided to every Iraqi through legislation. While the Iraqi leaders and people should be congratulated on the impressive steps undertaken toward democracy, there remains significant work to be done.

Despite concerted efforts by terrorists and insurgents to derail assistance efforts, there was measurable progress along the economic track. The economy has grown from $18.9 billion in 2002 to $33.1 billion in 2005. The International Monetary Fund estimates that the real gross domestic product (GDP) grew by 2.6 percent in 2005, and expects real GDP to grow by as much as 10.4 percent in 2006. While the Iraqi economy continues to be overwhelmingly dependent on oil exports, other sectors have begun to pick up activity, including the trade and services sectors. Additionally, a November 2005 labor survey, conducted by the Government Statistics Office, reported an unemployment rate of 18 percent across Iraq (and not counting the Kurdish Regional Government or Al Anbar province). This is an important and positive development from October 2003 when unemployment was estimated at 28.1 percent. While this drop in unemployment might be in part due to a clearer definition of unemployed persons (vice underemployed persons), as well as an improved statistical methodology, there is evidence that increased informal commercial activity and reconstruction activities have contributed to a decrease in the unemployment rate. More work needs to be done to decrease the numbers of unemployed and underemployed Iraqis, but progress is being made.

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Reconstruction, while hindered by security problems, has been successful in rehabilitating water and sewage services and immunizing nearly all children against childhood diseases. Efforts in the oil and electricity sectors have been hampered by years of mismanagement, neglect, smuggling, corruption and decay during the Saddam era, and targeted attacks on critical infrastructure. The dramatic increases in income in post-conflict Iraq (income per capita has nearly doubled from 2003 to 2005) has resulted in new vehicle and appliance purchases as well as increasing demand for fuel and electricity, but without a corresponding rationalization in pricing for these goods and services. Our assistance programs are helping to build or refurbish the infrastructure to enable Iraqis to expand the delivery of basic services. These efforts have been enhanced by an increasing Iraqi capacity, progress on subsidy and pricing reforms, and most recently, a decrease in infrastructure attacks.

Almost all of the large infrastructure projects currently funded by the IRRF are expected to be completed by the end of the year. These projects are already having a significant impact on daily life in Iraq. IRRF projects have added, rehabilitated, or maintained more than 2700 megawatts. IRRF projects have increased access to potable drinking water for 3.1 million Iraqis and improved access to sewage systems for 5.1 million Iraqis. Success can be seen beyond the large infrastructure projects as well. Approximately 32 percent of Iraq's more than 14,000 schools have been rehabilitated or refurbished, including the provision of 8.7 million new textbooks. These are all admirable achievements, particularly when one considers the environment in which they were achieved.

Meanwhile, closeout of the IRRF has begun. Of the $18.4 billion appropriated in IRRF II, $16.4 billion has already been obligated in addition to the $2.5 billion from IRRF I. Our FY 06 Supplemental and FY 07 Assistance Programs totaling almost $2.4 billion were designed to help Iraq in its transition to self-reliance in the civilian realm, and will focus on building Iraqi capacity at the national and provincial levels and stabilization programs (including programs that focus on job creation and lending to small and medium-size private Iraqi businesses).

Efforts on the security track are led by the U.N. Security Council-endorsed Multi-National Force—Iraq (MNF–I). The MNF–I mission is essential to achieving a stable, prosperous and peaceful Iraq. The military strategy for victory includes defeating the terrorists, neutralizing the insurgency, and training, organizing and equipping the Iraqi Security Forces (ISF) to take the lead. U.S., Coalition, and Iraqi forces are working together to clear areas of enemy control and build the capacity of the security forces and local and national institutions to manage these forces, to hold what we have cleared, and to advance the rule of law. Iraqi units fighting along side Coalition forces continue to grow in number and capability. As of March 20, over 240,000 Ministry of Interior and Ministry of Defense forces have been trained and equipped by the U.S. and Coalition forces, and Iraqi units have primary responsibility for 65 percent of Baghdad.

Recently, we have witnessed increased sectarian strife. In response to the rise of sectarian violence, triggered by the terrorist attack against the Golden Mosque in Samarra, the U.S. and Iraqi governments are deploying additional Iraqi troops with U.S. support as required, and redoubling our efforts to stand up a representative unity government equipped to address the divisions fueling sectarian strife.

The international community has an important role in achieving a democratic, prosperous Iraq at peace with its neighbors. The most visible contributions come from our over 30 coalition partners contributing troops in Iraq. However, international assistance and cooperation is essential to progress on the political and economic tracks as well. On the political track, for example, the Independent Electoral Commission of Iraq benefited greatly from the assistance the U.N. and others provided in the conduct of three electoral events. Partners have pledged $13.5 billion in aid, which is critical to boosting overall Iraqi economic growth. In coordination with Iraqi leaders, we have been encouraging international partners to make new pledges as well as progress on the disbursement of existing pledges, which at less than $4 billion, including roughly $2.2 billion in bilateral pledges and $1.4 billion in IRRFI, is frankly lagging.

We have been working with the international community to reduce Iraq's record amount of external debt—$125 billion or 600 percent of annual income. As of last month, 16 of the 18 members of the Paris Club have concluded bilateral debt relief agreements with Iraq, agreeing to forgive over time at least 80% of debt held by each member. Including the $4.1 billion forgiven by the U.S., over $30 billion in Iraqi debt has been, or will be, forgiven by Paris Club members. Further, we continue to encourage non-Paris Club countries to provide debt relief on terms at least as favorable as the Paris Club's terms.

As Iraq's needs change so too will the type of international support required. The coalition or international partnership is broader than the security mission. As Iraqis

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assume a greater role in their own security, the face of the international partnership should reflect that shift with increased economic and political support.

On behalf of all those serving in Iraq or working on this crucial issue, I want to assure you of our commitment to success, and our dedication to make the lives of Iraq's 26 million citizens better, and the entire region more secure and more free.

Chairman HYDE. Thank you, Ambassador.

Mr. Rodman.

STATEMENT OF THE HONORABLE PETER W. RODMAN, ASSISTANT SECRETARY, INTERNATIONAL SECURITY AFFAIRS, U.S. DEPARTMENT OF DEFENSE

Mr. RODMAN. Thank you, Mr. Chairman, Congressman Lantos.

I do not have a prepared statement, but I would like to make an observation briefly if I may.

It is prompted by the statement that we all read from Mr. Zarqawi yesterday. Mr. Zarqawi yesterday denounced this new government in Iraq as "a poison dagger in the heart of the Islamic Nation." He complained about what he called the rotten play of democracy that he said was seducing people, and it was part of the cunning plan of the Americans.

Now, this statement by Zarqawi reminded me of another statement by Zarqawi 2 years ago in a message that we intercepted and published in which he said, "If democracy comes to Iraq, there is no pretext. We have no pretext." And on March 4th of this year there was a statement posted on the internet by Zawahiri, who is a deputy of bin Laden who he spent a couple of pages of this statement warning the Palestinian people and the Iraqi people not to be seduced by the political process, which he said was a deception by the Americans, and it was a distraction from the duty of jihad.

My point from all these quotes is that our enemies hate this political process. They fear this political process. And remember last December 15th, 78 percent of the Iraqi people turned out to vote for this political process. So I think our enemies are afraid of this, and they boasted they can inflict the defeat on us in Iraq, but we think we can defeat—we think we can inflict a defeat on them in Iraq, and the political process is the core of the strategy. I mean, our strategy is political as much as it is military, and that is why the formation of the government is so important, and why it is such an important success. It represents the culmination of the political timeline and the strategy that we have pursued over the last 3 years, and that is the opportunity that we and the Iraqis face in Iraq today.

Thank you.

Chairman HYDE. Thank you, Mr. Rodman.

We will now entertain questions, and do you have a list? Mr. Lantos for 5 minutes.

Mr. LANTOS. Thank you, Mr. Chairman.

Ambassador Jeffrey, you are the Secretary of State's principal advisor on Iraq, so I would like to raise a question initially to you.

It is self-evident that terrorism will continue in Iraq for a long time to come. In dramatically more stable societies such as Egypt, we have now had a series of terrorist acts. And the question that I think legitimately more and more of our citizens are asking, at what point do we feel that the Iraqis are capable of dealing with the ongoing terrorist threat within their country?

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After all, it is not our responsibility to create a terror-free Iraq. We have assumed the responsibility of changing conditions on the ground so that the Iraqis can handle their problems. These problems will go on if one is to take a realistic view for the indefinite future.

Can you give us a meaningful and hopefully quantitative judgment as to what our Administration feels internally is the level of terrorism and turbulence which we believe the Iraqis, with all the money and treasure and training that we have invested in them, can now handle on their own?

Mr. JEFFREY. Congressman Lantos, we don't have, as you know, a date certain that we will reach that point because it depends on both progress on the security track and progress particularly on the political track, and also the nature of the insurgency, the nature of the terrorist threat.

We agree with you that in Iraq, as elsewhere in the Middle East and throughout the world, we can count on terrorist threats continuing into the future, and nobody can put an end date on that, unfortunately.

Nevertheless, what we are trying to do in Iraq through the political process is to drive a wedge between the true terrorist forces there represented by Zarqawi, al-Ansuna and several other groups, who are few in numbers but lethal in their mass violence against innocent civilians such as car bombs and suicide bombers, and the bulk of the insurgency where much of the attacks come from, which is in the Sunni Arab population.

There are a variety of reasons for that ranging from desire to bring back the old regime to concern about dominance by the other forces. We think that the answer to the bulk of the violence is the political process. That is supplemented by the stand up of effective Iraqi security forces which is well underway, as again my colleagues can go into that in more detail, but the stand up of the army is doing very, very well. The police, we are more concerned with. That is why General Casey calls this year "the year of the police," to try to bring them up to the levels of competence and also the levels of political and military reliability that we have seen in the army.

We haven't seen them getting involved in sectarian disputes. They have done very well since the Samarra bombing, and we want the police to perform as well.

But those two taken together we think should help reduce the level of violence to a degree where an effective security force can deal with this. But given the security elements of your question, I would like to ask Assistant Secretary Rodman if he would want to add to that.

Mr. LANTOS. Thank you, Ambassador Jeffrey, and I hope Secretary Rodman will be more specific because, quite frankly, our constituents demand specificity. General statements no longer suffice. We have to have some measure of the degree to which our forces are expected to be drawn down during the balance of this year, what will be the force still present at the end of the year. To speak in terms of generalities after 3 years is no longer satisfactory to the American people.

