

# POLICY OPTIONS FOR IRAQ

---

---

## HEARINGS

BEFORE THE

### COMMITTEE ON FOREIGN RELATIONS UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

FIRST SESSION

—————  
JULY 18, 19, AND 20, 2005  
—————

Printed for the use of the Committee on Foreign Relations



Available via the World Wide Web: <http://www.gpoaccess.gov/congress/index.html>

U.S. GOVERNMENT PRINTING OFFICE

26-137 PDF

WASHINGTON : 2006

---

For sale by the Superintendent of Documents, U.S. Government Printing Office  
Internet: [bookstore.gpo.gov](http://bookstore.gpo.gov) Phone: toll free (866) 512-1800; DC area (202) 512-1800  
Fax: (202) 512-2250 Mail: Stop SSOP, Washington, DC 20402-0001

COMMITTEE ON FOREIGN RELATIONS

RICHARD G. LUGAR, Indiana, *Chairman*

CHUCK HAGEL, Nebraska	JOSEPH R. BIDEN, JR., Delaware
LINCOLN CHAFEE, Rhode Island	PAUL S. SARBANES, Maryland
GEORGE ALLEN, Virginia	CHRISTOPHER J. DODD, Connecticut
NORM COLEMAN, Minnesota	JOHN F. KERRY, Massachusetts
GEORGE V. VOINOVICH, Ohio	RUSSELL D. FEINGOLD, Wisconsin
LAMAR ALEXANDER, Tennessee	BARBARA BOXER, California
JOHN E. SUNUNU, New Hampshire	BILL NELSON, Florida
LISA MURKOWSKI, Alaska	BARACK OBAMA, Illinois
MEL MARTINEZ, Florida	

KENNETH A. MYERS, Jr., *Staff Director*  
ANTONY J. BLINKEN, *Democratic Staff Director*

## CONTENTS

### IMPROVING SECURITY IN IRAQ—JULY 18, 2005

	Page
Biden, Hon. Joseph R., Jr., U.S. Senator from Delaware .....	3
Prepared statement .....	5
Cordesman, Dr. Anthony H., Arleigh A. Burke Fellow in Strategy, Center for Strategic and International Studies, Washington, DC .....	27
Prepared statement .....	30
Hagel, Hon. Chuck Hagel, U.S. Senator from Nebraska .....	65
Lugar, Hon. Richard G., U.S. Senator from Indiana .....	1
McCaffrey, GEN Barry R., USA (Ret.), president, BR McCaffrey Associates, LLC, Arlington, VA .....	21
Prepared statement .....	23
Pollack, Dr. Kenneth M., director of research and senior fellow, Saban Center for Middle East Policy, The Brookings Institution, Washington, DC .....	7
Prepared statement .....	10

### ADVANCING IRAQI POLITICAL DEVELOPMENT—JULY 19, 2005

Biden, Hon. Joseph R., Jr., U.S. Senator from Delaware .....	105
Prepared statement .....	105
Feldman, Dr. Noah, professor of law, New York University, New York, NY .....	99
Prepared statement .....	102
Lugar, Hon. Richard G., U.S. Senator from Indiana .....	81
Marr, Dr. Phebe, senior fellow, U.S. Institute of Peace, Washington, DC .....	83
Prepared statement .....	85
Van Rest, Judy, executive vice president, International Republican Institute, Washington, DC .....	92
Prepared statement .....	94

### ACCELERATING ECONOMIC PROGRESS IN IRAQ—JULY 20, 2005

Barton, Frederick D., senior advisor, International Security Program, Center for Strategic and International Studies, Washington, DC .....	159
Prepared statement .....	161
Biden, Hon. Joseph R., Jr., U.S. Senator from Delaware .....	172
Prepared statement .....	172
Crane, Dr. Keith, senior economist, RAND Corporation, Arlington, VA .....	151
Prepared statement .....	152
Dodd, Christopher J., U.S. Senator from Connecticut .....	149
Lugar, Hon. Richard G., U.S. Senator from Indiana .....	147
Mohamed, Fareed, senior director, Country Strategies Group, PFC Energy, Washington, DC .....	164
Prepared statement .....	165
Murkowski, Lisa, U.S. Senator from Alaska .....	150



## **IMPROVING SECURITY IN IRAQ**

**MONDAY, JULY 18, 2005**

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

The committee met, pursuant to notice, at 9:33 a.m., in room SH-216, Hart Senate Office Building, Hon. Richard G. Lugar (chairman) presiding.

Present: Senators Lugar, Hagel, Alexander, and Biden.

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

The CHAIRMAN. The Foreign Relations Committee is called to order. Today the committee launches a series of four hearings on Iraq. Each of these hearings will focus on one aspect of Iraq policy. As the American people and policymakers debate our course in Iraq, I believe the Senate Foreign Relations Committee can contribute greatly by being a bipartisan forum for advancing ideas to improve the situation. Our intent in these hearings will be to go beyond describing conditions in Iraq or assessing what is working and what is not. Our goal will be to examine options for making things better.

With the help of our experts, we will consider whether changes in military tactics, alliance strategy, resource allocations, or other factors should be adopted. I am hopeful that this process will inform our own policymaking role, as well as help stimulate constructive public debate on forward-looking alternatives.

Traditionally, Congress has looked to the executive branch for foreign policy guidance and expertise. We should always carefully consider the recommendations of the President of the United States and his team, who are charged with implementing foreign policy. But I believe that our oversight role involves more than critiquing the President. Congress should also examine ideas and express its own views on critical issues.

At the end of this four-hearing series, the Foreign Relations Committee will have held 30 full committee hearings on Iraq in the last 30 months of time. In addition, we have held numerous other hearings that have partially touched on the subject of Iraq. We have maintained this focus because success in Iraq is critical to the United States national security. Permanent instability in Iraq could set back American interests in the Middle East for a generation, increasing anti-Americanism, multiplying the threats from tyrants and terrorists, and reducing our credibility.

We know that the planning for postwar Iraq was inadequate. We should not pretend, however, that a few adjustments to our reconstruction strategy or an extra month of planning could have prevented all the challenges we now face in Iraq. Even in the best circumstances, political and economic reconstruction of Iraq after the overthrow of an entrenched and brutal regime was going to stretch our capabilities, our resources, and our patience to the limit. We are engaged in a difficult mission in Iraq, and the President and the Congress must be clear with the American people about the stakes involved and the difficulties yet to come.

Almost 1,800 heroic Americans have died in Iraq during the past 2 years. During the insurgency thousands of Iraqi Muslims have been killed by other Muslims, including, most recently, a group of small children deliberately targeted by a suicide bomber. Like the recent terrorist attacks in London, the continuing insurgent attacks in Iraq are tragic, senseless, and often indiscriminate. Each day the Iraqi people are living with the fear caused by similar irrational, barbaric acts, but they continue to show their resilience. The Iraqi people get back on the buses, and open their shops for business. They return to their jobs as police officers, teachers, and doctors. They continue to hope that life will become normal and that the violence will end.

Today we take on the responsibility of examining options for improving security in Iraq. Tomorrow we will address options for advancing Iraqi political development. On Wednesday we will turn our attention to the Iraqi economy. Finally, on a date to be determined, we will assess the regional dynamics related to the situation in Iraq as we ask questions about the impact on Iraq of Turkey, Iran, Saudi Arabia, and Syria.

We have determined that these hearings will follow a unique format. Discussion in each hearing will be organized around four policy options for improving the situation in Iraq. Accordingly, after Senator Biden and I have offered our opening comments, instead of hearing comprehensive statements from the witnesses, we will put the first policy option and associated questions before our expert panel.

Just as a matter of housekeeping, I will read the question and recognize one of the witnesses to commence his or her answer to that question. Each witness in turn will provide his or her views on the option being presented. Then we will put the second option before them, then the third, then the fourth and so on.

Recognizing that options exist beyond our published hearing plan, we will ask our witnesses if they would like to offer any additional ideas for improving security that have not been discussed previously.

After this sequence, committee members will be recognized in turn to address questions on any of the policy options to any member of the panel. My hope is that through the expertise of the witnesses, and the questions of the members, we can achieve a systematic evaluation of the options presented for improving Iraqi security. After the hearings, the committee will publish a record of all the policy options we have discussed.

This morning we will ask our experts whether the basic counterinsurgency strategy that we are pursuing is the right one.

We will ask whether it is possible to prevent infiltration of Iraq by foreign insurgents and whether it is feasible for other nations to assume a greater share of our border security burdens. We will ask how we can improve the critical process of training Iraqi forces, so that greater numbers of Iraqis will be capable of assuming the full range of security duties. We will examine whether changes should be made to the current United States force structure in Iraq.

In this endeavor, we are joined by three distinguished experts. First, we welcome Dr. Kenneth Pollack, Senior Fellow and Director of Research at the Saban Center for Middle East Policy at The Brookings Institution. Dr. Pollack has provided exceptional security analysis to this committee in the past, and we are pleased that he has returned today.

We also welcome GEN Barry McCaffrey, President of BR McCaffrey Associates. General McCaffrey, who has recently returned from a trip to Iraq and Kuwait, served as a professor at West Point after his distinguished military career, which included experience across the Middle East.

Finally, we are pleased to welcome back Dr. Anthony Cordesman, the Arleigh A. Burke Chair for Strategy at the Center for Strategic and International Studies. Dr. Cordesman also has recently returned from a research visit to Iraq.

We thank our witnesses for joining us and we look forward to their insights.

I would like to recognize now the distinguished ranking chairman of our committee, Senator Biden.

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

Senator BIDEN. Thank you very much, Mr. Chairman, and thank you for holding these hearings. We have indeed had a number of hearings examining ideas and new ideas and alternative ideas, and we have jointly and separately drawn from those ideas and made our own recommendations to the administration.

Quite frankly, not many have been listened to. One of my frustrations I expressed to you—and I am sure you must feel it, although I speak only for myself—as we began this hearing is that there are no administration witnesses on the schedule for this series of four hearings. I think that is important for one significant reason. We all know no foreign policy can be sustained, especially General McCaffrey, being in the field and being wounded in Vietnam and leading troops in Vietnam, no foreign policy can be sustained, no matter how well informed, without the informed consent of the American people.

The American people—it is not a judgment on my part about the policy. It is a judgment by the American people. The American people clearly have begun to lose faith that we have a sense of how to proceed in Iraq, that we have a strategy for winning. I do not believe that it is the body counts, as tragic as it is, that is causing the diminution of support for our effort, but I think it is a failure to understand or believe we have a winning strategy.

I compliment the President for having made his speech a couple weeks ago now. But I think it is important the President and the administration witnesses come before us in our oversight capacity,

not just to seek new ideas, but to literally oversee the administration's policy and let us know what their benchmarks are, what their objectives are, and how they are proceeding, because I otherwise think we are going to continue to lose the support of the American people unless something dramatically changes on the ground, which could be, I am hoping. I am always hopeful. Because I think we not only want the President to succeed in Iraq; his success is America's success and his failure means America has a problem.

I still—I am one who still believes, as I think we all do up here, that we can succeed in Iraq. By “success,” I want to redefine it here, or define it again, I should say. I am not looking for Jeffersonian democracy. I never have been. I am looking for a country that is secure within its own borders, that is not a breeding ground or a haven for terror, that is not a threat to its neighbors, where everybody thinks they have a piece of the action. We will begin the process, which will be long and arduous.

It has now been 6 weeks since I have returned from Iraq. There are some good things that are happening. But the security situation is still very, very much in doubt. With General Petraeus' efforts, some very positive things are happening, but I believe General Abizaid, in his recent assessment, is correct that the insurgency's strength is about the same as it was 6 months ago, not in its last throes.

Iraqi forces are gradually improving. I wish we would stop talking about 172,000 trained Iraqi forces. They are in uniform, but all of the folks I spoke to on the ground were a long, long way. What it does in my view is undermine the administration's credibility with the American people. If we have 172,000 trained Iraqi troops and 130,000 American, 140,000 American troops, they ask me in my district why, with over 300,000 troops, are we not doing better? You know, it is a problem. They know we ain't telling the truth.

Since a month ago, we have been in contact with General Petraeus. Things are even improving beyond what it was 5 weeks ago.

There has been some progress with the Sunnis. It seems to me that we have turned a political corner of sorts and that they have realized they have to get in the game. But that is a long way from being able to actually have a political strategy that is likely to work.

The thing that I have found—and I am anxious to hear our witnesses—I found when I spoke to our military folks for the first time they were talking about, not the probability, but the possibility of a civil war. They were talking about things breaking down, not getting better. Now again, I do not want to exaggerate it. It is just that it is my fifth trip—I went a couple times with my colleagues on my left—and this is the first time I started hearing about that.

I came back—and I will end with this, Mr. Chairman—and spent a lot of time with a lot of people, including one of the witnesses. I have tried to, like you do, we all do on this committee—one of the great, great benefits and privileges of this committee is the best minds in the country will come and talk to you and sit down with you and visit with you. I went visiting on a regular basis with half a dozen—it's a rotating group, but essentially the same half a

dozen of three- and four-stars who have in the past, like General McCaffrey, had significant responsibilities, including CENTCOM as well as NATO.

Everybody I spoke to in the field, and spoke to back here, talks about something that is different than I think we are going to hear today, that is encouraging—we may hear something different—about what constitutes a counterinsurgency, that, really, it is hard to figure out what our counterinsurgency plan is. Again, these guys—they happen to be all men in this case. I told General McCaffrey this. Folks are talking about you cannot deal with a counterinsurgency unless you can occupy, at least for a while, the territory and you can not do a whole lot if the border is totally porous, and I understand we are going to hear today that maybe there is not a reasonable prospect of being able to do anything about the border.

At any rate, I am anxious to hear what the witnesses have to say. I have an inordinately high regard for all three of the witnesses and I think the way you are proceeding is a really very good format for us to use, targeting what, at least, is on our mind. It may be that the witnesses will conclude not all of it is relevant, what we are asking. But at least they will tell us.

I would ask unanimous consent that my statement be placed, the remainder of my statement be placed in the record as if read, Mr. Chairman.

[The prepared statement of Senator Biden follows:]

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

Mr. Chairman, thank you. I, too, welcome our witnesses. This is a superb panel. And I applaud the other hearings you've held to explore policy options in Iraq.

I am frustrated, though, that none of the witnesses before us today, or scheduled in the days ahead, work for the administration.

I have said from the outset and repeat today: No foreign policy can be sustained without the informed consent of the American people.

The American people have not been informed about the reality on the ground and the very difficult challenges that lie ahead. They do not believe we have a coherent, realistic plan for success. And the gap between the administration's rhetoric and the reality on the ground has created a credibility chasm that is endangering public support for our efforts in Iraq.

I give the President credit for starting to level with the American people in his recent speech. But to fully regain their trust and support, I believe it is very important for the administration to set clear benchmarks for progress and to report on them to us, in public, on a regular basis.

I want the President to succeed in Iraq. His success is America's success; his failure means America has a problem.

I believe we can still succeed in Iraq. I define success as leaving Iraq better than we found it. Not a Jeffersonian democracy, but a country with a representative government in which all the major communities have a stake; a country that is not a breeding ground or a haven for terrorists; and a country that is not a threat to us or its neighbors. Full stop.

Based on my recent trip to Iraq—my fifth trip there—I believe we need to change course, not simply stay the course, if we are to succeed.

There are some positive developments. But the security environment in Iraq remains precarious. I found considerable evidence to support General Abizaid's recent assessment that the insurgency's strength is about the same as it was 6 months ago.

The Iraqi security forces are very gradually improving thanks to the leadership of General Petraeus.

But let's not kid ourselves when we hear reports of 172,000 "trained and equipped" Iraqis. When my constituents in Delaware hear numbers like that, they ask why we still have 139,000 American troops in Iraq. The answer is because very

few of those forces are trained to the only standard that counts—the ability to operate independently, without our support.

A month ago, just a handful of the more than 100 Army battalions met that standard, while many more could operate alongside the coalition or with strong backup.

The January elections were a remarkable achievement, but the government in Baghdad has very limited capacity and reach beyond the green zone. This has created a power vacuum that is being filled by Sunni insurgents, foreign fighters, local militias, mafia gangs, and agents of neighbors like Syria and Iran.

Ethnic tension is rising to the point where civil war, though not yet a probability, is a real possibility.

In the absence of security and governing capacity, reconstruction cannot go forward. Iraqis will not put their faith in the government, and we will not be able to withdraw responsibly.

I look forward to hearing our witnesses' ideas on meeting the security challenge. Here is what I believe we must do:

First, we must take advantage of foreign offers to train Iraqi forces outside Iraq. Iraqi recruits could then focus their energy on learning instead of simply staying alive.

Second, we should accelerate the training of an Iraqi officer corps. That is one of the keys to standing up an Iraqi military that won't melt when it comes under fire. We should train large numbers of midranking Iraqi officers here in the United States and encourage NATO allies to do more of the same in their countries.

Third, we should press our NATO allies to come up with a small force of some 3–5,000 to help guard Iraq's borders. NATO has the plans for such a mission; the President needs to lead to give the alliance the political will to implement those plans.

Fourth, we need a serious field mentoring program for newly trained Iraqi police recruits. It is wrong to throw freshly minted and ill-equipped police officers against suicidal insurgents and desperate criminals. They must be partnered with experienced officers—initially international police professionals and ultimately Iraqis.

Fifth, we must refocus the Iraqi Government on a plan to eventually integrate militias in Iraq. Integration won't be easy. But without it, you cannot build a unitary, functioning state.

Mr. Chairman, security is about much more than having competent security forces. Real security depends on a political process in which all the major communities believe they have a stake. It requires a reconstruction program that increases electricity, clean water, sewage treatment, and jobs in a country where unemployment is estimated at more than 40 to 50 percent. We will hear more about that in the days ahead.

I look forward to the testimony.

The CHAIRMAN. Your statement will be placed in the record in full. I thank the distinguished ranking member.

Senator BIDEN. I welcome the witnesses and thank them for being here.

The CHAIRMAN. We will proceed now with the witnesses. Let me state the first option for comment by our witnesses. In this case I will ask Dr. Pollack to comment first, then General McCaffrey and Dr. Cordesman. Option one is: Should the coalition revise its current counterinsurgency strategy in Iraq? To follow up to that: Should the coalition and Iraq security forces create safe zones and put more emphasis on fighting street crime and organized crime, deemphasizing the hunt for insurgents, so that Iraqi economic and political life can take root? Should the coalition attempt to take advantage of divisions within the insurgents, for example Sunni nationalists versus foreign jihadists? Can a political solution be reached with Sunni insurgents and could this lead to Sunni cooperation in isolating, capturing, or killing the international insurgents?

Would you proceed with your thoughts on this area, Dr. Pollack?

**STATEMENT OF KENNETH M. POLLACK, DIRECTOR OF RESEARCH AND SENIOR FELLOW, SABAN CENTER FOR MIDDLE EAST POLICY, THE BROOKINGS INSTITUTION, WASHINGTON, DC**

Dr. POLLACK. Thank you, Senator Lugar. Thank you, Senator Biden, other assembled Senators. Thank you for giving me this opportunity to come before you to speak on this critical topic.

As you have all repeatedly pointed out and I think very correctly, security undergirds the entire reconstruction of Iraq. Our problems with security are hampering, if not crippling, both the political, economic, and social development of the country. I increasingly believe that we have the wrong strategy in Iraq.

Ultimately, with security there are two overarching and interlocking problems that we face in Iraq. The first is a diverse insurgency, but one rooted on the Sunni tribal community with an admixture of other elements. The second is the state of semilawlessness that exists elsewhere and throughout the country as a result of the security vacuum that we have left throughout much of the country.

Our current strategy is one that I would describe as being one of postconflict stabilization, and its principal goal is to try to enforce security simultaneously across the entire country, largely by concentrating the available coalition forces, and primarily American forces, on those areas of greatest insurgent activity to try to quell them quickly and prevent them from spreading.

This approach has several problems because of these two interlocking and overarching problems that we face. First of all, it plays into the classic failure of counterinsurgency operations, when in particular you do not use a true counterinsurgency strategy. The government forces, in this case the coalition forces, move into an area, they take down an insurgent stronghold, but, of course, the insurgents do not stay to fight. It is not in their nature to do so. It is not their objective to do so. They flee. They melt back into the population and, as a result, the major conventional assault has little impact on the actual strength of the insurgents.

The insurgents then move on into other areas, and when our own forces, when the coalition forces, then shift on to follow them to their new strongholds, we often leave too few forces behind to secure the area that we have just taken down. The result is that we continuously chase insurgents across the country, we have little impact on their actual strength or even their ability to operate, and we continuously allow the insurgents to creep back into areas that we have already had to pacify.

The second problem is that by pulling our troops out of the populated areas, by focusing them, I would say inordinately, on hunting down the insurgents in their strongholds and in their lairs, we have left far too few troops in the rest of the country to secure the vast bulk of the Iraqi population, particularly the Shi'a and the urban Sunnis, who desperately want reconstruction to succeed, but are increasingly distraught by our failure to provide them with basic security both against the insurgents and against typical crime, organized and unorganized, and to provide them with the basic services, like electricity and clean water and sanitation and gasoline and jobs, all of which are crippled by these first two secu-

rity problems, by the problems of the insurgency and by the general lawlessness in the society.

In addition, even where our troops are trying to guard the population, oftentimes our methods are counterproductive. We have placed a tremendous emphasis on force protection, on the protection of our own forces. While obviously force protection has got to be a major concern of United States and coalition forces, we have at times put that priority at the expense of the Iraqis' own security.

Our troops stay in heavily defended cantonments. When they get out, they typically get out in motorized columns that move very quickly through Iraqi areas. There is very little presence. There is very little patrolling. There is very little sense of real security provided by our troops for the Iraqi people themselves.

As a result, Iraqis are increasingly frustrated because 2 years on they do not see any real benefits from our continued occupation of the country, and they have come to resent our occupation, not because they want us to leave, not because they do not want us there, but because they do not see us as providing them with the first benefits of reconstruction, basic security, and basic services.

What I argue that the United States ought to adopt and what I increasingly hear from field-grade officers, American field-grade officers in Iraq and back here in the United States, is a true counterinsurgency strategy. Very briefly, very broadly, what would a counterinsurgency strategy look like for Iraq? It would be based on the classic model of a counterinsurgency strategy, which is typically referred to as a spreading inkspot or a spreading oil stain.

The idea would be to start with a smaller area, do not try to secure the entire country simultaneously, because frankly we do not have the forces in place to do so. Instead, we would start by securing a smaller portion of the country, one where the population would be already supportive of reconstruction. Of course, there are huge swaths of Iraq where the vast bulk of the population is enormously supportive of reconstruction and their anger at us is not because we are there, but because we are not there and not providing them with the security and the services they so desperately desire.

We would concentrate our forces principally in that area or in those areas to make them safe for the Iraqis, to make them safe for Iraqi life to revive, for the Iraqi economy to revive, for Iraqi political affairs to revive at the local level. We would use foot patrols, a general presence, and an emphasis on law and order in these safe zones.

We would then pour in economic resources into these safe zones to give the Iraqis tangible material benefits from our presence. We would help them to help their economy to revive. We would help them to rebuild their political processes at the local level and they would do so in an environment made safe by the coalition presence there.

This process of pouring in resources, combined with the general greater safety, would create much greater popular support for our presence and would ultimately—and historically this has been the only solution to the problem—would solve the intelligence problem that we face in Iraq. The problem is you can never find all the intelligence you need if what you are doing is simply chasing insurgents. As the British learned in Northern Ireland and again in Ma-

laya, as we learned in Bosnia and Kosovo, the only way that you get the intelligence that you need is by convincing the people that they are safe and that they are benefiting from your presence. Under those circumstances, the people come forward with all of the intelligence that you need and it becomes extraordinarily difficult for the insurgents to operate.

We would also use these safe areas, these secure zones, to train indigenous Iraqi forces, both formal training, the kind of training that we have been doing in Iraq, but also informal training, the training that takes place after a unit has finished its basic training, its basic training cycle, but still needs to have unit cohesion, command relationships, and a sense of connection with the community all gel, all of which can only happen in actual operations in safe areas where there is a permissive environment in which these units can cut their teeth and not be stressed by high-intensity operations.

The success of the secured areas should make other Iraqis, those outside the secured areas, more desirous of having us expand our presence, and as the number of indigenous forces that we train came on line and actually developed capability grew we would then use that expanded security presence to spread into other areas of Iraq as well. This is why this strategy is typically called, traditionally called, a spreading inkspot strategy.

In so doing, the goal of this would be to deprive insurgents of a popular base and, in so doing, cause them to wither. This again is the classic model of counterinsurgent operations. It is how insurgencies have been typically defeated in the past and it is typically only when a government force has failed to employ this kind of strategy that they have failed, that is, failed to defeat the insurgency.

It has a proven track record and, what is more, we have seen instances in Iraq where this strategy has been made to work. Whenever we have taken the time to put our people on the street, establish presence, mix with the Iraqis, establish mixed forces where the Iraqis are working with Americans, so that the Iraqis see both an American face and an Iraqi face to the presence, it has worked.

Before the January elections we did this in cities like Mosul. We sent out foot patrols, and the Iraqis were stunned, and during that period of time security greatly increased in those cities where we did it.

Fallujah is, in some ways, another good example. Fallujah, I would say, is an example of both the good and the bad. We took down Fallujah, we chased out the insurgents. Unfortunately, they moved to other areas and, as we have seen, there has been no actual diminution of the lethality or the extent of the insurgency.

We did leave some forces behind in Fallujah. We left the Marines behind, who actually have a very good record in counterinsurgency operations, and to some extent Fallujah is better than it was before we took it down because we did leave a residual presence, and we have tried to put some economic resources in to take advantage of that somewhat better security environment.

But we failed to put in enough troops and we have failed to make good on all of the economic commitments to Fallujah, and as a result the insurgents are creeping back, and I know that General

McCaffrey will tell you more about the fact that Fallujah is, as yet, nothing to write home about.

Mr. Chairman, I think that there is a strategy that can work in Iraq. It is the strategy that I have just outlined and which I have gone into much greater detail in my written testimony. But I think that we need to recognize that it is not a strategy without a price. Politically, it will be very difficult. It will take a long time, at least the decade-plus that Secretary Rumsfeld outlined, and it is one that will require us to admit to having made some mistakes and to force us to actually shift, very significantly, our approach to reconstruction in Iraq—very painful political choices.

I think if we are willing to do that, I think there is a way out of this. I think that success is entirely possible in Iraq, because so much of the population wants reconstruction to succeed. But I think it is incumbent upon us to adopt a true counterinsurgency strategy to deal with the twin problems of a full-blown insurgency and the state of semilawlessness that we have continued to allow the country to wallow in.

Thank you.

[The prepared statement of Dr. Pollack follows:]

PREPARED STATEMENT OF DR. KENNETH M. POLLACK, DIRECTOR OF RESEARCH AND SENIOR FELLOW, SABAN CENTER FOR MIDDLE EAST POLICY, THE BROOKINGS INSTITUTION, WASHINGTON, DC

Mr. Chairman and Senator Biden, thank you for allowing me to come before you to discuss the future of Iraq, and particularly our efforts to secure that country to make reconstruction possible. As you have both repeatedly reminded us, the reconstruction of Iraq is a vital interest of the United States, just as it is vital to the people of Iraq. As we all know, and have repeatedly had reinforced to us, security is absolutely critical to the broader reconstruction effort. Without security, reconstruction will fail. And until we have dealt with the pressing problems of security, it will be impossible for us to perceive, let alone solve, many of the other matters troubling Iraq. If we get security right, everything is possible, although nothing is guaranteed.

I have confined my remarks to the four options you have outlined. I will begin with your first option, and address each in turn.

*Option 1: Should the coalition revise its current counterinsurgency strategy in Iraq?*

Mr. Chairman, I believe that after 2 years of trying to secure Iraq with our current strategy, it is becoming increasingly clear that we have the wrong strategy for the job. Our current approach probably was the appropriate strategy in the immediate aftermath of the fall of Baghdad, but the inadequate number of troops we brought to Iraq and a series of other mistakes rendered this approach largely infeasible. Today, our problems have metastasized, and I believe that we must fundamentally change our strategy to cope with the new challenges we face.

Our effort to secure Iraq faces two overarching and interlocking problems: A full-blown insurgency and a continuing state of semi-lawlessness. Both are equally important. Reconstruction will likely fail if either is unaddressed. I believe that current U.S. strategy in Iraq is misguided because it is not properly tailored to defeat the first problem and largely ignores the second.

Today, and since the fall of Baghdad, the United States has employed what I would call a “post-conflict stabilization” model of security operations. The key element of this strategy is providing simultaneous security for the entire country by concentrating coalition forces on those areas of greatest unrest to try to quell the violence quickly and keep it from spreading. Had the United States brought sufficient ground forces to blanket the country immediately after the fall of Saddam’s regime—as many warned—and had we not made a series of other mistakes, like failing to provide our troops with orders to maintain law and order, to impose martial law and prevent looting, I think this strategy might very well have succeeded.

However, our continued reliance on this approach is failing. To borrow a military term usually employed in a different realm of operations, today we are reinforcing

failure. By continuing to concentrate our overstretched forces on the areas of greatest insurgent activity we are depriving most of Iraq's populated areas of desperately needed security forces, and by emphasizing offensive search-and-sweep missions, we are making ever more enemies among Iraq's Sunni tribal population. In other words, we are failing to protect those Iraqis who most want reconstruction to succeed and we are further antagonizing the community that is most antipathetic to our goals.

This approach runs directly contrary to the principal lessons of counterinsurgent warfare.

In 1986, Dr. Andrew F. Krepinevich, then a major in the Army, published what is widely regarded as the seminal work on American military performance in Vietnam, titled "The Army and Vietnam." In this book, Krepinevich demonstrated that the Army high command—for reasons entirely of its own choosing—largely refused to employ a traditional counterinsurgency strategy against the Viet Cong and North Vietnamese Army Forces. The Military Assistance Command-Vietnam (MACV) repeatedly shut down other efforts, by the Marines and by Army Special Forces, to employ a traditional counterinsurgency (COIN) strategy. Krepinevich further demonstrated that these stillborn COIN campaigns had all proven far more successful before they were terminated than MACV's cherished offensive operations.

Mr. Chairman, I do not know why it is that the United States has not yet adopted a traditional counterinsurgency strategy in Iraq. I suspect that it is for reasons far more mundane and far better intentioned than MACV's rationale was in that earlier war, because I know General Abizaid to be a superb soldier and a wise commander. However, whatever the rationale, it is clear that the United States has so far failed to employ a traditional counterinsurgency strategy in Iraq, just as we did in Vietnam, and as a result we are failing in Iraq just as we failed in Vietnam.

Mr. Chairman, if you were to pick up a copy of Dr. Krepinevich's book, you would find, I think, a great many chilling passages. Passages where Krepinevich explains how history has demonstrated that a guerrilla campaign can be defeated, and how the United States failed to employ such a strategy in Vietnam. These passages are unsettling precisely because they so closely echo our problems and mistakes in Iraq today. We are once again failing to use a true COIN strategy in Iraq, and committing too many of the very same errors we made in Vietnam.

The crux of a traditional counterinsurgency strategy is never to reinforce failure, but always to reinforce success. As Mao Zedong once wrote, the guerrilla is like a fish who swims in the sea of the people—thus, if you can deprive the guerrilla of support from the people, he will be as helpless as a fish out of water.

The goal of a true-COIN campaign is to deprive the guerrilla of that access. The COIN force begins by securing a base of operations by denying one portion of the country to the insurgency. This portion can be as big or as small as the COIN force can handle—the bigger the COIN force available, the larger the area. Within this area, the COIN force provides the people with security, in all senses of the word. In Iraq, this would mean security from insurgent attack as well as from ordinary (and organized) crime. In so doing, the COIN force creates a secure space in which political and economic life can flourish once again. Ideally, the COIN force would pour resources into this area to make it economically dynamic and take advantage of the security the COIN campaign has provided, both to cement popular support for the COIN campaign and to make it attractive to people living outside the secure area so that they will support the COIN campaign when it shifts to their region.

The increasing attractiveness of these safe areas also solve the intelligence problem that COIN forces inevitably face. Ultimately, there is no way that a COIN force can gather enough intelligence on insurgent forces through traditional means to exterminate them. Instead, as the British learned in Northern Ireland, the only way to gather adequate information on the insurgents is to convince the local populace to volunteer such information, which they will do only if they are enthusiastic supporters of the COIN campaign and feel largely safe from retaliation by the insurgents. When these conditions are met, the counterinsurgents enjoy a massive advantage in intelligence making the further eradication of the insurgents easy, and almost an afterthought.

In addition, the COIN forces use these "safe zones" to train indigenous forces who can assist them in subsequent security operations. Once this base of operations is truly secure and can be maintained by local indigenous forces, the COIN forces then spread their control to additional parts of the country, performing the same set of steps as they did in the original area.

Dr. Krepinevich describes this set of interlocking features as follows:

After the army has driven off or killed the main guerrilla forces, its units must remain in the area while local paramilitary forces are created and the

influence of the police force is reestablished. The paramilitary forces should be drawn from among the inhabitants of the area and trained in counterinsurgency operations such as small-unit patrolling, night operations, and the ambush. Resurrection of the local police force is equally important. Properly trained, the police can make an invaluable contribution to the defeat of the insurgents by weeding out the political infrastructure, thus preventing the reemergence of the insurgent movement once the army departs.

Thus, if the paramilitary forces can perform the local security mission, and if the police can extinguish the embers of the insurgent movement through suppression of its infrastructure, the people will begin to feel secure enough to provide these forces with information on the movements of local guerrilla forces and on the individuals who make up the cells of the insurgent movement. But before any of this can occur, it is necessary for the government's main-force army units to demonstrate that they will remain in the newly cleared area until such time as the people are capable of assuming the bulk of the responsibility for their own defense. Should the army depart the area before the paramilitary units and the police force are capable of effective operation, it will have accomplished nothing. The insurgent infrastructure will quickly reemerge from hiding, and the guerrillas will return to reassert their control. The temporary control reestablished by the government must be followed by the implementation of measures designed to achieve permanent control. Thus, the counterinsurgent must direct his efforts, not toward seeking combat with the insurgent's guerrilla forces, but at the insurgent political infrastructure, which is the foundation of successful insurgency warfare. Keep the guerrilla bands at arm's length from the people and destroy their eyes and ears—the infrastructure—and you can win.<sup>1</sup>

This approach is typically referred to either as a “spreading ink spot” or a “spreading oil stain” because the COIN forces slowly spread their control over the country, depriving the guerrillas of support piece by piece until, in Krepinevich's words, “Once the security of the population and its attendant resources is accomplished, the initiative in the war will pass from the insurgent to the government. The insurgent will either have to fight to maintain control of the people or see his capabilities diminish. If the insurgents decide to fight, they will present themselves as targets for the government mobile reaction forces.”<sup>2</sup>

The key, as Krepinevich and every other expert on counterinsurgency operations observes, is to start by securing the population and providing them with material incentives, in the form of real security and a thriving economy, that will cause them to reject the insurgency and support the COIN campaign. This is why a COIN strategy is best understood as a strategy of reinforcing success, because the counterinsurgents concentrate their forces where their support is strongest, and where they therefore can do the most good.

Instead, the approach we are employing in Iraq—concentrating our forces in Iraq's western provinces where the insurgents are thickest and support for reconstruction weakest—means reinforcing failure. Such an approach has repeatedly resulted in failures in guerrilla warfare throughout history. Our efforts to “take the fight to the enemy” and mount offensive sweep operations designed to kill insurgents and eliminate their strongholds have failed to even dent the insurgency so far, and likely will continue to do so, as was the case in Vietnam and other lost guerrilla wars. Here is Dr. Krepinevich on the false promise of hunting guerrillas:

Should government forces attempt to defeat the insurgency through the destruction of guerrilla forces in quasi-conventional battles, they will play into the hands of the insurgent forces. Insurgent casualties suffered under these circumstances will rarely be debilitating for the insurgents. First, the insurgents have no need to engage the government forces—they are not fighting to hold territory. Second, as long as the government forces are out seeking battle with the guerrilla units, the insurgents are not forced to maintain access to the people. Therefore, *the initiative remains with the guerrillas*—they can “set” their own level of casualties (probably just enough to keep the government forces out seeking the elusive big battles), thus rendering ineffective all efforts by the counterinsurgent to win a traditional military victory.

<sup>1</sup> Andrew F. Krepinevich, Jr., “The Army and Vietnam” (Baltimore, MD, Johns Hopkins University Press, 1986), pp. 13–14.

<sup>2</sup> *Ibid.*, p. 15.

As a result of these circumstances, the conventional forces of the government's army must be reoriented away from destroying enemy forces toward asserting government control over the population and winning its support. Government forces should be organized primarily around light infantry units, particularly in phases 1 and 2 of the insurgency. These forces must be *ground-mobile* in order to patrol intensively in and around populated areas, keeping guerrilla bands off guard and away from the people. The counterinsurgent must eliminate the tendency fostered by conventional doctrine, to cluster his forces in large units. Only when the insurgency moves into phase 3 will the need for substantial numbers of main-force conventional units arise.

Winning the hearts and minds of the people is as desirable for the government as it is for the insurgent. This objective can only be realized, however, after control of the population is effected and their security provided for. Developing popular support often involves political participation—at least on the local level; public works—irrigation ditches, dams, wells; and social reform—land reform, religious toleration, access to schools. These actions are designed to preempt the insurgent's cause, as, for example, land reform in the Philippines during the Huk rebellion . . . Nevertheless, even though the attempts to co-opt the insurgents may prove successful in winning the hearts of the people, they will be for naught unless the government provides the security necessary to free the people from the fear of insurgent retribution should they openly support the government.<sup>3</sup>

Against a full-blown insurgency, such as we are facing in Iraq, offensive operations cannot succeed and are ultimately counterproductive. The guerrilla does not need to stand and fight but can run or melt back into the population and so avoid crippling losses. If the COIN forces do not remain and pacify the area for the long term, the guerrillas will be back within weeks, months, or maybe years, but they will be back nonetheless. Meanwhile, the concentration of forces on these sweep operations means a major diversion of effort away from securing the population. In Iraq, this has left the vast bulk of the population largely unprotected both against insurgent attacks and normal crime—organized and unorganized.

Moreover, the tactics of our offensive operations have contributed to the alienation of the Sunni tribal community, driving many otherwise agnostic Iraqis into the arms of the insurgents. Many American units continue to see the targets of their raids as enemies and treat them as such—invariably turning them and their neighbors into enemies regardless of their feelings beforehand. Often, the priority American formations place on force protection comes at the expense of the larger mission—the safety, psychological disposition, and dignity of Iraqis. Busting down doors, ordering families down on the floor, holding them down with the sole of a boot, searching women in the presence of men, waiving around weapons, ransacking rooms or whole houses, and confiscating weapons all come with a price. Because too much of the intelligence that the United States is relying on is poor, it is not a rare occurrence that houses raided turn out to be innocuous. In some cases, the wanted personnel may have been there at some point and fled, but in others no one in the house was guilty at all. Indeed, too often, U.S. Forces are directed to raid a house or arrest a person by someone else who simply has a grudge against them and turns them in to the Americans as an insurgent to settle a personal score.

An example of both the potential of true counterinsurgency operations and the danger of refusing to employ them can be found in the experience of the Iraqi town of Fallujah. Until the fall of 2004, Fallujah was a major insurgent stronghold. The town was then taken by U.S. Forces in a full-scale conventional assault in which, American commanders touted as major victories both the number of insurgents killed and the psychological gains of taking this stronghold from the enemy. However, within just a few months, the insurgents had reemerged with no noticeable impact on their operations or lethality. On the other hand, unlike many other towns in the Sunni triangle, a fair number of American and Iraqi Forces remained in Fallujah after the assault, providing it with greater security than in most neighboring towns, but not as much as was the case immediately after the assault when large numbers of American ground troops were present. Likewise, the United States and the Iraqis did begin to pump resources into the city, and reached out to local shaykhs to try to form a new political process, and to give local residents an incentive to participate in the national political process. As a result, Fallujah has been a modest success story. However, because promised funds have not been forthcoming, because the Marines in Fallujah are spread thinly and the Iraqi Forces are

<sup>3</sup>Ibid, pp. 11–12. [Emphasis in original].

not indigenous—and are often Shi'a—the insurgency has begun to make a come back in Fallujah.

Thus Fallujah demonstrates what a successful approach might look like, but only if it is handled properly. And unfortunately, Fallujah is more the exception than the rule. Elsewhere in Iraq, U.S. Forces clear the areas without staying in force, without leaving behind indigenous security forces willing and able to secure the area, and so without leaving the kind of security environment that would make it possible to try to revive either the local economy or the local political process.

Southern Iraq and the persistent popularity of Muqtada as-Sadr—and other, similar figures—is another example of the problems created by our current security strategy. The predominantly Shi'i southeast of Iraq is overwhelmingly supportive of reconstruction, yet we find growing frustration with reconstruction, the United States, and the transitional Iraqi Government throughout that community. Why? Because the people are still plagued by organized and random crime, which makes their economic life difficult, keeps unemployment high and incomes low, contributes to frequent power outages and gasoline shortages, and prevents the restoration of clean water and sanitation, among other problems. This frustration, allowed to fester over time, is driving Iraqis into the arms of the Muqtada as-Sadr's of Iraq, whose message is a simple one: The Americans are either unwilling or unable to provide you with the basic necessities of life, but we can. They employ the model that Hizballah and Hamas have used to such success, providing tangible, material benefits in return for support. This is exactly what Muqtada as-Sadr provides the residents of Sadr City and what other shaykhs, alims, and other would-be potentates provide other Iraqis in different parts of the country.

This is a disastrous course that could push Iraq into fragmentation and civil war. It is already convincing any number of groups—and not just the Kurds—that they should pursue autonomy from the central government, which is increasingly seen as out of touch, corrupt, and wholly focused on its own (irrelevant) squabbles over power.

Mr. Chairman, this analysis leads me to the conclusion that the United States must dramatically reorient our strategy for securing Iraq. We must adopt a true counterinsurgency strategy, of the traditional “spreading oil stain” variety. We must simultaneously recognize that even if we do so, securing Iraq is going to take a very long time. In this respect, I was heartened to hear Secretary of Defense Rumsfeld acknowledge that success in Iraq would likely require over a decade. He is surely right, but he is only likely to be right if the United States adopts the right strategy to do so.

Painted in broad brush strokes, a true counterinsurgency strategy for Iraq would focus on securing enclaves—Kurdistan, much of southeastern Iraq, Baghdad, and a number of other major urban centers, along with the oilfields and some other vital economic facilities—while, initially, leaving much of the countryside to the insurgents. The coalition would consolidate its security forces within those enclaves, thereby greatly improving the ratio of security personnel to civilians, and allowing a major effort to secure these enclaves to allow local economic and political development at a microlevel. The coalition would likewise redirect its political efforts and economic resources solely into the secured enclaves—both to ensure that they prosper and because those would be the only areas where it would be worth investing in the short run. Such a strategy might, therefore, mean foregoing such things as national elections or rebuilding the entire power grid, because they might be impossible in a situation where the coalition forces had abdicated control over large areas of the country.

The concentrated security focus should allow local economic and political developments to make meaningful progress, which in turn should turn around public opinion within the enclaves—making the Iraqis living in the enclaves more willing to support the reconstruction effort and, hopefully, making those Iraqis outside the enclaves more desirous of experiencing the same benefits.

Once these enclaves were secured, and as additional Iraqi security forces were trained or foreign forces brought in, they would be slowly expanded to include additional communities—hence the metaphor of the spreading oil stain. In every case, the coalition would focus the same security, political, and economic resources on each new community brought into the pacified zone. If implemented properly, a true counterinsurgency approach can succeed in winning back the entire country. However, it means ceding control over swathes of it at first and taking some time before Iraq will be seen as a stable, unified, pluralist state. Nevertheless, it may be the only option open to us if, as is the case at present, the U.S.-led coalition cannot control large parts of the country and cannot keep the peace in those areas where it does operate.

At a more tactical level, a true COIN campaign in Iraq would make securing the Iraqi people its highest priority. American Forces in Iraq, unfortunately remain pre-occupied with force protection and with tracking down the insurgents who are attacking them, and as a result they are providing little security to the Iraqi people. U.S. Forces generally remain penned up in formidable cantonments. They are cut off from the populace and have little interaction with them. In the field, they come out to attend to logistical needs and to conduct raids against suspected insurgents. In the cities, they generally come out only to make infrequent patrols—which are virtually always conducted mounted in Bradley fighting vehicles or HMMWVs—the ubiquitous “Humvees” or “Hummers”—at speeds of 30–50 kms per hour. Indeed, prior to the January elections, American Forces did—temporarily—engage in foot patrols in cities like Mosul and the result was an immediate, but equally temporary, increase in morale and support for the U.S. presence.

It is a constant—and fully justified—complaint of Iraqis that the Americans have no presence and make no effort to stop street crime or the attacks on them by the insurgents. Many British officers, and some Americans, too, argue that the United States should instead be employing the kind of foot patrols backed by helicopters and/or vehicles that the British Army learned to use in Northern Ireland, and that all NATO Forces eventually employed in the Balkans. This is the only way that American Forces can get out, reassure the Iraqi civilians, find out from them where the troublemakers are, and respond to their problems.

Adopting a true counterinsurgency strategy, coupled with its attendant tactics such as guarding population centers and key infrastructure, foot patrols, presence, and the eradication of crime and attacks on Iraqis would doubtless expose U.S. personnel to greater risks. However, they are absolutely necessary if reconstruction is to succeed in Iraq. There is no question that force protection must always be an issue of concern to any American commander, but it cannot be the determining principle of U.S. operations. American military forces are in Iraq because the reconstruction of that country is critical to the stability of the Persian Gulf and a vital interest of the United States. In their current mode of operations, our troops are neither safe nor are they accomplishing their most important mission. Consequently, executing that mission must become the highest concern of U.S. military commanders, and their current strategy—focusing on force protection and offensive operations against the insurgents—is misguided. If it does not change, the reconstruction may fail outright and all of the sacrifices of the American people and our service men and women will have been for nothing.

*Option 2: Could the United States successfully press its allies to increase aid and provide manpower to protect Iraq's borders and prevent foreign infiltration?*

Mr. Chairman, at some level the answer to this second question is undoubtedly, “yes,” but I do not see it as an “option” that would solve our problems in Iraq. At best, it might help ameliorate our current problems, but no more.

Given how little Iraq's neighbors seem to be doing to arrest the steady flow of Salafi jihadists, Sunni tribesmen, and others into the country, it is unexceptionable to suggest that they could not be doing more than they currently are.

Syria is the country that we have focused our attention on, although it is hardly the case that they are the only problem, or probably even the major source of the problem. Many U.S. and foreign intelligence analysts believe that far more foreign fighters are infiltrating into Iraq through Saudi Arabia. I have little faith in technical fixes to the problem of infiltration across the long Syrian border, simply because it is so long and long borders are notoriously difficult to seal—our own problems with Mexico being an obvious case in point. Many Sunni tribes span the Iraq-Syria border and there is considerable trade.

Certainly, a political solution might persuade the Syrians to do more to police the border, but our expectations should remain modest here as well. Should we wish to try, I see only a policy of real carrots and real sticks as having any real likelihood of success. The Syrians need to have positive incentives to cooperate and see real threats if they do not. However, we must keep our hopes for such a policy in check. Syria's handling of its border is part of the larger issue of Syrian relations with the United States that remains very much undecided in Syria right now. Indeed, it may be necessary to craft a much broader set of carrots and sticks with Syria designed to get at the whole range of United States-Syrian differences if we are to have any real prospect of success. The Syrian regime is deeply divided over its course, particularly with regard to its relations with the United States. Until Damascus decides what kind of country it wants to rule, and what its relationship to the region and the world should be, it is unlikely to make major changes on any piece of its foreign policy, especially as one as tightly bound to that broader set of issues as its relationship with Iraq.

Consequently, tackling infiltration across the Syrian border may require a new American policy to Syria, and the Syrians revamping their own broad foreign policy goals. Neither seems likely in the short term.

With regard to infiltration across the Iranian border, the news is both worse and better. Worse because all of the problems related to Syria—a long border, intermingled populations spanning it, a government divided over its relations with Iraq and the United States, and an inability to isolate its Iraq policy from the overarching question of what kind of country it wants to be—all go double for Iran. The situation is better, however, because Iran is not the problem when it comes to the Iraqi insurgency. The insurgency is overwhelmingly Sunni and while not everything that Iran is doing in Iraq is helpful to us, they are not providing any significant degree of assistance to the Salafi Jihadists, Sunni tribesmen, former regime officials, and various other groups who comprise the bulk of the insurgency.

Jordan, Saudi Arabia, Kuwait, and Turkey are all staunch United States allies and it is likely that more could be accomplished with them, but also not without a price. All four of these countries is wary of American intentions in Iraq, and fearful that whatever our intentions may be, we are not making the kind of effort that will result in a stable Iraq. All four are Sunni Muslim nations with differing degrees of skittishness about the emergence of a Shi'i-led Iraq. On top of this, the Turks have their own longstanding concerns about Kurdish separatism. All four—but particularly the Saudis—have been ambivalent at best about slowing the flow of goods and supplies across their border to Iraq. And it is complicated by the fact that there is a portion of Saudi society that actively favors the Sunni “jihad” against the United States and the Shi'a in Iraq.

The governments of all of these countries have not been bashful about their own concerns in Iraq, and their price for greater cooperation is likely to be a straightforward one: A greater say in the reconstruction of Iraq. This is a tricky proposition, but not an unworkable one. Indeed, the solution is probably overdue.

The United States and the new Iraqi transitional government should convene a contact group consisting of all of Iraq's neighbors—including Iran and Syria. This group would meet frequently and regularly to receive information about reconstruction issues important to them, and to provide advice both to the Iraqis and to the United States regarding developments inside Iraq. The function of the contact group should be purely advisory—neither we nor the Iraqis should be bound by its recommendations but that advice should not be ignored lightly either. In a great many cases, simply tempering a policy to make it more palatable to Iraq's neighbors, or merely acknowledging their concerns and providing a full explanation of why their recommendation will not be the one adopted, can make a considerable difference. In return for their expanded role, all of the neighbors should be presented with detailed, and concrete plans for stemming illegal traffic across their borders and theft membership in the contact group can be made conditional upon their meeting these criterion.

Unfortunately, Mr. Chairman, none of these measures is likely to have more than an indirect impact on the success or failure of reconstruction in Iraq. As noted in my response to Option 1, the insurgency is only one of our problems in Iraq, and the insurgency is not principally driven by external factors.

Our intelligence regarding Iraq has consistently established that foreign fighters comprise only a small percentage of the insurgents in Iraq. What's more, anecdotal reporting suggests that foreign-born jihadists are playing a less important role in the insurgency. Early on in the conflict, the foreigners brought with them critical know-how in terrorist and guerrilla operations that the Iraqis largely lacked. However, today, more than 2 years after the fall of Baghdad, the Iraqis have learned what they need to know and so are much less reliant on the foreigners for training. Likewise, while it was once the case that suicide bombings in Iraq seemed to be the exclusive purview of the foreign-born jihadists who came to Iraq to martyr themselves, this is no longer the case. The evidence is sparse, but it does seem to be the case that a growing percentage of suicide attacks are being carried out by Iraqis themselves.

Thus, even if you could somehow hermetically seal Iraq's borders, doing so would be unlikely to extinguish the insurgency, nor would the elimination of the insurgency solve all of Iraq's problems. The best intelligence indicates that the bulk of the insurgency is drawn from Iraq's Sunni tribal population, a great many of whom were recruited for Saddam's Republican Guard and Special Republican Guard, the Fidayin, and other key security forces. They have lost their prestige and their paychecks; they have been dispossessed by a society they once ruled; and they are fearful that we intend to put the Shi'a and the Kurds into the same position of authority their community once occupied—and that they will be oppressed in the same man-

ner that they once oppressed the Shi'a and the Kurds. Thus there are plenty of Iraqis fighting us out of fear and a lack of anything else to do.

As I have argued elsewhere, there are much better ways to make major dents in the insurgency. One method would be to allow the Iraqi economy to revive in a manner that it so far has not. Many of Iraq's angry young men would probably be quite a bit less angry if they had jobs, steady sources of income, and all of the benefits that come with it.

Another approach would be to effectively buy off the Sunni shaykhs. Although our intelligence remains sketchy, it is clear that an important element of our problems with the insurgency comes from the active participation or passive acceptance by a huge range of Sunni shaykhs. In some cases, they appear to be ordering the young men under their authority to take up arms against the United States and the new regime because they feel politically and economically excluded from it, and they are well aware of the corruption of the new government, and probably exaggerate it to themselves, because they do fear a Shi'ite dictatorship, and because no one is paying them not to. In other cases, they simply make no effort to stop their tribesmen and followers from participating because they have no incentive to do so.

However, for centuries, if not millennia, the central government in Baghdad successfully paid these shaykhs to cooperate with the regime rather than fighting against it. This seems unpalatable to American ears, but it is part of Iraq's societal traditions. The tribes of the west and south were never fully under central government control and would often fight against it or simply ignore its efforts at law and order unless they were paid not to do so. But in return for such payments—which could come in the form of government contracts, infrastructure development, and other forms of aid, not just cash—the shaykhs generally were quite content to avoid attacks on the government and even to keep order in those areas effectively beyond Baghdad's control.

In the 20th century, the shaykhs were often paid not to attack and even to police the roads, bridges, power lines, and pipelines the insurgency currently targets. At times when relations between the shaykhs and Baghdad soured, attacks on this infrastructure invariably increased.

Moreover, the shaykhs have shown a willingness to “do business” with a wide range of governments in Baghdad: The Ottomans, the British-backed monarchy, various Iraqi military dictators, and Saddam's Stalinist regime. Of course, all of these regimes were all Sunni-dominated, at least for their facade, and it does remain to be seen whether they would give such fealty to a Shi'a-led government, but there is every reason to expect that, coupled with an effort to increase Sunni tribal representation in the new government, the Sunni shaykhs would be willing to decrease or even end their support for the insurgency. To a great extent, it would mean giving this key segment of the Sunni community a real stake in the success of the new Iraqi Government—just as we have talked about doing right from the start—and doing so in a very tangible way.

Indeed, anecdotal reporting indicates that whenever American military and political personnel have reached out to local Sunni shaykhs, and provided them with material incentives to cooperate, they have been willing to do so, at least on a selective basis. This, too, provides evidence that it should be possible to co-opt many, perhaps most, of the Sunni tribal shaykhs and get them to stop fighting us and instead help us.

Even if we were to successfully find ways to buy off the Sunni tribal shaykhs, we should not expect this to end the insurgency altogether. The Sunni shaykhs probably could convince a significant number of their followers to desist, either by their authority, or by the patronage they would in turn buy among their people with the resources we would be paying them. However, because the insurgency is so diverse, others would likely fight on: The foreign fighters, of course; homegrown Salafi jihadists, of whom there is also a significant number; true regime “dead-enders” who have so much blood on their hands that they could never expect anything but a hangman's noose from a new, democratic Iraqi Government; and a number of others of diverse motives. But it is clear that this would be a greatly diminished cohort from present numbers.

Thus, if you are looking to weaken the insurgency, shutting down Iraq's borders can't hurt, but doing so will be much harder and less likely to have real impact than convincing Iraq's tribal shaykhs to withdraw their support from the insurgency. The first approach assumes that the insurgency is principally a foreign-driven phenomenon, which it unquestionably is not, the latter relies on traditional Iraqi techniques to get at what is largely a homegrown problem.

*Option 3: Should the United States reprioritize the training schedule of Iraqi Forces and support more training in other countries?*

With regard to the specifics of the actual training of various Iraqi security personnel, my understanding is rudimentary at best, but I know of nothing particularly amiss. Instead, let me offer some comments regarding the duration, goals, and location of training.

Without question, longer training schedules are better than shorter ones. Iraq's security forces need to be taught a range of military skills. However, of equal or greater importance, they need to be given the psychological tools to handle their very difficult responsibilities. They need to be integrated into multiethnic formations. They need to be convinced that reconstruction is the best course for Iraq and that their own sacrifices are crucial to the success of reconstruction. They need to believe that what they are doing is of immediate benefit to their country, their people, their sect, their town, and their family. They need to be able to trust their comrades, their American and coalition allies, and themselves. All of that takes a great deal of time.

In addition, even after their formal training is completed, Iraqi units need time to further gel. Unit cohesion needs to be formed in training, but it is inevitably tested by the first operations that a formation undertakes. So, too, with the confidence of Iraqi recruits. So, too, with the leadership skills of their officers. What's more, the process of vetting—weeding out those unsuited for the tasks at hand, or those working for the enemy—is a lengthy one, and it is not infrequent for soldiers and officers to do well in training but fail once placed in actual combat situations, especially if the initial test is an extremely challenging one.

For all of these reasons, it is critical that Iraqi units begin their operational tours under the most permissive conditions. They need to crawl before they can walk. This has not always been the case, although Iraqi and American friends tell me that it is increasingly so. If so, this is a very positive development. However, it once again emphasizes the length of the training process and the need to do it right and do it slowly. Nothing will undermine morale across Iraq's security forces—and undermine Iraqi confidence in reconstruction—so much as large-scale disintegration of their formations in combat, as was the case when units were rushed into combat in the spring of 2004.

As far as the goals of training are concerned, while we do need some highly capable Iraqi units capable of conducting special forces type missions to help assault insurgent strongholds, of far greater utility will be large numbers of competent and trustworthy Iraqi formations capable of conducting basic protection missions—patrolling, searches, ambushes, point defense, infrastructure defense, and the like. Again, these are the tasks that are critical to victory in counterinsurgent warfare, as our experiences in Vietnam and elsewhere have repeatedly demonstrated.

As far as the location of training is concerned, I don't think beggars should be choosers. Training forces out of country has positive and negative elements. Obvious positives include greater access to higher caliber trainers and reduced likelihood of attack by insurgents. Another less obvious benefit of such training is that taking a group out of their accustomed environment might change their perspective and encourage the formation of bonds of loyalty to one another. Negatives include the distancing of the group from mainstream society and the possibility that the training will be less realistic—or simply less tailored to the circumstances they will face. In addition, there is the possibility that the population at large will be suspicious of them and may even treat them as foreign "agents."

On the whole, I see these various pluses and minuses as effectively canceling one another out. As a result, I see the key issue as our need to train as many Iraqis as we can, and be able to provide them with the luxury of time and proper training—not to mention the related issue of proper equipment—so that they are someday able to shoulder the burden we need them to. If there are countries willing and able to provide such training abroad—and if not sending Iraqi units or personnel abroad would limit that training—then so be it. Our need for properly trained Iraqi security forces, in all senses of the words "properly trained," should be decisive given the rough equivalence in the liabilities and incurred compared to the benefits to be derived.

*Option 4: Should the President change the force structure of the United States presence in Iraq?*

Mr. Chairman, I believe that it would be of tremendous benefit for the United States to significantly increase the number of high-caliber foreign troops in Iraq. Ironically, this is vital if the United States sticks with its current approach to security, which I have already described as a "post-conflict stabilization" model; but is only desirable, not necessary, if the United States shifts to a true counterinsurgency strategy.

We simply do not have the troops on hand—American, allied, or fully capable Iraqi—to handle the number and extent of the tasks at hand. We do not have the forces available both to provide security in Iraq’s populated areas and to suppress the insurgency in western and southern Iraq. In truth, we do not have sufficient troops for either one of those missions independently. As a result, with our current force structure, we can reduce towns in the Sunni triangle, but we cannot secure them long term. Inevitably, the forces needed to take down an insurgent stronghold must move on to the next one, allowing the last to quickly slip back into guerrilla control. This is a classic mistake of counterinsurgency warfare and it is tragic that we are repeating it. Moreover, our focus on trying to come to grips with the insurgents and clear out their strongholds has largely denuded southern and central Iraq’s cities of sizable coalition forces, leaving them prey not only to insurgent attacks, but to crime and lawlessness more generally.

If we stick with our current strategy, I see no alternative to a major increase in coalition forces over the next 2–3 years, probably on the order of 100,000 or more troops, if it is to have any chance of success. At some point, if our training program is allowed to mature, we will have several hundred thousand capable Iraqi security personnel able to take over responsibility for most, if not all, of the security mission. However, we are still several years away from that day, and in the interim, someone will have to make up for that deficit. Given the reluctance of our allies to provide significant numbers of ground troops, only the United States can do so, although providing so many more ground troops for several years to come may necessitate a thorough restructuring of U.S. ground forces more generally.

At the risk of being redundant, let me repeat this point for the sake of clarity: We do not presently have adequate numbers of troops in country to execute the strategy that we have set out for ourselves—setting aside the question of whether this strategy can succeed at all. As a result, we have provided too little basic security for the bulk of Iraq’s population, and have inadequate forces even to suppress the insurgency in western and southern Iraq. Only a massive increase in troop strength—which the Iraqis will be unable to provide for several years—is likely to remedy that problem.

Could we simply muddle through with the inadequate forces we have on hand. Perhaps. However, this would be a huge gamble for the United States, Iraq, the region, and perhaps the world. As I noted earlier, there are powerful centripetal forces in Iraq that are gaining influence because of our failure to deal with the various problems of the insurgency and basic insecurity. We may be able to keep them at bay until several years down the road when sufficient Iraqi Forces become available to address these missions. But doing so strikes me as reckless and irresponsible.

Moreover, any objective analyst would have to recognize that the chances of this bet paying off look poor at this time. The Iraqi people are frustrated and growing more so. And it is this frustration that is our greatest threat. Because it is out of frustration with the inability, or unwillingness, of the United States and the transitional Iraqi Government to deliver on basic security—and the basic services like electricity, gasoline, clean water, and jobs for which basic security is the prerequisite—that Iraqis are beginning to turn to local shaykhs, alims, and other would-be warlords to provide them what the reconstruction authorities cannot. Thus it seems, at least, equally likely that the current trend will produce a slide toward fragmentation and civil war, as it is that it will allow for muddling through until the Iraqis can handle the security situation by themselves.

Another advantage of adopting a true counterinsurgency strategy, however, is that while it would certainly benefit from the addition of more troops, it is not required. COIN strategies work by building popular support and using that popular support to deny support to the insurgency, as well as to generate indigenous forces capable both of fighting the insurgency and providing protection to ever greater portions of the population. When employed correctly, it is a self-generating and self-sustaining strategy, which it is why it is able to defeat the converse strategy that lies at the heart of any insurgency. The size of the initial commitment of resources principally influences only the length of time that the COIN strategy takes to work. Thus, in theory, one could begin with nothing but a platoon, although starting with such a tiny force pool means that it would take an extraordinarily long time for the COIN strategy to succeed.

In Iraq, we are fortunate to have a very large segment of the population that is at least passively supportive of the goals of reconstruction, as well as a force base of over 150,000 American, Iraqi, and coalition troops. That is a pretty good starting point for a true COIN strategy. It looks even better when one considers that the Kurdish population is fully supportive of reconstruction—at least in the sense of desiring an end both to the insurgency and to the state of semilawlessness in much

of the rest of the country—and already has the security forces to effectively police their own territory,

With these forces alone and employing a true COIN strategy, the coalition could probably secure much, perhaps all, of southern Iraq with its strongly pro-reconstruction Shi'a and urban Sunni populations. Along with Iraqi Kurdistan, this is a very good start, and suggests a reasonably rapid window of success, perhaps as little as 8–10 years, although probably more like 10–15, because it is the nature of COIN strategies to work slowly. It would be difficult, with only the forces on hand to also secure central Iraq, possibly including Baghdad and some of the key infrastructure of that area like the Baiji oil refinery, as well as roads, power lines, and oil pipelines connecting the north and the south.

An alternative initial pacification effort could include Baghdad, and given its importance to Iraq, there is a compelling logic to do so, but in this case, the forces on hand probably could then only secure a more limited number of the Shi'i cities of the south, leaving large chunks of an otherwise supportive population outside of the initial “secure” zone, and possibly driving them into the arms of the opponents of reconstruction. In other words, a true COIN campaign would have difficulty including both Baghdad and all of southeastern Iraq in its initial security zone with only the forces currently on hand.

It is for that reason that even a COIN strategy would greatly benefit from more fully trained forces right from the start. The addition of another 30–50,000 troops might prove sufficient to make it possible to begin the COIN campaign by securing both Baghdad and key sites in central Iraq and nearly all of southeastern Iraq—in addition to Kurdistan. This is a very preliminary assessment that would require considerable additional planning and analysis, but it does seem likely at first blush.

This would obviously be a far more desirable starting point, since it would mean including both the large Shi'a population of southeastern Iraq as well as the vital capital within the initial “oil stain” of the COIN campaign. Under these circumstances, it might be possible to achieve success within as little as 5–8 years, although 8–10 years still seems more realistic.

Thus, under any circumstances, more first-rate forces in Iraq would be highly desirable, although if we persist with our current strategy, then they are indispensable.

There is one last element of this option that needs to be addressed, and this is the question of whether more U.S. troops will help or hurt the cause of reconstruction. I am wholly of the opinion that, on balance, they will greatly help the cause of reconstruction.

First, it is wrong-headed and perverse to suggest that more American troops in Iraq will simply stimulate more terrorist attacks, either because they will provide more targets or because they will generate more animosity. As for the insurgents, they have repeatedly demonstrated that they oppose not just the United States presence, but the entire project of reconstruction and—for the Sunnis who comprise the vast bulk of the insurgency—the ascendance of the Shi'ite majority. The insurgents have committed far more acts of violence against other Iraqis than they have against American Forces. What's more, they have made clear that they believe they are already waging a civil war against the Shi'a, whom the Salafi jihadists regard as apostates and for whom they reserve far greater venom than for infidel Americans.

