

LEBANON: SECURING A PERMANENT CEASE-FIRE

HEARING

BEFORE THE

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UNITED STATES SENATE**

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LEBANON: SECURING A PERMANENT CEASE-FIRE

WEDNESDAY, SEPTEMBER 13, 2006

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

The committee met, pursuant to notice, at 9:38 a.m. in Room SD-419, Dirksen Senate Office Building, Hon. Richard G. Lugar, chairman of the committee, presiding.

Present: Senators Lugar, Hagel, Coleman, Sununu, Biden, Nelson, and Obama.

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

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

Today, the committee meets to examine the Israeli/Hezbollah conflict that erupted in July. Fighting came to an end in August after extensive U.N. and U.S. diplomatic engagement, but tensions remain high. We will consider what the United States and others can do to secure lasting calm on Israel's northern border, strengthen the Lebanese Government so that it can fully control its territory, and assist in meeting Lebanon's urgent humanitarian and reconstruction needs. We will also discuss the impact of this conflict on broader United States interests in the region, including achieving a peace settlement between Israel and the Palestinians.

The U.N.-brokered cease-fire, based on Security Council Resolution 1701, so far appears to be holding.

The next phase in the process involves Israel withdrawing its forces from Lebanon while the Lebanese army and a strengthened international peacekeeping force move into southern Lebanon. Simultaneously, the Lebanese Government must work to prevent the smuggling of arms to Hezbollah, with the ultimate goal of disarming Hezbollah and other militias operating in Lebanon.

Some progress has been made toward reestablishing stability. Israel has ended its naval and aerial blockade of Lebanon, allowing trade and travel to resume. The Lebanese Government has announced that it will send 15,000 troops to the south, and its Defense Minister has publicly stated that the army will take action against anyone who violates the cease-fire.

A number of governments in Europe and elsewhere have indicated that they would contribute troops to the expanded peacekeeping operation. Yet Hezbollah has refused to lay down its arms,

and Syria has objected to any international force guarding Lebanon's border with Syria.

Meanwhile, the Lebanese Government, with the help of the international community, must address the urgent humanitarian needs of its citizens and rebuild housing, roads, bridges, and other infrastructure damaged in the fighting. It must do so in the face of political competition from Hezbollah, which has also undertaken a reconstruction campaign funded largely by Iran and wealthy Arab supporters.

The Lebanese Government, which has limited resources, is seeking help from the international community. An international fundraising conference in Stockholm last month resulted in pledges of close to 1 billion for the reconstruction efforts. Persian Gulf states reportedly have promised additional assistance.

We look forward to hearing whether our witnesses believe that the sums pledged to Lebanon's reconstruction, including the approximately \$230 million in assistance announced by the White House last month, are adequate for the task. We also want to know whether sufficient controls are in place to ensure that these contributions will have the maximum impact possible and will avoid being diverted for corrupt or inefficient purposes.

If there is a competition underway between the Lebanese Government and Hezbollah for the hearts and minds of the Lebanese people, then it will be important for the government to be seen as in charge of the reconstruction agenda and implementing an effective reconstruction strategy.

We are also concerned by the conflict's political impact on the region. We want to assess whether Hezbollah and its Secretary General, Hassan Nasrallah, gained popularity in the region, notwithstanding the suffering they brought upon the Lebanese people.

Some observers have contended that the extremists preaching confrontation and violence against Israel have been strengthened in relation to moderate Arabs, such as Palestinian President Mahmoud Abbas, who has espoused negotiation and coexistence.

Now, regardless of whether this view is entirely accurate, the United States must play an active role in strengthening the Lebanese Government and reinvigorating the quest for a resolution to the Israeli/Palestinian conflict.

We're delighted to be joined by two distinguished panels to help us assess these issues and evaluate policy options.

On the first panel, we welcome Mr. David Welch, Assistant Secretary of State for Near Eastern Affairs, who will provide the administration's views.

On our second panel, we welcome three experts from the private sector: Dr. Paul Salem, director-designate of the Carnegie Middle East Center in Beirut, who is an expert on Lebanon's complex politics; Ambassador Carlos Pascual, vice president and director of foreign policy studies at the Brookings Institution, who recently served as director of the State Department's Office of Reconstruction and Stabilization, and just returned from a visit to Lebanon; and Dr. Augustus Norton, professor of international relations and anthropology at Boston University, who is an expert on Lebanon's Shi'a community and Hezbollah.

We thank each of our witnesses for coming this morning. We look forward to their insights.

I would like now to call upon our distinguished ranking member, Senator Joseph Biden, for his opening statement.

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

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

And observers of this committee will not be surprised to hear me say, once again, I associate myself with your remarks, and, but for the fact I should put in a statement, I should just leave it at that, because I think you've covered most of what I think need be covered.

Mr. Secretary, welcome. It's delightful to have you here. To state the obvious, the shooting has stopped in Lebanon, but the ultimate outcome is going to be determined, as we all agree, by what happens in the next several months. And if we use our diplomatic capability to the extent that I think we're capable of we have a chance to shift the balance of power in Lebanon away from Hezbollah and toward progressive forces within Lebanon. But this isn't going to happen by itself, as we all know; and we can't afford to be passive bystanders, as I would argue—I don't want to get in an argument with the administration—as I believe we were, once Syria pulled out. If we repeat that lack of exercise of diplomacy, I think we're in real trouble.

But I think we have a real chance. And the administration seems to be seized of that. I would like to compliment the Secretary of State for working with her French counterpart to actually get us to this point.

But I think the first-and-foremost responsibility—and it's not a "done deal," as they say—is, we have to ensure the success of the U.N. peacekeeping force now moving to Lebanon. These new troops can't be timid observers, a replica of the ineffectual UNIFIL operation that watched helplessly—and I'd say haplessly—as Hezbollah built its infrastructure and arsenal over the past 6 years.

On a related point, I look forward to hearing from Secretary Welch on what concrete steps the U.S., Lebanon and our allies are taking to prevent the resupply of Hezbollah, particularly across the border with Syria.

Second, it seems to me we have to move urgently to strengthen Lebanon's army and its internal security forces, especially as the Lebanese army deploys in the south. Granted, it's 70,000 folks, but, based on British assessments—I'm not talking about classified information, I'm just reporting what was in the newspaper—based on British military assessments, as well as U.S. military assessments, they are not particularly effectual now, they need at least \$300 million in equipment resupply, and that doesn't even count training, as I understand it. And so, it's a major undertaking, but I think everybody's ready to cooperate in seeing that happening. But it's going to require substantial resources and a dedicated training effort, in my view. And I've not heard much about what the plan for the actual training of the Lebanese army is, and the re-equipping of it, or equipping of it, in the first instance.

Most experts that I've spoken to and that I've read, several of whom are here today to testify, believe that Hezbollah is actually stronger than the Lebanese army. The United States has an indispensable role to play here, it seems to me. We've had a decades-long security relationship with Lebanon that now we have a chance to build upon, if we're smart. The Lebanese army and the internal security forces are keen to step up this cooperation. Now, I've had little direct interaction with the Lebanese Government since I was in Lebanon for the election, after the Syrians had departed, so I'm basing this on information that I've been given.

But I believe that we should prepare to go well beyond the \$42 million that the administration is proposing to support the Lebanese army. As I said earlier, my understanding is, both the Brits and us, our military, think that the need is 300 million. I'm not suggesting that we have to provide it all, but I'm suggesting it has to be provided.

And finally, it seems to me we have to commit to building Lebanese institutions, ensuring the success of a massive reconstruction program. And, again, I know I'm repeating what's been already said, but it must—must, must, must, must, must—go through the Lebanese Government in Beirut. It's the same argument that the three Senators in the middle here you're looking at made with regard to Afghanistan several years ago, that it must, should absolutely go through Kabul. A lot of it went directly to warlords, a lot of it went directly to regions, and it made, in my view, the President of Afghanistan the mayor of Kabul, not the president of a country. We can't repeat that kind of mistake here, in my view. I think it's less likely to happen here. But this is an opportunity to embolden and build indirectly by our going through the elected government, a government that can actually control.

We've got to do something. I hope we learned our lesson from the way in which we did not, in my view, adequately support, at the outset of his first election, the Palestinian Prime Minister. So, I hope we don't make those mistakes again.

While we're preparing position papers and needs assessments for Stockholm, the donors conference that occurred at the end of August, the commitment of a billion dollars or more, we all know that a billion dollars isn't enough. We know that the number is well in excess of \$3 billion. Although we had to go about it the way we did, the mullahs did not bother for a needs assessment. Iran understood their opportunities, as that famous expression attributed to a Tammany Hall politician, he said, "We seen our chances, we seen our opportunities, and we took 'em." Well, they seen their opportunities, and you now have Hezbollah walking around handing out \$12,000 payments, if that information is correct, to those whose homes were destroyed. Among many lessons we should learn from the Iraq fiasco is that post-conflict institutions require quick, high-visibility reconstruction projects that immediately benefit the local population. I'm baffled, as I said, that with over a month to plan and knowing the war would end roughly when it did, we couldn't figure out a way to get money in to the Prime Minister quickly so he could be the one to begin to make the announcements as how he was going to rebuild.

I remember a Chairman of this committee saying that, "What we need in Iraq is about 30 mayors with walking-around money." Well, we need some mayors with walking-around money. And we need it now.

So, that old bad joke, this has the ring of *deja vu* all over again, but it's a real achievement when the Syrian forces were withdrawn from Lebanon in the spring of 2005—in the face of massive street demonstrations in Beirut, and united calls from the international community. But Syria's withdrawal fulfilled only one important element of 1559, and the rest, as we all know, as they say, is history. I'll not take the time to repeat it.

But, in the meantime, last time out, Iran outspent us by more than five to one in Lebanon, after the so-called Cedar Revolution, and our failure to follow through, along with our allies, to take advantage of Syria's withdrawal, to challenge Hezbollah, was, with the benefit of hindsight, seriously misguided. This is not Monday morning quarterbacking. A number of observers were warning of the risk posed by Hezbollah in the south, in the wake of Syria's pullout. But I hope, and seems as though, we're not going to repeat that again.

But the one word I would use to describe my sense of what has to be done is urgency. Urgency. Urgency.

That's why I hope we move quickly.

And I'm anxious to hear from the Secretary, as well as the other witnesses.

And one last point, Mr. Chairman. I am supposed to introduce an amendment on the floor at 10:30 or quarter of 11, so if I leave at that time, it'll only be because I have a time slot to introduce an amendment on this legislation.

I thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Biden.

Secretary Welch, we welcome you, again, to the committee. We appreciate your coming this morning to speak on this important set of issues.

Now, your entire statement will be made a part of the record, and please proceed as you wish.

STATEMENT OF HON. C. DAVID WELCH, ASSISTANT SECRETARY OF STATE FOR NEAR EASTERN AFFAIRS, DEPARTMENT OF STATE, WASHINGTON, D.C.

Mr. WELCH. Thank you, Senator.

I apologize for keeping you waiting, sir. Traffic was a little more difficult than we expected this morning.

If I might just highlight a couple of points that are in my prepared remarks, and introduce the full text for the record.

First of all, I appreciate the opportunity to come before you on this important subject, because I think I agree with what you said, Senator Lugar, and what Senator Biden said, that what happens in Lebanon is important, in and of itself, and, of course, has an impact more broadly throughout the region.

The July 12 attack by Hezbollah was a surprise to us and to Israel. What was not a surprise was the tactics and strategy of Hezbollah, which has had a longstanding policy of attacking Israel and attacking us. We've know for some time that this political

party and militia is a major destabilizing factor inside Lebanon, and its connections to Syria, and beyond Syria to Iran, are an additional destabilizing factor in Lebanon and more broadly. So, those are additional reasons why this particular conflict in Lebanon has to be considered in its regional context.

Hezbollah has operated in Lebanon as a state within a state for some time, outside the control of the central government. The conflict started by Hezbollah on July 12 led to enormous suffering and destruction, both in Lebanon and in Israel, and it highlighted the risks of this situation being allowed to continue. As Senator Biden said, one can't be complacent and allow this to recur.

So, we took the approach, at the outset of the conflict, Senators, that what was needed here was not a precipitant rush to a cease-fire, but an effort to build a cease-fire on a more permanent and sustainable basis, to put in place conditions that ideally would reduce the risk, if not eliminate it entirely, of a return to the status quo. That was the purpose of our diplomatic effort.

We were not building from nothing. The structure of international attention to the situation in Lebanon does date back some time. And, of course, before the untimely death of Rafik Hariri, the U.N. Security Council had passed Resolution 1559, which called upon foreign forces to withdraw. The tragedy of Rafik Hariri's murder is that it took that to precipitate the Syrian pullout.

But, even further back than 1559, there is a framework for establishing Lebanese sovereignty in the Taif Accord and in Resolution 425, from 1989 and 1978, respectively. Resolution 425 established the UNIFIL force that was in existence on July 12.

In Resolution 1701, which capped the diplomatic effort led by the United States and some of our other partners in the Security Council—which, by the way, was approved unanimously by the Security Council, a rare thing, when it comes to votes on a Middle East issue. This resolution established important new instruments for security, which, I would argue, sir, helped put in place the conditions for a more permanent and sustainable cease-fire.

First, it called for an immediate cessation of hostilities and set the parameters for a permanent cease-fire. We're in that period now, between the immediate cessation of hostilities and the more permanent cease-fire.

Second, this resolution established an international embargo on any arms to unauthorized groups in Lebanon.

Third, it created an enhanced international force to support the Lebanese army in deploying to the south as Israel withdraws and, at the request of Lebanon, to help in securing Lebanon's borders from the illegal transport of weapons into Lebanon.

Fourth, this put in place other mechanisms to assist the Government of Lebanon to expand its sovereignty throughout the country.

And, more broadly, and finally, it put in place certain principles for a more lasting peace.

If carried out—and our diplomatic effort is intended to see that this resolution is carried out—these new rules would change the situation in Lebanon and in the region, and, I would argue, significantly for the better, and would more than meet our standard of no return to the status quo.

How is implementation of this going? I think, so far, so good. We're, as I said, in between the cessation of hostilities, which came 2 days after the passage of the resolution, and the more permanent cease-fire, which should begin once Israel has fully withdrawn from Lebanon. But, in this interim period, already, there is an historic deployment of the Lebanese army southwards. Of course, members of this committee are familiar with it, but perhaps our audience is not, but the Lebanese army has not, for many, many years, deployed fully throughout Lebanon. And, for almost 40 years, it has not been present in any significant way in the southernmost parts of Lebanon.

Second, there are very capable new U.N. UNIFIL forces, or forces joining the new UNIFIL. These are more heavily armed, and they're more numerous. They have a significantly different and robust mandate. And there are additional force commitments that are coming into place even as we speak.

For the first time, also, UNIFIL has a maritime role. Previously, there was no international participation in protecting the Lebanese coastline, which was vulnerable, also, to smuggling.

As these instruments have come into place, some of the measures that were put in effect before by Israel as part of its defense have been lifted. For example, the air and sea blockades have come off on September 7 and 8, respectively.

More broadly, the international response, so far, to the needs of Lebanon has been impressive. I agree with Senator Biden, it's necessary to distinguish between what has been delivered and what has been promised, and to emphasize the urgency of delivering on the promise.

But the international community is mobilizing, with impressive support, and I think the Lebanese are feeling that, because many, many have started returning to their homes. As you know, there were significant numbers of Israeli and Lebanese citizens displaced throughout this conflict, and that was a grievous problem inside Lebanon.

We announced, in August, about \$230 million of American taxpayer support for Lebanon, of which we have spent nearly \$60 million so far. We do try—Secretary Rice does try—whenever we make an announcement, not to do it merely on the basis of promise, but to show some delivery. From the inception of this crisis, we were there with medical and other humanitarian supplies. And today, we have delivered the first shipments of U.S.-supported wheat into Lebanon. So, we're trying to continue this effort to back up our promise with what will be visible effort.

Beyond the American contribution, there were very significant pledges made by others at the Stockholm conference at the end of August. The expectations of the Government of Lebanon were exceeded, with nearly a billion dollars, total, of pledges.

As I mentioned, many people displaced in Lebanon have begun to return home; however, reconstruction needs are very significant for those who are trying to rebuild their lives and their livelihoods. There's also a pressing need to deal with the problem of unexploded ordnance particularly in the south, and we're trying to contribute to that effort, as well.

We've announced some projects to rebuild vital infrastructure. I do think it's important that the people of Lebanon see some tangible evidence of this kind of American support, because the tangible evidence of the destruction is very considerable, and we have been indirectly held to account for that.

We are urging the Lebanese Government to take, also, a longer-term look at its reconstruction needs, and we foresee that in the middle of this month, when the IMF/World Bank meetings occur in Singapore, that we'll begin to address the longer-term economic reform and reconstruction requirements in Lebanon.

I listened very carefully to your remarks with respect to security assistance to the legitimate Lebanese security services. The Lebanese army is modest by Middle East standards. It is primarily U.S.-equipped. And we do, in the administration, share a sense that the United States should continue to contribute to strengthening the Lebanese army.

The Lebanese Government had decided to undertake these deployments, even though they lacked certain kinds of equipment that would have made the deployments easier. So, they didn't condition it. We're trying to accelerate our assistance to the Lebanese army in the area of spare parts; in particular, for some of the vehicles and other equipment necessary for these deployments. And while we need to go to Congress with some notifications with respect to that, we would appreciate your support in both houses so that we are able to undertake this.

I think that demonstration of American support, in the security assistance area, is incredibly important in leveraging that of other governments, particularly friends of ours in the region whose financial wherewithal may be more immediate and available.

We, behind the scenes, worked very closely, as Senator Biden mentioned, with the Government of France, but also other governments, and with the U.N. Department of Peacekeeping, so that the concept of operations and the rules of engagement for the new UNIFIL force would be capable ones. And we also worked very hard to identify the appropriate troop contributors. We are quite conscious that there have not been too many peacekeeping operations approved in the Middle East; and so, when we do a new and restructured operation like this one, it's very important to put the proper architecture in place for its success.

This is the first new peacekeeping operation in my area of responsibility since August 1981, when the United States approved the Sinai MFO. So, it's very important that we enable its success.

The new UNIFIL is beginning to deploy in considerable numbers. I think all of us have seen some of that in the news and on television. As of September 6th, there were troop commitments of nearly 9,000; and, just in the last week or so, there are additional government decisions on participation, even in the last day or so. Over 3,000 fresh troops are on the ground, and more arriving every day. We expect additional combat elements from France to arrive this week. French, Greek, and Italian naval vessels are assisting the Lebanese navy now in patrolling the coastline. And I expect the German Government to address itself very shortly to a German Government decision for Germany to play a more permanent role in maritime surveillance for UNIFIL.

Of course, a lot needs to be done, still, despite these accomplishments, so far. And, in particular, that needs to be done so that we can counter the influence of others and those who are not so happy with this success, so far. And we need to do so, as Senator Biden said, urgently.

One aspect of that is to make the land border more secure. That responsibility is not Lebanon's alone. As I mentioned, a significant achievement in this new resolution is the imposition of an arms embargo. Respect for the arms embargo is obligatory on all member states of the U.N., including Syria and Iran. When Secretary General Kofi Annan visited Damascus the other day, he pointed this out publicly. I think that statement is important, because it's a public holding-to-account of governments for their responsibilities.

We have called upon all member states to act aggressively to enforce the embargo. And we have urged Lebanon to deploy additional resources to the land border to enable the protection of Lebanon's sovereignty against those who surreptitiously would try to violate it.

Disarmament of militias is a continuing challenge inside of Lebanon, particularly with respect to Hezbollah. This was called for previously in Resolution 1559, and the new resolution asks for ideas from the Secretary General on how to pursue that. This is a significant challenge internally and politically inside of Lebanon, but we believe it's necessary to a lasting peace, and it is necessary, also, for Lebanon's assertion of its sovereignty under Lebanese law over all of Lebanon. Partly, our security assistance and our reconstruction effort is designed to help that along politically.

We'll continue our effort to support moderate governments like that of Lebanon, which has been democratically elected, in order to help meet the needs of the Lebanese people and allow their freedom to take real root inside this country.

Again, thank you for asking us to appear and to discuss these matters with you.

[The prepared statement of Mr. Welch follows:]

PREPARED STATEMENT OF HON. C. DAVID WELCH

REVIEW OF THE SITUATION IN LEBANON AND THE WAY AHEAD

Thank you, Mister Chairman, and other distinguished Members of the committee for inviting me here today. I welcome the opportunity to discuss the important developments in Lebanon over the past several weeks and the ways in which the U.S. and the international community can help create the conditions that will ensure a lasting peace.

The recent conflict in Lebanon was instigated by Hezbollah's unprovoked July 12 attack across the Blue Line into Israel—an attack in which several Israeli soldiers were killed and two captured. This attack was not an isolated incident, but rather reflected a long-standing policy of Hezbollah to engage in periodic attacks against Israel—even after Israel's withdrawal (which was confirmed by the United Nations) from Lebanon in 2000. That such terror attacks have continued with considerable frequency in the six years since Israel's withdrawal is hardly surprising; since its inception in the early 1980s, Hezbollah has belied its claims to be a movement resisting occupation by engaging in terrorism, including its involvement in the 1983 bombing of the U.S. Embassy in Beirut which killed 63 people, the bombing of the Marine barracks in Beirut that same year which killed 241 U.S. servicemen, the 1984 bombing of the U.S. Embassy annex which killed 2 U.S. servicemen, and the 1992 attack on the Israeli Embassy in Buenos Aires which killed 29, as well as the 1994 attack on the Jewish community center in Buenos Aires which killed 85. As this record shows, Hezbollah is a major destabilizing factor in the Middle East,

closely allied with Syria and Iran. The Lebanon war instigated by Hezbollah this summer must therefore be seen in the context of the broader Middle East situation which we face.

Hezbollah has operated as a "state-within-a-state" in the Lebanese body politic, outside of the control of the central government. The events of July 12, which touched off a conflict that led to enormous suffering and destruction in both Lebanon and Israel, highlighted the risks of allowing this situation to continue. Secretary Rice made it clear that while a cease-fire was of the utmost urgency, it needed to be lasting and sustainable. U.S. diplomacy aimed at a permanent solution that would reduce the risk of a return to the "status quo ante." We thus led the effort to create a new dynamic in Lebanon for greater stability and peace in that country, an effort that resulted in the passage of UNSCR 1701.

The international community had earlier voiced its commitment to support the Lebanese people in their goal of a fully sovereign democratic state when it passed UNSCR 1559 (September 2, 2004) and UNSCR 1680 (May 17, 2006). Security Council Resolution 1559, in particular, is premised on supporting a fully sovereign government, and called for foreign forces operating in Lebanon without the permission of the government of Lebanon to depart. A framework for establishing Lebanese sovereignty goes back even further to the Taif Accord of 1989 and UNSCR 425 (March 19, 1978).

The brutal assassination of former Lebanese Prime Minister Rafiq Hariri and 22 others on February 14, 2005, brought the Lebanese people to the streets demanding an end to violence and foreign intervention in Lebanon's internal affairs. Two months later, Syria withdrew its military forces from Lebanon ending a nearly thirty-year occupation. The international community expressed its solidarity with the people of Lebanon with the passage of UNSCR 1595 authorizing an international investigation into Mr. Hariri's murder. We support the efforts of the UN and the Lebanese government to create a tribunal with international elements to bring to justice those responsible for this heinous crime.

With UNSCR 1701, unanimously approved by the UN Security Council on August 11, the international community established important new instruments for security. The resolution called for an immediate cessation of hostilities to the most recent conflict between Hezbollah and Israel, imposed an international embargo on arms to unauthorized groups in Lebanon, created an enhanced international force to support the LAF in deploying to the south as Israel withdraws and at the request of Lebanon to secure Lebanon's borders from the illegal transport of arms, put in place mechanisms to assist the government of Lebanon to expand its sovereign authority throughout the country, and laid out the political principles for a lasting peace. If carried out, these new rules will change the situation in Lebanon and in the region significantly for the better and will more than meet our standard of "no return to the status quo ante."

We are making good progress. For the first time in almost 40 years, the Lebanese Armed Forces have deployed to the south. Capable new UNIFIL forces, much more heavily armed and numerous and with an expanded and robust mandate, are accompanying them, and force commitments are nearing their desired levels. Also for the first time, UNIFIL has a maritime role. Reflecting these developments, and as a result of significant diplomatic efforts by Secretary Rice with the Israelis, Lebanese and the UN, Israel lifted its air blockade on September 7 and its maritime blockade on September 8.

The initial response to the needs in Lebanon has been impressive. The international community has mobilized to provide impressive quantities of humanitarian aid, and Lebanese citizens are returning to their homes. On August 21, President Bush announced more than \$230 million in humanitarian, reconstruction, and security assistance to Lebanon—more than \$55 million of which has already been provided for Lebanon. We will also be leveraging the private sector and other economic incentives to support Lebanon.

Pledges of \$940 million made at the August 31 International Conference on Early Recovery hosted by Sweden doubled the amount the Government of Lebanon was seeking in its appeal document.

An impressive international relief effort during and just after the crisis has produced results. Over 750,000 of the estimated 980,000 people displaced by the conflict have now returned to their homes. However, much more remains to be done to enable these people to rebuild their lives and their homes.

An immediate need will be the removal of the thousands of unexploded ordinance in the south left behind after the conflict. The U.S. has announced that it will provide an initial \$420,000 and will request congressional approval in the next fiscal year for an addition \$2 million to aid in this effort.

The U.S. has also announced projects to rebuild vital infrastructure including roads and bridges, support residential reconstruction and provide temporary shelters for families as they repair their homes, restore and repair schools that were damaged or used as shelters, clean up environmental damage linked to the massive oil spill off Lebanon's coast, and restore the livelihoods of thousands of fishermen along the coast from Tripoli to Naqoura where recovery hinges on getting the fishing industry back up and running.