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Mr. RODMAN. The President and the commanders have not yet made decisions on what the force level is going to be at the end of the year, but what I can point to or what I can provide the Committee right now is some information on the rapid expansion of the Iraqi military and police, and the extent to which we have already begun to turn over large sections of the country and sections of Baghdad to Iraqi lead, and it is this—this is the process which is allowing the coalition forces to step back and to reduce their engagement. I mean, that is a measurable figure which I have some charts here because I thought this was of great interest to the Committee.

There are two things: A graph which shows the rapid growth of the Iraqi forces which now is over a quarter of a million, and these are military and police trained and equipped up to what we believe is a rigorous standard.

The other chart is a map.

Mr. LANTOS. Well, let me stop you at this chart for a moment if I may. Assuming that these figures are accurate, you are suggesting that there are now a quarter million trained Iraq security forces. If that is the case, my question is does the extent of the terrorism and insurgency represent an existential threat to Iraq given the fact that they have a quarter million in security forces?

Mr. RODMAN. That we believe that the Iraqis are in a better position to dispute the insurgency than we are. Once they are trained and equipped and in the field and taking the lead responsibility with some coalition support, then the Iraqis will take on this responsibility.

Mr. LANTOS. Well, my specific question, Secretary Rodman, is you are testifying that they now have a quarter million trained and equipped security forces.

Mr. RODMAN. Correct.

Mr. LANTOS. My question is does the insurgency represent an existential threat to Iraq given this level of indigenous Iraqi security forces?

Mr. RODMAN. The answer is no. We do not believe that the insurgency is an existential threat to Iraq. We think the—the answer to your earlier question about what is the prospect for the coalition and the United States to draw down its own forces, the expansion of the Iraqi forces is an answer to that question.

Mr. LANTOS. Well, if I understand your answer, which I believe I fully understand, it was a very clear answer, under those circumstances there is theoretically no more need for coalition forces in the country because the Iraqi security forces represent a sufficient force to prevent an existential threat to the government.

Mr. RODMAN. This is a process, Congressman. We are turning over the country step by step to the Iraqis. It is not something that can happen overnight. It is a process as the Iraqis reach a level at which they are capable of taking the lead, then we step back, and that is a process that will unfold over the course of the year.

As Ambassador Jeffrey mentioned, we also want to make sure the police are capable of carrying their share of the load, and I think the effectiveness of the police, it is a more complex picture, and that is something we are concentrating on.

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I cannot set a deadline, cannot give you a date in which we can all go home. I can point to the progress and the success of a process in which the Iraqi capability is increasing, and we have already begun to turn over large portions of the country, including difficult parts of the City of Baghdad, to Iraqi lead with coalition support.

And I think the other chart is a map of this, of just showing from last fall, I think, or from the fall to the recent period, sections of the country that are now where the Iraqis are in the lead role, and we hope over the course of this year to obviously expand the green parts of the map and also to build up the Iraqi combat support and combat service support capabilities so that even more of the job can be done by Iraqi forces.

Mr. LANTOS. My final question——

Mr. RODMAN. You asked about existential threat, I said I just don't see the insurgency as an existential threat.

Mr. LANTOS. I take that, Mr. Secretary.

My final question, at the rate we are now training additional security forces, by the end of this year what will be the size of the effective Iraqi security force?

Mr. RODMAN. General Jones, we have a number. I think the first chart showed a number of—was it January 2007, there is a number—325,000 is the number, is that correct?

General JONES. If I could add just a little bit of clarity.

Mr. LANTOS. Please.

General JONES. On the first chart where it shows individually trained and equipped forces, these are individuals who have been through what we would refer to as basic training and advanced individual training. So that is the sum total of individuals we have trained.

They then are assigned to units. To achieve unit capability is a little bit different.

Mr. LANTOS. Yes.

General JONES. And so although we may be at the point right now with 250,000 plus and expect to be at about 325,000 in the beginning of next year, that doesn't necessarily mean that is the size of the effective force because some of those go to units that are not at a high level of readiness as a unit.

What we have seen, I can give you some numbers right now of the—and this is information that is a little updated since the report that you received—the army force is, 112 of those battalions are what we would call in the fight, and that is they are out conducting operations. Of those, 65 of those battalions are in the lead, where they have achieved the capability to be able to go out, plan, prepare, and execute the operations with Iraqi leadership being responsible. They may have elements of support that are needed. They have embedded United States advisors in those units that accompany them and oversee the work that they do, but the Iraqi force itself is in the lead.

Additionally, 52 of those battalions which were represented in that other chart actually are responsible for an area of operations where they have assumed control of that from U.S. forces.

Mr. LANTOS. What is the ultimate target number, General Jones, of Iraqi security forces we expect to train?

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General JONES. The target number for what the force structure looks like is that 325,000 figure. That is how many individuals will be trained between all of the various forces that are grouped in that, police and——

Mr. LANTOS. And it is your judgment that that is a sufficient security force for the Iraqis to handle their own domestic security?

General JONES. That is the number of people when in effective units our current judgment is that will be able to handle the security situation. That is based on several different assumptions about how the enemy situation will change, and frankly, there are some unknowns there in terms of the effect that the political solution is going to have on the level of enemy.

Mr. LANTOS. May I just ask one final question.

Is it your judgment also that the size of the Iraqi security force today is sufficient so that an existential threat to Iraq as such no longer exists?

General JONES. Sir, I guess I would have to understand what you mean by existential threat.

Mr. LANTOS. Existential threat means threatening the existence of the Iraqi regime.

General JONES. Sir, I would say that they are not yet capable of independently assuming that responsibility; that combined with the current coalition forces that are there, then I would say that that combined force is capable. But that is the reason why this is a process of transition to Iraqi security forces, because I don't believe that they are capable of handling that threat independently without the support of the coalition at this point.

Mr. LANTOS. Thank you, Mr. Chairman.

Chairman HYDE. Mr. Rohrabacher.

Mr. ROHRABACHER. Thank you very much, Mr. Chairman, and thank you for having another of your many hearings on Iraq, and I appreciate that very much.

My first question either to Ambassador Jeffrey or Mr. Rodman, Mr. Rodman, you mentioned Zarqawi and the communication we just had. Is Zarqawi an Iraqi?

Mr. RODMAN. Zarqawi is Jordanian.

Mr. ROHRABACHER. He is Jordanian, and he is there pontificating and assuming leadership rights in a fight in Iraq.

Mr. RODMAN. That is correct. He is a jihadi; he has announced his allegiance to bin Laden, and he calls his movement al-Qaeda, I think al-Qaeda in Mesopotamia, but he is a foreigner, and I think that is one of his problems.

Mr. ROHRABACHER. Are there many foreigners like Zarqawi in Iraq, and are they participating in the killing of Americans?

Mr. RODMAN. Well, I can ask my colleagues to be more specific. We think the hard core of this insurgency is Iraqi, former regime elements and other extremists from Iraq, but there is a mixture of these foreign jihadis, and I think one of the good indicators that we see is that a lot of the Iraqi population, including some of the people who don't like us, are turning against the foreigners.

I think the first split we can hope to see in the insurgency is that the Iraqis deciding, you know, they really don't want foreigners running around, and the Iraqis want to determine their own destiny.

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Mr. ROHRABACHER. So we have foreigners in Iraq involved in violent activity, and are some of the bombs that are going off that are murdering Iraqi citizens being actually targeted by non-Iraqis?

Mr. RODMAN. Zarqawi, as we know, has been responsible for some of the more gruesome, more dramatic atrocities, like the beheadings that we saw awhile ago; those were his doing.

As far as weapons, I know the President has spoken and the British Government has spoken about some weapons technologies that seem to have an Iranian providence, so there are foreign sources of extremism here that are clearly contributing.

Mr. ROHRABACHER. And you mentioned al-Qaeda, that is likely—that Zarqawi at least thinks of himself as part and parcel of the al-Qaeda terrorist network, so if I can do a little analysis here from what you have said and what we know, wouldn't you say then that what we have done is entice al-Qaeda, meaning foreign terrorists from around different parts of the world, into Iraq and thus what we are doing there is fighting them in Iraq rather than fighting them somewhere else, because these particular al-Qaeda terrorists hate the United States of America as has been declared quite often and want to do us harm?

Is it thus not better for us to be fighting them in Iraq and enticing them there rather than letting them be on the offensive and have operations against Americans elsewhere?

Mr. RODMAN. I think that is a fair interpretation. They came to Iraq thinking they could inflict the defeat on us, and I think obviously we believe we have the overwhelming majority of the Iraqi people wanting this political process and not wanting them. So I think we have an opportunity to inflict the defeat on them there, as you say.

Mr. ROHRABACHER. Well, Mr. Chairman, just for the record, I just returned from the Gulf over the break, and there is every indication that there are foreign people and foreigners probably as part of the al-Qaeda network operating in Iraq. These people hate the United States of America, and they—bin Laden and his crew weren't just trying to kill 3,000 Americans in 9/11, they were trying to kill 50,000 or 100,000 Americans in those buildings. Had the planes landed in those buildings a few hours later, they might have achieved that.

For us to be able to conduct this war with al-Qaeda in Iraq, there is a price to pay, and my last question is just this. I buried a young marine who was killed in Iraq in my district last weekend. Lance Corporal Marc Glimpse, who was a graduate of Huntington Beach High School, a young man who is just a regular young man in our community who stepped forward to go overseas to defend our country's interest, and defended our country overseas.

Why was it worth the life of Marc Glimpse, 22-year-old American beach kid and one of the just regular American kids you see around his neighborhood, why was it worth his death to accomplish what we are trying to accomplish in Iraq?

Mr. RODMAN. Congressman, our enemies declared war on us a long time ago: In the 1990s, when they blew up our Embassies in Africa, when they attacked the USS Cole, and then obviously on 9/11. So we have been at war for awhile, and I think what we are doing now is fighting back, and as you say, some of these inter-

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national jihadis have gathered in Iraq because they think they can inflict the defeat on us.

But I think they are wrong, and the outcome—it is one reason why the outcome has tremendous importance for the region as a whole. I mean, if we were to be defeated there, I think there would be unbounded euphoria among the radicals all over the place, and a great demoralization of all moderate Arabs and all our friends.

Conversely, if we succeed in helping the Iraqis establish a decent, democratic, and moderate Iraq, I think that is a tremendous victory for the forces of moderation in the Middle East as a whole.