All of the evidence we have indicates that were U.S. Forces to leave Iraq, the insurgents would be even less restrained and would greatly increase their attacks on the new Iraqi Government, on the Shi'a, on the Kurds, and on anyone else they don't like. If you don't believe me, ask any Iraqi Shi'ite, any Iraqi Kurd, or any Sunni Iraqi who simply wants to lead a normal life; they are terrified of the hard core of the insurgency for this very reason.

Second, it is wrong to simply postulate that Iraqis want the Americans out, and that their resentment of the American presence is a major source of the violence there. Iraqi views about the American presence are very complicated and, at times, contradictory.

As best I can glean, both from public opinion polling and my own contact with Iraqis from across the ethnic and religious spectrum, most Iraqis dislike the U.S. occupation, but they regard it as more than a necessary evil. Because of the fears I have just described, and because they are realistic about the state of their country, the vast majority of Iraqis know that it is vital for American Forces to remain in Iraq for the foreseeable future because the alternative is chaos and civil war. However, Iraqis are deeply frustrated by the course of reconstruction. They are frustrated that 2 years after the fall of Baghdad they still face electricity and gasoline shortages, that much of the country still lacks clean water and sanitation, that unemployment remains so high, and that they still do not feel safe in their own coun-

try. This frustration is compounded by their sense that American soldiers go to great lengths to protect themselves and do little to protect them. Indeed, many Iraqis say that our obsession with force protection for our own troops comes at their expense; not only do our force protection measures greatly inconvenience them, but they will argue that these measures actually decrease their own security. For instance, the long lines to get through security check points around American bases become prime targeting grounds for insurgents and criminals.

Often times, this frustration gets expressed—especially in badly constructed public opinion polls—by the sentiment that the United States “should just leave Iraq.” However, a bit more digging usually reveals the more subtle and, I have found, far more common, opinion among Iraqis that they want us to stay, but they just wish that we were doing more to help them with what really matters to them.

I think it’s probably likely that increasing the number of U.S. Forces in Iraq and redeploying them to Iraq’s populated areas, and to guard key infrastructure, would probably be resented by some Iraqis. I think a great many others, however, would feel that it was a move long overdue. Especially if additional American Forces were deployed to provide security for the bulk of Iraq’s population, were deployed in mixed formations with Iraqi units, were deployed on regular foot patrols and encouraged to get to know the residents of the neighborhoods in which they were stationed, all of the evidence suggests that Iraqi attitudes would range from grudging acceptance to positive relief.

The CHAIRMAN. Thank you very much, Dr. Pollack. Let me mention that all of your testimony, prepared testimony, as well as that which you have delivered, will be made a part of the record. That will be true for each of our witnesses. We appreciate the careful preparation you have given to the hearing and your remarkable opening statement.

General McCaffrey, would you offer us your thoughts?

**STATEMENT OF GEN BARRY R. McCAFFREY, USA (RET.), PRESIDENT, BR McCAFFREY ASSOCIATES, LLC, ARLINGTON, VA**

General McCAFFREY. Well, Senator, let me thank you and Senator Biden and the other members of your committee for the chance to come down here and share some of these ideas. I very much appreciate the very determined and active leadership that all of you have shown on this issue.

I just had a terrific session with Congressman Duncan Hunter over on the House Armed Services Committee and was able to remind them that Article I of the Constitution, the lead on shaping and forming our Armed Forces, in particular, lies in the Congress, not in the administration. So I think the resurgence of attention to these issues in Iraq, Afghanistan, and the war on terror is timely and warranted.

Let me also say I am appreciative of the opportunity to appear with Ken Pollack and Tony Cordesman, both of whom have works that I use in my own classes at West Point and I have great respect for their work and their insights.

I have just returned from another periodic visit in support of our joint military commanders, GEN John Abizaid, GEN George Casey, our tactical commander on the ground, LTG John Vines, and a brilliant young officer, LTG Dave Petraeus who, as we have mentioned, has been charged with forming the Iraqi security forces. I do not know of a more talented and determined person we could have put in charge of that effort.

Going directly to the first question at hand, the nature of the counterinsurgency and how well are we doing at it, let me, if I may come into this from a slightly different perspective. It seems to me we finally have a strategy. We went in there with no notion at all

except to knock down a million-man active and reserve army. We had no phase two. It was astonishing to me the egregious misjudgments of Secretary Rumsfeld and some of the civilian leadership in the Pentagon. I think they were warned very categorically, and very directly, by many of us prior to that war that we would end up with 26 million people and we had not confronted the coercive security forces of the Saddam regime.

That is, obviously, water under the bridge. I think this brilliant man John Negroponte and John Abizaid, the two of them have crafted a policy, a strategy, which to my astonishment, just having gone in and having compared it to the Jerry Bremer, LTG Rick Sanchez efforts, appears to be gathering momentum.

That strategy, number one, says create a legitimate Iraqi State. Get a constitution, get a referendum, get an election, get the Sunnis back in the political process. I think, collectively, the Sunnis, to my surprise, have decided that they want to get back in control of Iraq, but this time they are going to get back in the political process. I think there is a very high likelihood of political integration of the Sunnis between now and December, although clearly this is high risk and nonlinear political development.

I think the second part of our strategy is build the Iraqi security forces. I think Senator Biden has pointed accurately to some terrific overstatements in the past couple years in which we have kluged together numbers that included oil derrick security guards as being the equivalent of trained military forces.

Having said that, I think this fellow Dave Petraeus, backed up by John Abizaid, our Arabic-speaking, extremely experienced joint commander, I think we have finally got this thing moving in the right direction. I do not know what the right number is; 170,000 on paper—my gut instinct was there is probably 60,000 or more of them out there right now that actually are armed and determined to create a new Iraqi State. Some parts of Iraq, some parts of Baghdad, they are actually the lead elements. I think the majority of operations now in country have at a minimum Iraqi participation, if not Iraqi lead.

So build the ISF; that is the effort. I hope we focus on that, though, because I consider it grossly underresourced. If we are spending \$5 billion a month fighting an active coalition campaign and then you look at the level of effort on creating a 250,000-man force of border patrol, customs agents, police, we are not in the ball game yet in providing the resources we need. We can talk about it more, but I wrote a Wall Street Journal op-ed: We ought to be talking about 120 Blackhawk helicopters, about 2,000 up-armored Humvees, about a couple of thousand M-113 up-armored vehicles.

We are not even close to that. We have got these Iraqi kids out there with AKs, badly engineered light trucks, no maintenance system, no logistics system, no command and control. We've got to get serious about it.

The one parallel besides the domestic politics that strikes me as eerily similar to Vietnam is the failure to focus on creating the Iraqi security forces as the dominant aspect of our strategy. Petraeus is saying it, Abizaid is saying it, but are we actually giving them the tools they need to do their job?

Then third, we are doing economic reconstruction. Somebody ought to bring before this hearing, there is a brilliant young engineer, BG Tom Bostic. We are about to give him his second star. The last time I was there the economic reconstruction was a zero. This time around I saw a couple of thousand projects that are painfully under way, corruption being the single biggest threat to the economic reconstruction of Iraq.

Then finally, we are doing counterinsurgency. I would take a slightly different viewpoint than Dr. Pollack. I think the counterinsurgency is the least important aspect of what we are doing. Every Iraqi police battalion, commando battalion, is worth 15 U.S. Army or Marine battalions in downtown Baghdad, Talifar, Ramadi. They can spot somebody who is Syrian. They know things are out of order.

So I think our primary contribution—the Marines are doing a brilliant job out in Anbar Province doing spoiling attacks and trying to reestablish the border. But I do not think the counterinsurgency piece is actually central to what is going on in Iraq.

I think, essentially, we are so dangerous to screw around with, meaning “we” the United States Armed Forces, the jihadists, a tiny element of that struggle, are now targeting Iraqi police and innocent civilians as opposed to going after a Third Infantry Division platoon in Baghdad.

I would also argue that the massive slaughter of the innocents that these foreign jihadists are carrying out is the least relevant part of the problem. They will not bring down the Iraqi Government. They will not prevent the consolidation of a new political system and they darn sure are not a major threat to the U.S. Armed Forces.

What we have to worry about, it seems to me, is preventing this civil war that is going on now—that is what we are looking at, is a low-grade civil war—from spinning out of control, either by lack of wisdom or premature withdrawal. By next summer, in my judgment—we have got 17 combat brigades there right now—we will be forced into a drawdown and have 10 brigades or less on the ground by next summer. The Army and Marines are starting to come apart under this overly aggressive foreign policy in terms of the resources we have in national security.

So I thank you for allowing me to offer those initial ideas.

[The prepared statement of General McCaffrey follows:]

PREPARED STATEMENT OF GEN BARRY R. McCAFFREY, USA (RET.), PRESIDENT, BR  
McCAFFREY ASSOCIATES, LLC, ARLINGTON, VA

10 OBSERVATIONS FROM IRAQ: JUNE 2005

1. Superb Status of Armed Forces Unchanged (courage, discipline, leadership).
2. Effectiveness of MNF-I Command and Control and Interagency Process is impressive.
3. Growing effectiveness of the Iraqi Armed Forces and Police: 169,000 troops fielding 100(+) battalions. (60,000(+) armed and effective.)
4. Sunni Political Participation—they will vote in December.
5. Ineffectiveness of U.S. Public Diplomacy—media and military failure.
6. Sustaining the War—Inadequate Base of Army and Marines.
7. Engineering work in Fallujah—an angry city in ruins.
8. Add Helicopter mobility to ISF: 120(+) Blackhawks.

9. Add armor to ISF: 2,000(+) M113A3s Up-armor plus Transparent Turret; 2,000(+) Up-armor Humvees; 500(+) ASUs.

10. General Officer turnover and Impact on Region. (General Abizaid/General Casey/Lieutenant General Petraeus/Lieutenant General Vines—a collective national treasure.)

---

Memorandum for: Senate Foreign Relations Committee

Subject: Trip Report—Kuwait and Iraq; Saturday, 4 June, through Saturday, 11 June 2005

*1. Purpose*

This memo provides feedback reference visit 4–11 June 2005 by GEN Barry R. McCaffrey, USA (Ret.), to Kuwait and Iraq.

*2. Sources*

- a. GEN George Casey, Commander, MNF–I—one-on-one discussions and staff briefings.
- b. LTG JR Vines, Commander MNC–I—one-on-one discussions and staff briefings.
- c. LTG Dave Petraeus, Commander, Multinational Security Transition Command—one-on-one discussions/briefings.
- d. LTG Robin Brims (U.K. Army), Deputy Commanding General of MNF–I—one-on-one discussions.
- e. Charge d’Affairs James Jeffrey—office call one-on-one with U.S. Embassy Iraq.
- f. MG Tim Donovan (USMC), Chief of Staff, MNF–I—one-on-one discussions.
- g. MG Steve Johnson (USMC), Acting Commanding General, II MEF—one-on-one discussion and staff briefing.
- h. BG Peter Palmer and BG John Defreitas—MNF–I Operations and Intel briefings.
- i. MG Rusty Findley (USAF) and Colonel Bill Hix—MNF–I Campaign Action Plan Brief.
- j. BG Tom Bostick—Army Corps Engineers. Gulf Region Division Brief.
- k. MG William Webster, Commanding General, Multi-National Division Baghdad—General Officer Briefing and 3rd ID Battle Staff briefing.
- l. 2nd Brigade 3rd ID Commander and Staff Briefing. Bagdad security operations.
- m. Ambassador Ahraf Oazi and U.N. Iraq Delegation—Lunch Meeting with Special Representative to the Secretary General of the U.N. in Iraq.
- n. MG Robert Heine, Acting Director IRMO (U.S. Embassy Reconstruction Program Officer)—one-on-one discussion/briefings.
- o. MG Hank Stratman—Political-Military-Economic Brief, U.S. Embassy.
- p. MG Eldon Bargewell, Joint Contracting—one-on-one discussions.
- q. Field Visit. U.S. Marine Infantry Battalion. Fallujah.
- r. Field Visit. U.S. Army Mechanized Infantry Battalion. Vicinity Tikrit.
- s. Briefing Iraqi Army Brigade Commander. Fallujah.
- t. Briefing by U.S. Army Embedded Training Team. Fallujah ISF Army Brigade.
- u. Briefing USMC Embedded Trainer. Fallujah Police.
- v. Briefing U.S. Army Captain. Embedded Training Team. ISF Army Infantry Battalion—Vicinity Tikrit.
- w. Briefing Iraqi Army Colonel. ISF Training Center. Vicinity Tikrit.
- x. Lunch discussions. Iraqi Army Battalion XO, S3, SGM. Vicinity Tikrit.
- y. Live Fire Demo/Briefing. Iraqi Army Commando Battalion.
- z. Demo/Briefing Iraqi Police ERU (Emergency Response Unit). Baghdad.
- aa. Field Sensing Session. U.S. Army Combat Division. Fifteen U.S. Army Company Grade Officers.
- bb. Field Sensing Session. U.S. Army Combat Battalion. Junior Enlisted Soldiers.
- cc. Field Sensing Sessions. U.S. Army/Navy/Air Force/Marine Senior NCOs.
- dd. Discussion Sessions. Two U.S. Contractor Teams (Logistics and Security)—Senior Leadership.

*3. The Bottom Line—Observations from Operation Iraqi Freedom: June 2005*

1st—U.S. Military Forces in Iraq are superb. Our Army-Marine ground combat units with supporting Air and Naval Power are characterized by quality military leadership, solid discipline, high morale, and enormous individual and unit courage. Unit effectiveness is as good as we can get. This is the most competent and battle-wise force in our Nation’s history. They are also beautifully cared for by the chain-of-command—and they know it. (Food, A/C sleeping areas, medical care, mental health care, home leave, phone/e-mail contact with families, personal equipment, individual and unit training, targeted economic incentives in the battle area, visibility

of tactical leadership, home station care for their families, access to news information, etc.)

2nd—The point of the U.S. war effort is to create legitimate and competent Iraqi national, provincial, and municipal governance. We are at a turning point in the coming 6 months. The momentum is now clearly with the Iraqi Government and the coalition security forces. The Sunnis are coming into the political process. They will vote in December. Unlike the Balkans—the Iraqis want this to succeed. Foreign fighters are an enormously lethal threat to the Iraqi civilian population, the ISF, and coalition forces in that order. However, they will be an increasing political disaster for the insurgency. Over time they are actually adding to the credibility of the emerging Iraqi Government. We should expect to see a dwindling number of competent, suicide capable jihadist. Those who come to Iraq—will be rapidly killed in Iraq. The picture by next summer will be unfavorable to recruiting foreigners to die in Iraq while attacking fellow Arabs.

- The initial U.S./U.K. OIF intervention took down a criminal regime and left a nation without an operational state.
- The transitional Bremer-appointed Iraqi Government created a weak state of waning factions.
- The January 2005 Iraqi elections created the beginnings of legitimacy and have fostered a supportive political base to create the new Iraqi Security Forces.
- The August Iraqi Constitutional Referendum and the December–January election and formation of a new government will build the prototype for the evolution of an effective, law-based Iraqi State with a reliable security force.
- January thru September 2006 will be the peak period of the insurgency—and the bottom rung of the new Iraq. The positive trend lines following the January 2006 elections, if they continue, will likely permit the withdrawal of substantial U.S. combat forces by late summer of 2006. With 250,000 Iraqi security forces successfully operating in support of a government which includes substantial Sunni participation—the energy will start rapidly draining out of the insurgency.

3rd—The Iraqi security forces are now a real and hugely significant factor. LTG Dave Petraeus has done a brilliant job with his supporting trainers.

- 169,000 Army and police exist in various stages of readiness. They have uniforms, automatic weapons, body armor, some radios, some armor, light trucks, and battalion-level organization. At least 60,000 are courageous Patriots who are actively fighting. By next summer—250,000 Iraqi troops and 10 division HQS will be the dominant security factor in Iraq.
- However, much remains to be done. There is no maintenance or logistics system. There is no national command and control. Corruption is a threat factor of greater long-range danger than the armed insurgency. The insurgents have widely infiltrated the ISF. The ISF desperately needs more effective, long-term NCO and Officer training.
- Finally, the ISF absolutely must have enough helicopter air mobility—120+ Black Hawk UH 60s—and a substantial number of armored vehicles to lower casualties and give them a competitive edge over the insurgents they will fight. (2,000 up-armor Humvee's, 500 ASVs, and 2,000 M113A3s with add-on armor package.)

#### 4. *Top CENTCOM Vulnerabilities*

1st—Premature drawdown of U.S. ground forces driven by dwindling U.S. domestic political support and the progressive deterioration of Army and Marine manpower. (In particular, the expected meltdown of the Army National Guard and Army Reserve in the coming 36 months.)

2nd—Alienation of the U.S. Congress or the American people caused by Iraqi public ingratitude and corruption.

3rd—Political ineptitude of Shi'a civil leadership that freezes out the Sunnis and creates a civil war during our drawdown.

4th—"The other shoe"—a war with North Korea, Venezuela, Syria, Iran, or Cuba that draws away U.S. military forces and political energy.

5th—The loss or constraint of our logistics support bases in Kuwait. Clearly we need constant diplomatic attention and care to this vital ally. If Kuwait became unstable or severely alienated to U.S. military objectives in the region, then our posture in Iraq would be placed in immediate fatal peril.

6th—Open intervention by Iranian intelligence or military forces to support rogue Shi'a Iraqi insurgency. (Assassination of Sustani—armed rebellion by Sadr.)

7th—Continued undermanning and too rapid turnover in State Department inter-agency representation in Iraq.

8th—Lack of continuity in CENTCOM strategic and operational senior leadership. The CENTCOM military leadership we now have is a collective national treasure.

- General Abizaid's value to the war effort based on his credibility to U.S. Military Forces—and ability to communicate and relate to the Iraqi emergent leadership—cannot be overstated.
- The combination of a three-star tactical Headquarters (LTG John Vines is the most experienced and effective operational battle leader we have produced in a generation)—and an in-country four-star strategic commander (GEN George Casey) has improved the situation from the overwhelmed, underresourced Bremer-Sanchez ad-hoc arrangement.
- LTG Dave Petraeus has done a superb job building the ISF. Relationships are everything in this campaign. We need to lock in our senior team for the coming 24 months.
- Suggest that the three key U.S./coalition military HQS of Casey-Petraeus-Vines need to stop unit rotation and go to individual replacement rotation.
- The very senior U.S. military leadership needs their families based in a Kuwait compound with periodic visits authorized. (We did this with General Abrams and his senior leaders during the final phase of Vietnam.)

#### 5. *The Enemy Threat*

1st—The Iraqi insurgency threat is enormously more complex than Vietnam.

- There we faced a single opposing ideology; known enemy leaders; a template enemy organizational structure; an external sanctuary which was vital to the insurgency to bring in fighters, ammunition, resources; and relative security in urban areas under Allied/Vietnamese government control.
- Iraq is much tougher. The enemy forces in this struggle are principally Sunni irredentists—but there is also a substantial criminal class determined to murder, rob, kidnap, and create chaos.
- We also face a small but violent foreign jihadist terrorist element. These terrorists do not depend on foreign sanctuary. They can arm themselves with the incredible mass of munitions and weapons scattered from one end of Iraq to the other.
- Finally, Iraq is encircled by six bordering nations—all of whom harbor ill-will for the struggling democratic Iraqi State.

2nd—On the positive side of the ledger:

- High Sunni voting turnout and political participation in December will likely set the conditions for the downhill slide of the insurgency.
- The insurgency can no longer mass against coalition forces with units greater than squad level—they all get killed in short order by very aggressive U.S./U.K. combat forces. The insurgents have been forced to principally target the weak links—the Iraqi police and innocent civilians. This will be a counterproductive strategy in the mid-term. It has been forced on them by the effective counterinsurgency operations and information operations of coalition forces.
- Insurgents now have a reduced capability to attack coalition forces by direct fire: 80 percent (+) of the attacks are carried out with standoff weapons or suicide bombings (mortars, rockets, IEDs).
- Suicide IED attack is enormously effective. However, it will soon likely become a fragile tool. The jihadists will begin to run short of human bombs. Most are killed or die while carrying out missions which are marginally effective. This must be a prime enemy vulnerability for coalition information warfare operations.
- We must continue to level with the American people. We still have a 5-year fight facing us in Iraq.

3rd—The Fallujah Situation:

- The city has huge symbolic importance throughout Mideast.
- Unrealistic expectations were raised on how rapidly the coalition could rebuild.
- The city appears to be an angry disaster. Money doesn't rebuild infrastructure—bulldozers and workers and cement do. The coalition needs an Iraqi/coalition effort principally executed by military engineers—and thousands of Iraqi workers—to rebuild the city. We need a "Pierre L'Enfant" of Fallujah.
- Police stations are planned but barely started. The train station is mined and the trains do not function. Roads must be paved. We need to eliminate major signs of U.S.-caused war damage, etc.

#### 6. *Coalition Public Diplomacy Policy is a Disaster*

1st—The U.S. media is putting the second team in Iraq with some exceptions. Unfortunately, the situation is extremely dangerous for journalists. The working condi-

tions for a reporter are terrible. They cannot travel independently of U.S. military forces without risking abduction or death. In some cases, the press has degraded to reporting based on secondary sources, press briefings which they do not believe, and alarmist video of the aftermath of suicide bombings obtained from Iraqi employees of unknown reliability.

2nd—Our unbelievably competent, articulate, objective, and courageous Battalion, Brigade, and Division Commanders are not on TV. These commanders represent an Army-Marine Corps which is rated as the most trusted institution in America by every poll.

3rd—We are not aggressively providing support (transportation, security, food, return of film to an upload site, etc.) to reporters to allow them to follow the course of the war.

4th—Military leaders on the ground are talking to people they trust instead of talking to all reporters who command the attention of the American people. (We need to educate and support AP, Reuters, Gannet, Hearst, the Washington Post, the New York Times, etc.)

#### 7. Summary

- This is the darkness before dawn in the efforts to construct a viable Iraqi State. The enterprise was badly launched—but we are now well organized and beginning to develop successful momentum. The future outcomes are largely a function of the degree to which Iraqi men and women will overcome fear and step forward to seize the leadership opportunity to create a new future.
- We face some very difficult days in the coming 2–5 years. In my judgment, if we retain the support of the American people—we can achieve our objectives of creating a law-based Iraqi State which will be an influencing example on the entire region.
- A successful outcome would potentially usher in a very dramatically changed environment throughout the Middle East and signal in this region the end of an era of incompetent and corrupt government which fosters frustration and violence on the part of much of the population.
- It was an honor and a very encouraging experience to visit CENTCOM Forces in Iraq and Kuwait and see the progress achieved by the bravery and dedication of our military forces.

The CHAIRMAN. Thank you, General.  
Dr. Cordesman.

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

Dr. CORDESMAN. Senator, let me express my thanks as well to the committee for the opportunity to appear here. Let me also begin with a caution. Some 30 years ago at the collapse of the forces in Vietnam, the ARVN, I was the Director of Intelligence Assessment and I was asked to do an analysis of our intelligence on both the Viet Cong and North Vietnamese and the ARVN.

As part of that assessment, we prepared two chronologies. One was a chronology of all the brilliant ideas we had implemented to try to defeat the North Vietnamese and Vietcong. The other was a chronology of all the brilliant ideas we had to try to train and fix the ARVN forces.

I do not believe there is any classic approach to counter-insurgency. I think people write very interesting classic books about the issue, and it is very easy to put forward suggestions when you are 7,000 miles away—as long as you do not have to figure out how much time is involved, the disruptive effect on current plans, how many men are involved, what the cost is, whether the end result will be interoperable or standardized, what the political and internal costs are.

In short, I think you need to be very careful about these options, because as long as they are a strategic generalization it can always

sound very convincing. The problem is we have a long history of going from generalization to failed practice.

Let me be more specific about the three elements of the option, that is option one. It is not an option; it is two or three very different suggestions. I do not believe that there is any practical chance of creating safe zones. Watching what has happened in Baghdad, in Mosul, and elsewhere, the truth is that to create security simply takes too many men, even in the areas which are relatively stable provinces. As you look at the history of bombings, attacks, and sabotage, the fact is we are talking a vast amount of effort.

I do not believe that we are unpopular because we have failed to secure Iraq. In the Oxford Analytica polls, the early polls of our presence in Iraq, some 67 percent of the Arab Sunnis polled saw the invasion as illegitimate. The figure was roughly 37 percent of Shiites. Well over a third, even then, of Arab Sunnis supported attacks on coalition forces. Then it was 11 percent of the Shiites.

If we are going to deal with these problems, it is going to have to be by pursuing the strategy that General McCaffrey has summarized. It is by creating Iraqi forces, Iraqi politics, and Iraqi governments that can establish security. It is going to have to be a combination of denying the insurgents sanctuaries and areas to operate in and expanding operations in the areas that are threatened. From what I have seen, we also need to recognize that these differ sharply by city and by governorate. This is not something that can be dealt with in terms of generalizations.

I somewhat disagree with the point that Senator Biden has raised. He is perfectly correct in saying that when we talk about 172,000 trained and equipped troops many of these are not combat capable to act on their own. But as we saw during the election, even forces that are not particularly capable in terms of standing on their own can perform useful functions. Out of those, out of the 172,000 today, 63 to 64,000 are regular police, another 30,000 are special security forces, which provide area security in the so-called safe zones. Those units are just becoming ready, and in my written testimony I outline the pattern of readiness.

They will take probably a year at a minimum to reach critical mass and readiness. Yet, they are moving toward that. As they expand and develop capability, they will provide the kind of security in the areas that we can use these forces in while the army units and other units can begin to move into the west.

But I would absolutely agree with General McCaffrey, none of this is going to happen unless there is an inclusive political structure that brings a large number of Sunnis into it, as well as the kind of sticks which make it clear to the Sunni insurgents, who can be persuaded to change their mind, they cannot continue to operate safely and easily and have sanctuaries.

I also would have to say that Fallujah, Ramadi, and the rest, even parts of Baghdad, or for that matter Basra and Mosul, demonstrate that it is not enough to have politics. You also need to have governance. One of the basic problems we have is it is not just the United States which cannot occupy space. Today if Iraqi troops go in, far too often no governance follows them up, or provides a structure of functioning government to supplement the

presence of forces. That is critical, because for all of the skills and talent we bring, Americans rotate at 6-month, 3-month, 9-month, and 1-year intervals. There is a major shortage of civilians to supplement the U.S. military in civil-military and political areas that I do not believe is correctable. The truth of the matter is not only are we seen as occupiers and crusaders in far too many areas, we simply lack continuity and area expertise. We simply are not there long enough to achieve the kind of effectiveness that only Iraqis can achieve.

Now let me answer two other questions that the committee has asked. Should the coalition attempt to take advantage of divisions within the insurgents, e.g., the Sunni nationalists versus the foreign jihadists? I think this begins with a wrong assumption. Politically it is all very well to blame the most extreme bombings on foreign insurgents. People have said there are no such Iraqi bombings. When I was there people talked about 10 percent as being Iraq. When I then asked how many of these bombings could you really quantify as to what country they came from and who the bombers really were, the fact is we had no basis for making these judgments.

Now, the committee may be able to get more detail in executive session, but we are making, as we have in the past, far too many generalizations about the nature of the insurgency. There is the same filtering process going from the field to the center through to Washington and then into the political structure, that I saw in Vietnam, in Somalia, or for that matter Lebanon.

There has to be much better transmission of the hard data and intelligence and far fewer sweeping generalizations. Having said that, it is not the United States that can take the lead in negotiating between Sunni and Shiite and Kurd. General McCaffrey pointed out—and I think this is the key—if Iraq is to work in any form, there must be an Iraqi political structure which is inclusive. We need to give as much effort as we can to helping the Iraqis become inclusive, and then use as much influence as we can to keep them inclusive.

I saw leaders in Iraq committed to inclusiveness, but I saw people under them, Sunnis fearing being purged, Shiites wanting to purge, Kurds wishing to basically separate themselves from the government.

Senator Biden raised the risk of civil war. It is very real. This is a very fragile political structure. I do not believe that the constitution will perform miracles, even if it is passed in a referendum, and I think the political process is going to take as long as making Iraqi forces effective, and it is going to take United States focus on that.

Similarly, when we talk about, can a political solution be reached with the Sunni insurgents and could this lead to Sunni cooperation; yes. But here again, let me say that political inclusiveness is something the Iraqis have to do, and from what I have seen a lot of the reason that Sunnis want to be in the political process. First, they see that the election has put Kurds and Shiites in control of the oil money and the power, and second, they see themselves in an area where, as the less extreme Sunni groups, they are not win-

ning. There is ever more turmoil and uncertainty and instability and they are not secure from United States and Iraqi forces.

Thank you.

[The prepared statement of Dr. Cordesman follows:]

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

#### INTRODUCTION

One key issue in answering questions is whether they are the right questions to ask. Let me begin my testimony by stating that the “options” and questions the committee has asked us to address are not necessarily the right options and questions. There are five major reasons why this is the case.

- *First, the questions as presented in the form of the four “options” do not really describe options, and include mixes of different issues and questions. As a result, the answers to each option have to mix positive and negative responses that are not directly connected. In my responses, I have chosen to address each question separately.*
- *Second, from a purely military perspective, the committee does not address what may be the most important option, or set of issues, affecting the current U.S. effort in Iraq: Whether the mix of Iraqi military, regular police (those on the street or in stations, in traffic or on highways, and at the borders), and police units (Emergency Response Unit and Special Police; the latter include Special Police Commandos, Public Order Brigades, and the Mechanized Police Brigade) that is gradually coming online in combat-ready form will be effective in replacing coalition forces, how soon this is likely, and what kind of, and when, reductions in U.S. and allied forces will be possible.*

The coalition may have made serious mistakes in developing Iraqi forces in the past, but a recent trip to Iraq indicates that it is now beginning to have far more success. If current plans are successfully implemented, the total number of Iraqi military, regular police, and police units that can honestly be described as “trained and equipped” should rise from 96,000 in September 2004, and 172,000 today, to 230,000 forces by the end of December 2005, and 270,000 by mid-2006. The December total could be a bit lower due to the extension of the police basic course from 8 to 10 weeks, one of several initiatives to raise the quality of the police and military forces.

There will be a good balance of military, regular police, and police units. Plans call for about 85,000 military in the MOD by December, and 145,000 special police and police in the MOI. The 85,000 in the military will include about 83,000 in the army (including the “national” forces originally envisioned, along with the former National Guard; also including combat support, service support and training units). The remaining manpower will include the Special Operations Forces and the Air Force and Navy. About 100,000 of the personnel in the MOI will be station/traffic/patrol police; in addition, nearly 20,000 more will be in the Special Police and the Emergency Response Unit. The remainder covers the Border Forces, the Highway Patrol, and Dignitary Protection. By June 2006, the total number in the Iraqi Security Forces (military, regular police, and police units) will go to approximately 270K. The MOD will have about 90,000, and the MOI will have about 180,000—provided that there is no change in the currently planned level of regular police.

Included in the numbers of individuals trained and equipped will be significant numbers of combat battalions. In July 2004, just after the Iraqi resumption of sovereignty, neither the Iraqi military nor the Iraqi police had any battalions that could be deployed nationally. Under current plans, the numbers of combat battalions in the MOD will total around 106 by December of this year. On top of this, Iraq will have 35 brigade and 10 division headquarters providing command and control of MOD forces. Of these headquarters elements, some will be relatively mature, but at least a small number of each will still be relatively “young” or inexperienced.

In fact, much of the force generation effort will have shifted to giving Iraqi combat forces the combat support and combat service support units they need. By December, Iraq will have fielded four Motorized Transportation Regiments (working on the goal of one per division). Iraq will also have generated six bomb disposal companies (with the goal of one per division). In addition, nearly 70 Headquarters and Service Companies will have been generated (although some

equipment shortages will remain). The goal for these Headquarters and Service Companies is one per battalion. There will be slightly under 30 combat battalions in the police units of the MOI.

By June 2006, the numbers of MOD battalions is planned to reach 114. The number of the MOI battalions will remain unchanged, although their training will have been improved through recently initiated advanced programs.

Iraqi planning for Strategic Infrastructure Battalions (to protect oil infrastructure initially and possibly other infrastructure later) is not mature enough yet to give a solid estimate of how many of those forces will be available on any given timeline. The MNF is, however, working with the MOD to help “professionalize” the first four or five of these units.

- *Third, the committee has chosen to separate its military options and questions from the need for an overall strategy to deal with Iraq. In practice, the most important options for military success may not involve changes in military forces and tactics.* This is a political struggle. No purely military options can substitute for success in creating an effective political structure that is both inclusive and protects the rights of minorities, representing each major ethnic and sectarian faction. No military option can substitute for the creation of effective patterns of governance at the national, regional, and local level—including the presence of both police and civil authorities, especially a fair judicial system and humanitarian detention facilities. No option based on force can substitute for economic security; dollars are as important as bullets. No American use of force can be decoupled from public diplomacy that convinces Iraqis that the United States and its allies will phase out their presence as Iraqi forces become effective. (Note.—Careful with this one. Seems to suggest some one-for-one tradeoff as Iraqi forces become effective, coalition forces can go home, but only if the security success has been accompanied by political and economic success.)
- *Fourth, for the same reasons, the committee ignores the most critical weakness in U.S. policy and programs in Iraq that currently affects the prospects for military success.* The United States seems to have succeeded in restructuring its effort to create effective Iraqi forces. Senior U.S. officials have pressed the Iraqis hard to create an inclusive political system and there are clear signs of limited success, particularly in the Sunni representation on the Constitution Drafting Committee. Although without any specific timeline, President Bush has said that the United States will eventually withdraw all of its military forces from Iraq, and this, at least, seems to reassure Iraqis that the United States has no intention of permanently occupying Iraq or maintaining military bases. In contrast, much of the U.S. economic aid effort is an incompetent and ineffective nightmare. While the reprogramming of aid to meet short-term security needs has served a vital purpose in substituting dollars for bullets, and some projects have been successful, far too much money has been spent and is being spent on U.S.-conceived efforts that pour money into U.S. and foreign contracts, spend that money outside Iraq or on overhead and security, and do not lead Iraq toward effective economic development. This spending has failed to create jobs and investment activity that has a meaningful macroeconomic scale or that will act to meet the needs of key sectors and governorates. The USAID and Department of Defense aid planning and contracting effort is a self-inflicted wound that needs to be replaced by Iraqi planning and management as soon as possible.
- *Finally, the committee’s “options” do not address the military problem of shaping Iraqi forces that can affordably deal with both the risk of prolonged low-level terrorism and insurgency, and the need to defend Iraq’s borders.* This need, for continued coalition aid that goes beyond counterterrorism and counterinsurgency capability cannot be ignored while the present “war” is being won. It is a critical issue with long lead times that must be addressed as soon as possible in terms of shaping mid- and long-term Iraqi force development. Decisions need to be taken about the level of Iraqi forces that the Iraqi budget can actually afford, and U.S. aid and advisory plans to support this effort. These issues were not critical while Iraqi forces were small and light; they are critical as they become large and seek to acquire armor, artillery, aircraft, and ships.

*Option 1—Should the coalition revise its current counterinsurgency strategy in Iraq?*

At this point in time, the key issues affecting strategy are not military, but politics, governance, aid, and economics. The United States and the Iraqi Government have largely “cast the die” in military terms, and the issue is not one of strategy as much as finding ways to ensure that the development of Iraqi forces will actually succeed.

The committee's questions under this option do, however, raise important individual issues:

- *Should the coalition and Iraqi security forces create safe zones, and put more emphasis on fighting street crime and organized crime, deemphasizing the hunt for insurgents, so Iraqi economic and political life can take root?* Such an approach ignores the fact that Iraqi forces are already being developed into three major components: Military, regular police, and police units. It is true that the fact that insurgents and terrorists can attack almost anywhere in Iraq, even when the coalition and/or Iraqi forces are conducting operations in the border area or in so-called secure areas. Such coalition and Iraqi military and security efforts simply make it harder for them to do so.

However, this situation would be much worse if major ongoing efforts were not being made to defeat them directly in the areas where they have the most strength and to deny them sanctuaries. Furthermore, reductions in present counterinsurgency operations outside "safe areas" will tend to cede control to the most extreme and violent groups and make it even harder to include Sunnis in such areas in Iraq's political process and economic development.

- *Should the coalition attempt to take advantage of divisions within the insurgents—e.g. Sunni nationalists vs. foreign jihadists?* The answer is "Yes"; but only as a secondary and supportive endeavor to the efforts made by the Iraqi Government, and with great care to avoid being seen as somehow dictating government actions or still acting as an occupier. This question puts the lead role in the wrong place. The United States should—and does—encourage the Iraqi Government to be as inclusive as possible and to bring as many Sunnis into the political process as possible; this should not be a U.S.-led or coalition-led strategy. The coalition may need to make some tactical accommodations with insurgents, but any major negotiations must be led by the Iraqis.
- *Can a political solution be reached with Sunni insurgents, and could this lead to Sunni cooperation in isolating, capturing, or killing the international insurgents?* The basic assumption in this question is wrong. Tying Islamic extremist groups in Iraq to foreigners, and to al-Qaeda and Zarqawi, addresses only one part of the threat and ignores the large part—perhaps the true nature—of the threat. The most dangerous "international insurgents" can operate in Iraq because they are part of Islamist extremist groups with large Iraqi membership. The key will be to split the more moderate and pragmatic Iraqi Sunni groups from such extremist groups, and give them an incentive to support government operations against such extremist groups or take action on their own.

*Option 2—Could the United States successfully press its allies to increase aid and provide manpower to protect Iraq's borders and prevent foreign infiltration?*

The main goal should be to increase the presence of Iraqi forces in securing the border and in providing security to governance in troubled areas. The MNC-I, MNSTC-I, and MOD are already working to help Iraq regain control of its borders in the tough spots (primarily the border with Syria) as soon as possible. This will take time and is already in its early stages. But reconstruction of the border forts in those areas, generation of additional border guards, generation of additional Iraqi Army units, and support for the Ports of Entry (where Department of Homeland Security Border Support Teams are helpful) are all underway.

Border Transition Teams will begin linking up with Iraqi Border Guard units in the weeks ahead as well; they're already in Iraq and completing their final prep. This is a large and complex effort, but it is at least underway and will be very important to reduce the number of foreign suicide bombers and movement of funds/leaders. It will also have major impact on smuggling, which saps some of Iraq's economic power. It will also require additional equipment and technology, such as backscatter x-ray machines (already finding contraband at the Ports of Entry) and the PISCES system (which requires significant database development to be effective in the mid-term).

In contrast, it is unrealistic to think that other coalition members or nations are going to help in the border areas that are really contested as the following answers to the committee's detailed questions indicate:

- *Is there a reasonable prospect that allied or friendly governments would agree to increase their military participation for this purpose, which is perceived as less dangerous than patrolling Iraqi hotspots?* The answer is "No." It would take very large forces to make even the slightest difference, and foreign countries are no more likely to deploy troops to remote areas than elsewhere. Moreover, small, isolated deployments would rapidly become targets, while staying in large bases would be pointless. As various coalition partners end their role in Iraq, some say they will be willing to turn their forces from combat to training.

This means that it may be realistic to preserve some contributions that are now planned to decline, but it is unrealistic to assume that any such forces would go to “hot” areas on the border.

- *What would the United States have to do to convince allies to participate in this manner?* Would this free up significant numbers of U.S. troops for other duties, or would the gains be insignificant? The United States would have to form a “Coalition of the Mercenary” or the “Compelled,” and either drag unwilling allies into the mission or pay them off. The savings in U.S. manpower would be negligible at best. The United States would have to provide secure logistic support and rapid deployment capabilities to protect such units.
- *Can foreign infiltration of Iraq be stopped by enhancing border security?* Some reductions may be possible, but most infiltrators consist of men, not supplies. Border security and customs posts will remain corrupt, infiltration can shift to different border points, and better covers and documentation will always allow infiltrators to enter the country. Attempts to provide reasonable security at the borders should continue, but the primary battle, in any case, will be inside Iraq and not at the border.
- *If foreign infiltration of Iraq could be stopped or slowed significantly, how much impact would that have on the insurgency?* It would have an impact over time, particularly on suicide bombings, but it could just as easily lead to a widening of the attacks on targets outside Iraq. The question may assume that Iraq has become the target of foreign Sunni Islamist extremists. It has not. It is a target, along with many other countries as the fighting in Afghanistan and the rest of Central Asia, infiltration into countries like Saudi Arabia, and the London and Madrid bombings clearly demonstrate.

*Option 3—Should the United States reprioritize the training schedule of Iraqi forces and support more training in other countries?*

A detailed analysis of the current MNF–I and MNSTC–I effort to train and equip Iraqi forces is attached, and it is requested that this be included in the record.<sup>1</sup> It indicates that this effort has been comprehensively reorganized over the course of the last year, that it now includes far better readiness standards and significant allied contributions, and the two main issues to be addressed are providing the full range of civilian advisors needed to supplement the military in training the police forces, and how Iraqi forces should acquire armor and other heavier weaponry over time.

Progress in unit generation is necessarily much slower than progress in creating trained and equipped individuals. According to some press reports, the Iraqi Army had a total of 81 operating combat battalions by late May 2005, but a new evaluation matrix developed by MNF–I rated only three of those battalions at the top level of readiness and capability. (At the top level of readiness, a unit is capable of independent operations without coalition support). [Bradley Graham, “A Report Card on Iraqi Troops,” *Washington Post*, May 18, 2005, p. A10.] Only one of 26 brigade headquarters had such a rating. However, many other combat battalions were still contributing to the fight, either with some support provided by coalition forces (the second level of readiness) or fighting alongside coalition forces (the third level).

If one included all of the special police battalions, the press reported that the total force had risen from 81 battalions to 101, but the number of battalions rated in the top category of mission capability only rose from 3 to 5. Although the other operating combat battalions were contributing to the counterinsurgency to varying degrees, MNF–I concluded that it needed to make further major increases in the number of U.S. advisory or “transition teams” embedded in Iraqi units and was seeking to deploy rapidly 2,500 more soldiers by mid-June.

Coalition leaders are concerned that detailed reports on the ranking of Iraqi forces will be used by insurgents to focus attacks on weaker units, but coalition experts summarized the status of Iraqi forces in mid-June as follows: No special police units and less than a handful of army units were rated “fully capable” of independent counterinsurgency operations. Some 40 percent of the special police units and 20 percent of army units were rated capable of leading operations with coalition support. Some 40 percent of the special police units and 45 percent of army units were rated capable of conducting counterinsurgency operations when “fighting alongside” coalition units. Less than 10 percent of the special police units and 20 percent of

<sup>1</sup> Three detailed papers are available: “Staying the Course? What Can be Done in Iraq,” “Iraq’s Evolving Insurgency,” “Iraqi Force Development: Can Iraqi Forces Do the Job?” All can be found in PDF format in the “Iraq Briefing Book” section of the CSIS Web site at [www.csis.org/features/iraq.cfm](http://www.csis.org/features/iraq.cfm).

army units were rated as “forming” or incapable of conducting counterinsurgency operations.

Put differently, more than 60 Iraqi Army combat battalions could then perform a counterinsurgency role when operating with coalition forces; more than 20 combat battalions were capable of counterinsurgency operations, but needed some specific coalition support to do so. In the case of special police forces—which included the Public Order Brigades, the Mechanized Police Brigade, and the Special Police Commando Brigades, there were roughly 27 battalions authorized and 14 actually operational, all of them either fighting alongside or with coalition support. A long way from a perfect force, but a vast improvement over a single active battalion in July 2004.

Looking toward the future, the focus of Iraqi and MNF efforts has clearly shifted from force formation to force effectiveness, and the MNSTC-I goal is to “graduate” most remaining units from basic/small unit training at Level 3 (“Fighting Alongside” coalition forces). Their progression to Level 2 or Level 1 will follow on varying timelines. Some “graduated” units may still be assessed as Level 4 (Forming), but they should be the exception.

- *Are Iraqi troops being deployed before they are ready in an attempt to demonstrate progress?* This may have been the case through the spring of 2004. It no longer seems to be an issue. As is noted above, far better readiness and training standards are being applied.
- *Should there be a more gradual training schedule to allow Iraqi units to develop greater cohesion and capabilities before exposing them to hostilities?* Iraqi forces are deployed into more-demanding missions only on the basis of their actual performance, as reflected by their transition readiness assessment. The coalition transition teams that guide them through their initial training and equipping remain with them as they transition to operational status and as they are slowly introduced to more-demanding missions over time. Keeping them in training status would make things worse, not better. Their involvement in appropriate operations will give them needed experience and ensure that leaders and other ranks are competent and active while they build practical cohesion and capability.
- *Should the number of Iraqi security forces be increased by integrating the Badr brigade (an anti-Saddam Shi'a militia group), the Peshmurga (Kurdish forces), or other local militias into the Iraqi Army or National Guard? Would the political ramifications of such integration outweigh the security benefits?* The problem lies in the word “integration.” If it means properly vetted, fully trained, and dispersed as individuals into a wide range of units to create truly national forces, the answer is “Yes.” In the real world, Iraqi forces have been recruiting militia members as individuals for almost a year—as part of the Transition and Reintegration of Militias program. Success in these endeavors has been mixed. Total dissolution of militias will take time and serious negotiations and will probably be successful only when the political parties see the militias as no longer required because the central government is providing adequate security.

MNF-I and the Iraqi Government have avoided bringing militias in as entire elements for very good reasons. The temptation of using militias as an expedient short-term measure to establish control somewhere in Iraq has a major long-range downside. The biggest single challenge to the Iraqi leaders is to get all ethnic groups, political parties, religious sects, etc., to work together as part of the Iraqi State and political processes. This means militias should not be legitimized and that the government should retain the monopoly on the legitimate use of power.

There may be a need to find some mission for selected militia units that will ensure they do not become involved in ethnic/sectarian struggles, but Iraq does not need low-grade ethnic and sectarian forces. It needs effective national forces. Furthermore, not every militia has the goal of remaining a paramilitary force. For example, the Badr Corps (not Brigade) is trying to be known as the Badr Organization and to shed its militia image for a political role. This process may be simply rhetorical, and has certainly not been completed, but offers the possibility of another approach to the problem.

- *Can we increase the number of troops trained in other countries, such as France, Jordan, and Egypt? Or will these countries provide training only if the cost is picked up by the United States?* Iraq now has at least 10 major training facilities, the better part of a training brigade, special skill training elements/schools, and countless ranges, shooting houses, and other training facilities—and they prefer to train their troops at home, as it's cheaper, done by Iraqis, and avoids expensive/dangerous movements.

There already are typically well over 3,200 Iraqis out of country in training at any given time. Iraqis are taking advantage of training offers that are fully funded and provide the training they really want and can't do for themselves yet, such as the German training of Iraqi engineer unit cadre and trainers, which now train Iraqis at Tadji in the UAE. They have other individuals all over the world in short and long courses. But the movement of large elements is costly, difficult, and time-consuming to the Iraqis.

The United States can always push for additional increases, and might have limited success (probably only token). The end result in terms of problems in interoperability and men simply seeking good foreign assignments might, however, outweigh any benefits. Any apparent cost savings would probably be mythical in the case of Egypt or Jordan; they would end up being paid for by other aspects of U.S. foreign aid.

- *Will we be diverting training assets in Egypt and Jordan that would be better devoted to training Palestinian security forces?* The Jordanian training facilities are operating now at essentially full capacity. Egyptian capabilities require on-the-scene study.
- *Should we put more emphasis on training Iraqi military officers in the United States in an effort to create professional military leadership?* The MNF-I and MNSTC-I are pushing hard to create lasting institutions in Iraq. These programs are having considerable success acquiring Iraqi instructors, and being tailored to local combat conditions. It is always valuable to train cadres in the United States to ensure that foreign military officers understand U.S. concepts and values, but this seems a doubtful way of having much impact on Iraq's near-term force capabilities. Some limited amounts of training are being accomplished in various elements of the U.S. professional military education and training system, but the effects of such training may not be felt for years.

*Option 4—Should the President change the force structure of the U.S. presence in Iraq?*

If the President has the magic wand necessary to create new forces, and is willing to ignore the impact on our All-Volunteer Force structure of increasing deployments, he should make three immediate changes in the U.S. force posture in Iraq. First, he should deploy far more military specialists in civil-military and counter-insurgency operations with suitable language and area skills. Second, he should extend all tours for the duration so that U.S. troops acquire real operational expertise and establish stable and lasting personal relations with Iraqis. And third, he should supplement the U.S. military with large numbers of skilled and highly motivated civilian counterparts to handle the wide range of civil missions in the field that are now badly undermanned or handled by the U.S. military. U.S. commanders in Iraq have every reason to ask why other agencies do not provide the civilians need to support many types of operations, and "Where is the rest of the U.S. Government?"

- *Do we have the right number and types of troops in Iraq?* Unless we can suddenly create far more forces of the kind we need, the number seems adequate. The problem is more force quality than force quantity. As is suggested above, we have serious limitations because we started this war with a global force structure oriented for conventional war. The need for change has been recognized, at least in some quarters. Change, however, takes time, and must be made with caution. The U.S. Army is already reorganizing and serious efforts are underway to create more deployable forces with the necessary training and area and language skills. These, however, will probably take several more years to have a major impact. (Note.—You really don't answer the question about the number; you do well with the types.)
- *In the short run, should the United States increase the number of troops in Iraq to provide greater security in support of critical political milestones, such as the writing of the Constitution, the October constitutional referendum, and the December 2005 elections?* The commander of MNF-I should have this flexibility. There should, however, be a clearly apparent need for such action and one that the Iraqi Government and Iraqis clearly recognize and accept. Significant additional mission-capable Iraqi forces should be available by this fall and winter. Wherever possible, Iraqi forces are what Iraqis should see protecting them.
- *Would an increase in U.S. troops have a discernable impact on security?* The problem with this question is that it ignores the quality, expertise, and motivation of the U.S. troops involved. Having more highly motivated and expert U.S. troops deployed in areas with limited political visibility and impact would always be desirable. The United States can always surge troops for specific needs by altering rotation rates or using the theater reserve. Short of a magic wand, however, it is not clear where the United States could get enough of the right

kind of troops to make a major increase on a long-term basis that would provide major new mission capabilities, or how it could deploy large numbers in time to be effective without seriously affecting the length of deployments and future integrity of an All-Volunteer Force.

- *Would it upset Iraqi public opinion? Or should we begin drawing down some forces based on the presumption that the U.S. troop presence fuels the insurgents and undergirds their propaganda?* We need to emphasize Iraqi forces, not U.S. Forces, but we also need to understand that it is the visibility and actions of U.S. Forces, not just numbers, that affect Iraqi resentments. No coalition presence will ever be acceptable to true hardliners, whether they are Sunnis or Shi'ites like Sadr.

#### PERSONAL RECOMMENDATIONS

My personal priorities and recommendations have already been addressed above, but there are several points that may be worth stressing. If Iraqi military, security, and police forces are to be created at anything like the levels of strength and competence that are required, the United States needs to take—or reinforce—the following steps:

##### *United States and Coalition Policy Priorities*

- Accept the fact that success in Iraq is dependent on the ability to create effective counterinsurgency forces in the Iraqi police and military forces as soon as possible, and that this is a top priority mission. U.S. and other coalition forces can win every clash and encounter and still decisively lose the war after the war.
- Make it fully clear to the Iraqi people and the world that the United States and its allies recognize that Iraqis must replace U.S. and coalition forces in “visibility” and eventually take over almost all missions.
- Keep reiterating that the United States and its key allies will set no deadlines for withdrawal—or fixed limits on its military effort—and will support Iraq until it is ready to take over the mission and the insurgents are largely defeated.
- Fully implement plans to strengthen Iraqi forces with large numbers of U.S. transition teams as soon as possible, but clearly plan to phase out the teams and eliminate Iraqi dependence on them as soon as is practicable.
- Keep constant pressure on the Iraqi Government to improve its effectiveness at the central, regional, and local level in supporting Iraqi forces and in providing aid and governance efforts that match the deployment and mission priorities of the security and police forces. (This is an area where the rest of the U.S. Government truly needs to help, particularly with developing the ministerial capabilities needed to complement our successes with the military and police.) Push the Iraqi Government toward unified and timely action toward promoting competence and removing incompetent personnel.
- Make the supporting economic aid effort as relevant to the counterinsurgency campaign as possible, and link it to the development of Iraqi Government and security activity effort in the field. The aid effort must become vastly more effective in insurgent and high threat areas. One of the most senior officers pointed out as early as mid-2003 that, “Dollars are more effective than bullets. Physical security is only a prelude to economic security.”
- Take a much harder look at the problems in Iraqi governance at the central, regional, and local level. Force the issue in ensuring suitable Iraqi Government coordination, responsiveness, and action. Tie aid carefully to the reality of Iraqi Government civil efforts to put government in the field and follow up military action with effective governance.
- Make it clear that the United States and Britain will not maintain post-insurgency bases in Iraq, and that they will stay only as long as the Iraqi Government requests and needs their support.
- Accept the need for a true partnership with the Iraqis and give them the lead and ability to take command decisions at the national, regional, and local levels as soon as they are ready. Make nation building real. Some work already being done with this with the Provincial Support Teams and the Provincial Reconstruction and Development Councils.
- Accept the reality that the United States cannot find proxies to do its work for it. NATO may provide helpful aid in training, but will not provide major aid or training on the required scale. Other countries may provide politically useful contingents, but United States, British, and Iraqi forces must take all major action. Continue efforts to build coalition support, but don't provoke needless confrontations with allies or other countries over levels of troops and training aid

that the United States simply will not get. Concentrate on the mission at hand. [For a discussion of the futility of placing too much emphasis on NATO, see "NATO Fails to Agree on Iraq Training Mission," Washington Post, July 29, 2004, p. A18.]

*Priorities for Iraqi Force Development*

- Continue pressure on the government to be as inclusive as possible in every activity, to find some inclusive and federal approach to draft the new Constitution, to keep the Iraqi forces and civil service "national" and avoid purges of any kind, and do everything possible to avoid the risk of escalating to civil war.
- Prepare and execute a transition plan to help the new Iraqi Government that emerged out of the January 30, 2005, elections understand the true security priorities in the country, and ensure it acts as effectively as possible in developing effective governance and efforts to create Iraqi forces. Create an effective transition plan for the December 2005 elections.
- Resist U.S. and Iraqi Government efforts to rush force development in ways that emphasize quantity over quality, and continue the focus on leadership, creating effective units, and ensuring that training and equipment are adequate to the task.
- Continue efforts to ensure that the ethnic and religious makeup of all facets of the Iraqi military and security forces are ethnically and religiously diverse to prevent any one group or religion from feeling persecuted by the rest.
- Continue the development of Iraqi military and police forces that can stand on their own and largely or fully replace coalition forces as independent units. In particular, continue development of the combat support and combat service support forces that will enable Iraqi operations following the departure of coalition forces, including transportation, supply, military intelligence, military police, etc. Give Iraqi military and police forces the equipment and facilities they need to take on insurgents without U.S. or other support and reinforcement.
- Ensure that the "defeat" of criminal elements receives high priority. Make creating an effective police and security presence in Iraqi populated areas a critical part of the effort to develop effective governance.
- Pay careful attention to the integration of the former Iraqi National Guard into the Iraqi Army. Careless integration risks creating a force that is larger, but not effective. This cannot be dealt with by treating the merger simply as a name change.
- Focus on the importance of political security. Security for both Iraqi governance and Iraqi elections must come as soon and as much as possible from Iraqi forces. Iraqi forces will not be ready to undertake such missions throughout the country through mid-2005 and probably well into 2006, but they are able now to have local and regional impact. Wherever they are operating, they must be given the highest possible visibility in the roles where they are most needed. Careful planning will let them contribute significantly to the success of the constitutional referendum in October and to the full national election at the end of 2005.
- Create command, communications, and intelligence systems that can tie together the Iraqi, United States, and British efforts, and that will give the new Iraqi Government and forces the capability they need once the United States leaves.
- Carefully review U.S. military doctrine and guidance in the field to ensure that Iraqi forces get full force protection from U.S. commanders, and suitable support, and that U.S. forces actively work with, and encourage, Iraqi units as they develop and deploy.
- Further develop the Iraqis' ability to engage in public affairs and strategic communications. Make sure that Iraqi information is briefed by Iraqis, and not by coalition spokesmen.
- Reexamine the present equipment and facilities program to see if it will give all elements of Iraqi forces the level of weapons, communications, protection, and armor necessary to function effectively in a terrorist/insurgent environment. Ensure a proper match between training, equipment, facilities, and U.S. support in force protection.
- Encourage the Iraqi Government to provide reporting on Iraqi casualties, and provide U.S. reporting on Iraqi casualties and not simply U.S. and coalition forces. Fully report on the Iraqi as well as the U.S. role in press reports and briefings. Treat the Iraqis as true partners and give their sacrifices the recognition they deserve.

Finally, it is not enough to do the right things; the United States must also be seen to do the right things. This means the United States and its allies need to de-

velop not only a comprehensive strategy for Iraq that ties together all of the efforts to improve Iraqi forces described above, but also a strategy that can publicly and convincingly show Iraq, the region, and the world that the United States is committed to the kind of political, economic, and security development that the Iraqi people want and need.

U.S. public diplomacy tends to make broad ideological statements based on American values. It tends to deal in slogans, and be “ethnocentric” to put it mildly. What Iraqis need is something very different. It is confidence that the United States now has plans to respond to what they want. They need to see that the United States is tangibly committed to achieving success in Iraq, and not an “exit strategy” or the kind of continuing presence that serves American and not Iraqi interests.

This means issuing public U.S. plans for continued economic and security aid that clearly give the Iraqi Government decisionmaking authority, and administrative and execution authority wherever possible. It means a commitment to expanding the role of the United Nations and other countries where possible, and to working with key allies in some form of contact group. It also means providing benchmarks and reports on progress that show Iraqis a convincing and honest picture of what the United States had done and is doing; not the kind of shallow “spin” that dominates far too much of what the U.S. Government says in public.

Another key to success is to have a public strategy that formally commits the United States in ways that, at least, defuse many of the conspiracy theories that still shape Iraqi public opinion, and the private views of many senior Iraqi officials and officers. The United States can scarcely address every conspiracy theory. Their number is legion and constantly growing. It can and must address the ones that really matter.

There are three essential elements that U.S. and coalition public diplomacy must have to be convincing:

- Make it unambiguously clear that the United States fully respects Iraqi sovereignty, and that it will leave if any freely elected Iraqi Government asks it to leave, or alter its role and presence in accordance with Iraqi views.
- Make it equally clear that the United States has no intention to dominate or exploit any part of the Iraqi economy, and will support Iraq in renovating and expanding its petroleum industry in accordance with Iraqi plans and on the basis of supporting Iraqi exports on a globally competitive basis that maximizes revenues to Iraq.
- Finally, make it clear that the United States will phase down troops as soon as the Iraqi Government finds this desirable, and will sustain the kind of advisory and aid mission necessary to rebuild Iraqi forces to the point where they can independently defend Iraq, but will not seek permanent military bases in Iraq.

This latter point is not a casual issue. Nothing could be worse than trying to maintain bases in a country with Iraq’s past and where the people do not want them. Virtually from the start of the U.S. invasion, Iraqis have been deeply concerned about “permanent bases.” Yet even some of the most senior Iraqi officials and officers have privately expressed the view that the United States was seeking to create some 4 to 18 such bases.

The CHAIRMAN. Thank you very much, Dr. Cordesman.

Let me raise a second area for our discussion, and in this case I am going to ask you, General McCaffrey, for the first comment, then Dr. Cordesman, and then Dr. Pollack. Could the United States successfully press its allies to increase aid and provide manpower to protect Iraq’s borders and prevent foreign infiltration? Is there a reasonable prospect that allied or friendly governments would agree to increase their military participation for this purpose, which is perceived as less dangerous than patrolling Iraqi hot spots?

What would the United States have to do to convince allies to participate in this manner, and would this free up significant numbers of U.S. troops for other duties or would the gains be insignificant? Can foreign infiltration of Iraq be stopped by enhancing border security, and if foreign infiltration of Iraq could be stopped or slowed significantly, how much impact would that have ultimately on the insurgency?

General McCaffrey, would you comment on this area of consideration?

General McCaffrey. Senator, it seems to me there is no question that having allies active, with robust rules of engagement, with strong political backing, who bring their own resources, would be a vital addition to this struggle, certainly to garb ourselves in legitimacy of a broader mandate, to have U.N. support. All of this would be to the good.

I personally believe the misjudgments of the first year, actually, will prevent us ever getting significant support out of any of our major allies—the Japanese, Western Europe, Latin America. It is just not going to happen. No one in their right mind would step into this mess this late in the game.

I think most of our coalition—and although I am grateful and respectful of their individual sacrifice, the soldiers on the ground—I think they bring little to bear on the problem, with the exception of these terrific British forces. The rest of them do not make much impact in the situation. Some of them are a positive drawback. I mean, these—and I am sympathetic to the Japanese Self-Defense Force problems, but they literally have to be guarded while they are in Iraq.

It is not going to happen. We are just not going to get people to come in and establish security on the borders, or even to put significant training resources into Iraq. Now, I also think that the few hundred people crossing the border, many of them out of Syria, bunches of people coming in out of Iran, massive movement cross-border, intelligence operatives, political operatives, et cetera, and certainly the Saudi border is completely unguarded—we can attempt to establish an Iraqi border presence. The Marines are doing that right now, trying to put back in all the posts that were rolled up.

But that is not going to stop small determined numbers of people from entering to become jihadists. I also think it's fairly transparent that we do not have, unlike Vietnam, an external enemy who has to move munitions and money and leadership and training bases and sanctuary. That is not what we are dealing with. Poor Iraq may have had 900,000 metric tons of munitions scattered from one end of this country to another. Every farmer now has a hundred 155 artillery shells buried in the back yard. They are all carrying automatic weapons.

So I do not think our problem is external. Our problem is internal. I really endorse, fully endorse, the comments of Dr. Cordesman along those lines.

Now, I would also suggest to you—and this is sort of a parallel observation—the foreign jihadists who come to Iraq get killed in Iraq and fairly rapidly. I think many of them find, to their horror, that they came to get war stories to go back to Kuwait or Algeria and find out they have been volunteered to be a human bomb.

Those attacks in the short run are going to be a problem for the insurgency. It is going to, in my judgment, add legitimacy to a viewpoint by the Iraqi people that they need the police and the army to protect them.

I think the other thing that struck me as a major shortcoming of our so-called allies, what we lack is political and economic sig-

nificant support in the Arab world, and in particular, from Sunni Muslim governments. Where are the Egyptians, the Saudis, the Kuwaitis, to come in and tell this minority, 20 percent of Iraq, who are most of the violence we are facing, most of the political opposition, and for them to enter and say: It is okay, cooperate; we will back you up, but we want you to get into the government. Where are the public visits of the Saudi Foreign Minister and the chief of the armed forces and others that would come in and say: Look, we are going to try and help you. Never mind significant economic investment on the order of \$5 billion a month from the surrounding oil powers.

So again, I think one thing we have been remiss in the first 2 years of the intervention was some maladroit diplomatic support for some very brave U.S. military efforts. But I think the rhetoric of old Europe and the rhetoric really of saying that the military contributions are insignificant and, therefore, the political contributions follow, has led us to a situation in which it is unlikely that our allies are going to play a serious role in this. And if we put the attention anywhere, it ought to be among the Islamic world: Stand with us, create a new state.

But those six surrounding nations, not a one of them has the best interests of a law-based democratic Iraq at heart.

The CHAIRMAN. Dr. Cordesman.

Dr. CORDESMAN. I think that General McCaffrey has raised the key issues here. I was stationed in Iran. I spent, I guess, 20 or 30 visits to Iraq during the Iran-Iraq war and previous years. I have been along the Saudi border and the Syrian border in the past. Frankly, I think the idea that you can secure those borders against the level of infiltration that takes place today, which is largely simply young men coming in as volunteers, plus limited numbers of sniper rifles, and a few night-vision devices is unworkable. Nobody has ever been able to secure those borders against smuggling and the idea that U.S. or foreign troops are going to somehow stop everybody who is a foreign young man who comes in through the trade routes or the legitimate lines of communication, or stop gear from being smuggled in on any border, strikes me as unrealistic.

Right now you have a reasonable number of border forts under construction. Looking at what it is going to take to train the border police for the Iraqis, my guess is that it is a minimum of a year, before enough will be ready. However, if it is not Iraqis working with Iraqis—and corruption will be a constant problem even then—having foreign troops wander through various Iraqi villages and lines of communication near the border is going to make people angry without really accomplishing a great deal.

It also does not take many outsider volunteers to sustain the threat. I heard different figures when I was in Iraq. But out of the detainees, there seem to be about 600 to 700 foreigners out of over 15,000 Iraqis. If that is the case, the problem is not really foreign terrorists. It is rather that we have a serious problem with Iraqi insurgency, although it is quite clear that foreign young men are being recruited and used basically as bomb detonation devices.

The other caution I would give you is, if you do not have those foreign young men, is it all that much harder to place bombs that do not use a human being to commit suicide in the same areas in

the same attacks, simply using remote detonators or other devices? The answer is probably not. It may not have the same political impact to Islamists, but it is not going to solve the problem.

I think at this point the only way that we could get more troops to perform this kind of mission would be a coalition of the mercenary or a coalition of the pressured, and frankly, I think the mission is not the one that I believe we should put effort into. I think it is far more—if we are going to put pressure on our allies, what do we want? Well, we'd like to see more debt forgiveness. We would like to see a forgiveness of reparations. There are lots of economic and other concessions and forms of aid which would be more important than getting token border defense contributions.