Looking ahead to longer-term reconstruction, we have urged the government of Lebanon to take a leading role. Lebanon will present its initial findings at a meeting of the Economic Core Group to be held on the margins of the World Bank/IMF Meetings in Singapore next week. We look forward to a larger reconstruction conference to be held in Beirut at a later date.

Our assistance to Lebanon will also include assistance to the Lebanese security services and armed forces to fulfill their mandate to secure the borders and territory of Lebanon. The LAF has undertaken its responsibilities in deploying even before the delivery of essential supplies and equipment. We will need to accelerate our assistance to the LAF to ensure current deployments are sustainable. An effective and well-trained Lebanese Armed Forces is a crucial component to the implementation of UNSCR 1701, the sovereignty of government of Lebanon, and lasting peace in the region.

The government of Lebanon has identified key equipment and training needs, which we are working with the international community to address. President Bush has announced approximately \$42 million in FY06 security assistance as part of the \$230 million assistance package to Lebanon.

We have also worked closely with our international partners in establishing the concept of operations and identifying contributing countries for the expanded French-led UNIFIL Force. This force is the first new peacekeeping operation in the Middle East since August 1981 when the Protocol to the Treaty of Peace established the Multinational Force and Observers (MFO) in the Sinai.

UNIFIL has begun to deploy, accompanying the LAF as it takes up positions along the Blue line. As of September 6, 8,500 troops had been committed to UNIFIL and 3,138 troops were already on the ground. Nine hundred additional French troops will arrive this week. French, Greek, and Italian ships troops are assisting the Lebanese Navy in patrolling their coastline; a more permanent fleet of German ships will replace them in approximately two weeks. Additional UNIFIL troops are scheduled to arrive at the end of the month. We expect complete withdrawal of IDF troops from southern Lebanon within the next week.

However, while progress has been made, much remains to be done. Our challenge now is to maintain the momentum towards a lasting peace in Lebanon while countering the efforts of Hezbollah, Syria, and Iran to repaint the conflict as a victory for Hezbollah. We will need to move quickly.

Moving forward, we must maintain our emphasis on economic and security assistance to Lebanon, channeling it in a way that supports the government of Lebanon as it works to fulfill its responsibilities under UNSCR 1701.

It is imperative that we continue to assist Lebanon in making its land border more secure, but that responsibility is not Lebanon's alone. UNSCR 1701 imposes a legally binding obligation on all states to ensure that weapons are not supplied to Lebanon without the authorization of the Lebanese government or UNIFIL. We have called on all UN member states to act aggressively in enforcing this embargo, ensuring that their territory and airspace are not used to undercut it.

The embargo imposes a particular requirement on Syria and Iran, both of whom have a long history of interfering in Lebanon and of supplying Hezbollah and other regional terrorist groups with weapons and funding. They have continually failed to heed international calls to stop resupplying these groups with deadly arms.

The disarmament of all militias, including Hezbollah, as called for in UNSCR 1559, will continue to pose a significant challenge. The key to Hezbollah's disarmament, and to a lasting peace, will be to ensure the conditions necessary to permit the Lebanese government to assert its sovereignty across all of Lebanon. Our security and reconstruction assistance is designed to do just this.

While this conflict brought much destruction and heartache, its resolution has provided us with opportunities that extend beyond Lebanon. The Middle East stands at a critical crossroads, with profound implications for America's national security. While there is a trend towards democracy, there is also resistance to it. We must continue to engage now to ensure that the loudest voices are not those that would like to wipe the slate clean and start over with an exclusionary, intolerant world view. We must continue to go on the offensive against radicals and extremists who exploit conflicts to undermine a non-violent and liberal order.

While making progress in Iraq and in the Arab-Israeli conflict remain core concerns, the determination of the international community and friends in the region to improve the economic and political situation in the broader Middle East remains the only way to create conditions for real change and lasting stability. To the degree that we and they are successful, the ambitions of radicals and extremists will fail. Increasing the scope of political freedom, reducing high rates of unemployment, creating opportunities for personal economic improvement, and raising the standard of living will help address the "root causes" of terrorism and reduce the appeal of extremist political movements.

We must continue our efforts to support moderate governments like the democratically elected government of Lebanon in their efforts to meet the needs of their people and to encourage genuine freedom to take root. In no place are the risks and opportunities more apparent than in the current situation in Lebanon. Our approach must be comprehensive and it must seize opportunities when only dangers seem present.

We are under no illusions. Conflict resolution and reform in the region will require a great commitment from the United States. How we respond will define our relationship with the region for generations to come.

Thank you for your time. I would be pleased to address your questions.

The CHAIRMAN. Thank you very much, Secretary Welch, for your testimony.

I'm going to yield to Senator Biden for his questions, because I know he needs to leave for the floor, and then I will come after that. And we'll have a 10-minute round.

Senator BIDEN. Very gracious of you, Mr. Chairman, thank you very much.

Mr. Secretary, what is your assessment of the immediate impact, if any, of Hezbollah announcing to folks, particularly in the south, that they will rebuild their homes and allegedly supplying them with up to \$12,000 in cash or—first of all, is that accurate? Are they doing that? And, secondly, how do you read the impact of that? I realize it's just beginning.

Mr. WELCH. Well, I've watched the statements coming from those particular quarters very carefully, Senator. At the time the Secretary General of the Hezbollah made that pledge, he was riding a wave of support throughout the Arab world that acclaimed his party as victors in this incident. But I thought his statement was interesting for what wasn't, I think, sufficiently analyzed at the time, which was, as a politician, it seemed me he felt the need to make that statement, and why. Some would argue that it was in order to show that they can move out smartly and deliver this. I think it was also a defensive measure, sir.

Senator BIDEN. Well, I think it clearly was. He went even further, as reported in today's press, that had he known what the response would be, he would not have taken the action he took. I am confident that was not to give solace to the Israelis, but to make clear to the Lebanese he didn't mean this damage to befall them. But that's not my question. My question is, (a) Are they actually delivering cash to Lebanese to rebuild? And, (b), If they are, what is the effect of that? Not his reason for doing it. The effect.

Mr. WELCH. I'm, frankly, not sure, so far. I know they have delivered some, because there are accounts in the press and people attesting to having received these stipends. That said, there are other accounts from people who say it hasn't shown up yet.

We've taken an estimate of what would be required. And to meet this promise, Senator, very large sums of money would be required.

I'm not entirely sure they're in a position to deliver on that promise.

And this would bring me to my third point—by promising to do something, he is also suggesting that others would not be able to do it, and then creating a different frame of reference for the Government of Lebanon's own efforts. That, I think, gets back to the question of getting others to come forward with real reconstruction help.

Senator BIDEN. I think it presents a gigantic opportunity. I'm not—see, it seems to me that this is wherein the urgency comes. I mean, it's a gigantic opportunity here. I think this is one of those deals that's like the fish on the dock in the sun—the longer it lies there, the worse it's going to smell. If we are smart, Hezbollah is going to look very bad when this is all over. And it depends upon our—not just us; European, as well, and the Gulf States—affirmative action to turn this from a negative into a positive. And I think the potential is there—I'm optimistic—if we act fairly swiftly.

Well, now let me shift. My discussions, and others—I'm sure I wasn't the only one that has them—with the Gulf state leaders, when Hezbollah initiated this effort, was a very, very significant concern on the part of most Gulf state oil-producing states, who are predominantly Sunni, about this being an Iranian gambit, and the Shi'a Crescent—and you heard a lot of talk about all of that. Now, our friends in Saudi Arabia and other Gulf states are swimming in a sea of cash. I mean, they are flush, like they have never been. Do you get a sense that they're prepared to come in with big numbers. Everyone acknowledges—and we'll hear from witnesses today, if my staff is correct in what they're going to say—the reconstruction costs are going to exceed \$3 billion. We're talking about pledges of a billion. Do we have any reason to believe that there will be a significant commitment, meaning billion-dollar commitments, coming from the oil states—Saudis, in particular? Can you fill us in on what you know of their thinking right now?

Mr. WELCH. Yes. I think the news is encouraging there. As early as the Rome conference, during, really, the peak of the crisis, the Saudi and Kuwaiti Governments came forward with significant pledges. Those were divided into two parts. One was immediate deposits into the Lebanese Central Bank of foreign exchange reserves to help the Lebanese currency.

Senator BIDEN. How much did they deposit?

Mr. WELCH. I think it was in the neighborhood of a billion dollars all together, Senator. Then there were reconstruction and humanitarian pledges made. Many of the Gulf Arab states delivered significant humanitarian assistance during the crisis, and have pledged very large amounts. The Saudis, for example, \$500 million; Kuwaitis, \$300 million.

Senator BIDEN. We are cooperating very closely with the French and NATO and the European countries, as well as encouraging Turkey and other Muslim countries to participate in the UNIFIL force. How closely engaged are the Saudis with us in detailed discussions about the objectives in Lebanon? Are the Saudis, on their own, concluding they have to help; or is it because of the fact that, as you pointed out at the beginning of your testimony, the Arab street was much more sympathetic to Hezbollah at the end of the

process than they were at the beginning for—quote—giving the Israelis their comeuppance here? Do we have to deal at more arms' length with the Saudis, in terms of public reception now, because of that? Or are they foursquare in the position of joining the international community, led by the Europeans and the United States, to rebuild Lebanon?

Mr. WELCH. Let me divide my answer into two parts. There are different roles here. The Saudis, for example, have really no record of contributions to peacekeeping operations. And, furthermore, more broadly, the Gulf States, in general, don't have a substantial record in contributing there. So, we didn't see them as necessarily logical troop contributors.

Senator BIDEN. No, I'm not suggesting that. Have there been actual discussions where we sit down and say, "Look, let—are we on the same page here? This is about Iran. This is about Hezbollah. This is not in your interest, Saudi Arabia. You know it's not in your interest. Therefore, since it's not in your interest, are we"—and then coming up with a coherent strategy where we know what they're going to do? For example, my staff was, late August, in Lebanon—and, I am embarrassed to say maybe the majority staff was, too, I don't know, but my staff was there—and had an opportunity to meet with the Prime Minister and many others, most of the actors. And the Prime Minister, at that time, in late August, which is now 3 weeks ago, almost, when the word was that Hezbollah was beginning to dispense cash, indicated he was not at all certain, at that time, what pledges, financial pledges, were coming from, had been made, or likely to come from the Saudis and the Kuwaitis. Now, things may have changed since then. I hope they have.

But that's the context in my asking this question.

Mr. WELCH. Let me continue and endeavor to answer the question you had about larger coordination.

I think the answer to that is "pretty good," in this case. For example, Prime Minister Siniora was just in Saudi Arabia this last weekend, and the Saudi Government provided important public testimonial of support for him. And I think if you were to go back and ask him today how does he feel about the political support he and his government have gotten from some of our friends in the Arab world, he'd feel pretty good about it, sir.

Although they're not playing a role in contributing to the U.N. peacekeeping operation, we do feel that they will make important contributions, primarily financial, to security assistance support for the Lebanese authorities. We're working on that right now.

In terms of delivering on some of their reconstruction pledges, I'd like to get back to you with it, to just be certain about the facts of where they are with respect to their pledges.

[The information referred to above follows:]

Mr. WELCH. Although not all donors have specified the amount of their contributions, a list of contributions compiled by the UN Office for the Coordination of Humanitarian Affairs (OCHA) (attached—Lebanon pledge conference final) indicates that 57 countries and several regional organizations have announced commitments to Lebanon. These publicly stated contributions range from \$25,000, donated by Monaco, to the Saudi pledge of \$500 million in reconstruction assistance, \$63 million of which is already committed. The Department does not have a comprehensive list of funds delivered to-date. This process is being actively managed by the GOL.

A breakdown of the top ten donors from the Stockholm Conference, provided informally by the Government of Sweden, follows:

1. *Saudi Arabia*.—\$60 million (our understanding is that this reflects Saudi humanitarian/early recovery assistance; we understand that Saudi Arabia will be looking to spend a large amount of what is left of the \$500 million on reconstruction assistance, which we assume will be announced at the Beirut donors' conference).
2. *Qatar*.—\$300 million.
3. *U.S.*—\$180 million (this is the \$230 million minus the \$55 million in humanitarian assistance that had been disbursed prior to the conference).
4. *Arab Fund for Economic and Social Development*.—\$112 million.
5. *Spain*.—\$94 million.
6. *European Commission*.—\$91 million.
7. *UAE*.—\$50 million (It is likely this reflects Emirati humanitarian assistance; they are spending \$15 million on demining/UXO removal and have made an undefined pledge to support schools and hospitals in the south).
8. *Italy*.—\$38 million.
9. *Germany*.—\$28 million.
10. *Sweden*.—\$20 million.

Combining the above with other pledges of \$20 million or less, the Swedish Government has reported that the revised total of support pledged at the Stockholm Conference is \$973 million.

[Additional information on the Stockholm Conference can be found in Appendix II, page 66, of this hearing print.]

Senator BIDEN. I'd appreciate that.

Mr. WELCH. But they have indicated to us that they understand the political challenge presented by Hezbollah's decision on July 12th, they took a very forthright public position against that, themselves, not long afterwards, in the Arab League and elsewhere. And, more importantly, they have signaled that they should emphasize the southern part of Lebanon in using their reconstruction assistance, which I think would get at your other question, sir.

Senator BIDEN. Well, thank you very much; my time is up. I thank the Chairman for his graciousness. I wish you all the good luck in the world. This is a real opportunity, and I hope we take full advantage of it, and do it expeditiously.

I thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Biden.

Let me ask Secretary Welch some questions that are stimulated by an article, or a column, by Henry Kissinger in the *Washington Post* today as he analyzes the Lebanon situation.

Secretary Kissinger indicates that essentially the goal of Hezbollah was not one of attempting to bring about a form of order in which there are nation-states negotiating with each other. In fact, as a political player in Lebanon—as one that is armed, and that is prepared to go wherever it wishes to go, notwithstanding whatever the government might do—Hezbollah will seek to retain its arms, and its ability to play that role. The Lebanese government says that the Lebanese people are angry at Hezbollah for causing the destruction of their homes, bridges, airport facilities, and what have you. But Secretary Kissinger indicates that Hezbollah has come out of the conflict more popular than the government. And furthermore, at least Henry Kissinger would feel, Hezbollah has no intention of disarming; it intends to continue to attempt to unify Shi'ites and Sunnis in a hatred of Israel and the

United States that will transcend boundaries; to expand Syria's influence; and to enable Iran to play a much larger role in the area. In conventional diplomacy, we, in the West, continue to think of the established international boundaries around Iraq or Syria or Lebanon. These are not necessarily the boundaries involved in the transnational conflict that Henry Kissinger is talking about. So, our Secretary of State, and you, following conventional diplomatic practice, have to go to the Government of Lebanon. But, in fact, the real power is Hezbollah, not the Government of Lebanon. Our ability to negotiate with Hezbollah's backers, Syria and Iran, is severely limited.

As Kissinger would say, the peacekeeping operation is, if not in shambles, at least pretty well trampled over. As a result, the hopeful signs, at least, of the cease-fire are important. Certainly the reconstruction is important, but ambassadors in the area with whom I visited have indicated something which is no secret, and that is that anti-American feelings, quite apart from anti-Israeli feelings, have risen sharply in this process on the basis of a feeling that the Israelis, in their retaliation, were so-called "allowed," in quotes, by the Americans to proceed to destroy houses, bridges, and so forth, in Lebanon. And, therefore, even as we come along with assistance to rebuild Lebanon, once again our stock in trade, in terms of public support, is diminishing rather than growing.

Now, this is a large list of particulars, but comment, if you will, on whether our ability to deal with the Lebanese Government makes the major difference here. Our hopes are that it somehow will become strong, that its army might, in fact, control its own territory, that Lebanon could deal with Israel. If I read Henry Kissinger correctly, he would say this is interesting as a possibility, but improbable in reality, because the real reality is Hezbollah, armed by Iran, perhaps aided by Syria, as well as others. And so, try as hard as we may to prop up a Lebanese Government and an army that can control its territory and its borders, Lebanon's leaders are going to be totally incapable of that kind of a mission.

Now, what sort of a response do you have to that?

Mr. WELCH. Well, I think it is demonstrably true that before July 12th, when Hezbollah launched this attack, that it was able to operate autonomously. In fact, that was the complaint from our Arab friends as the conflict started, that a group would undertake to exercise the most sovereign of state acts, an act of war, without any regard to the interests of the people or the interests of the state. That statement, on the part of Saudi Arabia and then the Arab League, is really an extraordinary one. So, I think there's every recognition of the reality that Mr. Kissinger describes.

The CHAIRMAN. But it didn't seem to last for long. You know, we were so heartened that they said anything. Then, stage left, they're out of there.

Mr. WELCH. Well, you know, it's true, sir, that reaction of public opinion, anytime there is violence between Israel and any of its neighbors, or the Palestinians, it tends to head in only one direction.

The question that I think former Secretary Kissinger is alluding to here is, Are there the measures that are being put in place up to the task? It's a valid question. I would argue that we have done

some things that are important in that regard. And I'll come to that in one second. But it is also true that those are being tested, and will be tested in the future. And they require vigilance and discipline to hold to.

What are they? First of all, as a result of this resolution, there are substantial new protections in place for the authority and sovereignty of the central Government of Lebanon and for peace and stability in the area.

Number one, there are to be no armed groups in the area of deployment of the new UNIFIL. That is in the south. And that was where Hezbollah had its most significant armed presence. And it is not to be there in the future. And that's the job of UNIFIL and the Lebanese army, to assure that it is not.

Number two, there's an arms embargo now. There wasn't an arms embargo before passage of this resolution. So, it's an obligation on other countries not to make the problem worse by rearming these people.

Number three, there is a call—admittedly, over a longer term and as part of a Lebanese process—for the disarmament of this militia, which is the only significant armed militia left in Lebanon. I mean, there are some armed Palestinian organizations, but they pale in comparison to the capabilities of Hezbollah. That's probably the most difficult of all of the tasks to achieve, because it requires political consensus and organization within Lebanon.

But there is, I would argue, a greater evidence of international support toward that goal; and, in particular, by inviting the role of the Secretary General in, you know, how to help the Government of Lebanon exercise it.

Now, I recognize that—and Mr. Kissinger is right—these are things that I would expect the adversaries of peace will test, and it's our common obligation to try and best them in that endeavor.

The CHAIRMAN. As a practical matter, though, how will the Government of Lebanon disarm Hezbollah? Just physically, how can this happen? Hezbollah plays a role politically in the government, and apparently a fairly popular one, as a matter of fact. It's a democracy, and people like Hezbollah, apparently.

Mr. WELCH. Well, they have been freely elected to the parliament, you're right, sir. And the parliamentary elections, as by our judgment, were up to an international standard.

Previous disarmaments in Lebanon have occurred, and they have been consensual. After the Taif Accords, other militias were disarmed, and they did so willingly. They did it in different ways. To the best of my knowledge, almost all of them simply sent their fighters home. Their weapons were, in at least one case, redistributed to the Lebanese army, and, in another case, sold abroad; and, unfortunately, in that case, sold to another conflict area.

How this will occur in the case of Lebanon is something that we don't know yet. That it should occur, I think there's greater agreement that it should.

The CHAIRMAN. Thank you very much.
Senator Nelson?

Senator NELSON of Florida. Mr. Chairman, I would defer to my more senior member, Senator Hagel.

The CHAIRMAN. Very well.

Senator Hagel?

Senator HAGEL. Senator Nelson, thank you. Mr. Chairman, thank you. Welcome, Mr. Secretary.

Mr. Secretary, could you describe for us what renewed efforts are underway by the United States Government to restart negotiations between Israelis and Palestinians on the overall issue that we are talking about here this morning, the larger context of that conflict?

Mr. WELCH. Well, this is something we've been seeking to do for some time, Senator. It's been a summer of stress and hardship. Ever since June 25, when, in an operation from Gaza into Israel, an Israeli soldier was taken captive, pretty much all efforts to restart any conversation and negotiation between Israelis and the Palestinian Authority has been extremely difficult and limited. We're pursuing this now on a number of fronts.

First is to support all efforts to obtain the release of this IDF trooper, and, for that matter, the others. The Government of Egypt has been playing a constructive role in that regard, trying to break through the impasse that, I have to say, regrettably, still persists on that.

Second, we have tried to keep the access and movement restrictions that have been in place by the Israeli authorities around and into Gaza, tried to relax those as much as possible, given the security concerns the Israelis have.

The situation inside Gaza has become quite difficult, actually more difficult after June 25th, but we've been able to relieve that somewhat by getting the Government of Israel to allow humanitarian shipments and provide other humanitarian needs into Gaza, including some shipments of American assistance.

More broadly, we still have this continuing problem of a division within the Palestinian Government. There's one part of the government that accepts to pursue negotiations on the basis that all others in the international community would accept, and that part of the government is led by the President, Mahmoud Abbas. Another part, led by the Prime Minister, Ismail Haniyeh, who represents the Hamas majority in the PLC, does not subscribe to the same principles for engagement in the peace process. They've been unable, so far, to surmount their resistance to doing that. There are some discussions underway now among the Palestinians, about how to get over that hurdle, but I don't see, yet, that they've reached resolution of that difficulty.

We would like to see conversations, even negotiations, restart between Israel and the legitimate part of the PA just as soon as possible. I think realistically that's going to depend on some of these other developments.

Senator HAGEL. Well, does that mean the United States Government is not actively engaged in taking initiatives to restart those talks or working with regional powers, not unlike the Beirut declaration of 2002, or some initiative to move this forward? Is that a fair assessment, based on what you've just said, that we are essentially leaving it to the currents to take us wherever we're going to go?

Have you been instructed by the Secretary or the President to take any specific initiative in this regard?

Mr. WELCH. Yes, Senator, but "initiative"——

Senator HAGEL. Can you explain that?

Mr. WELCH [continuing]. —“initiative” is a big and conceivably more exuberant term than I would use.

Senator HAGEL. Well, you define it for me.

Mr. WELCH. We have been very active particularly in trying to surmount this division among the Palestinians. We would like to see a government among the Palestinians that can accept the three principles laid out by the Quartet in the early part of this year. Those are: a government that would accept that Israel is a fact, and exists; that would accept to pursue negotiations in an environment free of violence and terror; and that would subscribe to the previous agreements signed by the Israelis and the Palestinians and such things as the Arab League initiative. We've been promoting that privately as one way to break through this impasse. We believe President Abbas is doing the same thing.

We've been very actively in touch with them, even during the conflict in Lebanon; though, Senator, I would say we were careful in how we did that, and did not want to take it beyond private diplomacy, because we didn't want to link the two conflict areas. That would be rewarding extremists in both, were we to do that. We remain very active, until this moment, in trying to achieve this, as well. Secretary Rice has done so personally in very recent conversations with the Palestinians and Israelis. We have the Israeli Foreign Minister visiting us today, in fact. I was in touch with President Abbas, myself, over the last several days to deal with this question of the government crisis that they have. And we have had similar conversations with our Arab partners, particularly the Egyptians, Jordanians, and Saudis.

Senator HAGEL. Well, as you know, U.N. Security Council Resolution 1701 lays out a set of principles to form a basis of a permanent cease-fire and a long-term solution. I think the Secretary General is scheduled to give a report on that, mid-September. And one of the areas, if I understand that resolution correctly, is to address the Lebanon/Israeli issue, and instructs the Secretary General to help reach some agreement there.

What is the status, as far as you understand it, of the progress of the Secretary General in this regard?

Mr. WELCH. Senator, the Secretary General's report was just delivered to us last night. It is very Lebanon-specific, derived principally from the requirements presented by Resolution 1701, and it's diagramed against each of the broader political principles that are in the first part of that resolution. It's spare in its comment about the overall regional situation, though it is mentioned.

I would say, on balance, the report is positive, overall, because, as I mentioned earlier, in this period following the cessation of hostilities, and given the deployment of the new UNIFIL elements and the Lebanese army, the news is relatively good from Lebanon, so far.

Now, he does point out in the report a number of areas that need further effort, and some of the earlier questions alluded to those. That includes the issue of disarmament, and it includes the issue of the enforcement of the arms embargo, too.

Senator HAGEL. Thank you.

Could you give this committee a general inventory of what assistance the United States is providing, and is planning to provide, Lebanon in terms of military assistance and economic assistance? Generally, frame up the programs and the general amount of money that we have pledged.

Mr. WELCH. I will try to do that, sir. And I will also make a detailed submission for the record.

[The information referred to above can be found in Appendix I, page 65 of this hearing print.]

Senator HAGEL. Thank you.

Mr. WELCH. We have pledged around \$230 million. That includes assistance from the current fiscal year and the next fiscal year. About \$40 million of that is security-related assistance. Of that \$230 million, between \$55 million and \$60 million is humanitarian aid. That is already being expended. When we prepared for the Stockholm conference, sir, we tried to organize to deliver our aid in such a manner that it would support things that were visible. So, those activities, to give you some examples that I have on a list here, are to use American taxpayer dollars to repair some of the bridges and roads that were damaged in the fighting; to assist with rebuilding of homes and other infrastructure; the school year is about to begin in Lebanon, so we also wanted to help out on rehabilitation of schoolhouses; there was a very significant oil spill during the conflict, and we are making a contribution there, but also to help the fishermen who have been affected by this incident. As you know, Lebanon depends, for its natural livelihood, on the ocean; and, finally, as I mentioned earlier, helping with unexploded ordnance. These programs total, all together, in the neighborhood of nearly \$60 million, themselves.

For the details of where this comes from, because it's a complicated picture, both moving current and next fiscal-year monies, but also reprogramming some other sums, I'd like to submit an answer for the record.