Mr. ROHRABACHER. And defeating Iraq means that those foreigners now engaged in combat in Iraq might be engaged in terrorist——

Mr. ACKERMAN. Point of order, Mr. Chairman.

Mr. ROHRABACHER [continuing]. Be engaged in terrorist activity——

Mr. ACKERMAN. Will all Members have an equal amount of time each to——

Chairman HYDE. Yes.

Mr. ACKERMAN. Thank you.

Mr. ROHRABACHER. I am trying to get the minute and a half extra that you got on your opening statement.

So thus if we lose in Iraq and are defeated, our own people will be demoralized, or our allies, and it is more likely that the terrorist network will be conducting terrorist operations in the United States killing Americans.

Mr. RODMAN. I think they will be very emboldened, and it will be a great recruitment boost for them.

Chairman HYDE. The gentleman's time has expired.

Mr. Ackerman.

Mr. ACKERMAN. Thank you. It is a very sad moment just to listen to all of this, operating under the pretext that we are fighting in Iraq, because these are the people who attacked the Embassies and these are the people who attacked the Cole and these are the people who did everything else, and your brilliant strategy has gotten all these international terrorists to go into Iraq where we have them mouse trapped and are beating the hell out of them.

Well, congratulations. I don't think it is selling; I don't think it is working. I don't think it is working anymore than this being the first hearing that we have had on Iraq in 2 years. The first one this year, none last year, and to try to have some people operate under the pretext that we are really looking at all this.

I congratulate the Secretary on going to Iraq. I guess he feels safer there than he does here, at least there is no general shooting at him. It seems to me that we have an awful lot of generals, former generals, who are critical of the job that the Secretary has done in his leadership capacity and demanding that he resign because of the incompetence in the prosecution of this war.

We are supposed to have standards in this country. Our Administration has insisted on it. We have insisted on standards and measurements being put to our teachers, our schools, our schoolchildren, and standardized testing. Why are there no standards to which we hold the people who are running this operation so incom-

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petently? Why does everybody get rewarded? Why is everybody muzzled?

Why is the Inspector General who is looking at what is happening and the corruption and the incompetence in the prosecution of this war being attacked now by the Pentagon almost as if they are trying to inoculate themselves against whatever it is he is going to point out in the report?

Why does this Administration spend more time attacking its critics than it does defending our own troops? And how demoralizing is that for you?

Mr. RODMAN. Congressman, you have asked a number of separate questions. I am not aware of people being muzzled on the question——

Mr. ACKERMAN. Not on your side of the table.

Mr. RODMAN. On the question of the Secretary of Defense, I think that has been addressed by the President, and this is way above my pay grade, but I think it is the President's—the President chooses his Cabinet Officers, and he has declared his confidence in Secretary Rumsfeld, and I think that is not for me to——

Mr. ACKERMAN. What kind of failure would be necessary to have a change in leadership?

Mr. RODMAN. I think again this is a question I am not in a position to answer. I think this is up to the President of the United States.

Mr. ACKERMAN. Are there any standards or tests or measurements that we have to go by?

Mr. RODMAN. I think that is up to the President of the United States——

Mr. ACKERMAN. How many Americans have to die?

Mr. RODMAN. [continuing]. And Secretary Rumsfeld.

Mr. ACKERMAN. How many generals have to speak out?

Mr. RODMAN. Well, that is a question, if General Jones wants to discuss this.

Mr. ACKERMAN. He is still drawing a paycheck. I wouldn't put him in that position.

Mr. RODMAN. Well, I agree. I would not put him in that position.

Mr. ACKERMAN. And he looks too young to retire.

Mr. RODMAN. There are a lot of interesting questions raised by this, and I am not the one with the last word on whether a retired officer should be speaking out. It is a free country, and they obviously have a right to speak out. One of the things that concerns me, personally, is that it is a form of pressure on those who are serving in active duty, and that is just as you would not want to put General Jones in that position, I have the same concern about what position all of this discussion, what pressure it puts on, you know, the senior ranks of our military, and that is——

Mr. ACKERMAN. I think that Americans, once they are in private life have a right to speak out and have the same freedom of speech and constitutional protections——

Mr. RODMAN. I agree with that.

Mr. ACKERMAN [continuing]. And that they are just—you know, they have to do what they have to do in their jobs, and we are proud that they are doing that, and they shouldn't be speaking out while they are in the military.

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Mr. RODMAN. But I also think that nobody gets muzzled to go back to your question——

Mr. ACKERMAN. Well, we can argue that.

Mr. RODMAN. I think people can speak freely in our department. If they have—their military advice is sought and given freely and I think——

Mr. ACKERMAN. And they pay the price for it.

Mr. RODMAN. No, I think that is a myth.

Mr. ACKERMAN. I have a question if I might. Yes, General Shinseki spoke out while he was still wearing his uniform, and we all followed that sad, sorry episode. According to the State Department in their weekly reports on Iraq, the oil production is almost 20 percent below Saddam Hussein times. We have spent of our taxpayers' money $5 billion on oil security and $1.7 billion on oil infrastructure.

How do we explain this?

Mr. JEFFREY. Congressman, several reasons for that. First of all, it depends on the period of time you look at before liberation in 2003. Iraq was producing somewhere between, depending on the period you look at it, 2 million and 2.5 million barrels a day. For understandable reasons, Saddam hiked that up as high as he could before the war.

Right now overall on oil, we are averaging in the past several years roughly 2 million barrels a day. That is, we have gotten production back up to where it was before the war. It had dropped off to almost nothing after the war because of the collapse of the infrastructure, looting and that kind of thing.

In addition——

Mr. ACKERMAN. Did you just say we got it up to what it was before the war?

Mr. JEFFREY. What I said was we got it up from zero to about 2 million barrels a day of production.

Mr. ACKERMAN. That is real good if you start at a baseline of zero where it stopped for a day. But we are talking about average production per week or per month or per annum. It is 20 percent. And to try to flim-flam us to tell us that it is higher than it was because you had a day that it was zero is kind of disingenuous.

Mr. JEFFREY. No, what I am trying to do is to explain what we use the money for. When we went in there in 2003, there was essentially no oil production. Folks who worked in the oil industry know how sensitive the machinery is, how complicated it is to get——

Mr. ACKERMAN. Why didn't we know that before we went in instead of being told that that oil was going to pay for this whole war when that is absolute nonsense? Complete incompetence and nobody is held accountable. Nobody passes the test, and we have not been here to ask the questions and that is embarrassing, too.

I yield back the balance of my time.

Mr. JEFFREY. Once again, we did return oil production to 2 million barrels a day. We have a variety of steps underway with the Iraqis that should get this up to 2.5 million barrels a day. That will be significant progress. They aren't things that you do overnight.

In terms of exports, again, with the increase in production we are hoping to achieve and if we can stabilize the security situation in

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the area for the pipeline through Turkey, we would be able to increase oil exports up toward or beyond 2 million barrels a day. Right now the Iraqis are sustaining, according to the IMF, their budget of roughly $30 billion, primarily with their oil exports, so we see this as an achievement, Congressman.

Chairman HYDE. Mr. Royce.

Mr. ROYCE. Thank you, Mr. Chairman.

I was going to ask a question about Prime Minister al-Jafari, and why you think—Ambassador, why you think he made the decision not to seek reelection, why he has stepped down? This is being touted as a diplomatic breakthrough, but I wondered about that.

I also wondered if you could give us an assessment of the new Prime Minister Al-Maliki. We knew a lot about al-Jafari, he was universally assumed to be a rather weak and unfocused leader for the country. What can you tell us about al-Maliki, the new Prime Minister?

What can you tell us also about his qualifications for the job, and why you think he might be an improvement over the past leadership in the country?

Mr. JEFFREY. Yes. Congressman, let me start first with Prime Minister Jafari. We worked very closely with him when he was deputy president of Iraq under the Alawi Government, and as Prime Minister, and we achieved a lot together.

Nevertheless, as you probably are aware, when the largest political grouping, the Shia unity grouping, took a vote on who would be their candidate, the vote was only 66 to 65 in favor of Mr. Jafari.

Now, given the fact that he is by all of our polls the most popular man in Iraq and given the fact that this was inside a movement that his popularity was very high, this is not a ringing endorsement.

More importantly, what we call the Shia list has less than 50 percent of the votes in parliament. Technically you need more than 50 percent, but the way the Constitution is set up, you really need before you can get to the prime minster a two-thirds vote for the Presidency Council, and as we saw over the weekend nobody votes and throws away that two-thirds trump until they are sure of who the Presidency Council is going to select as Prime Minister.

The other groups in Iraq simply wanted to try new leadership. That is a reasonable approach in any democratic system. I think it shows some maturity. If the old leadership has not produced the kind of results that folks here today are talking about—security problems, problems in the infrastructure, problems in economics—it is perfectly reasonable to look for new leadership.

This is what they did. They decided to stay within the Dawa party. That is where Mr. Maliki comes from, the same party as Mr. Jafari. He has been an effective leader in that party. His background is almost entirely political in the parliament. He has been an effective leader of several parliamentary commissions. He was one of the deputy speakers. We have worked closely with him. I know him. Many other diplomats do beginning with Za-Jalizad, and we believe that he is off to a good start, and we are just going to have to wait and see.

Mr. ROYCE. Thank you for your analysis on that, Ambassador.

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I was also going to ask you about the tape that we saw yesterday from Zarqawi who is the al-Qaeda commander in chief in Iraq, and I was going to ask you or Mr. Rodman for your analysis of that tape. Some of the statistics that I have seen are that although the insurgency is principally Ba'athist on the ground, in terms of the suicide bombing the analysis I have seen is up to 90 percent foreign fighters. Zarqawi, of course, plays a major role in directing their activity.

So I wanted to catch your analysis or Mr. Rodman's or even the General's on your assessment of Zarqawi's tape.

Mr. JEFFREY. Very quickly, I generally agree with you. There is one other terrorist group, al-Ansuna, which has both inside/outside history including in the Kurdish areas, that also specializes in terrorist bombings, and they do some of the work, but much of it is Zarqawi.

I would only make one further comment on the tape. My assessment of that is this guy is worried about the stand up of an inclusive government including, and we know these folks, some of the Sunni Arabs who are participating in it are people who do have ties to or connections to parts of the, as I mentioned earlier, the parts of the insurgency that we are hoping to see wedged into the political system, and this is exactly what he fears. This is why for the first time he was out there showing his face. This was a dramatic attempt to win back support.

We will see how it works out. I am not very optimistic for him.

Mr. ROYCE. Thank you. General Jones?