It would be more useful to have people training the Iraqi border force with the numbers we are likely to get than it would be to put a few people on a few border forts. External pressure to try to get more Syrian cooperation may or may not work. Certainly, working with the Saudis, who have a physical problem simply in securing the border, would be an issue. We cannot talk to Iran, but we might wish to have Britain or others talk to Iran and clarify a lot of the uncertainties about infiltration on that border.

Without getting into detail that I do not think is appropriate this morning, the problems we have with Turkey along the Turkish border are such where we might wish to see if there is some way, at least, to establish a better relationship between them, the Kurds, the Iraqis, and ourselves than exists today. But those only illustrate the kind of problems that General McCaffrey raised. Each of the neighbors is an issue, not just the border.

Thank you.

The CHAIRMAN. Thank you, Dr. Cordesman.

Dr. Pollack.

Dr. POLLACK. Thank you, Mr. Chairman.

Let me begin by saying that I largely agree with both General McCaffrey and Dr. Cordesman on this issue as well. I think that the claims that shutting down the border with Syria or with other countries—most of the information that I have seen indicates that, in fact, infiltration from Saudi Arabia is at least as great, if not a greater, problem than infiltration from Syria, but that closing down those borders is a little bit like shutting the barn door after the bull has left the stable, the horse has left the stable.

It assumes that Iraq's insurgency is largely a foreign-inspired movement, which our intelligence has repeatedly shown it not to be. It is overwhelmingly homegrown. Anecdotal reports that I have heard from Iraqis indicate that that foreign element, even though we make a great deal of it, is actually less important now than it was 2 years ago. Two years ago the Iraqis did not know how to mount insurgent or terrorist operations and were heavily dependent on foreign jihadists to show them how to do things—how to make bombs, how to set up IEDs, how to set up operational plans and do everything else for themselves. Today they have internalized most of those lessons and they are increasingly less dependent on foreigners for the know-how.

Likewise, we tend to blame foreigners for most of the suicide attacks, but there is increasing amounts of information to suggest

that even those are increasingly being committed by Iraqis themselves.

So shutting down the borders would obviously be nice. It certainly could not hurt, but I do not think it is going to solve the problems that we have in Iraq.

If we would like to garner additional support on the borders, I certainly think that there are some things that we can do. But again, even these are going to be modest, and again we should keep in mind the overarching point which I think all three of us have made, which is that the borders are not the real problem in terms of security in Iraq.

One solution, one idea that we might try, is a contact group involving Iraq's neighbors. One of the claims that we have repeatedly heard from our allies—from the Turks, the Jordanians, the Saudis, and the Kuwaitis—is that they do not feel that they have enough of a say in Iraqi reconstruction and in political and economic developments, let alone security developments, inside the country. We might create a constant contact group at which all of Iraq's neighbors would be participating, along with the Iraqis and ourselves, and we would, at least, give them the opportunity to receive regular briefings on developments inside Iraq and provide a regular forum at which they could express their views.

They would have to understand that this would be a purely advisory function and we and the Iraqis would not be compelled to accept their advice. But nevertheless, it would give them a sounding board. My own experience in the U.S. Government, both at the CIA and at the White House, has demonstrated to me that oftentimes just allowing our allies a say in the matter can be very helpful in securing some additional support from them.

I will also say that I tend to agree with General McCaffrey's opening statement that because of the way that we handled both the war and the immediate reconstruction projects, I think it very unlikely that we are going to get major contributions from our allies.

That said, I certainly think that it is possible to get more and I think that we certainly ought to try to get more. For me, this comes back to the central question of security that we have been dealing with. I think it unlikely that we are going to get large foreign contingents of ground troops. I just do not see that in the cards. Many of our most enthusiastic allies do not have the forces to send and those that do seem to be most reluctant to actually commit them.

What we could conceivably get, and what we have been notably lacking, are personnel with the know-how to deal with the political and economic circumstances of reconstruction. Before the war I had the opportunity to go and speak with the 352nd and 354th Military Civil Affairs Battalions, located out here in Maryland, who are the ones who are the point of the spear in terms of heading up the civilian economic reconstruction efforts on the part of the military in Iraq. Before they went in I spent an afternoon with them to try to help them understand the problems that they were likely to face in Iraq.

One thing I heard continually from their officers was: Are we going to have the United Nations with us? Because what they said

was: When we were in Bosnia, we did not do development, we did not do reconstruction; we guarded the people who were actually doing the development and reconstruction. The people who were doing development and reconstruction were led by the UNDP, who could pull in enormous numbers of people with the requisite skills and experience from around the world who knew how to do these things.

Those people are notably lacking in Iraq and in many circumstances our own forces and our own personnel are being forced to learn on the job, and in some cases they have done brilliantly, in other cases less so. But across the board there are simply too few of them.

Now, those skills are out there. There are more personnel in the world who have those skills and could be very helpful in Iraq. But they will not come because of the security situation.

I will very respectfully disagree entirely with my good friend Dr. Cordesman's comments earlier about the ability to create safe zones in Iraq. It is possible. We have done it in Iraq. We have done it elsewhere. Other nations have done so, as well. But it is about making the security of the Iraqi people and their populated areas the first priority, something that we have notably failed to do in Iraq. As a result the cities are not safe and we cannot get foreigners to come to Iraq and to participate in the process.

As a final point, let me add that we have all been talking a great deal about the legitimacy of the Iraqi political process and I, absolutely, 100 percent, agree with both General McCaffrey and Dr. Cordesman. What I would suggest, though, is that when you talk to Iraqis their ideas about legitimacy are less rooted in what we look at. They are not really interested, to tell you the truth, in what that constitution has to say. For them the legitimacy of this government is all about its ability to deliver on basic security, electricity, clean water, sanitation, jobs, and the other necessities of life. That is what they have continuously looked both to us and to these new Iraqi governments which we have successively put in place to deliver. The legitimacy, which is absolutely critical for success, is all about security, because the only way that the Iraqis are going to get those things is if their urban areas and their infrastructure is secure, and it is entirely within our ability to provide security for, at least, parts of Iraq, in fact, major parts of Iraq.

The CHAIRMAN. Thank you very much, doctor.

We will have a third area of discussion. On this occasion I am going to ask Dr. Cordesman to make the first comment, to be followed by Dr. Pollack and then by General McCaffrey. Should the United States reprioritize the training schedule of Iraqi forces and support more training in other countries? Are Iraqi troops being deployed before they are ready in an attempt to demonstrate progress? Should there be more gradual training schedules to allow Iraqi units to develop greater cohesion and capabilities before exposing them to hostilities? Should the number of Iraqi security forces be increased by integrating the Badr Brigade, an anti-Saddam Shi'a militia group, the Pesh Merga, the Kurdish forces, or other local militias into the Iraqi Army or the National Guard? Would the political ramifications of such integration outweigh the security benefits?

Can we increase the number of troops trained in other countries, such as France, Jordan, and Egypt, or will those countries provide training only if the cost is picked up by the United States? And would we be diverting training assets in Egypt and Jordan that would better be devoted to training Palestinian security forces? Should we put more emphasis on training Iraqi military officers perhaps in the United States, in an effort to create professional military leadership?

Dr. Cordesman, would you begin our discussion on these issues of security training?

Dr. CORDESMAN. Senator, if you had asked me this question a year ago I think I would have said that we had failed to ever begin. At that point in time we had actually more people being reported as being in the Iraqi police, military, and security forces than we have today but we only had one battalion worth of Iraqi forces actually in service in the army and no battalion equivalents being deployed.

But, things have changed. A lot of reference has been made to General Petraeus. I think that you could give the same praise to the people under him at almost every level. I think it is important to give it to General Abizaid and to General Casey, and certainly to the missions that visited Iraqi under both General Ikenberry and under General Luck, because a lot has changed.

When we look at Iraqi force strength as of May 2005, we had put a great deal of emphasis on getting battalion-level elements ready and in some form where they could perform missions. You now had, counting the National Guard, 81 battalions, not one.

Now, many of those were not fully ready. You only had 1 out of 26 brigades with an operating headquarters. There was not combat or service support. But to put forces in the field who could establish a presence and move toward some kind of security in urban and other areas was a tremendous change. And if you threw in the special police units, which to me are much more critical in urban security and in providing the kind of counterinsurgency efforts needed to establish security in stable areas than the Iraqi Army or United States or foreign troops, the number went up to 101 battalions.

The problem—and here I have to say Senator Biden is correct in raising the issue—is those numbers are impressive, but their readiness is still so low that it is going to take between 1 year and 2 years to bring to the kind of levels we need and probably 6 months to a year to really get to the kind of levels where major coalition reductions would be possible.

Out of those 101 battalions, the top level of readiness, which is the ability to operate on their own, only applied to 5. If you look at the other units involved—and all of them could do something—only about 40 percent were capable of performing the kind of missions where they could provide rear area security, where they could provide the kind of stability, the political structures, economic structures, that were really needed.

That is still, however, a tremendous improvement, and I have broken out the details in the testimony I have given. The systems involved are too new to make some clear projections, but my guess is that by the end of this year, if this works, then you will have enough troops in some of the urban areas so you can get security.

Now, let me note that the ability to make this work is again political. For example, there are two councils and, effectively two mayors, operating in Baghdad. In Basra, even though you had a Shiite group that was the alliance dominate, the actual local government in Basra is essentially a Shiite Islamist government which is basically bypassing at this point much of the police force. In Mosul you have major security divisions along very clear lines and to move police in is only gradually beginning to happen.

So this is a political issue, not just a military one. Let me be a little more specific about your questions. Are Iraqi forces being deployed before they are ready in an attempt to demonstrate progress? No. But they are being deployed before they are combat-ready. The system General Luck recommended was to put 10-man training teams into each battalion and each major combat and service support element to have those units help develop leaders, to work to develop each unit, so the leaders that stay are the leaders who can lead, and to take the reality, which is many of the people we recruit are not people who are going to stay, and build up the units with the people who will stay so they actually can come on line as effective forces.

No amount of training in the rear, no amount of exercises, is going to create effective Iraqi forces. If you wait for everybody to have dotted all of the i's on some theoretical checklist, you are basically going to end up with no real capability and a tremendous waste of time.

Should a more gradual training schedule to develop Iraqi units, to develop greater cohesion and capabilities, be adopted? No. Frankly, the schedule you have is about as effective as it is going to be. The truth is that the recruiting structure, even though it has been greatly improved, is always going to have a very high rate of attrition. So is the leadership structure. You are going to have to put these people gradually into different missions, raise them up to the point where they can operate on their own, from the less demanding to the more demanding missions. This is not something where people can sit around in a base and be trained.

Should the number of Iraqi security forces be increased by integrating the Badr Brigade, the Pesh Merga, and other local militias? A lot of that, to the extent that it is going to happen, has happened. It is already a serious problem in terms of the Badr Corps, not the Badr Brigade. Fortunately, the Badr Corps seems to be more interested in politics now than any kind of military adventures. But it is already seen as a force which is operating against the Sunnis as a potential cause of civil war.

Taking these units and putting them into the Iraqi police or army on any terms acceptable to them is simply not a feasible solution. In the case of the Pesh Merga, some units are already operating. Others under the TAL agreement, which I think many people in Iraq as Iraqis still endorse, were to become the border security force as a way of preserving some kind of Kurdish force elements without having them be divided or creating divisive units. I think that nothing could be worse than trying to use these militias to solve a military problem at the cost of making the political problem worse. And having watched some of them in operation, I

think that the idea that they are going to perform anything other than ethnic or sectarian missions is a dangerous illusion.

Can we increase the number of troops trained in foreign countries? Sure, you can always do that at the margin. The problem is scale. Much of this would be on the so-what category. Okay, you can get a few more people trained here and there, maybe even several hundred or several thousand. But given the numbers involved, what you also get is a lot of people rotating in and out to foreign countries. It should not come as a surprise to the committee that the people who desperately want to go overseas for training, or outside Iraq, are not always among the most highly motivated of the forces. Nor does bringing them back always produce the best results. They have, actually, often a very serious rate of desertion after they are required to return.

You have already got about 3,200 Iraqis training outside Iraq. I think that you need to be very careful about the idea that we can get any kind of scale that matters.

Diverting training assets in Egypt and Jordan that should better be devoted to the training of Palestinian forces? I think you have done as much in Jordan as you possibly can already. There is not any surplus capacity to take on Palestinian forces at this point. Egyptian capabilities I cannot generalize on, but I think you need to be very careful about exactly what you are training the Palestinians to do.

Finally, more emphasis on training Iraqi military officers in the United States in an effort to create military professional leadership. Let me go back. What we need are people who will stay in their units, lead in their units, who have the kind of experience to deal with the missions that need to be developed. It is true over time we need people to go to academies, to staff schools, to the equivalent of a national war college or defense university, but those people are not what we need most at this point in time. The kind of reorganization that has taken place in the MNF training effort and in the MNSTCI training effort is a lot more practical than sending people overseas, something that needs to be done constantly over time, but is not a way to win a counterinsurgency battle.

Thank you.

The CHAIRMAN. Thank you, doctor.

Dr. Pollack.

Dr. POLLACK. Mr. Chairman, let me start by saying that I completely agree with Dr. Cordesman's comments, and I know also that General McCaffrey is going to spend a good deal of time also talking on the training program that we have. So let me confine my remarks to making a somewhat broader point.

I think all three of us would agree that we now have in place, in fact, a very good training program for Iraqis. Again, I am sure that General McCaffrey will talk more about that. He may want to tweak it. But I think, overall, it is a good training program.

Let me also say that while we are praising U.S. military officers for doing a good job and I heartily agree with the praise that has already been lavished on Generals Abizaid, Casey, and Petraeus, there is one other person who is worth mentioning, and I think that this is, for me, the crux of the problem with regard to training,

and that is General Eton, who occupied the job that General Petraeus has before General Petraeus. I think that General Eton and his team also came up with a very good program, an initial program.

The problem with the initial program, devised by General Eton and his team and the American coalition forces who were brought in to try to start things up, was political pressure, quite frankly. The word from Washington was: Generate more Iraqi battalions, get them on line because we desperately need manpower. And it was the short-circuiting of that original training program which caused the problems that we have now.

Now, again, we have a new training program in place. I think it is a very good one. I think the main issue out there is allowing it to take its course. I completely agree with Tony Cordesman's point that training is a process and it is a process that is both formal and informal. There is training that has to go on in the barracks, there is training that has to go on in classrooms, there is training that has to go on in exercise fields. But there is also training that needs to go on in actual operations. It is a long process and we need to allow that process to develop.

I think that Tony, again, correctly pointed out the distinction between troops that have some degree of readiness and those that are fully combat capable. We need to allow all of the Iraqi units to come up to full combat capability.

I think the key question that we are all asking ourselves, and that is inherent in the entire nature of these hearings, is the question of how we get from here to there. I think we all agree that the long-term solution to security in Iraq is a fully capable Iraqi force that is capable of simultaneously dealing with the insurgency and providing law and order throughout the country. But we are not there yet, and it is unclear how long it is going to take.

As I wrote in the New York Times a couple weeks ago, before he left General Petraeus took the opportunity to pull me aside at an event that he and I were both at, to try to drill home to me his feeling that it would take 3 to 5 years to stand up the Iraqi security forces that he needed to do the job. I still think that number is exactly right, and 3 years may actually be optimistic, looking at developments right now.

So the question before us is how we get from here to there. I think that the big question for us is whether we have the right strategy now to get us to that point, at some point in the future, or do we need to start making changes.

The CHAIRMAN. General McCaffrey.

General MCCAFFREY. I do endorse the comments of Dr. Cordesman. In fact, one of the things I think that is unique about his work has been to painstakingly go through and get numbers that I trust. I have gotten to be a real skeptic about much of what I read unless I saw it myself on the ground.

A couple of thoughts. First of all, there is no question that we have a huge responsibility to train and equip and design the right kind of Iraqi security forces. I am not sure the distinction between police commando battalions and army units is all that important. They tend to be light infantry units, hopefully with good intelligence, that have a will to fight.

I think we are off an order of magnitude on the resources we have provided that effort. When Negroponte got in there he and Abizaid and Casey and Petraeus finally got it organized. It is starting to happen. I think the last number I saw was 3 billion dollars' worth of material is coming in country. So you do see AK-47s, light radios, light trucks, some body armor, 22 SWAT teams that have the same stuff as the NYPD. It is starting to move, there is no question.

More has to be done. Some of them are long lead-time items. I would be astonished if we do not have a minimum right now as an example of 1,500 aircraft in country. We cannot leave unless there is an Iraqi helicopter mobility force. It takes a year to get some kid to fly a Blackhawk. We have got to buy them, and the price tags on those things are going to look monumental unless you compare it to the costs of staying in Iraq for 10 years at \$5 billion a month.

But I see no foresight yet to get us up to the level of effort we need to create an ISF that will allow us to withdraw, and I think we need to push in that direction.

I also have argued we have got to lock our senior military and political, diplomatic leadership and CIA into that war for the next 24 to 36 months. I have argued to the chairman of the JCS and others: Go get a compound in Kuwait and keep people like Petraeus there for 24 months. We are on the line. The State Department people are rotating in and out, 90 days, 180 days. The most important people in this effort are not rifle company commanders. They are political officers in the U.S. Embassy and USAID people.

Now, let me also, though, back off this issue. Train and equip; yes. The Iraqi military were the Germans of the Middle East. These are some of the most brutal, courageous people in uniform within a thousand miles of that country. They fought 7 years of war against the Iranians. They took ferocious casualties. They fought the Brits, the Americans, the Saudis. They have conducted brutal internal counterinsurgency.

We should not kid ourselves that—we are fighting, by the way, an insurgent force that is out of this minority of the Sunni population. I say there is probably 20,000 of them actively involved in taking shots at us, maybe as many as 80,000 active sympathizers. Our problem is not organizing the Iraqi Armed Forces. It is creating the political conditions upon which these people think it is worth fighting and dying for: Either the provincial leadership, the urban leadership, the national leadership, religious leadership, or someone. That is why police and army fight and that is what has been lacking, and I think is now beginning to appear because of the January elections and so the general notion—and Sistani's leadership and others—many of the Shi'a, many of the Kurds, are grudgingly seeing a reason to create a federal security force, and that is starting to happen.

Again, if the constitution, regardless of its final shape, creates Sunni inclusion in the government, I think we will see more reaction.

I would also suggest to you that—and I think I may be a lone voice on this one—when we said we are going to disarm the militias, the Pesh Merga need to go away, it struck me as the height

of naivete. Why would anybody in their right mind in the Kurdish leadership agree to disarm and throw their future in the hands of a federal Iraqi State is beyond me. Why would the Shi'a, who got slaughtered by the hundreds of thousands—300,00 Shi'a dead, maybe 180,000 Kurds, out of the Iraqi Sunni dictatorship. Why would either group disarm?

So my own notion is we ought to recognize that there is a place for them, certainly in countercriminal operations, counterinsurgency in their own regions. Maybe they ought to be in the national uniform. But we should not expect that the Iraqis, at any level, will or should voluntarily disarm.

Nor should we, in my view, expect that in the short run we are going to get a Sunni police battalion to go into Ramadi on its own and conduct active intelligent counterinsurgency operations. It will not happen until they think the Sunnis are in the political process.

Finally on the training notion, in country, out of country. I watched this process in Afghanistan also with great interest. I think the single most effective thing is John Abizaid and George Casey and Petraeus have put these training teams inside Iraqi battalions. A lot of them are Marine and Army Reservists and National Guard. A Utah State Police, Marine major I talked to—it is not surprising to me they immediately fall in love with the people they are training. They are happy they are there. They have a huge sense of courage to stay out there and live out there with these unknown foreign units. They are starting to have an impact.

I have had a lot of conversations in small groups with Iraqi officers—the leadership of an infantry battalion, two Republican Guard officers, a sergeant major with 14 years in the Hamurabi Division. The three of them told me: Hey, you gave us our chance, our lives are unimportant; we intend to seize on this and create a new Iraq. And I believe them. I might add when I say that, I started my Vietnam experience as an adviser with a Vietnamese airborne infantry battalion. I think it is actually taking hold.

Now, the other thing Generals Abizaid and Casey have done is, they have put a U.S. Marine or Army battalion linked into each of these emerging army battalions. That is having a huge impact. I went up to the 1st of the 30th Infantry southeast of Tikrit. Their infantry battalion is collocated with them. They are actively out there, but the people kicking down the door—and by the way, they are trying to teach them to knock on the door and ask for permission to enter. The entry forces are Iraqi, not United States Army. I think that is having an impact.

Finally, I agree with Dr. Cordesman. We have got a limited number of fighters and people who are good leaders in that emerging Iraqi security force. The last thing we want to do is send them to Germany for the year course in how to be a police officer in Munich or to send them to West Point for 4 years to emerge with a balanced education.

These people are in the same situation we were in 1941; 250,000 troops to 16 million in the space of 36 months. The Iraqis have got to stay there and fight because I would argue by the end of next summer we are going to be halfway out of Iraq, and hopefully with a stabilizing backup force. But we are reaching end game.

I went into Fallujah, an angry, ruined city, which I personally do not believe three-quarters of the population is back in there; 250,000 people? Come on. I saw 900 threatening looking males driving around the city. But when you get in there, the Iraqi police now are manning the checkpoints. The entry control points are Iraqis and the Marines are backing them up.

Again, thank God for—and I think Dr. Cordesman is right. It is not just Petraeus. There is a lot of Army Reservists doing this also and Marine Reservists. They have got a huge sense of momentum going. But we need an infusion at a serious level of equipment and then we need to let the political process create legitimacy under which these Iraqi young people will fight.

The CHAIRMAN. Thank you very much, General.

Let me raise now a fourth area, and I will ask Dr. Pollack to initiate the dialog on that, and then General and Dr. Cordesman. Should the President of the United States change the force structure of the United States presence in Iraq? Do we have the right number and types of troops in Iraq now? In the short run, should the United States increase the number of troops in Iraq to provide greater security and support of critical political milestones, such as the writing of the constitution, the October constitutional referendum, the December 2005 elections?

Would an increase in United States troops have a discernible impact on security? Would it upset Iraqi public opinion? Or should we begin drawing down some forces, based on the presumption that the United States troop presence fuels the insurgents and undergirds their propaganda?

Dr. Pollack.

Dr. POLLACK. Thank you, Senator.

Let me begin my response by starting with the end of your last question, because I think it is actually related as much to this one. This is the question of the militias in Iraq. I completely agree with Dr. Cordesman that the militias are not ready to go away, nor are they ready to be integrated into some larger force.

This is part of the dilemma that we face in Iraq. The dilemma we face is that we have not created the circumstances in Iraq in which it is politically, economically, or militarily conceivable to do away with those militias. Frankly, those militias are very popular in many parts of Iraq because they are the only forces that are providing day-to-day security for the Iraqi people.

In fact, what I have seen over the past year is the proliferation of militias throughout Iraq, and to a great extent you see all throughout Iraqi, local alims, local sheikhs, other figures who are gathering weaponry, gathering ammunition, and tapping personnel to say, if the balloon goes up, if civil war breaks out, will you be there to fight for the neighborhood, and putting together their own militias.

This, I think, is a clear sign that the militias are not ready to go away because we have not yet solved the security problems of the country.

Keeping simply the needs of Iraq in mind, moving from that to the bigger picture, would it be useful to have more troops in Iraq? Yes, it would be more useful to have more troops in Iraq. I think regardless of our strategy it would be more useful to have more

troops in Iraq. I would argue that if we continue with the current strategy that we have been employing it is absolutely essential because, again, while it is the best solution to have Iraqis performing these missions for us, we are a long way from having the numbers of fully capable Iraqi forces who can do these things.

The interim, the period between now and when we will have those forces available, is very important, because in that interim if things go awry the country could easily slide into the civil war that Senator Biden talked about in his opening statement. That civil war is on the minds of Iraqis. It is always in the back of their heads. It is something that they fear on a regular basis. It is one of the reasons why they continue to tolerate and, to some extent, are enthusiastic about our continuing presence, despite the fact that we continue to disappoint them in our inability to provide them with basic security and basic services.

Strangely, I think that if we continue with our current strategy, it is absolutely essential to have more forces in Iraq and, in fact, it will require a massive infusion of troops, because, at present, we do not have the fully capable forces capable of both suppressing the insurgency, as we are attempting to do, and providing security for the Iraqi people, and only a massive increase in forces will allow us to do those two things simultaneously.

The alternative which I have suggested, a true, a traditional counterinsurgency approach, a spreading inkspot, a spreading oil stain, would greatly benefit from more troops, but it is not essential. In point of fact, it is one of the reasons why I am increasingly drawn to this, because it is possible to begin this kind of a counterinsurgency strategy with a smaller contingent of forces. Certainly the contingent of forces that we have on hand, given the widespread support of reconstruction, is actually a very significant amount of forces and probably would allow us to start building an enclave, building safe zones, in a very significant chunk of the country already.

But this is the whole point of a traditional counterinsurgency strategy. You start with only a portion of the country. You make it secure, you make people enthusiastic about it, and as you train additional indigenous forces that allows you to spread out and encompass ever-greater regions of the population.

So it would certainly be useful to have more troops because the more troops that we have the larger the area that we could start off pacifying. But if we stick with our current strategy, as I said, I think it is absolutely critical that we do so.

Now, let me come to the question that you raised at the end of your option, which is: Would it be counterproductive to increase American troop levels in Iraq? There I will say unequivocally "No"; it would not. I think it is truly perverse to argue that the presence of American troops are actually causing the terrorist attacks and insurgency. This is simply false. The insurgents attack the Iraqis as much, if not more, than they attack American forces. As Dr. Cordesman pointed out, the insurgents believe that they are waging the beginning of a civil war.

The removal of American forces would not eliminate the insurgency or the terrorist attacks. It would simply unleash that civil war.

As for whether it would create greater animosity among Iraqis, here it is a little bit thornier. It is true that Iraqis resent, many Iraqis resent, our presence in the country. It is also true that some Iraqis simply have soured completely on our presence. I think that there truly are Iraqis who may have welcomed us in 2003 and today just want to see us go at all costs. But it has been my experience and reading the public opinions carefully—and I think you do have to read them very carefully because they are often very misleading—because oftentimes it is the only moment that Iraqis have to speak truth to power.

But reading them carefully and listening to Iraqis on a regular basis, what I consistently hear from Iraqis is, if you start out asking them about the American presence they will say something along the lines of: Why do you not just leave? But if you push them hard, if you try to get beyond that initial point, what you typically hear from them is some version of: Actually, we do not want you to go at all; what we want is, we want you to actually do something for us; we want you to provide us with the security and the basic services that we have been clamoring for for 2 years and frankly what I think is perfectly reasonable for them to expect 2 years after the fall of Baghdad.

I think that for the Iraqis an infusion of additional American or other coalition forces, if somehow we could find those troops, would grudgingly be accepted. In many quarters it would be welcomed. But it would only be welcomed if those forces were used to actually provide security for the Iraqi people themselves. If our forces continue to operate the way that they have and if we continue to have the priorities that we do, then I think that the Iraqis will look at it and say: Why are you bringing more forces into our country if you are not helping us? Under those circumstances it could breed greater animosity.

But it gets to the point that Senator Biden made at the beginning. Just as I believe he is correct that the American people are not concerned so much at the rising body count, although that is obviously tragic for every family who has a member of that list, they are more concerned about the strategy and their sense that we do not yet know what we are doing in Iraq.

So, too, I think is that the case for the Iraqis. They are less concerned with the number of American troops in our country than what it is we are doing in their country.

That, of course, brings me to the last point, which is where do you find these troops? Frankly, Senator, I do not have a good answer for that question. As I said, the problem that we face is a short- to medium-term problem. It is the question of what we do between now and 5 years from now, when we probably will have large indigenous Iraqi forces that are capable of shouldering most if not all of the mission at hand.

But there is a long road between then and now. And while I think it would be extremely beneficial to increase our troop presence in Iraq, I think it would be very difficult, given our current force structure, to do so over the long term. I do not dispute General McCaffrey's point about how we are hurting both the Army and the Marines by this protracted deployment and how we have

handled it. It is one of the reasons why I think that it may be time to look at the general force structure of the U.S. military.

We created a military in the wake of the cold war that was sized for certain missions. I think the Iraqi mission has demonstrated that that military is incapable of handling this mission, and this mission is critical, is vital to the national interests of the United States.

In the short term, I think we probably can plus-up our forces. Alternatively, as I said, we can move to a true counterinsurgency strategy, which will be a very politically difficult choice to make because it probably will mean saying we are not going to provide security for parts of the country and we are going to focus our efforts on parts that we think we can secure and there are going to be parts of it that are going to wind up looking like the Wild West, and it is going to take us quite some time before we can get there. That is going to be, politically, very unpalatable.

But I think that may be our only solution, at least in the immediate term. Over the longer term, again we will train Iraqi forces, but we probably should be thinking about how we can reexpand our own order of battle so that we can start committing greater forces to Iraq and be able to sustain them without breaking the Army and the Marines.

Thank you.

The CHAIRMAN. Thank you, Dr. Pollack.

General McCaffrey.

General MCCAFFREY. Well, I would clearly agree that we have a 5-year challenge facing us in Iraq. It will probably take that long to create a legitimate Iraqi State, get economic reconstruction under way, and create Iraqi security forces that are fully capable of, on their own, maintaining internal order and protecting the country.

But I think the next 18 months are crucial. In my judgment we are running out of domestic political support rapidly. The U.S. National Guard, this huge professional, disciplined force, is in a stage of meltdown and within 24 months will be coming apart. The wheels are coming off the National Guard.

The U.S. Army now using year combat tours. Most of our fighting forces are rolling into their third combat tour since 9/11. The Marines are running 7 months, a little bit better way of operating it, a very different force structure requirement. They are starting into their fifth combat tours.

The U.S. Army and Marine Corps are incapable of sustaining this campaign. The question of more United States military forces for Iraq at the start is a moot point. They are not there. They will not be there. We can surge one, two, three brigades for the election. We will probably do that. This game is coming to an end.

By next summer the National Guard combat brigades will have been used up unless we fundamentally change the rules of the game. Right now it says mandatory 24-month callup once in 5 years. If we change it, we will accelerate the self-destruction of the Guard. But they are expended as of this summer, so we are now back to Active-Duty Army and Marines. Who are rapidly trying to create a fourth brigade in each U.S. Army division using the same manpower, two-battalion brigades. To some extent it is a shell

game that will work as long as we are only doing counterinsurgency in Iraq. So the bottom line is there will not be any more United States forces for Iraq.

Now, the second point. Personally, I would argue the last thing we are in Iraq to do is to conduct counterinsurgency operations to pacify the country and to win their hearts and minds. That ideology, that language, belongs in a different environment. It seems to me we have done a tremendous gift to the Iraqi people and the region by destroying the Saddam regime and its coercive tools. Now what we are trying to do is create a new political government, create new Iraqi security forces, and get out of there.

So I would hope by December 2006 you would see perhaps three U.S. Army and Marine divisions outside the urban areas, particularly near Baghdad, but not involved in counterinsurgency in any way, but only backing up the emergent security force.

Finally, it seems to me that the larger issue, for your committee and the Armed Services Committee to face, is not Iraq. We are not going to—my guess is we have got about a .80 chance of pulling this off by the end of next summer. I am reasonably optimistic this is—we are in a race against time, lack of political will on the part of the American people being the big factor. I would be surprised if we do not pull it off.

But we have got the wheels coming off the U.S. Armed Forces. We are running our capital fleet into the ground. It is not being rebuilt. Some time in the next 5 years, Castro is going to die. We are going to have a million Cuba refugees at sea. We are going to have an incipient civil war on the island. We are going to have to think through Venezuela and our oil energy. We are going to have to deter aggression against Taiwan. We are going to have to add military legitimacy to the political dialog with North Korea.

We are—and now the rhetoric coming out of the QDR is let us go to a one-war capability, meaning you cannot use even the force you have got because you have told the world when you commit it, it is gone, there is no backup. So I think we are underresourced and I believe in personal judgment—I join many others—I think Secretary Rumsfeld is in denial of the evidence in front of his eyes that this military structure is not achieving its purpose and that we have to transform.

I would also probably take partial issue with Dr. Pollack, the military we had was a World War II military, a cold-war military, it is tanks and artillery, and these guys just do not get it. That military took down the Afghan situation in under 100 days. That military went in and took down a million-man army. The only cohesive force in Iraq for the last 2 years have been U.S. Army and Marine company commanders and battalion commanders, not on counterinsurgency, but on economic reconstruction. That is who built city councils.

We are not new to the counterinsurgency game, for God's sake. We have been doing this for 200 years, starting with fighting our own indigenous warrior, Native Americans. I think when you look at downtown Iraq, the Bradley Fighting Vehicle, the Stryker units up north, the combination of armor and special ops and intel and Army aviation, the force structure is pretty good.

It is not to argue against transformation. We get some real problems out there to change SOCOM's credentials and resourcing in particular. But I do not think the U.S. Armed Forces are the key factor, the bottom line, in Iraq right now. They are so tough, so disciplined, so determined, that the insurgency is leaving them alone. The insurgents are not operating in units bigger than squad-sized units. They had 50 of them attack Abu Ghraib 60 days ago and we killed damn near all of them almost immediately.

They have stopped using mortars in most cases against our troop cantonments and they are going to rockets because when they do we use counterbattery and nail the shooter, or overhead systems or Predator.

So I think the military is doing a terrific job. What we need is this new Ambassador on the ground and a 36-month strategy to get us out of there and to leave a determined Iraqi Government with its own security forces.

Thank you, sir.

The CHAIRMAN. Dr. Cordesman.

Dr. CORDESMAN. I think that both Dr. Pollack and General McCaffrey have raised an issue which is not related directly to your questions, but absolutely critical. It is somewhat striking that 6 years after we began talking about force transformation we have one practical example, which is General Schoomaker's reorganization of the Army, and no meaningful future year defense program, no meaningful cost containment of procurement, no plans to reorganize our force structure in terms of the Reserves, the Guard, or any of the other elements that address not only this contingency, but any other contingency that we face.

I do not know if we are going to talk our way through another quadrennial defense review, but at this point all I can say is, who cares? I learned when I worked in the Office of the Secretary of Defense if you are not shaping the budget it is all nonsense. What we have had, frankly, is 6 years, to be polite about it, in which we have not shaped the budget. And if all of those studies were burned tomorrow, who would ever know?

That, unfortunately, has set the groundwork that we now have to face. Whether or not I agree with Dr. Pollack—and I do not—on how I would use the troops, I would love to have more people with language skills, civil-military experience. I would love to have people who could actually stay long enough and provide the continuity that is the key, regardless of how you are using people.

But we have not got them. We have already over-rotated the people who are really good and we really need. Putting more men and women in simply for the sake of more men and women is not going to serve a purpose. If we cannot answer the question of where skilled people are coming from, the question, as General McCaffrey has said, is moot.

I have to say there is one area where we could potentially find more people and where it would serve a purpose of, I think, really helping in the areas which are relatively secure. I found it amazing how few foreign service officers, who are career officers, have actually volunteered, who are actually performing duties in the field. In many cases these are people who are taking extended tours. A

small part of the foreign service is taking on far too much of the job, supplemented in many cases by young contract personnel.

One real issue here is why do we not have the civilian counterparts for the military? That is one of the critical aspects of the police training effort. One problem has been the Department of Homeland Security, other elements of the civilian side of the government. These are skills the military do not have. They are also skills we have not really drawn on.

If I was to look at a priority where there may be some leeway for action, that is one of the critical ones. A more general issue for this committee is do we need a foreign service trained to hide in the embassies and pursue its careers in Washington, and if not should we change retention, promotion, and recruiting fundamentally?

In a world where we talk about wars on terrorism and constant risk, having a foreign service oriented toward its own security and having civilian agencies which cannot be the military counterpart is a warning that goes far beyond Iraq.

Now let me address the more specific issues here. I do not believe that it is 3 to 5 years before we find out whether Iraqis can perform the security mission. I agree with General McCaffrey that in the next 6 to 18 months we either pull this thing together or we do not. We are going to pull it together by finding out whether Iraqi forces come on line, not in full strength, but enough strength to make a difference, in areas which are more secure. We are going to find out whether Iraqi governments can actually deploy outside Baghdad and handle the regional issues involved, and we are going to find out whether Iraqi politics are inclusive.

We are going to find out whether we can hold together the relationship between the Kurds and the Arabs, something that is basically uncertain. We are going to find out whether the Shiite areas which are relatively secure can establish, not security in any classic sense, but governance, of which effective police forces and security forces are part. Basra is a warning. United States-British troops could not address a single problem that is a security problem in Basra today. All they could do is add to the tensions between Shiite groups. Over far too much of the south that is the case.

Iraqi pulls it together with Iraqi security and police forces or General McCaffrey's 80-percent chance of success comes a lot closer to mine, which is 50 percent and dropping.

Similarly, in the Sunni areas we either can put people into the field who can govern, who can be a police force, and at the same time pressure Sunnis while the inclusive structure works or we fail.

That to me is the key set of priorities, and U.S. troops simply are not capable of handling it. We may have to surge them. There may be a need, even at the cost of even further future problems for our all-volunteer force structure, to pull in specialized units to meet specialized needs. But sheer numbers, 10,000 men and women, what on earth does that mean? Ten thousand men and women with what capability to do what?

I was trained from the start in the Department of Defense that whenever you start quoting total manpower numbers you have be-

come irrelevant. I think in general that is one of the problems here. If you cannot say who to do what, when, and where, this is the kind of strategic generalization that does more harm than good.

But let me make a final point here, and that is, would it upset Iraqi public opinion, is there hostility? I here—I do very much disagree with Dr. Pollack. I think in much of the south people sincerely do not want any kind of foreign military presence. In most Sunni areas I do not think they want us to do security missions.

I think this is a very sincere nationalism, antagonism. It goes beyond Islamists. It is something I watched in Iraqi from 1971 onward and I do not believe it has changed on the basis of my recent visits to Iraq. That is why I think, one way or another, either the Iraqis do this or we fail, and we need to understand that and begin to accept the risk.

Thank you.

The CHAIRMAN. Thank you, Dr. Cordesman.

In our invitation to the witnesses we indicated that at this point there would be an opportunity for each of you to make concluding points or to reinforce something that you have said in view of what others have said. You have all been interacting remarkably in any event, but let me at this point ask you, Dr. Pollack, if you would like to make a final comment.

Dr. POLLACK. Thank you, Mr. Chairman. I think I have said all that I need to say about my views about our military strategy and the need to adopt a traditional counterinsurgency approach. Let me make just a couple of additional points and I will make them very briefly.

I do think that we need to adopt as well a new political approach. I think that this is critical and we have all been talking about the importance of both the political and economic environments in Iraq to solving the security situation. I have repeatedly come back to the security situation because in my conversations with Iraqis, in my conversations with Americans working out in the field with Iraqis, it is security that is the first problem. It is security that is hampering the political and economic reconstruction programs, and, therefore, if we do not tackle security and start to make changes there, I think it very difficult to deal with the political and economic solutions, which are critical elements in the reconstruction of Iraq and the solution to dealing with the insurgency and the broader problems of the country.

But one of the problems that we have facing us—and it is a point that I made with regard to General McCaffrey's very apt point about the importance of a legitimate political process—is that the Iraqis see this as a legitimate political process. It is all well and good for the United States to stand up and say this is a legitimate process, but if the Iraqis do not buy it it is meaningless, because, back to Dr. Cordesman's earlier point and his repeated point, that we need Iraqis who are willing to fight and die for this country.

Unfortunately, what we have increasingly seen is that for many Iraqis a piece of paper that looks very nice to us does not necessarily do it for them. In particular, one thing that I am increasingly hearing from Iraqis and seeing in both press reports and in United States Government reports is increasing disconnect between the Government in Iraq, in Baghdad, in the green zone, and the

rest of the country. I am very frightened when I hear Iraqi friends talking about “those people in Baghdad,” meaning the new transitional governments, whom they seem to believe are not really interested in their lives and are not making much of an effort to help them, largely because they do not see any sort of improvement in the basic material aspects of their lives—security, electricity, these other factors that I have mentioned repeatedly.

This is a tremendous problem. Iraqis complain about the corruption that General McCaffrey mentioned. They complain about the corruption within the government itself. Here I want to be very careful. As best I can tell, most Iraqis very much like Prime Minister Ibrahim Jafari. They believe that he is not corrupt and that he is very well-intentioned. But other members of their government do not seem to get that same impression, or give that same impression to the rest of the country.

There is enormous corruption in the country. As I wrote in the *New York Times*, the Iraqi oil ministry seems to be nothing but a sieve. I would urge this committee in particular to try to get to the bottom of where that money is going, because it is an awful lot of money that ought to be going to the Iraqi people and does not seem to be.

But our focus has been on this political process in Baghdad, and that political process needs to succeed. Do not get me wrong, please. It is necessary. It is a necessary element of success. But it is not sufficient. For Iraqis to see this political process as being legitimate, they need a connection to their government which does not yet exist.

Many of these political parties have not made an effort to put down roots in the community, to recognize what the complaints are of their constituents, and to try to bring them real material benefits. As a result, Iraqis often feel disconnected from what we claim is their political leadership in Baghdad, and increasingly they are looking to go their own way.

It is why you increasingly hear calls for autonomy, not just from Kurdistan, but from the Shi'a areas of southeastern Iraq, and that is extremely troubling. Again, that is the road to civil war.

As a final point, since we have been jousting all morning, let me make one final rejoinder to Dr. Cordesman, which is his statement that the Iraqis either do this or we fail. I am in mortal danger of that statement. I think that is an enormous gamble. What I have seen from the Iraqis in Iraq, studying them for 17 years—and I recognize that Tony's numbers are double mine—the Iraqis cannot do this for themselves.

We need to help them get past the first hurdles, and these are big hurdles, because they cannot do it for themselves. They are not culturally, politically, or socially inclined.

Just one point. Let us remember that this is a society that for 30 years Saddam reinforced to the notion that they should not do for themselves, that the state should do everything for them and that Baghdad should be the arbiter of all decisionmaking in the country. When you get out into the countryside of Iraq and you talk to American personnel, military and civilian talking to Iraqis, they will say this again and again and again: We cannot get the Iraqis

to do it for themselves. They expect us, they expect Baghdad, to do everything for them.

It is going to take time to get past that, and it is going to take time before we have an Iraqi military that is capable of dealing with the security system. Just saying that it is either sink or swim, the Iraqis are going to do it, or not, in 6 or 18 months, frankly, I would say that the chances of success are a lot less than 80 or 50 percent.

The CHAIRMAN. Thank you, Dr. Pollack.

I just have to interject at this point that under my distinguished friend Joe Biden's chairmanship, we had a good number of hearings before the war commenced. And distinguished persons just like yourself sat in front of us. Many of them were what I have termed to be the "dancing-in-the-street crowd." They claimed that we would be welcomed, there was no need to have a whole lot of troops out there; the Iraqis, once rid of Saddam, would take care of their situation.

Obviously, these views were not well founded, but nevertheless that was then; this is now. And I appreciate your testimony this morning very much.

Let me just indicate—

Senator BIDEN. I think the record should note Dr. Pollack was not one of them.

Dr. POLLACK. Thank you, Senator Biden.

The CHAIRMAN. Thank you, Senator Biden, for making that interjection.

Senator BIDEN. Others were more inclined to think that.

The CHAIRMAN. Well, we will not go there.

The fact is that there is not an easy bifurcation between security, politics, and economics. On Wednesday, as a matter of fact, we hope to discover where the oil money is or how much there is, because, somehow, despite the fact that security must be provided, and likewise a constitution or a political framework, someone must pay for all of this. Revenues must be raised in Iraq. There must be a functioning economy. So we want to discover all of these things sort of ad seriatim in the early days of this week.

General McCaffrey, do you have some final comments?

General MCCAFFREY. Well, I provided an after-action report, Senator Lugar, to you and your members of the committee.

The CHAIRMAN. Yes.

General MCCAFFREY. I tried to bring together some of the insights, to include a listing of the vulnerabilities I thought we faced, because I think the situation—essentially, I came back this time saying, reminding myself how impressed I was by the courage, the dedication, and skill of the U.S. Armed Forces. We have never had more creative, brave young men and women in uniform in our history. They are doing a remarkable job.

The second observation, I thought we are finally getting—Negroponte and Abizaid and Casey put together a decent strategy. I told them the strategy should not be classified; it ought to be up on billboards outside all of their encampments. Essentially it says we are going to create an Iraqi State and Iraqi security forces and we are leaving in some measured way.

Then finally, I think I saw some chance that the Sunnis would decide to participate politically instead of just fighting.

Now, balancing that, a couple of other observations. I steadfastly, and certainly on TV or radio, never allowed myself to be drawn into a comparison of Vietnam and Iraq. To be blunt, there are no political or economic or national security comparisons, except possibly U.S. domestic politics. But one thing struck me this last time. I was able to move around the whole country because I had this terrific young group of kids, Texas National Guard, security, two Blackhawks, two Apaches, advance parties, et cetera.

Baghdad is 10 times more complex and dangerous than Saigon ever was. I used to live in an air-conditioned BOQ and drive, normally with two beers under our belts, down to Vung Tao to the beach with two bodyguards. This whole situation in Iraq is a real demanding, dangerous enterprise, where we have huge national security interests at stake. I personally would underscore in my judgment we had better pull this off. If it requires further resources or sacrifice on the part of the American people, we will be making a terrible misjudgment if we do not stay the game.

Finally, sort of a minor observation. About one of the few things I was critical of the U.S. Armed Forces leaving country was our public diplomacy, our press policy, our media policy. I think the media are starting to send the second team to Iraq. It is dangerous. They are using unknown Arabic stringers to do their reporting. They are focusing on the bomb blasts with borrowed video. They cannot get out of their hotels, and the U.S. Armed Forces had better support them.

Conversely, the Pentagon—I, debriefing this trip, said, can you imagine in World War II; we would have had a guy like Petraeus, who was widely hammered around Washington for appearing on the front page of Time Magazine or something—can you imagine taking in World War II some brave-hearted battle leader with a doctorate from Princeton who is telegenic and likes creating Arabic forces and telling him to stay out of the eyesight of the American people?

What are we doing? The most trusted institution in American society now are the U.S. Armed Forces, hands down. They are up in the 80th percentile or higher. Our battalion and brigade and division commanders ought to be responding to the American people on TV and to the print media, and they are not doing it. So I think there is room for a little energy to get that process going. A free press, there will be no argument in this hearing room, is essential to what we are trying to achieve there.

I thank you, sir, to you and your committee for the opportunity to share these ideas with you.

The CHAIRMAN. Well, I appreciate your comments very much. On the last one, in another forum, I am going to be testifying at a Wednesday hearing on the media shield law. It strikes me this is another media shield situation. We really need to have persons who are articulate and well-informed talking about Iraq.

Senator BIDEN. That is uniforms and not suits at the Pentagon.

The CHAIRMAN. Dr. Cordesman.

Dr. CORDESMAN. Thank you.

This is an enormous gamble and the stakes are extraordinarily high, and they go far beyond Iraq. They affect the gulf, our strategic energy interests, the overall problem that we are struggling with, which is Islamist extremist terror.

I agree that it is going to take years. I have no idea how many, whether it is 5, 10, or 12. The point is not that we can set the calendar. The point is we cannot set the calendar and we need a prolonged commitment.

But I think General McCaffrey made the point, perhaps we all have made it in different ways, we have got to get through the next 18 months to get to those other periods. When I talk about Iraqi forces, I do not mean they will be ready. We will need significant United States troops until Iraqi forces can take over, and I do not know when that is. What I am certain of is that if the current procedure for training and expanding the role of Iraqi forces fails, we do not have a backup with United States military presence or anyone else.

We have a political calendar where we can make many slippages in time or content. Iraq already had a good constitution. It did not really help very much. Perhaps having a better one may help or it may not. I think in the real world—Ken touched on the issue—the constitution counts when it touches on three things: Money, mostly how the oil money gets allocated; power, who has the power in the center; and then federalism or regionalism, how do you protect the minorities. Everything else is a little too Jeffersonian to reach Iraqi hearts and minds.

The election that is coming may, or may not, make things better. We may see a lot more selfish ethnic, sectarian, and service politics. But what we have to have is unity and avoid civil war. To me, the exit strategy that is inevitable is we cannot fix Iraq if Iraq attacks itself, and we have to bear that in mind and I hope you will bear it in mind in your hearings on the political and economic dimension.

We have talked here about a number of issues on the military side. Let me conclude with a few points—you asked for recommendations—that really do not relate to the military side, but to the other aspects of U.S. policy that I think are critical.

I believe we face three major enemies in Iraq. One is the mainstream of Sunni insurgents, the other is Islamist extremists, and the third is the management of the aid process here in Washington. We have now committed as of this week \$19 billion out of \$20 billion in aid money. Ken noted the problems in figuring out where the oil money is going. I think time and again it does not matter whether we have completed most of these projects. If we drew a map, they will be in the wrong area, they did not affect real world service, and they are not sustainable.

The reporting going to this committee and to the public is like the Russian reporting. It is a number of project starts with a member of project completions, nothing on meeting project needs, no mapping of who it influences. It also is putting U.S. contractors, U.S. security teams, foreign contractors, and foreign security teams everywhere that it is operating. Whatever the hostility may be toward U.S. troops, I suggest the committee might want to drive behind some of those personal security detachments for contractors

some day and see how they behave and see the level of hostility that is there.

When we talk about Iraqi corruption, let me say that Iraqi corruption is infinitely preferable to ours. At least most of the money will be spent in Iraq and stay there.

I think you need to ask some very searching questions in your next hearing. I see that Ambassador Khalilzad has already talked about moving the management of aid to the Iraqis into the Embassy and to the team in Iraq, and I think anything you do to bypass USAID in Washington and the defense contracting effort in Washington will be as effective a counterinsurgency action as anything you can do militarily. They are part of the threat, not part of the solution.

Let me say in terms of public diplomacy here, General McCaffrey and Ken also raised a critical issue. What bothers me is our inability to communicate in Iraqi terms clearly and unambiguously that we will not be guilty of the conspiracy theories that they see us as most potentially guilty of, and those essentially are permanent bases versus advisory efforts, taking the oil, taking the land.

We do not seem to have the public diplomacy here to support the public diplomacy in the field, and the public diplomacy in the field is badly underfunded and badly underpersoned simply because it is not given the seriousness it needs. So that adds to the aid dimension another issue.

I think we have not touched on international organization. I do not believe we can go for foreign troops. I do believe we badly need to go for foreign help, and Ken mentioned the idea of having some kind of contact groups, of expanding our role here. I think that is absolutely critical.

Let me just make one final point about oil, and I think it sums up what the committee might want to focus on. I get a little surprised when I look at my watch and find it is 2005 and I then read the status report from the Department of State as of 13 July 2005 and read: "On July 10th, bilateral energy consultations were held between the Iraqi Oil and Electricity Ministries and the U.S. Departments of Energy and State covering issues such as developing a needs assessment into Iraq's natural gas utilization for power generation."

We have spent \$19.1 billion out of \$20.9 billion and we do not have a clear assessment of the needs for Iraq's major source of revenue? We face a situation next year where the Iraqi budget is in excess of \$18 billion. That is virtually the total of its entire oil revenues. And you have not even started planning for your \$30 billion supplemental in aid for Iraq for the coming fiscal year. There is something wrong here that goes far beyond the military dimension.

The CHAIRMAN. Well, thank you very much, Dr. Cordesman.

Let me just indicate, before we begin our questioning, how much we appreciate the preparation each of you have made and even more the testimony you have given this morning. I think each one of us has benefited tremendously from the intellectual stimulation and also, hopefully, more than that from the action steps that we would feel impelled to take listening to the three of you talk.

But now we want to ask some questions of you. We will have a 10-minute round and maybe more as members may have additional

questions. I would like to begin my portion by asking you, General McCaffrey, in your testimony, in your written testimony, you suggest the period between January to September 2006, that is next year, would be the peak of the insurgency. Can you discuss a bit more this conclusion? In other words, all three of you have identified this period from July 2005 to the end of 2006 as roughly the 18 months of critical time.

You have introduced, General McCaffrey, the suggestion that 6 months from now, more or less, the insurgency may pick up and continue on in its strongest form for maybe that 8- or 9-month period. What is your thought about that?

General MCCAFFREY. Well, it will be interesting to see what I say in January 2006.

My sort of gut instinct was that the new Ambassador we are going to send in there to replace Negroponte is a national treasure. This fellow has a tremendous sense of dealing with these kind of issues. I think if we can lock Abizaid and some of the other senior military leadership in place, the current trend lines say if the Sunnis come into the government—and I actually—I have been sort of fascinated listening to my two colleagues here, in particular the notion that they used to have a decent constitution anyway, but it made no impact. So if we can get a constitution that is not viewed as malignant to the Sunnis and if there is a vote, and if there is a pluralistic government of some sort in January, and if the construction of the Iraqi security forces continues on its current lines, in which by December we are alleging we will have even more people on the ground, 60 to 100,000 that are determined to try and support this political process, then I think that would be the high point of the insurgency.

I have said all along the foreign jihadists, the suicide bombers, the slaughter of the innocents, the nailing of the Iraqi police forces as they are lined up to take rollcall, will not materially affect the outcome of this conflict. What we are watching in Iraq is: Can you take three warring factions—the Kurds, the Shi'a, and the Sunni—cobble together some loose federal structure, and have some way of capitalizing on their oil income and creating law and order?

I am betting that, the current trend lines, we will probably see January be the high point of the insurgency, and then by, hopefully, the end of next summer, as we are forced into large-scale drawdowns of our military forces, that the Iraqis will be there to pick up the energy.

The CHAIRMAN. Each of you in a way talked about our problems, our military structure. The drawdown seems to be there in the vision. It seems to be with all three of you. But as you are pointing out, success, whether it is the 80 percent you suggested, General McCaffrey, or the 50 percent you suggested, Dr. Cordesman, is dependent upon these factors of the inclusion of all the parties in the government and their respect for this constitution. That means respect for a process that has allocated oil revenues, or for a sense of federalism or autonomy, as that might be a part of the constitutional structure. The Kurds have certainly called for this, others maybe, so that there will be some loyalty felt by all the parties toward the center and, therefore, some willingness to fight for it.

When Prime Minister Jafari came to this country recently to visit with our President, he stressed against the skeptics that August 15 really is important to get the constitution done. You have barely got some of the Sunnis around the table. You just appointed a few the other day. What is being written? How in the world can you cobble together a constitution by the 15th?

Some have even suggested a little fudging, that it might go on until September 15 even if the August 15 deadline was sort of kept there. But in any event, there is going to be a constitution and a referendum, apparently. But the referendum has some tough qualifications. As I recall, there must be a two-thirds majority in each of the 18 governmental provinces now, which means a lot of people will need to be on board to get those kinds of pluralities.

But even then, Prime Minister Jafari was optimistic that this is going to happen. They proceed on to the elections, which will then lead to the legitimacy of this elected government that we are talking about, that will have the support of everybody. There will be some sense as you suggest, I think, Dr. Cordesman, that power is recognized there and is accepted, that the oil revenues situation has been worked out, and that even regionalism, the sense of the Kurds, some sense of autonomy there, has been worked out. They want to be Iraqis as opposed to Kurds and a greater Kurdistan. That is the reason Jafari was saying we have got to proceed right along with these deadlines; these are not to be debated, despite the practical considerations.

What is your judgment, Dr. Pollack, on how likely it is that the August 15 deadline, or some reasonable deadline soon thereafter, will be met with a constitution? Will this referendum in 18 districts, a two-thirds vote, happen with good participation by Iraqis, with maybe more Sunnis coming out this time? Likewise, will the officers that are selected under this constitution in December or January or whenever that event occurs, be accepted? Are they going to be the kind of people who say, we are Iraqis now?

Dr. POLLACK. Thank you, Mr. Chairman.

I think there is a reasonable expectation that August 15 will happen with—will come to pass and there will be a constitution agreed upon. I do not think it is a certainty and I would not want to assign a probability. On the one hand, we have seen the members of this government squabble over almost everything imaginable and the delays that we saw in the formation of this government suggest that we could just as easily see them unable to come to an agreement.

The TAL was very much a compromise document. It was something that very few Iraqis really liked. Repeatedly they have looked at the TAL, they have taken runs at the TAL, and they have basically decided to leave the TAL intact because they have not yet wanted to have the kind of all-out fight they seem to believe that opening up the TAL again will require.

Now, that is not necessarily bad. As we know from our own experience, constitutions are compromise documents. No one gets everything that they want from a constitution. And I suspect that there were any number of people who walked away from our constitutional convention very unhappy, bitterly disappointed by the com-

promises that were reached there. But ultimately it was good enough to make it work.

What, of course, is critical in all of this is whether the Iraqis see those compromises as good enough to respect it and to live with it.

I think it is conceivable that we could get to August 15 and have a constitution, and it is also conceivable to me that those compromises, which while unpalatable to a greater or lesser degree by a whole range of Iraqis, could ultimately be accepted.

Let me say, Senator, that my greater concern is that this will all be seen as ultimately irrelevant to the great many Iraqis. I think that if we have a—if we do get a good constitution on August 15 you probably will see a lot of Iraqis come forward to vote and to approve it in the referendum. For me this is very much like the January 30 elections, which were as much expressions by Iraqis of a determination to make reconstruction work as it was actual approval of the candidates who were being elected.

Now, the UIA, the United Iraqi, list was very popular—sorry, the Inter-Iraqi Alliance—was very popular because Grand Ayatollah Sistani told people that this was the group that he wanted in place and because Jafari himself was popular and Hakim has a following, other members of the coalition were themselves somewhat popular.

But I think it is very important to keep in mind that for a great many Iraqis they voted and they voted for the United Iraqi Alliance in expectation that this was going to be the group who finally did bring them security and basic services, and that same group is becoming increasingly frustrated with this government because they are not providing those security and basic services that they seek.

My fear is we could have a constitution, we could have a referendum, we could have an election in December, and we may find ourselves in exactly the same spot a year from now because that new government is just as unable to provide the Iraqis with the basic necessities that they demand and are entitled to as this one and all of the past ones have.

The CHAIRMAN. I thank you for that.

Let me just conclude my portion by saying our focus today was on Iraqi security, but in the course of that you have all made comments that I think are important about United States armed force structure and our security, as we face a whole list of potential challenges throughout the world. We are trying to think conscientiously about how we can allocate the resources that are required in terms of manpower and money and what have you to Iraq, recognizing that there is a rest of the world out there.

So this is, hopefully, a wakeup call for all of us about the ambitions of our foreign policy. Whether we have ambitions or not, the needs of our national defense as well, require that we take a look at vital security issues.

Senator Hagel, please.

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

Senator HAGEL. Mr. Chairman, thank you.

Gentlemen, thank you for your efforts and honest, realistic analysis of our current position in Iraq. I am grateful, as I believe all who have had the opportunity to listen to you for the last 2½ hours, for your wise counsel based on significant experience, and certainly that includes recent experience, recent, I would put it, within the timeframe of the last 3 years, because each of you has been involved in framing up the challenges even prior to our invasion of Iraq and have been very steadfast in your continued honest analysis of the realities of what we are up against.

I would want to comment on a point that the chairman just made. General McCaffrey, you have alluded to it in your summary remarks, and that is the magnificent conduct of our troops in Iraq. I know you have just been there and have briefed some of us personally, as you have done here today, and I assume you have had an opportunity to brief senior members of the Pentagon.

I do not believe it is a matter of whether our troops have performed as magnificently as they have or not. In fact they have. In fact, we have loaded on our military so much burden and so much responsibility that I think it is part of the reason, as each of you have alluded to, some more than others, that we are in danger of destroying our National Guard and our Reserves as well as our Active-Duty Force.

General McCaffrey, you are one of those young officers that came out of Vietnam after a couple of tours, as well as Norm Schwartzkopf and Colin Powell and another dozen or two dozen, who stayed in the military and said we are going to rebuild it, we are going to make it the kind of military that is worthy of our country and our people, and you did.

I, too, am very concerned about what is happening to our military and our force structure. You, General, have articulated that point rather well, as Dr. Cordesman has referred to it as well as Dr. Pollack. I think we have to be a little careful that we do not connect this magnificent conduct and the kind of responsibility we have loaded on our military and the job they are doing with the policy.

As a matter of fact, the issue was in Vietnam and Korea, every time we have asked our young men and women to make the ultimate sacrifice and serve this country, in an unquestioned way—and I would even say—and General, you were there and I was there—I think our forces in Vietnam fought very valiantly. They were not near as well trained as the forces in Iraq, nor probably as well led, certainly not as well equipped.

But what we must assure our military and their families is that we have a policy worthy of their service and their sacrifices. That is the issue here. The issue is not whether our troops have performed admirably, and they have. Also, whether we are loading so much on them that they cannot perform, in fact, can never be successful at what we are asking them to do.

The three of you have made it very clear, and I happen to agree. This is an issue, this war, this area of conflict, that will be determined by a successful political outcome. It will not be as a result of the military. The military is a very significant piece of that, as you all three have noted—security, stability, allowing Iraqis an op-

portunity to develop. But in the end, it will be the Iraqi people who will decide.

I would say, in light of that, when the three of you make some clear points of corruption, endemic corruption, which I hear from all sources in and out of our government, in and out of the military side of our government, the civilian side—that is an issue that we are going to have to deal with and, as you have noted, Dr. Cordesman, in your summary comments, hopefully we will get into some of the specifics of that this week at our next set of hearings.

But if there is so much rot so deep down in that institution over there, then we do a great disservice to our service men and women asking them to give their lives for something that is not quite as noble as we like to portray it, or as our leaders like to portray it to the American people.

The honesty of this effort is key in my opinion, and that is why the three of you and others we will hear from this week, your input is so important.

Let me ask just an aside. General McCaffrey, I suspect you have had an opportunity to brief senior members of the Pentagon, I do not know, National Security Council people, others. I do not know who you have briefed. Let me ask Doctors Pollack and Cordesman: Have you been called in by any senior members of the administration to get your take recently on Iraq? Dr. Cordesman.

Dr. CORDESMAN. I have talked to some of the officials who are designated for Iraq, but I have not talked to people in the administration.

Senator HAGEL. Thank you.

Dr. Pollack.

Dr. POLLACK. Certainly no one senior in the administration on the issue of Iraq, certainly lower level, working-level people have consulted with me on a regular basis.

Senator HAGEL. Well, I will talk to Mr. Hadley, the National Security Adviser, and I suggested to him, as well as others in the administration at the highest levels of this administration, to reach out to people like the three of you and listen to the three of you and others. We are bubbled up to a point I think where we are disconnected from some very basic and dangerous dynamics of reality over there.

Anyone who has heard the three of you this morning, and discount half of what you have said, it is still damn disturbing. I am not surprised with what we heard. But the administration would do well to reach into another universe of thinking and experience like the three of you.

Thank you very much.

Now, question. I would like to get the three of your thoughts on the Iran-Iraq relationship. As we know, the Prime Minister of Iraq, a number of his Cabinet Ministers are in Iran, have just completed talks there. How deep, how wide is that relationship? Should it develop? What kind of challenges does it present? Is it helpful? Does this lead to a wider sense of a United States-Iranian opportunity for a relationship?

Any way you would like to take this, the three of you, I would appreciate hearing from you, but specifically focus on Iraq's challenges over the next couple of years. Can Iran play a role there?

Should they? How close should that relationship develop? Dr. Cordesman.

Dr. CORDESMAN. Senator, it is inevitable that there will be a relationship, that it will be strategically critical to Iraq, as it will be to Iran, and that whether we like it or not it is going to be a relationship which Iraq has to focus on and focus on visibly. Just as the Saudis, with much less incentive, had to reach out to Iran and reach a modus vivendi with Iran, Iraq absolutely has to. It has to deal with the border issue. It has to convince in many ways Iran that there is as little incentive to interfere as possible.

There is the problem of reparations. There is the problem of religious traffic across the border. You can go through a whole list of issues where they have to work things out. Fortunately, the issue of oil and transportation has somewhat been eased. The Shatt-al-Arab is essentially obsolete. Basically, modern shipping and oil traffic will not be moving through there.

But even in terms of border incidents and waterway issues, one of the things that Iraq is going to have to deal with sooner or later is expanding its shipments out through the gulf, and if you look at the hydrology of the gulf to get efficient oil shipments it is going to have to change its current mooring positions. These are just a few of the cases.

I do not know how Iran will play this out. I think it could be very dangerous. If Iran sees anything approaching a civil war buildup in Iraq, it is going to obviously back the Shiite side. If anything approaching an American power vacuum exists in Iraq, Iran is going to attempt to deal with that. If Iran comes into confrontation with us, I am not sure it can resist trying to play the Iraqi card in a negative way.

But my impression at this point in time is that Iraq knows where to stop. The current leadership is not going to take risks that have Iraq seriously involved in training or security or advisory presences that would somehow threaten Iraqi control of Iraq; that Iran sees the situation at least for this moment as to its own advantage. We are effectively fighting a set of threats in their interest.

But if you ask me what this Iranian Government will be 2 years from now or the moment it comes under pressure or the moment it sees the political structure in Iraq fail, then I think the current status could change very rapidly and very unpredictably and almost inevitably for the worse.

Senator HAGEL. General McCaffrey.

General MCCAFFREY. I agree with Dr. Cordesman's comments. I think there are—I listed one of the vulnerabilities of CENTCOM of our current Iraqi policy being the possibility of Iranian intervention, most likely in a covert form, active intelligence agents, money, cross-border operations, but potentially if the thing started to spin out of control late next year, with active military support to protect the Shi'a from being slaughtered by the Sunnis again. I do not think they will tolerate it.