[The information referred to above can be found in Appendix I, page 65 of this hearing print.]

Mr. WELCH. As I said, some part of our ability to deliver this, sir, also depends on congressional support, and we would hope to have that from, of course, the Senate, but also the House.

Senator HAGEL. Thank you.

If I could just get one clarification, Mr. Chairman. Of the \$40 million you noted for security, is that \$40 million for the Lebanese army?

Mr. WELCH. Not exclusively, sir. Some part of it would be to assist the new peacekeeping operation. A significant part of it, \$10 million, is in DOD appropriations, under something called Section 1206, which is exclusively for the Lebanese army. I believe, sir, though I'd have to check, that that requires congressional assent. This is spare parts for APCs, helicopters, trucks, and other—it's mostly logistical equipment, not guns. We are providing other personal-kit items for LAF soldiers. We are going to increase our IMET program. And then, beyond the army, we're looking at some assistance for the internal security forces, which is, sort of, their

national guard. They have a national police service. That's what that is. And that's more modest, but it's important. We haven't had much of a relationship to that organization, and we feel it's important, in the present context. That would support their capabilities, including for airport security, scanning equipment, but also training needs. We're looking at some modest amounts of money also to support police and judges.

And I think one of the most important things we're going to do is not involved with our money, but using the promise and delivery of our money to get that from others, to those organizations. In particular, there are some governments in the region who can provide weapons, which are, believe it or not—it's sometimes hard to conceive that weapons are needed in Lebanon, but, for the legitimate security authorities, they are, and many of the shoulder-fired weapons that the Lebanese army and internal security forces have are not operable, so they need those, and we hope to get friendly governments in the area to provide them, using Gulf assistance money.

Senator HAGEL. Well, I appreciate it. And I look forward to seeing the detailed list, when you are able to bring it up. Thank you, Mr. Secretary.

Mr. Chairman, thank you.

The CHAIRMAN. Thank you, Senator Hagel.

Senator Nelson?

Senator NELSON of Florida. Mr. Secretary, at the end of the day what we want to do is to stabilize Lebanon. A major part of stabilizing Lebanon is to disarm Hezbollah, which one U.N. resolution already calls for, and the last one did not. Now that the Israeli blockade has been withdrawn, is it not realistic to assume that arms are flowing back in to Hezbollah?

Mr. WELCH. This is the single most important and difficult of the chores. There is absolutely no question that the long-term real sovereignty and authority of Lebanon depends on the central government being the sole source of the right to use violence. That's what governments do. You can't have armed militias that operate according to their own law and their own politics. One part of disarming Hezbollah is to provide protections so that it is harder for them to rearm. I think that there are substantial new protections now available in the way the Lebanese army and the new UNIFIL troops are deploying, and in the coastal protection. The key question will be, Will others from outside Lebanon violate this embargo, perhaps through the land border? A lot depends on the ability and will of the Government of Lebanon to enforce that, but also a lot depends on the will and attention of the international community to its enforcement, too. Those rules, Senator, you're quite right, didn't exist before. But now we have them, and it's up to us to exercise the vigilance and the discipline to make sure that they are applied.

You ask, Is this rearmament occurring? We are watching that very, very carefully. And, in this forum, I can say I think that our judgment, so far, is, no, that it is not occurring. That does not mean that it won't, sir.

Senator NELSON of Florida. I hope you're right, but I doubt it.

Now, let me ask you about Syria. For example, Syria lost a lot of influence after the tragic assassination of Rafik Hariri. Is this not a way for Syria to start exercising some more influence over Lebanon as being the conduit through which those arms will flow to Hezbollah?

Mr. WELCH. Well, they can try that, but that would be in violation of international law. The resolution is very clear in this respect, sir. And I think Secretary General Annan did everyone a service when he stood up in Damascus and said that that's the new rule and Syria is obliged to enforce it.

Senator NELSON of Florida. So, what are we going to do, and what would the United Nations do if we catch Syria red-handed?

Mr. WELCH. First of all, the trick is to catch anybody red-handed. And I don't want to say we want to see it happen so that we can catch 'em red-handed. We don't want to see it happen.

But we are working with the Lebanese, with others in the international community who want to help Lebanon along that border, to make sure that there are measures put in place that would avoid this risk. Should it happen, then I think we'll bring the matter up in front of the Council and present whatever evidence is available so that Syria, or whoever is doing it, would be held to account.

Senator NELSON of Florida. And what would the Council require of Syria, at that point?

Mr. WELCH. Well, those rules are not spelled out yet, sir.

Senator NELSON of Florida. See, that's the problem. We're in this Never-Never Land of head fake and sleight of hand and, of course, we know what happened, now. Very sophisticated arms got in that nobody knew about. Well, let me ask you—88 Senators sent a letter to the European Union asking the European Union to add Hezbollah to its designated terrorist groups list. Give me your opinion why the EU hasn't done this, and also, what benefits would come if the EU did designate them as a terrorist group?

Mr. WELCH. Well, hard for me to answer. I don't represent the European Union. We've already designated Hezbollah, as you know, under U.S. law, and we've urged—

Senator NELSON of Florida. Well, let me ask you this, then. Is it a priority, in our discussions with the EU, to get them to designate Hezbollah a terrorist group?

Mr. WELCH. Yes. Has been, is, and will be.

Senator NELSON of Florida. All right. If they did, what benefit would occur?

Mr. WELCH. As I understand it, the European laws vary from country to country as to how they apply European Union rules. I think we would be content to see them registered and then apply some rules, because presently they are not. They have undertaken some actions against Hezbollah organs. For example, their TV station. And they have interdicted, basically under law enforcement cooperation, some financing. But I think, more broadly speaking, there are few rules that they apply, as the EU qua EU.

Senator NELSON of Florida. Do you have any idea why the EU has not designated them?

Mr. WELCH. Their practice—again, I'm not seeking to defend something that they haven't done that we've requested them to

do—but their practice typically has been that if the Security Council designates or passes rules affecting terrorist organizations, then they would follow suit and apply those. We believe there is sufficient basis for them to exercise that prerogative already, regardless. But, for their own reasons, they've chosen not to do so, so far, beyond the specific examples I mentioned.

Senator NELSON of Florida. Do you think the unsettled nature of Lebanon is going to increase the Syrian influence?

Mr. WELCH. No, sir, I don't, actually. I think Syria's influence has suffered as a result of this conflict. I think we may be in that period of time where there's still a bit of the euphoria on the street that surrounds this aura of resistance that the Hezbollahis had. But I think if you look at how the international community has responded, it's responded in ways that will make Syria's influence harder to exercise in the future. And any Syrian violation of those new rules, I think, would present new risks to Syria.

Senator NELSON of Florida. With regard to the television station, you're quite right to point out that France and Spain and the Netherlands have imposed bans on the television station, but the television station we saw was a major element of Hezbollah's communications. And it's looked upon as the tenth most watched satellite station in the Arab world. So, since the administration designated this a terrorist entity, this past spring, what additional measures is the administration taking against Al Manar?

Mr. WELCH. I think the most important target of our efforts is to deprive them of the ability to have satellite transmissions. They have commercial contracts with the satellite carriers, and we have had a significant diplomatic effort to try and influence those decisions. So far, it's not succeeded, Senator.

Senator NELSON of Florida. One little success, their sister radio station was knocked off the air by a Spanish satellite company after the designations. Senator Coleman and I had requested this about a year and a half ago, and, once you all did make that designation, that was one little success.

Mr. WELCH. And we've been trying, with the two most significant service providers in the area, to get them to back away from their business contracts with this organization. But, I want to be honest—we haven't succeeded, so far.

Senator NELSON of Florida. Mr. Chairman, I have 3 seconds left, and I will just throw out this question.

Boy, it concerns me that the Palestinian President is forming some kind of cooperation with Hamas. I recognize his political reality in front of him. What does the State Department think about this?

Mr. WELCH. Well, we've spoken to that issue as recently as yesterday, and I made a statement, myself, about this. We—the standards that we have—well, let me step back a second here.

The United States has certain standards with respect to Hamas as a foreign terrorist organization, so our law is pretty strict in that respect. We led the international community in defining the principles under which we would interact with any Palestinian Government. Those are the three I mentioned earlier. To the extent we understand it so far, the discussions among the Palestinians about a new national unity government do not appear to rise to

that standard, Senator. And that's been communicated to them, both privately and publicly.

The CHAIRMAN. Thank you very much, Senator Nelson. Senator Coleman?

Senator COLEMAN. Thank you, Mr. Chairman.

First, a little bit of history. Resolution 1559, how did it deal with the issue of armaments to Hezbollah?

Mr. WELCH. There were several significant features of that resolution, but it's nowhere near as prescriptive, sir, as 1701. What is suggested first, the most important thing, was that foreign troops should not be present in Lebanon. And that was the international legal basis for the call for Syria to pull out, which didn't really gain force until, unfortunately, the murder of Rafik Hariri.

With respect to disarmament, there was a provision, as I recall it, in that resolution that called for the disarmament of militias. Hezbollah claimed that that didn't apply to them, although all logic wouldn't see it that way, because they were not a militia; they claimed to be a national resistance. I don't think anybody really bought that argument. I think that was contrived in order to justify their retention of arms.

There are other armed groups present in Lebanon, principally Palestinian, and the most significant of those are Syrian-supported, so it applied to them, also.

Senator COLEMAN. There's been a lot of criticism on the Hill about the failure to enforce 1559. And, if you look at history as any kind of indicator of the future, I think there is a lot of doubt, a lack of confidence in success of 1701 that we want it to succeed. But clearly, the administration's goal was not to go back to the status quo—to a situation where, for Hezbollah, the situation is not much different today than it was before July 12th. It's still there, it's still armed. Can you give me some sense of whether Hezbollah was being rearmed today, the issue is "not now," but clearly you're not in a position to say "not in the future." Help me have some sense of optimism that we've got anything more than the status quo here, Hezbollah being more popular than it was before, and perhaps limited ability, and certainly limited history, in terms of enforcement of U.N. resolutions.

Mr. WELCH. I think Senator Biden had an interesting point, Senator Coleman, when he said that when this fish sits on the pier for a while and begins to stink, we'll see how deep that public support really is.

But your question is a good one. I would argue that Resolution 1559 was important, but kind of spare, in what it gave us as tools of enforcement. Resolution 1701 is really quite different. It does empower a very substantial new force to help the Lebanese army do something it's historically never done, which is deploy in the south. And right now all the evidence suggests that the Hezbollahi armed presence isn't there in the south anymore. That would be a significant change in the status quo. And I think the best evidence for that Senator, is the fact that Israel is withdrawing, because I doubt that they would tolerate the risk, were the Hezbollahis still present.

Second, there's this coastal surveillance capability now, which is just starting up. The Lebanese coastline has been vulnerable to

smuggling before. The land border remains a vulnerability, as I described. And we're going to have to do further work in that area.

But the arms embargo itself, there wasn't anything like that in 1959, and now it's a matter of international obligation that countries can't do this.

Now, as Senator Nelson pointed out, you need to elaborate, What are the penalties if you violate it? But the first is to create the presumption, the requirement that it should not be violated. So, in addition to the protections inside Lebanon, I think you have these significant new instruments outside it, as well. Those weren't present with 1959.

Senator COLEMAN. Let me talk a little bit about the land border concern that I have, the Syria/Lebanese border. I understand that UNIFIL is not going to be enforcing that. The Lebanese have said that they'll control that. And yet, you know, this is where arms flow from Iran into Lebanon. Are there any viable options for addressing that threat to future stability and security?

Mr. WELCH. Well, this is a very good question. The first thing that has happened is that the Lebanese army is now moving into that area in much more significant numbers than before, and they are conducting operations to assure the protection of the border.

Second, we would like to see international support up there. And the Lebanese Government has requested that of certain European governments. And they are beginning to provide that. It's not under a UNIFIL umbrella, that's correct, but these are important and significant countries that will come in to do this, and I think if that assistance can get established on the ground, and these border crossings be more controlled—in particular, there are four major ones that are involved—then there's the promise that this will be—that the Lebanese Government's border and customs monitoring systems will be much better than they have been in the past.

Senator COLEMAN. One of the challenges—and I'd like to just ask a little bit about the Syrian influence. I mean, the Syrian connection—it's one thing to have a resolution saying Syria is out of Lebanon, but, on the other hand, you have relationships, particularly with Syria and the Lebanese military, that I presume go back, and there's no way to kind of cleanse that. Do you have a sense of Syrian influence with the Lebanese military, does that continue? Does it have an impact? Is there anything that we're doing to deal with that?

Mr. WELCH. Syria is Lebanon's only other land neighbor, and historically socially, economically, these two countries are very linked. So, to say that Syria is not going to have influence in Lebanon, or, for that matter, sir, that Lebanon wouldn't have influence in Syria, is not possible. It's going to be there. Now, the question is, Is it going to be a normal relationship? It hasn't been a normal relationship in the past. You know, you're dealing with a very weird situation, where I believe these two countries are the only two members of the Arab League that don't have embassies in each other's capitals. Even the PLO, with its difficult history in Lebanon, has an embassy in Beirut. And Syria doesn't. So, the call, in the Secretary General's report, for the restoration of a normal diplomatic rela-

tionship between the two countries is, I think, important. There has to be that kind of mutual and balanced respect for each other.

Now, would that eliminate their influence? No, but it would put it on, I think, a tolerable basis, if there were good intentions on both sides.

Senator COLEMAN. In reality, Syria didn't need an embassy in Lebanon; it had Lebanon.

Mr. WELCH. It had troops there for many years.

Senator COLEMAN. Let me just touch on the soldiers that were kidnaped, the two by Hezbollah and one by Hamas. You've touched upon that very, very briefly. But my understanding was, when the hostilities ended and 1701 was put in place, one of the, you know, principal understandings was the return of the two IDF soldiers. Where are we at? And what's the prospect for that, kind of, very basic humane understanding and agreement that these parties have agreed to? When is that going to be enforced?

Mr. WELCH. Well, it's the position of the United States, Senator, that two Israeli soldiers that we believe are still being held captive by someone, in someplace within Lebanon, and should be returned unharmed. The same applies to the one soldier being held captive someplace in Gaza. We're not—we, the United States—we're not involved in trying to obtain their release. My understanding is that Israel and Lebanon have looked to the Secretary General now with respect to the people held in Lebanon, and in his report that was just given to us last night, he says he is working on that, but he says that, given the sensitivity of the task, he is not going to say very much about it. That's where that effort stands.

With respect to the soldier held captive someplace in Gaza by someone, we see the most promising effort, continue to be the one led by the Egyptian Government. That said, I can't say to you that any release or exchange is imminent there. I would both have to be spare in my comment about that, but also, I don't know that that negotiation is about to produce anything.

Senator COLEMAN. My time's up. I realize that these are not our soldiers, but we do have a stake in the normalization of relations in the area, and stability in the area. And these two would be very simple and basic preconditions of cessation of hostilities. It would seem to me we would have an interest, a strong interest, in pursuing that as vigorously as possible.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Coleman.

Senator Obama has graciously ceded for the moment to Senator Sununu, so I will call upon the Senator from New Hampshire and then the Senator from Illinois.

Senator SUNUNU. Thank you, Mr. Chairman. And thank you, Senator Obama. I have to depart immediately after the questioning, so I'll try to keep my questions very short. And your answers, so far, have been very direct, Secretary Welch.

You spoke of the pledge of \$230 million. And when the United States—the administration, the President, or the Secretary—makes an announcement that there's \$230 million going to be made available to deal with the aftermath of this crisis, I think the natural assumption is that that 230 million is going to be in addition to other funds, other assistance, other relationships that have pre-

viously existed. But if we look at the way this money breaks down, that's simply not the case.

We have \$230 million. A hundred million dollars in humanitarian relief. You mentioned \$60 million in reconstruction, but that money is really coming from money that was already allocated in our appropriation bills for ESF support to Lebanon. You mentioned the security funding, but a third of that, over \$25 million, is going to go to support UNIFIL and U.N. forces, not to the Lebanese army. And so, at the end of the day, it appears that there's really very little new funding that will be provided to the country or government or people of Lebanon to deal with the aftermath of this crisis. Wouldn't that seem to be the case?

Mr. WELCH. Well, one thing I will do when we submit an answer for the record on the breakdown of these funds is try and separate out that number for you, Senator, so that Congress can see it with great clarity.

[The information referred to above can be found in Appendix I, page 65 of this hearing print.]

Mr. WELCH. Let me assure you that, from where I sit, there is no more determined advocate of additional funding to Lebanon than myself, and, for that matter, the Secretary of State. But then, we're advocating a lot of other budgetary needs, including in my region, and that's an intense competition. But I believe powerfully in the value of this assistance, and in its ability to leverage others to provide assistance.

Senator SUNUNU. And, to be clear, I'm not worried about the determination or the intentions or the objectives. What I'm worried about is the unintended consequence of making a certain international commitment, public commitment, when the actual realities of the funds that are made available are much less than what was suggested. I'm worried about the effect of overpromising and underdelivering. And when, as you rightly point out, we emphasize the value of visibility, it's counterproductive if, at the end of the day, the visibility might be less than—actually be less than it otherwise would have been. Let me give an example. Of \$37.5 million in EMF funding for fiscal year 2007, and \$20 million or \$30 million for fiscal year 2006, a significant portion of those funds are for scholarships, for educational support, something we've talked about in this committee, I've worked on somewhat over the last several years. And then to allocate that entire \$37 million for 2007 to the reconstruction effort suggests that the funds then will not be available for those scholarship and educational support programs. Now, I don't know what the answer is, but you just can't have it both ways.

And so, if, at the end of the day, we make an announcement that there's going to be \$37 or \$40 million available for reconstruction, but the scholarships end up going away, we've done a disservice to our own efforts in the region; of course, we've done a disservice to the Lebanese people. So, as I look at the breakdown that has been provided—and it's probably not as detailed as the one you will provide—I see many red flags, because we can't claim to provide X amount of support knowing that of the \$100 million in support that \$50 million that we already promised has to be reprogrammed.

To that point, you mention the need to reprogram funds. And so, that's a red flag, right there. That means we're taking funds away from some area, potentially, in Lebanon, and putting it elsewhere. There will be, I hope, a little bit of new money here. You mentioned a concern of resistance, resistance in Congress. Have you, in making these initial requests for reprogramming in four funds, met with any resistance from Congress?

Mr. WELCH. I think what I said, Senator, is, I would like congressional support, which is a diplomat's way of saying "I need it."

Senator SUNUNU. And I hope you get congressional support, but, to date, have you met with any resistance in Congress?

Mr. WELCH. We're still going through the process of explaining what we need to both houses.

Senator SUNUNU. Have you made requests to reprogram funds?

Mr. WELCH. No, we've not submitted those yet.

Senator SUNUNU. You haven't submitted any reprogramming requests.

Mr. WELCH. I think that's the answer. Now, you're talking to—you're not talking to the aid side of our house right now. However, I—

Senator SUNUNU. I will—I mean, I understand. As much as I respect your abilities, you don't know everything.

[*Laughter.*]

Senator SUNUNU. But—and so, I—but I would like a specific answer to the question. Have you made reprogramming requests? And have they been granted or have holds been put on those requests? Because, look, you know, people have got to stand up and let the public, and certainly let the administration, know where they are and whether or not they're holding up these reprogramming requests.

Mr. WELCH. Senator, we have made reprogramming requests. I think we are in a position to spell some of those out to you separately, if I might. And we do presently have holds on those requests.

Senator SUNUNU. I thank you for your candor. And I find that extremely problematic. And, to a certain—an example of the problem that I am talking about, that—well, certainly I'd like to see the funds made available, but it becomes counterproductive, actually hurts our effort, hurts our cause, certainly hurts the work that you are doing, undermines the work that you're doing, when we are making public commitments, and we have a hearing that talks about public—our own members support it, congressional support for the Siniora government and the difficulties that they've been through—public commitments have been made, and then, behind the scenes, we are either, (a) reprogramming funds that were already there, so that the net effect of the funding will be less than it should be, and, therefore, fall short of what we're committing to in public, and, on top of that, we have a crisis situation, we have either committees or members of Congress that are even putting holds on the limited reprogramming requests that have been made. I think that it's counterproductive, from a diplomatic perspective, from a humanitarian perspective, and I think, in the long run, it undermines our security goals, America's security interests. And

you've spoken, I think, very directly about how our security interests are intertwined here.

If you'd like to comment.

Mr. WELCH. Well, Senator, I hope to be able to do a better job at persuading people of the requirement for these monies.

Senator SUNUNU. Finally, on the military assistance, could you speak, at least a little bit, about the specific ways in which you hope the military assistance will be provided when it's provided directly to the Lebanese army. Where do you think their shortcomings are, from your discussions with our security personnel that are helping with this relationship?

Mr. WELCH. We've been working with the Lebanese army for some time, as you know, and we have done, I won't say, a full-blown assessment, but a pretty important assessment of what their requirements are. And they're significant, but not overwhelming. And, I mean, I think with good intention and international support, we would be able to meet a large part of their needs.

I think, as I said earlier, this is not a very large army, by Middle Eastern standards. It's mostly U.S.-equipped, and its mobility needs, communications requirements, and associated firepower are important. And I think we ought to have initiatives in all those areas.

Since our assistance monies are rather limited, and, historically, we've had to build from a fairly low base in helping the Lebanese army, we're going to concentrate on the logistical end first. For example, their trucks, Jeeps, APCs, the stuff that they're driving into southern Lebanon right now, I think, ought to be an important emphasis. That's what they've asked us for, also. They presented a long and detailed list of other requirements, including lethal requirements—ammunition and weapons—which we've seen as perhaps more appropriate—or appropriately could be provided, and more immediately, by others. And we're doing a bit of fundraising to help them get those requirements.

Senator SUNUNU. Thank you very much.

I want to close with just a couple of brief comments. One, I know you agree with, or I think you agree with, or at least understand the motives here, but I want to state it for the record, that if any of the money commitment, or any of the methods we use to get funding to Lebanon in the aftermath of this crisis, take resources away from the educational support that we have historically been providing and effectively have committed in previous appropriation bills, I think it would be an absolute tragedy. I think that funding far and away has historically supported our diplomatic efforts, our communication efforts, our cultural ties, our historic ties, our economic ties, whether it's to Lebanese-American University, American University in Beirut, or other schools and academic institutions. I just want to underscore that. It would be a travesty if we had to reprogram funds and, as a result, shortchange those programs. It's the definition of penny wise and pound foolish.

And, second, I just want to commend the work of the embassy staff and the Ambassador there. Having worked on these issues, we were in very close contact with them during the crisis, during the evacuation, and they've really done a great job.

Thank you, Mr. Chairman.

The CHAIRMAN. Well, thank you very much, Senator Sununu.

Senator Obama?

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

Secretary Welch, it's good to see you again. Last time we saw each other, things were a little more calm in your neck of the woods.

Mr. WELCH. If such a thing is possible.

Senator OBAMA. If such a thing is possible.

You've already gone over a lot of the ground that I was interested in, but since I'm the last questioner before the next panel, maybe we can just revisit a couple of points.

What, at this point, are the prospects of the international community, especially in light of the deployment of an international force, being able to strengthen the Lebanese Government to the extent that it can control its own borders, vis-a-vis Hezbollah? What's your expectation here? Is this new international force going to have to deploy for the foreseeable future in order to maintain a buffer zone there, or do you think that there are enough elements in place within the Lebanese Government to actually start creating a more effective sovereign state in a relatively short period of time?

Mr. WELCH. Thank you for this question, Senator.

In my business, you can look backwards and say, "Well, I'm discouraged, because in 1978 we set up something called the United Nations Interim Force in Lebanon, and the Interim has been there since 1978 and we're in 2006."

Senator OBAMA. Right.

Mr. WELCH. If that isn't something that's semipermanent, I don't know what is.

Senator OBAMA. Right.

Mr. WELCH. Or you can look forward, and you can say that. It's probably a feature of the Arab/Israeli conflict that even in those places where there isn't a peace to keep there is some form of international support for the management of peace. This border has been one of those, and one of the most difficult.

I believe, looking forward, that we have substantial new tools in our hands. Can I guarantee that these eliminate all the risks? No, sir, I can't. But I think this is a fundamentally new contribution here.

The new UNIFIL is nothing like the old UNIFIL. It has completely new concept of operations and rules of engagement. If you were to take a look at these U.N. documents, sir, they provide for a very robust capability. I think the existence of combat battalions from NATO member states is a significant new addition. And this is not 40 troops, this is in the hundreds. A maritime surveillance mission—again, with capable NATO-affiliated navies—is hugely important.

But the main game here is political. And it's exactly as you describe it: to change this balance of authority and power inside of Lebanon.

I believe that the government, led by Fouad Siniora—beset with as many difficulties as it was before and during this crisis—has done a truly remarkable job in addressing it. They deserve our support. I think the March 14 movement that is at the heart of that government stands in opposition to those forces of extremism and

violence that would start this kind of thing again. And we're all called upon to help out in that endeavor.

I think, here also, the United States—and forgive me if I sound like I'm tooting our own horn in this respect—I think American diplomacy made a good contribution. We were attacked publicly at the beginning of the conflict, for appearing not do much about it, but the very things that we said at the beginning of the conflict that should be done to really truly put in place something that was more sustainable, we have managed to attain. We need to hold people to those. We need to make sure that they operate. But I think we realize the importance of this. Beyond Lebanon, too.

Senator OBAMA. Just to follow up, in terms of what we mean by “an effective UNIFIL force,” how many troops are we talking about over a sustained period of time in order to create stability in Southern Lebanon?

Mr. WELCH. Well, the authorization provides for up to 15,000.

Senator OBAMA. Right. And right now we have around 4,000.