General JONES. Sir, I would agree that it is very difficult to understand why this tape would be deployed when it was, but clearly our indicators are that he is losing some support that he may have seen internally in Iraq, and if I were in his shoes, I certainly would be worried.

Regarding the number of foreign fighters versus native Iraqis who participate in suicide bombings, I would say that I am not sure that I know what that number proportion is just because it is so difficult to try to determine origination. But we know that clearly a lot of that activity is due to foreign fighters who have come in, and certainly there is some domestic part of it.

Chairman HYDE. Mr. Delahunt.

Mr. DELAHUNT. Yes, before I make my inquiry, I have to just comment on some of the statements from my friend, and he is my friend, the gentleman who chairs the Oversight and Investigations Committee. He certainly has got a great sense of humor to suggest that we have exercised our constitutional responsibility to conduct oversight. There has been a series of letters that I and others have sent to the Chairman of both the Full Committee and the Subcommittee requesting investigations into the massive amount of fraud and corruption that has gone on in Iraq, and our response has been deafening silence.

I would hope that today would be a watershed, and I would hope that the media would examine carefully the record of this Committee, the Subcommittees thereto, to determine whether there has been effective oversight. To suggest that is entirely inaccurate, and everybody knows that. But that is not my point today.

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I just wanted to find out what happened to that missing $9 billion that was transferred to the CPA, and I can't get an answer, and Mr. Bowen has never appeared before any Subcommittee that I have participated in.

But I want to focus on the relationship between Iraq and Iran, Mr. Rodman, and the role or the potential role of Ahmed Chalabi, whom I know you know, because he has had a significant impact on American policy as it relates to Iraq. I found it interesting to note that his representative here in Washington made the observation that this war would not have been fought but for Ahmed Chalabi, and I know there are many of us that do agree with that comment.

But in any event, Mr. Chalabi is well known to us. We paid him some $40 million over a period of how many years because of his role as a dissident. We know him too because he was convicted in Jordan of embezzling some hundreds of millions of dollars from a bank that he formed.

Correct me if I am wrong, but I think he was sentenced to some 22 years in absentia. Am I correct on that, Mr. Rodman?

Mr. RODMAN. I don't know exactly.

Mr. DELAHUNT. But he was sentenced.

Mr. RODMAN. I know he was convicted in Jordan. I don't know the details.

Mr. DELAHUNT. Okay. And he does have a close relationship with the Iranians, is that accurate, Mr. Rodman, Mr. Secretary?

Mr. RODMAN. I think all of the Shi'ia, especially during the period of exile, had relations with Tehran. I mean, the group Skiri——

Mr. DELAHUNT. Right.

Mr. RODMAN [continuing]. Was one of our leading allies——

Mr. DELAHUNT. But I am asking——

Mr. RODMAN [continuing]. And had headquarters in Tehran.

Mr. DELAHUNT. Right.

Mr. RODMAN. He had contacts with Iran, certainly.

Mr. DELAHUNT. Right. In fact, he supported Muqtada al-Sadr on occasion, didn't he?

Mr. JEFFREY. He is in contact with al-Sadr. I will leave it to Jim to describe the current politics.

Mr. DELAHUNT. Well, I am interested in a little bit of context here. In fact, it is my memory that he participated in a sit down strike, if you will, or a protest with the purpose of discouraging the United States to pursue Muqtada al-Sadr. Is that correct, Ambassador?

Mr. RODMAN. He has had contact with Muqtada al-Sadr.

Mr. DELAHUNT. Did he participate in—if you know?

Mr. RODMAN. During my period there, he did not, to the best of my knowledge, but I wasn't there during the first outbreak of fighting between the coalition in April of——

Mr. DELAHUNT. But are you aware that he lived in Tehran prior to the invasion?

Mr. RODMAN. I am aware that he has traveled to Tehran. I am aware that he lives in various places.

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Mr. DELAHUNT. Are you aware that we purchased a villa for him in Tehran to serve as a satellite office for his group? Are you aware of that?

Mr. RODMAN. I am not aware of that.

Mr. DELAHUNT. Mr. Secretary, are you aware?

Mr. RODMAN. His headquarters is in London.

Mr. DELAHUNT. This is a satellite branch that I am talking about.

Mr. RODMAN. Well, that I just don't know, but he had contacts. As I say, all the Shi'ia leaders had their contacts with Tehran during the period of exile.

Mr. DELAHUNT. Okay, but we funded this through—my understanding—through the Department of Defense.

Mr. RODMAN. Well, no, the Iraqi National Congress was one of the groups designated by the Clinton Administration to receive funds under the Iraq Liberation Act.

Mr. DELAHUNT. Right. What I am asking for——

Mr. RODMAN. And administered by the Department of State.

Mr. DELAHUNT. What I am asking for is, did we fund a residence for Ahmed Chalabi in Tehran?

Mr. RODMAN. I have never heard of that. I can look into that.

Mr. DELAHUNT. Okay. Well, there have been reports that surround his activities in terms of the dissemination of intelligence to the Iranians. Is that true? Are you familiar with that, Mr. Secretary?

Mr. RODMAN. I have read those reports in the newspapers.

Mr. DELAHUNT. Okay.

Mr. RODMAN. I am aware of that.

Mr. DELAHUNT. Is there a continuing FBI investigation into Mr. Chalabi relative to his providing information to the Iranians about American political plans in Iraq?

Mr. RODMAN. My understanding, but not through personal knowledge, is that this is—there has been some investigation going on about what we have all read about in the newspapers. I don't have any personal knowledge of what he did or what he might have done.

Mr. DELAHUNT. I am not suggesting that you have personal knowledge, but according to Bush Administration officials, and this is a report back in May 2004, the United States Government has launched an investigation to determine how Chalabi obtained highly classified American intelligence that was passed to Iran, a Bush Administration official said.

Mr. RODMAN. I remember that.

Mr. DELAHUNT. A senior Administration official said the compromised intelligence was highly classified and damaging. What is the current status of that investigation as we proceed to the future?

Mr. RODMAN. I have no—that is not something I deal with. It is out of the hands of the Department of Defense at this point. It sounds like, as you say, FBI. I don't know.

Chairman HYDE. Mr. Issa.

Mr. ISSA. Thank you, Mr. Chairman, and for a moment I would like to continue along this track of Ahmed Chalabi.

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Ambassador Jeffrey, is it fair to say, and actually also Secretary Rodman, that Ahmed Chalabi had been a player here in Washington and in the opposition since almost the end of the first Iraq war?

Mr. JEFFREY. In terms of my official duties, I couldn't comment on that, but from my many discussions with him and with other people that go back before I got involved in this in April or May 2004, that is my understanding, yes.

Mr. ISSA. And the decision to fund his opposition group and funds that led to him, that was made under the previous Administration, wasn't it?

Mr. JEFFREY. That is correct.

Mr. ISSA. And continued on an annual basis. I do share and want to associate myself with Mr. Delahunt in that I do believe that Ahmed Chalabi is less than in the best interest of the United States and has never been what you might call a fair dealer for our best interest.

On the other hand, I am not sure that we can name anyone in that country whose interest should or would be for us first.

But moving on beyond one individual, I would like to do something which is considerably dangerous in international relations, and that is to contrast where we are today perhaps with where we were when I was a young adult in the Vietnam War, and for all of you, although, General, I think you are just young enough that I outrank you on the date of Vietnam War time, but most of the Vietnam War was spent supporting a government which was by no means a democracy, which represented disproportionately Christian instead of the majority population of Vietnam, and the military reflected that.

Today, assuming the government is properly formed, the Prime Minister is able to meet his 30 days and so on, is it fair to say that we have, at a minimum, accomplished one thing dramatically different than we had throughout the entire Vietnam War, which is that we will have a civilian government which is legally and appropriately elected and which represents at least in portions of the government every major group that can be defined in Iraq today?

Mr. JEFFREY. Without making a direct analogy to the Vietnam War, which I was a participant in as well as the Iraq War, I would say that you are correct, that we have attained exactly that result in Iraq, and assuming that the government stands up at the end of the 30-day period, yes, sir.

Mr. ISSA. And because I am very concerned and I am somebody whose politics are sort of Nixonian in that sense of seeing how we conducted Vietnamization and what the underpinning problems were after we left Vietnam, even though from a military standpoint we left a solid military able to defend itself, but there were a number of problems both here in Congress and there, would you please give us your view of how important the difference—again not spending too much time on Vietnam—but the difference between us leaving a government with a strong military and us leaving a government that is reflective of the people and an appropriately strong military?

Mr. JEFFREY. I think that both are important. One sentence on Vietnam. The country was not overthrown in 1975 by insurgents

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of the Vietcong, it was overthrown by a highly armed invasion of regular army troops from another country.

But in terms of where we are in Iraq now and looking forward, we think you need to have both. You need to have a democratic government that is inclusive and that can answer the underlying causes of much of the fighting and much of the insurgency, which like most insurgencies and most fighting are political in nature, and you have to have a strong security force so the people aren't tempted to use the bullet rather than the ballot, and for those terrorist elements that aren't going to listen to any political answer, you have got a military answer.

Mr. ISSA. Thank you.

Secretary Rodman, staying on the same question put in a little different way, when building the Iraqi military to defend itself against foreign and domestic sources, how important would you say that that multi-confessional government that is being formed as we speak is, and how will it relate to an effective military able to deal with insurgents regardless of their religious or other callings?

Mr. RODMAN. It is also important that the military be seen and be trusted by the entire population, and that the ethnic mix of the military be reasonably balanced and inclusive, and that is one of the things we are concentrating on.

Now, earlier, a year ago when the Sunni were boycotting the political process, there were not a lot of Sunni available for the armed forces, and they are a minority to start with, but we have made an effort over the last year to be more inclusive, to recruit. There have been some fatwas by some of the Sunni clerics encouraging Sunni to participate in the security forces in their own interest, and I can't say that we have solved this problem, but it is something again General Jones could speak to this, that it is something that we think ought to take place for the sake of the unity of the country.

Mr. ISSA. Mr. Chairman, I would ask that General Jones be allowed additional time to answer.

Mr. ROYCE [presiding]. With unanimous consent.

General JONES. Sir, in terms of the your initial question of how important is this inclusive unity government, we, of course, think it is essential because we know ultimately it is not a military solution that gets the country to a state of peace.

