THE EVOLVING NATIONAL STRATEGY FOR VICTORY IN IRAQ

HEARING

BEFORE THE

SUBCOMMITTEE ON NATIONAL SECURITY, EMERGING THREATS, AND INTERNATIONAL RELATIONS

OF THE

COMMITTEE ON GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

JULY 11, 2006

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THE EVOLVING NATIONAL STRATEGY FOR VICTORY IN IRAQ

TUESDAY, JULY 11, 2006

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON NATIONAL SECURITY, EMERGING THREATS, AND INTERNATIONAL RELATIONS,
COMMITTEE ON GOVERNMENT REFORM,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:08 p.m., in room 2154, Rayburn House Office Building, Hon. Christopher Shays (chairman of the subcommittee) presiding.

Present: Representatives Shays, Marchant, Burton, Platts, Turner, Dent, Kucinich, Sanders, Maloney, Van Hollen, Ruppersberger, Lynch, Higgins, and Waxman (ex officio).

Staff present: R. Nicholas Palarino, Ph.D., staff director; Robert A. Briggs, analyst; Robert Kelley, chief counsel; Raj Lalla, Jake Parker, and Jeff Hall, interns; David Rapallo, minority chief investigative counsel; Andrew Su, minority professional staff member; Earley Green, minority chief clerk; and Jean Gosa, minority assistant clerk.

Mr. SHAYS. A quorum being present, the Subcommittee on National Security, Emerging Threats, and International Relations hearing entitled, "The Evolving National Strategy for Victory in Iraq" is called to order.

Ambassador Zalmay Khalilzad called Iraq the defining challenge of our time. He said, "What happens in Iraq will shape the future of the Middle East, and the future of the Middle East will shape the future of the world." I think he is right on target.

On April 9, 2003, the bronze statue of Saddam Hussein towering over Baghdad's Firdos Square was torn down. The statue's toppling is viewed as the symbolic point at which Hussein's government ceased to exist, and when hopes were high that hostilities would end.

After a successful military campaign lasting less than 6 weeks, President Bush declared, "Major combat operations in Iraq have ended. In the battle of Iraq, the United States and our allies have prevailed. And now our coalition is engaged in securing and reconstructing that country."

Saddam Hussein and his government were toppled, but combat operations did not end. The job of securing and reconstructing Iraq has become extremely difficult. The terrorists and insurgents seek to prevent Iraq from having a democratically elected government that respects majority rule and minority rights.

Over the past 38 months, I have visited Iraq 12 times, and this subcommittee has had 10 hearings relating to Iraq. I have seen both setbacks and progress in our efforts to help this new nation.

Numerous Americans and Iraqi officials and Iraqi citizens have shared with me their concerns about serious mistakes made by the United States and coalition forces. In my judgment, flawed planning for postconflict Iraq by the Department of Defense allowed Americans to be the face for Iraq for more than a year. Failed planning allowed widespread looting immediately after coalition forces took control; indiscriminate de-Baathification of the government work force; and dissolution of Iraqi security forces, military police and border security forces.

After digging ourselves into a deep hole during the first year, we have made significant progress. The first major success was the transfer of power to Iraqis in June 2004. This was followed by the Iraqi people electing an interim government in January 2005, which then drafted a Constitution. The Iraqi people ratified that Constitution in October 2005 and elected a 4-year representative government in December of that same year with 76 percent voter participation.

Since June 2004, the members of the Iraqi security forces have nearly tripled to 265,000. They have made strides in combat effectiveness and leadership. They are better trained and equipped, and they are developing the capability to act independently of coalition forces. Today these security forces are taking the lead in controlling approximately 30 percent of the country.

The Iraqi economy is growing. The International Monetary Fund estimates that gross domestic product grew by 2.6 percent last year and is expected to grow by 10.4 percent this year.

Initially the administration relied on the Military Campaign Plan, a classified military campaign plan, as its strategy for transforming Iraq into a representative democracy. Then, in November 2005, the administration published the National Strategy for Victory in Iraq. This roadmap established a three-pronged strategy: Build stable, pluralistic national institutions; clear areas of enemy control; and restore Iraq's neglected infrastructure.

As the situation has evolved, so has U.S. strategy. The administration is focused on assisting a new Iraqi Government in promoting its own agenda of national reconciliation, improving security, increasing oil and electricity production, and engaging other nations in Iraq's development.