There are two other background factors, one of which is widely known, but I would argue is underappreciated. It seems to me that our vital ally on the ground which is at great jeopardy is Saudi Arabia. Now, if you wanted to ask me who I am worried about, it is Pakistan and Saudi Arabia, Saudi Arabia and Kuwait, perhaps,

the two of them kluged together. They have an enormous fear, as we all know, of a Shi'a domination of the oil-producing regions of the gulf. The Saudi eastern oil fields are largely Saudi Shi'a population. If you look at Iraq, the layout of their oil reserves, much of them, particularly if Kirkuk goes back to the Kurds, end up in non-Sunni hands.

So I think there is a political animosity that will unite much of the Sunni leadership in the Middle East against Iranian-Iraqi cooperation.

Finally, it is nuclear weapons. The Iranians are going nuclear. They are going to achieve, in the next 5 years, some modest capability, 10 to 20 weapons. It will change dramatically the military balance of power in the Persian Gulf. The U.S. Navy will no longer go into the gulf without understanding they are literally placing 10 to 15,000 sailors' lives at risk. I do not see us currently having either the military power or the political will to deal with the several completely unpalatable options to deal with that.

So flash forward 3 to 5 years. Iran is a nuclear power and with a huge capability to influence events in Iraq; a situation from which we will be withdrawing.

Senator HAGEL. Thank you.

Dr. Pollack.

Dr. POLLACK. Thank you, Senator. I also completely agree with Dr. Cordesman's comments. I think they are right on the money. Let me just amplify a couple of them because I think they are important.

Iran-Iraq relations are going to—are deep and will continue to deepen. There is no way that we can stop them and it would be foolish of us to try to do so. One of my fears is that there are elements within this government who see the Iranian bug bear around every corner, believe that any Iranian influence is inherently evil, and are fighting that influence with everything they can, not recognizing that they are doing tremendous damage to our relations with the new Iraqi Government and to the new Iraqi Government's ability to function. Iran will have a major influence in Iraq. We need to recognize that and accept it.

By the same token, we should not see that influence as necessarily pernicious. As Tony has pointed out, and I think he is absolutely right, the Iranians are most afraid of chaos in Iraq. They hear the same things that we do, they see the same information we do. They, too, know that civil war is a very real possibility in Iraq and that is their greatest concern.

As a result, I think we need to recognize that we have had tremendous tacit cooperation from the Iranians over the last 2 years. The Iranians have been telling their various allies inside of Iraq to participate in the process, the political process that we have established. They have been restraining various hotheads in Iraq who have wanted to act unilaterally, to fight other groups, to engage in assassinations and terrorist campaigns of their own, and that has been extremely helpful to us.

The Iranians have not done it out of any goodwill for us. They have done it, as Tony pointed out, purely because it is in their interest to do so. My guess is that that will continue to be the case, again as Tony points out, until one of three things happens: We

succeed; we fail and the place starts to come apart; or we decide to try to mount military operations against Iran. Under any of those circumstances, then I think you could see Iran's perspective on Iraq changing.

If we succeed, you know what? That is a problem I would very much like to have. If we succeed in Iraq and our problem is what do we do about the Iranian competition over a successful Iraq. If we fail, I think Tony is absolutely right. The Iranians will get into Iraq as quickly as they can, and they have set up a massive intelligence network inside Iraq to be able to move—to allow them to move very quickly to arm proxies, to set up safe havens, to create buffer zones, and to go to war with various groups that are going to be allied against them.

One point I would make, just a tweak to Tony's comments, is that I suspect that a civil war on Iraq may not see Shi'a versus Sunni; it may see fragmentation and different Shi'a groups against different Shi'a groups and against different Sunni groups. Under those circumstances, the Iranians will be looking, and I think they already are looking, to identify their allies and their adversaries in Iraq and move very quickly to help their allies and hurt their adversaries as best they can.

Obviously, the big unknown out there is—actually there are two, and Tony alluded to at least one of them. One is what are the Iranians going to do. They do have a new President. It is unclear if that new President will have any impact whatsoever on Iranian foreign policy. Their foreign policy so far has been, in the last 5 years, pretty consistent and arguably quite pragmatic, if not terribly pro-American. That is fine. We can live with it.

If they change their policy, then things could start to be different inside of Iraq. But by the same token, I think we need to recognize that American policy toward Iran is very much up for grabs, and some of the more aggressive policies we have heard outlined toward Iran could have very serious repercussions for us in Iraq.

As I said, we have greatly benefited from Iran's tacit cooperation in Iraq. If we go to war with Iran, then we will have very little incentive to continue to maintain that cooperation over Iraq.

Senator HAGEL. Thank you.

Mr. Chairman, thank you.

The CHAIRMAN. Thank you, Senator Hagel.

Senator Biden.

Senator BIDEN. Thank you very much, gentlemen, for a really useful morning. I hope they had the television on in other buildings downtown.

As usual, my friend from Nebraska asks the \$64 question: Is our policy worthy of our military? The answer is a flat "No; it is not." In my view we have no discernible regional policy. I have not been able to divine it.

We talk about Iran—and I had not planned on mentioning this, but Iran has certain interests as well. They do not want any permanent U.S. bases. They want a quick exit but leaving stability behind.

Everybody forgets—you guys do not because you are so used to it. But you know, Persians have a bare majority in Iran. The idea of the consequence of a civil war, a sectarian war, in Iraq goes a

lot further than just what the consequences are on other countries in the region, what the consequences are internally in Iran.

Our policy thus far has been a disaster. General, I think there is a reason why—I will not bore you with; I have bored you already privately with my views about my conversations over the last 3 years with foreign leaders who could have helped and offered to help, and I believe they offered to help, and the way we dealt with it.

There is an old bad joke about George playing center field. You basically said it. George plays center field; in the first two innings he has five errors. The coach pulls George out and says: Tony, you are in, and he puts Cordesman into center field.

The first pitch, a routine fly ball to Cordesman hits his glove; he drops it, error. The coach goes nuts, calls time out, and says: Tony, you are out of there. As Tony Cordesman is crossing the third base line the coach grabs him by the number and says: What is the matter with you, Cordesman? Cordesman looks at the coach and says: Coach, George screwed up center field so badly no one can play it.

Well, the truth of the matter is that is part of our problem. We have screwed up center field so badly, economically, politically, and I would argue in terms of military strategy from the suits, not the uniforms, that anybody who tells me—if I go one more time and someone tells me that we have given the military everything they want—that is simply not true, not true, not true, not true.

In five trips to Iraq, I find an ascending willingness on the part of flag officers to say out loud: Hey, I do not have what I need. Because they figured out they are going to wear the jacket, they are going to be the ones blamed, they are going to be the ones blamed for a bad policy.

Well, enough of my talking about that. Let me point out, this notion of U.S. interests and intentions, we have a big problem. I asked the question of this administration why we will not say we do not want any more bases there, just flat out: We will not have a permanent base there. Guess what? They have not resolved that issue internally. That is one of the reasons why we do not have a good public diplomacy, General. They do not know what to say. They do not know what to say as to what our policy is.

The reconstruction policy, to quote a great chairman of the Foreign Relations Committee, it is incompetent, incompetent, incompetent. The corruption, as you point out, it is not just Iraqi corruption. It really is incredible to me. It is incredible to me the way in which every time we have been there, from the first time the three of us showed up together to the last three times. It seems to me like—Webster seems to me like a guy who can shoot straight and knows what he is doing, head of the 3rd ID.

He shows me, just like his predecessor Chiarelli did of the First Cav: Give me PCV pipe, let me run it from the back of the homes into the Tigris River so there is not 3 feet of water or 2 feet of sewage sitting in the front yard and, guess what, my troops do not get shot at as much. And he showed me these big overlays only you guys can do, the Powerpoint deals. Take away the garbage, turn on the air conditioning a little bit, a couple more hours a day.

Our commander of the Third ID calls it, he refers to “the greening of Iraq.” He does not mean it in a positive way. You can see

from a helicopter, the one you flew in, the same ones I flew last time. We wonder why foreign policy guys do not sign up, foreign service guys. Guess what, they do not get the Blackhawk I get. They do not get to travel at 100 feet off the ground at 150 miles an hour so there is no problem if I were to be shot at, with four guards with me.

That is the reason they are not volunteering. They do not get to go outside. They do not get the protection you got, General. They do not get the protection I got. Go to Fallujah? Give me a break, go to Fallujah. Get your rear end shot off going to Fallujah.

So what I have a problem with is figuring out how do we do more of the same. This is a race against the clock. Let me understand what I glean from you guys, and with the disagreements there seems to be pretty much a consensus. One, you have got to train the Iraqis. Ultimately they have got to do the job. They cannot be trained sufficiently to be able to take over major responsibility, big chunks, in less than a year.

Tony, you and I may argue about how well they are trained and I can go back and read your statement from February and read mine from the same. We really have no difference. You know the reason they worked in the election, our military shut down the country. No one was allowed to drive a car. No one was allowed to move. They were able then to man a checkpoint. That made sense.

But if we did not shut down the country, lock it down, they could not do it. But we all agree that they are on their way. I think Petraeus is first-rate. I have been a fan of his since he was up in the north, and I hope to God they do not take him out of there. He is the single best thing we have got going on the ground, in my view, and he is making real progress.

But number one, everyone agrees it is going to take some time, in the year-plus category, to train up these guys. To create the political conditions to win, we have to do two things. We have to have elections, participation. But we found out when Sunnis get shot at they do not show up. What makes anybody think the Sunnis in the second round are going to show up, even if they helped write the constitution, if, in fact, the circumstance in the triangle is physically no different for them? Maybe, maybe, maybe.

Second, you know, every poll I have seen and every Iraqi I have spoken to says to me, in my five trips: I cannot walk out my front door. You name me a city in America that would support George Washington reincarnated as President if they could not walk out the front door, were afraid to walk down the street, to send their kids down to the local store to pick up a grocery.

So every one of them rates crime in the street higher than anything else. So I do not know how we avoid your position, Dr. Pollack, about we have got to do something to change the condition on the ground. I guess the thing we do is we train more Iraqis, but we need more time to train more Iraqis.

Now, we have 6 to 18 months and that will tell the story. Iraqi troops, what happens outside Baghdad, and whether or not people can move around. Yet we are going to be asking the American people in the meantime, who are leaving us in droves—because one thing I think the five of us all agree on, we cannot afford to lose here.

So I end up back to the position that I think Iraqi attitudes do relate in part to their safety. I do think that the strategy, if you talk to our folks on the ground, as you guys have, all of you, they say: Look, they're trying to figure out if you get the Sunnis in on the deal, then you can isolate the jihadists. And the Sunnis are still the biggest problem in the insurgency, but if you get them in on the deal—we need a political solution. It is not going to lend itself to a military solution.

But the one thing I disagree with you, General, is I think that the jihadists play a larger role here.

Now, what are the Sunnis outside doing? I sit—and I agree with all of you. The one thing every place I go, I spend a lot of time, after the first of the year 4½ hours alone with Mubarak at his request. I spent a lot of time with the King. I spent a lot of time in the region. All I hear from all these guys is one thing, Dr. Cordesman. We cannot have a Shi'a state, we cannot have a Shi'a state, we cannot have a Shi'a state.

Everybody who is Sunni looks first to Shi'a. It is amazing to me. Then when we say—when they offer to train or do more, we say to them: We cannot have them train or doing more because they are Sunni, our folks are saying.

As I look at the security—and I will end, Mr. Chairman. I look at the security my last trip—and you guys have all done the same thing—I met with the Prime Minister, the Defense Minister, the Speaker of the Parliament. We have got a Badr Brigade and we have a Pesh Merga. We all agree it would be ridiculous for either of them to agree to disband. We do not have enough American forces. Whether we should or should not have had them, they are not enough. And we do not have an Iraqi Army trained up yet.

Every Sunni I spoke with said: Senator, do not send anybody into my neighborhood that ain't Sunni. The Sunnis are not joining that military. So send the Badr Brigade into the Sunni Triangle, send the Pesh Merga by any other name into the triangle, I think you really do have a civil war, you really do have a civil war.

So what I keep coming back to is, as much as we say our presence is one that is rejected, every single person I spoke to this time, including the most reactionary Shi'a, who I will not name but I will tell you privately said: You got to stay, you got to stay.

So it leads me to this conclusion and I will stop, and if you would want to comment I would appreciate it, but I fully understand if you do not because the hour is late. One, I do not know how we move further without following up on some of Dr. Cordesman's ideas, and I think they are good because I also have suggested similar things, so you might think I would think they are good.

One is we need benchmarks here. How can we measure success or failure if the administration does not state what their intention is? The idea we are now sitting down and doing an assessment of oil? What are the benchmarks? What is the goal? What are we setting out? What is the thing we measure success or failure against, except sit back there and say, I am going to trust these guys for another 2 years, these same brilliant guys who brought us this strategy?

The second thing I do not understand is—and I think our new Ambassador—I fully concur with you, General, he is first-rate. I

think you are going to see him do, I pray, that he is going to take all this stuff out of the hands of Brown and Root and the rest. And let us say they are all good guys, honest, wonderful people. As one person said to me—and I will not name his name, a flag officer: Do not build me a tertiary sewer treatment plant; give me the PCV pipe. Do not tell me you are going to change the whole water supply system; give me generators that I can use right here, right now.

The only guys—the 2,000 projects you talked about are all military. They are the only guys who know how to do it. But that is not where most of the money is going; 90 percent of it is not. Now, they just made an adjustment and they are going to put a little bit more after—what are those funds called? Commander's Emergency Response Funds. We should give it all to them, figuratively speaking.

The third thing is we need foreign help. We need more people in on the deal. Not only do we need a contact group that is, I would argue, broader, Dr. Pollack, broader than you suggested. I am just a plain old politician and let me point out to you that if in my State we had been invaded by—the southern part of the State had massacred the northern part of the State, we had to write a new Delaware Constitution, we are going to bring the State together, we want to keep it within its existing borders, and I am from the northern part of the State and I say, by the way, you know what we could do, we have got to include more of those southerners in this government—walking into that constituency that just lost their brother, mother, sister, aunt, uncle, father, I would get my head ripped off.

But if I walked in and said, you know what, everybody in the United States of America, the other 49 States, are giving us aid; they are insisting we have to include them. If we do not, we get no help. That is the reason why.

These Sunni leaders know they have to get in on the deal and the Shi'a leaders know they have to let them in. But it is that second, third, and fourth strata. So I would suggest we kind of missed something without understanding the political dynamic of what it takes for a political leadership to stand before its constituency, and it is a constituency of sorts—it is tribal, but it is a constituency—and make these cases.

So I really think we have to, and I hope you can weigh in with the administration. We need a contact group. We need some benchmarks. We need some means of measuring what we are about to do and not lay it all on Petraeus, who is doing a heck of a job.

So those are my comments. Anybody that wants to respond to them, I would appreciate it. If you do not, I fully understand.

General McCaffrey. Senator Lugar, I apologize. I must get on a plane to Los Angeles or I will be beaten by the supper group that is waiting for me. I thank you for the honor of being here. I have great respect for your leadership and thank you for allowing me to participate.

The Chairman. Thank you very much, sir.

Senator Biden. Again, there is no need to respond, but I would invite it if either one would like to.

Dr. Cordesman. Senator, let me just make one very brief response. I think what bothers me a lot is the sheer complexity of

this. You mentioned benchmarks. A lot of this is also very local and very regional now, and necessarily in our hearings we focus more on gross national trends. Whatever we do out there, we need to have a much better picture of what is going on in given cities, in given provinces. We need to make clear distinctions in tribal groupings and so on.

What strikes me as strange, in addition to the lack of any meaningful articulated grand strategy, is the inability we have outside the military, where we do tend to map areas of risk, to truly say what is it we are doing, what we are trying to pull together, how we are supporting the Iraqis.

I hope as you go through the hearings to follow you are going to ask people to deal with the complexity of these issues, to go beyond the sort of sweeping strategic generalizations which far too often are used in the politics or these strange nationwide measurements of where the aid goes without any indication of what is happening economically in those areas, how it interacts with the politics and how that interacts with the security situation, because frankly it seems that we have forgotten every lesson we learned in Vietnam about trying to figure out what is happening and what we are really doing and what the effects are, or we have managed to classify it to the point where none of the people involved seem to know.

Senator BIDEN. That is exactly what I mean by benchmarks. I am not talking about one grand strategic plan. I want to know whether or not in each of the cities there is another 20 minutes of electrical power going on. I want to know whether or not their intention is to provide in city A, B, C, or D additional generating capacity. I want to know whether or not they intended on having a county council or a city council elected and whether or not they got it elected. I want to know, but I have not been able to, except when I go to Iraq and sit down and almost always, notable exceptions, with a man or woman in uniform.

Short of that, I do not know where to go to get it, and, therefore, the ability to measure this is almost impossible.

Dr. POLLACK. Sir, let me just add on. It is interesting, I think, that Tony and I fixed on the same point that you made in your remarks, which I think are so important. Your point about giving most or even all of the money directly over to the CERFs, to the Commanders Emergency Relief Funds, strikes me as being in the same vein. I think that there is a role for these kind of macrolevel questions that we have been discussing today, in part because I think we have some of the macrolevel approaches wrong. But as Tony is pointing out, we also really need to take a microlevel approach and that is because, in large part, if reconstruction is going to succeed in Iraq it is much more likely to succeed from the bottom up than the top down.

We have mostly been taking over the last year and a half, maybe even 2 years, a mostly top-down approach, in part because we panicked because we did not have a plan to do it bottom up and it was easier to reach out to the top down, in part because I think the security situation is such that it is much easier to sit in a room with Ibrahim Jafari and 20 other Ministers than it is to send people out into the field, exactly as you have suggested. It is dangerous out there and our people get killed because it is dangerous out there.

But I am very, very nervous about that approach. It has not worked well in the past in other places and it is not working terribly well in Iraq, and it is creating many of the different problems—political, economic, and military—that we have been talking about. So it is absolutely critical.

I will make a broad generalization about making broad generalizations, which is that it is critical, as Tony suggested, to get down to the microlevel to find out what is going on in every city and every province and every neighborhood of Iraq, because that is where reconstruction is going to work. It is, of course, also where we have had a number of success stories. We have all heard any number of anecdotal reports about the local foreign service officer or the local military-civil affairs person or some other group who has been able to do something at the village level and have really been able to connect with the Iraqi people, and, of course, that is critically important.

But, of course, we do not have enough people and we do not have enough resources to be doing that broadly across the country. We also have these macrolevel problems that are hindering these microlevel solutions and preventing these microlevel solutions from either being sustained or catching on and spreading or becoming part of a larger trend.

Thank you.

The CHAIRMAN. Just out of curiosity, either at CSIS or Brookings Institution do you have graphics of Iraq that show province by province, maybe as national news magazines in our country would have, coloring—some are red, some are orange, some are yellow, depending upon a scale of 10, security is 9-plus here, 7.0 here, or thereabouts? Or maps that indicate per capita income, if that is an appropriate figure, or unemployment?

I am curious because I share Senator Biden's thought about benchmarks. But I am just wondering who in the world anywhere has such a critical aid when we are trying to gauge success, not just success militarily. The American people look at all this in terms of political support and economic support and so forth for all this. This is a critical time in terms of our own internal country dialog.

I am just curious what sort of resources there are out there that we may be missing.

Dr. CORDESMAN. Well, Senator, I cannot speak for Brookings. The truth is an awful lot of the data that is being provided on Iraq is national. A lot of it will not survive engagement with any kind of investigation as to where it came from. Often the data come from an Iraqi ministry and some of the Iraqi ministries measure some things quite well. We do not do a particularly good job of reviewing that data or transmitting it. Often when we do it does not come in with the qualifications or the limitations involved.

There has been some survey work done by the UNDP. It has some significant statistical problems with it, but it does get into some of these areas. It goes outside the ministries. But I think one answer to this is that we really do not take a significant account of what the Iraqi governments are saying. A lot of the time local governments or provincial governments also gather this data. We cannot go into the field and get it, and frankly it does not come for-

ward. If it is being gathered in the Embassy, I do not know whether it is there. I think it is in some of our Embassy teams present.

So it is not that the data are not there potentially. It is that they are not really being tied together. As for what the Pentagon has in its Situation Room, that is a mystery to me, but I think it is in some ways a more reassuring view of the data that is generated and provided in Baghdad, and it does not get into a lot of these issues.

As Ken pointed out, we really do need to know, because, otherwise, to me the classic example is Basra. We have there a Shiite Islamist government which is not part of the mainstream alliance, running its own police force. Ken pointed out it has some of its own economic goals. And if it was not for press reporting, I do not think any of us, or listening to the British, any of us would be aware that there is a major problem in Basra from anything that is being said in reporting in the United States.

Senator BIDEN. Can I interrupt on that one point? You know, there are surveys that have been done and we, the United States Government, presented to us as of July 6 an assessment of the goals on bridge and road construction, education, judicial, civil society, transportation, and how close we have come to meeting our targets.

But we can do household surveys in each of these provinces—they are a sophisticated group of folks—to determine everything from whether or not the trash is being picked up to whether they have potable water to whether they have any health care. It is not absolute, but it is a better means by which—and to the best of my knowledge we are not doing that. We are not doing that on a detailed basis to get a read as to where the needs are.

I just raise that as an example of what I mean by benchmarks. I am just trying to figure out how we begin to assess any of this. Your point, doctor, is correct. But for the fact—I mean, where would we read some of that stuff?

Dr. CORDESMAN. Senator, let me just give you one example. The ministry dealing with municipalities did a water survey, indicated that something like 30 percent of the Iraqis now have a reliable source of potable water. They did break it down. Now, I suspect those results were not that accurate in the west. But it is not as if some of this is not being done.

As for outside telephone surveys or the other kinds of surveys which are being used, let me say that most of us have forgotten more statistics than we ever knew and that seems to apply to many of those pollsters. The samples are simply ridiculous and the results are ridiculous and the lack of control questions are ridiculous. So I would much rather see if we cannot fix the Iraqi process of governance, which has got to work anyway, than rely on more surveys, many of which seem to have four or five pressworthy questions without controls.

Senator BIDEN. I guess what I am saying, I would like to know what our administration's policy is as to how to fix the Iraqi Government. I would just like to know what it is.

The CHAIRMAN. Let me just add another question that comes from things that both of you have written. Dr. Pollack, your book on Iraq was tremendously influential to many of us as we came up

to that situation. Now your book on Iran is very helpful. Dr. Cordesman's work is legion. We all clip that and put it in our files.

One of the background things that you touched upon, and that I really was struck by, at a recent Aspen Institute congressional event on Islam regarding borders. I deliberately brought that up in our questions. But a good many people in the region do not see the borders that were arbitrarily put in by Great Britain or France or what have you after World War I as especially relevant to their lives. They are still thinking in terms of the Saudi Peninsula or the Ottoman Empire or various other configurations of people, and as we have heard today, as Shiites or as Sunnis or as differentiations of these groups.

This whole business of trying to get people to think about being Iraqis, of actually seeing a nation state that would have the cohesion we are talking about as being successful, is still viewed by some as a bridge too far. Now, others would say, well, 50 years have passed and there are a lot of people who have a sense of being Iraqi, including many Kurds, and so forth. And we all hope that that is so, so that a nation state is conceivable, as opposed to either civil war or a fractionalization, even without war, in which people simply go off on their own way with their militias and have their own situations.

My hope is that, since you both are influential, you will continue to discuss the history of the situation and the expectations of people, so that all of us will have that kind of a background, of what a very large achievement that would be if, in fact, this group of people find themselves as Iraqis, if they are able to support a constitution for whom they have some allegiance, to share oil revenues, whether they be in Kirkuk or wherever ultimately.

This is why it is important again for us all to understand how big the place is in terms of differentiation of localities and provinces. Otherwise we may be discovering, not separate nations and states, but strange alliances with other countries that are around. We are going to take that up as a part of our hearing. We will explore how people get together with the Iranians. We will focus not on the relationship of Iraq and Iran, but on specific parts of the countries that come together on some other basis than arbitrary borderlines that we may have had before.

I just make this as an observation. You all talked about it, but I think it was simply important to add.

Finally, let me just say that I appreciate the fact that, as Senator Biden said earlier, at least those of us who were sitting there at that point—the Senator, myself, and I am certain Senator Hagel would share that view, and all of you—we are discussing this today from the premise that we must succeed. That was the purpose of this hearing and of the full series of hearings. This is not to be a forum in which somehow we discuss why we fail and why inevitably we must go downhill from here.

We understand the lay of the land, I think. We know, realistically, how daunting the challenges are. But the purpose of this is to try to illuminate the facts and ways of collecting data or arguments that are beyond this, and conveying this information to other policymakers. I would just say, for whatever reassurance it is, we intend to share broadly with members of the administration

the papers that you have written, the record of the series of hearings. We are hopeful that they will find them as profitable as the members have today.

I thank both of you very much, and General McCaffrey as well, for remarkable testimony and the contribution you have made. So saying, the hearing is adjourned.

[Whereupon, at 12:50 p.m., the committee was adjourned.]



## ADVANCING IRAQI POLITICAL DEVELOPMENT

TUESDAY, JULY 19, 2005

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

The committee met, pursuant to notice, at 2:30 p.m., in room SH-216, Hart Senate Office Building, Hon. Richard Lugar (chairman) presiding.

Present: Senators Lugar, Biden, and Dodd.

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

The CHAIRMAN. This meeting of the Senate Foreign Relations Committee is called to order.

Today the Committee on Foreign Relations again meets to discuss Iraq, specifically how our Government can help advance Iraqi political development.

Last January we witnessed the strong desire of Iraqis to achieve a working democracy when 8 million Iraqi citizens risked their lives to exercise their new freedom to vote.

The resulting Iraqi leadership is working under difficult circumstances to include Iraqis, Shi'as, Kurds, and Sunnis, something never before achieved in an Iraqi Government. The cooperation among Iraqi groups has occurred despite the efforts of the insurgents to provoke a civil war or undermine the fledgling government institutions by perpetuating deadly attacks.

But the political situation is fragile, and success will require much compromise, as well as progress in the security and the economic spheres. Even as we discuss options for enhancing the development of Iraqi political institutions, we are mindful that relevant deadlines are fast approaching.

The Iraqi Government must draft a constitution by August 15, and organize a referendum on it that is planned for October 15. National elections for a permanent government would follow by December 15, 2005.

These political milestones have come to be seen as integral to the overall goals of solidifying Iraqi political stability, overcoming the insurgency, and, ultimately, withdrawing United States forces from Iraq.

In the last several weeks Iraqis on the Constitution Drafting Commission have indicated that significant progress has been made on the constitution, and this is encouraging news. But polling data indicates that there is still a great deal of uncertainty among Iraqis about exactly what is ahead in this process.

Recognizing the importance of the aggressive constitutional and electoral time lines to our own interests, we'll be asking our experts today whether the time line is achievable, and what ramifications might occur if deadlines are changed or missed. We'll examine whether the current timetable remains the best option for advancing political development. We will also focus on whether it's possible to change the political climate through a public education campaign, how we can forestall a Sunni-Shi'a conflict, and how we can help cultivate Iraqi leaders who will tolerate inclusive political interaction without resorting to violence or other exclusionary tactics.

Yesterday the committee examined options for improving the security climate in Iraq. Today we will proceed with the same format that yielded an excellent discussion in Monday's hearing.

Our discussion will be organized around four policy options for improving the political situation in Iraq. Accordingly, after Senator Biden and I offer opening comments—and Senator Biden will be recognized when he comes to the hearing—instead of hearing comprehensive statements from the witnesses, at that point we will put the first policy option and associated questions before our expert panel. Each witness in turn will provide his or her views on the option being presented.

Then we will put the second option before them, and then the third and fourth.

Finally, recognizing that options exist beyond our published hearing plan, we will ask our witnesses if they would like to offer any additional ideas for improving political development in Iraq that have not been discussed.

After this sequence, committee members will be recognized in turn to address questions to any member of the panel. My hope is that through the expertise of the witnesses, and the questions of the members, we may achieve a systematic evaluation of the options present for improving the Iraqi political situation.

We are very pleased to welcome a distinguished panel of experts to help us with this inquiry today. Dr. Phebe Marr is a senior fellow at the United States Institute of Peace. She has been a valuable advisor to our committee on matters pertaining to Iraq, and she has testified before us on many occasions.

Ms. Judy Van Rest is the executive vice president for the International Republican Institute. From April 2003 to July 2004, she served as senior advisor for Governance and director of Democratic Initiatives for the Coalition Provisional Authority.

Dr. Noah Feldman has also testified before us previously. He is a professor of law at New York University, and in addition to his academic work, he has advised the Coalition Provisional Authority on constitutional law issues.

These experts have spent a great deal of time analyzing the Iraqi political situation, and we're grateful that we can draw upon their experiences and insights today.

As I mentioned at the outset, we'll commence our hearing with the first set of questions, and I will ask—after I've read this material—for Dr. Marr to respond, then Ms. Van Rest, and then Dr. Feldman, in that order. And we'll rotate. The first responder for the second question will be Ms. Van Rest. You'll have an oppor-

tunity to lead off then, and Dr. Feldman on the third, and then back to you, Dr. Marr, on the fourth.

Option number one: Should the coalition encourage Iraqis to forgo writing a full constitution at this time; or should we encourage a strict adherence to the current deadlines for finishing a constitution?

Does the current compressed timetable for drafting and approving the constitution aggravate the destabilizing differences among the parties?

Delay would involve setting aside thorny issues that could undermine national cohesion like regional autonomy, the status of Kirkuk, the role of Islam, and others.

Instead, should we be encouraging Iraqis to promulgate a miniconstitution covering electoral law, and other items on which agreement can be reached? Would agreements on limited subjects build momentum toward cooperation on more difficult items; or should we stick to the current schedule by pressing for a completed constitution by the deadlines that have already been established?

What pressures, if any, can or should the coalition exert on the Iraqi Government to adopt either of these courses?

Dr. Marr, would you lead off? And we welcome you again to the committee today.

**STATEMENT OF DR. PHEBE MARR, SENIOR FELLOW, U.S.  
INSTITUTE OF PEACE, WASHINGTON, DC**

Dr. MARR. Thank you very much, and I'd like to thank the members of the Senate Foreign Relations Committee, especially yourself, Mr. Chairman, for addressing these issues and for the opportunity to testify.

I must add that my views here are my own, and not necessarily those of the U.S. Institute of Peace, which does not advocate specific policy positions.

In my view the coalition should take its lead from the Iraqis and should not be seen to be intervening directly in the constitutional process, although it can certainly offer help and encouragement behind the scenes.

The Iraqis, as you say, are intensely engaged, at the moment, in negotiations on the constitution and have indicated that they think that they can complete most of the necessary compromises and the drafting process by the deadline.

If that is actually the case, it would seem presumptuous of us to urge them to take more time. However, as seems more likely, particularly with the news yesterday and today that the drafting proves more difficult, or Iraqis, themselves, indicate that they need more time, we should be encouraging them to take it, not forcing a deadline. In short, pressure for the deadline should not be coming from us.

Rather, our message should be the achievement by Iraqis of a better instrument, one that satisfies Iraqi needs rather than a symbolic achievement of meeting a deadline.

There are several incentives behind the drive to meet the deadline. One is the United States agenda, the need to prove to the United States public that progress is being made in Iraq.

A second is the Iraqi election schedule and the desire by the current government to prove itself by meeting the deadline and by moving to another more permanent election.

Third is the oft cited need to keep people's feet to the fire. Without a deadline the process could drag on indefinitely postponing the hard work of compromise, rather than facing the issues.

Lastly, there's the symbolic fallout of missing the deadline, which could be seized on by the insurgents for propaganda.

But these arguments, especially the last, in my view, do not outweigh the argument for taking more time, if needed, to produce a better constitution. Additional time should be evaluated on the basis of what can be achieved with it.

For example, in the short term, there could, perhaps, be better public education and outreach on the constitution; a second benefit might be a greater inclusion of the Sunni community.

But it must be admitted that several issues will be just as difficult to resolve in 6 months as on August 15. One is the thorny issue of Iraqi identity. The constitution will be expected to lay down a few principles on this subject. What will it say about nationalities? And will that satisfy the Kurdish need for a distinct identity? What about Iraq as part of the Arab world? And if Iraq is declared an Islamic State will that formulation provide space for secularists, non-Muslims, women?

But the second issue is, perhaps, the most difficult; that is the issue of federalism and the distribution of power between the central government and various provincial and local units.

This involves, as you know, defining the provincial and local units. This solution must deal with the Kurdish regional government, whether Kirkuk and other territories are included in it, and the powers of the local units, especially the KRG and the central government, particularly, with respect to collection and distribution of revenue.

Connected with this is the issue of ownership and management of Iraq's resources, especially oil. Will this be vested in the central government, or Iraq citizens, or will some of these resources accrue to local and regional governments?

There will have to be a compromise and an understanding on these issues before the broad outlines of a constitution and stability in Iraq can take shape. If compromise cannot be reached, or at least, some broad principles laid down by August 15, then Iraqis should be allowed to extend the deadline as provided in the TAL.

It's not clear that simply putting out a miniconstitution with agreement on what they can achieve in the short term and postponing these critical issues is a solution. Neither the identity issue, nor the federal issue, are likely to be solved with any finality in a few weeks or even a few months. But by putting them off indefinitely it may make them more difficult to solve later as special interests become entrenched.

Rather, Iraqis should be encouraged to think of this constitution as the first of many steps in the process of knitting their society and their country together and in democratizing it.

Whether by August 15 or January 15 they should be encouraged to achieve a flexible formula for sharing power among communities and achieving a balance of power between the center and the pe-

riphery. They will need to come out with a constitutional framework firm enough and broad enough to provide for a stable, effective, government with enough sovereignty and legitimacy to instill confidence in Iraq's future at home and abroad.

This is particularly important for foreign investors who will not want to sink money into a country whose government does not appear to be stable. But this instrument must also be flexible, able to be modified by some acceptable public process, over time, to allow for growth and development on the ground.

What can and should the coalition do to advance this aim?

First, stop pressure and public policy statements on the need to meet the August 15 deadline. Let the Iraqis take the lead, but let them know privately and publicly that if they need more time they should take it.

Second, make equally clear, however, that the time is not limitless, that the TAL provisions do need to be met and that the time extension for some reasonable draft should be met, certainly, by January 15, if not before.

Thus the momentum, which is already underway on the constitution, will be maintained.

Third, encourage all concerned to view the constitution as a framework, an initial step in Iraq's constitutional life which can be adjusted, over time, in a public process to accommodate change. The constitution itself, of course, should provide for such a process.

And fourth, encourage a more realistic attitude, especially in the United States, over what to expect of the constitution. Too much weight has been placed on the constitution as a turning point, and a means of curtailing the insurgency.

Like the election, the draft constitution will be a positive step, but, in itself, is not likely to have more than a marginal effect on the insurgency. Tying the two together is a political mistake.

[The prepared statement of Dr. Marr follows:]

PREPARED STATEMENT OF PHEBE MARR, SENIOR FELLOW, U.S. INSTITUTE OF PEACE,  
WASHINGTON, DC

I would like to thank the members of the Senate Foreign Relations Committee, particularly Chairman Lugar and Ranking Member Biden, for holding this hearing today, and for the opportunity, once again, to offer my views on the political situation in Iraq and to suggest some ideas for increasing the chances for success in Iraq. I want to add that the views expressed here are my own and not necessarily those of the U.S. Institute of Peace, which does not advocate specific policy positions.

The committee has posed a number of penetrating questions and options and asked for our analysis and suggestions. They have not been easy to answer because they touch on issues which go to the heart of the difficulties confronting Iraqis and the coalition forces. But I will do my best to address them.

*1. Should the coalition encourage Iraqis to forgo writing a full constitution now, or encourage strict adherence to current deadlines for finishing the constitution?*

The coalition should take its lead from the Iraqis and should not be seen to be intervening in the constitutional process, although it can offer help and encouragement behind the scenes. The Iraqis are intensely engaged at the moment in negotiations on the constitution, and have indicated that they think they can complete most of the necessary compromises and the drafting process by the deadline. If that is actually the case, it would seem presumptuous of us to urge them to take more time. However, if, as seems likely, the drafting proves more difficult or Iraqis themselves indicate they need more time, we should be encouraging them to take it—not forcing a deadline. In short, pressure for a deadline should not be coming from us. Rather, our message should be the achievement by Iraqis of a “better” instru-

ment, one that satisfies Iraqi needs, rather than the symbolic achievement of meeting a deadline.

There are several incentives behind the drive to meet the deadline. One is the U.S. agenda—the need to prove to the U.S. public that Iraq’s political process is moving ahead, that progress is being made, and that the U.S. commitment has some measurable achievements—sorely needed in the face of insurgent attacks. A second is the Iraqi election schedule and a desire by the current Iraqi Government to prove itself by meeting the deadline and consolidating power by moving to another, more permanent election, as soon as possible. Third is the oft-cited need to keep people’s “feet to the fire.” Without a deadline, the process could drag on indefinitely, postponing the hard work of compromise, rather than facing the issues. Lastly, there is the symbolic fallout of missing the deadline which could be seized on by insurgents for propaganda value. But these arguments—especially the last—do not outweigh the arguments for taking more time, if needed, to produce a better constitution.

Additional time should be evaluated on the basis of what can be achieved with it. Here one must make a distinction between what could be achieved if the deadline were advanced a few more months, and what may take years or decades to achieve. In the short term, one thing that could be better achieved would be public education on the constitution and feedback from the public in time for consideration in the draft. Some effort has been made in this direction; but not enough. If the drafting committee could indicate, at the end, that they had considered public opinion, it might make a difference in public acceptance and the feeling the public had a stake in the process. A second beneficial outcome might be greater inclusion of the Sunni community. Sunnis have been included in the drafting process but more time might allow greater consultation and mobilization of support. Third, perhaps most important, more time could help in crafting a new electoral law that was more inclusive, if the constitutional committee were so inclined. Many Iraqis are suggesting that the law put more emphasis on districts and provinces, but this would require a census and other measures, which are time consuming. Time should not dictate something as important as the electoral law.

But several issues will be difficult to resolve on August 15—and probably just as difficult on January 15. One is the issue of Iraqi identity. Is there an Iraqi identity and if so what is its nature? The constitution will be expected to lay down a few principles on this subject that various communities inside—and outside—Iraq will be watching carefully as a pointer to Iraq’s future. What will the constitution say about “nationalities” inside Iraq and will it satisfy the Kurdish need for a distinct identity? What about Iraq as part of the Arab world? A statement that satisfies Arab nationalists, especially among the Sunnis, may not sit well with Kurds and some Shi’a. And if Iraq is declared an Islamic State, will the formulation provide space for secularists and non-Muslims? Even the Iraqi flag, as a symbol of Iraqi identity, will be contentious.

Second is the issue of federalism and the distribution of power between the central government and various provincial and local units. This is undoubtedly one of the most contentious issues. First, it involves defining provincial and local units and their territorial boundaries. This solution must deal with the Kurdish Regional Government (KRG) and whether Kirkuk and other territories are included in it. It could also involve creating larger regional units, for example, in the region around Basra. Will the current 18 provinces continue to exist? Will provinces be defined on a territorial basis or will there be an ethnic or sectarian component? And what will be the powers of the local units (especially the KRG) and the central government, especially with respect to the collection and distribution of revenue?

Third is the issue of ownership and management of Iraq’s resources, especially oil. Will this be vested in the central government, or in Iraq’s citizens as a whole. Or will some or all of these resources accrue to local and regional governments? Lastly is the issue of national security, the formation of a national army and the role of the various militias with respect to the central government.

There will have to be a compromise and an understanding on these issues before the broad outlines of a constitution—and stability in Iraq—can take shape. If they cannot be reached, or, at least, some broad principles laid down—by August 15, then the Iraqis should be allowed to extend the deadline as provided for in the TAL. It is not clear that simply putting out a miniconstitution, with agreement on what they can achieve in the short term and postponing these critical issues, is a solution. Neither the identity issue—which involves relationships among Iraq’s ethnic and sectarian communities—nor the federalism issue, which involves power sharing among communities and territorial units, are likely to be solved with any finality in a few weeks or even months. But putting them off indefinitely may well make them more difficult to solve later as special interests become entrenched. Rather

Iraqis should be encouraged to think of this constitution as the first of many steps in the process of knitting their society and their country together and in democratizing it.

Whether by August 15 or January 15 they should be encouraged to achieve a flexible formula for sharing power among communities and for achieving a balance of power between the center and the periphery. They will need to come out with a constitutional framework firm enough and broad enough to provide for stable, effective government, with enough sovereignty and legitimacy to instill confidence in Iraq's future at home and abroad. This will be particularly important for foreign investors who will not want to sink money into a country whose government does not appear to be stable. But this instrument must also be flexible, able to be modified by some acceptable public process over time, to allow for growth and development on the ground. Iraq's new identity; the relationship between the center and the provinces; and between its various communities will take decades to grow. The instrument that is written now should provide a framework for that growth, including the possibility of future discussions and modification. Any thought that a product achieved on August 15—or January 15—will be "final" is folly. But simply putting off difficult questions indefinitely is not an acceptable solution either.

What can/should the coalition do to advance this aim?

- Stop pressure and public policy statements on the need to meet the August 15 deadline. Let the Iraqis take the lead, but let them know, privately and publicly, that if they need more time, they should take it.
- Make it equally clear, however, that the time is not limitless; that the TAL provisions do need to be met, and that the time extension for some reasonable draft should be met by January 15. Thus the momentum already underway will be maintained.
- Encourage all concerned to view the constitution as a framework, an initial step in Iraq's constitutional life, which can be adjusted, over time, in a public process to accommodate changes. The constitution, itself, should provide for such a process.
- Encourage a more realistic attitude, especially in the United States, over what to expect of the constitution. Too much weight has been placed on the constitution as a "turning point" and a means of curtailing the insurgency. Like the election, the draft constitution will be a positive step, but, in itself, is not likely to have more than a marginal effect on the insurgency. Tying the two together is a political mistake.

*2. Should the coalition conduct a public education campaign designed to stimulate interest in the constitution and discussion of the insurgency?*

This is much easier to answer. The Iraqi Government—not the coalition—should conduct a public education campaign on the constitution but this campaign should not include discussion of the insurgency. These are two separate—though related—issues, which should not be mixed. Doing so would tie the constitution and its content to the insurgency; divert attention from the main subject and fix the two together in the public mind. It could put the constitution at risk and provide a new target for insurgent attacks. Worse, it could make the constitution's success appear contingent on insurgent activity and tie the government's agenda to the insurgency. The agenda should be in the hands of the elected government. Discussion of the constitution—as the blue print for Iraq's future—should stand on its own. But the public discussion should make clear that the political process is open to all and is the appropriate vehicle to achieving political goals—not violence—in the new Iraq.

Whether a "massive" campaign can be conducted under present conditions is questionable, but certainly considerable public activity can be undertaken on the constitution and its various provisions. Discussion of these issues is important to invest society in the political process and the government to follow. Certainly issues can be debated in the media—press, radio and TV; in university and school settings; and within limits, in townhall settings. These steps will have a number of virtues. This activity is mandated in the TAL and following TAL procedure will demonstrate adherence to the rule of law. Even more important, it will help build civil society. Various civic groups formed to educate the public will be the basis for future interest and "watchdog" groups. (Already a number of these have formed and are operating.) This will lay the basis for future political participation.

Special effort should be made to persuade Sunnis to lead the process in Sunni areas and to encourage Sunni participation in the discussion. The opportunity to participate in and influence the constitutional process is essential to give Sunnis a feeling that they have a stake in the future.

I have a problem with the timing of the process, however. A public education campaign needs to be undertaken both before and after the final draft is submitted, so

that the public feels it has a say in its content. While some activity has been initiated in this area, the efforts have been little and late. As the deadline nears, it is unlikely that such efforts will bear much fruit; hence, Iraq may be missing a chance to help invest the public with a feeling that it has a stake in its outcome. This is another reason to extend the timeframe somewhat.

There is still an opportunity for public education after the draft is submitted and before the referendum and this is essential, not only for the vote on the constitution, but for the political process to follow. It is assumed that the constitution will elaborate principles to be followed by legislation filling in specifics in many areas. The public campaign can educate various sectors of society on their rights and obligations as specified in the constitution and how it will affect them. The groups which undertake this campaign will be essential building blocks in furthering this legislation and bringing the public and its various sectors into the process.

### *3. Should we take steps to forestall a Sunni-Shi'a conflict?*

In some ways the question may misdefine the issue. Rather than a Sunni-Shi'a conflict, the conflict is much broader, and involves all of Iraq's communities in a search for a new identity. In fact, there are two complex processes going on. The first is an increasing polarization of the Iraqi polity among both ethnic and sectarian communities—Kurds and Arabs as well as Shi'a and Sunnis—as Iraq searches for a new political identity and a new political center of gravity. As is well known, the elections in January of this year put into office a majority Shi'a ticket—the United Iraqi Alliance—which got 48 percent of the vote; 51 percent of the seats in the assembly; and a Kurdish ticket which polled 26 percent of the vote and got 27 percent of the seats. Parties, such as the Iraqi list, led by Ayad Allawi, and the Iraqiyyun, led by Ghazi al-Yawar, which ran on a more centrist, nonsectarian platform, together polled only a little more than 15 percent of the vote. Sunnis, many of whom boycotted the election or failed to vote for other reasons, gained only 17 seats in the assembly, 6 percent of the total. The elections reflected a reality that Iraqi politics now runs largely on the foundation of cultural identity, not on the basis of interests or party platforms. Helping to move Iraq away from this polarization and encouraging a sense of national identity, should be one of the coalition's long-term goals.

But it is well to keep in mind that both the Shi'a and the Kurds have been disciplining their own communities and preventing retribution and retaliation—up to a point. This has been successful largely because these two groups have benefited by inheriting power in the new regime, although this discipline may be breaking down on the ground. A Shi'a rejectionist, Muqtada al-Sadr has been temporarily silenced, in part by military action, but more importantly by being brought into the political process. While Sadr himself did not run for election, he allowed his supporters to do so. They did well in the southern provinces and, through their participation on the UIA ticket, got a substantial number of seats in the assembly, and even some in the Cabinet. The Kurdish leadership, which tends to be pragmatic, has skillfully managed a younger generation of more extreme nationalists, best represented in the referendum movement, again because Kurds have been included in power; indeed, a Kurd is President of the Republic.

In the end, rather than a Shi'a-Sunni conflict what we see is that of rejectionists of a new government and a new political order. This is the second, more critical process, most virulently manifested in the insurgency. Most of the rejectionists are Sunnis; most of the government and those shaping the new order are Shi'a and Kurds. But the Sunni rejectionists need to be understood, not simply as a sectarian group but as a community whose leaders once occupied power, not as Sunnis but mainly as nationalists, and now find themselves to be an increasingly marginalized minority. They not only resent their loss of power and status, but fear discrimination and victimization by the new ruling groups. Many have also lost employment and economic benefits as well. Moreover, the Sunnis are fragmented and generally without a strong spokesman or spokesmen who can speak for a broad sector of the community, although some groups are coming forward.

In general Sunni rejectionists can be divided into several different categories. Extremists, such as the Islamic salafists and jihadis, tied to al-Qaida, and former Saddam loyalists engaged in the general violent mayhem in Iraq, are generally beyond the pale and cannot, and should not, be propitiated. But a number of other Sunni oppositionists—army officers, former Ba'th Party members, nationalists opposed to "occupation" and unemployed youth riled by current conditions—can probably be brought into the fold of the new regime in time and with the proper incentives. Conversations with Sunni oppositionists indicate that their concerns are (a) occupation and the foreign presence; (b) loss of power and prestige; (c) lack of Sunni representa-

tion in the political process; (d) increased sectarianism; and (e) the lack of a rule of law and security, especially for their community.

Attempts to alleviate this problem should focus on addressing these problems. Several suggestions can be made.

First, encourage the government to bring Sunnis into the political process. Progress has already been made through Sunni representation on the constitutional committee. A media campaign to solicit opinions on the constitution would further this process. If more time is needed to provide security in Sunni areas and to make sure a level playing field emerges in preparation for elections—both the vote on the constitution and the next parliamentary election—encourage the government to provide it.

Second, encourage a revision of the election law which moves from a single countrywide election list to a more district-based system, which assures Sunni areas seats in the assembly regardless of who votes, and allows local leaders to emerge in Sunni provinces.

Third, encourage the current government to revisit the de-Ba'athification program. Anecdotal evidence suggests that much of the educated middle class—especially academics and professionals like doctors and lawyers—who may have been party members but who have no criminal records, feel alienated and left out. This class is particularly turned off by increased sectarianism, and by de-Ba'athification which discriminates against them. Many are leaving, thus depriving Iraq of much-needed expertise. A better vetting system, which focuses on individual behavior and records, rather than a blanket category such as party membership, would help. But it has to be borne in mind that this is still an extremely sensitive issue for the new Shi'a and Kurdish leaders, who will need encouragement to move in this direction.

Fourth, many Sunnis complain of a lack of rule of law and security. Strengthening the court system, the prison system, and the police system would also help. While this is a long-term effort, it is particularly necessary in Sunni areas and in Baghdad. Much of the security threat is due to common crime, especially kidnappings. Focusing on developing local police in local areas, and getting international help for the effort, could allow coalition forces to pull out of difficult cities, alleviating some of the problems of the military presence in Sunni areas. Many Sunni professionals could also be employed in the legal justice system, if strict standards of meritocracy are employed.

Lastly, outside mediation might have some benefit but it needs to be handled carefully, lest it be seen as interference, especially by the new Shi'a-dominated government. Many key members of the new government have long been in opposition to the Sunni-dominated Ba'ath regime. They face persecution, imprisonment, killing of relatives and long exile at their hands and hence fear and often distrust them. This fear and distrust is reciprocated by Sunnis, particularly since many of the Sunnis who need to be brought into the process may, indeed, have had contact with those using violence against the regime or have been supporting it. Hence, involvement by key figures in neighboring Arab Sunni States may be regarded with suspicion. However, including some Arab leaders in an international delegation—particularly if the delegation also included Shi'a—might be a good idea.

Any mediation effort involving neighboring states would need a clear definition of its mission and what it could do to influence and mitigate the "Sunni" problem. The current government would be interested in efforts to control the border; efforts to control finances flowing to insurgents; public support for the electoral process and the new constitution; and public rejection of violence. International and regional efforts along these lines, in return for Iraqi Government efforts to bring more recalcitrant Sunnis into government and local police forces, might be helpful.

*4. How can the coalition cultivate new leaders in Iraq and insure that they will interact politically, rather than using violence?*

I am currently involved, as a fellow at USIP, in a study of Iraq's emerging political leadership and their various visions for the future of Iraq. In conjunction with this project, I have made two trips to Iraq—one in December to northern Iraq to interview Kurdish leaders and one in May and June to Baghdad and Basra to talk to the newly elected members of the assembly and the government and others working at the provincial level. These interviews revealed a rich mix of political leaders emerging with considerable promise for the future, although that promise may take some time to mature.

The problem of replacing Iraq's leadership once Saddam and the Ba'ath had been removed has always been one of the most difficult facing Iraq and the coalition. After 35 years in power, Saddam loyalists and the Ba'ath Party were deeply entrenched not only in the military and security services, but in the bureaucracy and the education establishment as well. If many had been left in power at lower levels,

continuity might have been greater, but there would have been little change from the past and leaving them in would have alienated the opposition which was spearheading the change. Removing and disbanding the previous pillars of state—the option chosen by the coalition—has allowed for entirely new leadership to emerge, but it has deeply alienated the previous official class and created a large vacuum at the center of power. Filling this vacuum, has been difficult.

New leadership can come essentially only from two or three sources. One is the reintroduction of elements of the previous regime, vetted for security purposes. The second is from exile opposition groups who have been operating outside of Iraq for decades; and the third is from the indigenous Iraqi population, most of whom have had little or no leadership experience. Essentially, the coalition opted for the second solution, disbanding the army and the party and essentially bringing in a large group of exile opposition leaders, mainly from the West. This group dominated the Iraq Governing Council (IGC) and its associated Cabinet formed in 2003.

In this first attempt at government, the CPA attempted to balance all of Iraq's ethnic and sectarian groups and also brought in most political parties—other than the Ba'th—that had played a role in Iraq previously. But the dominant members of the IGC, at this stage, were Western-educated Iraqis with long residence in, and familiarity with, the West. Many, though not all, were relatively secular. The shift to an interim government in 2004 did not essentially change that pattern, but the election of January 2005 brought an expression of popular will and a shift to new leadership which probably better reflects future trends in Iraq, although it is too soon to make firm predictions on that score. Several points need to be made about this leadership to understand the leadership challenge facing Iraq.

First, the current government, like its predecessors, is dominated, at its upper ranks, by exiles who have spent most of their formative years outside Iraq, or in the case of the Kurds, running their own government in the north. But there has been a change in these exiles. Whereas earlier regimes—the IGC and Interim government—were led mainly by Western-educated and Western-oriented oppositionists, the new government is not. Some of these earlier politicians are still present, but key positions are now in the hands of the Shi'a religio-political parties of the UIA and the Kurdish parties. The Shi'a members of the opposition have often spent time, not in the West, but in Iran, or Arab countries like Syria and Lebanon. They are Arab Iraqis but are interested in instilling more of an Islamic identity in Iraq. So in one sense, Iraq has exchanged one set of exiles for another. But for now, new political leadership from inside Iraq—though it is emerging—has still not made its way to the top leadership posts in any significant numbers.

Second, turnover in posts at the top has been substantial, creating lots of opportunities for social mobility, but little to gain experience. The same phenomenon is true at local and provincial levels where discontinuity may be even greater. In the current government, over 60 percent of Cabinet Ministers are new to the job. And even those who are not new, have only held a post at that level for a year or so in a previous Cabinet. Even then, many have been shifted from one ministerial post to another, giving them little time to put down roots. While some of this change is to be expected in a situation of radical change, it means that most new leaders still have little experience in running a state. Even well-trained exiles, to say nothing of indigenous Iraqis, will need time and a learning process to acquire this experience.

One exception to this rule is the Kurdish leadership occupying positions in the central government and in the KRG. They have acquired considerable experience and maturity, often through the school of hard knocks, from running government in the north; dealing with the failure of a civil war; holding (imperfect) elections; and in dealing in foreign affairs with neighbors and with Europe and the United States. It is not surprising that their area is quiet and gradually becoming more prosperous. The question with the Kurds, however, is how committed they are to building Iraqi institutions in the center, as opposed to those in the north and how to draw this experienced leadership further into the rebuilding of Iraq.

Experience in government also exists among academics and former bureaucrats some of whom were ex-Ba'thists and affiliated with them. But are they flexible and open enough to deal with the new situation? Many are still alienated by the loss of their status and fearful of discrimination. The question here is how to bring them in and compensate for their loss of status and prestige. Distrust between new and old must be dispelled and ways found to get both groups working together. There is some progress here, but it needs to be accelerated.

Lastly there is the problem of differing visions of the future Iraq and where the various leaders would like to take the country. Arab Sunnis, and certainly ex-Ba'thists, want a unified country, empty of foreign forces, with a strong central government and a rule of law and meritocracy—all of which would favor them. Kurds

want a federation with a high degree of self-rule. They are largely secular and look for a separation of mosque and state; and they support the continued presence of U.S. troops for protection. The dominant Shi'a coalition wants to affirm the Islamic character of Iraq and strengthen the role of Islamic law; is wary of U.S. forces but needs them temporarily to assure continuation of its majority rule; and favors elections which it hopes will assure its continued political dominance. And indigenous leaders would like to ease out the exiles to make room for themselves. All of these differences will have to be reconciled and political space made for different groups to live, compete and thrive. This will take years, but the process is already underway with Iraq's first free election and the negotiations for a constitution. In fact, the ongoing political process is one of the bright spots in a sometimes bleak picture.

How can this process be facilitated and how can the coalition help?

First and foremost, every effort should be made to open Iraq to the outside world. While exiles have had some exposure to the outside, those inside have had little. Education at every level has deteriorated and Iraqis, especially professionals, are hungry for outside expertise and contact. Give it to them. Visitors programs, fellowships, and scholarships to study at United States and European universities and colleges, providing computers and library facilities to universities and centers, and similar programs need to be encouraged and funded. While these are already underway—and have been successful—much more needs to be done. The greater interpersonal contacts that ensue will establish networks that can be built on in the future. One of the most positive aspects of my trips was in finding young people, in their twenties and thirties, who wanted to come to the States to study political and social sciences—not engineering and computers science—for the first time in decades. We should encourage that.

Second, concentrate on the younger generation which is Iraq's future. While the vision of most of the 40- and 50-year-olds in leadership has already been formed—and often in divergent ways—those in their adolescence and early adulthood are still flexible. And we should avoid stereotypes. For example, among the most hopeful and promising experiences of my trip to Baghdad was in talking to this generation, including several young people from Sadr City, often thought of as a poverty ridden slum and a nest of radical Islamists following Muqtada-l-Sadr. One was a husband and wife team involved in local municipal government; both were graduates of universities and one was interested in pursuing a Ph.D. thesis on U.S. foreign policy, but he needs more training in English. He should get it. Another was a remarkable young woman in her early thirties, who had been encouraged by her family to get an education as a doctor. She had almost achieved her goal when Saddam was overthrown. She was appointed to her neighborhood council, and in a new enthusiasm for politics, she ran the gamut from neighborhood to district to city council member; then was appointed to the interim national council of 2004 and finally ran, as an independent, for the new National Assembly—and won, all in two short years. She has elected a political career and wants to come to the States to learn, first hand, how to engage in one. What better way to invest in future leadership than to provide her—and others like her—with this opportunity.

Third, encourage and strengthen the many civil society groups that are already blossoming, despite dire security conditions. Help newly emerging think tanks with funding they may need to get started and support the interest groups that are emerging during the constitutional process. Encourage training and conferences that bring diverse groups together in an environment that allows hands-on discussion and potential resolution of conflicts. The institution, which is funding my research, USIP, is a good example, though not the only one, of the many ways in which these activities can be supported, through grants to local civic action groups; training exercises; support for the constitutional process, and the like. IRI and NDI are doing yeoman work as well. These activities often do not make the deadlines but they are critical for developing future leadership with the skills and attitudes necessary for compromise.

Fourth, strengthen government capacity, both at the national and local levels. The political process is, justifiably, sucking up much of the time, energy, and resources of Iraq's elite. Meanwhile, the more mundane aspects of government—delivery of electricity, garbage collection, security—are neglected or given over to freelancers and contractors who may be corrupt or worse. Building government structures and an honest bureaucracy, which can carry this load and employ the population, especially at local levels, would greatly enhance Iraq's ability to carry on and to garner popular support, while it struggles to settle the difficult political problems at the national level. Encouraging a civil service administration based on meritocracy would be a good step in this direction.

Lastly, economic development—by and for Iraqis—must take place, despite the security situation. All evidence suggests that this element—and the security that goes

with it—is the number one priority of the population, not the political process. The constitutional process, while important, must be supplemented by growing prosperity and a strengthening of the middle class. Over time, nothing will better tamp down ethnic and sectarian tensions; help mitigate past feelings of victimization and fears of reprisal; and provide a new and better vision for Iraq's future and for its youth, than more economic growth. The public must be given new opportunities and alternative visions for Iraq's future which can only come from widening economic opportunities and real freedom of choice. A failure to couple economic development to the political progress being made may produce an Iraqi version of what has just occurred in Iran—the election of a religiously conservative President supported by the neglected working classes. The potential indigenous leadership in Iraq today is not hidden secularists and liberals, but the Sadrist movement, which gains support by its nativist claims (its leaders have not spent time outside of Iraq) and its championship of the poor, uneducated, and jobless. The best way to combat this combination is to make sure (a) that the political process continues to be open to these groups, and (b) that the younger generation of underprivileged, such as those Sadr City residents I met, are nurtured, encouraged, and given access to the outside world.

The views above reflect the testimony at the hearing; they do not represent formal positions taken by the Institute, which does not advocate specific policies.

The CHAIRMAN. Thank you very much.  
Ms. Van Rest.

**STATEMENT OF JUDY VAN REST, EXECUTIVE VICE PRESIDENT, INTERNATIONAL REPUBLICAN INSTITUTE, WASHINGTON, DC**

Ms. VAN REST. Thank you very much for this opportunity to testify before this committee. I have lived in Washington and worked in the field for a long time, in the democracy field for almost 15 years, and this is my first opportunity to testify before the Senate. So I appreciate this chance, and hope that I do you proud.

On this question of whether the coalition should encourage Iraqis to forgo writing a full constitution at this time, I believe that the coalition must continue to encourage adherence to the August 15 deadline for the Iraqi National Assembly's adoption of a complete constitution.

The risks of a drawn-out process outweigh the potential benefits. This is an option that should be strongly resisted, and adopted only as absolute last resort. Several arguments support this view.

First is that most Iraqis, according to a recent IRI National Opinion Poll, indicate that they do not favor an extension of the August 15 deadline for the Iraqi National Assembly to complete the writing of a draft constitution. And a majority of political leaders from across the ethnic and religious spectrum also remain committed to the August 15 and October 15 deadlines for adoption of the final constitutional text, and its ratification, respectively.

[Note.—The “IRI National Opinion Poll” mentioned throughout this hearing will not be printed due to length but will be retained in the permanent record of the hearing and can also be accessed on the IRI Web site: <http://www.iri.org/pdfs/NovemberSurveyPresentation.ppt>.]

Beginning with the June 28, 2004, hand over of power, and more recently, with the January 30, 2005, national elections, we have witnessed the Iraqi people's desire and determination to meet the objectives set out in the transitional administrative law for the full restoration of Iraq's national sovereignty, and the creation of constitutional democracy by the end of the year.

We should support these intentions and the momentum they have generated.

If the constitutional committee fails to present the assembly with a draft constitution for approval before August 15, or if the assembly fails to meet the deadline for its final adoption of a draft, the coalition should seek to persuade Iraqi legislators to extend the deadline for approval of a complete constitution for a period of no longer than 30 days. A more extended prolongation of the process would allow political focus to shift away from this crucial task. It could also undermine what opinion research has consistently shown to be the public's stubborn and critically important phase in the country's forward momentum.

Second, delinking the most contentious issues from the broader body of the constitutional text and dealing with them in a separate and less time-constrained negotiation could have serious negative consequences. The risk of further deterioration in relations between Iraq's three principal communities grows in proportion to the duration of the time it takes to resolve these issues. The longer these key issues remain unsolved the more likely it is that the positions of the major interested parties will harden. The continuing evolution of facts on the ground will increasingly threaten to overtake and complete negotiations. The longer the period of legal fluidity is allowed to exist the less likely it is that mutually satisfactory outcomes can be achieved with respect to these issues.

We must also consider that absent inclusion of provisions on such key issues as federalism and the religious character of the state, how far Iraq's Government would be able to move ahead in building legal and institutional structures pursuant to elements of the constitution that do get adopted.

For example, without the form and structure of Iraq's new federalism agreed upon and in place, efforts to establish a national budgeting process and develop and implement fiscal policy could be hampered or rendered impossible.

Likewise, efforts to move ahead confidently with legal and judicial reforms will be retarded to the extent that issues pertaining to the relationship between religious and civil law, and the roles of civil and religious adjudicating institutions, are left unsolved.

I believe we should continue to support the current deadlines for adoption and ratification of a complete constitution until such time as developments lead us to conclude, beyond a doubt, that one or both of these deadlines present an impossible target. If an extension of the August 15 deadline, in particular, becomes absolutely necessary it should be measured in weeks and not months so as to avoid loss of momentum and political focus.

And the constitution that the Iraqi public is finally asked to ratify should be a complete document that addresses all of the key issues. Opening the door to prolonged debate on these politically sensitive matters will only serve to more sharply contrast the differences between major ethnic and religious groups and contribute to further polarization.

Thank you.

[The prepared statement of Ms. Van Rest follows:]

PREPARED STATEMENT OF JUDY VAN REST, EXECUTIVE VICE PRESIDENT,  
INTERNATIONAL REPUBLICAN INSTITUTE, WASHINGTON, DC

*Option 1—Should the coalition encourage Iraqis to forego writing a full constitution at this time, or should we encourage a strict adherence to the current deadlines for finishing a constitution? Does the current compressed timetable for drafting and approving the constitution aggravate the destabilizing differences among the parties? Delay would involve setting aside thorny issues that could undermine national cohesion, like regional autonomy, the status of Kirkuk, the role of Islam, etc. Instead, should we be encouraging Iraqis to promulgate a miniconstitution covering electoral law and other items on which agreement can be reached? Would agreements on limited subjects build momentum toward cooperation on more difficult items? Or should we stick to the current schedule by pressing for a completed constitution by the deadlines that have already been established? What pressures, if any, can or should the coalition exert on the Iraqi Government to adopt either of these courses?*

Response. The coalition must continue to encourage adherence to the August 15 deadline for the Iraqi National Assembly's (INA) adoption of a complete constitution. The risks associated with a prolonged or multistage process, and with delinking the most contentious issues from the broader body of the document, would outweigh the potential benefits. This is an option that should be strongly resisted and adopted only as an absolute last resort. Several arguments, I believe, support this view.

First, most Iraqis, according to a recent IRI national opinion poll, indicate that they do not favor an extension of the August 15 deadline for the INA to complete the writing of a draft constitution. And a majority of political leaders from across the ethnic and religious spectrum also remain committed to the August 15 and October 15 deadlines for adoption of a final constitutional text and its ratification, respectively. Beginning with the June 28, 2004, handover of power, and more recently with the January 30, 2005, national elections, we have witnessed the Iraqi people's desire and determination to meet the objectives set out in the Transitional Administrative Law for the full restoration of Iraq's national sovereignty and the creation of constitutional democracy by the end of this year. We should, unequivocally, support these intentions and the momentum they have generated.