Mr. WELCH. I can be sure that there are around 4,000 already deployed. And the significant deployments are picking up pace right now. There are additional commitments that—I don't believe they get us to 15,000, Senator, but—

Senator OBAMA. Okay. Let's assume we get to 10,000 troops.

Mr. WELCH [continuing]. —It's in that neighborhood.

Senator OBAMA. What's your estimation? Are we looking at 10,000 troops, UNIFIL troops there semipermanently? From 1978 to now is about 28 years. Is this “new” UNIFIL likely to be deployed for this duration?

Mr. WELCH. I think the countries that are stepping up to these deployments, while they're not signing on for something permanent, understand that this is not a transitory deployment.

Senator OBAMA. This isn't long term. I'm just trying to play out the end game here. Are the goals to limit the skirmishes along the border, so that you're not seeing the kinds of incursions back and forth that we had seen before, that you're not seeing missiles launched into Israel or cross-border rapes. Is that an accurate assessment of, sort of, the modest goals that we've set forward here?

Mr. WELCH. Sir, I think our objectives—and, frankly, the reach of the resolution—go beyond that.

Senator OBAMA. Describe for me more broadly what our long-term goals and objectives are.

Mr. WELCH. Right now, we're in this period between the cessation of hostilities and the permanent cease-fire. The cessation of hostilities means an end to offensive military operations.

Senator OBAMA. Right.

Mr. WELCH. That has been respected by all sides. As a result of that, and the fact that the Lebanese army's deploying, UNIFIL—new UNIFIL is going in, and the IDF is now pulling out.

But when you get to the permanent cease-fire, that requires respect for what's called the “blue line.”

Senator OBAMA. Right.

Mr. WELCH. It's not, as you know, an established border with a peace agreement between the two parties. But that would mean there are no violations of that line coming from Lebanon into Israel or, for that matter, the reverse.

Senator OBAMA. Right.

Mr. WELCH. That is the premise.

Senator OBAMA. Right.

Mr. WELCH. And the new UNIFIL is composed with that in mind.

Senator OBAMA. Okay. But that's the—UNIFIL's main function is just to maintain that blue line and its integrity.

Mr. WELCH. And to help the Lebanese army in ensuring that there is no armed group, other than UNIFIL and the Lebanese security authorities, present in that area of operations. That's an expanded area of operations under the new UNIFIL, and it would mean that there is no Hezbollahi armed presence in that area.

Senator OBAMA. Okay. And so, that brings us, I guess, to the next question. I mean, my understanding is, no one is particularly optimistic about disarming Hezbollah, at this stage. Am I correct about that?

Mr. WELCH. My former boss, Colin Powell, used to say optimism is a force multiplier, and, in my business, I need force multipliers, so I'm not going to give up the optimism. Disarmament of Hezbollah is a national goal. But there are no groups, armed groups, to be in the area of operations, the Lebanese army, and UNIFIL in the south. So, that is an immediate goal.

Senator OBAMA. Okay. So, the immediate goal would be to at least—assuming we don't disarm Hezbollah—to restrict their operations in such a way as Hezbollah not intruding in this southern area around the blue line.

Mr. WELCH. That's correct. And they appear, so far, to be respecting that obligation.

Senator OBAMA. Okay. Get inside Hezbollah's head for a moment. They've come out of this, in some ways, as heroes within portions of the Arab world. And this may be shortlived. But there's a sense, at least that in the short term, Hezbollah was strengthened politically on the Arab street by what happened. What do they now attempt to do? Do they try to further consolidate political power within the Lebanese Government? Do they try to plan future attacks, or try to undermine UNIFIL's efforts? Do we have a sense of what they want, what their end game is?

Mr. WELCH. Well, this gets into the realm of speculation.

Senator OBAMA. Or intelligence.

Mr. WELCH. Well, I can't go into the latter, sir.

Senator OBAMA. Okay. Fair enough.

Mr. WELCH. But I'll try a little informed speculation.

Senator OBAMA. Okay.

Mr. WELCH. If I were in their shoes, I'd try and change the subject, attack the Government of Lebanon verbally, attack us, Tony Blair, others, because when Hassan Nasrallah made the decision, for whatever reason, on July 12th to launch this attack into Israel, he displaced over three-quarters of a million Lebanese as a result of the conflict that ensued, most of which are his constituents.

Senator OBAMA. Do they blame him, or, at this point, do they blame Israel?

Mr. WELCH. Well, my guess is, they and others likely blamed Israel and others in the international community, including us. But that's a fish that's on the pier and beginning to stink as Senator

Biden said. The destruction that happened in Lebanon is not something that Israel one day picked up and decided it would like to do. It happened because of an unprovoked attack for which one party is solely and simply responsible, and they will have to live up to that.

Senator OBAMA. Well, I guess the point that I'm trying to get at is how we can play a constructive role in—but in a realistic fashion—in creating stability in Lebanon when you've got Hezbollah still armed, you've got a Shi'a population that still feels somewhat disaffected, you've got forces of moderation in Lebanon that appear to have been weakened. My suspicion is that only time's going to tell how this plays out politically. It seems to me that what we've done by deploying this international force create a situation which is helpful, which is working to stabilize the situation and end the immediate hot conflict, but I still don't get a sense of how we approach the long-term diplomatic task of getting at the root causes of this conflict and creating a stable Lebanon that is not a base for future operations by Hezbollah of this sort. And I don't know the degree to which that can't be solved until our relations with Iran and Syria change, or until we make more progress in resolving the Israeli/Palestinian conflict. But I'm just trying to get a bigger picture of—if we are trying to map out where do we want to be a decade from now, given all the elements that are in place, What's our best-case scenario? What is it that we're going to be trying to pursue? And it's a reasonable answer to say that, you know, we've just tried to stop the bleeding right now, and we haven't yet formulated a strategy, long term. And, if it is, you know, that's perfectly acceptable. I don't fault you for not having that immediate answer.

Mr. WELCH. Well, Senator, I think we've done better than that, actually. I don't see the present measures that we're trying to put in place as merely stabilizing the situation.

Senator OBAMA. Okay.

Mr. WELCH. I hope you would agree that, upon examination, they reduce the risk that this will occur again.

Senator OBAMA. Well, I'm sorry, go ahead.

Mr. WELCH. And, second, I mean, let's look at the record over the last several years and not just pause it at this moment in time and ask ourselves about the challenge at present. There are no Syrian troops in Lebanon now. Admittedly, it took a tragedy to, kind of, galvanize that change, but this is a huge and important development for Lebanese freedom.

There is a substantial and growing public sentiment in Lebanon in favor of a moderate, liberal approach to government. You know, I mean, it's, of course, got its character, that's Lebanese, in particular. That's the politics of the place. Those people need support. But they weren't there before, just one summer ago, when you had the first parliamentary election in Lebanon in years when there wasn't a Syrian presence.

Now, ideally, those freedoms will expand, and some of the work that we're doing now is designed to help protect that. So, I would say that the trend line here, despite these things, is actually pretty good, and not in the interests of the enemies of peace.

That said, I believe that these are very determined people who have a lot at risk in their position; in particular, in Damascus. And

I would not expect that they're going to take this lying down. I think they see some loss, not just of political face, but of practical interests, and they're not going to make this easy. But we know that. And I think with, as I mentioned earlier, determination and good intentions, we can do that.

The audience for helping Lebanon is much larger now, too. We've got a good solid basis of transatlantic understanding on how to do this—cooperating with the French, after all, and that's not a bad thing. The support we have from our moderate friends in the Arab world is excellent. They're all aware of the risk of these subcontracted entities like Hezbollah. And I think we can use that support constructively to help Lebanon.

Senator OBAMA. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Obama.

And thank you very much, Secretary Welch. We very much appreciate your opening statement, your comments, and your forthcoming responses to our questions.

Mr. WELCH. Thank you very much, Senator.

The CHAIRMAN. And we look forward to seeing you again soon.

Mr. WELCH. Thank you, Mr. Chairman.

The CHAIRMAN. The Chair would now like to call our second panel. It includes the Honorable Carlos Pascual, vice president and director of foreign policy studies, Brookings Institution; Paul Salem, director-designate, Carnegie Middle East Center, in Beirut, Lebanon; and Augustus Richard Norton, professor of international relations and anthropology at Boston University, in Boston, Massachusetts.

Gentlemen, we appreciate your coming today. Let me just say that your statements will be made a part of the record. I would suggest that you proceed as you wish with statements of approximately 10 minutes or thereabouts, so that all can be heard and I or other members will have an opportunity to raise questions before we come up against a roll-call vote, which is promised for about 12:15. I'm going to ask you to testify in the order that I introduced you, and that would be, first of all, Ambassador Pascual. Welcome, again, to the committee.

**STATEMENT OF HON. CARLOS PASCUAL, VICE PRESIDENT
AND DIRECTOR OF FOREIGN POLICY STUDIES, THE BROOKINGS
INSTITUTION, WASHINGTON, D.C.**

Ambassador PASCUAL. Mr. Senator, thank you very much. I appreciate this opportunity to testify before you and the committee, and thank you for the opportunity to also submit for the record my written statement.

My comments today are based, Mr. Chairman, on a trip that I just completed in Lebanon on Monday. While it was a time-limited trip, it was intensive. We had an opportunity to interview several dozen government ministers, technical staff, diplomats, relief workers, foreign and domestic NGOs, bankers, business people, essentially many of the key people who are involved in developing a vision for the reconstruction program—designing it, supporting it, and actually implementing it.

I came away, Mr. Chairman, most surprised by two things. One was the unity of the Lebanese people, and, secondly, the oppor-

tunity that we have right now. And this has been a subject of discussion throughout this hearing.

There is, indeed, a palpable bitterness about the war and the blockade and how it essentially snatched away from Lebanon what many people saw as an opportunity to turn around the fortunes of that country.

The economy was finally growing, at a rate of 6 percent, tourism was restored, there seemed to be a sense of hope where the wounds from the civil war were healing.

What is interesting is that the response the war engendered was one by the Lebanese people as the Lebanese people, not as Shi'a, not as Sunni, not as Druze, not as Maronites, not as Orthodox, but as the Lebanese people.

One also saw a tremendous amount of talent in the private sector, in the banking sector. From my experience in the former Soviet Union, if we had only had such a banking sector in that region of the world, we could have done amazing things. And what we also saw was a tremendous capacity for crisis management.

If we recognize that, as a result of the war and the blockade, there was \$2.5 billion in capital flight, 1 million displaced people, 30,000 homes that were destroyed or partially destroyed, 500,000 dual-citizen Lebanese that left the country, and a billion dollars worth of lost revenue as a result of the war, and yet, still during this period, the currency has been stable, inflation is in check, the society is now starting to rebuild, 1701 was negotiated, and the blockade was lifted. The Saudi and Kuwaiti Governments deserve a lot of credit for the \$1.5 billion that they deposited into the Central Bank. This is not money to be spent, it's essentially to protect the currency. This support helped, but it could not have happened without the internal talent of the Lebanese people, and that's a tremendous asset on which to build.

That does not mean that we should be complacent. There are three massive challenges, I believe, that have to be addressed at the same time, and the cost of these three massive challenges I would estimate at about \$5.1 billion over 2 to 3 years. The needs assessments are being done still, but I think it's important that we start thinking on this order of magnitude, because I think \$5.1 billion is actually a very conservative estimate.

The first challenge is on near-term humanitarian aid and recovery. Two-thirds of those who have displaced have already returned. They did not return because of assistance, they returned almost immediately, because of an interest of going back to their homes. There's a real time pressure to move and provide them assistance because of the winter that is encroaching and the requirements to get so much done before November.

Some of the key requirements are: shelter, water, stopgap electricity-sectors measures, and restoring the schools. I would estimate the cost of this portion of the recovery program at about \$600 million, based on some relatively conservative estimates of the numbers of homes that were destroyed and the number of people who were displaced.

The second challenge is one of building social, economic, and physical infrastructure. There's a phenomenal need for jobs, Mr. Senator. If we look at the situation on the ground, crops were de-

stroyed, tourism has ended. Essentially, the people who are going back have no work. They need some form of temporary subsidy to be able to survive, but fundamentally they need jobs, and their communities need to have a mechanism to get involved in rebuilding and put their communities to work.

There also is a need for long-term physical infrastructure. Three-quarters of the country's roads and bridges have been destroyed or somehow affected. The electricity sector is sporadic. The water system was poor, and is even poorer now, and it doesn't reach effectively into the rural areas. A reasonable estimate for this portion of the recovery program and reconstruction program is \$3.5 billion.

And, finally, there are structural and financial issues that have to be addressed. Lebanon has the highest per-capita debt in the world; 25 percent of the budget on an annual basis goes to debt service.

Secondly, the electricity sector is one of the most inefficient in the world. Subsidies to the electricity sector are costing about a billion dollars a year, about 25 percent of the budget in subsidies.

Between these two things, subsidies to the electricity and debt service, the government has been spending half of its budget. If this cannot be fixed and resolved, there will be no sustainable recovery in Lebanon.

Also because of the high level of debt, it is impossible for the Lebanese Government to finance these measures by taking on additional debt. And, hence, as a result of the financial losses that took place this year—as a result of moving from 6-percent growth to, at best, no growth, and moving from a primary budget surplus to a primary deficit—they need \$1 billion in grant budget support.

Let me say a few things about the financial requirements and flows, because, certainly as demonstrated in the previous conversation, I think there's been a lot of confusion about that.

I indicated that this estimate of \$5.1 billion, I think, is conservative. It does not cover compensation for capital flight or targeted subsidies for reform programs. It does not even touch on the requirements for the military. It does not touch on requirements for boosting investments by the private sector.

On the supply side, there have been significant pledges. For reconstruction, the Saudis have pledged \$500 million; the Kuwaitis, \$300 million; Qatar, another \$300 million—\$1.1 billion between them. That should be counted against the \$5.1 billion total. These funds have not been delivered, because the mechanisms for their administration have not been established. There is no fund for which this money is to be deposited. Qatar is looking for a mechanism to adopt villages, but how to do that in a systematic way that does not result in corruption still has not been established.

The Saudis and the Kuwaitis, as I indicated, provided \$1.5 billion to the Central Bank. That should not be counted against this total. It cannot be used for reconstruction purposes. It is there to protect the currency.

At the Stockholm conference, \$940 million were pledged, and others have indicated that a total of \$1.2 billion have been provided so far. Part of that has already been consumed in humanitarian aid, and should not be counted as assistance for the future. As well, we get a mix of apples and oranges. At times, when we look at the

totals of pledges, some contain military assistance, others contain peacekeeping. I would say that a reasonable estimate against the \$5.1 billion requirement for reconstruction, that about \$2.5 billion has been pledged, and there is still another gap of about \$2.6 billion.

Against this, we have the U.S. \$230 million pledge, of which the administration has indicated \$180 million relates to the topic of economic recovery and reconstruction. The sectors in which the administration is working are reasonable, except I would caution that we should be looking carefully at whether we deliver much further food assistance to Lebanon. It is an economy that is fundamentally entrepreneurial, and we should not destroy their markets by an oversupply of food aid.

The approach has been responsible, essentially using nongovernmental organizations as a way to disburse money and a way to control funds in an unstable environment. It is a program that one would say is characteristic of a midsized country which is well-meaning and has a limited strategic interest in the region. I do not think that that is how we would want to characterize the United States.

If we wanted to associate the strategic interest that is appropriate with Lebanon, I would suggest that we set a target of \$750 million for the U.S. contribution for recovery and reconstruction. That would be about 15 percent of the \$5.1 billion total that I indicated, or another \$570 million for reconstruction and recovery beyond what the U.S. has pledged thus far. This 15-percent total would be consistent with what the United States provided in tsunami relief. It is actually less than the usual 25 percent that we provide in major international reconstruction programs. It does not—I would stress—it does not include military assistance. And here, even \$300 million is a conservative figure. If we look at the average requirement around the world for equipping and training forces, it's usually been about \$20,000 per soldier. Multiplying that by 15,000 Lebanese troops occupying the south, that, in and of itself, gets us to a \$300 million total. It does not include aerial surveillance or capabilities of patrolling the border more effectively. I think we're going to see a requirement well over a billion dollars, and we need to be thinking about how we're going to respond to that.

A couple of comments on how to approach the reconstruction program and how to use these funds.

First of all, I would stress a very important principle—it has been underscored throughout this hearing, and I would say it again—the importance of using this assistance as a way to strengthen the Lebanese state and to build confidence in the Lebanese state. It is crucial for internal actors within Lebanon to believe that the best thing for their future is to be part of a unified state and not part of a state within a state—i.e., Hezbollah. They must have the confidence that Lebanon can provide—the Government of Lebanon can provide for their needs. It's critical to attract international capital. It's critical to attract people back to the country.

In terms of how to use the funds, I've provided some specific suggestions in my written testimony. I would just highlight the impor-

tance of using assistance through private banks, the private sector, through NGOs, the university community, through local private experts, in ways that will complement the capabilities of the government. This is going to be a tricky process. The government still does not have a very effective process of being able to channel and monitor funds to a local level, yet there are techniques that have been used, particularly in Afghanistan. I had the benefit of traveling to Lebanon with Ashraf Ghani, the former Minister of Finance in Afghanistan, and we've already begun to outline some of the approaches that he took in Afghanistan of being able to use money—move money to a local level, get communities involved, and get them involved in the employment of local communities.

Finally, let me just stress a few points on why this matters so much.

Lebanon is, indeed, the most multiethnic society in the region. It has the strongest private sector. It has the potential to succeed. It can play a leadership role in the region. And if it fails, the prospects for peace in the region become even yet more dim.

In the op-ed by Henry Kissinger, which you cited earlier, he said that, the balance sheet of this war, in part, is going to depend on psychological and political factors. And one of those factors is going to be Hezbollah and its *de facto* reality as a state within a state. There is debate on whether Hezbollah has become stronger or whether working in the south will actually strengthen Hezbollah. I think the answer to Hezbollah's future very much rests with the reconstruction process.

There are certain realities that I think are important to acknowledge. First is that there is a legacy that was left by the Lebanese civil war. There simply was no effective assistance that was provided to the south. There's a legacy of corruption, of half-finished projects, of discrediting the government's role. Hezbollah stepped into a vacuum. And that vacuum has to be combated. If there is no effective government role, there will be one source of providing for the people's needs, and that is Hezbollah.

Secondly, what I began to hear from people on the ground working actively in the south is that, yes, Hezbollah's role is real, it's extensive, but that Hezbollah is also being overwhelmed. It is a huge challenge. Hezbollah began with an immediate dynamic process of handing out checks for those who needed to rebuild their houses. Their ability to continue the assessment process and hand out those resources has been limited. And increasingly what we are being told by the government and by NGOs active in the region is that Hezbollah is actually opening more and more space for others to come in and be active.

Thirdly, what we heard from the NGOs working in the area is that there are many NGOs active in the south who are not linked to Hezbollah and who do not depend on Hezbollah to be able to undertake their activities. There is an opportunity to be able to work very effectively.

There are, in my mind, two options dealing with the issue of the south and Hezbollah. One either works in the south, uses NGOs in the interim as a way to help channel resources, eventually develops more creative and innovative mechanisms to empower the way that the state can move resources to the local level; or one blocks such

assistance to the south and sends the message that the Lebanese Government and the international community really have no interest in Lebanon's Shi'ite community. If the latter were to be done, I think it would simply institutionalize instability.

I think, Mr. Chairman, there is a real chance to make real a prospect for a better Lebanon in the future. And one of the things that we have to ask ourselves is, How important is it to us to invest resources in this endeavor? I think, just for illustrative purposes, it's worth reflecting for one second on the fact that we provide \$2.3 billion in FMF every year to Israel. There are good reasons for why these funds are allocated. In this case, I'm suggesting a one-time allocation to Lebanon of \$750 million, about a third of Israel's annual FMF. Both are for exactly the same purpose: a stable Middle East that can, in fact, actually provide for a viable Lebanese state that is not a source of terrorist activity, that is a source of prosperity and stability. And that may one of the best investments we can make in Israel's security, as well as our interests for stability in the long term in the Middle East.

Thank you very much.

[The prepared statement of Ambassador Pascual follows:]

PREPARED STATEMENT OF HON. CARLOS PASCUAL

RESTORING CONFIDENCE IN LEBANON'S FUTURE

Mr. Chairman and other distinguished Members of the committee, thank you for this opportunity to testify today on promoting viable peace and stability in Lebanon. I commend the committee's focus on this issue. Lebanon's future is inescapably tied with the broader fate of the Middle East. It is in America's interests, and also in neighboring Israel's interest, to see Lebanon succeed as a democratic, multi-ethnic and prosperous state. If Lebanon remains unstable, it will contribute to the destabilization of the region and sink the hope of the Cedar Revolution for a free and independent Lebanon.

My testimony is based on a trip to Lebanon completed on September 11. I had the benefit of working with Ashraf Ghani, former Minister of Finance in Afghanistan and one of the world's foremost experts on political and economic transition. We went to Lebanon under the auspices of the Brookings Institution and in the spirit of Brookings' commitment to contribute to critical public policy issues. We conducted dozens of interviews with the Lebanese government, donors, NGOs, the private sector, diplomatic community, and various UN offices, including UNIFIL.

I left Lebanon impressed by the talent of its people. I left cautious and wary of the political complexity and unpredictability. The Lebanese resent the way in which the war and blockade shattered their lives—physically, emotionally and economically. War grasped from Lebanon yet another chance at normalcy just when the economy was growing at 6 percent, tourism was booming and the wounds of the civil war had begun to heal. But there is also a surprising opportunity in the unity the war has engendered. The Lebanese people stood together primarily as Lebanese, and if this sense of unity can be tapped before new hardships dominate people's lives, Lebanon has the chance to create a new reality in the Middle East. Hence, there is an urgency to support Lebanon's efforts now—when there is a real chance for Lebanon to succeed.

Lebanon's reconstruction also cannot be untangled from the fate of Hezbollah. Arguments abound on whether Hezbollah was strengthened or weakened by the war. Both are undoubtedly true. Hezbollah lost combatants and its weapons arsenal is depleted. Its image as a resistance force was burnished. But the real test affecting Hezbollah's future—and by extension the future of the Lebanese state—is whether Hezbollah or the Lebanese government are seen as restoring security and economic life to devastated Shiite areas.

There has been public debate in the United States over whether U.S. assistance should go to the south and whether it might reinforce Hezbollah. There is no such debate among Lebanese actors. Lebanese NGOs, the government, private sector and

parliamentarians were adamant in our discussions that the south must be part of any recovery strategy.

Some stressed that failure to reach the south after the last civil war gave no alternative to Hezbollah's development as a state within a state. NGOs indicated that they have options to work with groups other than Hezbollah. Alternatively, ignoring the south would entrench a Shiite view that they have no place in Lebanon's politics and increase the mid-term prospects for political turmoil. The practical options are straightforward: mitigate the risk of benefiting Hezbollah by using international NGOs as a short-term means to control and disburse resources, or block such assistance and make clear that neither the Lebanese government nor the international community has an interest in Lebanon's Shiites. The latter will simply institutionalize instability.

Three Major Challenges

To achieve and sustain its recovery, Lebanon must address three enormous challenges. The first is to mitigate the immediate impacts of war so that those returning to destroyed homes and livelihoods can begin to rebuild their lives. It is crucial to get as much done as possible by November, before winter begins. The principal needs are in the south and in Beirut's southern suburbs. A rough estimate of the immediate cost is \$600 million. The second challenge is to build critical social, economic and physical infrastructure. The focus should be on putting to work Lebanon's strongest asset: the private sector. Needs assessments are still being completed, but we should expect a cost of around \$3.5 billion. Thirdly, Lebanon must rectify structural economic and financial issues that have saddled the country with the world's highest per capita debt. These core reforms are made harder by lost revenues and increased expenditures due to the war. A conservative base figure to make up for lost revenues this year is \$1 billion.

This total estimated cost—\$5.1 billion to begin to address credibly all three sets of challenges—is illustrative and conservative. It does not compensate for \$2.5 billion in capital flight or resources needed to stimulate large scale private investment. It does not provide for targeted subsidies that will be needed to facilitate critical reforms, especially in the electricity sector, or for crucial refinancing of the public debt. It does not include the cost of strengthening the Lebanese military and equipping it to monitor its borders and prevent or disrupt arms flows. As detailed later, the U.S. should set a target of 15% of this total—\$750 million—for recovery and reconstruction. This percentage would be comparable to American contributions to tsunami relief and reconstruction in 2005. To date, of the \$230 million the U.S. has pledged, about \$180 million would support this target (i.e., excluding security assistance). For context, this one-time injection of \$750 million would be about one third of what the United States provides each year to Israel in Foreign Military Financing—and the goal, in effect, is the same. If Lebanon cannot function as a state, Israel will face yet a greater threat of instability and terrorism.

We cannot overestimate the difficulty of addressing these challenges simultaneously, yet Lebanon has little choice if it is to move beyond crisis management to stable growth. Reconstruction investments can stimulate near-term gains, but they cannot be sustained without a viable economic base. The fact that there has not been an economic meltdown in spite of the war's destruction, costs, lost economic opportunity, and both human and capital flight is a tribute to the management of the Lebanese authorities. They have demonstrated that they have the talent to succeed. The Lebanese people and private sector have determination and resilience. But Lebanon needs a major injection of international resources to seize this opportunity to create a new reality of multi-ethnic success in the Middle East.

Restoring Political Confidence

I have been asked to focus on issues related to reconstruction, but I would be remiss not to underscore the linkages between economic progress and the need to help Lebanon build confidence in the state. The Lebanese state must be perceived as able to provide security and restart the economy in order to get all sectarian groups to buy into a unified Lebanon and transform Hezbollah's existence as a state within a state. Perceptions of security and state competence are crucial to attracting international capital and the return of 500,000 Lebanese dual citizens who left during the war. The way in which reconstruction efforts are carried out—whether they help the state become an effective actor that also enables the private sector—will strongly shape perceptions of state competence.