In terms of inclusiveness of the forces, we see kind of a variety. First of all, in the Iraqi army forces, I believe it is in the even-numbered divisions, which were recruited nationally, you have a pretty good mix of ethnicity or sectarian representation. In the other divisions of the Iraqi army, because they were originally national guard units, which were recruited locally, they tend to reflect the population where they were recruited, so that balance isn't there.

Replacements in those organizations in the army are coming out of the central training program, so over time that will even itself out.

Within the police forces, in the national police forces you have the commando units which, if you look at it from a population perspective, are probably disproportionately Sunni, and that is a higher proportion than the general population. The public order battalions, which are also part of the national police forces, are more

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heavily weighted Shi'ite because at that time when they were formed it was just prior to the first national election, and at that time the Sunnis were sort of boycotting participation in national government, and so we have an imbalance there. Over time that will also even itself out.

In the police forces that are local police forces, those are clearly imbalanced in that they are recruited and reflect the populations in the communities where they are located. That probably won't change significantly over time because I think they will continue to be recruiting.

Mr. ISSA. Irish cops in New York were predominant here too.

Mr. ROYCE. The gentleman's time has expired.

Mr. ACKERMAN. Mr. Chairman.

Mr. ROYCE. We are going to Congresswoman Lee from California at this time.

Mr. ACKERMAN. Mr. Chairman, if I may.

Mr. ROYCE. If the gentleman will proceed.

Mr. ACKERMAN. Inasmuch as there will be voting in short order, I just want to make sure that we would be coming back after the votes because each of our Members do have questions to ask at this time.

Mr. ROYCE. Unfortunately we will not, Mr. Ackerman, and for that reason I would suggest that interruptions of the Chair probably will work against the interest of the Members.

We will go now to Congresswoman Lee of California.

Mr. ACKERMAN. Mr. Chairman, point of personal privilege.

Mr. ROYCE. Congresswoman Lee.

Mr. ACKERMAN. Point of personal privilege.

Ms. LEE. Thank you, Mr. Chairman.

Mr. ACKERMAN. As a point of personal privilege.

Mr. ROYCE. We will hear from the gentleman. There is no such thing as a point of personal privilege under these conditions, Mr. Ackerman, but I will allow you to make your statement.

Mr. ACKERMAN. Thank you for your generosity.

Our Members have been sitting here, most of them, since 11 o'clock, 2½ hours, to ask a question for the very first time in 2 years at a hearing on Iraq of this Full Committee.

Mr. ROYCE. Mr. Ackerman, you went over your time. I am going to reclaim the Chair, and——

Mr. ACKERMAN. Don't blame that one——

Mr. ROYCE. Well, if it didn't happen so often, I probably wouldn't, Mr. Ackerman. We are going to go now——

Mr. ACKERMAN. Yes, I used my time to try to fight to get time for our Members.

Mr. ROYCE. I appreciate that. We are going to go to Congresswoman Lee from California.

Mr. SHERMAN. Mr. Chairman, may I ask a parliamentary inquiry?

Is our inability to come back after votes because the witnesses are not available, because we are more than willing to come back after votes?

Mr. ROYCE. The witnesses will not be available, and we are going to adjourn at the time of the votes.

Congresswoman Lee, please.

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Ms. LEE. Thank you, Mr. Chairman.

Let me thank our witnesses for being here, but let me just say in December we sent a letter to the Chairman, I think there were 15 of us, documenting the fact that there had not been really any oversight Committee hearings on Iraq, and in fact many of us have presented resolutions of inquiry to get information because of just that fact, and the Chairman, of course, is very critical of these resolutions of inquiry, but part of the reason that we do this is to get the information that we are not able to get because of the lack of oversight hearings.

Having said that, I would like to go to a report that was issued by a non-partisan group, the Center for American Progress. It is their first report on Iraq, and I would like to get—first, I would like to read you the grades they gave in the categories.

The overall first quarter grade was a D; on security and stability, a D minus; governance and democracy, C plus; economic reconstruction, D minus; and impact on U.S. national security, F.

Now, I would like to go to the issue of United States national security because, of course, that is what the Administration has cited in many instances as it relates to Iraq given the fact that weapons of mass destruction were not found.

The report says:

> "By invading Iraq without a plan to stabilize the country, the Bush Administration created a new terrorist haven where none had previously existed. The CIA's National Intelligence Council warned last year that Iraq has become the new leading training ground for global terrorists. In the first quarter of this year, United States intelligence and military officials voiced concerns that terrorists were taking their newly-acquired skills and using them in Afghanistan where the battle against terrorists remain incomplete. By maintaining an open-ended military presence in Iraq, the Bush Administration continues to give global terrorist groups a potent recruitment tool. In the first quarter of 2006, there have been 620 incidents of terrorism in the world, up from 415 terrorist incidents in the first quarter of 2003."

So I would like to ask our witnesses, and I guess perhaps I would ask General Jones, the whole issue that the public still in many respects believes that there is a connection between 9/11, al-Qaeda, Saddam Hussein and Iraq. Could you kind of talk a little bit about that because, in fact, many of us knew and believed that there had been no connection?

Of course, now we are hearing and we know that terrorist attacks are increasing, but explain what was going on in terms of the connections that most people think existed, so we can get that cleared up right now with regard to the connection between 9/11 and Iraq.

General JONES. In this forum, I have to be careful about how we—the information that might have been available years ago in terms of indicators, but what I would say that in terms of direct ties between al-Qaeda and Saddam Hussein, that is an issue that can debated looking at the information that I believe was available years ago.

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Ms. LEE. But the connection between bin Laden and Saddam Hussein, the connections between Iraq and the horrific attacks on the United States of America on 9/11, I am trying to get an answer to that.

General JONES. Right. I am not sure that I can give you an answer that is going to be satisfactory in being able to say that we know what relationships existed between people in the Iraqi Government and terrorist organizations. I think it is pretty clear if you look at the actual attack on 9/11 that it was not a state-sponsored event by Iraq or any other country. It was an al-Qaeda-sponsored event.

Ms. LEE. So Iraq was not involved in the attacks against our country on 9/11?

General JONES. To the best of my knowledge, I would say that was perpetrated by members of this al-Qaeda organization which is not associated with a specific state.

Ms. LEE. Thank you very much.

Let me ask Mr. Rodman with regard to Iraq. You mentioned earlier that the Iraqis do not want foreigners. What about the United States in terms of permanent military bases? How do you see that evolving now? I mean, this body is on record saying that we do not intend to have nor want a permanent presence in Iraq. What do you think about military bases on a permanent basis?

Mr. RODMAN. We have no plan of any kind. I think everything depends on what the sovereign Government of Iraq has in mind over the long term and how the situation on the ground will evolve. Our presence there right now is at the request of the Iraqi Government and with the UN mandate as well.

Ms. LEE. I am talking about permanent military bases.

Mr. RODMAN. Well, I think there is no plan for such a thing, or I wouldn't speculate about it unless at some future time the United States and the Iraqi Government make some mutual decision on such a question.

Ms. LEE. Thank you very much, Mr. Chairman.

Mr. ROYCE. Thank you. We will go to Mr. Meeks.

Mr. MEEKS. First, let me ask this quick question. I know that Mr. Maliki came to DC in November of last year, and he met with Secretary Rumsfeld, Vice President Cheney, as well as Secretary Rice. Did any of you meet with him when he was here? And if you did, I was wondering whether or not anyone asked him about the allegation that he passed United States intelligence to Iran.

Mr. JEFFREY. Congressman, I met with him. I was present, I believe, for the meeting with the Secretary of Defense and had several conversations with him at that time as is at present, still under the old government, which is still formally the caretaker government. He was a deputy prime minster. He was a deputy Prime Minister who was in charge of infrastructure operations, oil, electricity, and infrastructure security, an issue of great concern to this group today.

And in that context, we have worked very, very productively and very effectively with Mr. Maliki.

Mr. MEEKS. Was there any conversation about whether or not he passed United States intelligence information to Iran?

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Mr. JEFFREY. Congressmen, what we were talking about was how to get oil production up, how to get electricity into the homes of Iraqis and how to secure the network.

Mr. MEEKS. It is not a difficult question. Either you did or you didn't.

Mr. JEFFREY. There was no question in my presence on that subject, you are right.

Mr. MEEKS. Thank you. Let me ask this question because, you know, I think a number of people want to be helpful, but you can only be helpful if you understand what took place in the past here. So would it be correct to say, you know, is it a fact that inaccurate threat estimates were created to give rationale for the United States going into Iraq?

Mr. JEFFREY. Congressman, I wasn't involved in Iraq in 2003, so I can't give you a specific answer. What I can say is that I was closely involved in Iraq from 1996 in Kuwait until the end of my tour in Turkey in 2002. And during that time, we all, civilians and military——

Mr. MEEKS. I am just trying to find out whether or not we did anything wrong, or you know, anything we can learn from what we didn't do. Could you say that in fact the diplomatic estimates probably exaggerated the probable international support and the ability to win an ally and a UN consensus, that we exaggerated that as far as the coalition because we couldn't get Germany, we couldn't get France? Did we underestimate the number of individuals we would have with us in this Iraqi war? Would you agree to that?

Mr. JEFFREY. Once again, I would agree that we did think that it was a threat. We felt that there were many countries around the world that supported us——

Mr. MEEKS. We didn't do that wrong either. Did we over-rely on exile groups with limited credibility and influence in Iraq? Did we over-rely upon them?

Mr. JEFFREY. Not to my knowledge, but I am not a person who was working——

Mr. MEEKS. So that was fine too, we did that too, that was all right.

Did we have failures in intelligence, in analysis of the internal political and economic structure of Iraq? Did we have any failures there?

Mr. JEFFREY. In my experience in Iraq, I would have to say, from mid-2004 on, that our intelligence is quite limited in what is going on in Iraq now and presumably in the past.

Mr. MEEKS. So we had some fault there. We should learn from that, okay. Did we have any inability to accurately assess the nature of Iraq nationalism and the true level of cultural differences and the scale of Iraqi's problems? Did we underestimate those things?

Mr. JEFFREY. Again, in my work with Iraq from the mid-1990s until 2002, I felt that I was well informed and the people who worked with me were well informed about the ethnic——

Mr. MEEKS. No mistakes there. So were we over-optimistic or did we have over-optimistic plans for an internal Iraq policy and military support? Were we over-optimistic about that?

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Mr. JEFFREY. I think you would have to ask the other people because that is a specific question related to 2002–2003, Congressmen.

Mr. MEEKS. Well, did we fail to foresee the sectarian and ethnic conflict that was existing within Iraq? Did we fail to see that?