To help implement Iraqi Prime Minister Nouri al-Maliki's agenda, President Bush on June 14th at a news conference said, "We will continue to conduct joint military operations with Iraqi security forces to secure the cities of Baghdad and Ramadi, send senior Cabinet-level advisors to Iraq to improve oil and electricity production, and increase diplomatic outreach to other countries promoting assistance to Iraq."

To end the war and begin a withdrawal of U.S. forces, the United States needs to particularly support Iraq's national reconciliation. National reconciliation entails amending Iraq's Constitution, providing conditional amnesty for insurgents, and revising wholesale de-Baathification. This effort is absolutely essential.

Today, with the help of the Government Accountability Office, administration witnesses including Ambassador James Jeffrey, Ms. Mary Beth Long, Brigadier General Michael Jones and reknowned experts on Iraq, we examine our National Strategy for Victory in Iraq and recent statements by President Bush after his meeting with the Prime Minister in Iraq by assessing the evolution of the U.S. National Strategy for Victory in Iraq in response to changing security, political and economic events, and, perhaps more importantly, evaluating the evolving strategies themselves to better understand their chances for success.

The United States liberated Iraq from a tyrant who tortured and killed his own people. We made mistakes in our efforts to secure and rebuild the country, but we are correcting those mistakes, and progress is being made. Yes, the task is difficult, but that only reinforces the need to closely examine our roadmap for success.

I am not afraid we will lose the war in Iraq in Iraq. I am deeply concerned we will lose the war in Iraq here at home. Our efforts to remove Saddam Hussein from power and help bring democracy to the most troubled part of the world is truly a noble effort that must succeed, because, as Ambassador Khalilzad said, "What happens in Iraq will shape the future of the Middle East, and the future of the Middle East will shape the future of the world."

We thank all the witnesses for taking the time to appear with us today.

[The prepared statement of Hon. Christopher Shays follows:]

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"The Evolving National Strategy for Victory in Iraq"

Statement of Rep. Christopher Shays
July 11, 2006

Ambassador Zalmay Khalilzad called Iraq the defining challenge of our time. He said, "What happens in Iraq will shape the future of the Middle East, and the future of the Middle East will shape the future of the world." I think he is right on target.

On April 9, 2003, the bronze statue of Saddam Hussein towering above Baghdad's Firdos Square was torn down. The statue's toppling is viewed as the symbolic point at which Hussein's government ceased to exist, and when hopes were high that hostilities would end.

After a successful military campaign lasting less than six weeks, President Bush declared, "Major combat operations in Iraq have ended. In the battle of Iraq, the United States and our allies have prevailed. And now our coalition is engaged in securing and reconstructing that country."

Saddam and his government were toppled, but combat operations did not end. The job of securing and reconstructing Iraq has become extremely difficult. The terrorists and insurgents seek to prevent Iraq from having a democratically elected government that respects majority rule and minority rights.

Over the past 38 months, I have visited Iraq twelve times, and this Subcommittee has held ten hearings related to Iraq. I have seen both setbacks and progress in our efforts to help this new nation.

Numerous American and Iraqi officials, and Iraqi citizens, have shared with me their concerns about serious mistakes made by the United States and Coalition Forces. In my judgment flawed planning for post-conflict Iraq by the Department of Defense allowed Americans to be the face of Iraq for more than a year. Failed planning allowed widespread looting immediately after Coalition forces took control; indiscriminate de-Baathification of the government workforce; and dissolution of Iraqi security forces—military, police and border forces.

After digging ourselves into a deep hole during the first year, we have made significant progress. The first major success was the transfer of power to Iraqis in June 2004. This was followed by the Iraqi people electing an interim government in January 2005, which then drafted a constitution. The Iraqi people ratified that constitution in October 2005, and elected a four-year representative government in December 2005, with 76 percent voter participation.

Since June 2004, the members of the Iraqi Security Forces have nearly tripled to 265,000. They have made strides in combat effectiveness and leadership. They are better trained and equipped and are developing the capability to act independently of Coalition Forces. Today these security forces are taking the lead in controlling almost 30 percent of the country.

The Iraqi economy is growing. The International Monetary Fund estimates that Gross Domestic Product grew by 2.6 percent last year and is expected to grow by 10.4 percent this year.

Initially, the Administration relied on the "Military Campaign Plan," a classified military campaign plan, as its strategy for transforming Iraq into a representative democracy. Then, in November 2005, the Administration published the "National Strategy for Victory in Iraq." This roadmap established a three-pronged strategy: build stable pluralistic national institutions; clear areas of enemy control; and restore Iraq's neglected infrastructure.