It will be just as important to take actions that give both international and internal actors confidence that political stability can hold and that war is not likely to commence yet again. To be sure, the ideal solution is a comprehensive peace agreement for the Middle East, but that will take time and a restoration of trust in the

region. In the interim, several actions can make a symbolic and substantive impact and contribute the successful implementation of UN Security Council Resolution 1701:

- Trilateral coordination on military issues among Lebanon, Israel and UNIFIL are facilitating an orderly transition from Israeli to international and Lebanese forces in the south. This experience should be institutionalized, perhaps in a Joint Military Commission, to allow for more effective monitoring and communications. If crises arise, communications can occur through established and tested channels.
- Israel and Lebanon should explore the range of engagement they can undertake in the spirit of the 1949 Israel-Lebanon Armistice Agreement. That arrangement remains valid even if details are outdated. But its fundamental purpose, if pursued in spirit, is to underscore that neither side has the intent to attack each other. Such assurances are critical to positioning the Lebanese state to create conditions that can make obsolete Hezbollah's rationale for its militia and facilitate consensus on its disarmament.
- The international community must act on its promise to equip the Lebanese military to control its border effectively, including with helicopters and unmanned aerial surveillance. While Syria appears to have accepted international technical assistance to Lebanese forces patrolling the Syria-Lebanon border, the Lebanese forces need the capacity to act to avoid Hezbollah's rearmament with new and more sophisticated missiles.
- International support should be provided to help the Lebanese military coordinate with internal security forces and the police. If we failed miserably at such coordination to prevent 9/11, we certainly should not assume that Lebanon has the resources, equipment and capacity to do so.
- Risk insurance and guarantees for private investment (through IFC, OPIC, EIB) will help shape perceptions that the international community has reached consensus to secure Lebanon's future and is willing to back it financially.
- Finally, the international community in its diplomacy should assure the Lebanese government that it supports the need to integrate Shiites more fully into the governance of Lebanon. The means for this need to be internally defined, and it will take time to reach consensus. But all actors, internal and external, should back a dialogue that makes the Shiia community believe that its needs are best met by buying into the Lebanese state, not by supporting an organization that acts outside it.

Near-term Humanitarian Aid and Economic Recovery

The war displaced 1 million people, a quarter of Lebanon's population, and it destroyed or partially destroyed 30,000 housing units. It destroyed crops and tourism in the south, taking away two main sources of income for the year. Losses were concentrated in the Shiite south and southern suburbs of Beirut. The immediate objective must be to facilitate viable returns for the displaced by November, before winter sets in. The key needs are shelter, water, electricity and the reopening of schools. Families will need transitional subsidies to compensate for lost income. Numerous needs assessments have been done, but neither the government, nor the UN, nor the NGO community seems to have a comprehensive picture on the near-term requirements.

For planning purposes, we can estimate a family need of \$20,000 for each of the 30,000 destroyed or partially destroyed homes, including investments that should benefit the community more broadly. That suggests a funding need on the order of \$600 million. The Stockholm pledging conference raised \$940 million, but it is a mixture of direct bilateral funding for NGOs and funds promised through a yet-to-be created early recovery trust fund. Without a clear picture on the mechanisms to access funds, the Lebanese government does not yet have the means to get them in a timely way to those who need them most.

At a municipal level, government capacity is limited. Hezbollah is said to be under strain due to the magnitude of the reconstruction task and is increasingly leaving space for government and other NGOs. In some areas NGOs are reportedly bumping into each other; other areas are reportedly ignored. Given the time constraints, perfection is not possible, but a number of steps can be taken:

- Donors should work with the government and UNDP to get data immediately into a new database controlled by the Prime Minister's office on early recovery and reconstruction support, broken down to the village level and generic types of assistance. This can provide a basis to identify gaps in needy areas and determine where funds are already programmed to reduce duplication.

- International NGOs working in partnership with local NGOs should be the immediate vehicle to disburse funds for recovery in the south. This is not ideal as it bypasses the government as a financial channel, but there are no alternatives in the short-term.
- To bring government into the picture, the government and NGOs should create coordination mechanisms through Municipal Federations that bring together several municipalities. The focus should be to identify needs, adjust programming and give the government a management role in responding to local communities. This is the first step in bringing Shia communities into more direct relationships with government structures.
- The Lebanese government needs to create a central point of contact in the national government to liaise with municipalities, and link municipal needs to international funding. Municipalities currently fall under the Ministry of Interior, whose primary task is internal security. A direct substantive link is needed to the Ministry of Finance.

U.S. assistance is working through NGOs to get resources to communities. Many NGOs have worked bravely through the conflict and its aftermath. However, there is still no clear understanding among NGOs, the Lebanese government, and even many U.S. officials on how the \$230 million U.S. pledge will translate into projects and where they will be focused. There is no clear strategy for any donor or the Lebanese government to make resources channeled through NGOs work to reinforce the Lebanese state. Given the crisis environment, that is not surprising. Now there is an urgent need to give greater coherence to these efforts.

Building Social, Economic and Physical Infrastructure

As Lebanon moves beyond immediate recovery, it must build a sociopolitical and economic foundation that strengthens the private sector, creates jobs and integrates Lebanon's poorest communities with the rest of the country. Four sets of initiatives can help.

The first is to give communities a practical role in setting priorities, acting on them and providing oversight. Indirectly, such an initiative can provide an immediate boost to employment. If these communities have a stake in decision making and can see a link between their involvement and community-based investments, they will have a greater stake in a unified Lebanon. Experience in Afghanistan has shown that such initiatives can work at community level even when resources are limited. In Lebanon, there are two added tools: a well developed banking sector and a vibrant civil society.

Eventually the model would be for the Ministry of Finance to open project-specific bank accounts. Initiatives could start in the South. To tap into the accounts, each municipality would need to select an oversight committee that represents different segments of society. Communities would agree on specific projects. Pre-screened NGOs, university affiliates and private firms could be contracted to work with communities to develop and implement projects. Funds would become available once local oversight committees decide on a project, register it with a municipality, and select an implementation partner to provide support. Funds would be disbursed in tranches based on performance, with final payment coming with the completion of a project. In the initial stages, outside partners (NGOs, universities, private consultants) may need to take a direct role in implementation, phasing down over time. The government would be seen as supporting but not directing community activity. Banks would provide a means to control, track and audit payments. There is no "correct" funding level for such a program, but \$100 million could cover the south and northeast in its first 18–24 months.

Second is a job creation program. There is no community in Lebanon that is not within 30 minutes of a bank. Commercial banks have experience in administering micro and small business finance. There is liquidity in the banking system, but risk is high, and thus interest rates and lending terms are prohibitive for small businesses. One part of the initiative would provide partial guarantees and subsidies to lower interest rates, provide a repayment grace period, and extend the term of lending. While such subsidies would need to be phased out, they would open the credit market to a wide range of small entrepreneurs whose businesses have been destroyed or disrupted by war. The second part of the initiative would rely on NGOs to survey communities and put in place contracts with universities and private firms to provide services and training to entrepreneurs. Depending on the actual risk assessments, \$100 million in guarantees could generate several times that amount in actual lending. Another \$50 million should be used to put in place training and technical support contracts. For illustrative purposes, if this initiative funded 10,000 loans at \$20,000, with each loan supporting projects that generate on av-

erage 10 jobs, that would create 100,000 jobs. Assuming each job benefits a family of 5, one can affect about half of the south's population.

Third is the need for large-scale private sector financing that could invest in new business opportunities and support restructuring and modernization of medium and large scale enterprises. Lebanon had been regaining its place as a hub for business and financial services for the Gulf; its engineering and construction companies were rebuilding much of the Gulf. A major fund could help attract back \$2.5 billion in capital flight and 500,000 skilled Lebanese who fled during the war. The Association of Islamic Banks has announced its intent to raise a \$2 billion fund, with initial commitments of \$200 million. Western investment agencies such as OPIC, IFC and EIB could contribute to the capitalization of such a fund through investments or insurance, potentially opening opportunities for American business through Lebanon into the Gulf.

Fourth, infrastructure crucial to unifying the country, meeting social needs, and stimulating private activity needs to be rebuilt—or in some case built for the first time. Top priorities are electricity, water systems, roads and bridges. Needs assessments must still be completed, but preliminary estimates are on the order of \$3.5 billion. The World Bank has completed a preliminary project design for electricity production, transmission and distribution. The Saudis and Kuwaitis have pledged between them \$800 million for reconstruction. More will be needed, but the first step is to work out the modalities for project development and disbursement.

Local firms can handle the design, supervision and construction. Ideally there would be one trust fund with common rules to manage reconstruction funds, yet many donors do not want to contribute to a single trust fund which they do not control. This issue must be addressed before the process of administering aid takes up more time than putting it to work. The Lebanese Government has suggested the idea of countries "adopting" projects—which could work for roads and bridges. But clear standards and rules would need to be created to maintain quality and control corruption so that resources actually produce cost-effective results.

The U.S. has agreed to adopt the Fidar Bridge, and we should contribute to this national reconstruction initiative, but we are unlikely to be a major financier of infrastructure. More important, the U.S. should consider a contribution of \$100 million that could be managed by the World Bank for the Government of Lebanon to support feasibility studies that will accelerate the construction timetable. Internationally, it is not unusual for projects to be held up by more than a year for want of grant financing for feasibility work. In Lebanon, \$100 million for feasibility studies could help leverage several billion dollars in project funding and give the U.S. a voice in the policy frameworks for such projects. It could also give the U.S. a role in the design and management of an international infrastructure fund where we might otherwise be excluded if we were not contributing directly to construction costs.

Financial and Structural Foundations for Growth

Lebanon's Finance Minister and the Governor of the Central Bank deserve praise for keeping the currency stable and inflation in check despite massive capital flight and a sharp drop in revenues to the government. Saudi Arabia and Kuwait provided timely financial banking by transferring a total of \$1.5 billion to bolster reserves. (Footnote: these funds cannot be used for reconstruction. They should not be counted toward international commitments for reconstruction.) But three pending problems must be addressed.

The first is a need for \$1 billion in budget support this year to compensate for revenue losses. The war caused a direct loss of about \$650 million in revenues that could not be collected. It also caused the economy to contract from a projected 6% growth to at best no growth this year, causing another \$350 million in revenue losses. The government budget will go from a projected primary surplus (before debt service) to a primary deficit. The government's only alternative to finance this loss is by printing money, which would shatter its control over inflation. As discussed below, Lebanon has the highest per capita public debt in the world; taking on more debt to finance the deficit would only exacerbate a key structural problem.

The second is a need to refinance the public debt of \$36 billion. Private Lebanese banks hold \$20 billion of this debt, and they have indicated that they will refinance. A key issue will be their willingness to allow a grace period at a minimal interest rate. The remaining \$16 billion will require help from international official and private creditors. Working out a debt relief scheme will be complicated, but the U.S. could help catalyze the process, in conjunction with the EU, by asking the IMF to mount an urgent mission to develop possible financing alternatives. The United States and the EU should state their willingness in principle for OPIC and the EIB to contribute to a solution.

The third problem is rooted in the electricity sector. Subsidies to the sector cost the government about \$1 billion annually. Between electricity subsidies and debt service, Lebanon spends half its annual revenues, crowding out other investments in infrastructure or the social sectors. Ending these subsidies will produce an economic shock and hardship among the poor, likely requiring a targeted subsidy program. This is exactly the type of initiative where donor grant funding for feasibility studies and technical assistance could have a massive multiplier effect.

Status of International Assistance

There is a great deal of confusion about how much has been pledged for Lebanon and how much is needed. Part of the problem is that pledges have not been comparable, and some humanitarian aid included in these totals may have saved lives—but it has been consumed and is not relevant to the future. A quick survey illustrates the confusion:

- Saudi Arabia (\$800m), Kuwait (\$300m) and Qatar (\$300m) have pledged \$1.4 billion in reconstruction assistance. Some may go through reconstruction funds, other parts may go to “adopt a village” programs. None of it has been spent.
- Saudi Arabia and Kuwait provided \$1.5 billion to support reserves. This money cannot be spent and should not be counted as reconstruction assistance.
- The Stockholm early recovery conference raised \$940 million. Some have said that a total of \$1.2 billion has been raised when added with other pledges. But some pledges were for expended humanitarian aid. The pledges also mix humanitarian and early recovery projects. Of this amount, no government or donor entity in Lebanon could tell us the operative total for recovery and reconstruction.
- Private donors are raising funds, including investment funds such as the fund being developed by the Association of Islamic Banks. Such commercial funds will most likely invest in income-generating business and should not be counted upon to finance core reconstruction costs.
- The U.S. and others have pledged funds for security assistance; President Bush said it is \$50 million of our \$230 million pledge. At times security assistance gets mixed up with reconstruction pledges, adding more confusion about the totals.
- Some donors are counting assessed costs for UNIFIL peace-keeping mission to their contributions, and others are not.

If we take as a base for recovery and reconstruction the \$5.1 billion suggested above, the relevant pledges are likely on the order of \$2.5 billion. Commercial funds are desperately needed to finance profit-making investment, but given Lebanon’s massive commercial financing potential the bulk of such commercial funds should not be counted against specific reconstruction targets. An exception should be made for small business finance. The costs for equipping the Lebanese military could run from \$300 million to over \$1 billion, depending on whether aerial surveillance and response capabilities are funded. Such funding needs should be tracked separately. The cost of peacekeeping should not be calculated in international totals since it is an assessed U.N. cost, but individual donors need to track their capacity to meet their assessed shares.

In short, there is still no danger of over funding. Recovery and reconstruction funding is probably half the needed total—in other words, a \$2.5 billion gap. There is no clear picture on security assistance, but it is likely that on the order of another \$500 million would be required if a robust border monitoring and response capacity is to be created.

Adequacy of the U.S. Response

For the most part, the U.S. portfolio addresses practical transitional requirements and uses responsible funding vehicles such as established NGOs to channel the funds. U.S. NGOs have played an important role in early recovery in Lebanon. The U.S. government works closely with the Siniora government in managing post-war crises. In nature and scope, the U.S. portfolio is what one would expect of a mid-sized country with good intentions and a limited strategic interest in Lebanon. If we subtract U.S. funding for security, our contribution is about \$180 million, or about 3.5 percent of the total requirement.

To be fair, \$180 million should not be taken as the full U.S. contribution. There has been only a preliminary donors conference for early recovery and a major “reconstruction” conference is months off. But we need to be planning now for a major pledge that brings the U.S. total commitment, excluding security assistance, to \$750 million—in other words, another \$570 million above current commitments for recov-

ery and reconstruction. In addition to this, the United State should provide yet more to support the Lebanese Army. The \$50 million the U.S. has pledged is about six to ten times short of the lower-end requirement, and that does not even consider the need for support for Lebanon's internal Security Forces.

It would be premature to try to specify exactly how another \$570 million should be used without in-depth analysis, but the analysis in this testimony is structured to provide a framework for programming. Broad program structures have been suggested, of which the U.S. can decide whether to fund a share. Illustratively, the outlines of such a program might be:

- \$100 million for community-based and municipal development.
- \$150 million for job creation and small business finance.
- \$100 million in OPIC and EXIM costs to generate on the scale of \$300-500 million in private investment or finance.
- \$70 million to contribute to small-scale targeted infrastructure projects.
- \$100 million to support feasibility studies and related technical assistance for construction, infrastructure and structural reform (e.g., electricity sector) projects.
- \$25 million to finance auditing, evaluation and accountability activities, including public-private partnerships on transparency.
- \$25 million to build government and parliamentary capacity to monitor programs and communicate effectively with the public.

Actual allocations should be coordinated with the Government of Lebanon and other major donors. At least \$300 million of the \$750 million should start to be mobilized now, particularly for an expanded community development and job creation initiative, with the rest appropriated in FY 2007. With funding always tight in the Foreign Operations account, Israel might suggest to the U.S. Congress and Administration that about 10 percent of its \$2.3 billion annual Foreign Military Financing allocation could be temporarily reallocated for reconstruction in Lebanon, as in the end it would contribute to a similar aim of Israel's security and stability in the Middle East.

Opportunity for Leadership and Change

The reconstruction process in Lebanon will be complicated and at times controversial. Political pitfalls abound. This is a region with a history of corruption. Economic success is just as dependent on political developments and security as on sound policy and resources. In this environment, the U.S. has the opportunity to play a tangible leadership role that depends on a strong presence on the ground and regular diplomatic engagement. We have an opportunity make our presence felt more strongly:

- A stabilization and reconstruction specialist has just been deployed to Beirut. A team of 3-5 others should be added to the country team to coordinate the U.S. effort and create a strong on-the-ground capacity to provide leadership and coordinate with the government, UNIFIL and other donors.
- The U.S. can help the Lebanese leadership structure its own reconstruction team. UNDP is playing a particularly important role in coordinating resources, but much can be done informally to discuss management structures to interface with the international community and to handle aid flows.
- The U.S. can lend insights on creative public-private partnerships to monitor projects and combat corruption.
- We can lend informal support in conceptualizing public information campaigns so that the Lebanese understand the government's strategy, see how funds are being used, and develop realistic expectations about assistance pledges.

It is also important that we transform our own perception about what Lebanon's reconstruction signifies. This is not merely a technical endeavor. Lebanon has the most ethnically diverse population in the Middle East. It has the strongest private services sector in the region. It has fundamentally democratic roots. Success in Lebanon has the potential to reverse a trend in the region toward extremism and intolerance. The Lebanese people have the talent to succeed. The international community can provide essential resources. The critical determinant will be the Lebanese state—whether it can engender the internal and international confidence to get all parties to support Lebanon politically and give it an enduring sense of stability. For all those who believe in peace in the Middle East, we have a stake in this endeavor.

Thank you for your time. I would be pleased to address your questions.

The CHAIRMAN. Thank you very much, Ambassador Pascual. I'd like to call now upon Director Salem.

**STATEMENT OF DR. PAUL SALEM, DIRECTOR-DESIGNATE,
CARNEGIE MIDDLE EAST CENTER, BEIRUT, LEBANON**

Dr. SALEM. Thank you, Mr. Senator.

I submitted my testimony for the record. I also submitted the draft of an article that's appearing in *Foreign Affairs* which goes in much greater detail into the outcomes of the situation in Lebanon, but I'd just like to highlight a few points from my testimony and from the article.

First of all, I share some of the positive outlook that was expressed by Secretary Welch and others in looking at the glass half-full. One overall thing that we can take away from this is, this is an important case where multilateral diplomacy came up with a resolution which really has teeth and translated certain interests and objectives into actions on the ground large parts of which have already been implemented. And I think Resolution 1701 is very different from Resolutions 1559 or 425, or others relating to Lebanon—or for that matter, to the region—is a very excellent example of the U.S. using multilateral diplomacy to get real results and to build real stability and security.

Also taking that sort of message in general, if we don't go on from 1701 to work on building more stability in Lebanon's immediate environment, 1701 will eventually collapse. It cannot stand in a vacuum.

But 1701, in itself, does lay the foundations for a secure and stable Lebanon. Lebanon itself is a democracy; it has a vibrant political life and dynamic economic life. But Lebanon's stability and security is part and parcel of the security of the region.

The main change in Lebanon's security environment is that for the first time in at least 40 years, the Lebanese state is regaining control of its borders. That development, which is already taking place, cannot be underestimated. Its effects will be felt in the months and years to come. We don't know exactly what effects it will have on the armaments of Hezbollah, its disarmament in the future, and the political environment within the country, but putting in place this cornerstone of sovereignty after the Syrian withdrawal is of historic importance.

The second cornerstone, which is currently not there, which is the Lebanese state's ability to have a monopoly on force, is the next challenge. It's something that's not immediately mandated or immediately explained as to how that's to take place in 1701, although it's mentioned as an objective. And this really relates to the disarmament or decommissioning of Hezbollah. Of course, it also relates to the disarming of Palestinian groups in Lebanon. The armed Palestinians were one of the key causes of the collapse of the state in the late '60s and early '70s. Hezbollah's continued armament is a cause for concern at the current juncture.

Both of these issues were part of the Taif Agreement, were part of Resolution 1559, and were being addressed in the national dialogue meetings which were taking place throughout the year among Lebanese leaders, including Hezbollah, until June of this

summer. So, there is internal acknowledgment that this is a very serious issue that needs to be addressed.

I think the events and the outcome of the war and 1701 helps the country move a bit closer down that line. However, disarming or decommissioning Hezbollah is very complex, and largely a political process, much like the disarming of other militias in Lebanon, much like the IRA previously in Ireland.

The questions of whether the army is stronger than Hezbollah, or Hezbollah is stronger than the army, is not the relevant question. The army has a large Shi'ite membership—at least 35 percent. Any military confrontation with Hezbollah means civil war in Lebanon and would destroy the country, and is something that is not to be contemplated.

Yes, Hezbollah has gained stature, it has gained popularity in the Arab and Islamic world, for obvious reasons. However, in Lebanon itself, it faces a much more difficult situation than before the war, and there are a number of reasons for this. The primary reason is that the events of the war, triggered by the events of July 12, ended up devastating their own constituents, the Shi'ite community. And Hezbollah, whatever else happens, has to spend the next 2 to 3 to 4 years rebuilding the lives of its own constituents, and, for that reason, is not in a position to engage in another war or to launch any other activities. That is part of the reason why maybe they conceded the south, they conceded the border points, for the time being, because, in effect, they're not in a position to wage war, as they did on July 12th, perhaps encouraged, at the time, by Syria and Iran.

In addition, Hezbollah faces cash problems, in the sense that their influx of cash, which used to come freely to them, did not come through the banking system; it came through other routes. With the control of the port, the airport, and the land crossings, the control of cash, or the amount of cash that they might have access to, might be compromised. In addition, there is a large question mark relating to the extent of the support that Iran is willing to give Hezbollah in this postwar situation. Hezbollah did not expect this war. The amount of money needed to rebuild lives is much more than they have, and is probably much more than Iran is willing to give them, and that, as the Ambassador just mentioned—initially they rushed out with checks and so on, but, since then, they have scaled back their promises, probably indicating the reality that the money needed is much more than they actually have access to.

Also, in terms of their deterrent role previously, vis-a-vis Iran, the effect of this war on their relationship with Iran is also a point of some interest and some questioning. At one level, their robust performance in the war gives pause and protects Iran to some degree. It gives pause to those, maybe, in this country or other places who might think of military operations against Iran. The recent war gives pause because one would think: "If Hezbollah could do this much, what could Iran do?" On the other hand, Hezbollah's missile system was supposed to be a deterrent in case Iran was much more directly attacked or under threat. That deterrent was, in a sense, wasted in a side war, or in a proxy war. So, the future

of that relationship, although solid, might be open to some questioning regarding the extent of money that might be available.

Politically, within the country, Hezbollah faces a much more difficult position than it did before. Up to the year 2000, of course, Hezbollah was very much supported within the country as resisting an Israeli occupation that largely ended in the year 2000. Between 2000 and 2006, the issue of Shebaa Farms was somewhat of a fig-leaf that kept Hezbollah somewhat afloat. Syria ran the country, so they could keep them afloat throughout that period. But, most importantly, up until July of 2006, Hezbollah and its leadership did not, in effect, do anything that jeopardized, in a major way, the security of their own community, or, in fact, the overall security and well-being of Lebanon. They were effective, in the '90s, getting Israel out of Lebanon, and people saw that as a very positive move. So, this is the first time that an action they have taken has really come to contradict Lebanese interests, and particularly their own community's interests. It also very much undermines the logic that they used to put forward before July, that their arms would help to protect Lebanon, or that their separate existence from the state would protect Lebanon from any Israeli retaliation.

So, despite their popularity in the region, and their robust and somewhat heroic performance in the resistance, they do face a very difficult political future, in terms of justifying their existence as they were before 2006.

What's likely to happen, in my view, is somewhat of a wait-and-see situation. And this relates largely to Iran and Syria and regional balances of power. For the time being, they're laying low, as are Syria and Iran, with respect to 1701. They have accepted 1701. They have told Kofi Annan that they will support 1701. But, as we all know, the major confrontation in the region relates to Iran. It neither relates to Hezbollah, nor to any other player. And it's the future of that general set of relations, regional and international, which will tell us, 6 months or a year from now, what is the balance of power in the region. Will Iran and Syria be resurgent? Will they then begin to challenge 1701 at a later date? For the time being, they are not. In effect, they are being very positive about it.

I think what's crucial, some of the smaller elements relating towards moving towards decommissioning Hezbollah, is making progress on two issues that are mentioned in 1701. One of those issues is the situation of the Shebaa Farms. The Shebaa Farms, maybe, is strategically not very significant, but, as a political fig-leaf, has been very significant. Shebaa Farms is a contested area between Lebanon and Syria, but, in any case, it is certainly not Israeli territory. And 1701 has a mechanism for dealing with that. The return of Shebaa Farms at least to U.N. auspices and UNIFIL auspices, would remove one of the figleaves or remove one of the issues that could help moving towards decommissioning.

The second issue is also mentioned in 1701, Lebanese captives with Israel, which is mentioned, and should be addressed.

These are two things that could serve to help the Lebanese deal with some of the issues that are being raised by Hezbollah.

In addition, Hezbollah, as the main party representing the Shi'ites of Lebanon, credibly has said in the past, "Look, the Lebanese state did not protect you in the south. We can. The Lebanese state

did not deliver services. We can. The Lebanese state is not allowing you enough of a role in decisionmaking and so on. We can.”