Mr. JEFFREY. Again, in the run-up in the decade before 2003, we were well aware of the tensions. We saw the Shia massacred and the Kurds massacred. We knew about all of that. Whether we had evaluated that fully in 2002–2003, I can't help you there.

Mr. MEEKS. So what you are trying to tell the American people, and I see I am running out of time here, is that basically, except for one possible area, we made no mistakes, but yet the war is going to drastically—what is happening in there every day is going so drastically wrong, yet we made no mistakes and we should continue to do the same thing, and if anytime we have something else in the future we should do exactly the same thing? Is that what you are trying to tell us?

Mr. JEFFREY. I wouldn't say that, Congressman. What I say is, first of all, we don't think it is going as bad as you said. What we have seen is a lot of mistakes.

Mr. MEEKS. Should we hold anybody accountable for anything, of any of the mistakes that were made?

Mr. JEFFREY. That is a question that I can't address in the Administration.

Mr. ROYCE. The gentleman's time has expired.

We are going to go to Congressman Schiff from California and then to Congresswoman Watson from California. Congressman Schiff.

Mr. SCHIFF. Actually, the question I had picks up right where my colleague left off, and that is, over the course of the last several years, there have been a number of mistakes made that I think are quite widely recognized to have been mistakes in terms of the numbers of troops that we originally had in Iraq, the standing down of the military forces, of course, the intelligence we had on WMD, and many other issues since.

I am curious, can any of you identify anyone who has been held accountable for any of these pretty well acknowledged errors?

Mr. RODMAN. Again, I think this is a question for the President. It is not a question for us at our level.

Mr. SCHIFF. Well, I mean, you presumably——

Mr. RODMAN. It is a question way above our pay grade, and I don't——

Mr. SCHIFF. Well, I am not asking you if you should fire someone. I am asking you who has been held accountable, and your lengthy silence I think answers my question. No one has been held accountable.

General, the public view of this war will have a direct bearing on whether we can be successful. I am sure that the public's skepticism during Vietnam had a big impact on the war effort, and the lack of public confidence in the prosecution of the war right now is having an effect on the war effort.

Wouldn't you agree with that premise? And isn't part of the lack of confidence that the American people see mistakes made, but they don't see any accountability for those mistakes? And I think

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they are also having trouble seeing how we are learning from our mistakes and taking corrective action. Don't you agree that the public perception of the war effort has an effect on its ultimate success or failure?

General JONES. Sir, I guess there are a couple of questions there I should answer. The first is certainly public support for our soldiers, sailors, and airmen is extremely important to our success.

Mr. SCHIFF. Well, that I am happy to say I think has been consistently strong.

General JONES. Yes, sir.

Mr. SCHIFF. And that is a mistake we have not repeated from Vietnam.

General JONES. Yes, sir.

Mr. SCHIFF. But public confidence in the likelihood of success in the team prosecuting the war at the highest levels is lacking. I think all the public opinion surveys demonstrate that. Isn't that having an impact and isn't part of that a result of not holding people accountable?

General JONES. Okay. First of all, what I would do is that I would separate political accountability from military accountability. My area of responsibility would be more in line with military accountability.

In the area of have we conducted this campaign perfectly, the answer is obviously no, and we have learned a great deal.

Mr. SCHIFF. Tell me about the military accountability then. Who has been held accountable militarily for the failure to have enough troops originally in Iraq, for the standing down of the Iraqi military forces, for any of these decisions? Who has been held accountable militarily?

General JONES. In terms of the dissolution of the Iraqi army, that frankly was a political decision. That wasn't a military decision.

Mr. SCHIFF. Well, the President says that the military is making the decisions like that; that the politicians are staying out of it; that he is listening to the generals. So if the generals presumably made that decision, then why isn't there military accountability?

General JONES. In the case of what I believe was the CPA decision, and it was before I arrived in Iraq so I will have to check on that, but I believe the CPA decision was made on civilian authority, not a military decision. But if I could go back——

Mr. SCHIFF. So Paul Bremer is being held responsible for that? According to Mr. Bremer, he was asking for more troops in Iraq.

General JONES. Sir, again, I mean, that is an issue of political accountability, which I, frankly, can't address. I can talk to some degree about military accountability.

I can tell you that, number one, we have made a considerable amount of adaptation during this campaign. I will give you an example. One was our approach to training and equipping Iraqis——

Mr. SCHIFF. If you would, aside from General Shinseki who was held accountable for telling the truth, who has been held accountable militarily for some of the flawed decision-making, or has the flawed decision-making all been political, none of it military?

General JONES. I am not sure what flawed decision-making we are talking about. What I would say is that——

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Mr. SCHIFF. Well, how about the failure to not have enough troops at the outset to prevent the wide-scale looting and to allow the insurgency to get off the ground to begin with, who in the military has been held responsible for that?

General JONES. Again, sir, I am not sure when we talk about military accountability that we are seeing it quite the same way. Military accountability for mistakes that are made in terms of——

Mr. SCHIFF. Who has been held accountable——

Mr. ROYCE. The gentleman's time has expired.

Mr. SCHIFF. May I be permitted to finish this question?

Mr. ROYCE. Absolutely.

Mr. SCHIFF. Who has been held accountable for the failure to have enough armored vehicles and body armor during the course of the war? Who has been held militarily accountable?

General JONES. Sir, I wouldn't know, based on when those decisions were made, which was long before this campaign, about how much body armor we would buy, how many up-armored Humvees to have and those kinds of things. I am not sure the people that even made those decisions were serving still when this campaign began, so I can't tell you a specific name or an accountability in those purposes. I would tell you in those places, that I am aware of, where there has clearly been wrongdoing by military people, I have seen them do the investigations, and prosecutions have been made. There are some that are continuing. People have been held accountable legally and in other lots of ways based on their failure to perform to the proper either legal or ethical standards.

Mr. ROYCE. We are going to go to Congresswoman Diane Watson of California, and then Congresswoman Betty McCollum.

Ms. WATSON. I want to thank you, Congressman Royce, for being here. I want to thank Rohrabacher and Issa. Looking at that other side, they were not interested in this hearing. You can tell by the vacant seats, and I thank the panel. I thank you for spending this time, but you are the wrong people because I have heard you say, "It is above my pay grade; it was before I came on," so you know as little as we do. We know nothing. This is a war of choice among the Administration.

Even when we have classified hearings with Rumsfeld, we get nothing. I asked how many innocent Iraqis have been killed. We don't keep that number. And I am not sure that over 2,300 American troops is the actual number. I think it is even higher than that.

We, as decision-makers, receive no information, and I am very pleased that there was an agreement to hold this hearing.

Now, I heard the panel say that we had a quarter of a million Iraqi troops prepared and ready. I would like you to give us a specific number. A quarter of a million sounds like a large number, but I have heard you say that they are not ready to defend and fight off the insurgents.

I also know that we are building the largest Embassy in the world in a nation of 28 million people, and we are going to have 5,000 people in that Embassy. I know a little bit about Embassies. I can't for the life of me wonder why we are putting all the resources in Iraq when time and time again you hold Osama bin Laden responsible for 9/11.

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Why did we distract and send our best and our brightest and our courageous troops to destabilize and break up a nation?

So I see us doing nation-building after our own image, and our own image is not too good at this point. I see us as occupation forces. If we are going to have 5,000 people in the largest Embassy in the world, I said here when we approved the budget for the Department of State and they had an enormous figure in there to build that Embassy.

I cannot understand if we have trained over a quarter of a million Iraqis, why we could not start reducing forces right now. So I would like somebody to explain that to me.

With that said, I would like to ask a specific question of Mr. Rodman. You say that our strategy for Iraq is as much political as military, but then how do you justify the fact that we are spending more each day on our military strategy than our entire budget for Iraq democracy-building?

You might say it is apples and oranges, but the contrast speaks for itself. The American taxpayers are supporting a war that we indeed are fighting and losing lives, and you are telling me that we have trained all these Iraqi troops. Well, I think we can start reducing forces. It is not a cut and run. If it was a cut and run, we would have after the President stood on that ship a year or so ago, 2 years ago, said we have reached, and we met our mission. We have our victory.

Now, maybe I was the only one that heard all that, but that is what it meant to me; that we have accomplished our mission. We have deposed Saddam Hussein, and I can't understand if we are going to get money from the oil revenue sometime down the line why the President keeps coming back to Congress for more and more money for this effort. I think we are occupying, and I think we are doing nation-building, and I think, and he said it, that we re going to be there for decades.

Now, can you respond? Mr. Rodman?

Mr. RODMAN. Congresswoman, you asked a lot of questions. I said our strategy is more political than military, and that is—if you look at the political evolution of the country and the prospects for defeating the insurgency, I think we all agree that the core of this is giving the country back to the Iraqis, and that is what the political—this institution-building is all about.

Ms. WATSON. May I interrupt you?

Mr. RODMAN. You are right about the budget figures.

Ms. WATSON. May I interrupt you for a minute?

You are saying that we are fighting terrorists in Iraq?

Mr. RODMAN. The core of the strategy is to help the Iraqis fill the vacuum left by the demise of the old regime. It is to help Iraqis build their own institutions.

Ms. WATSON. Who are we fighting?

Mr. RODMAN. Excuse me?

Ms. WATSON. Who are we fighting?

Mr. RODMAN. A very narrowly-based insurgency.

Ms. WATSON. Are they terrorists?

Mr. RODMAN. They certainly use terrorism as——

Ms. WATSON. Okay, what is terrorism? What ideology? How do we win over an ideology? Do we kill everybody that comes over the

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border that we consider a terrorist? I mean, what is this war all about?

Mr. RODMAN. It is about—it is about legitimacy and that is why I said the strategy is as much political as military. It is taking away the legitimacy from those who would defeat the will of the Iraqi people.

Ms. WATSON. Let me cut you short. We have a document here, it is an Iraqi update, Office of the Assistant Secretary for Legislative Affairs, and they refer through here the terrorist, the terrorist, the terrorist. I will give you a copy of it. We are fighting a War Against Terrorism. Terrorism is an ideology. Are we fighting to kill everybody that comes over the border?

I don't understand what victory is. I think we are planning to nation-build in our own image and occupy Iraq and operate from there, and I would like some explanation about what you mean when you say we are fighting terrorism.

Mr. RODMAN. Well, the opponents are using terrorism as a tactic. I agree with you that it is ideological.

Ms. WATSON. It is.