As the situation has evolved, so has US strategy. The Administration is focused on assisting the new Iraqi government in promoting its own agenda of national reconciliation; improving security; increasing oil and electricity production; and engaging other nations in Iraq's development.

To help implement Iraqi Prime Minister Nouri Al-Maliki's own agenda, President Bush, in a June 14 news conference said we will continue to conduct joint military operations with Iraqi Security Forces to secure the cities of Baghdad and Ramadi, send senior cabinet level advisors to Iraq to improve oil and electricity production, and increase diplomatic outreach to other countries promoting assistance to Iraq.

To end the war, and begin a withdrawal of US forces, the US needs to particularly support Iraq's national reconciliation. National reconciliation entails amending Iraq's Constitution, providing conditional amnesty for insurgents and reversing wholesale de-Baathification. This effort is absolutely essential.

Today, with the help of the Government Accountability Office, Administration witnesses, including Ambassador James Jeffery, Ms. Mary Beth Long, Brigadier General Michael Jones and renowned experts on Iraq, we examine our "National Strategy for Victory in Iraq," and recent statements by President Bush after his meeting with Prime Minister Al-Maliki in Iraq, by:

- Assessing the evolution of the US "National Strategy for Victory in Iraq" in response to changing security, political and economic events, and, perhaps more importantly,

- Evaluating the evolving strategies themselves, to better understand their chances for success.

The United States liberated Iraq from a tyrant who tortured and killed his own people. We made mistakes in our efforts to secure and rebuild the country, but we are correcting those mistakes and progress is being made. Yes, the task is difficult, but that only reinforces the need to closely examine our roadmap for success.

I am not afraid we will lose the war in Iraq, in Iraq. I am deeply concerned we will lose the war in Iraq here at home. Our efforts to remove Saddam Hussein from power and help bring democracy to the most troubled part of the world is truly a noble effort that must succeed, because as Ambassador Khalilzad said, "What happens in Iraq will shape the future of the Middle East, and the future of the Middle East will shape the future of the world."

We thank all the witnesses for taking the time to appear before us today.

Mr. SHAYS. With that, I would recognize the ranking member, Mr. Kucinich.

Mr. KUCINICH. Thank you, Mr. Chairman. I am going to defer to our ranking member of the full committee Mr. Waxman.

Mr. SHAYS. The ranking member of the full committee is recognized.

Mr. WAXMAN. Thank you, Mr. Chairman.

All Americans want Iraq to succeed. They want Iraq to be peaceful. They want ordinary Iraqis to have electricity, clean water and a safe environment.

At the same time, Americans want to end the war. They want our troops to come home, and they want to stop losing lives, and they want to stop hemorrhaging taxpayers' dollars.

The question for today's hearing is whether the Bush administration has a plan to do this that will work. Unfortunately, the Bush administration's record for planning on Iraq has been abominable. Before we went the to war, President Bush and other senior administration officials promised we would be welcomed as liberators. They also promised the reconstruction of Iraq would pay for itself. This turned out to be wishful thinking that ignored the advice of experts who had studied the region for years.

As the result of both of these promises turning out to be false, we have now faced a virulent insurgency that has grown increasingly deadly. We have squandered approximately $50 billion in United States and Iraqi funds on reconstruction with virtually nothing to show for it. GAO is issuing a report today that confirms this.

The GAO report states that the original plan assumed a permissive security environment which never materialized. GAO also finds that essential services have not been restored to prewar levels, and the United States has yet to prove that it has made a difference in the Iraqi people's quality of life.

These were not the only mistakes. Ambassador Bremer dismissed the Iraqi Army, providing recruits for the insurgency. The administration underestimated the amount of troops that were necessary despite the warnings of General Shinseki and others. The administration failed to plan for troop support until after the fall of Baghdad, and the administration failed to prevent massive looting after the fall of Baghdad.

These were all additional mistakes. These were grave errors that made things worse, and they thrust us into a quagmire. So now we are in the unfortunate position of having to rely on this incompetent administration to lead Iraq and the United States out of this war. We all want to succeed, but how do we get there?

The Bush administration's offer is a vague proclamation about its strategy. They say victory will take time, but the process cannot be based on the timeline; that the success must be based on conditions on the ground. Their supporters say things like, if we can't succeed in Iraq, it will be because of failure of resolve in the United States.