So, there are a lot of challenges, on the Lebanese army and on the Lebanese political system and on the Lebanese state, to try to answer some of those complaints of the Shi'ite community, or some among the Shi'ite community, which justify, perhaps falsely, the existence of an independent group such as Hezbollah.

We're in a situation in which, on the one hand, 1701 is putting the squeeze on arms and cash and so on, on Hezbollah, but, at the same time, we have to wean away supporters of Hezbollah as a political party within the Lebanese system. And they do have serious concerns, and this will mean a much more serious approach to security and defending the borders from the Lebanese army, and a much more serious approach to political reform and building a state that has much less corruption, much less confessionism than was the case previously.

Finally, in terms of the international community, and particularly the United States, certainly what the Ambassador has mentioned, in terms of supporting reconstruction, I think that, in a sense, goes without saying, and I support everything that the Ambassador mentioned. But the United States is most important as a political mobilizer and a political superpower. 1701 is most threatened to unravel from regional powers. A despondent Israel upset about its loss of military prestige, which is an immense issue within Israel today, could, in the foreseeable future, look ways to reassert its prestige. Hezbollah humiliated Israel's land forces to some degree. It's very important that at no time in the next year or two any operations from the Israeli side erupt; and that's something the United States certainly should be engaged in.

Syria is in a very, very tense state. They have been forced to withdraw from Lebanon. They did take a blow in the last war. They are under investigation for the assassination of Hariri in the U.N. investigation. And they feel that they are, in general, targeted by an administration that considers them a player in the "Axis of Evil." A cornered Syria could do immense damage, as it has in the past.

However, Syria, even throughout this crisis, has continued to indicate its interest in the Golan Heights, and there's been a bit of movement on that front. And I think it's imperative that the United States take a leading role in trying to get some motion back into at least that side of the peace process. Dancing doesn't always have to always lead to marriage, but dancing can create relationships, and can massage a situation in a very tense standoff.

Finally, most of the chips reside with the confrontation in Iran. A military confrontation with Iran will include Lebanon. And Lebanon absolutely would not survive a military confrontation with Iran. Hence, Lebanon's security, and 1701 and its chances, rely on a similarly robust approach to multilateral tough diplomacy vis a vis Iran. Some elements of that are in play right now in the negotiations with Iran, but what we might take from 1701 is the possibility of achieving important objectives through multilateral diplomacy and avoiding the carnage of war, which Lebanon would suffer from, definitely, if it happens with Iran.

Finally, Lebanon is a confrontation state in the Arab/Israeli conflict. It's no surprise that Lebanon is in the midst of a war. It might recur again at a time when there are ongoing wars with the Palestinians, confrontation with Syria, confrontation with Iran, confrontation with Lebanon. There is not enough that can be said about the need to build on 1701 by also getting very, very vigorous movement back into the Arab-Israeli. The Arabs have made their position clear, including Syria, that they do want normalization and peace with Israel, on reasonable grounds that have already been expressed by the United Nations. It is important for the United States to be seen—after it was seen as supporting this war—as taking the lead in trying to create peace. Even if peace is not achieved, trying counts for something and, I think, trying would help bring a sense of stability in the region, and would allow the United States not to be the target of hostility, and to be able to play a stabilizing role in a very, very unsettled situation.

Thank you.

[The prepared statement of Dr. Salem follows:]

PREPARED STATEMENT OF DR. PAUL SALEM

LEBANON: BUILDING ON UN RESOLUTION 1701

The events of the past two months have demonstrated the power of diplomacy to create the conditions of stability and peace from the wreckage of war. Lebanon is reeling from one of the most destructive wars in its history; with over 1,200 dead, 160,000 housing units damaged or destroyed, along with thousands of businesses, hundreds of roads, and over 80 essential bridges, losses to the economy are estimated conservatively at above 30% of GDP—and this in a country that is already carrying a debt amounting to 180% of its GDP. Yet, through the efforts of the Lebanese government and the international community, the war was brought to a negotiated end through UN Resolution 1701 that lays the foundation for lasting security and stability in and around Lebanon. 1701 provides a great opportunity to consolidate a secure, democratic and prosperous Lebanon; it also beckons the United States and the international community to build on this success by renewing their efforts to bring the long-standing Arab-Israeli conflict to a negotiated end.

Lebanon today stands on the threshold of a new era. After the devastation of war, comes the opportunity to secure its borders, reform its democratic institutions, and relaunch its once dynamic economy. The challenges before the Lebanese government are numerous.

At the security level, the deployment of the Lebanese armed forces—with essential support from the UNIFIL—to reclaim control of the country's land, sea and air borders, puts back in place the essential cornerstone of Lebanese statehood and reverses the reality of four decades in which the state did not control the borders. The Lebanese government must consolidate this move by continuing to strengthen the armed forces and maintaining the national political support and will that is essential to their success. Securing Lebanon's borders from outside interference helps secure Lebanon's internal unity; and that unity, in turn, stabilizes the country and contributes to the stability of the region.

The government still faces a challenge in securing the other cornerstone of statehood, which is a monopoly on armed force. The disarmament of all non-governmental armed groups in Lebanon is a basic tenet of the Taif Agreement of 1989 on which Lebanon's post civil war consensus has been built; it was also reiterated in resolutions 1559 and 1701. The disarmament of the remaining militias in Lebanon—Hezbollah and the armed Palestinian groups—was high on the agenda of the National Dialogue meetings that were taking place in Lebanon until this past June. Agreement was reached on disarming Palestinian groups that are situated outside the Palestinian camps, but talks broke down before agreement could be reached on the full disarmament of Palestinian groups or Hezbollah.

The decommissioning of Hezbollah, like the decommissioning of the IRA, is possible but is also a complicated and mainly political challenge. Hezbollah is the principal party of the Shiite community in Lebanon and is represented in Parliament and government, and as a political party raises valid points about defense of the

south, the effectiveness of the state, foreign policy, social justice and welfare, and the share of the Shiite community in government. While weaning Hezbollah away from its military role and its over-dependence on Iran, the government must answer some of the concerns of the community Hezbollah represents through beefing up the Lebanese army so it can truly promise defense and security to the long-suffering inhabitants of south Lebanon, and through wider partnership of the Shiite community in government, and a more efficient and less corrupt state which can deliver development beyond Beirut, and prosperity beyond the upper middle class.

The challenge is to consolidate security by moving ahead with urgently needed political reforms. These would include the passage of a new electoral law (a draft of which was already presented in June by the government's own-appointed National Electoral Commission), the passage of a new administrative decentralization law, the consolidation of the constitutional court and the judiciary, as well as serious initiatives to increase efficiency in the civil service and combat political and bureaucratic corruption. It would also include reaching out to the Shiite community, in this hour of their greatest distress, as full partners in government, within the parameters of this reborn sovereign, independent and united Lebanon.

Prime Minister Fouad Siniora and speaker of Parliament Nabih Berri have declared their commitment to this process; these words must be turned into deeds in government and in Parliament.

In terms of relief, reconstruction and economic revival, the challenges are clear and urgent. Although it was slow in providing immediate relief, the government has moved quickly in assessing the massive damages, clearing away rubble, rebuilding roads and bridges, and setting up a mechanism to provide assistance for citizens to rebuild homes and businesses, and organizing aid. The Arab and international community, including the United States, has been extremely generous in extending reconstruction aid to Lebanon. The challenge before the government is managing reconstruction quickly and efficiently, and avoiding the waste and corruption that plagued the post civil war reconstruction process in the 1990s. In terms of reviving the economy, Lebanon does not need aid, it simply needs the renewal of faith in Lebanon from among investors, businesses and tourists. This faith was coming back quickly before this latest war; it can be recaptured again.

Beyond Lebanon, the U.S. and the international community have an interest to stand behind the full and robust implementation of Resolution 1701: in supporting the Lebanese state, the Lebanese armed forces, UNIFIL, and the reconstruction process. More importantly, the international community must guard against the unraveling of 1701 by trying to ensure that none of Lebanon's neighbors—all of whom have accepted 1701—act to break it. A despondent Israel, concerned about its army's loss of prestige, should be dissuaded from launching any further attacks simply to reassert its superiority. A cornered Syrian government, fearful of its loss of influence and an ongoing U.N. investigation, should be coaxed on the road to peace not war. And regarding Iran, regional stability would be better served through strong multilateral diplomacy to deal with Iran's nuclear ambitions, rather than war.

A stable and peaceful Lebanon can contribute to a stable and peaceful region; but an explosive region will sooner or later come back to destroy Lebanon. Resolution 1701 is an important building block for peace in the region; but it must be buttressed by further negotiations and further agreements in the region. The Arab countries unanimously declared their commitment to full peace with Israel in the Beirut summit of 2002. Syria, even today, has indicated its interest in peace in exchange for its occupied land in the Golan.

Making peace will not be, and never is easy; but waging perpetual war is not a viable alternative. It is my view that the United States and the international community should build on the momentum of 1701 and should bring their immense capacities and resources to bear—not on waging another war—but on building a formidable alliance to bring about a negotiated, just and lasting end to the Arab-Israeli conflict.

That objective is within our reach. Lebanon needs it; the region needs it; the world needs it. The bible says, Blessed are the Peacemakers. Indeed, let all men and women of good faith, in this august Senate and in this nation, turn their energies to building peace. Let us restart this century anew; not as a century of conflict and war, as the perpetrators of September 11 wanted it, but as a century of peace and prosperity, as all good people of the world—Arab and American—Muslim, Christian and Jew—want it.

SQUARING THE CIRCLE: DOMESTIC POLITICS
AND REGIONAL SECURITY IN POST-1701 LEBANON

BY PAUL SALEM¹

Wars rarely proceed as expected; proxy wars are no exception. Hezbollah's raid on July 12, backed by Iran, was apparently intended to entangle Israel in a limited skirmish on its northern border and a drawn out prisoner exchange at a time when Iran was facing mounting pressure over its nuclear issue. Israel, backed by the U.S., responded with a large scale war aiming to deliver a knock out blow to Hezbollah in order to eliminate any missile threat on northern Israel, weaken Iran in any upcoming showdown, and eliminate what the U.S. considered a major opponent in the War on Terror. The U.S. also hoped to give a boost to the Lebanese government which they considered a friend and a potential democratic success story. Following the law of unintended consequences, events in this war did not develop as any of the parties expected: Hezbollah got a full scale war, in which it achieved some almost unexpected battlefield victories as well as massive popularity in the Arab and Islamic world, but which also left its constituency devastated and its tactical and political options compromised; Israel unleashed massive air power on Hezbollah strongholds and Shiite towns and neighborhoods but could not knock out Hezbollah, nor stop its missile attacks on northern Israel—even Israel's ground invasion suffered serious reverses that punched holes in the IDF's aura of invincibility. From the Iranian perspective, it could claim part of Hezbollah's popular victory in the Arab and Islamic world, and Hezbollah's robust performance served to give pause to those who might think that military action against Iran would go as planned; on the other hand, the war wasted much of the deterrent power that Iran had vested in Hezbollah for Iran's own hour of need. From the U.S. perspective, although the war did degrade Hezbollah's capacities, it failed to knock out Hezbollah, drove Arab and Islamic public opinion further against the U.S., and weakened an already fragile Lebanon.

Nevertheless, the belated ending to this devastating war, based on UNSCR 1701, provides a foundation for moving beyond the crisis and a framework for new political and security realities in Lebanon and the region that could serve to help rebuild what has been destroyed and create a stable and secure Lebanon that, in turn, would serve to promote the interests of regional peace.

Gaining Perspective

For those unfamiliar with Lebanon's makeup, it is a parliamentary democracy in which power is shared among the various confessional communities. The constitution dates back to 1926 and was modeled after participatory government practices that dated back to 1862. The last major amendments to the Constitution were undertaken in 1990 to incorporate changes agreed upon in the Document of National Understanding, known as the Taif Agreement, that was reached in 1989 and provided the basis for the ending of the civil war that had erupted in 1975. Members of Parliament are elected to seats that are reserved on a fixed confessional basis with equal representation for Christians and Muslims. Parliament elects its Speaker, who must be a Shiite Muslim, a President, who must be a Maronite Christian, and (through the President) names a Prime Minister, who must be a Sunni Muslim. Seats in the Council of Ministers are again balanced on a confessional basis as are most high posts in the civil and armed services. Syrian troops which had entered Lebanon in 1976 and were supposed to start withdrawing in 1992, according to the Taif Agreement, actually expanded their deployment in Lebanon in 1990 and ended up controlling the country between 1990 and 2005. During that period, they dominated the government, interfering in elections, naming presidents and prime ministers, and determining major government policies and decisions.

The change in rule in Syria, with the death of Hafiz al Assad in the Summer of 2000 and the accession of his son Bashshar, followed by September 11 and the U.S. invasions of Afghanistan and Iraq, changed Lebanon's political environment. Bashshar al Assad could not find his father's middle path within the U.S.'s new "With Us Or Against Us" foreign policy, and international toleration of Syria's control of Lebanon came to an end. International polarization generated polarization within Lebanon, with Prime Minister Rafiq Hariri, Druze leader Walid Junblat, and a number of leading Maronite leaders forming a pro-Western anti-Syrian coalition, and President Emile Lahoud, Hezbollah and a number of smaller parties forming a pro-Syrian coalition. General Michel Aoun, a prominent Maronite leader, who started in the former coalition, eventually drifted closer to the latter. Hariri's assass-

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sination in February of 2005 triggered the massive demonstrations of March 14 that were followed by a Syrian withdrawal. The anti-Syrian coalition, known henceforth as the March 14 Coalition, hoped that the Syrian withdrawal would enable the removal of Lahoud and the weakening of Hezbollah. This did not happen, and the March 14 coalition settled into an uneasy stalemate with the pro-Syrian coalition, itself dubbed the March 8 coalition after the date of a large rally organized by them on that day.

Hezbollah was established in Lebanon in the wake of the 1979 Islamic Revolution in Iran and the Israeli invasion of Lebanon in 1982. It capitalized on the earlier Movement of the Deprived (organized later as the Amal Movement) that had been established by Imam Musa Sadr, a charismatic cleric who had mobilized the Shiite community to agitate against decades of socio-economic and political marginalization and resist Israeli aggression in South Lebanon. He disappeared while on a visit to Libya in 1978. In the 1980s Hezbollah mirrored quite directly the radical ideology of the Islamic Revolution, calling for an Islamic Republic in Lebanon and prosecuting an active war against U.S. and Western interests in Lebanon. In the 1990s, reflecting a more pragmatic turn in Tehran and adjusting to the realities of Lebanon, Hezbollah joined the Lebanese political system through parliamentary and local elections, wound down its direct activities against U.S. and Western interests, and developed a focus as a guerrilla resistance movement against Israeli occupation of South Lebanon. With the withdrawal of Israeli troops in May of 2000, Hezbollah claimed a historic victory, but had to find new justification for its continued carrying of arms: this was pinned on the issue of Shebaa Farms (a strip of land on Mount Hermon seized by Israel from Syria in 1967, but claimed by Lebanon and Syria to be Lebanese territory) and Lebanese captives in Israeli jails. With the assassination of Hariri and the withdrawal of Syrian troops in April 2005, Hezbollah now found itself in the forefront of Lebanese politics, leading an anti-Western coalition against the anti-Syrian coalition led by the Hariri camp.

From the time of his appointment as Prime Minister in 1992, the agenda of Rafiq Hariri largely conflicted with that of Hezbollah. Hariri came to power on an agenda of reconstruction and economic development that relied on stability and calm to attract Lebanese, Arab and foreign investment. He believed that Israel's occupation of South Lebanon could be resolved diplomatically, while Hezbollah pursued the armed resistance option. Each time Hezbollah's resistance provoked a large Israeli retaliation, such as in 1993 and 1996, Hariri's development plans were set back several years. The failure of the international community to resolve the Israeli occupation diplomatically fatally wounded Hariri's efforts. His recovery project foundered, and his faith in diplomatic solutions to the South was belied by events, and he was essentially driven out of office in 1998 with Hezbollah in the ascendant and a new hard-line president, Emile Lahoud, in office.

When Israel finally did withdraw from Lebanon in May 2000, it was chalked up as a victory for the Resistance not state diplomacy. After his comeback in the 2000 elections, Hariri returned to the Prime Minister's office, but now in an uneasy relationship with the new rule of Bashshar al Assad in Syria, and in a balancing act with President Lahoud, Hezbollah and a number of other parties. Strong voices were raised at the time arguing that, with the Israeli withdrawal, it was time for Hezbollah to be decommissioned. However, Syria, as the dominant power over Lebanon, blocked these demands and continued to protect and promote an armed Hezbollah under the logic of liberating Shebaa Farms and providing a deterrent against potential Israeli attack. In many ways, the war of 2006 was a result of what was not addressed in 2000.

Finally, a few words on the Syrian-Iranian relationship in Lebanon. Syria and Iran had initially come to proxy blows in the 1980s with the ascendancy of Iranian Hezbollah at the expense of the Syrian-backed Amal movement, with a number of pitched battles being fought between the two groups. A distribution of roles was eventually worked out with Amal shrinking as an armed group and Amal leader Nabih Berri assuming the post of Speaker of Parliament as of 1992, and Hezbollah largely taking over the military arena. Syrian-Iranian cooperation in supporting Hezbollah proceeded relatively smoothly throughout the 1992-2005 period, with Iran providing most of the finances, training and arms, and Syria providing the conduits and cover and managing the Lebanese politics of the situation. With the Syrian withdrawal in 2005 and Syria's increasing regional and international isolation over the investigation of the Hariri assassination, Iran moved to take a more direct role in Lebanon, essentially supplanting Syria as Hezbollah's supervisor in the Lebanese arena.

On the eve of the war, Lebanon was in a situation of political stalemate. The government led by Prime Minister Fouad Siniora, made up largely of members of the March 14 coalition, also included members of Amal and Hezbollah who could effec-

tively veto key decisions they disagreed with. In the country, the March 14 coalition led by Rafiq Hariri's son, Saad, and Walid Junblat, was counterbalanced by a coalition including Hezbollah, Michel Aoun, President Lahoud and a number of other parties. President Lahoud was serving out his term to the autumn of 2007, the government could not push through key economic reforms, and the state coexisted alongside the independent power of Hezbollah.

The Politics Of War

In the early days of the war, the government issued a statement critical of Hezbollah for undertaking the provocative raid of July 12 and triggering the war and for arrogating to itself the power of making war and peace. The Amal and Hezbollah members of government expressed their "reservations" vis a vis the statement, but it was issued nonetheless. There were similar statements issued, conspicuously, by prominent Sunni states in the region, particularly Saudi Arabia, Egypt and Jordan. The initial days of the war saw internal tensions escalate dangerously. Many in the Hezbollah and March 8 camp suspected the March 14 camp to have colluded in encouraging the Israeli-American war against Hezbollah, and many in the March 14 group suspected that Hezbollah, backed by Syria and Iran, had triggered this war to bring about the destruction of Hariri's reconstructed Lebanon, bring down the government, and take over the rubble that would be left. These tensions were fueled further by the reality that most of the Israeli attacks were devastating Shiite areas, and by the conditions of high Sunni-Shii tension in the region, particularly in Iraq. Serious fears surfaced of Sunni-Shii unrest, particularly in Beirut where desperate and disgruntled Shiite refugees from the south were being housed in equally disgruntled Sunni neighborhoods.

Public opinion shifted however, when it became clear that Israel was not simply retaliating for the July 12 operation, but had launched an all out war on Hezbollah, and concomitantly, the Shiite community and other parts of the country; Hezbollah was thereafter seen as perhaps irresponsible for staging the July 12 attack, but the onus of blame shifted to Israel and the U.S. for prosecuting and prolonging such a widescale war. As the massive civilian toll of the war mounted, early anger at Hezbollah turned to fury at Israel and the U.S.

Reeling from the destructive effects of the war, and partly reflecting this shift in opinion, and partly to avert further Sunni-Shii escalation of tension, the government shifted gears itself and focused its efforts on securing a cease-fire. Stunned by the U.S.'s refusal early on to push for a quick cease-fire, the government presented its own cease-fire plan to the international community. The plan called for an immediate cessation of hostilities, an immediate Israeli withdrawal from any territory seized, return of refugees to their towns and villages, exchange of prisoners, deployment of the Lebanese army to the South, strengthening of the UNIFIL force in the South, revival of the 1949 Armistice Agreement between Lebanon and Israel, placing of Shebaa farms under U.N. custody, international aid to help rebuild the country, and the principle of decommissioning all non-state armed groups.

The eventual resolution, UNSCR 1701, that brought an end to the war in mid-August was built on the framework of the government's earlier proposal but went beyond it, with much more detail about a beefed up UNIFIL force and its role in the south and border points, and much more clarity about the obligation of the Lebanese state to extend its authority throughout the country and secure its borders and prevent the re-supply of weapons to Hezbollah or any other non-state actor. It did not include a mechanism for the immediate disarmament of Hezbollah, but reaffirmed the necessity of doing so.

Aftermath

The Lebanese emerged from the cease-fire initially preoccupied with the debate about who had won or lost the war. Hezbollah had rushed to declare what they called a "divine victory", citing their very survival, as well as their ability to continue firing missiles at Israel through the war and the ability of their fighters to inflict heavy losses on Israeli armor and ground troops in a number of engagements in the south as proof of their victory. Indeed, this was the first Arab-Israeli war that did not end in victory for Israel. And it was hailed as such around the Arab and Islamic world. The transparent confusion and demoralization of Israeli troops returning from south Lebanon, and the very public avowals of failure coming through the Israeli press, seemed to confirm Hezbollah's claims. Indeed, many of Hezbollah's battlefield victories had been real: they had found a way to protect their missile launching capacity from Israeli neutralization, and they had devised guerrilla defenses and tactics that could effectively slow down Israeli land advances and inflict heavy losses on them.

However, it was also clear that Lebanon, and particularly the Shia of Lebanon, had suffered enormous human and economic losses. With 1,200 people dead (almost a third of those children), four thousand wounded, one million displaced, 130,000 housing units damaged or destroyed, along with thousands of small businesses, 300 factories, 80 major and secondary bridges, hundreds of roads, and significant damage to a large number of schools and hospitals, as well as the country's electricity network, the airport and the environment, this war was the costliest Arab-Israeli war in Lebanon's history; much costlier than the 1996 and 1993 wars and more devastating even than the 1982 Israeli invasion of Lebanon. The initial cost was estimated at around 30% of the country's GDP. From a pre-war GDP of \$21 billion, costs amounted to about \$7 billion, which included \$3.6 billion in direct costs of damage to homes, business and infrastructure, and a further \$3-4 billion in lost revenue from a ruined tourist season, suspended trade, disrupted industry, and a devastated agriculture sector. In a country already suffering from a 180% debt/GDP burden and having just completed over a decade of laborious and costly reconstruction, this war dealt the country a staggering blow which it will take many years to recover from. The bulk of this destruction was concentrated in the mainly Shiite areas of south Lebanon and the southern suburbs of Beirut.

Hezbollah, as an organization, also had losses to tally, mainly tactical and political. It had given up control of the area south of the Litani to the Lebanese army and a beefed up UNIFIL, and agreed to Army control of the Lebanese-syrian border points against re-supply--both very significant concessions. With the devastation of Shiite areas, it also faced the reality that it could not put its constituency through another war in the immediate future and would have to concentrate on relief and reconstruction for the next two to three years at least. In more concrete terms, it had lost a number of its top fighters (estimates range from 300-600), exposed its strategies and tactics, and lost many of its medium and long range missiles. In addition, it found itself struggling to rework its arguments regarding its *raison d'être*. The argument it used before the war, that its arms helped deter Israel had proven incorrect, and Israel had been provoked instead. The argument that a non-state actor could defend Lebanon better because Israel would not retaliate on the country was also proven incorrect. The sense in the country that Nasrallah was careful enough not to expose Lebanon to a ruinous war—which had been more or less accurate up till July 12—was also lost. Even among the Shiite community, although support for Hezbollah and Nasrallah remained overwhelming, there was some grumbling that neither Iran nor Syria had come to their aid, and that the cost of this seemingly unnecessary war was ruinous.

However, Hezbollah also had strong arguments that it put forward. It had shown how an organized fighting force could effectively fight Israel and defend against another occupation of the South at a time when the Lebanese army showed neither the proclivity nor the ability to do so. It also showed how it could move quickly on relief and reconstruction work at a time when the state remained slow and lumbering. It could also say that Israel's war, which had ruined Lebanon, was openly backed by the U.S. administration, which the March 14 group claimed as their main friend and ally. It could also claim victory on the battlefield, and as such was in no mood to surrender its arms.

What Is To Be Done? — Lebanon:

This latest war presents a number of challenges to Lebanon as a state and a nation. Much will depend on what lessons are learned from the war, and what steps are taken to consolidate security, economic recovery, and political development.

At the security level the government must be firm and decisive in implementing the security provisions of 1701. It must continue to strengthen the army, the internal security forces, and the intelligence services to carry out these tasks. The deployment of the Army to the area South of the Litani has already gone smoothly and is not likely to falter because Hezbollah has conceded that area for the foreseeable future and might be itself be looking for a buffer to avoid getting into another unnecessary fight with Israel. The control of the border points along the Syrian border is a much more challenging task; Hezbollah conceded the point in principle, but is opposed to the deployment of UNIFIL troops along that border. Syria has also threatened that if UNIFIL troops are deployed on its border, it will close its borders with Lebanon, which would choke the Lebanese economy. The firm control of the airport and seaports are of equal importance. These are obviously crucial issues, because while Hezbollah is exhausted for the time being, if the borders and entry points are not controlled, Iran and Syria could channel huge amounts of cash and arms to the organization and build it back to its pre-war capacities within months. The Lebanese government has been sensitive to the risk of confrontation with Syria; it has deployed troops to control the border points and declared that it does not need

UNIFIL troop assistance but only technical assistance in terms of specialized border monitoring and control equipment and training. The security services have equally moved to secure the airport and sea ports. The approach outlined by the Lebanese government is a viable one, as the armed services have the capacity to control these entry points; the problem in the past has been the consistent will to do so. Finally, in the security area, the government must consolidate its authority over all Lebanese territory; this would include reclaiming security authority over the southern suburbs of Beirut and certain areas of the Biqaa Valley, which are still the preserve of Hezbollah. Surely, this should be done without confrontation, but it needs to be done nonetheless.