What should our position be if the INA's Constitutional Committee should fail to present the assembly with a draft constitution for approval before August 15, or if the assembly, having received the committee's draft, should fail to meet the deadline for its final adoption? The coalition should seek to persuade Iraqi legislators to extend the deadline for approval of a complete constitution for a period of no longer than 30 days. A more extended prolongation of the process would, in my view, allow political focus to shift away from this crucial task. It could also undermine what opinion research has consistently shown to be the public's stubborn and critically important faith in the country's forward momentum.

Second, delinking the most contentious issues—including the nature of Iraq's new federalism, the status of Kirkuk, and the role of Islam in Iraqi law and State institutions—from the broader body of the constitutional text, and dealing with them in a separate and less time constrained negotiation, could have serious negative consequences.

The risk of further deterioration in relations between Iraq's three principal communities grows, I believe, in proportion to the duration of the time it takes to resolve these issues. The longer these key issues remain unresolved, the more likely it is that the positions of the major interested parties will harden. The continuing evolution of "facts on the ground" will increasingly threaten to overtake and complicate negotiations. We are already seeing evidence of this dynamic, for example, in Kurdish efforts to alter the demographic makeup of Kirkuk and strengthen the institutional legitimacy of Kurdish regional militias, and in the south of the country, where some religious groups are attempting to exert increasing influence within the university system. The longer the period of legal fluidity is allowed to exist, the less likely it is that mutually satisfactory outcomes can be achieved with respect to these issues.

We must also consider, absent inclusion of provisions on such key issues as federalism and the religious character of the state, how far Iraq's Government would be able to move ahead in building legal and institutional structures pursuant to elements of the constitution that do get adopted. For example, without the form and structure of Iraq's new federalism agreed upon and in place, efforts to establish a national budgeting process, and develop and implement fiscal policy, could be hampered or rendered impossible. Likewise, efforts to move ahead confidently with legal and judicial reforms will be retarded to the extent that issues pertaining to the relationship between religious and civil law, and the roles of civil and religious adjudicating institutions, for example, are left unresolved.

In sum, I believe that we should continue to support the current deadlines for adoption and ratification of a complete constitution until such time as developments lead us to conclude, beyond doubt, that one or both of these deadlines present an impossible target. If an extension of the August 15 deadline, in particular, becomes absolutely necessary, it should be measured in weeks and not months so as to avoid loss of momentum and political focus. And the constitution that the Iraqi public is finally asked to ratify should be a complete document that addresses all of the key issues. Opening the door to a prolonged debate on these politically sensitive matters will only serve to more sharply contrast the differences between major ethnic and religious groups and contribute to further polarization.

*Option 2—Should the coalition conduct a massive public education campaign designed to stimulate interest in the constitutional referendum and discussion of the insurgency? This would include holding townhall meetings carried on radio and television on the future of Iraq. Could such a campaign reach the Iraqi people and would Iraqis participate despite threats of retribution? Would unscripted townhall meetings enhance the credibility of the message, thereby building public disdain for the insurgency and support for Iraqi political development? Could security be provided to prevent terrorist attacks during the townhall events?*

Response. Let me start by saying that I believe we are now at a point in the process where the role of public education is most crucial.

Unlike an election, where voters are asked to express a personal preference from among a list of options or candidates, the constitutional referendum will ask Iraqis to support the product of many compromises—some of them touching extremely sensitive cultural and political nerves. People will not have the option of choosing only that which suits them, as they can in an election. Iraqi voters will have to understand the compromises that went into writing the constitution and, despite the fact that there will be elements in it with which they personally disagree, conclude that it offers the best hope for moving the country forward and improving their lives. They will have to reach this conclusion, moreover, despite what will almost assuredly be opposition from more radical and hard-line elements within their respective communities.

To succeed in encouraging and preparing voters to make this choice, a comprehensive, consistently visible and broad-based public education campaign is absolutely essential. We must, however, distinguish between a “coalition campaign” and an “Iraqi campaign.” What is crucial is to insure that Iraqis are provided with the support that they need to design, produce, and implement a campaign to educate the population about the process that is underway, the issues under discussion, the content of the constitution, and the importance of participation in the referendum scheduled for October 15.

I am pleased to say that such a campaign has, in fact, been initiated and that it is gathering momentum with each day that passes. The International Republican Institute (IRI), whose programs in Iraq are being funded by American taxpayers through USAID and the National Endowment for Democracy (NED), has been a principal motivator and supporter of these programs. Other American organizations, first among them the National Democratic Institute (NDI), are also contributing to this effort through their own civic and political networks in regions across the country.

Though not in the context of townhall meetings, as we know them in the United States, much is already being done at the grassroots level to inform Iraqis’ about the constitution. IRI is supporting a broad array of civic groups that are involved in a coordinated nationwide voter education campaign to raise public awareness of constitutional democracy and the constitutional drafting and referendum process in Iraq. Led by Iraqi civic groups working under the banner of the Civic Coalition for Free Elections, the campaign, entitled “A Constitution for Everyone,” consists of direct voter contact through workshops based on an IRI-developed curriculum and printed materials. Using prepared flip charts and distributing some 600,000 copies of the “Constitution for Everyone” pamphlet, 1,400 workshops are planned—more than 100 have already taken place—and we hope to reach more than 60,000 voters in all 18 of Iraq’s governorates.

It is also encouraging to note that the members and leadership of the INA’s Constitution Committee are themselves becoming more active and engaged in public education efforts. IRI has been in close contact with the Constitutional Committee over the past several weeks to offer assistance to its outreach efforts. In addition to offering weekly focus group reports on questions important to the constitutional drafting, IRI has already produced four television interviews with Constitutional Committee leadership, in which they have discussed process and content issues and answered questions from the public about the constitution. One of the programs fea-

tured the committee's chairman, Sheik Hamudi. Another featured women members of the committee in an effort to focus discussion on issues of particular interest to women. These 30-minute programs, of which more are to follow, are each being aired several times on major Iraqi television networks and will reach an audience of millions.

IRI is also producing the Constitution Committee's first public service announcements (PSAs) and helping it develop and eventually distribute printed material. Our public opinion and focus group research, I am pleased to say, is being actively utilized by the committee in the design and development of these products.

Iraqi women, through organizations such as the Rafadine Women's Coalition and the Women's Leadership Institute, are also doing a great deal to advocate for women's rights in the constitution drafting process and to publicize key issues through outreach to women across the country. IRI's Constitutional Consulting Team, composed of six eminent legal and academic specialists, is providing counsel to the leadership of these and other organizations, and IRI is supporting the production of their public education materials and their television broadcasts. I am also very encouraged by the extent to which the Minister of Women's Affairs, Dr. Azhar Al Shakly, has taken a leadership role in the public education effort. Later this month, in fact, Minister Al Shakly will be hosting two national women's conferences in Baghdad on issues related to the constitution. These events will be highly visible and provide added focus and momentum to the public education effort on behalf of women's rights in the new constitution.

*Option 3—Should we take new steps to forestall a Sunni-Shi'a conflict? Is international and Arab intervention feasible? Could an international working group that includes participation by Sunni Arabs from outside Iraq—Jordanians, Egyptians, and others—help broker negotiations between the parties? Is there some other vehicle that could provide technical support and mediation services for Sunnis and Shi'as to come to a peaceful accommodation? Could credible Sunnis be enlisted to participate in this process? Should de-Ba'athification be revisited?*

Response. At every transition point on Iraq's path to democracy—including the handover of sovereignty in June 2004 and the election of the Iraqi National Assembly in January 2005—some very bright people said it could not be done, the ethnic, sectarian, and geographic divides were too great, the risk of violence was too high, and that even civil war was imminent. Yet, time after time, Iraqis have proven them wrong.

Now, the actions of determined insurgents have again raised fears that the situation is on the brink of collapsing into conflict because of Sunni-Shi'a divides. History has shown us that divisions between these two branches of Islam can lead to conflict. In Iraq, Saddam Hussein's 35 years of murderous rule, including widespread abuses against the Shi'a majority, only contributed to suspicions between the two sects.

Yet, once again Iraqis have expressed confidence that the democratic institutions they are creating offer them the political framework for resolving these differences and moving toward greater cooperation and trust as they build a united Iraq together.

No one should be surprised that Sunni-Shi'a issues are part of the debate surrounding the drafting of a new constitution and the new Iraq. Rather, the fact that this debate is taking place should be viewed as a major step forward. This view was expressed by one Iraqi leader during a meeting with IRI staff. While he and fellow Iraqis argued about what system of government should prevail, he paused to comment, "Under Saddam I would not even debate such issues in my own head. Now we are free to debate them among ourselves."

This commitment to democratic debate and a confidence in the framework is found across Iraq and across various sectors of society. Notably, it is found among Sunnis. We have seen Sunni representatives brought into the constitution drafting process. We have heard Sunni leaders say they made a mistake by not participating in the January election, a mistake they are encouraging their followers not to make in the upcoming elections.

The evidence is not only anecdotal. Support for, and confidence in, democratic solutions among Iraqis has been expressed time and again in the nationwide polling done by IRI ("Survey of Iraqi Public Opinion"<sup>1</sup>) The latest survey revealed that nearly 73 percent of Iraqis believe that the new Iraqi transitional government is representative of the Iraqi people as a whole. Among self-identified Sunnis, the percentage is 67.4 percent. For Shi'a it is 78.3 percent.

<sup>1</sup>The survey can be accessed at: <http://www.iri.org/pdfs/NovemberSurveyPresentation.ppt>.

Equally revealing is the strong support for coming elections; 75.6 percent of Iraqis say they are very likely to vote in the upcoming constitutional referendum. Again, support is strong among both Sunni and Shi'a, at 63 percent and 83 percent, respectively.

It is also worth noting that polling data reveals that the Sunni-Shi'a divide is not that wide in comparison to self identification as Iraqis. Twice as many Sunni most strongly identify with their country in relation to the number who identify with their ethnic group. For Shi'a, four times as many identify with their country. When comparing strongly identifying with country to identification with religion, the ratio for Sunnis is 3:1 and for Shi'a it is 2:1. National identity is a necessary component in creating a willingness to make the compromises necessary to bridge the gaps that might otherwise be created by more divisive elements.

These numbers are being reflected by action on the ground. Across the country, courageous Iraqis are standing up to those who would use violence to undermine the move toward a peaceful and democratic Iraq.

IRI is working with numerous Sunni and Shi'a organizations, including clerics associations to educate Iraqis about the constitution drafting process and support for elections as a way of creating a more peaceful and prosperous Iraq today and for future generations.

It is in this context that the response to what steps should be taken to avoid Sunni-Shi'a conflict should be found. The answer is to support the Iraqis in finding their own solutions, including that of de-Ba'athification, within the democratic political framework to which they have committed themselves. The Sunnis and Shi'as are already engaged in accommodation through political channels. Leadership is not advocating such violence for civil war. Such elements, while tragically conspicuous, are marginal forces. The United States and its coalition partners would do well to encourage, even pressure, neighboring governments and those of other Islamic States in the region that benefit from stability in Iraq to be more outspoken in their condemnation of terrorist violence in the name of Islam.

*Option 4—How can the United States cultivate emerging leaders among the various political actions in Iraq and ensure that they will interact politically, rather than using violence or exclusionary political tactics? Is such involvement feasible, or would it be counterproductive? How divergent are the views among the various new leaders on such issues as democracy, the appropriate political structure, the role of religion, or future relations with the West and Iraq's neighbors, and can the United States influence these views?*

Response. As outlined above, Iraqis are finding their own voice and leaders in support of political interaction rather than violence or exclusionary tactics.

IRI and NDI have taken an active role in supporting this effort. Drawing on 20 years experience of assisting countries emerge from authoritarian rule to democracies, with technical training, we are helping Iraqis to build the political parties, civil society, government institutions, and other components necessary to have representative government. Encouraging this process is an important part of helping the majority in their fight for freedom against those whose agenda is hatred and violence.

We do so keeping in mind that democracy is not an off-the-rack concept. One size does not fit all. Rather, democracy works best when it is tailor made. Basic elements are universal, but style and fit vary. By concentrating on providing training and support for the basic elements, we are helping the Iraqis to fashion a new free and democratic Iraq.

One of the primary ways of doing this is by drawing on the experience of other countries. Central and Eastern Europe provides particularly helpful examples for the Iraqis to study. For example, trainers from Romania are well received because Iraqis can relate to someone who was imprisoned or had a family member killed by an oppressive dictator but who is now part of a successful transition away from authoritarian rule.

Successful transitions in the Slovak Republic, Lithuania, and the Czech Republic as well as other regions in countries such as Indonesia, have all proved useful in providing Iraqis case studies for what has worked, and what hasn't, in making the move to a free and democratic society.

These lessons are not only learned from trainings or exchanges. IRI's staff in Iraq includes those who helped to lead such transitions in their own home countries of Serbia, Moldova, and Ukraine. Part of their motivation is to bring others the support they received when they were activists for freedom. It is a lesson that has not been lost on Iraqis.

As for opinion on issues of democracy and related topics, I would again cite a few results from the most recent national poll conducted by IRI:

- I will now read to you a list of human rights that have been recognized by the international community. On a scale of 1 to 5, how important do you think it is that they be part of Iraq's new constitution? Those choosing very important:
  - 71.4%—select and change their government through peaceful, fair elections
  - 70%—fair and public trials
  - 69.1%—no discrimination based on religion, race, sex or ethnicity
  - 67.8%—no torture or degrading treatment/punishment
  - 65.9%—individual privacy, including the family, home and correspondence
  - 65.7%—no arbitrary arrest or detention
  - 60%—freely practice religion
  - 55.8%—free speech and press
  - 51.9%—own and sell property
  - 41.8%—organize political, civic or labor organizations
- Which do you think would be the most appropriate system for a future Iraqi government?
  - 33.36%—mixed parliamentary/presidential
  - 30.3%—parliamentary
  - 22%—religious
- Which of the three branches of government do you think should exercise the most power or influence in Iraq's future government?
  - 41%—executive
  - 27.9%—divided equally
  - 9.9%—legislative
- Were Iraq to have a presidential system, which of the following methods would you prefer to select the president?
  - 72%—direct election by the Iraqi people
  - 12.9%—appointed by national assembly
  - 5%—appointed by clerics or religious leaders
- Which would be the best way to organize the structure of the national and governorate levels of government?
  - 76.2%—maintain current system of 18 governorates
  - 12.1%—group governorates according to geographic regions
  - 5.1%—allow governorates to determine regional groupings
- Some people say that religion has a special role to play in the government while others believe that religion and the government should respect one another but remain separate. Do you believe that:
  - 48.1%—religion has a special role to play in the government
  - 45.9%—religion and government should respect one another by not impeding on the rights roles and responsibilities of the other
- Which of the following statements most closely fits your view of the role of Islam in the creation of laws and legislation?
  - 39.8%—Islam should be the main source (among many) of legislation and laws in Iraq
  - 34.7%—Islam should be the sole source of legislation and laws in Iraq
  - 12.3%—Islam should be one source (among many) of legislation and laws in Iraq
- To what extent do you agree or disagree that people or groups who could not (or did not) participate in the January 30 elections have the right to contribute to writing the constitution?
  - 35.7%—strongly agree
  - 35.2%—agree
  - 8%—disagree
- Do you think that the new TNA should keep the 25 percent quota for women in the National Assembly in the new constitution?
  - 51.6%—yes, it should remain the same
  - 25.5%—yes, but it should be higher
  - 10.1%—yes, but it should be lower
  - 3.1%—no

The CHAIRMAN. Thank you very much Ms. Van Rest.  
Dr. Feldman.

**STATEMENT OF DR. NOAH FELDMAN, PROFESSOR OF LAW,  
NEW YORK UNIVERSITY, NEW YORK, NY**

Dr. FELDMAN. Mr. Chairman, and members of the committee, thank you so much for this opportunity.

There are essentially three different factions on this constitutional committee, the elected Shi'a, the elected Kurds, and the unelected Sunnis. Each has a different perspective, I think, on the issue in front of us, and I think that should influence our policy decision.

The Shi'a and the Kurds have a constituency because they were elected, and as a consequence of that they want to move forward relatively quickly because it's in their interests to satisfy a constituency that's very frustrated with what has, on the whole, been a relatively slow progress.

That's understandable. They're also the two sides that have the most experience negotiating constitutional deals. They've been dealing with each other for the better part of 3 years now. Beginning before the war, they negotiated the transitional administrative law together. They're very well experienced in this kind of negotiating, and their positions are relatively clear, both to them and to many of their constituents, because they've done this deal once before.

And the reason that there's been so much progress so far in drafting, on the part of this constitutional committee, is that the players are not operating on a blank slate. They understood the deal in the transitional law, they understood the deal that they cut privately before the selection of the Prime Minister and the President, and they've been in the process of putting that deal into place.

The Kurds have a further interest, which is an interest in making things happen as quickly as possible because of their perception, accurate in my view, that they have greater influence the further we are from a big public political debate. The more influence we put on the process, the Kurds believe, the greater their influence. This is because they feel—and I'll return to this a bit later—that the ordinary Iraqi, the ordinary Arab Iraqi, will experience sticker shock on looking at the provisions of the federalism arrangements that are set out in the TAL.

Now the Sunni members, the Sunni Arab members, of the constitutional committee are in a completely different position because they were not elected. And I think they're the ones whose view on whether we should go forward quickly or whether we should delay the process, or on whether we should come up with some sort of a compromise, which I'll mention, probably should weigh the most heavily with us. So let me say why they think this, and also why I think their view should weigh heavily for us.

They are central, these Sunni Arabs are central to the process of bringing the Sunni community, which is—some of which, at least, is sympathetic to the insurgency, not all—into the political process so as to marginalize the extremist jihadi wing of the insurgency, which will, of course, never compromise on its own.

These relatively brave—and I'll say more about that in a moment, too—Sunni Arab members of the committee are putting themselves on the line and may need to be able to show their po-

tential constituency, the people whom they want to represent when they run for office in the near future, that they actually got something done in these constitutional negotiations.

If it looks to the Sunni population as though these Sunni members, 10 voting members and 15 nonvoting members, were named to the committee and then rubber stamped a deal that had already been privately done by the Shi'a and the Kurds, then they will be discredited with their own constituency. All of the work—the good work in my view—that the United States and other coalition partners have done to convince the Shi'a and the Kurds to bring Sunnis into the political process will be lost if it turns out that the Sunnis themselves, that is to say the ordinary Sunni Arab, sees the participation of his putative representatives as having been empty. That's a substantial danger.

Now some of the members of this committee will probably want to move to elections relatively quickly because they want to get Sunnis into elected office, they understand the boycott was a huge mistake, and they want elections relatively quickly to begin the process of reversing that boycott.

So they may want to move forward quickly, but they will be hampered by two things. One, the danger that they'll be seen as rubber stampers, which is bad for them; two, the distinct possibility that when their constituents get a look at the full degree of Kurdish autonomy that's envisioned by most of the people who are close to this process, that they will be unwilling to vote for the constitution because of what I described earlier as sticker shock. They may believe it over time, just as the Shi'a Arab community has come to accept a fair amount of autonomy for the Kurdish regions.

Their constituents, too, might over time develop this view. That's how it happened among the Shi'a; it took some time. And if that is to be the case then they may judge that some delay is appropriate. I don't think they would want too much delay because of the realities of needing an election. If they wanted some delay on that, something short of the 6 months, I don't think that it would be the right policy to oppose their getting that delay because they would be doing it in the hopes of getting the Sunni constituency on board. If they think they won't get the constituency on board because of it, then they won't push for a delay, they'll just push for the elections relatively soon to get their jobs in office.

Now the delicacy of the situation of these members of the committee is enormously significant here, and in written comments that I submitted last week, I said that their personal safety was in danger. And unfortunately, today, we saw a very tragic substantiation of just that, and I'm sure we all share the sorrow over the fact that one member of the committee, who was a voting member, and another member, who was a nonvoting member, were killed, and their driver was killed as well.

This is the kind of thing that is preventable to the extent that we can provide security for them, and we ought to be doing that, at least if they're willing to accept it. It is the kind of thing that is terribly harmful and it's similar in kind to the attacks on the Ambassadors of non-Iraqi/Sunni Muslim countries who have been in the country recently.

The reason that the jihadi wing of the insurgency is attacking these folks is, precisely, that they see them as the route to a negotiation between the government, as it stands, and the moderate wing of the insurgency, and I use the word “moderate” in a very—in quotation marks if you will, because they are, of course, involved in a violent armed insurgency and so in that sense they’re not moderate at all. What I mean by moderate is only those people who might be willing, pragmatically, to cut a deal with the government.

Now the reason I bring this up is just to mention that the jihadi wing of the insurgency will do everything it can to discredit the constitutional process and discredit the people who are participating in it, and, obviously, to try to kill those people if they can’t discredit them.

We, therefore, need to encourage Shi’a and Kurdish politicians to make sure that the Sunni politicians involved in the constitutional process have something to show for the fact that they’re risking their lives. We need that, not out of a pure sense of honor, although I suppose that might be part of the picture, we need it because we need the constitution not to make the insurgency worse. If what emerges is a constitution that’s ratified by Shi’a and Kurds, and they could well ratify it, and is opposed by Sunnis, it will harden the divisions in the country.

So while I agree with Dr. Marr that the constitution alone can’t solve the insurgency—that would be asking too much of the constitution—it can make things worse if it’s not seen as fully inclusive.

So I believe that the U.S. policy, at this point in time, should be to follow the wishes of the members of the constitutional committee, and particularly the Sunni members, to make certain that they have something that they can deliver to their constituents, and can be seen to deliver to their constituents, that’s also acceptable to the Shi’a and to the Kurds.

A last word on deferral strategies. One thing these Sunni members of the committee might want, and this may be true of some of the Kurds and Shi’a on the committee as well, is that they may want a partial constitutional deal that reflects agreement where they can get it, and defers questions where they can’t get it. Now this form of compromise is, as Ms. Van Rest says, risky. In the long run there’s always—in fact, not just a possibility, there’s almost a certainty that unresolved issues will come back and resurface as serious problems down the line.

Nonetheless, deferral is a hallmark of successful constitution writing, because very often the only alternative to a deferral in a deal is no deal at all. Our constitutional history certainly reflects that, perhaps not in the most creditable way, because as we all know the true deal that had to be struck in Philadelphia in 1787 was the deal over slavery, and the Founding Fathers compromised on that question and we paid the price of the Civil War ultimately for it.

But in the interim we did, in fact, have a functioning Republic, and I think it is relatively clear that we would not have had a Union and a ratified Constitution had that deal not been struck.

Now, fortunately, the compromises that have to be made and the questions of deferral that will have to happen in Iraq are nowhere

near as morally problematic as slavery was. They are questions of federalism and they are questions of religion to a lesser degree. But it basically amounts to leaving things like the Kirkuk question out of the equation at present, using just the most general principles.

Similarly, perhaps even leaving the question of the allocation of resources by region, which will be a very contentious and difficult issue, out of the equation in any explicit way. So I'm not disagreeing with Ms. Van Rest when she says that these will be problems down the line, I'm sure she's right that there will be. I'm suggesting that the alternative might be having no constitution just now, or even in the next 6 months. And so under those circumstances it may well be that deferral is a constitutional solution that we may not be very happy with, but it may be the best thing going, and I think probably the Iraqis on the committee are the ones best placed to determine that.

[The prepared statement of Dr. Feldman follows:]

PREPARED STATEMENT OF NOAH FELDMAN, PROFESSOR OF LAW, NEW YORK  
UNIVERSITY, NEW YORK, NY

TIMING OF THE CONSTITUTION

Because of the addition of Sunni Arab Iraqis who were not elected members of the national assembly, the final composition of the constitutional committee charged with drafting a permanent Iraqi Constitution was not determined until the early days of July, 2005. This leaves the members of the committee with three choices: (1) Moving rapidly to release the constitutional draft for debate in the national assembly and eventual submission to a referendum on ratification; (2) delaying the formulation of a draft so as to encourage participation by the newly appointed Sunni members of the committee; or (3) offering a compromise between these two positions, producing a draft of a partial constitution now, and deferring some major constitutional questions until later.

It is likely that the key decision among these options will be driven by the newly appointed Sunni members of the committee. These committee members face an extremely difficult and delicate challenge. On one hand, they understand that the Sunni boycott of Iraq's first post-war election was disastrous for their constituency. The sooner a new constitution is ratified, the sooner they can run for office in the hopes of giving Sunnis an elected voice in the government. A delay in ratification of the constitution would mean a delay for new national elections. This gives the Sunni committee members an incentive to encourage the rapid release of a constitutional draft. Furthermore, these members have now received a certain degree of national recognition, and most or all of them could be expected to stand as candidates in the new elections.

On the other hand, the Sunni members of the constitutional committee must demonstrate to their potential constituency that Sunni participation on the committee has had a material impact on the substance of the new draft constitution. If it looks to the Sunni public as though the constitutional committee members chosen to represent them have merely rubber stamped a previously existing constitutional draft negotiated before their appointments by Shi'a and Kurdish members of the committee, the Sunnis on the committee could well be discredited, and the new constitutional draft with them. It is extremely important for the Sunni committee members to have an impact in the drafting process, and what is more, to be seen to have such an impact.

The Sunnis on the constitutional committee are crucial participants in the nascent movement to get Sunni Arab Iraqis involved in Iraq's new political process, with the eventual goal of ending the insurgency by weakening support for it in predominantly Sunni areas. The outcome of this political process is by no means certain. The Sunnis on the constitutional committee need to be able to show results in order to advance the process. Violence is likely to continue while constitutional process proceeds, certainly perpetrated by the jihadi wing of the insurgency, but also by other insurgents when they think it will advance the Sunni cause.

The more visible gains accomplished by Sunni leaders, the more ordinary Sunnis will come to see politics as preferable to violence as a means to accomplish their ends. In particular, the goal of those pursuing the political process must be to dis-

credit the violent jihadi wing of the insurgency, which rejects political compromise altogether. It is no coincidence that the jihadi wing of the insurgency has been kidnapping and killing diplomats from Sunni Muslim countries in Iraq. Those diplomats have the potential to forge connections between a pragmatic Sunni leadership and the new Iraqi Government. The jihadis understand such connections as a major threat to their goal of keeping violent insurgency alive and resisting political compromise of the kind that more pragmatic insurgents—as well as much of the undecided Sunni Arab community—find potentially appealing. Killing these diplomats is aimed at the specific strategic goal of blocking political progress designed to bring the Sunni community into a pragmatic and nonviolent relationship with new Iraqi Government. The Sunni members of the constitutional committee are, therefore, also themselves at risk, both politically and in terms of their personal safety.

Meanwhile, the Shi'a and Kurdish members of the constitutional committee would like to see a rapid move to the release of a constitutional draft. As elected officials, they share desire to end street progress to an increasingly frustrated public. On the Kurdish side, there is a lingering (and warranted) concern that an extended constitutional process might lead to the loss of some of the gains that Kurds have made in convincing, at least, the Shi'a political leadership to accept substantial de facto Kurdish regional autonomy under the rubric of federalism.

The best posture for U.S. policy at this juncture is to express the view that, if the Sunnis appointed to the constitutional committee prefer some circumspection so as to consider the draft constitution and promote the interests of their constituents, the other members of the committee should show substantial concern for this desire. Having labored to bring these Sunni members to the committee, with the goal of developing Sunni politics and eventually marginalizing violent insurgents, the United States would not be well served by an approach that ran roughshod over Sunni interests in a way that rendered Sunni political participation useless.

It may well be that the Sunni members of the constitutional committee would themselves prefer some sort of compromise option, with the deferral of many of the difficult constitutional decisions that are ahead. If so, such a compromise should be perfectly acceptable from the U.S. standpoint. Deferral is a standard strategy for constitution drafting under difficult circumstances. It does not work indefinitely, as the American Civil War demonstrates. But it can accomplish the short-term goal of shifting, at least, some underlying tension into the political realm and away from the use of force.

#### THE RATIFICATION PROCESS

It is crucial that, unlike the Transitional Administrative Law, which by necessity was drafted privately and was not subject to national ratification, the final Iraqi Constitution be ratified through a process that involves substantial public involvement and discussion. Only such a public process can save the constitution from the inevitable criticism, which will be heard in Sunni areas of Iraq as well as elsewhere in the Muslim world, that it is the product of political elites sequestered in the green zone, who may have been elected, but who govern at the sufferance of the coalition.

This said, the United States should be extremely cautious about designing or directing a public campaign, either to promote or discuss the constitution. Instead, the coalition should stand prepared to fund efforts in this direction designed by members of the national assembly and the constitutional committee. The Transitional Administrative Law provides for a popular referendum on the constitution, thus affording a formal measure of democratic legitimacy. Beyond this formal structure, the new Iraqi Government needs to develop its own, distinctively Iraqi process for discussing and analyzing the constitution. United States officials are poorly placed to determine the right format or forum for such debates.

The town meeting is a particular form of political expression developed in a particular time and place and today not widely used even in the United States. The Framers of the U.S. Constitution designed a republican, representative form of government, not a direct democracy, and even the ratification conventions that took place in the 13 U.S. States were not open meetings, but involved representatives selected by localities and State legislatures. The "town meeting" as such does not have its roots in Iraqi political culture. Instead, Iraqis will probably develop some sort of model of consultative discussion more closely linked to the traditional Arab institution of the majlis.

It is to be emphasized that when a new constitutional draft is made public, many ordinary Iraqis will experience a kind of "sticker shock" with respect to some of its more innovative aspects, especially those concerning federalism. An immediate, open, public discussion will generate some angry rejection of the degree of independ-

ence to be enjoyed by the Kurdish region. By the same token, religious radicals intent on destabilizing the constitutional process could well criticize the draft as insufficiently Islamic—a process which would be perfectly natural in public speeches or on television, but which would be potentially destabilizing if it were to take place in town meetings designed to debate the new constitution.

The members of the constitutional committee have now had experience considering political realities and compromising on the basis of them. They must have the opportunity to explain the draft they have developed to their constituents in their own way. We must be vigilant about unwittingly undermining their efforts through a well-intentioned but ill-executed policy of encouraging town meetings.

#### AVOIDING SHI'A-SUNNI VIOLENCE

The jihadi wing of the insurgency has continued to make great efforts to provoke all-out civil war between the Sunni and Shi'a communities in Iraq. In particular, attacks on Shi'a civilians, holy places, and prominent clerics are specifically aimed at causing Shi'as to break their restraint. Were it not for the steadying hand of Ayatollah Ali al-Sistani, it is entirely likely that violent retaliation would already have occurred on a significant scale. The great risk continues to be an attempt on the life of Sistani himself, which, if successful, would both provide enormous cause for retaliatory anger and remove the primary barrier to its expression. It would be astonishing if such an attempt were not being planned at present. Many of the jihadis consider Shi'a Muslims to be heretics, and there is no reason to expect that they would show any respect at all for the person of Sistani.

To avoid the outbreak of serious interdenominational violence, it is necessary to develop a network of contacts who can speak credibly on behalf of the Sunni community, and even, indirectly, on behalf of the pragmatic, largely ex-Ba'thist or ex-military wings of the insurgency. The Sunnis appointed to the constitutional committee may be considered the vanguard of such a group. Some Sunni clerics may also be useful for this purpose, especially if they would be willing to meet with Shi'a clerics on terms of equality. Diplomats from Sunni countries can play some constructive role in this process by identifying potential Sunni spokesmen. But ultimately, there is no substitute for elected Sunni officials serving in the same government bodies as their Shi'a counterparts. Developing a formalized mechanism outside of political institutions for communicating to Sunnis is likely to marginalize those political institutions, with serious long-term consequences.

#### THE EMERGING POLITICAL LEADERSHIP

The highly fluid political situation in Iraq is generating a new group of political leaders who are acting as entrepreneurs filling a gap in the market. More such leaders will emerge in the coming years, both from within existing political parties and from without. The only generalization that is appropriate is that these leaders are quick to learn and shape the rules of the emerging political sphere. They have general ideological goals, but are typically willing to work with anybody to achieve them, and those goals are themselves open to rapid change and development.

Muqtada al-Sadr is the model of these new political players. From challenging democracy as un-Islamic, he moved to participating in elections. From fighting the coalition through his militia, he moved to accepting coalition money for projects in neighborhoods he controls. He challenged Sistani directly, then acknowledged the latter's authority. None of these is a marker of any underlying moderation; each was a tactical decision taken in the light of circumstances.

The chief failing of U.S. policy with regard to Sadr has been its uncertainty. The coalition needs to decide whether to co-opt and buy off potential militants or arrest and kill them. Fluctuations in policy are counterproductive given the general uncertainty and fluidity on the ground in Iraq.

More broadly, given the U.S. force posture in Iraq, a policy of pragmatic accommodation with new political leaders is necessary. That means that even those who have in the past taken up arms against the coalition must be engaged where there is a chance of redirecting them to political, rather than military means. The key is to insist that any interlocutor must not simultaneously be involved in violence, and to demonstrate that giving up violence is rewarded with stature and money. This provides an incentive for mainstreaming that is crucial to encouraging politics in lieu of violence. Some contacts with violent insurgents will probably continue *sub rosa*, and that is not necessarily a bad thing if it encourages other insurgents to choose politics over violence on the ground of self-interest.

Such interlocutors may be former Ba'thists, militia members, or others. (Two members of the constitutional committee are reported to have been members of the Ba'th Party.) If they will participate in peaceful politics, they should not be excluded

on the basis of past membership alone. Of course criminals must be brought to justice—but in the short term, it is far more important to create political contact with all factions, especially those who presently threaten the future of the Iraqi political process.

The CHAIRMAN. At this moment I'd like to recognize Senator Biden, the ranking member, for an opening comment.

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

Senator BIDEN. Thank you very much. I apologize for being late and I got to read your statement, Dr. Marr, which I always do, before you testified, and while you were testifying.

I think you've all summarized this pretty clearly, and I think that we all acknowledge that unless we get the Sunnis into the deal, whatever the deal is, constitution or otherwise, there is no resolution in Iraq, and so it's a difficult call.

But I just want to thank you all for taking the time to be here, your testimony, and you're about to answer questions for us, is really genuinely helpful where I think there are very few absolutely clear-cut answers here.

And so I will ask that my statement be placed in the record, Mr. Chairman—

The CHAIRMAN. It will be placed in the record.

Senator BIDEN [continuing]. And yield to you for gaining whatever—there is.

[The prepared statement of Senator Biden follows:]

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

I would like to second the chairman's welcome to our distinguished guests. The issues before us today are as important to our success in Iraq as they are complex.

Our commanders on the ground have emphasized that military means alone are not sufficient to defeat the insurgency. Ultimately, true security and stability can only be achieved through a political accommodation among Iraq's major communities and factions.

The constitutional debate in Iraq will play a significant role in determining whether there will be such an accommodation. I am hopeful the constitution can be drafted on time, though it will require consensus-building, compromise, and late nights.

With less than 4 weeks to go, a number of contentious issues must be litigated, including: Federalism, the status of Kirkuk, the sharing of resources, and the role of Islam and women's rights, to name but a few.

But even if all goes well, we shouldn't expect to see a perfect document on August 15. It's worth remembering that our own Constitution was 13 years in the making, and it remains a living document to this day.

Assuming that the Iraqis succeed in putting together a draft constitution, there will remain several profound challenges.

The first is getting the Sunni Arabs into the political process en masse, Iraq is scheduled to have two more elections this year—a constitutional referendum in October and another parliamentary election in December.

Many Arab Sunnis boycotted January's parliamentary elections. I believe many others were kept away from polling stations by fear. It is absolutely essential to convince this silent Sunni majority to participate in the process and to claim a seat at the table in Iraq's first constitutionally elected government.

Our second challenge is ensuring that the constitution is more than just words on a piece of paper. This requires accountability and transparency; security and judicial institutions that respect individual dignity, human rights, and the rule of law; and a government whose reach extends beyond the green zone.

An equally profound challenge is sectarianism. On my first visit to Iraq 2 years ago, very few Iraqis would openly identify themselves as Sunni or Shi'a—it was considered inappropriate.

Now, it is all too common—the result of a breakdown in Iraq’s social and security order and the brutal agenda of a small group of religious extremists. We saw a horrific example of this agenda with last weekend’s attack on a mosque south of Baghdad, which has claimed 100 lives.

Thus far, the Shi’a religious establishment has succeeded in keeping the desire for revenge after such attacks in check, but there is evidence of a growing number of reprisal killings against Sunnis.

The tentative political progress in Iraq risks being washed away if this rising tide of sectarianism is not stemmed.

I repeat what I said yesterday. I believe that we can still succeed in Iraq. By success, I mean leaving Iraq better than we found it—a country with a representative government in which all major communities believe they have a stake, and a country that is not a haven for terror nor a threat to us or its neighbors.

I believe that there is an Iraqi nationalism that unites, at least, Iraqi Arabs. I believe that Iraq’s Kurds, because they understand the realities of their neighborhood, recognize that autonomy in a federal Iraq is a much more realistic option than independence.

I look forward to our witnesses’ testimony.

The CHAIRMAN. Thank you very much.

We’ll proceed then through the remaining three sets, and then have questions from members of the committee.

Now the second set. I’ll ask you, Ms. Van Rest, to make the first comment on this occasion.

Should the coalition conduct a massive public education campaign designed to stimulate interest in the constitutional referendum and discussion of the insurgency? This would include townhall meetings carried on radio and television on the future of Iraq. Could such a campaign reach the Iraqi people, and would Iraqis participate despite threats of retribution?

Would unscripted townhall meetings enhance the credibility of the message, thereby building public disdain for the insurgency, and support for Iraqi political development? Could security be provided to prevent terrorist attacks during the townhall events?

Would you please proceed?

Ms. VAN REST. We are clearly at the point in this process where the role of public education is quite crucial. The constitutional referendum is complicated for Iraqis. When they go to the voting booth it will not be simply a matter of voting for a particular coalition or name of a person, but there are some complicated issues that they may not agree with, and they need to understand how the process went along so that they understand the compromises made and have a full and complete understanding that while they may not agree with in the constitution, nevertheless, this may be the best way forward for Iraq.

Public education campaigns by Iraqis are essential. They need to be done not by the coalition but by Iraqis themselves. What is crucial is to ensure that Iraqis are provided with support, that they need to design and produce and implement a campaign to educate the population about the process that is underway, issues under discussion, the content of the constitution, and the importance of their participation in the referendum scheduled for October 15.

I am pleased to say that we are very much involved in supporting a campaign by a variety of Iraqi organizations across the country. This is something that we have been doing along with our colleagues at the National Democratic Institute to help get the word out about what the process is. We did this prior to the January 30 election, and what we discovered is that there are no end

of Iraqi individuals and groups willing to risk their lives to conduct public education.

Let me give you some idea of what is going on now. The workshops that are going on are not in the context of the townhall meetings as we know them, but they are more like small gatherings across the country. We're supporting an array of civic groups that are involved in a coordinated nationwide voter education campaign to raise public awareness of constitutional democracy and constitutional drafting and the referendum process. Led by Iraqi civic groups working under the banner of the Civic Coalition for Free Elections of which there are about 80 organizations.

The campaign, which is entitled "A Constitution for Everyone," consists of direct voter contact through workshops based on IRI developed curriculum and printed materials. There are scheduled around 1,400 of these workshops across the country. They have begun in a very intensive way, and there have been more than 100 workshops that have been conducted to date.

In addition, we have been working with the constitutional committee to help them become more active and engaged in outreach to the public. We have weekly focus groups that provide them with information on the important questions of the constitutional drafting, we have already produced four television interviews with the constitutional committee leadership in which they have discussed process and content and answered questions from the public about the constitution. One of the programs features a chairman, Sheik Hamudi; another, featured women members of the committee in an effort to focus discussion on issues of particular interest to women.

There are more of these 30-minute programs to follow; they are being aired on the major Iraqi television network and will reach an audience of millions.

In addition, we are helping the constitutional committee produce public service announcements. We're in the process of doing that. And we're also helping them distribute—or print and distribute—various things such as posters and pamphlets around the country.

Finally, Iraqi women are so very active in civic education. We work with several women's coalitions to get out the word about what is going on with the process and how they can have some sort of input into the drafting. And their efforts are ongoing constantly. Today, for example, a group called the Women's Leadership Institute held a public meeting and then they met with members of the constitutional drafting committee to share their views on what they believe should be in the constitution with regards to human rights and women's rights.

We also have on hand a constitutional consulting team and they are legal and academic specialists who are helping out with conducting different workshops and sessions with various Iraqi groups.

And, finally, we are giving support to the Minister of State for Women's Affairs in her efforts to hold national conferences to discuss issues of human rights and women's rights.

The CHAIRMAN. Thank you very much.

Dr. Feldman.

Dr. FELDMAN. It is crucially important that the members of the constitutional drafting committee have the opportunity to argue to

the general public in Iraq their case, to explain why they've drafted what they have drafted.

That said, I think there are some significant concerns that we should be aware of with respect to the United States directing, and being seen to direct, a public education campaign, especially one that focuses on the town meeting. And I think those concerns are really three.

The first is that the town meeting forum, as we think of it, an open town meeting where anyone can get up and speak his mind if he or she—if the person is willing to stand in line behind a microphone, it's not an indigenous political forum to Iraq. It's not an indigenous political forum even in much of the United States, although it is used in some places like my native New England.

But the truth is that under such circumstances where anyone can get up and speak, the odds are very high, I would almost guarantee that in many cases some of the strongest and most vocal opponents of the constitutional process will be the ones who dominate these meetings. And I'll say a word in a moment about what it is that they're likely to say. But I think that's the first concern.

In Iraq a model for public engagement developed by the members of the constitutional drafting committee itself is much more likely to be effective, and it will probably follow—speaking in very general terms here—something like the consultative majlis model that is more commonly used in the Middle East, it will be discursive and dialogic if you will, but it would not be an open mike sort of situation. And may I add that the ratification conventions in the United States, when we ratified our own constitution, were not open microphone—well, there were no microphones, but they were not open-access affairs. People were selected, or elected, to participate in those constitutional conventions, and I don't think that undercuts the fundamentally democratic nature of the process, especially given that here there's going to be a democratic referendum on the constitution.

The second concern is what I referred to earlier as sticker shock. There's been a process for Shi'a Iraqis in particular, Arab Iraqis that has not yet been undergone by Sunni Iraqis, when they are informed of just how much autonomy the Kurdish region has requested and is likely to get in the final constitutional draft. Many, many Iraqis remain uncomfortable with what is, let's be honest, de facto autonomy for the Kurdish region under many, many particular circumstances under the rubric of federalism. And a states' rights position, much stronger than states' rights, not only now in the United States but at any point in our history.

It is likely that many people first introduced to this concept, especially in the Sunni areas, are going to react very negatively, and they're going to react negatively in public, and such meetings would be a natural forum for them to do so.

Now some public expression of their shock is perfectly appropriate, and I expect we'll see it in newspapers and on television and probably in some public rallies. Having that happen in these meetings is likely to be very destabilizing to the process of constitutional ratification, and I do not think it's an exaggeration to say that it would raise, at least, some possibility of a public ground-

swell against the constitution, which I think would be a very serious matter indeed.

I would add to this the role of Islam as a factor that is likely to become much intensified in open meeting style debates. The Islamists, both on the Shi'a and the Sunni side—we haven't heard so much from the Sunni Islamists, yet, in Iraq, but I promise you we're going to, in this ratification process—are excellent at essentially taking over public meetings and insisting on the insufficiently Islamic nature of any public governmental decision. They will not be concerned about the fact that behind closed doors a negotiation has already occurred in which Islam has been delicately balanced against democracy in a very, very precise formulation which will require a constitutional scholar to make any sense of it, and even then will probably make very little sense.

We are opening the door potentially to an Islamist countermovement against the constitution, and among the Sunni Islamists, who, as I said, we have not heard from very much politically, but who are most closely connected to the jihadi wing of the insurgency. You're talking about a constituency that could do real harm to the constitutional process, and is guaranteed to try to do so. So I have some concern about that constituency and its participation as well.

The last point is the desire for people who participate in meetings that are designed as part of the ratification process to be participating in meetings that actually matter. In other words, just as at our constitutional ratifying conventions in the States many people got up and said we don't like this constitution without a bill of rights, we demand that a bill of rights be added, and we vote to ratify only on the condition that a bill of rights be added, many people in Iraq participating in such meetings will want there to be changes to the document. The idea that they are being asked to debate something the text of which is fixed, and the text of which cannot be changed prior to the referendum, is likely to be an extremely unpleasant one for many people. And I say this partly based on personal experience in Iraq. I think there is a grave likelihood, at this point, that people who are already skeptical of the democratic process will say, why are we being asked to talk about this if a decision has already been made? If we can't do anything about it, why are we being asked to get up and express our views?

That, too, is a potential source of frustration. So since there is no contemplated mechanism for returning back to the drafting committee after the point at which the debate has occurred, you are going to get frustration in the general public, in this case, just at the whole constitutional process, a sense of frustration and perhaps of having tried to participate politically but not having been able to do so, with the only protest mechanism available being a no vote.

I would just close my comments by mentioning that many, many rational observers thought—before the recent constitutional referenda in Holland, in the Netherlands, and in France—that no reasonable voter in either of these countries could potentially vote against the constitution because the consequences were much too serious. Now admittedly they're not quite as dire in Europe as they would be in Iraq, but it is the case that many Iraqis would be pre-

pared to vote against the constitution if they were sufficiently frustrated with the process. We must be very careful to avoid a situation in which we unwittingly, but in a well-intentioned way, facilitate a process that actually leads people to be dissatisfied with their constitution rather than happy with it.

The CHAIRMAN. Dr. Marr.

Dr. MARR. Well, I find myself in agreement on at least two points with my colleagues, and perhaps some caveats on the others.

I found this question much easier to answer. Like others, I feel that it's the Iraqi Government, not the coalition, which should be conducting any public education campaign on the constitution. I also feel that this campaign should not include a discussion of the insurgency.

I do want to elaborate a little on that because I feel that these are two separate, though related, issues which should not be mixed. Doing so is going to tie the constitution and its contents to the insurgency, divert attention from the main subject, and fix the two together in the public mind. Worse, it could make the constitution's success appear contingent on insurgent activity and tie the government's agenda to the insurgency.

So the discussion of the constitution, as a blueprint for Iraq's future, should stand on its own, although, of course, the public discussion should make clear that the political process is open to all, and it's the appropriate vehicle to effect political goals, not violence.

I believe that there should be a campaign conducted to set the constitution before the public. The way the question is phrased—whether it should be massive, whether it should be a townhall forum—I think is less important. I think, as Judy has said, there are certain ways in which this can be done in the Iraqi context which won't necessarily invite a lot of propagandistic speeches. Certainly, as she has said, campaign can be conducted through the media, through the press, perhaps in university and school settings, perhaps in the more traditional settings and so on.

There are two virtues to doing this. One is that it helps build civil society which is very important. Various civic groups formed to educate the public will be the basis for future interest and watchdog groups, and, as has been indicated, a number of these have already been formed and are operating. And I want to add that special effort should be made to persuade the Sunnis in their area to lead this process, to encourage Sunni participation. It's very important that they get invested in the process, and develop a feeling that they have a stake in the future.

Now, along with Dr. Feldman, I, too, have a problem with the timing of this process. I believe that a public education campaign needs to be undertaken, both before and after the draft is submitted, so that the public feels it has some say in the content. I agree that if you just spread the constitution before them and indicate they simply have an up or down vote, there's going to be frustration. And you might get a down rather than an up vote. This is one reason why I think a small extension in the time might be helpful.

You can't write a constitution in a townhall, that's perfectly clear. But there are instances where the public, through interest

groups such as those formed by women and others mentioned in the bill of rights, can have some input. They will feel that they're being listened to and taken account of. They will have a more vested interest in the outcome.

So I would like to make sure that this public education process has some feedback into the constitution committee before the draft is finalized. Needless to say, I also feel that there needs to be some kind of opportunity for public education once the draft is completed, for several reasons. First, people do need to understand what their rights and obligations are under the constitution. Second, I think various interest groups and other civic societies involved in this process will be the building blocks for the legislation that will fill in the details on this constitution. Third, they will bring the public and its various sectors into the process; that's very important, too.

The CHAIRMAN. Thank you very much for those responses.

Now let us proceed to a third set of questions. Should we take new steps to forestall a Sunni-Shi'a conflict?

Is international and Arab intervention feasible in that process?

Could an international working group that includes participation by Sunni Arabs from outside Iraq, namely Jordanians, Egyptians, and others, help broker negotiations between the parties? Is there some other vehicle that could provide technical support and mediation and services for Sunnis and Shi'as to come to peaceful accommodation?

Could credible Sunnis be enlisted to participate in this process?

And finally, should de-Ba'athification be revisited?

I call upon you, Dr. Feldman, to initiate the responses.

Dr. FELDMAN. Thank you, Mr. Chairman.

The jihadi wing of the insurgency is engaged in an all-out effort to create a true civil war in Iraq, and the reason we don't have a civil war is just that, although, there are massive killings of Shi'a civilians by some Sunnis there have not been substantial retaliations in killings of Sunni civilians by the Shi'a. There's really just one reason that that hasn't happened so far, and that reason is Ayatollah Ali al-Sistani, who has the kind of moral credibility in the country to call on his constituency to act with restraint.

It is certain that an attempt on the life of Ayatollah Sistani is being planned. It would be unimaginable that no one was trying to kill him. An attempt will be made and one can only hope and pray that it will be unsuccessful.

Nonetheless, we need to be well aware that that is not a far flung or unlikely scenario. Already several of his senior aides have been successfully assassinated, and again it's taken tremendous restraint on his part to be able to advise the Shi'a community, which is aided by a traditional political quiescence, but which will not hold on to that forever, that they ought to hold back and preserve the peace.

So we definitely need some mechanisms that might be able to restrain, especially in a crisis situation like that one, and that would function under ordinary conditions as well.

Now some participation of Sunni diplomats from outside of Iraq is certainly helpful, and we can deduce that it is potentially helpful from the fact that the jihadi wing of the insurgency thinks it might

be helpful, which is why they're trying to assassinate those diplomats.

It will now be much more difficult than it was the first time, and it was not easy the first time, to draw those other Sunni Arab countries into the process of negotiation by sending fresh diplomats. They, themselves, have security concerns, understandably, and it's a tremendous blow to their national prestige, and to their national interests, when they lose an ambassador. That's a serious business for obvious reasons that I don't need to explain to the committee.

So I think we probably have, to some degree, exhausted, at least, the public version of that kind of diplomacy, and we may have to rely more on private versions of diplomacy of other Sunni-Arab countries going forward. It doesn't mean it can't be done privately in an effective way.

There are essentially two groups of interlocutors that we could use in the Sunni-Arab community to try to make this happen. The first are Sunni clerics. These are very often not the people whom one would choose as interlocutors because to make them interlocutors is to empower them, and they're not people that have been elected, and they often have views and values deeply opposed to those of both the coalition and also held by the Iraqis.

On the other hand, before elections happen, they are often the only people who are capable of speaking in an indirect way on behalf of those who were participating in the insurgency. They could be encouraged to meet on equal terms with Shi'a clerics, in cleric-cleric meetings that would be informal sorts of contacts, nongovernmental, but which might, in the long run, be a first step in the direction of having some line of communication that would be available in a crisis situation. It's not going to be an easy thing to do. Many of them lived happily alongside Shi'a for many years but if you push them, theologically, as the jihadis are doing, it's difficult for them to avoid the conclusion that, in fact, the Shi'a are, at best, heterodox and, at worst, heretics. That's a serious concern on their part. But some sort of clergy-clergy contacts, I think, should be encouraged and could be encouraged.

The second group one could speak to on the Sunni-Arab side are essentially ex-Ba'thist or ex-military or both, members of the—what I described earlier again with apologies, is it a moderate or the pragmatic wing of the insurgency, that is people who don't see the end game as a permanent jihad but instead see the end game as some sort of a negotiated solution with the other side.

We are already talking in some limited ways to those people. Some of them are participating in politics, and indeed, at least two of the members of this constitutional committee who are Sunnis are reputed to have been former Ba'thists at some stage of their careers. That's a good thing because this situation, although these are not people whom one would like to deal with, we have very little other choice if we want to stave off the possibility of more extensive violence.

The background for all of this is just to keep in mind that the insurgency itself needs to be split, and that the jihadi wing is never going to negotiate, is never going to enter into reasonable deals, and that anyone who belongs to that line of the insurgency, or

claims to belong to it, or is even openly allied with it, should be excluded from these sorts of contacts, but that there are others in the insurgency who do not feel this way and who can be won over—and to be blunt about it, bought out through this process. And I think we need to be open to dealing with those folks as we have already slowly begun to do.

The CHAIRMAN. Thank you, Doctor.

Dr. Phebe Marr.

Dr. MARR. I think in some ways this question may misdefine the issue a little. Rather than simply a Shi'a-Sunni conflict, I think the conflict is broader, and as I said before, involves all of Iraq's communities as they search for new identity.

In fact, I think there are two processes going on; one is an increased polarization of the Iraqi polity along both ethnic and sectarian lines—Kurds and Arabs as well as Shi'a and Sunnis as Iraq searches for this identify and a new political center of gravity. The elections in January revealed this polarity, putting into power an essentially Shi'a ticket with a majority and a very strong Kurdish ticket in the second place. Those with centrist or nonsectarian views either lost the election, or got very few votes.

In any event, helping to move Iraq away from this polarization and encouraging a sense of national identity, particularly in speeches, messages and so on, should be one of the coalition's long-term goals. But I agree with Noah Feldman, it's well to keep in mind that both the Shi'a and the Kurds have been disciplining their own communities and preventing retribution and retaliation, up to a point, where they can. This has been largely successful because both of these groups have benefited by attaining power in the new regime.

In the end, however, rather than a Shi'a-Sunni conflict, what I see is rejectionist resisting the new government and a new political order. This is most virulently manifested in the insurgency. Most of the rejection comes from Sunnis; most of those in the government and those shaping the new order are Shi'a and Kurds. But the Sunni rejectionists need to be understood, not simply as a sectarian group but as a community whose leaders once occupied power, not as Sunnis but mainly as nationalists. Now they find themselves to be an increasingly marginalized minority that not only resent their loss of power and status, but fear discrimination and victimization by the new ruling groups. And many have lost employment and economic benefits as well.

As Dr. Feldman has said, they can be divided into several different categories. Like him, I would put the jihadists and the "Salafists," who are extremist, beyond the pale. I would also put beyond the pale, Saddam loyalists engaged in violent mayhem. But I agree that a number of the other Sunni oppositionists—army officers, former Ba'th party members, nationalists opposed to occupation, and unemployed youth riled by current conditions—probably can be brought into the fold of the new regime in time, and with the proper incentives.

Conversation with these oppositionists indicate they have roughly four or five concerns. They are, first, the issue of occupation and the foreign presence; second, the loss of power and prestige; third, the lack of Sunni representation in the political process; fourth, in-

creased sectarianism; and fifth, the lack of a rule of law and security, especially for their community.

Attempts to alleviate this problem should focus on addressing these problems. I would make several suggestions. First, as everyone has said, encourage the government to bring Sunnis into the political process.

Progress has already been made on this—considerable progress—and if more time is needed on the constitutional process to do that, I would urge that we provide it.

Second, encourage revision of the electoral law to move the process away from a single countrywide election list to a more district-based system, which I'm going to say more about later. This would ensure Sunni seats in the assembly regardless of how many voted and would certainly go down well in Sunni areas.

Third, encourage the current government to revisit the de-Ba'athification program. Anecdotal evidence suggests that much of the educated middle class, especially academics and professionals like doctors and lawyers, who may have been party members but have no criminal records, feel alienated and left out. Many are leaving Iraq. A better vetting system, which focuses on individual behavior and records rather than a blanket category such as party membership, would help. But it has to be borne in mind that this is an extremely sensitive issue for the new Shi'a and Kurdish leaders. This was brought out in many conversations I had with them in Baghdad.

Fourth, Sunnis complain of a lack of rule of law and security. They're not alone in this, of course. Over the long term, strengthening the court system, the prison system, the police system, would help. I mention this because I think it's important to remember that not all of this violence is due to insurgency. A lot is due to common crime. If you could separate the police problem from the insurgency problem, strengthen the local police, especially Sunni police in Sunni areas, it would allow the coalition to take its forces out of cities and alleviate some of that problem.

Lastly, outright mediation might have some benefit. But, frankly, I think it has to be handled carefully lest it be seen as interference, especially by the new Shi'a-dominated government. As for including key figures in neighboring Arab-Sunni States we have to be careful here, too. That would be helpful, but many of them may be regarded with suspicion by this government. However, including some Arab leaders in some kind of an international delegation might be a good idea. But any mediation effort involving neighboring states would need a clear definition of its mission, what it would be expected to do to influence and mitigate the Sunni problem.

The current government is interested in efforts to control the border, to control the finances flowing to insurgents, to get public support for the electoral process and the new constitution, and to encourage public rejection of violence. International and regional efforts along these lines, in return for Iraqi Government efforts to bring more recalcitrant Sunnis into the government and into local police forces, might be helpful.

I would like to just add two points to what Dr. Feldman has said about who might mediate for the Sunni community. Religious lead-

ers are one group, but let us not forget tribal leaders, who are often very pragmatic, who have local constituencies, and who certainly ought to be brought in, at least in the short term, as negotiating partners.

The CHAIRMAN. Thank you very much, Dr. Marr.

Ms. Van Rest.

Ms. VAN REST. Thank you. To follow up on my colleagues remarks, what I want to describe is what we're seeing from our working in Iraq through these various groups. We are witnessing a determination among all the groups, Sunni, Shi'a, Kurds, even the smaller groups, to work together toward the goal of a united Iraq.

One thing that we have been seeing is that there is no end of debate among the Sunni and the Shi'a about what type of government they should have, and indeed they are taking some joy in embracing the opportunity to have the debate because as we have heard from several of them, including one recently, that "under Saddam I would not even debate such issues in my own head and now we are free to debate them among ourselves."

There is a commitment to democratic debate and confidence in the framework across Iraq and across various sectors of society. It is found among Sunnis. We have seen Sunni representatives brought into the constitutional drafting process, we have heard Sunni leaders say they made a mistake by not participating in the January elections, and a mistake that they are encouraging their followers not to make in upcoming elections.

There is wide support for democratic solutions by Iraqis as shown in our polls. Support for, and confidence in, democratic solutions among Iraqis has been expressed time and time again in nationwide polling, which we have attached to the testimony in greater detail.

The latest survey has revealed that nearly 73 percent of Iraqis believe that the new Iraqi transitional government is representative of the Iraqi people as a whole, among self-identified Sunnis the percentage is 67.4 percent, and for the Shi'a it is 78.3.

Equally revealing is the strong support for coming elections; 75.6 percent of Iraqis say they are very likely to vote in the upcoming constitutional referendum. Again, support is strong among both Sunni and Shi'a at 63 percent and 83 percent, respectively.

It is also worth noting that the polling data reveals that the Sunni-Shi'a divide is not that wide in comparison to self-identification as Iraqis. Twice as many Sunni most strongly identify with their country in relation to the number who identify with their ethnic group; for Shi'a four times as many identify with their country. When comparing strongly identifying with country to identification with religion the ratio for Sunnis is three to one, and for Shi'a two to one.

National identity is a necessary component in creating a willingness to make the compromises necessary to bridge the gaps that might otherwise be created by more divisive elements.

These numbers are being reflected by action on the ground. Across the country courageous Iraqis are standing up to those who would use violence to undermine the move toward a peaceful and democratic Iraq. IRI is working with numerous Sunni and Shi'a organizations, and as my colleague Noah suggests, we're also includ-

ing cleric organizations, and as Phebe mentioned, we have tribal organizations working to educate Iraqis about the constitutional drafting process and support for elections as a way of creating a more peaceful and prosperous Iraq.

It is in this context that the response to what steps should be taken to avoid Sunni-Shi'a conflict should be found. The answer is to support the Iraqis in finding their own solutions, including that of de-Ba'thification within the democratic political framework to which they have committed themselves. Sunnis and Shi'as are already engaged in accommodations through political channels, leadership is not advocating violence for civil war, such elements while tragically conspicuous are marginal forces.

The United States and its coalition partners would do well to encourage, even pressure, neighboring governments and those of other Islamic States in the region that benefit from stability in Iraq to be more outspoken in their condemnation of terrorist violence in the name of Islam.

The CHAIRMAN. Thank you very much.

We'll proceed now to the fourth option. We'll start with Dr. Marr in the response.

How can the United States cultivate emerging leaders among the various political factions in Iraq, and ensure that they will interact politically rather than using violence or exclusionary political tactics? Is such involvement feasible, or would it be counter-productive? How divergent are the views among the various new leaders on such issues as democracy, the appropriate political structure, the role of religion, future relations with the West and Iraq's neighbors? Can the United States influence these views, or should we attempt to influence those views?

Dr. Marr.

Dr. MARR. Thank you. I'm currently involved, as a fellow at USIP, in a study of Iraq's emerging political leadership and their various visions for the future of Iraq. In conjunction with this I've made two trips to Iraq; one in December to talk to the Kurdish leadership and one in May and June to Basra and Baghdad to talk to the newly elected members of the government.

These interviews reveal a rich mix of political leaders emerging with considerable promise for the future, but that promise is going to take time to mature. The problem of replacing Iraq's leadership, once Saddam and the Ba'th regime was removed, has, in my opinion, always been one of the most difficult problems facing Iraq and the coalition. Removing and disbanding the previous pillars of state has allowed for a new leadership to emerge, but has also created a large vacuum at the center of power. Filling this vacuum has been difficult.

New leadership can come essentially from three sources. One is a reintroduction of elements of the previous regime vetted for security purposes; the second is from exile, opposition politicians who've been outside of Iraq for decades; and the third is from the indigenous Iraqi population, most of whom have had little or no leadership experience.

Essentially the coalition opted for the second solution; bringing in a group of exile opposition leaders mainly from the West. This group dominated the early governments under the CPA and the in-

terim government, but the election now has produced an essential change in that pattern and brought the expression of popular will and a shift to new leadership, which probably reflects future trends in Iraq.

Several points need to be made to understand this leadership and the challenges it poses.

First, the current government, like its predecessors, is dominated in its upper ranks by exiles who have spent most of their formative years outside of Iraq, or in the case of the Kurds, running their own government in the north. Whereas earlier regimes were led mainly by Western-educated and Western-oriented oppositionists, the new government is not. Key positions are now in the hands of the Shi'a religio-political parties and the Kurdish parties. The members of this opposition have often spent time not in the West but in Iran or in neighboring Arab countries like Syria or Lebanon.

The Shi'a are Arab-Iraqis but they are more interested in instilling an Islamic identity in Iraq. In one sense, Iraq has exchanged one set of exiles for another. The indigenous leadership from inside Iraq, though it's emerging, has still not made its way to the top of the leadership group.

Second, turnover in posts at the top has been substantial, creating lots of opportunity for mobility but the need to gain experience. The same is true at local and provincial levels where discontinuity may be even greater. Something like 60 percent of the current Cabinet Ministers are new to the job. Some of this change is to be expected in an era of radical change, but it means that the new leaders must gain more experience in running a state. This will take time.

The one exception to this rule is the Kurdish leadership. They have acquired considerable experience and maturity, often through the school of hard knocks, in running a government in the north. And it's not surprising that their area is quiet and gradually becoming more prosperous. The question with the Kurds, however, is how committed they are to building Iraqi institutions in the center as opposed to those in the north, and how to draw this experienced leadership further into the rebuilding of Iraq.

Lastly, there's the problem of differing visions of the future of Iraq and where the various leaders would like to take the country. In my initial interviews I have found a certain amount of overlap, but there are also differences. Arab-Sunnis, Kurds, and the dominant Shi'a coalition have different views that need to be reconciled. That process is being dealt with through the constitutional process and elections. Of course, it's going to take time, but in my view the ongoing political process is one of the bright spots in a sometimes bleak picture.

How can this process of accommodation be facilitated? How can the coalition help?

First and foremost, every effort must be made to open Iraq to the outside world. While exiles have had some exposure to the outside, those inside have had little. Education at every level has deteriorated and Iraqis, especially professionals, are hungry for outside expertise and contacts. Let's give it to them. Visitors programs, fellowships and scholarships to study in the United States, Europe,

and elsewhere, computers and library facilities in universities and centers, need to be encouraged and funded. This is being done—I think these programs are successful—but I’d rather see more money appropriated for those things and less to some others.

One of the most positive aspects of my trip was in discovering young people in their twenties and thirties who wanted to come to the States to study political and social sciences, not engineering and computer science, for the first time in decades. We should encourage that.

Second, let’s concentrate on the younger generation which is Iraq’s future. While the vision of most of the 40- and 50-year-olds has already been formed, often in divergent ways, those in their adolescence and early adulthood are still flexible. And we should avoid stereotypes.

For example, among the most hopeful and promising experiences of my trip to Baghdad was in talking to this generation, including several young people from Sadr City. We often think of Sadr City as a poverty-ridden slum, a nest of Islamic radicals, but these young people dispelled some of that impression, as far as I was concerned. One was a husband and wife team involved in local municipal government. Both were advanced graduates of universities and one was interested in pursuing a Ph.D thesis on U.S. foreign policy, but he needs more training in English. He should get it.

Another was a remarkable young woman in her early thirties who had been encouraged by her family to get an education as a doctor. She was just about to take her board exams when Saddam was overthrown. She was appointed to her neighborhood council, and then in the space of 2 years she went from the neighborhood council to the district council to the municipal council. She was appointed to the national interim council in 2004, she ran as an independent for the national assembly and she’s just been elected. She wants to have a political career and to come to the States to learn firsthand how to engage in one.

What better way to invest in the future than to provide her and others like her with this opportunity.