Mr. RODMAN. It is old regime elements fighting to recover their privileged position, but that is the point. It is a political struggle as much as it is military, and the political strategy is to give the Iraqis—is to empower the Iraqi, the moderates in Iraq who are the overwhelming majority.

Mr. ROYCE. We are going to go next to Congresswoman McCollum of Minnesota, and then Congressman Cardoza of California, and I understand Mr. Burton is back.

Congresswoman, proceed.

Ms. MCCOLLUM. Thank you, Mr. Chairman, and I thank Chairman Hyde and I welcome this hearing. America is now in its fourth year in the war of Iraq. Terrorists are killing Americans and Iraqis. Iraqis are killing Iraqis, and Iraqis are killing Americans. It is a war, it is a civil war, it is a War on Terrorism, it is a quagmire, it is a mess. And every American citizen knows this, and every American citizen is asking themselves when will the United States military presence in Iraq end? When will our troops come home?

It is time that this Committee and this House take our oversight responsibilities seriously and hold the Bush Administration accountable on behalf of the American people. This is the first Full Committee hearing that we have had on Iraq in the 109th Congress, and I hope it will not be the last.

There are many questions to be asked. There are questions about the 140 badly needed health care clinics that aren't being constructed, and that is in the papers, it is documented, but we have had statements how we have inoculated Iraqi children and that is well. But I am going to focus on something else because I have such limited time, so I do hope we have another hearing, Mr. Chairman, so we can ask some of the other questions.

President Bush has stated many, many times that U.S troops will not come home until the United States has achieved victory in Iraq. In November 2005, the President issued the National Strategy for Victory in Iraq, and I have copies of it here at my desk, and in there it says according to the strategy, victory will be achieved in Iraq when it is peaceful, united, stable, secure, and well-inte-

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grated into the international community, and a full partner on the Global War on Terrorism.

So one of my questions is on a scale of zero to 100, with 100 being Iraq is peaceful, united, stable, secure and integrated in the international community and a full partner on the War on Terrorism, where are we on a scale of zero to 100 in the victory continuum?

I am going to go through the—I have three questions and then I will be silent.

Currently, are there death squads operating inside Iraq's Minister of the Interior? And if so, what is our plan of action in working with the Iraq Government to stop these death squads?

As part of the strategy for victory, there are statements about disarming and disbanding the militia. In order to help our troops come home, we need to disband and disarm the militia. So what is the United States Government doing in working with the Iraqis to disarm and to disband the militia? And how long is this going to take for it to happen, and the militia, in particular, the Kurdish militia, the Shi'ite and the Medeans? And how strong is the Iraqi Government's will to help the United States in disarming these militia so our troops can come home?

Mr. JEFFREY. Okay, to start with the first question, Congresswoman McCollum, on some we think we are doing well, as I said, on a democratic and united Iraq. We think that we have made considerable progress. We think the events of this weekend are another example of that.

In terms of peacefulness, this country is obviously not at peace. We do not consider it stable at this time.

Ms. MCCOLLUM. So Mr. Ambassador, on a scale of zero to 100, where are we? I am a former teacher. This is a general grade, your overall report card. I am not holding you personally accountable, but you know.

Mr. JEFFREY. I was afraid I was going to have to respond to the last question where we got C minuses to F minuses, and I will duck this one as much.

I can state where we are in terms of—my wife is a teacher so I understand the alternative way of doing this in saying what we have achieved and what we haven't achieved, and I was quite honest with you. We have achieved or the Iraqis have achieved with our help a unified government. They do have a democratic government. They have rule of law.

Ms. MCCOLLUM. Okay.

Mr. JEFFREY. And they don't have other things. They don't have peace and they don't have stability.

In terms of the death squads, we have found very serious but limited violations of human rights on the part of police forces and we have reacted very strongly. The United States military in Baghdad basically essentially liberated one such unauthorized prison. We have talked many times with the Prime Minister and the Minister of Interior. We are working together on a program. We have visited a lot of their other detention centers and police stations to make sure that this isn't going on. When we find things we don't like, we work with them to fix it, and I think the situation is getting better.

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What we are seeing though in the sectarian violence is more what you would call, or what I would call "death squads" coming from some of these militia, particularly Muqtada al-Sadr's militia force.

Thus, your third question is very relevant to the second because the militia are doing some of the killing and some of the violations of human rights. Our long-term goal is to eliminate the militia and to have one source of security and one source of basically a monopoly of force in that country on the part of the security forces.

In the short term, we need to get the militia off the street. We need to get them to stop playing in the political and security situation, and we are doing everything we can to do that.

Mr. ROYCE. Mr. Burton for 4 minutes and then Mr. Cardoza.

Mr. BURTON. Mr. Chairman, we have votes starting on the Floor so I will pass right now.

Mr. ROYCE. Thank the gentlemen.

Mr. Cardoza.

Mr. CARDOZA. Thank you, Mr. Chairman.

Mr. Ambassador, I have after this series of votes the unfortunate duty of having to call the parents of one of the soldiers that passed away in my district. It is going to be my second call to a parent in the last 2 weeks. These are tough times for us all. These are serious events, serious issues that we have to deal with.

It is my understanding that a large percentage of the Iraqi people want us out of their country. Do you know what that percentage is, sir?

Mr. JEFFREY. A large percent of what, sir?

Mr. CARDOZA. A large percentage of the people of Iraq want us out of their country. Do you know what that percentage is?

Mr. JEFFREY. Depending upon the poll, a high percent want to see us end our mission, but it also depends on how you ask it. That is, I do not believe after talking with many, many Iraqis, including many Sunni Arabs, that they want us to leave now. They want us to turn the country over to sectarian violence, and I think in fact that this is changing.

What we have when we do these polls is a general attitude that you will see anywhere in the Middle East, that you will see in other countries where we have relationships such as Turkey. If you took a poll in Turkey where we have had a very productive——

Mr. CARDOZA. Thank you, I think I got your answer.

Mr. RODMAN [continuing]. Relationship, I think we will get the same——

Mr. CARDOZA. It is my understanding that President Bush has indicated that he does not want us to have a permanent presence in Iraq, that is correct? How many bases are we currently constructing in Iraq?

Mr. RODMAN. We are consolidating. In fact, we are reducing the number of locations in Iraq where we have bases.

Mr. CARDOZA. It is my understanding that a number are being consolidated for our purposes, but there are a number of bases that are under construction in Iraq currently?

Mr. RODMAN. It is part of the consolidation, I think.

Mr. CARDOZA. Generally?

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General JONES. Sir, I would say there is construction going on, but a lot of the construction is related to the fact that we had close to 100 different bases at one time where troops were positioned. As Iraqi security forces take over, we are consolidating and sort of places to house——

Mr. CARDOZA. How many are we consolidating into?

General JONES. Sir, I will have to get back to you with the exact number.

Mr. CARDOZA. I would appreciate that.

General JONES. It has been reduced by——

Mr. CARDOZA. We had a vote in this Committee not too long ago that requested that there would be no permanent bases. The motion was that there would be no permanent bases, and that motion was defeated in this Committee by the majority, and so that is one of the reasons why I asked the question.

How much are we spending on the new Embassy in Iraq?

Mr. JEFFREY. 600 million plus, Mr. Congressman.

Mr. CARDOZA. Is this going to be the largest Embassy in the world, the most expensive Embassy in the world for the United States?

Mr. JEFFREY. It certainly will be up there among the very biggest. You know, some of these Embassies, very large ones were built 20–30 years ago. You have inflation and other factors.

Mr. CARDOZA. I understand.

Mr. JEFFREY. But I would say it is definitely in the very, very short list of biggest.

Mr. CARDOZA. If you were to look all over the world, is Iraq the most important strategic point for the United States' interests in the world?

Mr. JEFFREY. If I were to look all over the world, and I think I would be hard-pressed to find a country whether from the standpoint of oil reserves, number two in the world, or potential destabilizing influences, invading two countries in the past 20 years, firing a barrage of rockets at Israel, that is potentially a more serious threat to security than the wrong Iraq, and to the extent a big Embassy can help us have the right Iraq, I would say it is money well spent.

Mr. CARDOZA. Today, is Iraq the most pressing strategic interest that we have in the Middle East?

Mr. JEFFREY. I will ask Assistant Secretary Rodman to give his views as well because he works on a broader area than I do because I just do Iraq, and the tendency of people who work on Antarctica is to say that Antarctica is the most important. But I would make a—and the main competitor of course is Iran, but my particular parochial view is if we get Iraq wrong, we are going to have a hard time having an effective Iran policy.

Mr. RODMAN. I would second that. There are other major strategic interests around the world, our relations with China, and I would—Iran was on top of my list, but I agree with Ambassador Jeffrey that if—and I could put it positively. If we get Iraq right, that is part of a strategy to deal with Iran. I mean, it is shoring up our Arab friends and so forth, and those who are the targets of Iranian intimidation.

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So I mean, these things are related, and given where we are in Iraq, I think the outcome is hugely important.

Mr. CARDOZA. How long should the American people expect—I come from California. You mentioned that Iraq is about the size of California. We are spending two times the California budget every year in our efforts in Iraq. How long can the American people foresee that they will be spending these kinds of resources in that region of the world, that particular location of the work?

Mr. RODMAN. I think it is impossible to set deadlines and timelines. What we can assure you and the American people is that there is a strategy that is already reducing the numbers of American forces. The strategy is to train up Iraqis so they are capable of taking over the responsibility, and that is, as the President says, as the Iraqis stand up, we can stand down, and you see this process underway, and we are able to show some benchmarks of progress. We are on a path to reduce our own involvement because the Iraqis are getting stronger and able to take on the responsibility. That is the strategy. That is the direction where we are heading.

Mr. ROYCE. Mr. Carnahan.

Mr. CARNAHAN. Thank you, Mr. Chairman.

I, too, appreciate these hearings and this Committee really ramping up its oversight. Frankly, my constituents in Missouri are coming really short on patience and confidence in the direction and cost of our efforts in Iraq, so I think this discussion is particularly important.

On the issue of cost, I wanted to ask you to address the *New York Times* article that was brought up earlier in the hearing where the Halliburton subsidiary got the no-bid contract to rebuild the pipeline that was never completed, and really how we look at—Secretary Wolfowitz had talked a lot about the Iraqis' ability to finance their own construction, and frankly this seriously impacted their ability to do so, and left the United States taxpayers holding the bag.

Where are we in terms of getting the Iraqis to successfully complete that project in particular, but in general, really looking at refinancing their own reconstruction of the war?