Well, what are the conditions that are going to be necessary? The goal is a peaceful, united, stable and secure Iraq. How will the administration decide whether the American people have done enough, based on the number of Iraqi security forces we train? And

what if the violence continues? Will the administration's decision be based on reducing the number of attacks each week, and what are our performance measures? When will the administration decide it's time to go, and why can't the American people know ahead of time what the specific benchmarks are?

The GAO report is critical of the Bush administration's strategy in one particularly telling way. GAO states as follows, "the strategy neither identifies the current and future costs of implementing the strategy, nor does it identify the sources of funding needed to achieve U.S. political, security, and economic objectives in Iraq."

Since there is no future cost data, GAO makes this finding, "as a result, neither DOD nor Congress can reliably determine the cost of the war, nor do they have details on how appropriated funds are being spent or historical data useful in considering future funding needs. In addition, none of the strategy documents take into account the total cost of Iraq's reconstruction."

The administration has been in Iraq for 3 years and has spent $311 billion to support its efforts there, yet the administration strategy includes no information about future costs. This tells me they don't have a real plan. They are winging it, hoping that the violence will miraculously settle down, but lacking any real sense of how to achieve this.

Mr. Chairman, I have little confidence in this administration's proclamations about the future of Iraq. For the past 3 years, they have been saying the next 6 months are going to be the turning point. I hope we can get more specific, substantive and straightforward answers from them today.

Mr. SHAYS. I thank the gentleman.

[The prepared statement of Hon. Henry A. Waxman follows:]

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Statement of Rep. Henry A. Waxman
Ranking Minority Member, Committee on Government Reform
Subcommittee on National Security, Emerging Threats, and International Relations
Hearing, "The Evolving National Strategy for Victory in Iraq"
July 11, 2006

All Americans want Iraq to succeed. They want Iraq to be peaceful, and they want ordinary Iraqis to have electricity, clean water, and a safe environment. At the same time, Americans want an end to the war. They want our troops to come home, they want to stop losing lives, and they want to stop hemorrhaging taxpayer dollars.

The question for today's hearing is whether the Bush Administration has a plan to do this that will actually work.

Unfortunately, the Bush Administration's record on planning for Iraq has been abominable.

Before we went to war, President Bush and other senior Administration officials promised that we would be would be welcomed as liberators. They also promised that the reconstruction of Iraq would pay for itself. This turned out to be ignorant, wishful thinking that ignored the advice of experts who had studied the region for years.

As a result, both of these promises turned out to be false. We have faced a virulent insurgency that has grown increasingly deadly. And we have squandered approximately $50 billion in U.S. and Iraqi funds on reconstruction with virtually nothing to show for it.

GAO is issuing a report today that confirms this. The GAO report states that "the original plan assumed a permissive security environment, which never materialized." GAO also finds that "essential services have not been restored to prewar levels," and "the United States has yet to prove that it has made a difference in the Iraqi people's quality of life."

These were not the only mistakes. Ambassador Bremer dismissed the Iraqi Army, providing recruits for the insurgency. The Administration underestimated the number of troops that were necessary, despite the warnings of General Shinseki and others. The Administration failed to plan for troop support until after the fall of Baghdad. And the Administration failed to prevent massive looting after the fall of Baghdad.

These were all grave errors that made things worse. And they thrust us into a quagmire.

So now we are in the unfortunate position of having to rely on this incompetent Administration to lead Iraq and the United States out of this war. We all want to succeed, but how do we get there?

The Bush Administration offers vague proclamations about its strategy. They say victory will take time, that the process cannot be based on a timeline, and that success must be based on conditions on the ground.

But what conditions? The goal is a "peaceful, united, stable, and secure Iraq." How will the Administration decide when the American people have done enough? Based on the number of Iraqi security forces we train?

And what if the violence continues? Will the Administration's decision be based on reducing the number of attacks each week?

What are our performance measures? When will the Administration decide it is time to go? And why can't the American people know ahead of time what these specific benchmarks are?

The GAO report is critical of the Bush Administration's strategy in one particularly telling way. GAO states as follows:

> The strategy neither identifies the current and future costs of implementing the strategy, nor does it identify the sources of funding … needed to achieve U.S. political, security, and economic objectives in Iraq.

Since there is no future cost data, GAO makes this finding:

> As a result, neither DOD nor Congress can reliably determine the cost of the war, nor do they have details on how appropriated funds are being spent or historical data useful in considering future funding needs. … In addition, none of the strategy documents takes into account the total cost of Iraq's reconstruction.