This leaves the question of the eventual disarmament or decommissioning of Hezbollah. Although this is not a point that is to be implemented in this current phase, it is an issue that was being discussed before the war erupted, and has now become much more relevant and pressing. If the Army secures the South and the border points, if there are no future Israeli attacks, and if Hezbollah is prevented from re-arming, its military *raison d'être* and future would be largely compromised, and it would be likelier to contemplate a profound change in its role and status in the country. A number of ideas have been floated ranging from straight disarmament, like other militias disarmed at the end of the Lebanese civil war, to integrating Hezbollah's forces under the state's authority within a national defense structure under the model of a Civil Defense League, or National Guard, or Boarder Defense Brigade or some such similar structure. This hurdle is a crucial one, but awaits the outcome of the proper implementation of 1701 first.

At the economic level, the challenges are clear and daunting. The government needs to act quickly in reconstructing what was destroyed, rebuilding tourist and investor confidence, and continuing to manage the country's precarious public debt situation. Headed by a Prime Minister who oversaw most of Lebanon's previous reconstruction and economic development, this government is well equipped to do so. The government has already outlined its reconstruction and compensation scheme, held an international short term aid conference (in Stockholm, August 31) and is organizing a longer-term international economic aid donor's meeting. Of course, the proof is in the implementation, and the government must remain vigilant that the reconstruction and recovery programs for blighted areas not succumb to slow-downs and corruption. The opportunity to prove the state's immediate relevance to inhabitants of these areas should not be wasted. While Hezbollah initially undertook to compensate and rebuild all damaged properties, it has since gone back on that promise apparently having underestimated the extent of the destruction and over-estimated the funds available to it. Interestingly, an Iranian delegation that visited the country after the war, pledged to channel its main aid through the Lebanese government, not Hezbollah.

At the political level, firm steps should also be undertaken to consolidate political unity and develop the country's political institutions. The government must move beyond its immediate concern with holding on to power and show that it can lead true political reform. This means a fuller implementation of the Taif Agreement. At a minimum, this means the passing of a new election draft bill, a version of which had already been prepared by the National Electoral Commission that the government itself appointed, and the passing of an administrative decentralization bill that is long overdue. The government enjoys a majority in Parliament which can then turn these bills into law. The government must also show that it is able to revive faith in the state by more effectively combating corruption and breathing life into the civil and armed services.

At a more immediate level, there are serious political divisions within the country that cannot be ignored; the government had been stalemated before the war, and is likely to continue to be so if these divisions are not addressed. A National Dialogue process had been put in place throughout the first half of 2006 that had brought together leaders of all communities; it made significant progress on a number of issues relating to Shebaa Farms, the Hariri investigation, and Palestinians in Lebanon, but bogged down on the issues of Hezbollah's arms and election of a new President. At a minimum this National Dialogue should be resumed. Hezbollah and Aoun are calling for the establishment of a government of National Unity in which they would have broader representation, but the government has declined, citing the confidence of Parliament that it still enjoys, and fearing that bringing the opposition into government so early on might paralyze its ability to fully implement 1701. Nevertheless, the government must find ways to meet the opposition part of the way, and to more fully consolidate national unity.

At a more fundamental level, important players have basic choices to make. The leadership of Hezbollah must re-assess its policies and status and decide, at some point soon, whether it wishes to fully integrate into the Lebanese state and assume

its role as a principal leader of the Shiite community of Lebanon within the Lebanese democratic state framework, or remain an independent extra-legal force with principal links to a foreign state, Iran. If the latter, the Shiite community in Lebanon also has important choices to make; do they really wish to support a “two-state solution” in Lebanon, or are they committed to a united and independent Lebanon? Different communities in Lebanon have gone through similar moments of truth: the Maronites allied with Israel to try to regain their power in Lebanon; the Sunnis and Druze relied on the PLO at one point to gain the upper hand in Lebanon; and everybody used—and was used by—the Syrians. In this regard, the Shiite community, as well as other communities, must realize that foreign alliances, taken too far, threaten national unity and the integrity of the state.

From another perspective, the mistake that was committed by the Maronites in past decades in overplaying their political hand and over-dominating the government, risks being repeated by leaders in the Sunni community. The Sunni community was, arguably, the largest beneficiary from the Taif Agreement as executive power was largely shifted from the Maronite presidency to the Sunni office of the Prime Minister. The Shiite community, which was very numerous and powerful at the end of the war, gained only marginal advantages in the Taif Agreement, which was, after all, negotiated in Saudi Arabia and mediated by three other Arab Sunni states. The benefits came almost exclusively in the legislative branch with enhanced powers for the Shiite Speaker of Parliament, including a role for Parliament in naming a Prime Minister. The executive branch, however, remained largely the preserve of a strengthened Sunni Prime Minister and a weakened Maronite President. Shiite proposals, such as having a Shiite Vice Presidency or establishing a bicameral legislative within a limited time frame were not approved. Even an unwritten understanding that the key post of Minister of Finance would be Shiite—such that government decrees which require financial outlay would have the signature of a Sunni Prime Minister, a Shiite Minister of Finance and a Maronite President—was dropped in 1992 when Hariri took office. At a time when the Shiite community is being asked to gradually wean itself off Hezbollah and Iran and integrate more fully into the Lebanese state, the community's complaints about how the post-Taif state has developed must be considered seriously. While the Syrians ran Lebanon, the main Shiite parties, allied to Syria, enjoyed widespread effective power both inside and outside the state; but with the Syrian withdrawal, their concerns have come back to the fore. At some point soon, progress must be made toward establishing a bicameral legislative where the lower house is free of confessional restriction of seats and in which the Shiite community can feel more fairly represented; in addition, the Council of Ministers, as the heart of the executive branch, must be revamped with its own internal bylaws (which it now lacks) and a broader sense of partnership among major communities. It will not do, in the long term, to argue—like the Maronites complained in the past that they could not share more power with the Sunnis because they were too close to Gamal Abdel Nasser or the PLO—that more power cannot be shared with the Shiites because they are too close to Iran or Syria: as they feel a wider stake in the state, they, like others before them, will and should reduce their reliance on outside players. The horse must be put in front; the cart will follow.

What Is To Be Done? — The U.S. and The Arab and International Community:

If the Lebanese government is to achieve its goals, it will require strong and consistent support from the international community.

At the security level, the international community must compliment its support for a beefed up UNIFIL with serious technical, training and materiel support for the Lebanese armed forces and security services. The international community must also understand Lebanon's own security concerns and help Lebanon implement 1701 without triggering new external or internal conflicts. This will require serious consideration of how to fully secure the border points without triggering a conflict with Syria, and how to move gradually toward decommissioning of Hezbollah without triggering civil war.

At the economic level, the need for Arab and international assistance is clear and has already taken off. This should obviously be complimented by strong encouragement for businesses and firms to reinvest in the country.

At the political level, the international community should be careful not to break Lebanon as it tries to fix it. It should realize that Lebanon's stability and independence is best secured through its political unity, and that pushing the country too far, one way or another, exacerbates internal divisions and can lead to the opposite effect. Attempts to push Lebanon into the Baghdad Pact in 1958 led to civil war; similarly, the U.S.'s “With Us or Against Us” Foreign Policy puts exceptional strain on the Lebanese polity. The international community should stand by the govern-

ment, pushing it and supporting it at the same time; but also listening closely to its concerns and its readings of the internal and regional situations. The international community should also encourage the government to undertake overdue political reforms and to work toward reinforcing national unity.

Perhaps most importantly, the international community must help protect 1701 from forces that could derail it: a despondent Israel, eager to redress its loss of military prestige, could renew attacks against Hezbollah and Lebanon under the rubric of "defensive operations" and/or the U.S.-championed "war on terror." This would destroy the accomplishments of 1701, destabilize the Lebanese state, and vindicate the arguments of Hezbollah. The U.S. must use its influence with Israel to prevent such activity.

The Syrian regime has been pushed out of Lebanon, threatened by members of the U.S. administration, and is under investigation for Hariri's assassination; in his angry speech after the end of the latest war, Bashshar al Assad lashed out at the March 14 group and other Arab leaders, but also pointedly concluded that his objective was the return of the Golan heights. An intensely cornered Syria can find many ways to destabilize Lebanon. Now is as good a time as any to revive Syrian-Israeli peace talks that almost bore fruit in the mid-1990s.

Finally, how the U.S. and the international community deals with Iran's nuclear ambitions will impact directly on Lebanon: if war is launched on Iran, there is little doubt that Israel and Hezbollah will be involved in it, and Lebanon would end up in complete and final ruin. Only if a political settlement is reached, can Lebanon hope to escape being engulfed in another war. Lebanon has no stake in Iran being, or not being, a nuclear power; however, how the outcome is achieved is of immediate relevance to Lebanon.

Conclusion

The deployment of the Lebanese army and a beefed up UNIFIL to south Lebanon is a move of historical significance that reverses 37 years of Lebanese army absence from the sensitive Lebanese-Israeli border and neutralizes Hezbollah's main zone of operations; the control of ports and border points will also prevent rearmament of Hezbollah and will strengthen the state's hand in developing a monopoly on military power. However, the building of a strong and stable Lebanon and the eventual de-commissioning of Hezbollah is a complex and delicate political process that requires regional and international help. The Arab and international community must help Lebanon to rebuild and should appreciate the complexity of the Lebanese political process and be careful not to break Lebanon as they try to fix it. Squaring the domestic politics of Lebanon with the circle of regional and international tensions will not be easy; but Lebanon has emerged from complex and costly wars before.

Peace is built one step at a time. UNSCR 1701 does not fully satisfy any of the parties to it; yet it is an important building bloc toward stabilizing Lebanon, which in turn should open the way for taking further steps toward stability and peace in Lebanon and the region. The latest war was a symptom of wider and deeper conflicts in the region; let us hope that the treatment of this symptom will encourage the regional and international community to treat the wider and deeper causes.

The CHAIRMAN. Well, thank you very much, Director Salem.

I appreciate the extraordinary testimony both you and Ambassador Pascual have given.

Let me just say that we're going to run into the roll-call vote, but I want to give as much time as possible to our final witness. I'm going to put a time of 12 minutes on the clock, so that you, sort of, see how it's moving. That will take us into the roll-call vote, but it will also give me a few minutes to get to the floor to do my duty.

Would you please proceed, Professor?

STATEMENT OF AUGUSTUS RICHARD NORTON, PROFESSOR OF INTERNATIONAL RELATIONS AND ANTHROPOLOGY, BOSTON UNIVERSITY, BOSTON, MASSACHUSETTS

Dr. NORTON. Thank you, Senator Lugar. It's an honor to be sitting here in front of you.

The 2006 Israel/Lebanon war will be remembered for the momentous miscalculation of Hezbollah, which tried to stretch the rules

of the game, with disastrous results, and for the failure of Israel to defeat its protagonist.

Israel calculated that it could turn southern Lebanon into a killing box devoid of civilians, where it could then defeat Hezbollah in detail. Instead, the area was turned into a humanitarian disaster zone, where Hezbollah was well-prepared to confront the technically superior Israeli army.

When the war began, neither Israel nor its American protector even considered a serious role for United Nations peacekeepers. After 34 days of war, a war which was allowed to go on far too long, in my view, with civilian deaths rapidly growing, especially in Lebanon, where over 1200 innocent people died, compared to 41 in Israel, and the international clamor for a cease-fire growing, the prospect of a robust U.N. force for south Lebanon became very attractive. Unfortunately, I believe that we could have reached that point far earlier, had U.S. diplomacy been conducted differently.

There was, between Hezbollah and Israel, a kind of security system operating. There's been a lot of uninformed commentary about the nature of the conflict in south Lebanon from 2000 to 2006. In fact, that border was largely quiet. One Israeli civilian was killed by Hezbollah fire during that 6-year period. A total of 17 Israeli soldiers were killed during that period; however, most of them were killed in the occupied Golan Heights. So, basically, this was a situation which was not perfect, and certainly there was Hezbollah harassment of Israel, but, nonetheless, compared to the previous years of occupation, it was a reasonably quiet period. There were about 10 incidents of Katyushas being fired across the border. According to Israel officials, generals and others, almost all of those incidents were the responsibility of Palestinian groups, not of Hezbollah. So, even if Hezbollah survives in some way as a militia apparatus in Lebanon, at least, if the past is any instruction, there's a possibility of re-erecting some kind of effective security system.

The outcome, in many ways, of this war, it seems to me, was foreseeable from the very beginning, and, certainly, careful analysts foresaw it from the very beginning: namely, that Hezbollah would retain a strong base. It's true, as other witnesses have indicated, that debates have been unleashed in Lebanon concerning Hezbollah's viability as a political player and so on; but, nonetheless, the core constituency has been sustained. Why? One of the reasons is, Senator, there are two security problems. Israel has a legitimate security problem, but the people of Lebanon have a legitimate security problem, as well. Upwards of 20,000 people have been killed in Lebanon by Israel over the last quarter century. Many thousands of those have been civilians. Unless the new robust UNIFIL can provide security, then Hezbollah is going to have a rationale. It's clear to me, from reading the rules of engagement, which are extensive and very carefully drafted, some 22 pages—I don't want to go into detail, on the record, for a variety of reasons—but, in any case, on the basis of reading those, it's clear that this is going to be a very professional force, but a force that has no intention whatsoever of attempting to effect the disarmament of Hezbollah.

In effect, what's going to be at play in this UNIFIL zone is a don't-ask/don't-tell policy, vis-a-vis Hezbollah. In other words, people are not going to go searching for their weapons, and Hezbollah's not going to display them ostentatiously.

That does not point to a route towards disarmament, it points to a kind of freezing of the situation. This is what U.N. peacekeeping forces do best, they freeze the situation. And, in that regard, I certainly would associate myself with my colleagues, and with the optimistic hopes of Secretary Welch, that we could see an active diplomatic project to basically take advantage of that freezing of the situation.

From the standpoint of the Lebanese army, they have been sent to the south to, quote, "work in cooperation"—in fact, the Arabic word that's used is, precisely, "ta'awun," cooperation—"to work in cooperation with the resistance." This does not indicate a project of disarmament.

My long-term view—and I'll be brief here, Senator, because I know that your time is dwindling—but a long-term arrangement that makes sense, and the only one I can really think of that makes sense at this stage, is to work towards the integration of the militia apparatus of Hezbollah into the army. That raises all kinds of difficulties, in terms of command relationships and so on. Nonetheless, at least as a first step, to achieve that goal of integration, in principle, seems to me to be a very important direction to move in, because that would place the responsibility for that militia apparatus precisely in the hands of the Lebanese national government. Much more work would need to be done.

But I would like to end by underlining the point I made earlier. There are two security problems, an Israeli security problem and a Lebanese security problem. And we need to be very vigilant to be sure that both of these security problems are addressed if not solved. And that means that the United States Government must be very vigilant, in terms of supporting UNIFIL, even if UNIFIL has to act against Israel to ensure the security of Lebanon.

Thank you very much.

[The prepared statement of Dr. Norton follows:]

PREPARED STATEMENT OF AUGUSTUS RICHARD NORTON

The 2006 Israel-Lebanon war will be remembered for the momentous miscalculation of Hezbollah, which tried to stretch the "rules of the game" with disastrous results, and for the failure of Israel to defeat its protagonist. Israel calculated that it could turn southern Lebanon into a "killing box," devoid of civilians, where it could then defeat Hezbollah in detail. Instead, the area was turned into a humanitarian disaster zone where Hezbollah was well-prepared to confront the technically superior, but muscle-bound Israeli army.

When the war began, neither Israel nor its American protector even considered a serious role for United Nations peacekeepers. After 34 days of war, with civilian deaths rapidly growing (especially in Lebanon where over 1,200 innocent people died compared to 41 in Israel) and the international clamour for a cease-fire growing, the prospect of a "robust" UN force became very attractive.

1.

In May 2000, Israel unilaterally withdrew from Lebanon after facing unrelenting pressure from a resistance led by Hezbollah. Hezbollah began after Israel's 1982 invasion of Lebanon as a child of the Iranian "Islamic revolution." If Iran was the mother of Hezbollah, Israel was its stepfather because Israel's two-decades long occupation fostered and honed Hezbollah.

Beginning in the 1990s, "rules of the game" developed between Hezbollah and Israel. These rules provided that both sides would avoid attacking civilians and restrict their activities to clearly defined areas, especially the Israeli-occupied Golan Heights. While the Golan Heights is Syrian territory, a small pocket of the land is claimed as occupied Lebanese territory.

On July 12, 2006, Hezbollah tried to stretch the rules by capturing two soldiers on Israeli soil. Hezbollah hoped to use the captives to bargain for three Lebanese prisoners held by Israel, but the government instead chose to exploit the provocation as a *casus belli* and to launch a war to eliminate Hezbollah as an effective militia adversary of Israel. In point of fact, the Israeli army had been chomping at the bit for a chance to settle scores with Hezbollah, and both Israel and the U.S. relished the opportunity to devastate a powerful proxy of Iran.

In the six year period that followed the end of the occupation, the Israeli-Lebanese border was quieter than it had been for the past thirty years. One Israeli civilian was killed by Hezbollah during this period, a victim of a falling anti-aircraft round fired at Israeli jets violating Lebanese air space. A total of 17 Israeli soldiers died, most either in Lebanon or on the Israeli-occupied Golan Heights. There were about ten incidents of Katyusha rockets fired across the border into Israel or into Israeli territorial waters. Almost all of the incidents were attributed by Israeli officials to Palestinian groups, not to Hezbollah.

Thus, while the border was hardly tranquil, it was far calmer than even Israeli generals thought it would be when they left Lebanon in May 2000. Of course, it was Hezbollah's error to presume that Israel was either satisfied with the status quo or sanguine about the impressive arsenal of rockets pointed towards Israel from Lebanon.

2.

The United Nations Security Council resolution that won a cease-fire in the Israel-Hezbollah war envisages the buttressing of the existing peacekeeping force in southern Lebanon. The United Nations Interim Force in Lebanon (UNIFIL) had been allowed (indeed, actively encouraged by the U.S.) to dwindle to a skeleton force of 2,000 peacekeepers, but resolution 1701 provides for a dramatic expansion of the force to as many as 15,000 troops. Contingents have been offered by Malaysia, Bangladesh and Indonesia, all nations that refuse diplomatic relations with Israel, but the core intent of resolution is to bolster UNIFIL with significant European force contributions.

One of the telling successes of Hezbollah is that it has acquired such a fierce reputation for its tough toe-to-toe battles with Israel in this summer's war that no sentient prime minister wished to send soldiers to do what Israel demonstrated it could not do. Even Turkish generals, whose army is no pushover, indicated that they were not enthusiastic about sending fighting units to Lebanon.

France initially balked at sending a sizable contingent to Lebanon, and resolution 1701 seemed to be in jeopardy. However, after two weeks of careful discussions, mostly focused on the rules of engagement that define UNIFIL's behaviour, France, Italy and Spain stepped forward as major contributors. France will lead the force until the present French commanding general's assignment ends in early 2007, and command of the force will then pass to Italy.

3.

UNIFIL was first deployed in 1978. Its original mandate, largely crafted by the U.S., was to oversee the withdrawal of Israeli forces from Lebanon. Unlike today, when Hezbollah is seen as the culprit in Washington, President Jimmy Carter viewed Israel's 1978 invasion of Lebanon as an excessive and aggressive response to terrorism.

The area of operations for UNIFIL remains much the same today, namely Lebanon south of the Litani river. When it first deployed, UNIFIL instantly found itself faced with uncooperative belligerents. Palestinian militants, who then controlled much of southern Lebanon, insisted on maintaining positions in two large sectors, including one right in the middle of the UNIFIL zone.

Israel, too, undermined UNIFIL by refusing to allow it to fully deploy. In 1978, Israel handed control of a border enclave to a gang of Lebanese Army deserters. Israel dismissed UN protests pretending that it had no control over the "South Lebanon Army" of Major Sa'ad Haddad, which it paid, trained and directed.

In contrast to the Palestinian militants, who were an alien force disliked by many people in southern Lebanon, Hezbollah draws much of its membership from the local population. The Shiite party boasts strong local support in the region, as the Israelis discovered to their cost during their long occupation from 1982-2000.

After more than a month of bombardment, Hezbollah emerged with its support intact if not increased. Its impressive and rapid response to the needs of those whose homes and lives have been ravaged—mostly, but not all Shiite Muslims—has further consolidated its impressive base of support.

Outsiders often forget that the Lebanese have suffered tremendously under Israeli attacks for three decades, so one of the key tasks of UNIFIL is to insure that Lebanese civilians are permitted to peacefully return to and rebuild their devastated villages. If UNIFIL-plus cannot facilitate the restoration of the civilian population, then the next few months may only be an interlude in the 2006 war.

Given Hezbollah's broad base of support, and the fact that its Lebanese supporters see no other force that can thwart Israel should it decide to reignite the war, it is completely unrealistic that the new international contingents will succeed either in disarming Hezbollah or in diminishing its appeal. If UNIFIL is going to succeed, it will need the cooperation, not the animosity of Hezbollah. For its part, Hezbollah has declared its agreement any of its members found carrying arms may be detained and disarmed.

The major question is whether UNIFIL-plus will operate not only competently but fairly. The key to restoring stability to southern Lebanon is not only to see Hezbollah stand down, but also for the new force to avoid being seen as an instrument of Israeli influence or occupation.

The new force will probably total no more than 12,000 soldiers and sailors, not the 15,000 originally envisaged. It will be twice the size of UNIFIL at its earlier peak strength of 6,000. Even so, UNIFIL-plus will retain a major deficit that characterizes almost any international force, namely an endemic lack of local knowledge and language skills.

The introduction of as many as 15,000 Lebanese troops should help to mitigate this problem, especially since the UN force is to work side-by-side with the Lebanese army. Lebanese civilians have already welcomed their army, and Hezbollah has always treated the army with respect. While outgunned significantly by Israel, the Lebanese army is led by a professional officer corps and it is technically competent. Unfortunately, many of the Lebanese soldiers deployed to the South are poorly equipped, as reflected in requests to UNIFIL for basic supplies.

The Security Council resolution anticipates that the Lebanese soldiers will disarm Hezbollah. There is absolutely no possibility that this will happen. Many Lebanese soldiers applaud it for defending Lebanon, and the army has been ordered to work "in cooperation with the resistance."

It is popular sport in some circles to castigate the United Nations for its failures, but no peacekeeping force will be any more effective than the contributing countries allow it to be. Will governments permit their soldiers to protect Lebanese civilians from Israeli "defensive" attacks, or will soldiers be ordered to mount risky offensive operations against Hezbollah if they prove necessary? These are questions that are more likely to be answered by national governments than by UNIFIL commanders. If Israel or Hezbollah attempt to thwart the peacekeepers, the success of the force may turn on the willingness of European governments to accept casualties.

Careful thought has been given to creating parameters that minimize the risks of an escalation of violence. The rules of engagement (ROE) for UNIFIL have been crafted to insure that the force has the authority to meet armed challenges, if necessary, with deadly force. Equally important, the ROE specifically spell out the authority to use force to protect civilians, or humanitarian workers. The rules emphasize that when force is used it must be proportional to the threat, minimize the prospect for civilian casualties and represent the minimum level of force necessary to meet the challenge.

There is no question that in terms of troop strength, equipment, and mandate UNIFIL-plus represents a serious enhancement of the peacekeeping operation in southern Lebanon. When UNIFIL was first deployed, in 1978, there was a notable effort by French peacekeepers to forcefully execute their mandate, but after a few bloody clashes with Palestinian guerrillas, who then dominated parts of southern Lebanon, the will to use force subsided. Some UNIFIL contingents were even directed by their home governments not ever to fire their weapons, and in general the operational culture of UNIFIL included a reticence to use lethal force. Thus, the new ROE represent, in principle at least, the prospect for a more assertive operational posture.

Hezbollah commands broad support in southern Lebanon, and so long as the peacekeepers and the Shiite group maintain a "don't ask, don't tell" arrangement there are unlikely to be any concerted challenges of UNIFIL by Hezbollah. It remains to be seen whether efforts by the Lebanese government to stem the arms flow

to Hezbollah by more actively policing the Lebanese-Syrian border, as well as supplemental steps by the naval forces pledged to UNIFIL, curtail the arms flow to Hezbollah.

There is a greater likelihood that Israel may seek to intervene in the UNIFIL zone, perhaps to assassinate a Hezbollah official or to interdict a suspected movement of arms. Israel is also likely to strike in other parts of Lebanon against suspected arms shipments, or even alleged Hezbollah military targets. In the first few weeks of the cease-fire following the summer war, UN data indicates that most cease-fire violations were committed by Israel (the ratio was nearly 19:1). In the past, Israel brushed UNIFIL aside pretty much at will and it may be tempted to assert its right of self-defence to launch attacks in the U.N. zone.

Unless UNIFIL demonstrates firm resolve against both Hezbollah and Israel, it will quickly cede its credibility. The ROE define the military means for demonstrating resolve, but it is politics that will permit or restrict resolve. It is distressingly easy to imagine a situation in which the United States tolerates if not endorses Israeli actions that undermine, even jeopardize UNIFIL's operational credibility.