Third, encourage and strengthen the many civil society groups that are already blossoming, despite dire security conditions. Help think tanks get funded, support interest groups that are emerging, encourage training and conferences that bring diverse groups together in an environment that allows hands-on discussions and potential resolution of conflicts.

The institution, which is funding my research, USIP, is a good example of this activity, though not the only one. IRI and NDI are doing yeoman work as well. These activities do not make the headlines but they’re critical to developing future leadership and the skills and attitudes necessary for compromise.

Fourth, strengthen government capacity, both at national and local levels. The political process is justifiably sucking up much of the time, energy, and resources of Iraq’s elite. Meanwhile, the more mundane aspects of government—delivery of electricity, garbage collection, security—are neglected or given over to free lancers and contractors who may be corrupt or worse. Building government structures and an honest bureaucracy would greatly enhance Iraq’s

ability to carry on and to garner popular support while it struggles to settle these difficult political problems at the national level.

Encouraging a civil service administration based on meritocracy would be a good step in this direction.

And lastly, economic development by, and for, Iraqis must take place despite the security situation. All evidence including the polls from IRI suggests that this element, along with security, is the number one priority of the population. The constitutional process must be supplemented by growing prosperity and the strengthening of the middle class. Over time, nothing will better tamp down ethnic and sectarian tensions, help mitigate past feelings of victimization and fears of reprisal, and provide a new and better vision for Iraq's future and its youth.

A failure to complete economic development—to couple economic development to the political progress being made—may produce an Iraqi version of what has just occurred in Iran; the election of a conservative, religiously oriented, President supported by a neglected working class. The potential indigenous leadership in Iraq today is not hidden secularists and liberals, but the Sadrist movement, which is gaining support by its nativist claims. Its leaders have not spent time outside of Iraq, and it is championing the poor, uneducated, and jobless.

The best way to combat this situation is to make sure, first, that the political process continues to be open to these groups, and second, that the younger generation of underprivileged, such as those Sadr City residents that I met, are nurtured, encouraged, and given access to the outside world.

The CHAIRMAN. Thank you, Dr. Marr.

Ms. Van Rest.

Ms. VAN REST. I agree with Phebe on all the things she said about the importance of exchange programs bringing youth to the universities and the like. In addition to that, IRI and NDI, through various grants to indigenous organizations, have been doing work on the ground helping emerging leaders and emerging groups begin to learn the process of how to work in a democracy.

As you all know the institutes have been doing this for a long time. We have more than 20 years experience in assisting countries to emerge from authoritarian rule to democracies, and with our technical training ongoing, we are helping Iraqis build political parties, civil societies, government institutions, and other components necessary to have representative government.

We do this—keeping in mind that democracy is just not an off-the-rack concept, one size does not fit all, but what we do know from our experience is that there are basic elements that are universal in a democracy and as we have with many other countries around the world we are continuing to assist them in fashioning their own new and free democratic Iraq.

I would also like to point out that it is a long-term process as well. We have in the most recent example—well, we have had several experiences, but Ukraine is an example that I like to point out, we have been working there for more than 10 years and as we saw last fall that the Ukrainian people finally took the bull by the horns and decided that they, indeed, wanted to have their own democracy.

In addition to helping Iraqis with training in their public education, civic organizations, we're also drawing on the experience of countries in Central and Eastern Europe. We have a good many on our staff who are from Serbia and Ukraine. We also have trainers—we've had trainers come in from Romania, for example, and these trainers are very well received because Iraqis can relate to someone who was imprisoned or had a family member killed by an oppressive dictator but who is now working in successful transition away from authoritarian rule.

Successful transitions in the Slovak Republic, Lithuania, and the Czech Republic as well as other regions in countries such as Indonesia, have all proved useful in providing Iraqis with case studies. For example, we took a group of Iraqi election officials to observe elections in Indonesia and other countries prior to the January 30 election.

IRI staff in Iraq are folks who have helped to lead transitions in their own countries and this is something that is very much appreciated by Iraqis we work with.

With regard to the opinion on issues of democracy and related topics I would like to refer to our polls. We conduct them on a regular basis, we have a poll currently in the field. The most recent poll is attached and, as you can see, there is information that we hope will inform the committee and others. For example, one question is: "Were Iraq to have a Presidential system which of the following methods would you prefer?" and the majority of people want direct elections. That continues, no question about it. Yet, there are also differing opinions on what role religion should play.

The CHAIRMAN. Thank you very much.

Dr. Feldman.

Dr. FELDMAN. Thank you, Mr. Chairman. I agree with much of what my colleagues say on this question. I would just emphasize that in the tremendously uncertain circumstances of present-day Iraq, the fluidity of the political situation is such as to encourage the emergence of a new generation of leaders, who are themselves extremely open to rapid changes both in their techniques and also in what appear to be their illogical commitments.

Let me take as an example the most notorious, but also the most influential, young leader, that's Muqtada al-Sadr. Sadr began by challenging democracy as un-Islamic. One of his first big public speeches was a statement that Islam and democracy could not work together. He then moved on to participating in the elections. He began fighting the coalition violently through his Mahdi army, and indeed engaged in some very brutal fighting with U.S. forces, and yet he moved from that point to accepting coalition money for projects in neighborhoods that he and his political parties control.

Sadr also challenged Ayatollah Sistani directly, in an extremely overt way, rather shocking to the Shi'a community, but he ended up acknowledging Sistani's authority when push came to shove.

Now none of these is a marker of a moderate, this is not a moderate we're talking about. These are markers of someone who is learning as he goes, and who is ultimately willing to be extremely pragmatic, politically, in order to accomplish his goals. He still has general ideological preferences for something like an Iranian-style model of governance, but he's willing to work within the cir-

cumstances that he finds, which are circumstances that are rapidly changing. And one reason that he has survived thus far—there are two reasons he’s survived. The first reason he survived is that the United States was not firm in its initial determination to get rid of him. If our decision had been to arrest him early on we could have done so at an early stage. That’s the first reason he wasn’t—he succeeded.

The second reason, though, is precisely that he’s been extremely flexible. I think the new generation of political leaders that are emerging in Iraq now share, not necessarily his particular ideological preferences, but they share this feature of tremendous flexibility, willingness to adapt to rapidly changing circumstances.

Now what does that mean in a practical way for the United States? It certainly means that, at the grassroots level, we should be interested in educating people because if they are flexible, educating them in U.S. approaches and ideas can actually be effective.

But it also means that we need to be realistic about what they will do when they go back to their country. It is not realistic to think that exposure to a Western-style education will make Western-style Democrats out of them. It’s equally likely, or probably more likely, that such exposure will make them more sophisticated in dealing with us, a value to them—

Senator BIDEN. It depends on their professor.

Dr. FELDMAN. Everything does, as we’d like to believe in my, otherwise, largely irrelevant profession.

So the truth is that we need to expect that we’re going to be forced to deal with lots of extremely practically minded young politicians who will be willing, essentially, to say or do whatever is necessary for them to get ahead politically. And we have to be prepared to deal with them if we are adopting a strategy of dealing with them. What’s problematic is if we adopt an equivocation strategy. What doesn’t work is to say on day one, we’re going to arrest you or kill you, and on day two, you are our ally in this democratizing process. Either one will work, often under lots of circumstances, but you’ve got to choose one and then stick with it, and I think that may be a general principle in life, but in this case it seems particularly true.

The CHAIRMAN. Thank you.

Now let me mention that at the beginning we said each of you would have an opportunity, at this stage, to add a final comment, something that has come to your mind, questions that have not been raised.

Dr. Marr, have you had such inspirations at this point?

Dr. MARR. Well, I’ve certainly been inspired by my colleagues here, but I did come with a suggestion that I think is worth looking at. Again, the lead has to be taken by the Iraqis, but after looking at polarization, looking at the election, and talking to many leaders, I’m seized with the idea that one of the things that would be most beneficial in Iraq in damping down this ethnic and sectarian polarization, would be a revision of the electoral law. The fact that it was a single-list system seems to have contributed to the polarization. If, in fact, you could mix and match these provisions—it doesn’t have to be all or nothing—but if a new electoral law could be drafted which shifts more in the direction of districts or prov-

inces, a law that assures provincial representation in Parliament, this would shift the balance in the election to local and regional leaders who have constituencies. We can't be entirely sure—elections are always a question—but I think that would help. And there are many people in Iraq who suggested such a revision to me.

For example, let's take many tribal leaders. I'm not a big fan of tribalism, but many of these leaders are educated, they're relatively sophisticated and they're practical and they have constituents. This would shift the system in the direction of constituents with interests and leaders with a need to "bring home the bacon" rather than political parties with ideological frameworks. It would even help on the Kurdish issue.

If we have any opportunity to suggest something, I propose this. We may not even need to suggest it because I think there's a contingent—quite a contingent—in the Iraqi political spectrum that would like that. Revising the election law may take more time, and may involve some kind of a census, but if this issue comes up we can give some good advice to Iraqis; that's my suggestion. That's worth taking a look at.

The CHAIRMAN. Thank you.

Ms. Van Rest.

Ms. VAN REST. As I alluded to, in my last remarks, I think from our point of view, it's very important to understand how long it takes to help people in other countries realize their own democracy, and so, therefore, I'm just—and I know that there is a great understanding on this committee of this, is that we need to be in there with other groups, not only NED and IRI and NDI, but other organizations who can continue to help Iraqis as they develop in setting up their institutions, in learning how to operate within a democracy. It doesn't happen overnight, which I know is a very simplistic thing to say, but it is something that we know takes a very long period of time, and so that is what I would like to offer as something we need to keep our eye on with regards to democracy-building programs.

The CHAIRMAN. Thank you.

Dr. Feldman.

Dr. FELDMAN. I would just very briefly emphasize that there's an intimate connection between the progress on security, or a lack of progress on security, and the constitutional progress. I sometimes think that Iraq is like watching a split screen. On one side of the screen is this constitutional process that all in all has gone pretty well. It's had steps backward and it's had steps forward, but it's made reasonable progress, and even though Sunnis did not participate in the election there are now Sunnis involved in the political process, and they will be involved to some degree in the final constitution.

On the other side of the screen, meanwhile, is the continued violence that we do see, literally, on our television screens every day, which is deeply destabilizing to the political process in that it makes it look like a show. It makes it look as though the political process is disconnected from reality, and that's deeply harmful not just to our interests in Iraq—because it makes it much more difficult to achieve a political balance there which would enable us to begin to drawdown forces—it's also terribly damaging to our broad-

er efforts in the region to encourage political processes that look a bit more like democracy than those that presently exist. Because opponents of democratization in all of the countries in the region regularly say—now this is a new argument, they didn't have this argument before Iraq, but their new antidemocracy argument is, look how destabilizing democracy is. Open up political processes and suddenly you'll have suicide bombers, you'll have people all over the streets, you'll be in a very, very risky situation. And that is, in the long run, just as harmful to our interests in the region as it is to our particular and very immediate problems in Iraq itself.

So I would just emphasize that inasmuch as we care a lot about the political process, and today we've been emphasizing those aspects of the political process that are good, or that can be improved, but we recall that as you've had even other panels thinking about this issue to realize that there's a close and central link between these, and that we could very easily end up with the best constitution ever ratified in an Arab country—and, in fact, I'm relatively confident that we will end up with such a constitution, at least measured by that metric—and that it will possibly mean very little in practical terms if we don't have the security to enable it to actually operate in practice.

The CHAIRMAN. Well, thank you very much. I appreciate, likewise, my colleagues' patience. Nevertheless, you have set the stage magnificently. We'll begin our questioning with 10-minute rounds, and I'll start my 10 minutes by making comments.

First of all, I compliment to you, Ms. Van Rest, for giving us this poll from the International Republican Institute. Now, the poll we have in front of us is April 11 through April 20, so this is 3 months ago. You're in the field now—

Ms. VAN REST. Yes.

The CHAIRMAN. You polled the whole country. People said 47 percent most identified with their country, 18 percent with their religion, 16 percent with their ethnic group, 11 with tribe, and 4 with city and town.

So this is almost half who identify with the country, that is, being Iraqi is the most important thing, as opposed to being a Shiite. On the other hand, if you break this down, as you have, by the major groups, Kurds don't see it quite that way. They would identify with their ethnic group. At least 37 percent think that's the most important thing, as opposed to Arabs, of whom only 12 percent think that's the most important.

But if you're talking about "my country," Arabs, by 50 percent, identify with the country, and 28 percent of Kurds are in this situation. So, as is often the case, in aggregating statistics, why, we have very different views in terms of prime loyalty. And then you get to perhaps the most important issue requiring a governmental solution—we heard this yesterday from our panel—security remains a distinct challenge. Not the insurgency sort, but walk out the door in the morning to go safely to school, things of this kind.

In this poll, interesting enough, inadequate electricity was the winner, unemployment second. Well, that's understandable. National security came in third, and high prices, and far down the line came crime, terrorists, and health care, for example. Maybe these are situations for more affluent organized societies, when

lights go on, for example. And there is some sense that you can make some money and have a job if there's 50 percent unemployment.

We're going to discuss the economy tomorrow because we've all discovered—maybe aside from security concern walking out the door—after you walk out the door, you hopefully walk to a job, or some destination. And if there is not a society to enforce those opportunities—well, to say the least, this is destabilizing to whatever is going on downtown in the constitution building.

Having said all that, my thoughts come down to, first of all, this basic question that I raised with respect to the poll that the Republican Institute did. I'm still wrestling with what sense do Iraqis have of wanting to be Iraqis. I don't say this in a divisive way, but clearly one of the most horrible outcomes of all this will be civil war. Or even some degree of disintegration, that is, parts of the population, as we know it, affiliating with somebody else on the basis of tribe or religion. Dr. Marr, in guiding us in our studies of Iraq, didn't describe it as an artificial country, but some have told of people drawing a line around the land mass we today call Iraq, maybe the British, the French, others after World War I, encompassing some disparate people, putting a tyrant over them, Saddam being, maybe, the last iteration of this, but suddenly the tyrant is gone and now we have to face, well, there you are.

In the midst of this, the Kurds, as we've discovered, given some protection by our aircraft and their location, did develop a certain degree of self-government. Not surprisingly, they are demanding a pretty high degree of autonomy in this, a federal principle. Furthermore, they have very strong bargaining positions. Kurd leaders, who have come to visit with members of our committee, individually or collectively, are saying that Kirkuk is extremely meaningful to us. And the oil that is involved in this is equally so.

So we could say, well, now listen, Iraq has got to be Iraq, you're all Iraqis, and there needs to be a sharing of the oil wells, and, likewise, some recognition of whom Kurds might be pushing out of Kirkuk, or who's coming and going from this situation.

And they said, well, that's all well and good, but, nevertheless, this is our bottom line. As we are negotiating here, it's not just simply how many members of the assembly we have, or whether it's a two-thirds majority, or so forth, it's more fundamental. Where do we stand in all this?

And, of course, we'll get into our fourth hearing, during which some of the other countries around will be discussed, but the Turks have indicated very visibly and publicly that they want the Kurds to be thinking about being Iraqis, clearly incorporated in Iraq, not flirting with desires for greater Kurdistan again involving Syrians, Iranians, and Turks, because if so, then we have a whole set of new conflicts even as we're trying to settle one that is fundamental here.

And I will conclude with this broad question. The thing about being Iraqi is, there is this problem that you've discussed. We have some very sophisticated people in that assembly dealing with this. As you said, Dr. Feldman, we have maybe one of the best constitutions we could have hoped to come from such a situation.

But it appears the United States displaced Saddam Hussein. By and large we rejoiced, the Iraqi people rejoiced, and the world I think, by and large, even if they didn't want to participate in it, rejoiced that he's gone.

And we made some assumptions then about democracy. We felt that this is the shining moment for democracy arising in this particular country, in this very difficult neighborhood. And now there are some who would say fair enough, but on a scale of 10 it doesn't have to be a 9-plus. Maybe if we come out with a 6-plus or something we may claim that headway was made.

Well, maybe so, but as some of you have said, and others who are looking at this example around there may say, well, what's the tradeoff—stability versus a democracy rated as a 6-plus on a scale of 10 that is somewhat unstable.

If the Chinese statesman was comparing what we have today in Iraq with his own situation, he might say, "We're getting 9 percent real growth in China. We have an authoritarian regime, and as a control, it works for us. Let the business people make their money, but stay out of city hall. Our way ensures security and crime fighting, whereas you idealistic people who are all hankering about democracy are looking at an economy in Iraq where people are unemployed, there's not much real growth, there's insecurity and you don't know where the oil money is going."—we'll talk about that tomorrow during our hearing on the economy—but you understand, what's the world to think as they look at all this?

Fundamentally, is there going to be a way out of this, in your judgment? Will the sense of being Iraqi be sufficient? At the end of the day, will the basic elements finally compromise, however they get to that point, and, likewise, will they have enough pride in the situation that they actually cut corruption? Will they manage to get the outside investment that will be required to get the kind of employment levels or the economy that they want? Will they work with other countries so that their security remains sufficient, and they're not invaded by somebody else either surreptitiously or overtly while they are getting their fledgling democracy going? Is there enough stability here, enough sense that this is likely to work, leaving aside the timetables of how long we stay, anybody stays, and so forth? Is there something here that is sufficiently Iraqi to assure that?

Dr. Marr, I think you've thought about this issue for a bit, and will you give your judgment?

Dr. MARR. Yes, thank you very much.

On balance it's going to be difficult but my answer to you is "Yes." Over the long term, probably. Iraq could fail, it could break down into Lebanon. However, I don't think a civil war between the communities will ensue or the kind of war we see now—the rejectionists versus something new—will continue.

I'm actually investigating this very issue of identity. I'm relying on IRI polls and others for the opinion of general population but I'm trying to determine through intensive interviews with leaders of various kinds—provincial and national, younger and older—how they view this issue. My conclusion, in general, is that the real difficulty lies with the Kurds and whether they feel "Iraqi." This problem has grown tremendously in the last couple of decades.

I do want to say something about your characterization of a new state and a dictator. Iraq had a lot of history before Saddam. Governance is a long-standing problem, but the British came in with much the same problem. Over a long period of time they did institute an imperfect parliamentary system, and we do have to remember that Kurds participated, to a great extent, in that. We had Kurdish Prime Ministers, Kurdish Ministers of Interior, Kurdish members of Parliament, and so on.

Then the polity began to fragment and there was disruption especially after 1958. But the fact that the Kurds have been governing themselves for the last—what is it now—13, 14 years, and that education has been in Kurdish for that time—has created a younger generation for whom there has been no interaction with Iraq, and who don't know Arabic. The older generation is more pragmatic, they speak Arabic, they have a memory of having interacted with the rest of Iraq. But integration is going to be more difficult for the Kurds than others.

There certainly is a sense of Iraqi identity among the Arab population, but in my view this has weakened over time—certainly in Saddam's time, and recently. Why? Because many of the new leaders are not secular nationalists, they're people for whom religion and Islamic identity is increasingly important. This doesn't mean they're not Iraqi; they are Arab, and Iraqi, but the Islamic identity has become increasingly important.

And we're now going to have some problems with the Sunnis who feel separate, which they didn't before. We have this issue in the constitution right now—whether Iraq is part of the Arab world. That's a rubric for whether identity is more Arab or Iraqi, but I think this is a less serious issue among the Shi'a and Sunni Arab population than it is with the Kurds.

Just one more word about the Kurds. I believe that the Kurdish identity issue will improve in time, if things go better, we get some kind of constitution which the parties can agree on, and we get economic development. I keep emphasizing the economics because I think that's equally important to the political process.

Economic opportunities are going to create different visions; something else to think about, something else to work for. The insurgency has succeeded in accomplishing two things in my view. It has succeeded in cutting Baghdad off from the rest of the country. I suspect all of you who have been to Baghdad know what I mean. If you're in the green zone in Baghdad you don't travel north, you don't travel south. And, of course, the insurgency has cut the country off from outsiders wishing to come inside. This is not helping integration. I believe integration will take place on the ground when people in the north come down to Baghdad to do business, when they go to Baghdad University, or Mosul University, when they have to interact on a personal level. That is going to knit people together and provide some lessening of this intense feeling of separation, among communities but for that we're going to have to get security.

One last thing I keep mentioning to the Kurds; over time, they're going to have to make a decision on whether it's worth it to try to get independence. It is going to be terribly difficult to get recognized, by us, by the neighbors, and, of course, the cost of independ-

ence is going to be huge. They cannot protect their borders. They haven't been able to do so before, they can't do so now. If they don't get independence they'll be able to undertake some economic development, but they will not be able to develop those oil resources in the north and there will be constant limit on what they can achieve.

One of the things I keep reminding them of, is that in their worst case scenario they could end up like northern Cyprus, part of a country which is not independent, but which has opted for ethnic separatism. They may be left behind as, hopefully, the rest of Iraq picks up and develops.

So they have a problem as well, and it really is worth their effort to create a better Iraq, a neighborhood in which Kurds feel safer.

The CHAIRMAN. I'll leave it at that. I'd like to ask the other panelists the same question, but we've run well over my time, and I want to recognize my colleague, Senator Biden.

Senator BIDEN. Thank you very much. I've always been impressed by Dr. Marr, and had a chance to hear from her in my office here and I appreciate it. But I've been generally impressed by both of your testimony.

I'd like to start with you, Ms. Van Rest. I must tell you this may not be fair but I think your outfit is doing something very, very important along with your Democratic counterpart, and I'm going to go to the floor and try to make sure you get another \$28 million because I understand you're going to be ratcheted down. You're going to have to start to pull back, you and the whole NDI, and I think that would be a disaster, and we got an \$18 billion bill for Iraq up there, and I'm going to try very hard to earmark \$60 million for both operations.

And second, Senator Dodd, I hope I'm not stealing his thunder, pointed out to me—this is pretty impressive, the methodology of this poll, face-to-face interviews of 2,705 when 85 percent of our diplomatic corps never is able to walk outside the green zone, when there's very little intercourse at all out there. Impressive.

And I have one very quick and may seem like an unrelated question, why Dahouk. Why was that excluded, was it security reasons up there?

Ms. VAN REST. Yes, there are some security reasons up there.

Senator BIDEN. Because you don't hear much—at least I don't hear much about that. You hear about Mosel and you hear about Ramadi, but I didn't realize that that was—

Ms. VAN REST. There are some security issues there.

Senator BIDEN. Let me—in the short time I have left I'd like to raise—I'm going to try to talk about it, and maybe if we get a chance to come back, Sunni participation, a little bit more about the Kurds, the insurgents, splitting the insurgency, the political process and how it's impacted by the issue of lack of security, and the timing of the constitution.

But let me start off with Sunni participation, and if you can give me brief answers, understanding that we'll have to, maybe, expand on another round.

Everybody acknowledges that the Sunnis have to be in on the deal, the Shi'a acknowledge it, the Kurds acknowledge it, they know the way that law that we know, but the law that the Ameri-

cans know is the one guiding them now, says if any three provinces opt out it's out, so they know they got to get them in the deal.

But Dr. Feldman, you talk about splitting the insurgency, and we all understand what you mean, they're not moderates, but in a relative sense it's moderate. It seems to me that the one way, the most likely way for that to occur is for us to get to the point where there's another election, not a referendum on the constitution, but an actual election for Sunni participation. And in my discussions with the Speaker of the Parliament, and with my discussions with the Secretary of Defense, they were emphatic about the need to—because they're all hanging out there. I mean very individually hanging out there, they're among the group you're talking about taking real courage to, you know, get in the deal here, that they need elections.

I'm attracted by the prospect, and mainly because I suggested it, but you articulated it much better, Dr. Feldman, about the possibility of deferral. I agree that if we can have the election on time it's the best way to go. But that's problematic.

I want to make sure I understand what you mean by deferral. The way I've been talking about it is the possibility that you actually defer the process of the written constitution that requires a referendum vote until there is a general election. Not preferable way, but I worry about you can't write the constitution, or you write it and it effectively excludes Sunnis even though they participate. It ends up the constitution fails under the existing criteria for acceptance, or it somehow gets jammed and you end up with the Sunnis fundamentally opposed to what's been agreed upon, highly unlikely one or the other would happen; maybe both.

And so talk to me a little bit more about the notion of, as a fall-back position, the deferral idea.

Dr. FELDMAN. Well, Senator Biden, I think there are two ways to think about the deferral question, and let me try to deal with each of them.

Obviously, the reason we're in this situation is that Sunnis didn't participate in the elections the first time, they made a total miscalculation and now—

Senator BIDEN. Or I would argue the miscalculation, which Dr. Marr said as well, we should have organized this not on a nationwide basis, we should have organized this on a provincial basis so that you get a certain number of delegates even if only two people vote.

Dr. FELDMAN. I entirely agree.

Senator BIDEN. In my view.

Dr. FELDMAN. I think you're both absolutely right about that. In any case once we were in a situation where that wasn't the case, we faced a second problem of the fact that that way the transitional law is set up, we're expected to have the ratification vote prior to the election. Then the question is how could we change this?

One option would be—and I think this is closer to the deferral that you were speaking of—literally, to say that we don't need to finish the constitution now, let's just hold the elections first to give the Sunnis a second try as it were, a second bite at the apple on the elections.

Now if that were doable, and perhaps it is still doable, I would be strongly in favor of that. I think it would be a good solution. Some of the Shi'a and the Kurds would say, well, my goodness, this is unfair, they should have voted the last time, and the answer would have to be something like, you're right, and we know you're right, but better this than the alternative.

In practical terms, though, I suspect that it will not be possible to convince either the Shi'a, the Kurds, or perhaps even the present administration to adopt that radical a change in the TAL framework.

The leads to a second form of deferral which you might call soft deferral, and this begins with your idea, Senator, and then offers the following twist on it to meet circumstances.

This view would, essentially, say that the present parties will sign something that they will call the constitution for purposes of the TAL.

Senator BIDEN. Yeah, okay.

Dr. FELDMAN. It will, however, be limited in its scope and many crucial issues will be deferred by its own terms until after there have been elections and we have Sunnis involved.

That is imperfect from the standpoint of permanence, of course, but I think would be—it's a way of preserving the essence of your idea even if it turns out to be the case that we can't get people to agree to it informally.

Senator BIDEN. Again, not my idea in the sense that it's preferable, but it was chilling to me the meetings I had with the present elected and appointed representative in the Iraqi Government over Memorial Day. Chilling the way in which they—and I'm just going to speak generically—spoke of one another. It was chilling, it was anything but a coherent government, and they all had their own—understandably—axe to grind.

For example, I was told by one Senator if you think the Peshmerga the Badr Brigade integrated or not into a Iraqi Army where Shi'as—Sunnis aren't joining is going to be able to be the vehicle to bring peace in the Sunni areas, give me a break. I mean, you know, we view them as more invaders than you, which leads me to my second question.

How—and I'd ask any and all of you if there's time, and then I'll wait until the second round, there's a significant discussion among the military side of the equation here. You talk to the former generals, the security types who approach this from purely a security point of view, there's a debate about how much our presence is the cause of the insurgency, and how much our absence would impact on the insurgency. And you get both answers. You get one it is not the major reason for the insurgency, it's larger than that, and if we did leave it would get worse; and you get the other point of view which is, hey, it's a big deal if we got out of there at a smaller footprint then, in fact, things would get better.

And so, as it relates to the Sunnis, again I did not—this time I didn't even get to Fallujah, Ramadyh, or anywhere else, I was just in Baghdad.

And by the way, it was a lot worse than the first time I got there. I mean it gets worse and worse every time I've gone. And so I don't

mean to suggest—in a sense I feel like when I go there I'm in a cocoon, that you know, my inability to get out—

The chairman and I were able to walk around, literally, the first time we were there downtown. And it's just fundamentally changed.

Anyway, having said that, my impression from the Sunnis with whom I got to meet inside the green zone, most of whom were related to the government, some were not, including military personnel, were that they would rather have us there now. The last thing they want to do is ask us to leave now, Sunnis. Sunnis. Yet there's an overwhelming sense that no, no, no—the Sunnis, if right now there is a secret ballot they'd all say get out of here, all go home. All coalition forces.

What is the read? First of all, what is the public opinion beyond what it says here? Do you have a sense what that is? And both you doctors tell me what you think about the impact of U.S. presence as it relates to Sunni attitudes of participation, toward their participation in this outfit.

Ms. VAN REST. I'll just try to address it from our viewpoint. We work—we don't have offices in the green zone, we work in the red zone. Because of security issues for staff, out of necessity, we really do rely on the Iraqi groups we work with, we spend a lot of time doing more training, “training-the-trainer” kinds of programs so that they can branch out.

It's one of those things where, while Iraqis, number one, are grateful for our assistance, they really want to be on their own. I'm not sure how they feel about, if our presence there militarily is the reason for the insurgency; on the other hand, they're very clear that they want us to leave, but not now.

And they—I think it's just one of those things where we're constantly going to have to take stock of—continue to talk to them, it's a little bit of a, maybe, schizophrenic situation for them because they want their independence, they need our assistance, and so I think that that's what we're just going to have to continue to address.

Senator BIDEN. My time is up, but a short answer from either one of your colleagues?

Dr. MARR. I've looked at this and actually we've done some thinking about it among my colleagues at USIP. We gave something to the new Ambassador to think about.

We all know you can't generalize about the Sunnis. We have to peel them back from insurgency like the onion.

Those folks, the pale, we're all in agreement on, but there are different layers of opposition, and it's already breaking. The National Dialogue Council includes Sunnis. The IIP, the Iraqi Islamic Party has indicated its willingness to participate. The Council of Vlama has not yet done so. How about ex-Ba'th officers? There are a whole lot of people who fit in this category—academics, for example, who have shadowy parties. These people can be brought in to the process. I don't want to use the word co-opt, but they need to be constantly brought in, split off. This process is already taking place, and we ought to do everything we can to encourage that.

I don't know about deferral, or having an election first, but this is a process which is happening. There are Sunni possibilities

there. We have names. Frankly, these are the people whom we have to rely on. There are some tribal leaders, as well, who have to be identified province by province and area by area. They have constituencies. There's no sense in dealing with people who can't bring some other people in.

Dr. FELDMAN. Very briefly. I think it's not schizophrenic for people both to deeply wish we would leave and recognize that the risks of that are enormous at the moment.

I do think that in most of the Sunni areas the sense is, broadly, that we are on the side of the Shi'a and the Kurds, which to a certain extent is true. And as a consequence many people in those areas think that if we would leave that would strengthen their position. Some in the insurgency, actually, would want to retake the country. Others think that's unrealistic, but think they would be better off vis-a-vis the Shi'a and the Kurds if they were fighting on their own without us on the other side.

And so there's probably a range of views about that. The people in the green zone that you met I would suspect, who are Sunnis, are in serious trouble if we leave, and I'm not surprised to hear that they would like us to stay put.

Senator BIDEN. Thank you, and thank you, Mr. Chairman.

The CHAIRMAN. And thank you, Senator Biden.

Senator Dodd.

Senator DODD. Thank you, Mr. Chairman. And let me begin by apologizing to the chairman for not being present yesterday during the first round of these hearings. For weather reasons I couldn't get a plane out of Connecticut to get down here in time, so I want to apologize for missing yesterday.

But thank you immensely for having these hearings, these are tremendously valuable and I know colleagues are busy with so many other things here, but it's so, and the way you've orchestrated it as well, Mr. Chairman, let me thank you for the way you've laid this out, and asking some basic questions and giving the panel an opportunity to go through all of that has been tremendously helpful.

I gather my colleague from Delaware made note of the fact that he regretted, yesterday, the administration has not been present in all of this, and I know that's not the fault of the chairman at all, but I want to second his concerns about it. It's—the President started the dialog a week or two ago in talking about this issue. He needs to do more of it. Exactly the point that Senator Biden has made, and I think you've made as well, Mr. Chairman, that it's one thing to be concerned about public opinion in Iraq and how things are moving there, but I happen to subscribe to the notion that if the President continues to have eroding support here on this policy that the question will be answered even before the Iraqis may have answered the question.

So his engagement and the administration's engagement, in this conversation, is extremely important, in my view, and I regret that they're not here to participate.

A couple of questions, and I thank all three of you, it's been very, very interesting, and very, very helpful. I, too, was struck with this survey and rather impressed that 200 interviewers can get out all

across the country and conduct these interviews, and I want to raise a couple of questions, if I can.

First of all, I want to get to the notion of how you communicate what's going on, and I thought about some of your points about holding town meetings are precarious. Even in New England I might point out they're precarious. I think the last one I had some years ago, when I finally decided I'd do student forums rather than open public forums, someone showed up dressed as Abraham Lincoln and he got into a fist fight with a world federalist, and that was the end of the town meeting, and they were the story the next day and I decided I wasn't going to provide a forum any longer for that kind of activity.

Senator BIDEN. If the Senator would yield for a second—

Senator DODD. Yes.

Senator BIDEN. I have a similar experience. I held 2 years ago, in a Boys Club in a place called Bear, Delaware, a town meeting, and 13 members of the Ku Klux Klan showed up.

Senator DODD. So to make your point, you know, who shows up at these town meetings, and how they use them for their own benefits, can be contrary to your stated goals of what you'd like to have occur at these things.

But what I was thinking, as you were talking, you know, the founding of this Republic, it was a Federalist papers, that was the pamphleteer was the way of communicating, and the public was there making the argument as to why those provisions of the Constitution, and there's got to be some equivalent in this day of the Internet, and, of course, the ability with wireless communication skills to be able to allow the Iraqi people to be a witness to debate and discussion. I don't know if there's something comparable to a C-Span, but if there is I would hope that in the time that remains, we'd be looking at means by which the Iraqi people, through radio or television, could sort of listen in to this debate that's going on. And I presume it's a good heated debate between the various factions so that while they're not participating themselves in a real way they're conscious of the fact that their points of view are being articulated during those discussions.

I think that has a lot to do with confidence building about whether or not my voice, my point of view, is being heard as they develop these points of view.

So, again, I'm going to go through a couple of questions here and then give you a chance to respond to all of them. And maybe that's not realistic but it seems to me that's one sort of answer here.

Second, I don't know if any of you—and I'm just curious—this Sy Hersh article. I don't know if you had a chance to read it in the New Yorker and so forth, and wondered if you got a chance to make any conclusions about the correctness or incorrectness of his conclusions about—and to the extent then that this would have an adverse impact on the present process.

The point being for those who may not have seen the article is that we were so deeply involved in influencing the outcome of that election in terms of even doctoring numbers and funneling money to preferred candidates, revealing the itinerary of election observers, voter intimidation, ballot stuffing, it's a pretty extreme set of conclusions, but Sy Hersh has not been wrong every time he's writ-

ten an article, and, in fact, he's been right on a number of occasions.

And I'm curious as to whether or not you have any observations about it?

Then, I'd like to raise the issue, Mr. Feldman, that you talked about, and others did as well. But I was too struck with some of these numbers that the chairman raised in the survey done by IRI. And the conclusion on page nine of the survey, it's right direction/wrong direction. Ms. Van Rest, I'm interested in your survey done, why do you think Iraq is heading in the right or wrong direction? In the wrong direction column why is it going in the wrong direction? Security is the number one answer. The lack of it, I presume, almost 34 percent. And yet when you go down the list terrorism shows up at 6 percent. And I'm just curious as to why there seems to be a disconnect between the lack of security and terrorism. What is going on in the minds of a respondent when there's so much of a difference where you've given the fact that—now granted this survey was done in April and we're in July, and there's been a spiked increase, so maybe in the April setting—I can't recall specific events, it may have been relatively flat, but, nonetheless, it's Iraqis who are dying. We're losing our soldiers, from time to time, in numbers none of us like at all, but compared to the Iraqis who are losing their lives on a daily basis I'm struck by the fact that they would not consider that. And maybe they are in the answer to the security question, but why they don't relate terrorism, or do they not see it as terrorism? Maybe that's part of the answer.

And I'd like you to try to shed some light for me on that particular point as to why those numbers are different.

And lastly, I wonder if you might—I've been very curious as to why we haven't taken advantage of our new found relationship with Libya. Khadafi has foresworn his accumulation of nuclear weapons, Senator Biden had a unique opportunity to actually address the Libyan legislature. The administration lists it as a major accomplishment, and I agree with them, I think this was a phenomenal result. Libya is a 97 percent Sunni country. I've been told that they are supportive of what we're doing, at least generally speaking, and curious if you might calibrate among those countries in the region who was in a better position to help us influence broader Sunni participation in the Iraqi process of the neighboring states.

We all talk about Jordan and Egypt, but I never hear anyone mention Libya, and I'd be curious as to whether or not you think there's an opportunity there that we may not be taking an advantage of to the extent that there is a new found relationship here.

Those are a lot of questions but I wonder if you might respond to them.

Dr. MARR. I'd like to take on the terrorism question because I think I understand that.

Terrorism broadly means what you and I read in our newspaper every day. The suicide bomber who undertakes massive killings in a marketplace or a mosque, something that people can't be sure of, that's uncertain. And targeting American forces which affects us, but not them.

But I want to go back to something I mentioned in passing. Frankly, for the ordinary Iraqi, crime that we recognize as crime is a greater threat. For example, the kidnappings that are taking place in Baghdad, particularly among the middle and upper class people; assassinations of people who work for the government, of many university professors, doctors, and so on. Middle and upper class Iraqis—particularly people of substance are leaving Iraq because of this crime.

That's one of the reasons why I think we should focus analytically and politically on that particular issue. This is more a policing issue. Getting more police would free up resources and forces to deal with the insurgents. These crimes are not always connected to the insurgency, but this is an issue that is devastating.

Of course—we have to recognize that the insurgency is concentrated in a region, too—mostly Baghdad and the triangle rather than the north and the south.

I also have some views on the neighbors and Libya. It often looks to us as though we should involve the neighbors, but inside Iraq, if you talk to Iraqis, particularly these in government—with the Kurds and with many of these new Shi'a leaders who are oriented in a different direction, it's pretty clear, involving the neighbors is not going to be helpful. Some of the remarks that I've heard from these people indicate that if you start to involve the Arab world, which is mainly Sunni, it's going to provide support for the Sunni population. There's suspicion of the Ba'athists; they're not in favor. So you've got to keep in mind that this is not a friendly environment for some of these regional partners. Libya would be a real stretch for the Iraqis. It's hard for me to see how the Libyans could mediate there.

But even if we use Egyptians, Jordanians, and others among certain elements in Iraq, there's a great deal of suspicion of them. So we've got to be careful and sensitive.

Ms. VAN REST. I'd like to comment on the question about direct assistance to political parties as discussed in the article.

I know you all know this, but the National Endowment and the party institutes have been on record that we work with parties across the board. We don't pick any favorites, giving assistance to the parties in terms of training, communications training, and the like, and helping them to figure out how to develop messages, that kind of thing. And these are the techniques that have worked through the years in helping parties develop.

So I think we've been on record with that before, but that characterizes our assistance.

Senator DODD. Let me just say, by the way, and I'm glad Senator Biden intends to offer some additional resource. We've had some—I remember some very close votes going back through the years, and I think by a margin of one vote, one year, we were able to sustain the National Endowment for Democracy. That was hotly opposed by many people who saw this as some great—and I think the record of the NED and the respective two-party organizations have been terrific, it was long overdue that we weren't more directly involved in building parties—and by the way, let me focus on the party aspect of that too. I think one of the problems we've been involved in is we've tried to be neutral about this to such a degree

that our support for civil society in a lot of places is very nice, but most of the people in civil society don't run for public office. And a great spokesman and so forth may show up but they never want to get out and knock on the screen door, and I wish we did more with the parties. I love civil society in these countries but we need to pay more attention to people who are actually willing to put their name on a ballot and go out and run for public office, and too often we ignore them, fearful we're going to be seen as being partisan in some way, and pay attention, the civil society groups which are wonderful but rarely want to engage in the kind of day-to-day politics you need to do if you're going to succeed.

I didn't mean to digress, but I think it's a point that needs to be made.

Dr. FELDMAN. A couple of quick points. First, with respect to where the debate is going to happen, Senator. Those of us who had some—who were involved in the transitional administrative law process—have been a bit surprised by the way the constitutional committee has operated, because the transitional administrative law contemplates that the elected national assembly will actually debate the constitution, and that would be—and was imagined to be—the natural forum for a public televised debate to be visible on Iraqi television and, indeed, on regional television where it would also have a substantial effect. And that debate would also be open to the possibility of changing the constitutional drafted text after the process of the debate, because the thing would not have, as it were, the text would not have gone out for ratification yet.

I think it's still not too late to do that. I think that's contemplated by the transitional law. It doesn't require any changes, and I think it would be plausible to interpret the transitional law in the following way: To say that by August 15 the committee is charged to produce a text, and it can do so. And then at that point the national assembly would have an opportunity to debate that, and there is, at least, until October 15 for ratification referendum. And that date could perhaps be extended, perhaps a little bit, at least, insofar as this is the Middle East and deadlines are never understood by anybody to be absolutely hard and fast.

So I think there is a possibility for that, and I think it would be an ideal context for the debate to occur. It would be an opportunity for Iraqis to see the people whom they elected actually involved in the constitutional process.

With respect to the Seymour Hersh article, I did see it. In fact, I spoke to Mr. Hersh several times in the process of preparing the article, and I think he even quoted a couple of things that I said to him there. And I think what is most striking to me about the article is that I urged, and I think others urged him, to try to see if he could find some sort of statistical proof of this suggestion about ballot stuffing, or substantial changes in outcomes.

The one statistic that he pointed to there, which is at least worthy of closer attention—I don't think it proves anything, but it's worth looking at, is the statistic that says that then-Prime Minister Ayad Allawi received a much larger number of votes at the national level for his party than the same party received at the local level.

In other words, that there was substantial ticket splitting. Now it's entirely possible that there was simply ticket splitting, that people were choosing—and this point was addressed in the article—that local people were voting for parties where they knew the local players, but they wanted a strong hand at the national level. That's a perfectly plausible explanation, nothing in the article that I've seen disproves that.

It's certainly a statistic worth looking at more closely because the truth is that any allegations on this front are highly risky. We know this from the situation in Afghanistan where a single and ultimately unsubstantiated rumor led to some significant violence. Here, too, there could be a real process—perhaps not of direct violence, but, at least, of the discrediting of some of the people who are, after all, most positively inclined toward us. So it may have ended up backfiring.

A last thought on this, and this is something that is much closer to the expertise of the members of the committee than to mine, but the article at least implied that there may have been some disrespect for the legislative input of Members of the Houses of Congress in the process of whatever decision was made. I, of course, have no way of knowing if any of that is accurate or not, but it seems to be of the greatest concern.

Senator DODD. And about Libya, do you have any—

Dr. FELDMAN. I do. Two thoughts on Libya. I basically agree with Dr. Marr.

The first is that Libya is noted for its—you mentioned that they're Sunni, which is true, but the President—or President is the wrong word—but Colonel Khadafi is noted for a very heterodox form of Sunni Islam, let's just say, going alongside his other personal idiosyncracies. I think we can probably say that without giving any offense. And I think that he would—this is known throughout the region, and I think that would make him, to some degree, disqualified from the perspective of many local Sunnis.

The other is simply, and Senator Biden can speak to this since he was just there, it may be too soon to place any particular trust or extra credibility in someone who's track record—I totally agree with the substantial accomplishments that have brought him to where he's been brought, but his track record is, obviously, not one that inspired confidence, and I think there are other stories out there about him that are, even if unsubstantiated, the fact that such stories are circulating strongly suggests that he might not be the kind of person we'd want to strengthen in this way.

Senator DODD. Thank you very much. And thank you, Mr. Chairman.

The CHAIRMAN. Well, thank you, Senator Dodd. I appreciate very much Senator Biden addressing the appropriation bill that's on the floor now, and the need for moneys for the NED and the party institutes, and Senator Dodd's strong endorsement of that. I would just add a third voice.

During the 9 years that I was a member of the NED Board, I was tasked to get the money every year, and this was sometimes, as Senator Dodd knows, a precarious prospect, but I had—

Senator BIDEN. You had to overcome some Democratic opposition as I recall.

The CHAIRMAN. So I was relieved that when I left the board, the place was still there. They've been doing much better since I left the board, I might add.

Senator DODD. No correlation whatsoever.

The CHAIRMAN. There has been recognition of its value. There is an important thing that is occurring on the ground in Iraq that is largely unrecognized. Let me compliment those of you who have been involved at any level with this.

And second, I just want to note Dr. Feldman's comments about the TAL. How might this evolution of the constitution occur? In various of your comments today, you've mentioned when we got into this that you wonder how the people of Iraq will discover what is in the constitution, or evaluate it, and if they do so, is it a document that they can change?

One of the truths that I perceive with this set of hearings is that it really is not too late for things on the ground to be influenced by the conversations that we're having here. They are a public forum, and we mentioned yesterday that we will make all this fully available to our administration and to others who are involved in our administration in Iraq for whatever value it may be.

But it seemed to us at the time that we needed some stimulation of some ideas as to how we proceed. This may be a useful one, because we discussed today the question of do we delay, or do we semidelay, or do we have a finished product, or semifinished one? These are critical questions.

I think this is a technical issue and maybe some of you can offer some thoughts. I think the TAL calls for a two-thirds majority in each of the 18 jurisdictional provinces of Iraq. A two-thirds majority is a daunting task in many situations, but to get that in all 18—and am I right, or does anybody know the rules of the game here, because this is the impression that I've obtained while listening to others who know much more about it than I do.

Dr. FELDMAN. Mr. Chairman, I don't have the TAL in front of me, but as I understand it, the constitution would be ratified by a simple majority vote unless it were the case that two-thirds of the voters in, at least, three provinces expressly rejected the constitution. So that's where the two-thirds came in.

The CHAIRMAN. So it's a negative influence that—but two-thirds in three situations?

Dr. MARR. That would take care of the Kurds, but it would also take care of the Sunnis. The Shi'a, of course—

The CHAIRMAN. Because in one of those two groups you could produce the three negative—

Dr. MARR. They can veto.

Dr. FELDMAN. And the other point, just to mention on that front, Senator, is in a pinch many on the Shi'a side never formally accepted that aspect of the transitional law. And I think they did so in part because they objected to what they saw as the counter majoritarian feature of the possibility of a veto.

In practice, I think, though it's well understood by everybody that if that many people disagree with the constitution, there will be a serious problem in considering it to be ratified.

But there might be, it's not inconceivable that it would be held ratified by some people even if it didn't satisfy that requirement.

The CHAIRMAN. Well, given the real world outside with the French and the Dutch rejection of the European constitution, almost everybody in the world now knows these things might happen.

Now, over in the European Union, which is a pretty well-organized political operation, it's not exactly clear what they plan to do about this. So Luxembourg went on and had a referendum and passed it, and others may—they were all ready for one anyway, and didn't want to deny their voters. But, at the same time, the thought was originally that if the French did this, why you might finally return to France again, and say, now look, everybody else has ratified the constitution, why don't you have another look at it. So then, maybe, the French have another vote and they vote to ratify it. But now it appears that that's not exactly going to work.

So, let's say that for some reason, and maybe it's close, but you get rejection in the Kurd area or the Sunni area, so that, as a result, we finally got through the deadlines of the constitution, we have gone through the referendum, there was a vote, the country was not shot up in the process, people got out in good numbers, but you don't have a satisfactory outcome. Now what is the process then? Or is there a process?

Dr. FELDMAN. The TAL does contemplate that potentially happening. It suggests national elections would follow, and then the constitution—the National Assembly would be reconstituted.

The CHAIRMAN. So you have the national elections anyway?

Dr. FELDMAN. So there's a second bite at the apple available.

The CHAIRMAN. The December 15 elections happen, so life goes on from August 15 to October 15 to December 15, but having then had these national elections, you've returned then to the constitutional business?

Dr. FELDMAN. And you give it a second try, and the transitional administrative law remains—by its own account remains law throughout this period.

The CHAIRMAN. Now, does the transitional law account for who would be elected in the December 15 event? In other words, sometimes, maybe some of us have erroneously said, well, you adopt the constitution and it provides for the officers of the country that are going to be elected. But if the constitution hasn't been adopted, who is it that gets elected on December 15 that doubles back then to write the constitution?

Dr. FELDMAN. Well, unless the present electoral law were changed in the way that Dr. Marr was suggesting we'd have the same—the same electoral law would be in place and we'd have the same nationalist proportional representation election. It is possible, though, that the National Assembly sitting after failure to ratify the constitution could itself pass a new electoral law.

The CHAIRMAN. I see.

Dr. FELDMAN. The only difficulty would be the ordinary political one of getting a group of elected officials to pass a law that would change the way that they were elected.

The CHAIRMAN. But in any event I appreciate that, because we really have not had too much clarification in most news accounts of what is going to happen. Usually the story is, is it conceivable that there will be a constitution by "x" date, quite apart from will

there ever be an election, and does anybody believe they're going to get to the third round in this calendar year.

And most people will say, probably not, given the fact that the Sunnis just got to the table, or various other things were occurring.

But all of you seem to be reasonably confident from your statements that these things are going to happen. Now there may be some variation as to what occurs, with the failure of the constitution along the way, maybe even an interim suggestion of who gets elected. But there may be flexibility in this group that is doing this to be able to talk about these things. They come to station even in the midst of insurgency and the lights going out and the other problems that we're talking about. That in itself is remarkable and commendable and to be supported. But it's a very different sort of story from either total collapse or some sort of remarkable victory in which everything is tidied up, we leave, and life goes on.

This is outside the scope of what we're talking about today, but the Republican Institute poll does put a heavy premium on electricity as a very very important item, with unemployment coming fairly shortly thereafter. I'm curious how in the poll could there be such support on a matter that would normally be in one of our own domestic polls, the right-track/wrong-track question. If you asked in the United States right now, do you think our economy is on the right track or the wrong track; a good number of people would come up with the wrong track. And this is the United States of America, with 5 percent unemployment and so forth. Here, out in Iraq, according to this poll, 66 percent or so, if I read correctly, thought the country was on the right track.

So I'm just extremely curious, given these grave problems of security, or electricity, or unemployment, or so forth, where is this residual optimism coming from? Is this a valid reading or was it April and maybe they are feeling differently in July?

Do you have a thought?

Dr. MARR. Can I just say—I know Judy is going to answer this—I think we have to recognize how regional this insecurity is. People in the Kurdish north are not affected as much by the security, and much of the south, while it has some turbulence, is also not affected. That's probably a healthy majority—at least a majority. But we're really focusing on Baghdad and the Sunni areas in talking about insurgency.

The CHAIRMAN. I see.

Ms. VAN REST. That was part of it. The other thing is, is you're absolutely correct. I mean polls are a snapshot at that particular time that seemed to be on the forefront of the people who—the electricity problem was on the forefront of those folks minds, you know, it was beginning probably to get quite hot having—I just remembered that surprisingly how hot it gets early on.

The CHAIRMAN. Well over a 100 degrees.

Ms. VAN REST. Yes, I think today was 120, one of our staff said, so I think it will be interesting to see how this next poll turns out, and, of course, we will make that readily available to everyone.

The CHAIRMAN. We'll appreciate that.

Ms. VAN REST. On the subject of optimism just, you know, on a personal note, having lived there a year and having the actually honor of being tasked with outreach to Iraqi women, initially, and

then more into just civil society in general, which also included political parties, but civic organizations and youth groups, et cetera. I just can't emphasize enough the optimism that Iraqis have about their future. It really—I don't know how they keep it up frankly. I do keep in very good contact with Iraqi colleagues. I was there last December, probably will take another trip this fall, and so I feel like I have a little bit—even though I've been home for a year—a little bit of an understanding of the pulse of Iraqis in general, and it is about their future.

It's really tough right now, no question, but really compared to other countries it's pretty impressive.

The CHAIRMAN. Well, I thank you for that personal testimony. I would just reiterate again, that I'm sure all of our Senate group feels a debt to all three of you for the extraordinary experiences you've had and your ability to articulate these in trying to think ahead with us on public policy.

Senator Biden.

Senator BIDEN. Thank you very much. I echo that view. I mean, this is really very helpful.

One of the things, the generic point that the chairman was making about one of the reasons why these hearings are held, is to generate ideas, to try to be sort of a cauldron for ideas and debate that hopefully percolate through this town and through the administration, through the Congress, and maybe beyond.

And I think it's important to note if you observed that those of us on both sides of the aisle who have made it a vocation of ours to try to understand Iraq, to try to understand the region, and have spent hundreds of hours trying to learn from you all, and from our own experiences. If you notice we don't disagree. If you notice there's not a Democrat/Republican—not just here in this committee, but those who if you ask if the press said name the 10 or 12 or 15 or 20 senators most involved with American foreign policy, and who make it their business, there's virtually no fundamental disagreement among any of us. And I think that's an important point to make.

All we're trying to do, and I know you know it but sometimes, you know, assumption is the mother of all screw ups, well sometimes assumptions aren't grounded in reality. The truth of the matter is, we all desperately want to see this succeed as you do, which leads me to this point, one of the reasons I'm still optimistic, notwithstanding the incredible—in my view, speaking for myself—screw ups, and failures that were warned about in advance, and were overwhelmingly clear, and the failure to change course on some tactical matters since the statute came, and notwithstanding that, the reason I'm still optimistic is your point, Ms. Van Rest, about the Iraqis.

My mother has an expression, she says honey, if you're hung by your thumbs long enough you get used to it. And the irony here is that there's some truth to that, that the Iraqis—it doesn't surprise me at all they'd say electricity is the biggest problem and I'm optimistic. In a strange sense no more than it did years ago by saying we want arms control and a bigger defense budget in the United States, they seem to be totally consistent.

But having said that leads me to this—I'd like to posit a potential scenario and get you all to respond to it. I think, Dr. Feldman, and I've really been impressed by your testimony, I think that one of the reasons why we're surprised that in the initial iteration and discussion relating to the TAL it was kind of envisioned, at least by me which you all did, it was a good job, was that we really would have this process of constitution writing, there really would be a debate, essentially, from August to October, in this assembly that had been elected before the constitution was written. That would have the impact of informing the Iraqi people of, at least generically, what was at stake here, the big issues, and then there would be a referendum, and then there would be a vote.

But I think what changed it, and this is a question as well as a statement, what changed it was, in my view, understandably and predicably, at the time the election took place, the slow turnout of Sunnis, and significant turnout of the rest of the country so that everybody started scrambling saying the Sunnis will not view, as legitimate, a debate in this assembly where they're not elected.

And so the Iraqis came up with a way to go out and significantly increase the participation of the Sunnis in an unelected capacity, voting and nonvoting, in the constitution writing, which, essentially, sort of renders counterproductive in the minds of many that I spoke to in Iraq, having this debate in this assembly where there aren't Sunnis.

Which leads me to this point, my guess is, this is the plain old politician in me, this is not any sort of foreign policy insight, this is just plain old politician in me, if I had to bet—and I don't want to bet, but if I had to bet my daughter's graduate school tuition, which is almost equal to my salary it seems, on this I would say what's likely to happen is that a constitution is written in time, there is a referendum, three provinces or governance turn it down by a two-thirds vote, there is a general election again, the Sunnis participate in this process this time, then the process is underway again.

If I'm sitting there and I am in one of the Sunni provinces and I conclude that I am one of the moderate, quote, insurgents, and I regret having participated in the first place. I mean it's kind of interesting what we found when I went with one of our colleagues here to be, quote, the official observer for the Palestinian elections. Hamas came out and said don't vote, don't vote, don't vote, don't vote, and then they realized the night before that folks were going to vote and they said, well, vote for Charlie, vote for Charlie, vote for Charlie, vote for the guy who's going to screw things up, because they figured out, at the very end, their boycott wasn't going to work.

It's kind of after the fact, it seems to me, that a significant number of Sunnis who aren't the jihadists or jihadist sympathizers, have reached that conclusion.

But if there were any organizational capacity within the Sunni triangle areas and the three governorships that used to be, I'd be urging two-thirds no-vote in order to get me in the game so that I was actually part of the process. Ironically, that does not depress me. That does not make me think that all is lost.

Now a lot can happen between the cup and the lip on that one. It may be there's so much chaos that flows from that quickly that you can't predict. But I wonder whether you'd—not whether or not I'm right, and I'm not sure—I mean on my bet, what do you think happens, and this is really a tough question and if you don't want to respond you don't have to, what do you think happens if, in fact, there is a rejection, and the way it reads is the referendum—it says the constitution will be approved if ratified by a majority of Iraqi voters and if two-thirds of the voters in three or more of Iraq's 18 governorates do not reject.

Then it goes on to say, your point, Doctor, the TNA will be dissolved—this is if a referendum rejects, the TNA will be dissolved, election for a new national assembly will be held no later than December 15. The new national assembly and a new Iraqi transitional government will then assume office no later than the 31st and will continue to operate under the TAL. This new national assembly will be entrusted with writing another draft permanent constitution, drafting deadlines would be adjusted so that this process can conclude within a period not to exceed 1 year.

Is the center, Doctor, strong enough to hold, not spinning out of control here, if in fact, the anticipated possibility becomes a reality? And that is, there's a rejection and a general election.

I know no one knows, but can you give me your best judgment if the scenario envisioned as a possibility actually occurs, what do you think happens. And you get to say I don't know, and you know, not respond if you don't want to because I realize—I'm not being a smart guy, you're all extremely well regarded and having you go way out on the limb on this stuff is, you know, maybe not fair to ask you to do.

Dr. FELDMAN. I would just make one preliminary comment and then try to take a crack at it. The preliminary thought is that I agree that many Sunni politicians might prefer the scenario you described. The only catch is that if you were one of the Sunnis who is serving on the constitution committee, for example, then the rejection of the constitution, unless you come out of the committee and oppose it, undercuts you for the purposes of the election.

Senator BIDEN. Oh, I agree with that.

Dr. FELDMAN. So the other Sunni politicians, I agree, might well be in a situation where they would prefer this outcome because it's a way of redoing the election and getting a second bite at the apple.

I think that the center could hold, for the following reason, those who would probably be reelected from the Kurdish areas and the Shi'a areas in the second-round election would probably be close to the same people that are there today. I mean there would be some changes as a result of people's frustration with the lack of success of the constitutional process, but I think we would probably see much of those same set of people, and then there would be elections in the Sunni areas and we would probably see greater participation.

I do think it would be negative with respect to the security situation though, in part because it might embolden insurgents who believe that a rejection of the constitution suggests that the Sunni population is in support of the insurgency. And here's where as much as we would like to delink the constitution from the insur-

gency, and I agree with Dr. Marr that we would like to delink it, I don't think it's realistically doable. The opposition to a constitutional ratification process in the Sunni areas will present itself as connected to support for the insurgent movement. And so I think, although the center might hold in the sense that Shi'a and Kurds would get back in office, the cost in terms of strengthening the insurgents through a public democratic representation would be a very, very great cost indeed.

I would just add one last thought, it's possible that even in the Sunni areas they might not be able to manage two-thirds rejection—

Senator BIDEN. I agree.

Dr. FELDMAN [continuing]. And I think that one high-risk scenario is that you get something short of two-thirds in three provinces, say two provinces go two-thirds and one province only goes 61 percent against, then you've got the equivalent of a broad popular Sunni rejection of the constitution, but under the provisions of the TAL the constitution is ratified. So you have people saying we've got a constitution and others saying, but it doesn't mean anything to us.

Senator BIDEN. One of the things that I think is really important here is when I was speaking to—and by the way as I mentioned, I don't want to mention individual names but there were Sunnis who we met outside the green zone in the red zone, who made the private argument to us that we thought you are our biggest problem, but you're not; our bigger problem is the Peshmerga or the Badr Brigade, our biggest problem is somebody other than you, we want you the heck out of here but not now.

But it seems to me one of the really important elements, the extent that anyone, any official from any non-Iraqi source is being sought for advice from this committee that's doing the writing. If you said to me, I got to write one provision into this constitution, no one knows I wrote it, it would be viewed as spontaneously an Iraqi idea. I would write into this constitution an amending process that was readily available and not as difficult as ours. Not as difficult as ours. And my impression is there are both Shi'a and Kurds who understand that, Kurds less willing to take that chance than Shi'a because the Kurds have more to lose in an amending process.

It's interesting to me when Senator Hagel and I went to Irbil in December 2002, before the war. We got smuggled in and we were asked to address the Kurdish Parliament in Kurdistan. I came away with two distinct feelings; one, there was an overwhelming assessment, Doctor, even among the younger leaders that independence was not an option in their lifetime. As much as things have changed and they've become more independent, they've also become more realistic about Iran and Turkey.

But the second thing that came clear to me was they already had a constitution drafted. They already had their—I mean they asked us to endorse it. I mean they actually had a written document, which we didn't do.

So I acknowledge that the Kurds are—my view is, that the Kurds would like nothing better than independence, but it seems to me they are more realistic than they were 15 years ago about

that prospect. And they also, though, put a higher premium on actual autonomy, I mean republic, but autonomous republic.

But I have digressed, and I apologize. The point is, do you think that they're seized with the notion that there's a need for an amending process that is not inflexible in order to pull this country together in light of the failure of Sunni participation in the electoral process in the first round?

Dr. MARR. I put some of this in my testimony. I don't know whether they are or not, because any constitution, of course, has to have some amending process. But I agree with you. I would put a lot of emphasis on this. There has to be a balance between permanence and change. People need to feel they've come to some kind of general consensus which could persist for some reasonable period of time, but the constitution also has to be flexible enough for them to grow into. If we have any influence we should be encouraging them not to feel this constitution is grounded in cement, that it can't be changed tomorrow or the next year.

I would also like to address your initial scenario. First of all, if we get a rejection and a continuation of the TAL and Iraqis have to take a second crack at the constitution, the Sunnis have another problem we haven't talked about. They're split and fragmented. The old Ba'th crowd is out. They are required to reject Ba'thism and there is no new Ba'th party or a substitute for it. They're fragmented in a number of ways. That's why I keep coming back to the electoral law. The way the electoral law is structured now, it favors people who can get an alliance together. That's what we saw in this election—a Shi'a alliance, a Kurdish alliance, and so on. I don't think the Sunnis are going to be able to do well enough, under the current law, to compete successfully.

So I'm not so keen about a second shot under the same electoral law which, in fact, doesn't bring them into government.

I'm not so sure we need town meetings, but we certainly need a process whereby Sunni leaders who control constituencies—whether tribal, religious, or professional—do educate their population to a certain extent so that they don't get up the day after the vote and suffer sticker shock.

Senator BIDEN. Do the Sunni participants in the writing of the constitution, and I don't know them individually enough to know how much swack they have, but do they have enough—I mean I can envision if the people participating that would have been brought in, if they had real constituencies among the Sunnis they would essentially do what we did in a different form in the process of writing our Constitution, the Federalist papers, they would go back to their key constituents and try to sell them on that process, just for their own well being. I mean I can't imagine whoever the Sunnis are, and I don't know them well enough to know, I admit I don't know who the dozen or so key people are, Sunnis, in writing the constitution. If I were them, for my own safety's sake as they say, I would be backtalking to the tribal leader who's a Sunni saying, look, Dick, the reason why we're doing this is this, and I really think we can—is there any evidence that that process is—I don't know how we would know that, but is there any evidence of that sort of germination taking—because that's the place—I mean if you think about it I realize it's totally different in terms of electronic

media access, microphones, et cetera, but who did—our leaders in writing that Constitution I might add, in 100-degree weather they went to the second floor in Philadelphia so no one could hear what they were doing, okay? I mean they didn't want any part of anybody knowing what was going on. They literally went to the second floor in Philadelphia, and it's hot. It was designed not to let people know what was going on.

And, then, when we finally came to sell it, it was an elite to elites, it was the equivalent of how many people in America read the editorial page. It was the Federalist papers where documents were essentially editorials among and in the only major newspapers in America for the express purpose affecting elites. It didn't affect the guy farming in Dover, Delaware, and if he read it, it would be difficult to digest.

And so the process and the way it worked here even if there had been media it would not have been to the vox populi, it would have been to the elites.

And so what I—I guess what I'm grappling with here and I'm sorry to take this time, Dick, but what I'm grappling with here is, it seems to me, the key is less a town-meeting forum than communication to the elites, and as you point out, Doctor, and all of you have mentioned, there are identifiably, in each of these provinces, 2, 5, 10, 20, 30, 50 people. They are the professors, they are the doctors, they are the lawyers, they are the tribal leaders, they are the former officeholders that are still around. And so that seems to me there's got to be some way—and again I'm just thinking in terms of pure political organization here, of being able to get to the elites. And so that's a long, long trailer to a very short question, these Sunnis who are in the deal now, in writing the constitution, do any of them or collectively do they have sufficient standing among the elites in the Sunni communities to be able to at least make a case to the elites in the Sunni community?

Dr. MARR. They have some standing, but I wouldn't say it is overwhelming. They include the Iraqi Islamic Party, the National Dialogue Council, which has reached out to others, and so on. We won't know their success until it happens. To be very brief, that's one of the reasons why I think a little extension in time would help. It would allow some of this process to take place before they get sticker shock—not through the town meetings but—

Senator BIDEN. That's an interesting point.

Dr. FELDMAN. Just to add one word to that, they don't know if they have that clout yet or not. They will try, but they're not automatically guaranteed a hearing, and they're certainly not guaranteed people listening to them, but I think they will try.

Senator BIDEN. But you get a sense that they realize their futures depend on it, right?

Dr. FELDMAN. Yes.

Senator BIDEN. Thank you.

The CHAIRMAN. Well, we thank you again for your devotion of 3 hours to our edification and hopefully the edification of a broader group of people who have been witnessing the hearing, and who will read the record. We thank you for the statements that you have written, all of which will be made a part of the record, in ad-

dition to the polling data which we have all acknowledged is very important.

I thank members of the committee, and the hearing is adjourned. We look forward to continuing on Iraq tomorrow morning.  
[Whereupon, the hearing was adjourned.]