Mr. JEFFREY. Sir, the New York Times is basically right about the first contract and the first contract failed to carry that out. That was a strategic piece of infrastructure. All kinds of oil and gas lines cross as well as electrical line over at that point on the Tigris. Thus one of the decisions taken by John Negroponte in the fall of 2004 was to put more money into the oil sector, including that crossing, as well as work in the south. We learned from this. We saw the problem. We canceled what was left of the contract, had a new contract with a different firm, and they have completed the project, and we are awaiting the final bits and pieces to have that crossing in operation.

Mr. CARNAHAN. And because we are short of time, in terms of overall ability to begin to finance their own reconstruction, where does that stand?

Mr. JEFFREY. Right now in their budget for this year they have $6 billion set aside to do capital investment. That is very competitive with what we were doing at the height of the work. I talked

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to the Finance Minister yesterday. He believes that with current oil levels, if everything stays on track, they will be able to make that level of investment, so thus our belief that with international help, but particularly with the Iraqi oil earnings, they will be generating a number of billions of dollars a year to invest in their own capital improvements. About half of that would go into oil, thus increasing their earnings in the out years. The rest of it to electricity and other infrastructure.

We are hoping they can hold to that. They have some challenges, like anybody running a budget in a government situation, but they have got a fighting chance to do that.

Mr. CARNAHAN. And one last question with regard to the ongoing revelations about corruption and mismanagement of the funding that our taxpayers have sent there. What are we doing to really aggressively go after accounting for the dollars, how they have been spent, and how they are going to be spent in the future?

Mr. JEFFREY. Congressman, I can assure you from Secretary Rice on down on the State side and also our colleagues in Defense, we are very, very aggressive on that on all funds. The waste, fraud and abuse stories, which many of them I know and can attest to, are factual, involve that first phase when the funds involved were Iraqi, what we call DFI or Oil-for-Food funds.

Now, that is not an excuse. Those funds should have been treated better than they were. We should have had better controls over them. There were mistakes made. There was some corruption, some criminality, and those people are being pursued. We know of no case so far, but I invite you to call in the Inspector General, involving appropriated U.S. Government funds where there is that sort of corruption or criminality. I mean, you can argue whether we are doing it effectively or not, but I think our controls are much better over those funds.

Mr. CARNAHAN. Thank you gentlemen.

Mr. ROYCE. I will remind Members who still have questions, you may submit them for the record within the next 5 days.

I thank our witnesses, our panelists for participating today, and the hearing stands adjourned.

[Whereupon, at 2:12 p.m., the Committee was adjourned.]

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APPENDIX

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PREPARED STATEMENT OF THE HONORABLE DAN BURTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Mr. Chairman, thank you for holding this important and timely hearing on the progress being made in Iraq three years after the start of the war. Many of my democratic colleagues will no doubt suggest that we've made no progress at all because the violence continues. I understand this, it's an election year and they want to return to power by undermining America's confidence in Republican leadership. But the truth is that if you evaluate the situation in Iraq objectively the sea change happening in Iraq is obvious.

Let's remember that life in Iraq under Saddam Hussein was marked by brutality, fear, and terror. Iraqis had no voice in their country or their lives. Saddam devastated Iraq, wrecked its economy, ruined and plundered its infrastructure, and destroyed its human capital. Today, Iraq has a democratically-elected government, operating under one of the most progressive constitutions in the Arab world. Today, the dictator is facing justice in an Iraqi court and the people of Iraq are holding Saddam accountable for his crimes and human-rights atrocities. Today, a National Unity government—representing all of the Iraqi people—is working to resolve the tensions and divisions that Saddam Hussein aggravated through ethnic cleansing and sectarian violence as part of a deliberate strategy to divide the Iraqi people and prevent them from challenging his power. Today, the Iraqi economy is growing and the Iraqi people have better access to essential services than ever before. Today, the Iraqi Army is no longer an instrument of repression, but an all-volunteer force that is increasing taking responsibility for protecting the Iraqi people. Today, there are 44 commercial television stations, 72 commercial radio stations and more than 100 independent newspaper and magazines; none existed under Saddam Hussein.

By all objective standards we have made remarkable progress in Iraq. It is true that challenges remain and that a tough fight is still ahead of us. The terrorists know that they lack the military strength to challenge Iraqi and Coalition forces directly—so their only hope is to try and provoke a civil war. They tried to stop the transfer of sovereignty. They tried to stop millions from voting in the January 2005 elections. They tried to stop Sunnis from participating in the October constitutional referendum. They tried to stop millions from voting in the December elections to form a government under that constitution. And they tried to stop the formation of a national unity government. In each and every case, the terrorists have failed. Yet, despite massive provocations, Iraq has not descended into civil war, most Iraqis have not turned to violence, and the Iraqi Security Forces have not broken up into sectarian groups waging war against each other. Time and time again, the Iraqi people have made clear that they want to live in liberty and unity—and they are determined to chart their own destiny.

Again, the signs of progress are everywhere if we're willing to abandon the political rhetoric and see them. We still have more progress to make, and the work ahead is still difficult but I am confident that America will not retreat from Iraq. Our brave men and women will complete their work because they know that the security of their loved ones in America is linked to the success of a free Iraq. As Iraq's security forces gain in capacity and take charge of their own security, we will start reducing our troop levels and bringing our people home. And they will leave behind them a free and stable Iraq as a shining example of democracy flourishing in a once-troubled region; the terrorists' worst nightmare. The terrorists and their State-sponsors—like the mullahs in Iran—know that when freedom sets root in Iraq, it will be a mortal blow to their aspirations to dominate the region and advance their hateful agenda. That is why Iran has sharpened its confrontational pos-

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ture towards its neighbors and the west and sought to use covert action to undermine the emerging democracy in Iraq.

President Bush said in his second inaugural address in 2005: "The survival of liberty in our land depends on the success of liberty in other lands. The best hope for peace in our world is the expansion of freedom in all the world."

I believe that he is right, and history will judge him as being right. Just 25 years ago, there were only 45 democracies. Today, Freedom House reports there are 122 democracies, and more people live in liberty than ever before. Since the beginning of 2005, remarkable democratic change has occurred across the globe in places like Afghanistan, Lebanon, Kyrgyzstan, Liberia, and Iraq. Freedom House has declared 2005 "one of the most successful years for freedom since Freedom House began measuring world freedom" more than 30 years ago. That is progress.

In closing Mr. Chairman, thank you once again for holding this vitally important hearing. I look forward to hearing from the Committee's witnesses.

Prepared Statement of the Honorable Sherrod Brown, a Representative in Congress from the State of Ohio

Thank you, Mr. Chairman, for holding this hearing on U.S. policy on Iraq.

Congress and this committee have an obligation to oversee and investigate the Bush Administration's handling of the Iraq war and reconstruction efforts. Accountability is long overdue.

Prior to the 2003 invasion, I introduced legislation that would have required the President to report to Congress on the possible consequences of the use of force in Iraq. My resolution would have required the Administration to provide:

1. A full accounting of the implications of initiating military action against Iraq in regard to homeland security, the war on terrorism, and regional stability in the Middle East.
2. The steps the United States and its allies will take to protect United States soldiers.
3. An estimate of the full costs associated with military action against Iraq
4. And most importantly, an exit strategy—a plan for achieving long-term social, economic, and political stabilization of a post-war Iraq, so we—and our troops—could tell when we'd crossed the finish line.

Military leaders and experts warned that without careful planning, the war in Iraq would result in mounting casualties and costs. Tragically, the Administration failed to heed their warnings and failed to answer my questions.

The administration has still not provided answers to the questions I raised before the war. The President has yet to provide an adequate budget, plan, or exit strategy in Iraq. He continues to exaggerate our progress in defeating the insurgency.

More than 2,200 American lives have been lost in Iraq. Each week, the deadly attacks continue, and more of our troops are lost. These attacks remind us again of the urgent need to develop a more effective strategy in Iraq.

The violence is increasing and the insurgents are getting bolder. This war is creating new terrorists and reinforcing a dangerously negative public perception of the United States in the Muslim world.

Spending for the war in Iraq will soon reach $300 billion. And our troops in Iraq still do not have the basic equipment they need to do their jobs.

The Administration's own watchdog on Iraq reconstruction has raised concerns about the progress of reconstruction.

Recent reports show that necessary infrastructure reconstruction projects—including oil, gas, electricity, and water and sanitation projects—are still incomplete.

In fact, in many areas production levels are falling behind pre-war levels and far below U.S. goals.

Reports of waste, fraud, and abuse by contractors have been widespread. Because of delays and mismanagement, reconstruction will cost billions more than originally estimated.

The Republican majority continues to give the President blank checks to fund the war and has refused to investigate no-bid contracts.

Our nation cannot afford to sweep bad news and mistakes under the rug. If Republicans and Democrats alike don't speak up when the Bush Administration fails the American people, then the Bush Administration will continue to fail the American people.

The President must develop and implement a plan for the endgame in Iraq.

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If the President had taken the time to answer my questions in 2003—if he had developed a plan before invading—American troops and the American people might not be losing loved ones as well as their trust in this government three years after the invasion took place.

Enough is enough.

Prepared Statement of the Honorable Russ Carnahan, a Representative in Congress from the State of Missouri

Chairman Hyde and Ranking Member Lantos, thank you for holding this hearing on US policy in Iraq. This hearing is timely as it comes at a point when the challenges and problems in Iraq keep mounting.

I had the opportunity to travel to Iraq last March. In the year since, the progress that should have and could have been made has simply not happened. The administration should have been reaching out to our allies to engage them in the process, and utilize their assistance to aid the Iraqi people in establishing a stabile, self-sufficient country. Rather, a grossly mismanaged war and reconstruction effort, has resulted in a country on the brink of civil war, which threatens to further destabilize the region.

In addition to the missteps throughout the occupation, we have been pouring billions of dollars into the country with virtually no oversight. I have supported the efforts of my colleagues to reestablish the Truman Commission. This is a pro-military, pro-taxpayer, pro-American way to ensure that US funding of the war and reconstruction is being done without fraud and corruption. We have all heard the reports about companies engaging in contract abuse. It is our duty to provide oversight, and we should all support efforts to ensure that taxpayer funds are not being wasted.

Mr. Rodman, I am interested in hearing what you believe we have done in Iraq to further stabilize the region. Also, Mr. Jeffrey, I would like to hear what provisions the administration has put into place to ensure proper oversight and accountability.

Thank you each for being here today.

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ONE HUNDRED NINTH CONGRESS

SECOND SESSION

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