Putting UNIFIL on steroids will probably do no more than freeze the situation in southern Lebanon. That in itself is an accomplishment, given the intensity of the war of 2006, but the real work that needs to be done is diplomatic. The diplomatic work entails patiently rebuilding a stable security framework in southern Lebanon that recognizes that both Lebanon and Israel have legitimate security interests.

Peacekeepers do not solve crises, but they do stabilize crisis zones. The integration of Hezbollah's military apparatus into the Lebanese army should be a goal of diplomacy. This solution has been already suggested by Lebanese Prime Minister Fouad Siniora. The success of UNIFIL-plus will probably be measured by its ability to inspire confidence in both Israel and Lebanon that Hezbollah's independent militia role is a dangerous anachronism, but that confidence will not be born over night. The success or failure of the force will also be hostage to external developments, including conditions in the Arab-Israeli conflict, the success of international efforts to curtail the Iranian nuclear program and the fate of Iraq. In short, as much as the cease-fire in the summer war was overdue, the outcome of this experiment in more robust peacekeeping is uncertain.

The CHAIRMAN. Well, thank you very much, Professor.

Each of you has presented extremely complex dilemmas. As a matter of fact, the list that I've made as I've been jotting down the hazards of this is formidable. First of all, Ambassador Pascual dealt with a potential budget of \$5.1 billion, with a suggestion that the United States would contribute \$750 million, although it's not clear, you know, who contributes the rest. But then there is the prospect, which may be too pessimistic, that all the rebuilding proceeds, but then conflict again occurs, with re-destruction of that, while we're still in the process of reconstruction. In other words, in looking for some governance, some stability, you wish this could be a framework in which Lebanon is isolated for a while, and people have a chance to come back, get jobs, rebuild their homes and their airport; their tourism comes back, nobody touches them. But you're describing, at best, finally, Professor, a situation in which maybe there is a stalemate, or stability that comes from the fact that nobody decides to make an aggressive move, that Hezbollah is not really just armed, but, conceivably, in due course, that it integrates with a Lebanese army. That might have been the case, for instance, in Iraq, perhaps. But it wasn't. This is a concept that has not been weighed, it seems, by our Government, as yet, or by others. That's the value of these hearings, to bring forward important ideas as to how we're to deal with this.

With respect to Hezbollah, as you've suggested, Director Salem, perhaps its constituency has been affected, because it's a part of the hundreds of thousands of Lebanese who have been displaced or, as Ambassador Pascual has pointed out, are unemployed, some-

times without houses or adequate shelter and so forth. There must be a rebuilding process for this. But then, skeptics would be sanguine enough to say that there's a core group of Hezbollah that's not all that worried about reconstruction; they're not involved in the building business. And, as a matter of fact, maybe we will be successful in stopping an arms flow. Maybe Hezbollah won't have many arms left. But, on the other hand, the skeptics would say that you'd be surprised how much Hezbollah left and how resilient these folks are. As Professor Norton points out, Hezbollah is there and they're not disarmed. Overlaying all of this, as each of you noted, is Iran's role. What is the relationship of Iran, not just to the area, but to the United States? What's going to happen in the United Nations with regard to Iran's nuclear program? A nuclear-armed Iran would cast a shadow across the region.

You've been most thoughtful and generous in your papers and in your testimony. We're going to be thinking about this. The value of your testimony is evident, I think, to everyone who has been a part of this hearing, and we appreciate very much your coming and your preparation.

Dr. NORTON. Thank you, Senator.

The CHAIRMAN. So saying, we thank you, and we are adjourned. [Whereupon, at 12:20 p.m., the hearing was adjourned.]

APPENDIXES

Appendix I: U.S. Government Assistance to Lebanon

I. Lebanon Funding Planned and Reflected in CBJ.

A. FY 2006: \$39.6M ESF; \$.99M FMF; \$.693 IMET; \$1M NADR-HD; \$.18M INCLE—Total \$42.463M

B. FY 2007: \$35.5M ESF; \$4.8M FMF; \$.935M IMET; \$2M NADR-HD—Total \$43.235M (does not include the \$26.3M anticipated to support UNIFIL from the State Operations Contributions for International Peacekeeping Activities—CIPA.)

II. FY 2006 Lebanon Post Conflict USG Commitments (as per President's announcement of August 21.)

A. FY 2006 Funds Not Previously Allocated to Lebanon:

- \$68M IDFA—Identified as emergency relief to Lebanon.
- \$9.2M P.L. 480 Title I—Food for Progress
- \$.63M P.L. 480 Title II—Food Aid
- \$10M MRA—Identified as emergency humanitarian relief; includes \$7.3M in FY 2006 Emergency supplemental previously not allocated; \$1.6M from unexpected program recoveries and \$1M in previously allocated funds for the protection requirements of international and non-government partners.
- \$13.5M ERMA—Presidential Drawdown authorized August 21, 2006.
- \$2M IO&P—Reprogrammed to UN Mine Action Group from funds made available as a result of pariah state restrictions.
- \$2M DA—Reprogrammed from the Asia and Near East Bureau's FY 2006 Program Development and Learning objective.
- \$27.95M GWOT PKO—Previously identified for numerous CT activities as part of the FY 2005 Supplemental that were still pending final approval/notification.
- \$1.5M NADR-ATA—Programmed from the NADR-ATA NEA Regional allocation not previously identified for specific country programs.
- \$.059M IMET—Reprogrammed from the pool of end-of year funds identified to be excess to other country programs within the IMET program.
- \$2.723M FMF—Reprogrammed from Nepal, Argentina and ASPA restricted-countries.
- \$10.632M—DOD Section 1206 authority as part of a larger train and equip allocation.
- \$2.41M—These funds have yet to be identified to meet our overall reconstruction commitment.

B. FY 2006 Funds Previously Allocated to Lebanon Country Programs Re-Prioritized to GOL Post-Conflict Needs.

- Of the \$39.6M in ESF, \$14.07M is being reprogrammed to address reconstruction activities, impacting the Economic Growth, Democracy and Environment Strategic Objectives.
- Of the \$1M in NADR-HD, \$.42M is being reprogrammed to support specific demining activities related to post conflict reconstruction.

Appendix II: Lebanon—Stockholm Donors Meeting, 31 August 2006

NEW PLEDGES, TOTAL PLEDGES, FLASH APPEAL PLEDGES,
RECOVERY APPEAL PLEDGES ¹

Part I: ARAB FUND FOR ECONOMIC AND SOCIAL DEVELOPMENT through KOREA
(REPUBLIC OF); Part I continues on the following page.

DONOR	Amount pledged during meeting for Lebanon crisis Emergency (EMG) in USD <i>A</i>	Amount pledged during meeting for early recovery (REC) appeal in USD <i>B</i>	Amount pledged during meeting for Lebanon crisis EMG + REC (or unspecified) in USD <i>A + B + unspecified</i>	amount pledged during meeting for flash appeal in USD
Arab fund for economic and social development			\$ 112,000,000	\$ -
Australia			\$ 1,526,718	\$ -
Austria	\$ 510,204		\$ 510,204	\$ -
Belgium			\$ 3,826,531	\$ -
Brazil			\$ 500,000	\$ -
Bulgaria			\$ 127,551	\$ -
Canada			\$ -	\$ -
China			\$ 2,503,129	\$ -
Cyprus			\$ 100,000	\$ -
Czech Republic			\$ 281,000	\$ -
Denmark			\$ 512,821	\$ -
ECHO (European Commission)	\$ 38,265,306		\$ 38,265,306	\$ -
Egypt			\$ 6,000,000	\$ -
Estonia			\$ 25,510	\$ -
European Commission (non-ECHO)		\$ 53,571,429	\$ 53,571,429	\$ -
Finland			\$ 3,826,531	\$ -
France			\$ 8,928,571	\$ -
Germany			\$ 28,061,224	\$ -
Greece			\$ 3,188,776	\$ -
Iceland			\$ 340,000	\$ -
Ireland			\$ 1,275,510	\$ -
Italy			\$ 38,265,306	\$ -
Japan			\$ 5,000,000	\$ -
Korea (Republic of)			\$ 5,000,000	\$ -

¹Financial Tracking Service (FTS)/Tracking Global Humanitarian Aid Flows, fts@reliefweb.int; Data compiled by OCHA on the basis of verbal statements at meeting plus previous written reports from donors and implementing agencies.

Part I: Continued.

DONOR	TOTAL funding & pledges emergency incl. new*	Total funding & pledges directed at Flash Appeal incl. new*	OTHER DETAILS
Arab fund for economic social development			
Australia	\$ 6,249,224	\$ 3,761,047	
Austria	\$ 510,204		
Belgium			
Brazil			
Bulgaria			
Canada	\$ 18,148,511	\$ 4,206,507	
China			167 tons worth 20 mio RMB
Cyprus			
Czech Republic			
Denmark	\$ 4,154,426	\$ 2,537,972	
ECHO (European Commission)	\$ 99,706,796	\$ 9,301,710	
Egypt			
Estonia		\$ 40,760	
European Commission (ECHO)	\$ 13,819,095	\$ 13,819,095	10 mio gvt, 4 mio secu rule of law, 10 other activities
Finland	\$ 1,894,037	\$ 1,265,896	
France	\$ 10,460,387	\$ 5,102,040	
Germany	\$ 7,170,231	\$ 4,974,490	
Greece	\$ 2,520,824	\$ 328,940	
Iceland		\$ 180,000	
Ireland	\$ 1,648,549	\$ 631,986	
Italy	\$ 2,416,372	\$ 545,771	
Japan	\$ 2,000,000	\$ 2,000,000	3 mio + 2 for UNMAS
Korea (Republic of)			

Part II: KUWAIT through UNITED STATES; Part II continues on the following page.

	Amount pledged during meeting for Lebanon crisis Emergency (EMG) in USD <i>A</i>	Amount pledged during meeting for early recovery (REC) appeal in USD <i>B</i>	Amount pledged during meeting for Lebanon crisis EMG + REC (or unspecified) in USD <i>A+B+unspecified</i>	amount pledged during meeting for flash appeal in USD
Kuwait			\$ -	\$ -
Lithuania			\$ -	\$ -
Luxembourg			\$ 191,327	\$ -
Malta			\$ 30,612	\$ -
Netherlands			\$ 7,653,061	\$ -
New Zealand			\$ 462,963	\$ -
Norway			\$ -	\$ -
Poland			\$ 1,275,510	\$ -
Portugal			\$ -	\$ -
Private			\$ -	\$ -
Qatar			\$ 300,000,000	\$ -
Romania			\$ 637,755	\$ -
Russian Federation			\$ -	\$ -
Saudi Arabia			\$ 60,000,000	\$ -
Slovakia			\$ 272,321	\$ -
Slovenia			\$ -	\$ -
Spain			\$ 34,438,776	\$ -
Sweden			\$ 20,000,000	\$ -
Switzerland			\$ 4,065,041	\$ -
Turkey			\$ 10,000,000	\$ -
United Arab Emirates			\$ 50,000,000	\$ -
United Kingdom			\$ 7,462,687	\$ -
United States			\$ 180,000,000	\$ -
	\$ 38,775,510	\$ 53,571,429	\$ 990,126,168	\$ -

**Incl. portions already pledged, committed or contributed, as shown on FTS*

NOTE: Pledged or contributed in-kind materials with no reported value are not counted on this table, but their description will appear on FTS.

Part II: Continued.

	TOTAL funding & pledges emergency incl. new*	Total funding & pledges directed at Flash Appeal incl. new*	
Kuwait	\$ 320,000,000		
Lithuania		\$ 110,824	
Luxembourg		\$ 632,888	
Malta			
Netherlands	\$ 5,884,531	\$ 2,168,000	
New Zealand		\$ 308,642	
Norway	\$ 21,720,119	\$ 7,253,226	
Poland			1-2 mio
Portugal		\$ 256,102	
Private	\$ 5,042,999	\$ 4,812,999	
Qatar	\$ 2,500,000	\$ 500,000	
Romania			
Russian Federation	\$ 1,750,000		
Saudi Arabia	\$ 63,000,000	\$ 3,000,000	also 1 bio to support currency, 60 mio for emergency
Slovakia			
Slovenia		\$ 25,126	
Spain	\$ 7,219,842	\$ 4,553,378	4-10 mio
Sweden	\$ 8,298,530	\$ 2,758,722	20 Mio usd in addition of 10 mio to humanitarian. Mainly mne clearance
Switzerland			
Turkey	\$ 5,152,706		
United Arab Emirates			
United Kingdom	\$ 20,932,365	\$ 2,526,369	
United States	\$ 229,784,112	\$ 15,822,369	
	\$ 861,983,860	\$ 87,892,724	

LEBANON: STOCKHOLM DONORS MEETING, 31 AUGUST

Total amount pledged before conference	1,021,286,127
Total amount pledged during meeting for Lebanon crisis	\$ 990,126,168
Total before + during conference	\$ 2,011,412,295
Amount pledged during meeting for Lebanon crisis (Humanitarian aid)	\$ 38,775,510
Total amount pledged for early recovery appeal	\$ 53,571,429
Total pledges emergency towards Lebanon crisis (previous +during meeting)	\$ 861,983,860
Total pledges towards Flash appeal (previous + during meeting)	\$ 87,892,724

Compiled by OCHA on the basis on verbal statements at meeting plus previous written reports from donors and implementing agencies
www.reliefweb.int/fts

Appendix III: Responses to Questions for the Record Submitted to Assistant Secretary David Welch by Senator Feingold

Question. What is the nature and scope of Hezbollah's activities in southern Lebanon? Can you describe Hezbollah's role in reconstruction efforts in southern Lebanon specifically? Is Hezbollah's role in reconstruction efforts hampering or displacing the efforts of the international community, or more importantly, the Lebanese government?

Answer. Prior to the conflict, Hezbollah operated a substantial network of social services throughout southern Lebanon.

Shortly after the cessation of hostilities, Hezbollah leader Hassan Nasrallah made a public announcement that Hezbollah would provide substantial assistance to help the Lebanese people rebuild, pledging money to help people pay rent and buy furniture. While we have not yet seen evidence that Hezbollah is failing to deliver on its promises so far, we are skeptical that its leaders will ultimately have the financial resources to fulfill these pledges.

Thus far, Hezbollah's activities have not hindered the ability of either the international community or the government of Lebanon to provide assistance to the Lebanese people. We are pleased to see the Lebanese government taking a leading role on the initial and long-term reconstruction effort through their participation at the August Stockholm Conference on Initial Recovery and the September Meeting of the Economic Core Group for Lebanon that was held on the margins of the IMF/World Bank Meetings in Singapore. We anticipate a larger reconstruction conference will be held in Beirut before the end of the year.

Question. We all know how complex massive reconstruction efforts like this can be. One significant challenge concerns the capacity of the Lebanese government to coordinate the various aspects of reconstruction efforts throughout the country. Can you identify how reconstruction efforts are being coordinated within Lebanon, and what, if any, mechanisms exist to ensure that large-scale reconstruction efforts are supporting broader political and economic goals of the state?

Answer. The office of the Lebanese Prime Minister has overall responsibility for reconstruction, focusing especially on the macro economy and investment. The Ministry of Finance and the Council assist it in its efforts for development and reconstruction. The Council coordinates the details of individual projects at the working level, while the Ministry of Finance is in charge of looking at the big picture and making sure that economic, administrative and fiscal reforms are coordinated with reconstruction.

Question. When discussing the actual implementation of reconstruction efforts on the ground in southern Lebanon, is there any one central focal point or organization that is mapping the entire range of projects that are necessary, that are being completed, and that might need more attention?

Answer. The office of the Prime Minister is the central point coordinating with the Ministry of Finance and the Council for Development and Reconstruction (project details), as well as with the various affected ministries (Education, Public Works, Defense, Interior, etc.).

Question. How are the U.S. government and the Government of Lebanon working with the private sector in reconstruction efforts?

Answer. President Bush will announce a Presidential Delegation to Lebanon composed of distinguished business executives who have agreed to launch a nationwide effort in the U.S. to demonstrate private-sector support for Lebanon's reconstruction and development. Following their trip, they will ask American individuals and corporations to donate directly to the U.S.-Lebanon Partnership Fund, a new fund, administered by Global Impact, to provide help. The delegation—which included John Chambers, President and CEO of Cisco Systems, Ray Irani, President and CEO of Occidental Petroleum, and Yousif Ghafari, Chairman and CEO, Ghafari Companies—is scheduled to visit Lebanon on September 24. Lebanese Prime Minister Siniora has said he will welcome the delegation and the private sector initiative in general. Craig Barrett, Chairman, Intel Corporation, is part of the private sector team but will not participate in the trip.

Question. The Secretary of State has noted in past speeches that it takes a "plan" to disarm a militia. What is our plan for disarming this militia, and is this plan

coordinated with our partners in the region? How long will disarmament take? What obstacles, if any, exist to effectively implementing a disarmament program?

Answer. UNSCR 1701 establishes an area in southern Lebanon that will be free of any armed personnel, assets and weapons other than those of the Government of Lebanon and of UNIFIL forces. This is a good first step.

Through internal dialogue, the Government of Lebanon will need to address the disarmament of Hezbollah. We expect Prime Minister Siniora to continue to move forward on implementation of 1701, but their effectiveness will depend on the willingness of President Lahoud and key Parliamentary blocs, including those of Aoun, Hezbollah, and Amal, as well as the March 14 coalition, to put aside previous political disagreements and put the longer-term needs of the Lebanese people first. We can expect various factions within Lebanon to continue to try to undermine the democratically elected government.

Enhanced political, economic, and security support will be key to providing the Siniora government the strength that it will need to address the Hezbollah threat and ultimately disarm it. Our assistance is designed to do just this, and we are coordinating with regional partners to ensure their assistance is channeled in this way.

Through enforcement of the embargo on illicit weapons shipments, the international community is also making it harder for Hezbollah to rearm. We shall continue to publicly remind Syria and Iran of their responsibility under international law to prevent the shipment of weapons to Hezbollah.

Answer. What is your current diplomatic strategy to engage regional actors in reconstruction efforts?

Answer. We are in frequent contact with the Economic Core Group for Lebanon, which, in addition to the U.S., other Western donor nations and the EU, includes major regional donors or sources of skilled human resources such as Saudi Arabia, Qatar, Kuwait, the UAE and Egypt.

Question. What is the role of the Office of the Coordinator for Reconstruction and Stabilization? Given the office's mandate, is it playing a lead role in helping develop a strategic plan or in managing U.S. reconstruction efforts in Lebanon?

Answer. On September 5, S/CRS deployed Senior Foreign Service Officer Pat Nelson-Douvelis to Beirut for a 90-day TDY to assist the Embassy in coordinating USG reconstruction and stabilization assistance. Ms. Nelson-Douvelis is a current S/CRS office director, a former DCM, and an assistance expert. This S/CRS staff deployment is intended to be flexible and conform to the needs of the Embassy and the situation on the ground. We have also detailed an S/CRS staff member to the Bureau of Near Eastern Affairs (NEA) to assist the Lebanon desk, and to participate in interagency planning efforts in several venues.

Ms. Nelson-Douvelis primarily supports the Embassy and NEA in coordinating assistance in cases where there are new programs or there is no specific agency representation in the Embassy. USAID and the Office of Defense Cooperation (ODC) have well-established representation and coordination mechanisms already in place. Ms. Nelson-Douvelis also works with the appropriate bureaus and agencies to integrate efforts related to the over \$230 million assistance package announced by the President.

In addition, Ms. Nelson-Douvelis is working with other diplomatic missions and the Lebanese government to better coordinate international police assistance. ODC and the DATT have already been involved in on-going U.S. police and military assistance efforts. Ms. Nelson-Douvelis works to integrate the contributions of other donors, and to help coordinate programs funded by transfers to the Department of State under the Department of Defense's section 1207 authority.

Question. Is there a strategic plan for managing U.S. reconstruction efforts within Lebanon?

Answer. On August 21, the President pledged a package of over \$230 million to assist the people of Lebanon in rebuilding their country. This assistance package includes three main components: assistance for reconstruction, emergency and humanitarian relief; and assistance to the Lebanese Armed Forces and other security services.

The funds will support vital needs identified by the Lebanese government such as rebuilding infrastructure; road repairs; residential reconstruction; repairing schools; restoring livelihoods; clearing unexploded ordnance; and assisting with oil spill cleanup.

Specifically, we are contracting with a company with representatives already on the ground in Lebanon to clean a high priority oil spill site near Beirut, train clean-up crews, and provide the necessary equipment. Working with Lebanese and participating international aid organizations, the team will also develop a wildlife protection plan, spill response and remediation training to empower the Lebanese to be in a position to cope with any future spills on a more immediate basis.

In communities that rely on the fishing industry we are providing livelihood kits—including nets, hooks, and other materials—to thousands of fishermen along the coastline, from Tripoli to Nakoura, whose equipment was damaged or destroyed.

We are expanding a nearly decade-long landmine and unexploded ordnance (UXO) humanitarian clearance program that is supported by the U.S. in order to help remove the latest explosive remnants of war.

We have urged the government of Lebanon to take a leading role in the longer-term reconstruction and are pleased to see them doing so. We look forward to a larger reconstruction conference to be held in Beirut at a later date.

Question. Experts on the second panel described massive shortfalls in the amounts of money needed for assisting Lebanon recover from this conflict. This includes support for reconstruction, the security services, etc. Can you explain how the U.S. government came up with its original amount of just over \$200 million? Is this amount tied to any strategic plan or assessment?

Answer. The \$230 million that the U.S. pledged to assist Lebanon was determined by identifying all funds that could be made available quickly to aid with reconstruction, security, and humanitarian assistance. Funding was drawn primarily from existing humanitarian assistance funds, including the International Disaster and Famine Assistance (IFDA) funds, Migration and Refugee Assistance (MRA) funds, and Emergency Migration and Refugee Assistance (ERMA) funds. Additional funds were derived from Economic Support Funds (ESF), Voluntary Peacekeeping (PKO) funds, and Section 1206 Authority funds, among others.

Our goal was to provide funds to address a comprehensive and broad-based program of aid to Lebanon in FY06 and FY07. It encompasses reconstruction of housing and infrastructure; humanitarian assistance including food and water, relief commodities, and shelter, and support to the Lebanese security forces; and international peacekeepers. This initial pledge by the U.S. government was designed to provide as much immediate aid as possible.

It is also important to note that the Conference on Lebanon's Early Relief, held in Stockholm at the end of August, yielded some \$942 million in pledges—nearly twice as much as expected.

Question. With the deployment of the Lebanese army and international forces into south Lebanon, to what extent does Hezbollah still represent leverage for Iran in its nuclear dispute with the international community? Has Iran's position in Lebanon been strengthened or weakened by the recent conflict?

Answer. Iran provides technological, operational, and financial support and guidance to Hezbollah. While we do not believe that Iran directly ordered the July 12 attack that sparked the recent conflict in Lebanon, we believe Iran continued its support to Hezbollah throughout the recent conflict.

UNSCR 1701 makes it more difficult for outside actors, including Iran, to undermine the sovereignty of the Lebanese government. U.N. Security Council Resolution 1701 clearly requires all states to take the necessary measures to prevent the sale or supply of arms and all other military equipment to Lebanon, unless authorized by Lebanon's government or by UNIFIL for its use. This is a matter of international law, and we continue to publicly call upon Iran and Syria to meet their obligations fully to help implement that resolution and past Security Council resolutions on Hezbollah, ultimately to include the full and verifiable disarmament of Hezbollah. We appreciate UNSYG Annan's delivering this message personally to the Syrian and Iranian leadership.

Question. To what extent is Hezbollah replenishing its arsenal and, if it is, at what point might Israel take military action to impede the process?

Answer. UNSCR 1701 created a number of tools to prevent the rearmament of Hezbollah.

UNSCR 1701 calls for countries to prevent all arms shipments to Lebanon except those approved by the democratically elected Government of Lebanon. We continue to call on the international community, Iran and Syria in particular, to meet the international legal obligations contained in UNSCR 1701 and prevent illicit arms shipments to Hezbollah or any other unauthorized group in Lebanon.

The Lebanese government has also taken steps to address customs issues at its airport, seaport, and borders. PM Siniora has requested UNIFIL assistance in monitoring the air and seaports. German customs agents have arrived at the Beirut airport, and interim fleets of Italian, French, and Greek ships are assisting the LAF in monitoring shortly. On the border with Syria, the LAF announced that they have deployed 8,600 soldiers to monitor illegal crossings in a variety of terrain. LAF troops have also been deployed to bolster customs brigade personnel at official crossing points. The Germans are expected to provide equipment and training at four official land crossings; experts began arriving on Thursday, September 7. DPKO also recently sent a team to assess border security.

At this time we do not have evidence that these tools are not working. All UN member states, not simply Israel and Lebanon, are required to support the implementation of UNSCR 1701.

Question. How effective do you think the Lebanese Armed Forces will be in fulfilling their peacekeeping mandate? To what extent does Syria retain residual influence among Lebanese military officials who worked with Syrian counterparts during the period of occupation?

Answer. It is encouraging that the LAF has almost completed its deployment of 15,000 troops to the South of Lebanon. This is the first time in almost 40 years that they have deployed to this region. While the LAF remains under-equipped, they did not make assistance a pre-condition of deployment.

Reports are that the chain of command within the LAF remains strong and loyal to the GOL. While a large percentage of the LAF is Shia, and some individual soldiers may have Hezbollah sympathies, the LAF did not experience desertion problems during the conflict.

We now have a unique window of opportunity to strengthen the GOL via the Lebanese security services in the hopes of empowering them to make more difficult political decisions, to include the disarmament of Hezbollah, and increasing their ability to secure the Lebanese borders with Israel and Syria. U.S. Security assistance is also designed to address the shortages of LAF equipment and training to ensure that their deployment remains sustainable.

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