## ACCELERATING ECONOMIC PROGRESS IN IRAQ

---

WEDNESDAY, JULY 20, 2005

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

The committee met, pursuant to notice, at 10:15 a.m., in room SD-419, Dirksen Senate Office Building, Hon. Richard G. Lugar (chairman) presiding.

Present: Senators Lugar, Hagel, Murkowski, Biden, Dodd, and Obama.

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

The CHAIRMAN. This meeting of the Senate Foreign Relations is called to order. The Committee on Foreign Relations meets for the third of our series of hearings on Iraq.

Today we will examine ways that we might accelerate economic development of that country. During the last 2 days, our committee has had excellent discussions of how to improve security and advance political development in Iraq. The witnesses in both of those hearings emphasized that demonstrable economic progress is truly one of the keys to defeating the insurgency and to establishing a stable Iraqi Government.

As Dr. Ken Pollack observed, in our hearing on Monday, the legitimacy of the Iraqi Government among Iraqis may be more dependent on the government's ability to deliver the necessities of life than on their support for a constitution, or even their political identification with Iraqi leaders. If Iraqis perceive that their daily lives are improving, they are more likely to take risks to oppose insurgents and to restrain factional groups that seek to fragment the country.

The Foreign Relations Committee has frequently reviewed the progress of reconstruction spending and other economic development efforts by the coalition. At various intervals, since the invasion of Iraq, we have expressed the urgency of moving forward more quickly with reconstruction projects and of improving the percentage of aid that actually benefits Iraqis. Thousands of reconstruction projects have been completed so far. Schools, hospitals, and roads have been built. Tens of thousands of police and security forces are being trained, and more than 150,000 Iraqis are at work in United States-funded jobs.

But many parts of Iraq still lack a reliable infrastructure, particularly with regard to electricity and clean water. This is a source of great frustration to the Iraqi people.

The Iraqi economy has many scars from the last quarter century, which was dominated by war, sanctions, and the command kleptocracy of Saddam Hussein. Since 1980, Iraq's GNP has remained flat. An economy that produced 3.7 million barrels of oil per day in 1979, today struggles to produce half that amount. Sabotage is costing Iraq an estimated \$600 million per month in lost oil export revenues and even more in repair costs.

Corruption has been reported, most prevalently in the Ministry of Oil, but it also exists in other Ministries and sectors. Some suggest as much as one-third of imported refined oil products are being illegally diverted.

Despite these difficulties, the Iraqi economy has great potential in the post-Saddam era. A full restoration of the oil sector would increase employment and improve government revenues. Under-scoring the potential economic impact of greater personal freedoms, Iraq has seen as many as 3 million new phone subscribers and more than 100,000 new Internet subscribers since the fall of Saddam. Salaries, especially for government workers, have risen markedly, up 10 or 20 times their prewar levels, according to official government wage charts.

Iraq also has substantial agricultural capacity. In the late 1970s, 30 percent of the Iraqi labor force was employed in agriculture, producing wheat, barley, rice, vegetables, dates, cotton, and livestock. Today, agriculture remains the third largest value sector and the largest employer. I am hopeful that significant USAID and coalition efforts will enable Iraqis to begin to fill their own grocery shelves and to decrease reliance on costly government-provided food baskets that most Iraqis continue to receive.

Today, we will ask our witnesses to comment on a number of subjects. We are particularly interested in how the oil sector can be revived and protected from corruption and sabotage. We also will discuss whether our economic development strategy should be more decentralized and whether it should emphasize creating jobs and demonstrating tangible improvements in the everyday lives of Iraqis.

In addition, we will explore what type of statistical indicators could be produced to provide a clear and credible picture of economic progress in Iraq. Such indicators would be designed both to inform policy decisions and to give the Iraqi people a better notion of what is happening in their country.

We will proceed with the same format that yielded excellent discussions in our hearings on Monday and Tuesday. Our hearing will be organized around four policy options or sets of questions for accelerating economic progress in Iraq. Accordingly, after Senator Biden and I have offered our opening comments—and I will recognize the distinguished minority leader when he comes in—we will put the first policy option and associated questions before our expert panel. Each witness, in turn, will provide his views on the questions being presented.

Then we will present the second option and then the third and the fourth. Finally, recognizing that ideas exist well beyond our

published hearing plan, we will ask our witnesses if they would like to offer additional thoughts on improving the Iraqi economy that have not been thus far discussed.

After this sequence, committee members will be recognized, in turn, to address questions to any members of the panel. My hope is that through the expertise of our witnesses and the questions of our members we can achieve a systematic evaluation of the options presented for accelerating economic progress in Iraq.

We are especially pleased to welcome a very distinguished panel of experts to help us with our inquiry. Dr. Keith Crane is a senior economist at the RAND Corporation. He served on the Coalition Provisional Authority staff during 2003. I would also like to observe that Dr. Crane did his doctoral work at Indiana University, which gives special credentials to his testimony today.

Mr. Frederick Barton is senior advisor in the International Security Program at the Center for Strategic and International Studies and has taken several research trips to Iraq since the end of the war.

Mr. Fareed Mohamedi is the senior director of the Country Strategies Group at PFC Energy, has been studying the economies of oil-producing nations in the Middle East for many years.

These experts have spent a great deal of time analyzing the Iraqi economic situation. They have presented remarkable papers. Let me just say at the outset that they will be made a part of the record in full. We are grateful we can draw upon their experience and their insights.

Let me ask my colleagues, Senator Dodd or Senator Murkowski, if they have any opening greeting or comment.

Senator Dodd.

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

Senator DODD. Mr. Chairman, once again—I said this yesterday—I regret I missed Monday's hearing. I was delighted to participate in almost all of yesterday's hearing and I am going to try and be here as much, today, as I can. This is tremendously valuable.

I want to thank our three witnesses in anticipation of your comments. If the quality of your testimony even comes close to what we have heard over the last 2 days, it is tremendously valuable for those of us here. I regret that more of our colleagues are not here to take advantage of this, but with the news last night at 9 p.m.—in fact, Senator Lugar and I just left, testified together before the Senate Judiciary Committee. As all three of you are aware, a lot is going on up here.

But this is tremendously helpful. I believe that C-SPAN is covering this, so I am sure our colleagues on this committee, in their offices, can listen in to what is being said, as well as it being transmitted to the public. This is exactly what we ought to be doing more of: Educating people in this country and elsewhere about what is actually happening on critical areas that are ultimately going to determine the success or failure of our efforts here in Iraq.

So I am very grateful to the chairman. I think he has set up a wonderful way of doing this, of giving you the opportunity to lay

out in four or five critical question areas that all of us appreciate are right on target as to what we ought to be addressing, and to give us some ideas about how we, then, can offer constructive ideas to the administration and others to implement these policies.

Again, I will express my regret that it saddens me that the administration has not been before this committee to talk about this subject matter. It is a pleasure to have you here and we should listen to you, but it would be also helpful to have the administration come forward and share its ideas.

The chairman has said this. Senator Biden has said this. It deserves being repeated. Just as it is important to build public support within Iraq for the efforts being made to provide them with a stable and free government in the future, the support here at home is critical to that success. And being candid and open with the American public about the successes, as well as the shortcomings, of policies helps sustain public support for a very complicated and difficult mission. When an administration is reluctant, for whatever reason, to share its observations here, then you undermine that public support and you have a deteriorating support for this effort.

I hope that will change in time because this is of strategic importance, the outcome of this issue. So I am very grateful to the chairman and very interested in hearing what our witnesses have to say about—as the chairman said, this is maybe the critical issue. If we can get this right and our security issues work well to provide space and if the Iraqi people see that the quality of their daily lives improves; that there is a job, that their health care, their sanitation, their transportation systems will work and provide them with a decent living—and I do not mean “living” in economic terms, specifically, but a decent living set of circumstances—then I think all the other things can flow.

In the absence of that, if you do not get this right, I do not care how many troops you put on the ground in Iraq, I do not care how big the police force is, you will not ultimately build the kind of support you need to have in Iraq.

So I think this may be the critical piece to our discussion over these 3 or 4 days, and I thank the chair.

The CHAIRMAN. Thank you, Senator Dodd.

Senator Murkowski, do you have an opening thought today?

**STATEMENT OF HON. LISA MURKOWSKI, U.S. SENATOR FROM ALASKA**

Senator MURKOWSKI. Mr. Chairman, I, too, would like to commend you for your initiative in moving forward with this particular panel in the series that you have done. I regret that I have not been able to attend the two prior ones. In looking at the schedule, though, I looked at this one and said this is one that I cannot miss.

As the good Senator has just pointed out, the success in Iraq really does depend upon the economic health, the well-being of the individuals that are there. If we can get this piece right, I agree with you that it all does begin to fall into place. But it is a precarious initiative when you try to do the rebuilding and you are faced with sabotage, you are faced with corruption, you are faced with just the downfall of everything that we try to put up.

So we need to know. We need to be able to measure how are we doing, and the Iraqi people need to be able to measure as well and to know that progress is being made.

So again, Mr. Chairman, thank you for what you are doing. I appreciate the testimony that we will hear from those who have gathered today, and I do hope that the entire Congress is looking to this particular panel that you have put together as we move forward in looking at what is happening in Iraq.

Thank you.

The CHAIRMAN. Thank you very much, Senator Murkowski.

Now I want to offer the first block of considerations. Let me say that I will ask Dr. Crane to comment first, to be followed then by Mr. Barton and Mr. Mohamedi. Then we will rotate the batting order. During the second block, we will ask Mr. Barton to start and then Mr. Mohamedi and then, finally, back to Dr. Crane for the fourth group; and then, as we indicated, your final comments.

Should the coalition do more to shift additional economic development resources and emphasis from Baghdad to the provinces? What have been the challenges in achieving this aim? Will strengthening regional and local authorities outside Baghdad speed delivery of services and broaden the tangible benefits of aid, and are the currently formed provincial reconstruction councils up and running and having the desired impact?

Dr. Crane, would you begin our discussion.

**STATEMENT OF DR. KEITH CRANE, SENIOR ECONOMIST, RAND CORPORATION, ARLINGTON, VA**

Dr. CRANE. Mr. Chairman, Senators, I appreciate the opportunity to be here today as part of this important set of hearings on policy options for Iraq. As an economist, I guess I respectfully disagree about the importance of economics. I should not denigrate my own profession, but security is really important. There is a great deal of lawlessness in Iraq, not just with the insurgency, and until people and businesspeople feel comfortable on the streets, are not afraid of kidnapping or robbery or extortion, the economy is going to have a great deal of problems getting on its feet and going. So I would really like to underline the importance of efforts on security, especially in terms of our assistance programs.

Returning to the question. Despite the frustrations many of us have had with dealing with the Iraqi central government, there really is no way to do an end run around the central government. I think a number of people have found municipalities, the local levels, a little more responsive, but the key focus of our assistance really needs to be on getting the central government working better.

This can be done through mentoring, improving tendering, improving contracting. Also we need to have a focus on getting financial management information systems up and operating outside of the Ministry of Finance. But the problem, currently, is Iraq has a very, very centralized government, a centralized state, and the municipalities and provincial governments really do not have the power or the decisionmaking authority to make these, to make decisions in terms of assistance.

Finally, turning to the question of the provincial reconstruction councils. In some ways, I think this perpetuates some of the mistakes we have made in the past. Much of our assistance effort has been focused on having the United States do it. I know in the United States we have a very can-do attitude, but in the end the Iraqis are going to have to reconstruct their government. The focus really should be on trying to channel as much of our assistance through the Iraqi Government, make sure that we have effective contracting and auditing and accounting systems in place so we can actually help them rid themselves of the corruption and the problems that they have had in their own operations.

But, unfortunately, when we kind of charge ahead and try to do things outside, around the government, in many ways we weaken the legitimacy of the government. Also, we are going to be out of there some time in the near future. What we really want to have in place is a government that effectively works.

To the extent that we do focus on the regional and municipal governments, I think the municipal governments are the best place to go. They need some assistance in budgeting, contracting, record-keeping, and needs assessment and those types of initiatives can be quite useful. But unfortunately, they are very dependent on the central government and we need to get our focus in terms of trying to coordinate between the regional bodies and the central government by focusing our efforts there.

[The prepared statement of Dr. Crane follows:]

PREPARED STATEMENT OF KEITH CRANE, SENIOR ECONOMIST, RAND CORPORATION,  
ARLINGTON, VA<sup>1</sup>

Mr. Chairman, I appreciate the opportunity to be here today as part of this important set of hearings on policy options for Iraq.

*Option 1—Should the coalition do more to shift additional economic development resources and emphasis from Baghdad to the provinces?*

What have been the challenges in achieving this aim? Will strengthening regional and local authorities outside Baghdad speed delivery of services and broaden the tangible benefits of aid? Are the recently formed Provincial Reconstruction Councils up and running and having the desired impact?

Because the Iraqi Government remains highly centralized and because there is still no constitutional basis for devolving authority, technical assistance needs to be concentrated on making the core Ministries of the central government function more efficiently, not on channeling assistance through provincial and municipal government institutions that lack the constitutional authority to make and control expenditure decisions. Major efforts to strengthen regional and local authorities should wait until the new constitution defines their authority. The Provincial Reconstruction Councils are up and running. It is too soon to determine whether they are having the desired impact. They do suffer because they are a U.S. Government initiative as opposed to an Iraqi Government institution.

Unless they become part of the Iraqi Government's operations, they are unlikely to survive the eventual U.S. drawdown.

Helping local governments to better manage their affairs is a laudable goal. But until the legislative and executive authority of these institutions is constitutionally defined, governorate and municipal governments will remain weak. Currently, governorates and municipalities rely on the central government for virtually all

<sup>1</sup>The opinions and conclusions expressed in this testimony are the author's alone and should not be interpreted as representing those of RAND or any of the sponsors of its research. This product is part of the RAND Corporation testimony series. RAND testimonies record testimony presented by RAND associates to Federal, State, or local legislative committees; government-appointed commissions and panels; and private review and oversight bodies. The RAND Corporation is a nonprofit research organization providing objective analysis and effective solutions that address the challenges facing the public and private sectors around the world. RAND's publications do not necessarily reflect the opinions of its research clients and sponsors.

their revenues. They have little independent expenditure authority. As long as the Ministries remain the de jure and de facto centers of power, assistance should be targeted on helping the core Ministries to better manage their affairs, despite the attractions of focusing on provincial or municipal authorities with whom it is often easier to work. This said, the Iraqi Government will be more effective, if more government functions are decentralized. A modest effort to help improve the abilities of local governments to operate would be useful.

Building the capacity of Iraqi central government institutions to run its own affairs, especially to provide security to its citizens, is the most critical task for U.S. assistance programs. The most important Ministries on which to focus are: Interior, Defense, Justice, the Judiciary, Finance, Oil, Electricity, Health, Education, and Municipalities and Public Works. One of the most important lessons of the last 2½ years, a lesson well known by development experts, is that building electric power generating or water purification plants is a waste of resources if the host government is unprepared to operate and manage the facilities or the systems of which they form a part. This has been the case in Iraq. Within 18 months, IRRF II funds are likely to be completely spent. Assisting Iraqi Ministries to better manage their own affairs before assistance funds run out is key to ensuring that the provision of government services will improve even as U.S. assistance declines.

*Option 2—Should the coalition, in conjunction with the Iraqi Government, increase resources and emphasis on creating jobs and demonstrating tangible progress on the ground?*

It has been suggested that WPA-type programs for trash cleanup, local repairs, and the like would let Iraqis see visible progress and make their daily lives more bearable while putting money into the pockets of the unemployed. Would this strategy work? Could the coalition help the prospects for a functioning economy by encouraging shops and small businesses through microcredit, small grants, loans, and other programs?

The real problem in Iraq is poverty, not unemployment, as shown by a recent in-depth study of living conditions in Iraq.<sup>2</sup> Make-work schemes are a stopgap measure and are of questionable utility at this point of time in Iraq. At this juncture, assistance needs to be focused on improving the environment for economic development. First and foremost, this means the coalition and the Iraqi Government need to give first priority to improving security. No economy with the levels of violence and crime that currently exist in Iraq can sustain rapid growth. Second, assistance needs to be targeted on improving the capacity of the Iraqi Government to function effectively.

#### MAKE-WORK SCHEMES

In a long series of opinion polls, high percentages of Iraq's citizens have consistently stated that their number one concern is security. Surprisingly, the same polls have consistently shown that most Iraqis have an optimistic view of their economic future. However, unless security improves, Iraq will not enjoy sustained growth; with security and sensible economic policies, Iraqis should enjoy sustained increases in living standards.

Employment, or the lack thereof, has been a contentious issue in Iraq. Difficulties in finding work and dissatisfaction with job opportunities ranks as a chief concern in opinion polls of Iraqis. Young men looking for work have reportedly been a major source of insurgents. The "National Development Strategy 2005–2007" states that unemployment is as high as 50 percent.<sup>3</sup> Other sources cite figures ranging to 40 percent.<sup>4</sup>

These estimates of unemployment rates are seriously flawed. The only two credible estimates based on nationwide surveys have been conducted by Central Organization for Statistics and Information Technology of Iraq (COSIT), the Iraqi equivalent of a combination of the Bureau of Labor Statistics and the Bureau of Economic Analysis.

One set of estimates based on COSIT definitions estimates that unemployment rose from 16.7 percent in 1997 to 28.1 percent in October 2003, dropping to 26.8

<sup>2</sup>Ministry of Planning and Development Cooperation, Iraq Living Conditions Survey 2004, Volume 1, Baghdad, 2005, at [www.undp.org](http://www.undp.org).

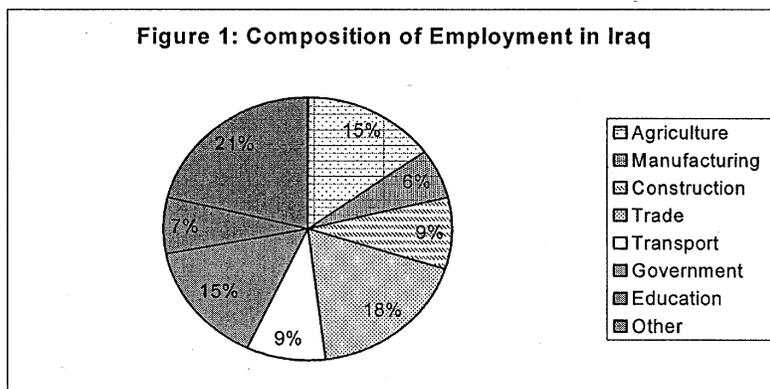
<sup>3</sup>The Iraqi Strategic Review Board, Ministry of Planning and Development Cooperation, "National Development Strategy 2005–2007," Interministerial Committee on the National Development Strategy, Baghdad, May 2005, p. 5.

<sup>4</sup>Michael E. O'Hanlon, The Iraq Index, The Brookings Institution, Washington, DC, May 9, 2005, p. 24, [www.brookings.edu](http://www.brookings.edu).

percent in 2004.<sup>5</sup> The other survey, conducted using the International Labor Organization (ILO) definition of unemployment, finds that 10.1 percent of the labor force is unemployed.<sup>6</sup> The ILO definition, accepted internationally, best captures actual economic activity of households. It defines unemployment on the basis of whether one has worked in the week prior to the survey; other surveys often ask the interviewee whether they consider themselves unemployed, not whether they have worked. Because individuals employed outside their chosen profession frequently respond that they are unemployed, even though they work in some other capacity, unemployment rates are often exaggerated in surveys that do not focus on whether the respondent worked recently.

Other data support this view of an economically active, albeit poor male citizenry. Labor force participation ratios, the share of the population in the workforce, are similar in Iraq to other countries in Arab countries in the Middle East and North Africa. Ratios for men between the ages of 15 and 65 run 69 percent; those for women are much lower, at 13 percent. The private sector is the largest employer. Most people who work in the private sector are self-employed. They either operate their own businesses or work as day laborers. Detailed studies by anthropologists of street vendors, subsistence farmers, and day laborers, common occupations in Iraq, find that these individuals spend considerable time working each day. They do not receive a monthly paycheck from an employer; their incomes depend on demand for their services. This state of affairs is not unusual in other countries. In the United States, a large number of people run small businesses, farms, drive trucks, or work in construction. Their incomes depend on the profitability of their businesses or what jobs they have lined up. However, in Iraq, productivity and hence incomes are low. In contrast, U.S. citizens work in an economy in which they are highly productive, generating much greater incomes.

The Iraqi Government is also a major employer (Figure 1). In poorly monitored Ministries, some workers treat their government salary as a stipend and spend most of their energy pursuing private activities after, or during, work or using their positions to seek bribes. In many cases, Iraqi Government workers supplement their incomes by working in the private sector as well. For example, many Iraqi doctors work in the public health care system, but also take private patients.



I make these distinctions not to minimize Iraqi complaints or perceptions of unemployment, but so as to focus on the real problem, which is poverty, not the absence of economic activity. Because self-employment is often poorly paid in Iraq, when alternative, better-paid employment is available, self-employed individuals quickly take them. This is why participation in make-work schemes has been high.

In some instances, make-work schemes can ease social pressures by taking demobilized soldiers off the streets. However, in general the creation of short-term jobs in an attempt to placate the local population, partly in response to the perceptions of high unemployment, can be a problematic use of assistance. Make-work schemes,

<sup>5</sup> Central Organization for Statistics and Information Technology, "Report of the Employment and Unemployment Survey Results 2003 Year," January 2004, p. 15; The Iraqi Strategic Review Board, Ministry of Planning and Development Cooperation, May 2005, p. 27.

<sup>6</sup> Ministry of Planning and Development Cooperation, Iraq Living Conditions Survey 2004, Volume 1, Baghdad, 2005, p. 104, at [www.undp.org](http://www.undp.org).

if done poorly, can and often do result in a reduction in average real incomes, in other words by wasting tax revenues on work that does not add value to the society, the schemes make the country and its citizens poorer, not wealthier. Poorly run programs can teach bad work habits, as well as good. Make-work jobs may teach people that advancement results from connections or putting in time, not hard work, and can discourage initiative. Furthermore, if the jobs are truly short-term, the programs can breed more ill will than gratitude, as recent hires find themselves laid off once the program expires. There is substantial anecdotal evidence to show that make-work programs employ insurgents without much effect on political views. In some instances, insurgents have participated in make-work schemes during the day, then fought the coalition at night.

Some short-term projects can contribute to private business development. Road rehabilitation programs can generate economic rates of return averaging 20 to 30 percent by reducing transport costs. They can be undertaken by local businesses and involve local resources (gravel, bitumen, labor). Issuing contracts for small private companies is a good use of funds and teaches good habits. The contractor, if subject to adequate oversight, learns to bid, to manage his business, and to keep his workers happy and working. The contractor's emphasis on making the contract profitable results in appropriate motivations for his workers. Moreover, entry into these businesses is usually easy. The more entrepreneurial workers learn from their employers and then start their own businesses, using their current employer as an example of what can be done.

#### TARGETED LENDING AND MICROLOANS

The key economic policy task in Iraq is to create an economic environment conducive to private sector activity. Successful development needs a favorable economic environment (low inflation, a sound financial system, a legal and commercial framework conducive to business, etc.); the use of markets to allocate goods, services, labor, and capital; security for persons and property; low transactions costs (the ability to travel, communicate, and transport goods easily and cheaply); and the human and physical capital to take advantage of these conditions.

Improving the operation of Iraq's financial system would be an important contribution to financial stability and growth. The current system is underdeveloped: Financial assets as a share of GDP are minuscule; financial services contributed only 1.0 percent to GDP in 2000 and no more in 2003. Banks have a very weak capital base. Bank employees, state and private, lack training in assessing credit risk. In other transition and developing countries, banking systems like Iraq's, characterized by a few large state-owned banks and a smattering of small, private banks, have become timebombs. Because of political pressures to lend and the inability to properly evaluate credit risk, the banking system tends to make bad lending decisions at this point in the recovery. When these loans go bad 3 to 4 years down the road, the banking system implodes; the government has to bail out the system at great cost while the economy goes into recession.

CPA rightly focused on improving the banking system through training, restructuring, and encouraging foreign investment in the industry. All three initiatives, especially foreign investment, have been highly successful in other developing and transition economies. Building trust in financial transactions is a key part of this process: Central Bank of Iraq oversight of the banking system will contribute heavily in this regard. Creating a proper regulatory environment and facilitating the development of banking services should result in improvements in the speed and reductions in the costs of financial transactions, increasing financial intermediation as a share of GDP and improving capital allocation. These changes could add 3 to 4 percent to long-term GDP as the share of financial services in GDP moves to levels more typical of medium-income developing countries.

Other financial sector policy initiatives need to be pursued with care. In a number of countries, small-scale microcredit programs have been successful in giving poor households an economic start, but programs rarely cover costs because making and collecting payments on small loans is so expensive. These programs are difficult to expand quickly. Successful microcredit programs entail a great deal of hands-on work within communities. Quality, not quantity, is key to the success of micro-lending programs as it is with many other assistance programs.

Directed lending to small- and medium-sized businesses has had a mixed track record in developing countries. Default rates, especially early in the transition, are often high and bad loans have contributed to banking collapses and recessions. As shown by the high degree of liquidity in Iraqi banks, small businesses are currently financing investment through retained earnings. Later in the recovery, banks will begin to provide loans to small business as their ability to judge creditworthiness

and evaluate projects improves. However, with growth in GDP of an estimated 51.7 percent in 2004 and a projected 16.7 percent in 2005, there are no signs that the small business sector is severely constrained by the lack of credit at this point in time.

No transition economy has successfully developed mortgage lending in the early years because of high rates of inflation, the high level of economic uncertainty, the absence of information on personal creditworthiness, the large numbers of people without steady incomes, and the lack of objective assessments of the value of buildings. Assistance in setting up titling offices and systems, collecting information on property sales, removing regulatory and tax disincentives to property sales, and preparing legal changes to make foreclosure easier would prepare the groundwork for the development of a national mortgage industry; but in my view subsidized mortgages has been a poor use of assistance elsewhere. Housing is relatively expensive everywhere in the world; as a consequence, to reach a substantial number of people, mortgage subsidies are very expensive. If programs are kept small, they reach modest numbers of people.

#### CERP FUNDS

A substantial amount of assistance in Iraq has consisted of smaller grants provided to local communities from Commander's Emergency Response Program (CERP) funds. This program has been very popular with commanders, as it is perceived as providing quick results that are readily apparent to local populations. Despite their popularity and the very substantial sums of money recently provided to commanders through CERP, it is not clear how useful these expenditures are in terms of fostering sustained growth, permanent employment, or even in counterinsurgency efforts.

A number of analysts have argued that in the aftermath of a conflict, highly visible, quick impact projects are important to sway popular support for the new regime. If this was the case in Iraq, the opportunity has been lost. Coalition forces have been in the country for nigh on 2½ years. In many parts of the country, popular opinions about the coalition have coalesced around one view or another. For example, it is not clear whether a highly visible U.S. program of rebuilding Fallujah would have a significant impact on perceptions of the United States in that city.

There is a case for the use of grants for small short-term targeted projects as part of an effective counterinsurgency effort. In the case of Iraq, the use of short-term targeted expenditures on neighborhood or town projects coordinated with other counterinsurgency efforts have received high marks in Baghdad and the north. On the other hand, commanders have sometimes focused on construction projects that, once completed, have not been effectively utilized by the community or have been targeted for destruction by insurgents because of their U.S. origin. Commanders have been confronted with pressure to give construction contracts to politically powerful individuals rather than the lowest bidder; a practice that would help perpetuate a culture of corruption in Iraq. In short, with CERP funds less may be more in a number of instances.

*Option 3—Should the coalition put more emphasis on overcoming the twin curses of the oil sector: Corruption and sabotage?*

Can the coalition work with the Iraqi Ministries to develop and fund a full scope program to enhance security of the oil production and distribution infrastructure and combat corruption in the Iraqi oil industry? Should the coalition and the Iraqis develop emergency pipeline repair teams, work with local tribes to protect pipelines, and offer incentives or rewards for those who turn in corrupt oil industry personnel? Within the oil sector, where is the corruption problem greatest? Would oil resources be more productively used for the benefit of the Iraqi people if they were managed regionally, instead of by the central government?

Corruption in Iraq is primarily a problem of opportunity. If the opportunities disappear, corruption will decline. Thus policies need to be focused on reducing or eliminating opportunities for graft and corruption. The largest source of corruption in Iraq is the theft and diversion of gasoline and diesel fuel by government officials. Although the scale of this activity is impossible to measure accurately, one contractor reportedly stated that a third of imports of gasoline and diesel fuel "disappear." These will run on the order of \$2 billion in 2005, roughly a tenth of Iraqi GDP. Eliminating this opportunity by liberalizing gasoline and diesel prices is the single most important economic policy change needed in Iraq today. The second most severe source of corruption by value is government contracting. Working with the Iraqi Government to create transparent, simple accounting and competitive contracting systems, is a very important economic policy measure for reducing corruption. Transparent, simple accounting systems, coupled with "whistle-blower" protec-

tions and severe sanctions, are important for combating the third most important source of corruption by value: Garnishing wages by more senior civil servants.

It is impossible to overemphasize the importance of liberalizing gasoline and diesel fuel prices for the health of the Iraqi polity and economy. Currently, gasoline and diesel fuel are sold at about a nickel a gallon; smuggled into neighboring Turkey, they can be resold for more than \$5 a gallon. Confronted with these nonsensical differences in prices, no society is immune from corruption. It is pervasive in the downstream activities of the Ministry of Oil. The severity of corruption is revealed in the lengths to which those involved are willing to go in order to preserve their access to state resources. The last two executives in charge of refining and product distribution were reportedly shot by organizations involved in stealing fuel, not insurgents. The first executive was wounded; the second was killed. These people were not victims of the insurgency, but of corruption.

The economic costs of fuel subsidies form the single greatest economic problem facing the Iraqi economy. Controlled fuel prices are a particularly pernicious form of subsidization. In the case of Iraq, the IMF estimates that fuel price subsidies cost the country \$7 billion in 2004, a third of GDP.<sup>7</sup> Of this, \$2 billion was in hard cold cash used to import gasoline and diesel fuel from its neighbors (some of which was immediately resold to them at knockdown prices). The rest is the loss to the Iraqi Ministry of Finance from foregone revenues. With a budget deficit equal to 43 percent of GDP in 2004 and an estimated 28 percent of GDP in 2005, the Iraqi Government cannot afford to squander its resources this way; at a minimum, U.S. policies should not support this waste.

These subsidies do little to alleviate poverty. Economists at the Coalition Provisional Authority estimated that less than one-fifth of the subsidy goes toward liquid petroleum gas and kerosene, the two fuels of most importance to poor households. The rest subsidizes truckers, many of them foreign, or car owners, few of whom fall into the bottom of the income distribution.

Subsidized fuel has created a host of economic and security problems. Because fuel is cheap, consumption is far higher than if Iraqis paid the true value of the fuel. The Iraqi Government is unable to satisfy this excess demand, so motorists find gasoline and diesel fuel in short supply and queue. Queuing wastes the time of drivers and truckers and creates hordes of irate motorists; witness Basra and Phoenix in the summer of 2003.

Unless refined oil product prices are liberalized, Iraq will always be beset by corruption. Although not a politically popular move, the alternative is worse. In the case of Iraq, one would be hard pressed to prove that the security situation would be worse following price increases than it has been over the past several months. Which is more of a threat to Iraqi security today: Day in and day out, three-mile lines of irate motorists waiting 24 hours in 120 degree weather to fill their tanks? Or complaints by foreign truckers and potential blockades by taxi drivers from protests in the immediate aftermath of a price increase? Price increases are not politically popular, but neither are shortages and lines. Moreover, price liberalization provides a solution to lack of supplies by unleashing market forces. Price controls exacerbate the problems.

There are better and worse ways of raising prices. Despite their unpopularity, controlled prices have been raised hundreds of times around the world. Governments that lay out a strategy for increases, discuss impending increases well in advance, explain where the additional revenues will flow, and then provide concrete evidence of how the price increases have improved supply or made additional public expenditures feasible generally have emerged unshaken, although less popular. Weak, politically unpopular governments that make surprise increases in prices in periods of economic decline after promising not to raise prices are prone to face riots.

Sabotage in the oil industry stems from a variety of sources and motives. Iraqis tap product pipelines (gasoline and diesel fuel) to steal fuel for resale. Some tribes sabotage crude pipelines so as to blackmail the government into paying them not to damage the infrastructure, and insurgents attack the pipelines to reduce government revenues.

The provision of security for the oil industry is the responsibility of the Ministry of Oil and the security Ministries. Because of the distorted pricing system and highly centralized way in which oil revenues are channeled in Iraq, the national oil company, which is overseen by the Ministry of Oil, has few financial incentives to guard the oil infrastructure effectively. Because all export revenues go directly to the Ministry of Finance, the oil company relies on budget support for its operations. Man-

<sup>7</sup> International Monetary Fund, Iraq: Use of Fund Resources—Request for Immediate Post-Conflict Assistance, Washington, DC, September 24, 2004, pp. 15.

agers do not suffer from pipeline breakdowns nor benefit greatly from preventing sabotage. This state of affairs calls for change. The most successful state-owned oil companies around the world are operated as independent, profit-maximizing companies. Management, supervised by an independent board of directors appointed by the state, is rewarded for pursuing profits and penalized for losses. Products are priced by markets. In this environment the state-owned company has financial and governmental incentives to combat sabotage and theft and takes measures accordingly.

*Option 4—Should the coalition and the Iraqi Government create a reliable set of indicators of when and where economic progress has been made?*

If the coalition or the Iraqi Government published regular updates on such figures as hours of electricity generated per day, gallons of fresh water supplied, number of beds in working hospitals, children in school, economic activity, oil production, unemployment, incidents of violence and the like for various regions and cities, could this successfully demonstrate progress to the Iraqis and the Americans and also point to areas where more effort is needed? Which would be most useful? Could such statistics be created free from political influence and would they be seen as credible?

The Iraqi Government should focus on improving the timeliness and accuracy of those statistics currently collected and ensure that they are disseminated as broadly and quickly as possible. The coalition may contribute to this effort with technical assistance to the Central Organization of Statistics and Information Technology under the Ministry of Planning and Development Cooperation. However, it is generally counterproductive for the coalition to collect and disseminate its own statistics outside of Iraqi institutions. The coalition needs to help Iraq set up systems to collect and disseminate information after the coalition has left the country, not to create an autonomous system of statistical collection of dubious validity for current operations.

The collection and dissemination of timely, accurate statistics is a government function throughout the world. Iraq is no exception. The Iraqi Government and Iraqi citizens and businessmen need reliable statistics to run their affairs efficiently and make considered decisions. The Iraqi Government has a large statistical office, COSIT, headed by individuals with graduate training in statistics from reputable foreign universities. Under Saddam, the office regularly published statistics on inflation within 10 days of the end of the month, a very credible record. More recently, the office undertook a massive, methodologically rigorous survey of living conditions in Iraq with funding from the Kingdom of Norway and with the assistance of UNDP and the Fafo Institute of Applied International Studies.<sup>8</sup> The work provides the only credible recent information on living conditions in Iraq.

Although COSIT has shown it can generate accurate, reliable information in a timely manner, the organization currently faces incentives to hoard or delay the release of information. The provision of bonuses and financial penalties coupled with performance audits would likely serve to greatly improve the quantity, quality, and timeliness of statistics collected by COSIT. These national statistics would entail collecting many of the regional and municipal statistics cited above, which could also be disseminated to help assess changes in conditions by governorate or municipality.

In most instances, COSIT, in conjunction with other Iraqi Ministries, should be able to collect standard statistical information on its own. However, in two instances, numbers of violent Iraqi deaths (including insurgents, security forces, and noncombatants) and numbers of attacks, the coalition could assist the statistical agency in its work. These two indicators, deaths and attacks, are the most important for tracking trends in security in the country. They are probably the two most important pieces of information for the Iraqi public to make judgments on how security in the country is evolving.

In my view, a number of the economic indicators on which the U.S. Government has focused would not sway public opinion and have not been useful for evaluating economic or political progress in Iraq. In some instances, these indicators have had counterproductive effects. For example, the focus on spending assistance quickly has contributed to waste without any noticeable effect on Iraqi public opinion. To focus on jobs created by infrastructure projects does not make sense in the context of a strategy of trying to improve public services through capital-intensive investments. The mixture of inputs, outputs, and outcomes in current reporting at times serves to obfuscate more than clarify.

<sup>8</sup>Ministry of Planning and Development Cooperation, Iraq Living Conditions Survey 2004, Volume 1, Baghdad, 2005, at [www.undp.org](http://www.undp.org).

Congress should think carefully about its own demands for statistics and evaluation. In many instances, the perfect becomes the enemy of the good. A number of colleagues who work in the government have been requested to provide evidence of program effectiveness that is not possible under any conditions, let alone in a war-torn economy like Iraq's. It is impossible in any society to definitively link refurbishment of schools to academic progress. Instead of requesting, for example, numbers of jobs generated by construction programs, Congress would be better served if it requested detailed strategies of how particular assistance programs are to help the Iraqi Government improve its abilities to create a basis for sustained economic growth in the country.

Opinion polling suggests that, unsurprisingly, Iraqis feel they have a pretty good handle on their own economic situation. They have much more difficulty in assessing the security situation. They also have suspicions about U.S. strategies and exaggerated expectations of what U.S. assistance will do. More important than providing a steady stream of data on electric power output, number of projects, or dollars spent, the U.S. Government needs to repeatedly send the following messages: The U.S. Government is in Iraq to help the Iraqi Government get on its feet and will then leave. It does not seek to remain in Iraq permanently. Two, the reconstruction of Iraq is the responsibility of the Iraqi people. The United States has attempted to provide a leg up, but Iraq, not the United States, will operate and pay for electric power, water, and other utilities. The sooner Iraq moves to restructure the Ministries and companies involved and to bill and collect payment for services rendered, the quicker Iraqis will have reliable water and electric power.

The CHAIRMAN. Thank you very much, Dr. Crane.  
Mr. Barton.

**STATEMENT OF FREDERICK D. BARTON, SENIOR ADVISOR,  
INTERNATIONAL SECURITY PROGRAM, CENTER FOR STRATEGIC  
AND INTERNATIONAL STUDIES, WASHINGTON, DC**

Mr. BARTON. Good morning. Senator Lugar, thank you for the invitation. Senator Dodd, Senator Murkowski, it is good to be here with you.

As you might remember, we first appeared before you in the summer of 2003 when we were back from the first independent review of the reconstruction that we conducted for Secretary Rumsfeld. At that time we spoke of a closing window of opportunity. Well, today, we have a tighter, tougher situation, with many fewer opportunities because of the choices made and the opportunities missed and the fear of many violent attacks.

But what we must have is an economic strategy that is at its core an anti-insurgency strategy. Daily life will only improve if people believe that the entire enterprise is moving in the right direction. We cannot just hope for the best. We have to expand opportunities and hope that they will contribute to Iraq's safety.

We must, I believe, present an alternative vision that reaches directly to the people, provides them with dramatic and positive changes in their lives, makes it clear that they are in charge of their futures, not the United States, not Baghdad, and certainly not the insurgents.

This is not a time for creeping incrementalism or for tradition. Opportunities are few and the new direction must be clear and communicated, massively communicated. The core idea is to put the Iraqi people first. Every program and every approach, every expenditure, needs to ask: Are we maximizing the engagement and the ownership of individual Iraqis; are we giving them more opportunities to take charge of their futures?

Few initiatives up to now have made this their central organizing principle. Today there is not only no choice, but this is also

the wisest way to go. This does not mean throwing money at people. It does mean cutting out the middlemen, be they in Kuwait or in the central government or in large contracts. It does mean increasing the velocity of money movement, putting the people on the side of increased oil production, and staying focused on what matters.

These ideas will be popular with Iraqis. Our earlier studies and measures of citizens in Iraq, including "Progress or Peril," suggested that. These ideas are also consistent with the American political tradition of the right and the left, "of the people, by the people, and for the people," and also of our pragmatism, because this is the wisest course at this time.

These ideas are also counterinsurgent and counter-Iraq's past, where control, inside deals, intimidation, favoritism, and cronyism ran the show. This is an approach that acknowledges that the wisdom of the crowd, or people power, is preferable at a time of near-chaos, untested and unprepared political leadership with too full of an agenda, living with the overhang of a command economy in a difficult region.

There will be resistance. Iraq's developing elites are waiting for their turn. Our government will hide behind "obligated funds," "past practices," and the Iraqi sovereignty when it is convenient. Insurgents will see the radical challenge this presents. Former Ba'thists will recognize that life will not return to the status quo ante.

Only Iraq's people will favor these notions. There is a greater advantage beyond capturing the public imagination. These ideas can be implemented. In the 25 post-conflict situations that I have been in, central governments without insurgencies cannot deliver services. The mere act of organizing takes almost all of their time. We have seen, through the global transfer of remittances, that money can move from an uneducated immigrant, across the world to a relative in the most rural part of Haiti or Afghanistan. We have also seen traditional State-owned enterprises, including in Senator Murkowski's State, offer—give stock to all the citizens of a State or a country. We have also seen commodity distributions replaced by buying power. The examples abound.

So putting people first also has a further charm. It is the best available way to provide us with more options and moves just at the moment that the Iraq chessboard is looking more like a stalemate. As a guiding vision, putting people first provides us with the choices in every area—politics, security, as well as economics and social well-being.

At the heart of the economic strategy is to get people more engaged, with greater ownership, and to expand the centers of activity. Swarm theory and distributed networks is now the best way to move ahead. The United States should make it clear we favor these approaches. We want Iraq's Government to set aside any recidivist intentions to return to state-centered control, and that we have confidence in the wisdom of Iraq's crowd: Its people.

On option one, I would like to just focus on one example: Cut out the middlemen. The best foreign aid many of us have seen is when the United States is fighting a war in your neighbor's country. Things are going well right now in Kuwait and in Jordan. Probably

it is their glory day, the best economic times in history. So we have to look and see how much of that action we can move into Iraq.

I would offer one example that has been studied and shows promise—Basra. A few miles away, there is a ton of action in Kuwait and there is almost nothing going on in Basra. We have a rather modern airport. It will need some improvements and some are being worked on under a lot of U.S.-funded contracts and others. But capacity there is zero to 10 percent, less than 10 percent. Some people told me zero percent, but let us say it is up to 10 percent. It is not being used. There is an airport that could take planes from all over the world. It sits in the middle of the desert. It can be secured. Things can be warehoused. A lot of action that is going on, and that then is going to be convoyed into the country, is not touching base in Iraq first.

The same thing with the ports. Our questioning has suggested that maybe the ports are up to 50-percent capacity at this point. Use the Iraq ports versus using everybody else in the region. It is just a first obvious choice.

The same thing with the rails. The rail network needs to be rebuilt, but it has that same kind of potential. Yes, they will need management help, but actually we have already done that fairly well. USAID funded a management contract at Khor az Zubayr which reportedly produced a \$20 million profit after 1 year. So fairly good management, not a concession deal, which is what the Danes did in Umm-Qasr, but nevertheless real potential.

To more quickly answer your specific questions, I say “yes” to the councils, “yes” to thousands of others. We really need many, many more outlets. We do not have the time to wait for a government to take shape and be efficient and honest and all the other things. It is going to have great difficulty finding, in the next 2 years, if it has not already failed in some of those areas.

We have got to get Baghdad onto this program at the top, but not in the implementation. This will do more to cut corruption, speed economic activity, and engage the Iraqi people than most of what has been done up to now.

Thank you.

[The prepared statement of Mr. Barton follows:]

PREPARED STATEMENT OF FREDERICK D. BARTON, SENIOR ADVISOR, INTERNATIONAL SECURITY PROGRAM, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES, WASHINGTON, DC

Thank you Senator Lugar, Senator Biden, your Senate colleagues and staff. It is a pleasure to be with you again.

The task before us in Iraq has never been an easy one. Renewing Iraq’s economy after decades of Saddam’s totalitarian rule would have been a challenge even in the most peaceful of conditions. With the insurgency, it has proven near impossible.

The security, political, and economic situations in Iraq today must be seen as part of an integrated whole. Improving Iraq’s economy will not drive success by itself, but it is essential to making progress. Fewer choices remain today because of missed opportunities.

Any successful strategy will reach well beyond Baghdad to empower local governing councils, independent authorities, and individuals. When you get to this stage of reconstruction, it is imperative to pick winners and to give them the means to succeed.

## PUTTING THE IRAQI PEOPLE FIRST

My belief is that the status quo, or even the status quo executed more efficiently, will not achieve the desired results this administration and its Iraqi partners are looking for.

Iraq requires a dramatic shift in the way we do business. We need to put the Iraqi people first, and we need to operate in a more creative, entrepreneurial, and agile way. We cannot hunker down in the green zone and expect results. Nor can we expect that the Iraqi central government will be able to deliver.

What does it mean to put the Iraqi people first, in terms of your four questions?

- Don't count on the central government to find the people.
- Get the money moving faster.
- Give Iraqis a direct stake in their oil flow.
- Create integrated benchmarks that matter.

This shift will not be easy. We will worry about the loss of control, of oversight, of leverage. We will feel pressure to carry out our work in traditional ways. The reality is that success in post-conflict reconstruction depends on more than stamping our name on a list of projects completed, goods delivered, or elections successfully run.

Post-conflict reconstruction must not be ideological or utopian or build off the grandiose concept of "nation-building." Rather, it must offer a pragmatic view that engages local people and encourages the expansion of their basic rights and freedoms.

My belief is that employing such a strategy will be as important to defeating the insurgency as training the Iraqi Army.

*Option 1: Don't count on the central government to find the people*

Development cannot stall in the central Ministries or stop at Baghdad's city limits. The key challenge in Iraq today is making sure reconstruction funds find the people. Some reports have it that 60 percent of the \$18 billion in reconstruction funds the United States pledged to disburse by the end of 2004 have not yet reached Iraqis.

There is a constant tension in post-conflict reconstruction between meeting immediate interests and needs and building long-term capacity. We should work to strengthen and support the Iraqi Government, but we must recognize that not everyone in it will be able to escape static models of the past or eschew corruption. We must do an end-run around those who do not share our urgency and principles.

The inefficiencies of the central Ministries are a big part of the problem in Iraq today. The CPA's overemphasis on the Ministries from the beginning was unrealistic and poorly executed. The current climate in Baghdad encourages large-scale corruption. Too little of this money ever finds its way outside of the capital.

To ensure that reconstruction resources get outside the capital and into the hands of ordinary Iraqis, we need to pick winners rather than go through traditional channels, and we need to make sure resources are distributed in an open and transparent way. Less should be planned through central Ministries, and more should flow through reliable Iraqi partners in government and civil society.

One available efficiency is to cut out middlemen and move business into Iraq. Basra, for instance, could serve as a hub for goods now moving through Kuwait. Its airport is working at under 10-percent capacity, and its two ports at less than 50 percent. Transforming Basra into a hub for Iraq will require a greater investment in both security and management, but it is possible, and should be tried.

Baghdad's role should be to establish a national economic vision that captures the public's imagination. This has not happened yet. As I will detail later in my testimony, I believe this could be centered on a national wealth-sharing plan for oil revenues.

The insurgency will make getting beyond Baghdad difficult, but the more that we can channel aid in a decentralized, grassroots fashion, the more diffused our presence will be throughout Iraqi society, the greater the number of Iraqis will be involved, and the smaller, more agile a target we will provide to those wishing to do us harm.

*Option 2: Get the money moving, faster*

Creating jobs is an important element of post-conflict reconstruction. Jobs get potential insurgents off the streets and put money into the hands of Iraqi families. My belief, however, is that a WPA-style jobs program is unlikely to instill Iraqis with any real hope for the future or stake in the reconstruction effort. Such programs tend to pay low wages, employ people in menial tasks, and engage them for

only short periods of time. Job creation may serve as a stopgap measure, but a more far-reaching strategy is needed.

Microcredit, small grants, and loans disbursed on the local level are a far better option. What we need is to build a network of several thousand distributors who can help channel money into their communities where it is needed most. Local governing councils, civil society organizations, or women's groups that have a presence on the ground could help to implement these programs. It's been done successfully in equally tough places as Iraq. The Iraqi Government will not be able to move these funds fast enough into the communities.

Our own funding methods must be faster and more flexible. Emergency response funds are a key component of such a strategy, but the U.S. military must not be the only outlet. Right now the U.S. military controls 70 percent of the \$18 billion Iraq Relief and Reconstruction Fund. We should broaden the number of local actors who have access to emergency funds. Programs that can demonstrate an Iraqi contribution should be prioritized.

One of the largest carryovers of the prewar period is the food basket that is provided to all Iraqis. It has been estimated to cost up to \$18 billion per year, and is used for the centralized purchase of basic commodities, for distribution networks, and for other expenses. Iraqis would rather have the cash and make their own decisions on how to use it. Putting the money in their hands would generate more consumer power, accelerate money flows, and reduce the influence of the old state-centered model. The direct distribution of cash would also enhance the banking system and help develop local market competitors, much like we have seen with remittances.

*Option 3: Give Iraqis a direct stake in their oil flow*

Iraq's biggest economic asset remains its oil wealth. From the perspective of the ordinary Iraqi, however, there is little tangible benefit from oil. Many Iraqis believe the U.S. Government still has designs on Iraqi oil. Corrupt Iraqi Government officials may also steal profits before they ever reach Iraqi people. Insurgents sabotage infrastructure in order to thwart reconstruction progress. Ordinary Iraqis do not have enough of a stake in the results.

A plan must be designed in cooperation with the Iraqi Government to use oil revenue to build the long-term capacity of Iraq and to meet the immediate needs and interests of the Iraqi people. Here is a sketch of a two-part plan.

The first part is to give Iraqis a direct stake in maximized production by instituting a wealth-sharing plan where each Iraqi family receives a certain amount of money in a personal account every year to spend on health, education, or livelihood. By depositing \$500 per person into bank accounts, we will also capitalize a fledgling banking industry. The initial cost of such a program would be around \$5 billion.

Such a plan could increase incentives for Iraqis to assist their government and coalition forces in protecting oil infrastructure. It will require bridge funding, however, since Iraq's oil production is unlikely to move from 2 million to 4 million barrels per day until 2010 under the best-case scenario. The United States, should consider contributing to this bridge funding, as it will send a clear signal that we are seeking to use oil revenues to empower the Iraqi people rather than benefit from Iraq's wealth.

The second part is to develop a board of overseers comprised of Iraqi officials, regional and international partners, and Iraqi civil society that could be charged with directing a portion of oil revenue to Iraqi public goods and tangible infrastructure projects. Such a board could solicit ideas from the Iraqi public and put the choice to referenda.

The positive consequences that would flow from this plan could ripple across sectors, providing hope not only for Iraq's economic well-being but for the security situation and our goals of democratic governance.

*Option 4: Create integrated benchmarks that matter*

Our project at MS conducted a survey of Iraq's overall reconstruction progress in 2004. We offered measurable benchmarks for success on the basis of government, media, and polling reports, as well as interviews and focus groups we conducted on the ground. Our findings showed then, and the same is true now, that economic progress in Iraq is directly tied to progress on the security front.

Knowing when Iraq has reached the tipping point—when Iraqis have a legitimate chance to sustain progress on their own—is not an easy task. Claims of success or failure are often perceived as merely political spin. But measuring allows decision-makers to observe trends during ongoing interventions and to make mid-course corrections that advance the stabilization process, reduce political and financial costs, and save lives.

Measuring progress is not merely an exercise to collect a random assortment of statistics on the numbers of children in school, numbers of beds in working hospitals, and the like. The danger in this is that we often count what is easily measurable rather than what matters most. Measuring must be part of an integrated framework of goals and indicators.

Iraqis, themselves, must play a role in defining progress and measuring success. We can work with the Iraqi Government and civil society to help to articulate this plan and to gather measurements. The process must be open and transparent to the Iraqi people and the international community alike. The risk of insurgents targeting key benchmarks, if the plan is made public, is a red herring. Insurgents already know what is vital to success and what is not—sometimes better than we do.

#### CONCLUSION

A new approach in Iraq should emphasize a decentralized approach and Iraqi ownership in the process, create long-term employment through microcredit and small loans, offer a viable plan for oil-wealth sharing and human capital investment, and a method to reliably measure progress. In short, trust more in the Iraqi people.

Trusting the Iraqi people has been missing for too long. In January 2005 I argued with two colleagues in the New York Times that we should let the Iraqis decide our tenure in a referendum that asks if we should stay or go. Doing so could affirm our commitment to empowering the Iraqis and steal the thunder from the insurgents. If the majority of Iraqis vote for us to stay, we have a mandate in Iraq we can use to win Iraqi hearts and minds. If Iraqis vote for us to go, we will leave based on the popular will of the Iraqi people—supporting our reason for being in Iraq in the first place.

It is difficult to imagine broad economic progress in Iraq today without a greater sense of public safety. Many are pinning their hopes on processes to build the formal government, from constitution writing to elections. I believe it is more important to encourage an authentic Iraqi political voice to emerge, one that will make its people proud and reassure them that their leaders represent their best interests. This might be the only true hope to convince Iraqis to come together and stand up to the insurgency.

The CHAIRMAN. Thank you very much, Mr. Barton.  
Mr. Mohamedi.

#### **STATEMENT OF FAREED MOHAMEDI, SENIOR DIRECTOR, COUNTRY STRATEGIES GROUP, PFC ENERGY, WASHINGTON, DC**

Mr. MOHAMEDI. Thank you, Senator Lugar, for inviting me, and to the panel, Senators.

I share with my friends here that security is, of course, of paramount importance, but I feel that the issue of decentralization is a very sensitive and potentially dangerous one if it is handled wrongly. Given the fragility of the central government of Iraq, its bureaucratic disarray, its financial shortages, and the lack of coercive means to assert authority around the country, and the centrifugal forces in the region, in the regions, an overt shift of emphasis and support by the coalition away from the center would have a very disruptive effect.

I think this is particularly true in the sector that we know a little bit about and that is the oil sector. If the oil sector is allowed to fragment and be taken over by locals, then you will have local control over those revenues and that will essentially mean that they do not need to be part of a larger Iraq. Then you will have something, in our opinion, that took place in Russia, where the sector effectively fragmented and people grabbed the assets.

But also, short of that and short of, in a sense, the political implications of that, on a very practical economic sense, you break down the operations and operational efficiency of the infrastructure

when you fragment it. I mean, when the looting took place and the south was cut off from the north, in terms of power lines, you had a really hard time rebalancing the system and you lost quite a bit of power in terms of running that system. So you need to have a coordinated system from an operational point of view.

But I do think that the coalition can play a very important role in Iraq in terms of strengthening local delivery and local institutions that deliver national goods. I think that coordination is very important. It was, as my colleagues here have previously said, a very centralized system. I think that in that sense to build up local capacity to enhance regional delivery of public goods is very important.

That is all.

[The prepared statement of Mr. Mohamedi follows:]

PREPARED STATEMENT OF FAREED MOHAMEDI, SENIOR DIRECTOR, COUNTRY STRATEGIES GROUP, PFC ENERGY, WASHINGTON DC

OPTION 1

*Should the coalition do more to shift additional economic development resources and emphasis from Baghdad to the provinces?*

The issue of decentralization is a sensitive and potentially dangerous one. Given the fragility of the central government in Iraq—bureaucratic disarray, financial shortages, and the lack of a coercive means to assert authority—and the centrifugal forces in the regions, an overt shift of emphasis and support by the coalition away from the center could have a disruptive effect at this point. This is particularly true in terms of the oil sector. Gaining control over local assets, which are part of a larger integrated whole, and attempts to then grab the revenue streams from crude oil, gas, and refined products sales and exports will become the objective of the regional governments or authorities. Once regional governments gain sufficient financial independence, a push for greater autonomy and eventually secession is quite possible.

Short of this eventuality, an uncoordinated investment/development program, which gives regions priority over a national one, could lead to greater problems for the economy from an operational point of view. This, to a certain extent, already happened with the electricity sector when transmission lines leading from the south were cut off to ensure that the region had sufficient supplies. In order to rebalance the national electric power system, the coalition had to rebuild these lines at great expense. This is one example, but one could see the same problems in other infrastructure, transport, trade, and services areas. Without a national system, fragmentation and increased inequality will impair long-term growth and prevent recovery in the short term.

*Will strengthening regional and local authorities outside Baghdad speed delivery of services and broaden the tangible benefits of aid? Are the recently formed Provincial Reconstruction Councils up and running and having a desired impact?*

Picking up on the point above, if the objective is long-term peace and stability in Iraq, then a national development program, which is produced by a democratic government at the center and administered by a national and regional bureaucracy, is essential. Beyond enhancing local security, an essential short-term and long-term goal for the coalition should be to build up the capacity of both the national and regional institutions in implementing economic development plans. Here the Provincial Reconstruction Councils could play a constructive role, especially if they enhance local capacity to carry out national plans, provide effective feedback and advise the center on local conditions. A dual role for national and local institutions in the development process will ensure national integration, economies of scale, be a check on local power monopolization and lessen the potential for corruption. It will also ensure the spread of best practices and reduce regional disparities.

In this process of enhancing the capacity of both national and local institutions, the coalition and other aid donors should coordinate their efforts and play from the same score. An uncoordinated aid effort would have the same effect on Iraqi long-term development and short-term recovery as uncoordinated regional economic efforts.

## OPTION 2

*Should the coalition, in conjunction with the Iraqi Government, increase resources and emphasis on creating jobs and demonstrating tangible progress on the ground?*

A major increase in short-term funding for jobs programs, microcredit and small business development is highly advisable, particularly if it is done through national institutions (in coordination with regional/local institutions). Moreover, it must be done on an equitable basis across the country and targeted at the most needy groups. Emergency response funds distributed by the United States military have been effective in the absence of national and local institutions and should be continued and expanded. However, these must be portrayed for what they are: Short-term relief. Already the Iraqi State budget provides massive subsidies and income support to the Iraqi population, which is to some extent crowding out longer term investment. Short-term relief should not become long-term income support. That will lead to a sense of entitlement typical of most of the gulf countries surrounding Iraq.

In the longer term, as a national development program takes off, contracting practices have to be improved to ensure a larger part of the reconstruction effort benefits local companies which employ Iraqis. Local content regulations also have to be implemented to achieve this objective. It is through local content requirements that the aid used to rebuild the infrastructure of the country will create backward linkages into the economy and enhance longer term employment, which the shorter term work programs and emergency funding get off the ground.

## OPTION 3

*Should the coalition put more emphasis on overcoming the twin curses of the oil sector: Corruption and sabotage?*

The twin curses of corruption and sabotage could result in further debilitating the only source of government revenue and, given the size of government expenditures in the national economy, it is virtually the largest source of private income as well. In the recent past, and in the short term, sabotage is the biggest problem the oil sector faces. It has prevented the use of the Ceyhan pipeline through Turkey and reduced exports by around 300,000–400,000 b/d from the northern oil fields. It is a constant threat to oil production and export facilities in the south. Through attacks on power infrastructure, feeder pipelines, and refineries themselves, sabotage has reduced the amount of refined products that can be supplied to the local market and imposed an additional burden on the treasury because of the need to import products from a tight regional and global oil/products market. Corruption has been a lesser problem but theft and misuse of resources have been contributors to supply disruption and the prevention of rebuilding the sector. Political interference in the sector, for reasons of financial gain or control over decisionmaking, has also been a big problem from time to time and has led to inappropriate personnel decisions and ultimately to hampering reconstruction efforts.

In the long term, corruption could become a critical factor in the underdevelopment of the oil sector and the Iraqi Government. In fact, if oil sector corruption is not prevented, it will undermine the goal of building a democratic society in Iraq. Iraq is the last huge oil frontier. This distinction is magnified by perceptions around the world that oil reserves are peaking, especially in those countries where private oil companies have easy access. Therefore, many private companies and consuming, country governments concerned about the scarcity of resources will be tempted to offer what ever it takes to secure resources in such a potentially prolific oil sector. The situation is equally desperate for the Iraqi political class. The need for resources, the ambiguity and uncertainty of power dynamics in the country and the need and temptation to use money to secure power to fill the vacuum created by the invasion has increased the receptivity of Iraqi officials to engage in corruption. The combination of factors makes it more likely than not that the development of the sector and the country will be distorted by this reality unless enormous efforts (some which we recommend below) are made to prevent it.

Beyond these two sets of problems, another issue is emerging rapidly and could severely exacerbate problems in the oil sector and reduce revenues to the government. Due to sabotage, lack of funds, disorganization and physical aging of the oil fields, below-the-ground problems with Iraq's oil fields are resulting in a stagnation of crude oil output and the potential for catastrophic declines in the near future. The Kirkuk oil field's production capacity has fallen to 600,000 b/d from a prewar level of 700,000 b/d and could, under conservative estimates, collapse quite sharply to half the current capacity.

In the south, 12 years of sanctions, combined with a lack of well workovers to maintain production post-invasion, have taken their toll. Foreign contractors report

high water cuts, clogged well strings, and declining productivity per well. Iraqis are apparently using handmade shaped charges for reperforations, there is little, if any, functioning well instrumentation and there is no current seismic data or reservoir modeling work (although some foreign companies have attempted to begin work on the latter). Some wells have responded to recompletion work, but there is a real need for fracturing and acidizing techniques to be applied. The Oil Ministry has either been unable to organize such efforts or has pursued other priorities, and given security concerns in the relatively benign south, the cost and logistics of bringing in such large-scale operations may prove insurmountable. The result has been lower production, higher water cuts, and more lower quality Mishrif Pay output. According to reports, the quality of Basra light has declined from 32 API and 1.95 percent sulfur to 31.5 API and 2.7–2.8 percent sulfur.

As production has declined at the workhorse Rumaila field, the Southern Oil Company, which is in charge of operations in the south, has sought to increase production at West Qurnah field to make up the difference. However, work delays there threaten production. Meanwhile, the water injection facilities (particularly Garmat Ali) that were meant to help restore production in Rumaila and elsewhere are running at only 55–60 percent of prewar capacity, causing further production and well losses. Bureaucratic impediments have also made it difficult to procure the chemicals and spare parts needed to operate revamped facilities.

Even with the current high oil prices, the Iraqi Oil Ministry must find some way to efficiently spend its capital budget to sustain production capacity in the one area capable of more or less unhindered exports. The recent reshuffle of personnel by the Oil Minister Bahr al-Uloum elevated less-experienced managers at the expense of seasoned technocrats. This has reduced the effectiveness of what little funds the government has. The result may be a greater reliance on foreign expertise. The Iraqi Drilling Company's recent announcement that it is seeking an international strategic partner should be seen in this light, and is likely to be a precedent followed by a number of other Oil Ministry companies.

That said, relying on foreign expertise will necessitate improved security, even in the south. Security problems have slowed and undone some of the work already carried out by Western contractors and the U.S. Army Corps of Engineers after the invasion, and failing to improve the situation will hold back Western international oil companies with the necessary expertise and capital back going forward. However, coalition military forces are unlikely to protect the foreign oil workers and their sophisticated equipment, particularly in the south where U.K. forces are seeking an accelerated handover to Iraqi security forces. International oil companies, meanwhile, are likely to regard the cost of providing private security on the scale necessary as prohibitive, even if they were willing to take the risk with their personnel. Thus, the subsurface work necessary to prevent declining production will simply not get done fast enough in the medium term, if at all.

The oil sector has four critical roles to play in the future development of the Iraqi economy.

- First, it will provide the revenues to support and later revive what is now, essentially, a failed state. That will buy Iraq time from a humanitarian and institutional point of view to get its true economic development process going.
- Second, if done correctly with the appropriate local content regulations, investment by the Iraqi National Oil Company (INOC) to rebuild capacity to around 3–3.5 million b/d (preinvasion capacity) and by international oil companies (IOCs) to build new capacity beyond 3–3.5 million b/d in conjunction with INOC could massively contribute to the local economy. Creating strong ties between the oil and nonoil sector is critical for employment generation, skills development and in order to retain a greater part of the oil rents at home. Oil and gas, as an industrial input, could also serve as an important incentive to invest in Iraq, especially for energy-intensive industries such as petrochemicals, steel, aluminum, and copper.
- Third, as Iraq seeks external investment to develop its huge untapped oil reserves, foreign investors in the nonoil sector will look at developments in the oil sector with great interest. In the first case, they will view relations between international oil companies and the government as an indicator of how they will be treated and what investment conditions could be like. Moreover, as foreign investment goes in, they will view this as an expansion of the local market and be interested in taking advantage of new economic opportunities.
- Fourth, the institutional development of the national oil company into an efficient and dynamic business unit, could set the pace for corporate development in the economy. Around the world, national oil companies that have developed talent and strategic prowess have become the domestic pacesetters and transferred and spread these skills to other industries. As the sector develops and

matures, the national oil company could also be the pacesetter in privatization programs. This is a powerful signal to international capital markets that Iraq would be open for business.

Putting Iraq on this virtuous cycle of development—oil sector restoration leads to revenue increases which leads to infrastructure development and ultimately to the spawning of a self-generating private sector—will require effective political and institutional arrangements, security, and international initiatives to reduce corruption.

For an effective institutional setup, two issues are critical.

- First, a political deal has to be struck between the principal political parties so that an effective oil sector development model can be chosen. An effective oil sector development model includes several key ingredients including high-level political and economic strategy coordination (in order to answer the question “what does Iraq want from its oil/gas sector over time?”), operational autonomy for the NOC (choosing best practices), transparency in contracting, access to the best skills from the private sector and democratic control over oil/gas receipts.
- Second, since the oil and gas assets are national assets, are spread throughout the country and needed for national development, national government control is essential for optimal development of the sector. This will ensure national unity (see above), seamless integration, rational sectoral operations and enhance optimal long-term development potential. Breaking the sector apart and managing it regionally will be disastrous for Iraq as a political entity and lead to increasing regional divergence, monopolization of revenues by key groups for parochial purposes and ultimately lead to greater instability.

The design of the sector will determine the future viability of a democratic unified Iraq. If the sector is controlled by a few, it will serve the needs of a few. This was clearly apparent in the Saddam Hussain regime. Ensuring democratic control should not be mistaken for operational autonomy. National policies can be set by the central government in coordination with the regions and then the sector can follow these policies in the most effective manner. Breaking the operations up regionally would fracture the sector and possibly lead to local control which, in turn, would lead to political problems. Similarly, revenues should not be divided by region. This is the situation in Nigeria and has led to countless problems of regional competition for resources. But, as in Nigeria during the 1960s, oil producing regions should not be neglected to point where the region is compelled to violently gain control over, its part of the sector. Today, in Nigeria local groups extort money from private companies working in their regions. This is also a possibility in Iraq in the future. So a balance between meeting central and regional needs with effective democratic controls is essential for the optimal development of the sector and the political economy of Iraq.

Security is the single biggest impediment to smooth operations of the Iraqi oil and gas sector and a huge blockage to further development. For the most part, the national oil company, the Oil Ministry, and local and national security forces have struggled to keep the sector operational with mixed success. More effective security in protecting pipelines, refineries and ports will require more, not less, support from the coalition forces and a larger presence of the Iraqi security personnel. A wider political resolution to the internal conflict will also be critical. At present the expectation in the sector is that there will be less coalition involvement in security of infrastructure and that the Iraqi forces will take some time to become fully effective. Moreover, there are fears that the violence against the oil and gas sector is moving south so there could be more disruptions in the larger of the oil producing regions of Iraq. Over the longer term, no foreign company will be willing to invest in Iraq without effective security. In fact, the fear is that the presence of foreign personnel will exacerbate the security situation if a long term political solution has not been struck.

Preventing corruption is essential for the future development of the sector and for ensuring the Iraqi people gain the most from their national patrimony. One effective means of preventing the misuse of the sector for private or political gain would be to set up effective constitutional constraints and systems. The coalition could guide the various Iraqi political parties to ensure the constitutional provisions meet this requirement. Another effective means of preventing corruption would be to enlist the help of international companies, multilateral institutions and governments to come together to set up conventions to stanch it from the outside. There are a number of international transparency initiatives which could be subscribed to. However, a specific initiative, with Iraq in mind, could reduce the competitive pressures to indulge in corruption and greatly enhance the development process.

## OPTION 4

*Should the coalition and the Iraqi Government create a reliable set of indicators of when and where economic progress has been made?*

Improving public information is essential to improve the trust of the Iraqi people in the new government. However, the most important set of metrics that the Iraqi people are looking for are reduction in actual crime and political violence, improvement of physical deliveries of public services and jobs/income growth. An improvement in all three of these variables will have a marked improvement on public perceptions of the new government and its ability to deliver progress.

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

Let us proceed to the second options, and I will ask you to give the first response after I have restated the options, Mr. Barton. Should the coalition, in conjunction with the Iraqi Government, increase resources and emphasis on creating jobs and demonstrating tangible progress on the ground? It has been suggested, for example, that a WPA-type program for trash cleanup, local repairs, and the like would let Iraqis see visible progress and make their daily lives more bearable, while putting money into the pockets of the unemployed.

Would this strategy work? Could the coalition help the prospects for a functioning economy by encouraging shops and small businesses through microcredits, small grants, loans, and other programs? Should we increase the amount of emergency response funds distributed by U.S. military, especially in areas where the civilian economic and infrastructure is not yet in place?

Mr. BARTON. Senator Lugar, we are doing quite a lot in this area right now. Some of the estimates we have seen are up to 200,000 people who are receiving some kind of daily job help.

I have real reservations about this as having much promise. Generally, these jobs are very short term. They last up to 6 weeks, maybe a little longer. They oftentimes are in repetitive functions that do not really build the capacity there in the country. They are centrally run, which means that they are slow to get going. So they have significant disadvantages.

That does not mean that they could not work, but I think they have to address those inherent weaknesses that are usually—that usually come with the international model and the international assistance. So if we make them longer, if we make them tied to something that has a longer term value, then I think there is some promise there. But I do not think it is really anywhere near as attractive an alternative as finding existing enterprises and helping them grow.

One of the problems in these post-conflict places is that the currents are very strong. So swimming against the tide is a difficult task and we are much better off if we can find anything that is going on and build upon it. As you mentioned in your comments, the telephone industry has had a fairly good period. Obviously, the television and the communications industry in general has been one of investment during this period of time.

The markets tend to have quite a lot in them. There is a consumer expansion. The economy, as a whole, is growing by most estimates, so there are things going on. Finding those things that are going on and giving them the juice to grow more is a better way for us to spend our money and I think it will be faster as well.

So, generally, what we are looking for as we look at the economy of these places is what is practical. To set up new structures and new programs when it is hard to get anything done and you cannot get a public official from one place to another just does not make a lot of sense.

So that would be the last part of the argument, which is that we really need to widen the circle of trusted partners. We have done quite a good job, the new Iraqi Government and the international community, in identifying and building capacity in a lot of places. But we are going to have to have more confidence in their ability to deliver than we have up to now. Up to now it has been very much of a control model and generally in post-conflict places you are much better off if you are a shepherd, if you are just saying, we are going toward that wall, let us all try to go this way, as opposed to, come into my corral and I will take you over there. It is just not going to happen in Iraq right now, and for all the reasons that you know.

Finally, the foreign responsibility here. I think our responsibility is to make sure that those funds are distributed fairly, that we watch for cronyism, we watch for regional favoritism, we watch for the things that will undermine the public confidence, which again there are abundant examples of, and in this kind of a rumor-filled environment they will travel much farther than they would necessarily in a place where you have some checks and where people feel that justice might be possible.

The CHAIRMAN. Thank you very much, sir.

Dr. Mohamedi.

Mr. MOHAMEDI. I do believe that increasing the funding for jobs programs, microcredit, small business development, are a good idea. I think they would be done through national institutions. They should be done on an equitable basis. I think we should avoid this cronyism and giving the ability of certain local elites to create new patronage networks.

However, I do not think that—these programs should be regarded as what they are, that is short-term relief, and not be left behind as a burden on the government budget. Already there is a huge subsidy component in the budget, a lot of relief. So I think that would leave a long-term legacy that we do not want really to do.

I also think that nothing replaces good job creation and part of our aid program should start to really focus on contracting practices that enable local businesses, and particularly the issue of local content and local businesses providing to industries like the oil industry and gas industry, et cetera.

From a longer point of view, a longer term point of view, I think one issue that should be brought up is the whole issue of foreign debt. I looked at the IMF figures the other day and, basically, the debt service for Iraq will be about \$10 billion, which is the amount of the net financial requirements of the budget, basically, is \$10 billion. So if you remove the debt payment they would not have to borrow.

So it is, in a way, ironic that they will be borrowing \$10 billion every year just so their debt situation will stay the same. So I do not think that is a long-term sustainable situation.

The CHAIRMAN. Thank you very much, sir.  
Dr. Crane.

Dr. CRANE. I concur with both my colleagues about the fact that make-work schemes are really a stopgap measure and often are of questionable utility, especially at this point in time. The real problem in Iraq is not unemployment; it is poverty. The only good survey of what is taking place in Iraq today, which was conducted through UNDP, found the unemployment rate at 10.1 percent by standard international levels. The problem in Iraq is that people are very—are very low productivity. It is a country very similar to those in the rest of the Middle East, where you have normal high male-labor-force participation, women in many ways excluded from the labor force, but most of these people work in the informal sector. They run small shops, they are day laborers. Their income depends on what they do, much like many other people in the United States who drive a truck or work construction.

But, in the case of Iraq, the economic environment has been such that it is very difficult for people to prosper. So the big focus should not be on creating make-work jobs that, in many cases, destroy value and saddle the Iraqi Government with another very large government subsidy, but it is to really clear the way as much as possible to make it possible for these small businesses to prosper and grow.

Looking at the question of targeted lending and microloans, microcredit has been successful in many parts of the world. It is expensive. There are no microcredit programs, to my knowledge, that really can fund completely the cost of collection and making loans. They are often supported by international financial institutions or donors. Nonetheless, they are a good way to transfer money.

However, it is often a case of quality as opposed to quantity. Badly run programs which do not make borrowers adhere to repaying the debt, that kind of dole-out money without looking at the different projects, can actually lead to be counterproductive.

This condition is even more important in terms of targeted lending to small- and medium-sized businesses. The Iraqi financial industry is in its infancy. It is very underdeveloped. What we have seen in other transition economies is that if there is a big push to make loans without regard to creditworthiness, to push money through the system at this point in time, 3 to 4 years down the road Iraq will have a banking crisis as these loans are not repaid and the economy will go into recession.

At this point in time, the growth in Iraq is really driven by these small businesses, sole proprietorships, and they fund their own development out of their own credit.

Finally, I would like to say a few things about CERP programs. This is going to be a politically unpopular statement. They have been very popular with commanders. I think in small doses they have been quite effective. As I understand it, currently \$3 billion have been allocated to CERP programs. I could be wrong, but it is a very large sum of money.

Our commanders are busy fighting a war in Iraq. They are not development specialists. They are not individuals who are really trained or have the time to look at investments in terms of water,

electric power, sewage. Many commanders have done a wonderful job there, but this is—in this case, less is probably more. This is in my view too large of a sum of money and this money should be really targeted through our other assistance programs, like USAID or PCO, through the Iraqi Government. Commanders have other things to do with their time rather than run development programs.

The CHAIRMAN. Well, thank you very much, Dr. Crane.

These first two sets of issues, as you all perceived as witnesses with Senators listening to you, try to address comments coming to our committee in the past about centralization as opposed to decentralization. How do you move it out of Baghdad and should you do so in the first place? As Dr. Mohamedi has pointed out with regard to the oil wells, you have a big distribution problem, given the fact that we are trying to get people to think as Iraqis.

These are issues that keep swirling about. I appreciate what you have brought to the discussion. Likewise the WPA idea. We had a crisis in our country back in the thirties. Many people point out that one way of getting at it is to get some visible results, to have people out there with money. Yet, at the same time, as you have pointed out, some of the consequences of this, including the \$10 billion of debt service of the past, would be a lot of debt service for the future.

So that the visible results, real jobs, real sustainability, and in the midst of it, the security problems. So it's all well and good for us to be talking about decentralization as if this was a normal affair, when all of you have been on the ground and know that it is not. But I appreciate that discussion.

Now, let me break before we address the third issue, which will address the oil business, to recognize the distinguished ranking member, Senator Biden, for his opening comments.

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

Senator BIDEN. Mr. Chairman, I would ask unanimous consent that my comments be placed in the record as if read.

The CHAIRMAN. They will be placed in full.

Senator BIDEN. And by way of explanation, I was down in the Judiciary Committee guarding the bill I have cosponsored, that you and Senator Dodd have introduced, the shield law for the press, and that is why I was not here on time. I am not sure how good a job I did. The best part was I did not speak at all, so maybe there is a chance. [Laughter.]

[The prepared statement of Senator Biden follows:]

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

Thank you, Mr. Chairman.

I think that it is fair to say that the reconstruction program in Iraq has been a disaster.

Of the \$18.4 billion that Congress appropriated at the urgent request of the President in the fall of 2003, just \$7 billion has been spent.

And well over half of that has been spent either directly on building Iraqi security forces or on security-related costs for reconstruction projects.

We have repeatedly missed deadlines for increasing power and oil production. As temperatures approach 120 degrees, Iraqis still have only about 8 hours of elec-

tricity a day. Almost half don't have regular access to clean water. And most estimates place unemployment at about 40 to 50 percent.

General Webster, the commander of the Third Infantry Division, talks about the need to clean up what he calls the "Green lawns and Green streets" of Baghdad. Green is the color of raw sewage as seen from the air.

For anyone who doesn't think there is a direct correlation between the living conditions and job prospects for ordinary Iraqis and their support for the insurgency, spend 5 minutes with any of our military commanders.

They will tell you that long power outages, reconstruction delays, factories standing idle, and jobless young men all contribute to the steady supply of recruits to fill the ranks of the insurgency.

I look forward to hearing the ideas that our witnesses will present. I believe that we need to do four important things.

First, we must establish realistic goals and make clear what we're doing to overcome the shortfalls.

For example, the goal was to generate 6,000 megawatts of electricity in Iraq by last summer. Today, we're at just over 4,000 megawatts. But demand is nearly twice that and we've scaled back our goal to 5,500 megawatts by December.

The administration said oil would pay for Iraq's recovery. Yet Iraq is still falling some 750,000 barrels a day short of the target of 3 million per day. At current prices, that's a shortfall of \$10 billion a year.

Second, we must have accurate measures of the delivery of essential services if we want to know what difference reconstruction is making.

Third, we must focus resources on smaller projects that make an impact in the lives of ordinary Iraqis.

Most Iraqis are simply looking for an improvement in their standard of living, not state-of-the-art infrastructure.

A general in Iraq told me that instead of building a tertiary sewage treatment plant, we should be running PCV pipe from people's backdoors to the river so they don't walk out their front doors into 3 feet of sewage.

In parallel, we should increase the amount of reconstruction funds given directly to U.S. military commanders—one of the few success stories in reconstruction. I've seen for myself the difference these funds make in giving our commanders a weapon to make Iraqis happier and our troops safer.

Fourth, we have to develop the capacity of Iraqi Ministries.

This is the third Iraqi Government in less than 2 years, and there could be a fourth by the end of the year. We know the difficulty of transitions between administrations every 4 years. Imagine the challenge in Iraq when the management team of a barely functional government changes every few months.

We have to help the government deal with rising corruption, which is badly eroding public confidence.

And we must press our allies to help train Iraqi personnel. The British have proposed partnering individual countries with a cluster of Iraqi Ministries. We should follow up on this idea.

There is a direct correlation between Iraqis supporting their government and children going to school, men and women going to jobs, sick people having a doctor, families getting the electricity they need to stay cool, and police protecting citizens from robberies and kidnapping.

In short, if the economy and reconstruction don't succeed, it's difficult to imagine the insurgency being defeated.

I look forward to the testimony.

The CHAIRMAN. We appreciate your endorsement.

Senator DODD. Senator Lugar, Senator Murkowski, and Senator Hagel may make additional comments on that.

The CHAIRMAN. That will come later in the hearing.

All right, let us move on to the third set. Should the coalition put more emphasis on overcoming the twin curses of the oil sector, namely corruption and sabotage, right now? Can the coalition work with the Iraqi Ministries to develop and fund a full-scope program to enhance security of oil production and distribution infrastructure, and also at the same time combat corruption in the oil industry?

Should the coalition and the Iraqis develop emergency pipeline repair teams, work with local tribes to protect pipelines, offer in-

centives or rewards for those who turn in corrupt industry personnel?

Within the oil sector, where is the corruption problem greatest? Would oil resources be more productively used for the benefit of the Iraqi people if they were managed regionally instead of by the central government?

I will ask you to start on this issue, to which you have given a great deal of thought and scholarship, Mr. Mohamedi.

Mr. MOHAMEDI. Thank you.

I think that the twin curses of corruption and sabotage are very much with us and are going to continue to play, at least in the short to medium term, unless we do something about the security issue. I mean, that is the primary problem right now; short-term problem. It has debilitated the pipeline, export pipeline to Turkey, which has reduced the amount that the northern fields can produce, and, in fact, cut production by something like 3 to 400,000 barrels a day.

Attacks on power plants and feeder pipelines, refineries, all then lead to shortages of product, refined product, which then adds to the burden on the treasury because you have to import this product.

The corruption issue has been, to a certain extent, a lesser but still a very important issue in terms of diversion of supplies and diversion of products, as you mentioned earlier on. But I think the corruption issue will be a very critical factor in the future as the sector is further developed, as foreign companies come in.

We are at a very pivotal point right now when it comes to the Iraqi oil sector and in terms of the world oil industry. You have very few new places to go to for international oil companies and there is a sense out there, as China comes on the market, as India comes on the market, that there are going to be insufficient resources. At this particular critical point of peak oil and energy insecurity, you have this huge sector coming on line. So there is enormous potential for graft and bribery and corruption to take place.

So there is an enormous demand from the outside, and then on the inside there is an enormous need for money. The two create the perfect conditions for some pretty rotten stuff.

Beyond this, I would like to say a couple of things on the short run, that you have got a potential for catastrophic declines in the northern oil fields because of insufficient work that has been done by the Ministry and because of the lack of security the foreign contractors could not get in there and do some of the work. And you have got aging problems in the southern fields, which are starting to now push production down to something like 1.5, 1.8 million barrels a day in the south.

The combination is we are seeing production stagnate at around under—around 2 million barrels a day or under. And if there is this catastrophic decline in the north, you could see production falling in the future, which will really hurt your revenue streams.

Beyond this and back to the longer term in terms of structuring the sector, I think that if you do not get the sector, the sector of the structure right, in my opinion you will not get the future politics of Iraq right, because if you have someone capture the sector he will turn it into, he or she will turn it into a private preserve

for themselves and then go back to the old system of patronage, the old political economy that was there.

Oil has to be in a sense very much—both the sector and the revenues from it have to be very democratically controlled. Having said that, I think it is important not to miss out on the opportunity to give the sector a certain operational autonomy. So strategy is controlled by democratic forces, institutions, but the operations are done by the sector itself.

One last point on the corruption issue. We have thought that the U.S. Government and others should embark on an initiative to bring international oil companies, multilateral institutions, governments together to sign onto an anticorruption initiative and to create transparency—means to create transparency, so that you do not have the use of corruption to access the sector.

The CHAIRMAN. Thank you very much, sir.

Dr. Crane.

Dr. CRANE. Corruption is primarily a problem of opportunity. In any society, if you do not have proper controls or proper incentives, unfortunately, corruption rears its head. In the case of Iraq, the major largest source of corruption has to do with controlled prices of gasoline and diesel fuel. Gasoline and diesel fuel go for a nickel in Iraq. You can walk across the border and sell it for five bucks a gallon. With these types of opportunities or incentives facing people, people obviously become corrupt.

The second largest source of corruption in Iraq has to do with government contracting. Here again, the question here is in terms of opportunity. Whenever you have transparency, open competitive contracting systems, it becomes much more difficult to engage in corruption.

Finally, a third source of corruption, not as large as the others, has to do with the employment of ghost workers or garnishing individuals' wages. When I was in Iraq we had a riot by police as their commanders attempted to take 25 to 30 percent of their wages.

It is really impossible to overemphasize the importance of liberalizing gasoline and diesel fuel prices for the health of the Iraqi polity and economy. It is a question not only of corruption; it is really of the ability of the economy to grow. I have followed 40, 50 economies in my life, especially when I was in the private sector. I have never seen a more distorted economy than Iraq's and this is fundamentally due to refined oil product prices.

The cost of these subsidies is extraordinary. They run \$7 billion a year. Our entire aid program to Iraq, in the course of 3 years, is going to be less than is being currently wasted on subsidies.

These subsidies do nothing, or very little, to alleviate poverty. Most of the subsidy goes to, in the case of diesel fuel, industrial manufacturers, people running generators, Turkish truckers, Kuwaiti truckers. In the case of gasoline, car ownership in Iraq is heavily concentrated in the upper income levels. Very few of the bottom income levels in Iraq could even afford, even think about affording a car. We did some work at CPA; 80 percent of the \$7 billion goes into diesel and gasoline.

The reluctance to liberalize prices has often been stated because they see it as a security concern. Although not politically popular, it is hard for me to see that the security concern—that security

could be worse trying to guard lines of irate motorists, day in and day out, who wait 24 hours in order to fill up in 120-degree weather.

We have had a number of instances where prices have been liberalized. Hundreds of times throughout the world, people, governments, have had to raise these prices. In fact, when I was in Baghdad we had a number of Finance Ministers from the former Soviet Republics in Central and Eastern Europe come in and said how they did it. It is important to discuss this with the population, prepare them well in advance, explain where the additional revenues will flow, and make sure that the public is well aware, and make sure that every motorist can get his last cheap tankful of gas before prices go up.

But nonetheless, the government really needs to follow through with this. It is true that some very weak, very politically unpopular, dictatorial governments have confronted riots when they have raised prices. These are in very specific situations and usually result from surprise increases, in which case the population has not been forewarned or in which there had been no public discussion.

Turning briefly to sabotage. Sabotage in the oil industry is not just a problem of insurgency. Many Iraqis tap product pipelines for gasoline and diesel to steal fuel for resale. A number of tribes actually sabotage crude oil pipelines so they can blackmail the government into paying them to guard the same pipelines that they have just damaged. And in many cases insurgents attack the pipelines.

All of these are problems. However, the provision of security for the oil industry is really a responsibility of the Ministry of Oil and the security Ministries. Again, I have never seen such a distorted, inefficient arrangement in terms of—centralized arrangement in terms of running the oil industry, as I have in Iraq.

I agree with my colleague, there needs to be a decentralization of control, incentives for managers in the national oil company to run their operations correctly. I will guarantee that, given the correct economic incentives and decentralization of control, the managers of the national oil company of Iraq will take a much, much more concerted and much more focused effort in order to guard their pipelines, guard their assets, than they currently do, if the government would try to create a modern, state-owned oil company.

The CHAIRMAN. Thank you, Dr. Cramer.

Mr. Barton.

Mr. BARTON. I would like to answer yes to your larger question: Yes, that we do need to put more emphasis on this, because this has to work. If the oil does not work in Iraq, it is really difficult to have much of a discussion about an economy in Iraq.

But I do think that this is also another issue that needs a larger galvanizing idea. You have heard from my colleagues the number of things that have to be done right to get to a point where we are going to be better off, and to do all those things in the best of circumstances is extraordinarily unlikely.

So my hope here is that we go for a larger, galvanizing idea. What I would suggest is that we, obviously, have to get people—get the people of Iraq on the side of greater production, so you do not have what was just being described as tribes holding the gov-

ernment hostage, but maybe the individual members of the tribe questioning whether that is a good idea.

I do not believe that we should see the fragmenting of production. But the heart of this is wealth-sharing. That wealth-sharing argument is going to compound the difficulties of the constitutional process. It has not been resolved. It has not been addressed directly, and I would suggest that a good wealth-sharing model might be one that gives one-third of the revenues to the central government, one-third of the revenues to the governants, and one-third of the revenues to the people.

I think it will have a political beauty to it as well as a practical value of getting most of the public on the side of increasing production, which is ultimately where our interests coincide. The United States interests and the interests of the Iraqi people have to be closely aligned if we are going to see the value.

If that sounds too rich—and that is one of the arguments that people will make against this, that, oh, we cannot afford it, the Iraqi Government cannot afford it, it is impossible, they can barely make do with what they have right now—I would suggest that what we might do is we start with a focus, and the focus could be consistent with this counterinsurgency economic strategy that I am suggesting, and that is focus on the youth market, and perhaps just bite off a piece of the population at large, the 40 percent of people who are under 18, the 10 million or so young people who have been undereducated over the last 20 years, and set up personal education accounts for them.

It is not hard to do. An example would be \$500 per Iraqi under 18 for education. That would capitalize—that would cost about \$5 billion to set up and on a renewing basis it would be virtually nothing. That would be—that would also have the additional benefits—and this is one of the ideas that we really have to keep in mind, as we are looking at these post-conflict countries is, whenever you do anything, you have to make sure that it has two or three benefits, because you do not have the time to just do one-offs.

What we see in these post-conflict countries is 100 successful projects and somehow one signal failure. That is exactly what is going on. If you read the reports on all the successful things that we are doing, the country is going south and yet all the projects are going north. How does that work?

So, in this particular issue, the beauty of setting up these kinds of accounts is that you capitalize the banking system and the financial services, if you can call it that, in this country at the same time. You essentially provide money for other economic activities, such as local loans, which again is something you have to do because it is not going to come from the center. You are just not going to get—you do not have the infrastructure or the opportunity with the insurgency to get out there.

Again, would the international community consider front-loading such an idea if there is, in fact, a period where we need until 2010 to get the production, the oil production, up to the point where it will produce these kinds of assets? I suspect that would be necessary. I think that is not a big price to pay in light of what it is costing us per month to be there right now.

I think it would also give us the opportunity for greater management oversight and greater transparency, which in the transition is a pretty good idea and a good place for us to spend our time.

The CHAIRMAN. Thank you very much, Mr. Barton. I know that idea will form a part of our discussion as members ask questions.

Let me proceed to our final set of thoughts: Should the coalition and the Iraqi Government create a reliable set of indicators of when and where economic progress has been made? If the coalition or the Iraqi Government publish regular updates on such figures as hours of electricity generated per day, gallons of fresh water supplied, numbers of beds in working hospitals, children in school, economic activity generally, oil production specifically, unemployment, incidents of violence for various cities and regions, could this successfully demonstrate progress to the Iraqis and, likewise, to Americans who are watching all these areas and wanting to know how much success is being obtained?

Which figures would be the most useful, and could such statistics be created free from political influence and would they be seen as credible?

Dr. Crane, would you have a go at that?

Dr. CRANE. Statistics are important, obviously, and, in fact, the collection and dissemination of timely, accurate statistics is a government function throughout the world. Iraq is no exception. However, I think, sometimes in the past 2 years that we have neglected the fact that we have, again, attempted to do an end run around the proper collection of statistics.

Iraq has a very large statistical office. It is called COSIT, or the Central Organization for Statistics and Information Technology. The directors have graduate degrees in statistics. Unfortunately, they have not had proper incentives over the past 2 years to really issue those statistics and collect statistics in a rapid, timely manner. They have, in some sense, seen it more in their interest to withhold information, to delay the release of information, than to provide it quickly and accurately.

Consequently, our real focus there is not for us to go ahead and try to create our own statistical collection techniques outside of the Iraqi Government, because we are going to leave some day. What we need to do is, again, focus on creating incentives within the bureaucracy, through bonuses and financial penalties coupled with performance audits, to improve the quality, quantity, and timeliness of the statistics collected by COSIT.

If any of your staff have an opportunity to look at this new study that came out by UNDP, it is really quite amazing what they have done, and COSIT did this study. They, of course, were paid by outsiders in order to do it, but it is the only good view of what the economic and living standards are in Iraq today.

In my view, a number of the economic indicators, on which the United States Government has focused, would not sway public opinion and are really not very helpful for evaluating economic and political progress in Iraq. In some instances, I think the indicators have had counterproductive effects.

I think, for example, the focus on spending assistance quickly has contributed to waste without any noticeable effect on Iraqi public opinion. I remember when the supplemental was passed I kind

of hit my head and said the size of this supplemental is equal to the total GDP of Iraq. If you could imagine pumping \$11 trillion into the U.S. economy in 1 year and then withdrawing that the next year, the economic dislocations are extraordinary. So many times slower is better.

I also note the focus on the jobs created by infrastructure projects really does not make a lot of sense. The infrastructure projects are designed to create, to provide electricity, water. They are really not designed to make work for short-term job gains.

I also think, sometimes, Congress should think carefully about its own demands for statistics and evaluations. Some of my colleagues in the government have been requested to attempt to link things like refurbishment of schools with decline in what is happening in the insurgency or increases in education. You cannot do that in any country. There just is not the type of linkages between having a painted wall and how children perform in school.

I think what is important, what Congress could really do, is request much more detailed strategies of how particular assistance programs are going to help the Iraqi Government improve its abilities. This is one thing I still find sadly lacking in terms of our own assistance programs. What is it that we are trying to do? What is the strategy?

Maybe, unsurprisingly, I think opinion polls find that the Iraqis have a pretty good handle on their own economic situation. In fact, it is the one area in which Iraqis are fairly optimistic.

Where the message is not getting through is not in terms of how many megawatt hours of electricity are being generated each month or oil production or oil exports. The messages not getting through to Iraqis are twofold: One, that the United States Government is in Iraq to help the Iraqi Government get on its feet and will then leave. It is surprising the number of Iraqis think that we want to be there permanently. This is much more important than any of this economic information.

Second, a message, that I think we have downplayed but really need to get through, is that the reconstruction of Iraq is the responsibility of the Iraqi people. It is not our country, it is their country. We are going to give them a leg up to get going, but the United States is not going to operate and pay for electric power, water, and utilities going forward. The Iraqis are going to have to pay for those services themselves, and I think the sooner that we make this clear in our own assistance programs I think the better off we will all be.

The CHAIRMAN. Mr. Barton.

Mr. BARTON. Thank you. I certainly want to second much of what Keith said and will not repeat that.

We spent quite a lot of time on measuring progress. We produced a report last year and a followup that was called "Progress or Peril" and it tried to develop a more integrated model, because we realized that the way people live their lives is not based on one indicator or even a handful of indicators. It tends to be a series of indicators across security, economic and social well-being, justice and reconciliation, and participation, political participation.

We found that we could also do some of the work that Keith was describing by hiring local Iraqis and we did, in fact, do our survey

by hiring seven Iraqis to travel around the country, because we knew we could not. We could not even get the Canadian diplomat, who we had engaged to train the Iraqis, into the country for several weeks and finally had to do it up in the north.

But when they did get out and spoke to several hundred of their fellow countrymen, they found that there was a surprising level of optimism, based on Iraqis knowing that they had some wealth and the fact that they were looking ahead. I doubt that if we went there today, that we would see quite the same sort of feeling.

But, nevertheless, measuring progress we believe is absolutely critical. It is not done in most of these post-conflict settings. If we went in today to Haiti, for example, people would wonder where on the track we are. We always seem to be running around in circles and people say, have we not done this before? And there is an awful lot about Iraq that is taking that form and shape as well, right now.

So the advantage of measuring progress is, at the very least, you have a baseline. So if you know where you started and you are going in the right direction, then you can see whether you are making progress. Right now what we have is a series of measurements that say how much we have spent, how many projects we have completed, and those are basically inputs and outputs and they have very little to say about impact or whether people—the outcome of this spending or these efforts really matter. So we would emphasize those particular elements of any measure of progress.

On the second part of this, which is sort of what to do with the information, we found in Iraq that the people are very hungry for information. They are starved for information. They have come out of a period where virtually nothing was trustworthy. What could you believe? So, consequently, seeing tends to be believing.

But it is also a marketplace where they are hungry consumers and so we have to increase the kinds of information, the channels of information. It gets back to something we spoke about here 2 years ago, which is how could we go into a communications situation like this and set up one television network, when we should have said, how about 27 television networks? Why would we only have one \$50 million contract to one operator that had never done it before, when there is a huge country and a huge need and for \$500 million we could have been the tidal wave of Iraqi information?

We missed that option. Still have to do that. There is still that need to explain everything we are doing. We can help the government, as Keith suggested. I think it makes sense for the government to have the capacity to do some of these measures and whatnot. But obviously the people need this information to make wise choices. They need knowledge about where we think there may be instability that particular day. They need to know how much electricity they are going to have.

How could you possibly plan your life under the circumstances that you have right now? How hard is that to do? We have a traffic report every single day as we drive into this, or if there is a trainline problem or whatever. All of that information is available to us readily.

Senator BIDEN. Why are you looking at me when you say “train”?  
[Laughter.]

Mr. BARTON. We have that kind of option. But I do not see that being part of our thinking.

Again, we are working with a group of people, political leaders, who have essentially one model that they know. It is a state-centered model and they are not in this exploding consumer marketplace that has to be addressed. So it is again putting the people first and figuring out what they need. Information is at the heart of making wise choices. We cannot possibly deliver the wise choices for people on an individual basis. This is the only way to do it as far as I am concerned.

So finally, the last thing I would like to say is that if we do kind of trust the marketplace more—however you want to categorize it, because you can say this from the left or the right; it is essentially the same idea—we have to be prepared—and this is really, I think, your responsibility—to not punish the results of this, because the results are going to be like they are everywhere else. It is going to look a lot like a bell curve and 20 percent of it is going to be successful and 20 percent of it is going to be abject failures, and in the middle, what we are trying to do in Iraq, as we are trying in every post-conflict place, is to get the middle to lean toward the success quite a bit more. Right now the middle is leaning toward the failing side.

But those 20 percent of failures, which we are going to have, we cannot spend all of our time worrying about the fact that there is some lost money, some misdirected programming, that somebody ran off to London or whatever it happened to be, because from my way of thinking in these cases it is not as if every bomb that we drop is a smart bomb. They may be called that, but they do not always hit the right targets, as we well know. It is the same in these kinds of cases. There is an awful lot of loss and inefficiency. But what we are trying to do is to juice up this marketplace and get it going, and I believe that getting this kind of information, these sorts of measures, and a much-expanded communications will help with that.

The CHAIRMAN. I would just observe, Mr. Barton, this is almost like a keynote address for our hearing. The need for information in Iraq and in this country is just enormous. As pointed out, you testified and others did a year ago, 2 years ago, and we are still working at this. But this is one reason for having these sets of hearings, because I think maybe my staff is hiding these reports from me so I do not know what is going on in Iraq and, therefore, have an irrational urge to ask all of you to penetrate the gloom and work through the details.

But I suppose there is, in fact, more information. You have mentioned, Dr. Crane, that Iraqis themselves are turning out some statistics, and that is sort of a new idea for me today. Others may understand all that goes on in Iraq now, these people collecting this information. But at the same time, what meaning it has to anybody, or your reports from your foundation, is an extremely important question. How do you ensure distribution?

So I would just encourage each of you, as you have new reports, please just send one directly to me and to Senator Biden, because

we would like to know, and my guess is, so would the other members of our committee.

With that anecdotal reflection, Mr. Mohamedi, would you observe your thoughts on this?

Mr. MOHAMEDI. I really do not have much to add to my colleagues here, who have done an outstanding job of answering this question. I think, basically, to reiterate, the metrics that the Iraqi people are interested in are reduction in actual crime and political violence, improvement in physical deliveries of public services, and jobs and income growth. I think that is what they are really looking for.

I think our role also should be in a sense, to communicate sort of in a sense, a meaning of life issue and not concentrate so much on leaky faucets, in the sense that we are there to provide fairness and reconciliation and ultimately the right conditions for a better future. I think that we missed in providing that message right after the occupation because of the mishandling in general of the occupation.

The CHAIRMAN. Thank you very much.

We will proceed, now, to questions of committee members. We will have a 10-minute round and, perhaps, an additional one as members may require that in questions to be asked of any member of the panel.

I will begin my 10 minutes. After the constitution and the election of the officials, a government exists. There is a budget for this government now. It is not well-known to any of us, although I suppose, once again, if we did greater research we could try to find out what the anticipated revenues and expenditures are. One of the thoughts generally, around the world, is that the oil revenue will be a large component of governmental revenue, whether it be at the central government or the provincial governments; and furthermore, that that is a pretty good thing as far as the Iraqis are concerned, given the price of oil increasing.

Without getting into a market forecast, there are many who would say that there are many governments around the world right now that may very well profit from \$60 a barrel or \$70 or \$80 as the case may be. Certainly the Iraqis could, if, in fact, they have the oil to sell, the sabotage does not occur, the maintenance occurs, and, in fact, there is a fairly good transparency, with the checks and balances of democracy, as some of you have pointed out, so that somehow revenues aid all of the people.

I would just ask, parenthetically, what other sources of revenue are likely to be useful? Are the concepts of corporation taxes, income taxes, and sales taxes part of the ethos of the country? Granted they are going to be passing their tax bills, with whatever advice we might give as to what system it might be. But I am just trying to think, how does this government pay for itself, and then deal with the \$10 billion debt service that you mentioned overhangs all of this from the past?

We have raised, from time to time around the country, the question of how debt reduction is going, debt forgiveness? Have we forgotten all about that? Have people given up compassion at this stage, and are they sort of stuck with that, so that as we pass on

and they have to run it themselves, they are left with this situation?

Finally, I would just ask for any of you to comment, if you have not had a chance to, on the suggestion that Mr. Barton made, this extraordinary idea of wealth-sharing of the oil revenue. Other countries have thought about this. Norway, for example, has had a far-sighted program, understanding the oil may not be there forever and it is a national heritage. Mention has been made of our own State of Alaska. Senator Murkowski touched upon this.

You suggested, Mr. Barton, the perhaps extraordinary idea of personal accounts for those 18 years and younger, who are 40 percent of the population. It is an intriguing idea. It may not be a part of the Iraqi ethos, as they take a look at the situation. It may be a bridge too far, even if it might be good advice from ourselves.

But discuss, all of you, how is the country going to pay for itself down the trail and retire whatever debt is left over that we have not thought about? Will oil do it in one form or another, or what else is going to be required?

Would you start with this, Dr. Crane? Would you have a go at it?

Dr. CRANE. There has been an Iraqi budget for 2004 and a 2005 budget. They are actually working on a 2006 budget. Unfortunately, last year the budget deficit was 46 percent of GDP.

The CHAIRMAN. 46 percent?

Dr. CRANE. 46 percent. We think ours is large.

The CHAIRMAN. Yes.

Dr. CRANE. And this year it is upward in the 20 percent. This has been financed, of course, by programs that we have provided and was also financed by some of the Oil-for-Food moneys that were available through New York.

The budget, 90 percent and upward of budget revenues come from oil exports.

The CHAIRMAN. 90 percent?

Dr. CRANE. 90 percent. And it is moving upward to 98 percent.

In addition to that, there is a 5-percent tariff that has been imposed and there are some few other little taxes that go. But it is primarily oil that provides, covers the budget costs.

This gets into, I guess, two questions. There has been some pushes—there is an income tax that hits some people and a corporate income tax as well, which is not collected. It is just for joint stock companies and, as we said before, most people work for themselves.

One of the problems of trying to impose or create a modern tax system on a country like Iraq is, it creates enormous opportunities for corruption. In the former Soviet Republics, where I have worked quite a bit, customs agents are thieves, and people who go into the business are in it for the bribes.

So, at least for the next 3 or 4 years, it makes a lot more sense to keep the fiscal side based on oil revenues just to prevent the creation of a typical Middle Eastern bureaucracy, which is out there to destroy business, to hold people up, to subvert the process of commerce. In fact, even today if you go up to Dohuk—when I was there we had trucks lined up 4 days on the border. They would go through seven individuals, drinking tea, who were waiting for

bribes to let them through. As anybody who knows anything about trucking knows, to have your truck driver sitting there for 4 days on the border is extraordinarily expensive.

So part of the problem I have with using oil funds or having an allocation to the Iraqi people is that that money is already bespoken for. In fact, there is not enough there, and the Iraqi Government has pretty optimistic views of what the donor community is going to be doing in 2006, 2007, 2008, to cover planned budget deficits.

In addition, this year, in terms of the budget, we have seen a dramatic bumping up in terms of the number of individuals who are employed by the government and at the same time less expenditures on the capital side. So despite the high oil prices, also a great deal of this oil revenue has gone missing.

Turning to your question about debt forgiveness, Iraq just has not been servicing its debt. So, although, maybe they owe \$10 billion, they have not been paying it. In the IMF agreement of last year, the Paris Club group has forgiven much of the debt contingent on the Iraqis adhering to that agreement. They have not so far. They are already out of compliance, and again this goes back to these very, very large, \$7 billion, an extraordinary amount of money, which is wasted on refined oil product subsidies.

The CHAIRMAN. Well, let me just say just in capsule now, a 46-percent deficit and that is essentially being paid for by our money plus a little bit of other international. So, at the time we withdraw militarily—and we may be withdrawing monetarily—now, you are saying they sort of understand that down the trail in a way. But still this is a big chunk of the deficit being paid for by us as a part of our work on the military-diplomatic side.

Now, sort of secondly, since 96 percent or so of the money comes from oil to begin with, really you are advocating, maybe wisely, do not start an internal revenue service there because you will just simply set up another bureaucracy of corruption and complexity. It would be much more straightforward, if you get right the oil thing and it is transparent, to collect the money the old-fashioned way for the central government, but not enough even if you collect all of it, and if the prices of oil go up, so that ultimately something else has to happen in terms of economic gain in the country.

Finally, you have suggested, at one point, \$7 billion being spent in subsidies now, so that they can have nickel gasoline that you can sell for \$5 across the border, and whether, politically, you can ever remove all this, but still it may be easier than some other situations, that if you finally get that right likewise, with the world economy and oil, you pay for it domestically what the cost is, too.

The CHAIRMAN. Those are interesting.

Mr. Barton.

Mr. BARTON. I would like to pick up on a number of things you said. I think one of your last comments, that we cannot prepare to withdraw monetarily necessarily as early as we can if we ever get to the military question, is something that we have to consider, because, generally, our military presence does drive our financial contributions, and we may not have exactly that luxury if we want to see a favorable outcome here.

On the first issue of sort of money, the money that is going to come into Iraq basically is oil money and international assistance and, in a hierarchy, remittances from outside of Iraq. Customs is really, even though exactly what Keith said is true, it is still one of those things you can get right. There are places that customs works around the world and it tends to be a pretty reliable source of revenue, and there is a lot of action right now to look to.

Then, I think you have to look at taxes that will hold in the context, which will be luxury taxes, probably at hotels and what-not—there are a lot of those that are being collected informally in some of these places—the communications that you mentioned earlier. Look to areas where there is some success and where there are some transactions taking place, where you can actually see how many transactions are taking place and you could make those taxable. And then fees are probably the simplest way of doing it.

I do think that this is—cutting subsidies, as you just suggested, is another good idea. How much, as Keith suggested, is a delicate matter. But I do not think we have—there has not been a really good discussion of this. It has been seen as sort of an ideological debate: Do it, or it is stupid, as opposed to maybe we could do something and it might help a bit.

I do think that this is another place on the tax issue where wealth-sharing needs to be considered, because you do not want everything going back to the center. One of the reasons that I like decentralization in these places is because you are going to have such uneven performance, and one big Minister or Ministry performing unevenly is a multibillion dollar problem, whereas 17 governors misperforming, basically, hardly ever adds up to a billion. So you do in a way bring the problem down to scale, which you have to do, because in a place like Iraq and in most post-conflict places, the problems are larger than we can imagine. So you are taking the impossible and making it addressable, as opposed to taking a problem and logically just making it work.

The second thing on the debt service, we did the original paper on this issue back in 2003, in the beginning of 2003, and we created this \$300 billion number, which we then footnoted like crazy to suggest, do not take it to the bank but it is the best number we could come up with. I think that the issue has, as Keith suggested, has been set aside, but it has not been put to rest.

So the United States has actually been a very constructive player and I think our Treasury and former Secretary Baker really took the lead on this issue; took it to the world community, and they have gotten everybody to agree to sort of an 80-percent buyoff number, 80-percent forgiveness number.

I believe that Saddam's overhang needs probably the full bankruptcy treatment. If you do not go over 95 percent, you are going to have a legacy problem which is going to sink Iraq's Government when it gets to the point that people start expecting it, something of it.

What we have done is we have bought time. We have essentially told all of our allies and everybody else: Let us settle on this number, everybody is going to get something, go away for a few years until this thing gets cleaned up. That is not exactly a solution. So I think that is the operative model that we have used so far.

We have let other things continue. The reparations from the Kuwait war are probably something that should have been shut down. We happen to be the champions of it. It was a good idea at the time. It is not a good idea now. How much farther do we let these things go on? So that the U.N. Compensation Commission, which we are a big part of, is now near the end of its life. But it has got multibillions of dollars of payments that are still owed to people as a result of settlements that came out of that process. That is real money that is going to slow down the recovery or that we are going to have to replace with our own contributions.

So I think that the debt issue has a counterinsurgency economic quality to it as well, which is to let the people of Iraq know that they are finally free of Saddam and that we, in fact, are on their side on this issue. So it does fit within that same kind of thematic idea that we have been trying to develop.

Finally, on the wealth-sharing, there are a lot of people who say you cannot afford it. That may be the case, but if that is the case then fronting \$5 billion when essentially we are spending that kind of money on a rather, almost a weekly basis, is not a bad notion if we believe that it has the potential to capture the imagination of the Iraqi people. There is a political cost. How can the people of the world be expected to give money to a country that has oil? But what we are trying to do is to figure out a way to have this thing end satisfactorily, and that is why I think it is worth doing.

I think that Keith's concern that it is not affordable diminishes if, in fact, we could stabilize the oil issue and get to 2010 with probably \$50 oil. Most experts are not suggesting it is going to drop dramatically in the near future. And we are probably looking at 4 million barrels a day by 2010. That is more than twice the present production. So there might be some liquidity in there. If there is an objection to fronting the money, maybe we create the loan fund that does it and then we expect some sort of payback over 5 or 10 years.

That is not impossible in this case. I think it would be a very good investment and I think it is possible to do it. Right now, as we take it, there is about \$30 billion of net, is what oil produces after its own domestic consumption in the country. So it is not a bad pool to look at.

Those are just some points to your questions.

The CHAIRMAN. Well, that is really tremendous testimony. I think we are faced with the practical thought that, at some point, we might be successful in stopping the insurgency, the Iraqis may adopt a constitution, they may elect people, may have some degree of confidence in what they are doing, and suddenly they will have 46 percent of their budget that is not there, and all the debt. As you say, we made these agreements, but the issue has not quite been put to rest. If we leave before it is put to rest and we move on to some other topic, and here these folks are left, and we have congratulated them on democracy and on a remarkable turnaround, but they are bankrupt year after year, there might be no possibility of this thing making it.

This is why it seems to me this hearing or these questions are tremendously important for anybody interested in the future of the country, because they will not go away. Somebody has to be paid.

The legacy of Saddam, as you say, has to be addressed and even the legacy of these payments to Kuwait, which are a delicate matter, but very important to bring up.

Yet life goes on for the Iraqis and everybody else who is involved, without much discussion. So I hope we can encapsulate each of the ideas that you are bringing to the fore in some report from our committee that we can share with others, who I think really need to be thinking about this agenda even as we have been privileged to this morning.

With the indulgence of my colleague, I will ask Mr. Mohamedi for his thoughts and then I will turn to my colleague.

Mr. MOHAMEDI. I think that building nonoil revenues is essential for the long-term economic development of Iraq. I have seen so many Middle Eastern oil-producing, and Asian oil-producing, and Latin American oil-producing, countries that got hooked into the oil trap. We know all the issues around that. So I think it is very important we have an opportunity right now to develop nonoil, a system to capture nonoil revenues.

I will get into that in a little bit. But I just want to get back to oil revenues. I disagree with this issue of fracturing oil revenues or partitioning it off between federal or central, provincial, and people. I think that will lead—especially if you divide it in an automatic formula between central and provincial, you will get a Nigeria situation. In Nigeria the politics has organized itself, the sub-regional politics, to capture national rents. So you have got this constant fracturing that is going on and constant strife looking for that.

I think that the issue of dividing that oil revenue should be done on the central level through a political—democratic political process.

On the issue of sending some part of that revenue stream to the people directly, I think in a sense, it is an attractive idea. I do agree with the issue that there is not enough money right now. But there could be revenue streams coming in, in the future, from future oil production growth and future royalties and taxes that foreign companies could be paying in. And I think that would be an idea, that if some of it goes off to individuals or families in Iraq that could help with national buy-in. It would help with the idea of foreign direct investment. And if you then attach an income tax to that, you could possibly create the basis of rolls—of tax rolls—because people would be getting something and then they will be deducting it. So that could be the future of an income tax system, which in a sense, I think, would be good for the future of the country.

Finally, the foreign investment that will come in from the oil sector has two components to it. One, it will be, we think, and if this is done correctly and without corruption, that there will be things like signature bonuses, which can be put into a major development fund which can fund development projects in the nonoil sector. Hopefully they will not end up in the pockets of leaders or Ministers or whatever and transferred to Switzerland.

The other part will be taxes and royalties that will be coming in and that will enhance government oil revenues in the future. There is quite a bit of money there if you think that in say 20 years this

country could be producing 6 million barrels a day. I think it is a bit premature to expect that we will be producing—Iraq will be producing—4 million by 2010. I think that we just do not have the time to do that on a political level and just the pure physical level of investment.

Finally, I think that if Iraq is to integrate back into the international capital markets, which will be an important source of long-term development finance, as you said, we really have to resolve this, the debt issue. I think the quicker it is resolved, Iraq could come back and be a responsible borrower on the international markets.

Thank you.

The CHAIRMAN. Thank you very much, sir.

Senator Biden.

Senator BIDEN. Gentlemen, thank you very much for your testimony. This all has sort of an Alice in Wonderland quality to it to me. It sounds like I am being facetious. I am not. Senator Lugar used the phrase in another context “a bridge too far.” With the significant number of mistakes we have made the last 2 years and the failure in my view to learn from them, this is getting to be a bridge pretty far.

When you were here, Mr. Barton, you were here with Mr. Hamre and the Hamre report. You talked about the window closing and the window would close by that fall, a year ago. I still think we can salvage success. But boy, it is getting harder.

We are talking about long-term financial and budgetary opportunities and constraints for a functioning government in Iraq down the road. We are talking 2010. Pray God that is our problem in 2010.

I have difficulty, especially every time I come back from Iraq, avoiding the mistake—and sometimes it is a mistake—of connecting directly our economic input and impact with political and security outcomes.

Now, Mr. Crane, you have been very articulate. You take a long view and a pessimistic view, which is—I mean, I am not criticizing either. I am just observing, at least, how it comes across to me. And you make the case, as well as Mr. Barton. We have to—and I have made the same speech a year ago—we have to have a better benchmark to determine what constitutes impact.

We say we are going to build or help open  $x$  number of schools, or we are going to pump  $y$  barrels of oil, or whatever—not we; they. And whether or not we do that does not tell us much about whether or not the impact is what we hope and intend. What is the impact we are trying to have? The impact we are trying to have is to impact on the possibility of developing a stable government where everybody feels, every major constituency feels, they have a stake in the outcome, if not a democracy, that has the capacity to function.

That is as good as it gets for me. I know we talk about democracy. Hopefully, I am wrong, but probably not in my lifetime anything we consider, I consider a liberal democracy.

So I find myself coming back and being seized, Dr. Crane, with the notion that, which you have said would not be a popular notion—it may or may not be—but CERP funds, because I sit there

with a commanding general who flips up on a screen a Powerpoint presentation that shows—and I take him at his word—shows that we had  $x$  number of attacks on his forces in the following, in a certain grid here; when he took the literally, not figuratively, foot and a half of sewage off the front streets and literally piles of garbage 12 to 14 feet high and cleared them, subsequently the following 4 months he had no attacks on his forces in that spot; and where you actually had the street cleaned—and this happened to be in this one instance I am telling you in Sadr City—when you had the street cleaned, when people were able to walk out to the equivalent of the corner grocery store, they had informants telling them: By the way, around the corner there are some jihadists; around the corner there are some insurgents. And it has changed the safety and security of not only the people on the ground who live there, but our forces.

Now, I have a tendency to extrapolate from that, and I acknowledge in a model you may flip up it does not follow, that it is the only place I have seen—and again, I have only been there five times—it is the only place I have seen a correlation between an investment and an outcome.

When Senator Lugar and I were there early on, one of the things that became very apparent to us—I speak for myself; I think he agrees, but I do not want to put words in his mouth—is that any nation that could take down Saddam Hussein as swiftly and as surely as we did, obviously can get the electric running 24 hours a day immediately, obviously can provide potable water for everybody, obviously ought to be able to make the streets safe.

So I acknowledge we suffer from an expectation game here, that the expectations appear to me to be unrealistically high for what we had the capacity to do, no matter how well we did it. But the failure to come close to meeting expectations I think has—this is the plain old politician—a dramatic impact on the willingness of people to essentially place their bet on the government as it is emerging and place their bet on us being a positive force.

Which is a long way of leading me to what I keep coming back to, Mr. Barton, what I think is a central problem today and a significant mistake we made, but I think is correctable still, and I want to address that. That is what you have all said in one way or another, access to information by Iraqis, by the people.

To this day, to the best of my knowledge we have not broadcast widely that we do not expect to remain permanently in Iraq, have permanent bases. Now, I may be wrong about that. Maybe we have stated that as a policy. But I do not think anybody in the region thinks it or knows it.

I do not think, from my observation—the first time we were there and we were flipping, there's channels like VH-1 on television. Who would listen to it except somebody who's watch a test pattern on a TV tube? It was so absolutely boring, uninformative, sporadic.

So my question is this. Is it possible—excuse me. Why is it not still possible for us to move from the single model that is a failure, in my view, to the model of—facetiously you said 100—to 20, to 50? Is that beyond our reach? Is there no ability to go back and sort

of repair that, to change or produce or encourage or whatever more outlets for information in the country?

That is my first question: Is it too late? Yes, you, Mr. Barton.

Mr. BARTON. Who knows if it is too late, but I think it is still worth doing, because as long as you are spending multibillion dollars a month in the place you are obviously making a serious effort at trying to change the environment the way you want to.

I happen to believe it is absolutely central to our moving ahead. Now, I would say that if you were to put a billion dollars on the table and say, we would entertain anything from new television networks to cable systems to bloggers to Internet stations, and we would just like to see what the universe of responses might look like, you would be overwhelmed. You would have more than you have the resumes, when you put a job on the market in your office, I can assure you of that.

So there would be a wide series of plays, and it should go everywhere from Disney down to 12 teenagers who have a good idea on how to reach these folks. So I would say that opportunity is there still. I think—but again, you have got to encourage the entrepreneurial side. You have got to make sure that it has the Iraqi play in it, which I think you will get a huge Iraqi play. It is a very young market.

What was the first thing we heard? Everybody got satellite dishes. What is the second thing we heard? Everybody has gotten cell phones, even though we were trying to control that market. So the market has taken off without us and we are still trying to do this corraling effect: Let us control it, let us set the rules for how you put on a station.

When we had our very first conversations with the people who were running this TV station in Baghdad, the operation that we were setting up, you know what their concern was at that time? They are getting too independent; those newscasters that we set up are actually saying things that may be news. Their first notion was: Shut them down.

We said: What, are you nuts? Start five more stations or five more news operations. Do not even think about shutting them down. That is so anti-American in its core concept. Why would you want to be associated with that idea?

So I firmly believe that there is still an opportunity. There is clearly an opportunity in the region. There is clearly an opportunity. One of the suggestions we made to Jerry Bremer was: Hire a thousand unemployed Iraqi students—not hard to find. Give them cameras, send them out to record what is going on in their country every day, and then all you have got to do is have a little editing shop that runs fresh cuts of what is happening, good news, bad news, all day long. People are interested. It will be like C-SPAN. There is going to be an audience for it.

So there are lots of ideas there. Every one of these ideas is in place, somewhere in the world, a thousand times by now. It is not just America, it is not just in South Bend. People have started their own little communications systems everywhere, and we could definitely make that thrive.

Again, I believe it would be hugely counterinsurgent. There will be the fear that maybe the insurgents will use it. Guess what, they

are figuring out how to do everything already much faster than we are doing it. So we have got to—we are not going to control their marketplace. We have to overwhelm their marketplace, and that is why I like the tidal wave concept here.

Senator BIDEN. Well, I happen to agree with you. By the way, those satellite dishes pick up Al-Jazeera and pick up everything else. It is not like they are picking up pro-Western or progovernment or prodemocratic forces and voices. It is not like there is a plethora of those out there. I think you are right, I think we take our chances.

I realize my time is up, Mr. Chairman, but if I may, with your permission, ask one more question.

I am at a loss as to why, to use maybe an unfair slang expression, why we cannot walk and chew gum at the same time. I am at a loss as to why we cannot, Dr. Crane, focus on the significant longer term necessary institutional changes that are required, including projects that are required, whether they are a tertiary sewage treatment plant for Baghdad or whether it is a long-term plan to be able to invest in the oil wells so their maximum production capacity is able to be met down the road.

At the same time, it seems to me the incredible amounts of money we are expending, why we do not adopt the notion—and I think most of us on this committee have adopted it—as Mr. Barton says, 20 percent of the money we are going to invest there is going to be an absolute total abject waste.

You know, there used to be a professor at the Wharton School—I did not go to the Wharton School, but I am told by my friend, Ted Coughlin, who went there. He said his professor used to quote John Wanamaker, the retailer. He said: You know, I know that 50 percent of my advertising is a waste of time; my problem is I do not know which 50 percent.

If we do not approach this investment policy and reconstruction policy in Iraq with a similar frame of mind, I do not know how we get anywhere. We cannot manage our own economy all that well, let alone something that we are taking from 30 years of shambles in the middle of an ongoing war. So I guess what I am driving at here is, I do not know why we cannot, for example, rhetorical question: Why did we not take advantage of the British suggestion of the European Union providing experts to essentially adopt an agency, to actually bring in people like you, Dr. Crane, from Europe who knew what they were talking about, who were able to have a concrete input and working with the Iraqis in each of the Ministries, and actually try to use a civilian input to help them get them up and running?

Maybe it is because it takes too much organizational skill to do it but we decided it was not worth doing. I do not know, but it confuses me why we did not.

So I will end with this, and I am not asking you to respond now, but for the record if you are willing, or even give me a call and sit with me in my office, what are the practical, small-bore things that we can be doing now in a society, sir, that I think is still significantly tribal in structure?

I mean, I do not get why we do not walk into some of the medium-sized cities and towns in the country and say to the local, in

effect—and I realize it is misleading to use this kind of terminology because people have a different image—the local leader and say: Here, build this dirt road from point A to point B.

We sat in a—it was a moment I had some hope, and I promise I will end with this. A moment I had some hope. Senator Lugar and I and as well as our friend, Senator Hagel—and this is how much things have changed in terms of security as well—got in a car, drove out to a mosque that had been partially bombed out, in a neighborhood that—on the fringe of two neighborhoods, one of which I am guessing had the equivalent of 2,000 homes in the neighborhood identified and another neighborhood of almost equal size, and it, to my recollection, seemed to be essentially on the border, “the border” meaning the line, the street line, all within Baghdad.

I witnessed a remarkable thing. You had a very bright young lieutenant, American, in uniform, standing at the bottom of the stage with two people setting up, two tables at angles up on what looked like a high school gymnasium stage, and somewhere between, my recollection is, 20, 30, 40 community leaders, whether they were leaders in the sense that they were the best-known guy on their block or not.

They were talking about—I remember the one example. We were running a water line and the question was they were debating as to whether or not there was enough PCV pipe that was going to be available when it hit the road that separated the neighborhoods, whether they could get the water into the next neighborhood.

They were actually having a town meeting about it. And I thought, wow. And this young lieutenant was so impressive. He was sitting there saying: Now look, you got to do this and you guys do this; we will get you this. And they were making their decisions.

But it was about simple things: Can you turn the spigot and water come out? So I cannot figure out how we get those small-bore projects. If it is 117 degrees, if, in fact, there is sewage in my front yard, if, in fact, there is no prospect for the air-conditioning to be able to be on more than 6 to 8 hours a day, and my two sons do not have a job and I do not have one, you got a problem.

So a famous Senator who served on this committee once said: Maybe we need a bunch of mayors over there with a little bit of walking-around money, in the best sense of that word, some of which will be wasted.

So, I guess what I am trying to say is: Why can we not do what are those things that are going to have the kind of immediate impact that politicians need to be able to generate consensus, to be able to govern, that they need?

I am finished and if you want to comment, fine. But you do not need to. We have held you very long already.

Dr. CRANE. I do not disagree with all that you have said, but I think one of the mistakes we have made, we have tried to do too many end runs in Iraq. And it is not our purpose to have the Iraqis like us. It is our purpose to have the Iraqis look at their government as legitimate. I think all too often what we have ended up doing is we have been focused on making ourselves look good rather than trying to figure out how to make the government at all levels—

Senator BIDEN. Now I see what you are saying. I did not understand. That was part of your point before. I do not disagree with that.

Dr. CRANE. I think Major General Chiarelli's program in Sadr City was excellent, but it was not all CERP funds. He, himself, says it was Office of Transition Initiatives, and it was linked together. One of the things when I talked to him was that, about garbage pickup, he did not hire people for 6 weeks and lay them off after the garbage was done. He actually contracted it out to local businesses, and that became a service that they were held accountable for that was turned over to the municipality.

It is precisely these things that get us out of the picture. We do not want us to be the contractors. We want the Iraqi Government to get those skills.

Senator BIDEN. Can I pursue that with you just a second?

Dr. CRANE. Sure.

Senator BIDEN. Chiarelli, when I spoke to him—you are exactly right and you know more about it than I do. But when I spoke to him he raised the specter, had he not had the ability to have that startup money and had he sat there, there would be no initiative, either from the CPA at the time or from the local governance entity. But what he was able to do is what Webster is trying to do now with the 2nd I.D., is trying to build on that.

So we are saying the same thing. I misunderstood you. The idea of going out and sinking a well, which may be needed, and then walking away without figuring out who controls the well, how there is access to the well, the local governance entity being able to have some impact on that—one of my problems here is that we seem—it is my problem with the contracting generally on a larger scale. The contracting generally on a larger scale seems to take the Iraqis out of the equation in terms of—look, there are some really competent Iraqi contractors. There are competent Iraqi businessmen.

Now, granted I do not know enough to know, because we had the de-Ba'athification problem, how many of the competent people were the people who were on the take or part of the deal and were the bad guys. Do you follow me? But it seems to me one of the reasons I am anxious for our new Ambassador to get up and running, I think he gets what you are saying. I think he gets it.

You just clarified something for me. I misunderstood, doctor, about what you were saying. I agree, there has got to be a mechanism for handoff to make this thing permanent.

Dr. CRANE. One last point here. It is not how much, it is how. I think I am a little bit disturbed with people who just say, go out, spread the money around. One of the real disappointments for me in Iraq was, as I was saying, that what you want to do is you want to go out there and make sure every single contract is competitively bid, so these Iraqi companies, they know that finally life has changed. It is no longer who you know, it is no longer that life is rigged against you.

Some of the concerns I have had in terms of spending—and this goes to CERP funds. I think CERP funds have been great. I think \$3 billion is probably too much of a good thing. But I have also seen this in terms of shortcuts in contracting. It is extraordinarily important to have everybody know this is as clean a bid as it can

be, and then people have confidence that life is different, and then you see a startup of contractors, entrepreneurs.

Senator BIDEN. Do you think we could do that in a timely way?

Dr. CRANE. Yes.

Senator BIDEN. In other words, I happen to agree with you again. I think we could. I do not think it necessarily slows the process so the sewage sits in the front street a year longer. It may sit on the front lawn another 2 days or 3 weeks. But the idea that we cannot competitively bid this in country I think is—I do not think that is accurate.

Dr. CRANE. It speeds it up. It will speed it up.

Senator BIDEN. I am sorry to go so long.

Mr. BARTON. Just a couple quick responses. This period now, because it is so fragile, tends to be—the microeconomics tend to be more important than the macroeconomics. You have got to get through the microperiod to get to the macro. It does not mean that you are not walking and chewing gum at the same time, but do not expect that your macroactivities are really going to produce anything that is going to be felt in this most immediate moment.

So I think that I also want to just reinforce what Keith said, that the process is really the product. What we are talking about here is change. The status quo ante does not work in a place like Iraq. If we go back to the way things were, I do not think many people will think that that was a significant success.

So change is really the central concept here. So you have to have, when you go to these local initiatives—and I do believe that we have lots of agents. I think that if you did have a thousand flowers blooming strategy in Iraq you would have lots of people that are out there ready to go, but they have not had liquidity.

The liquidity has been more—the little liquidity that we have had has been in our control and we have not trusted these people to have really some money to actually fix a pothole yourself. So I think that side is still a huge opportunity that exists, whether it is a women's center or a local governing council or whatever, as we spoke about earlier.

But then you are going to have to get to critical mass, and that is sort of how do you connect this thing so it is not just a thousand points of light that are all flickering, but it actually comes together and means something. I think one way you do it is you get enough of it going on, which is essentially what you were saying regarding sort of the Great Society or the post-riot period or whatever, the implementation of some of those programs.

I think liquidity here is terribly important, terribly important. If you look at the U.S. Government, the CERP funds, OTI, and AID, there are not a lot of places that you have liquidity where somebody can actually go in and put the money to the problem and to the potential, as opposed to: I have got AIDS money, I have got child vaccination money, I have got education money.

Let people be—the beauty of walking-around money is that it can solve the problem rather than your bringing your prescription to what exists in the place.

Senator BIDEN. One of the reasons for my observation, and it may be unfair—I am not making this judgment; I am just making this observation. One of the reasons I think that CERP funds have

become so attractive is there is such a, rightly or wrongly, dissatisfaction with our contracting, no-bid contracting methods here, and the billions of dollars we are spending with American companies in the lead. I am not making a political—I am not doing this demagoguing stuff that big companies—I am not saying that.

But that is the perception. That is the perception that I think is fairly widely held. So part of this frustration, doctor, part of this frustration for guys like me saying, well, I would rather Chiarelli have the money than I would be focusing it in on the programs where we are finding out we are spending 40 to 45 percent of it on security and they are hiring private security guards.

Anyway, I thank you guys very, very much.

Thank you, Mr. Chairman, and I appreciate your testimony.

The CHAIRMAN. Do you have a comment, Mr. Mohamedi?

Mr. MOHAMEDI. One quick comment, and that is that you talked about tribes and using tribal leaders to do local work. I think if you need to get a little job done I think that is not a bad idea. But I do not think that Iraqis are multidimensional. The tribal affiliation is one aspect of their identity. It is a much more complex situation.

The other thing is that if you create those type of linkages and demote the national government and bureaucracy and effective bureaucracy, I think you are contributing to fracturing and creating local elites and all of that.

Senator BIDEN. I think that is a legitimate point. Thank you.

The CHAIRMAN. Thank you, Senator Biden.

We thank you, gentlemen, for a very, very thoughtful contribution, which we have cherished and which we are hopeful will be spread among those who will read the hearing reports and other summaries we may make of it. But we thank you for working with us. We may, in fact, have more hearings in due course, so please stay closely in touch.

Saying this, why, the hearing is adjourned.

[Whereupon, at 12:19 p.m., the committee was adjourned.]