The Administration has been in Iraq for three years, and it has spent $311 billion to support its efforts there. Yet the Administration's strategy includes no information about future costs. This tells me they don't have a real plan. They are winging it, hoping that the violence will miraculously settle down, but lacking any real sense of how to achieve this.

Mr. Chairman, I have little confidence in this Administration's proclamations about the future of Iraq. For the past three years, they have been saying the next six months are the turning point. I hope we can get more specific, substantive, and straightforward answers from them today.

Thank you.

Mr. SHAYS. I understand the vice chairman of the committee does not have a statement. I appreciate his being here and will ask the former vice chairman of the committee Mr. Turner if he has a statement.

Mr. TURNER. Mr. Chairman, I thank you so much for your continued focus on Iraq and for your holding this hearing today. This is a very important topic, and your commitment continuing to go to Iraq to see on the ground what is occurring there is so important, and your bringing that information back and making certain that we have hearings so that this story can be told about what is occurring and what the plans are is very important.

I regret that this issue of Iraq continues to be made a political issue. Something as simple as the war on terror, where we should have full and unanimous support from everyone, turns into a litany of political complaints and assaults on the administration, which I think is incredibly unfortunate.

Our enemies are watching today. Those who are in the war on terror against us are watching today. Repeatedly, misinformation and mistruths, untruths, are told about Iraq and are told about the situation that led up to the war.

I just participated on June 29th in a hearing in the Armed Services Committee. I am a member of the Armed Services Committee, and in that hearing Lieutenant General Maples was testifying on the weapons of mass destruction that had been discovered in Iraq. Those portions are of a report that had been most recently made public, the remainder of which remains classified. With all the partisan discussions that we have heard, there are many people even on this dais who have made statements that there are no weapons of mass destruction.

I want to read to you a portion of my questions and the answers from Lieutenant General Maples that occurred in that hearing, because the evidence that was presented, what so far was allowed to be made public, is that since 2003, coalition forces have recovered approximately 500 weapons munitions which contained mustard or sarin nerve agent.

These are my questions for Lieutenant General Maples, who is before us in that unclassified, declassified portion of the report. It's about Iraq, and I asked, knowing that we have these 500 weapons that are now in our possession.

In Iraq, they produced those weapons-grade chemical agents, and they weaponized them. You are actually finding weapons; is that correct? I will say that again, and they produced those weapon-grade chemical agents, and they weaponized them. You are actually finding weapons; is that correct?

Lieutenant General Maples said, that is correct. The report says over 500. And there's a portion of the report that is classified, and the general went on to say that the portions of the report that are classified indicate that the numbers are, of course, greater than 500.

I asked another question about the capabilities of the regime. From the review of these weapons, is it clear that they are Iraqi in origin? We had already established that they are chemical weapons-grade, chemical agents, and they have been weaponized. So I asked, are they Iraqi in origin? These are not weapons of mass de-

struction that have been purchased on, say, wmd.com; these are Iraqi-produced. And he said, yes, sir.

Do you have any evidence that the individuals that produced them were no longer in Iraq or had lost the capability or the intellect or the knowledge or the production that would assume they could then produce others? And he responded that there was no information that the ability of Iraq to produce weapons-grade agents or to weaponize them had been eliminated.

Some of the political statements that we have had, Mr. Waxman himself on June 15th stated, Mr. Speaker, before we went to war, President Bush and other administration officials made three promises to the American people: One, we would find weapons of mass destruction; and goes on to say all of these three promises have proved to be false.

Mr. Waxman read almost virtually his June 15th quote today. He left out the no weapons of mass destruction. Mr. Dennis Kucinich said there were no weapons of mass destruction in Iraq, but there are WMD in D.C. Lies are weapons of mass destruction.

What is important about those statements is that we have in our hands over 500 weapons of mass destruction, weapons-grades nerve agent, where it has been weaponized by Iraq, that showed they had the capability. Yet the political discourse here has been to discredit the existence or the capability of Iraq to have or possess or to create weapons of mass destruction.

I certainly would like the political discourse on the reconstruction and our efforts to win the war on terror to be one of support and not one of undermining the efforts of the United States to protect the American people.

Thank you, Mr. Chairman.

Mr. SHAYS. I thank the gentleman.

The Chair would recognize Mr. Kucinich.

Mr. KUCINICH. With all due respect to my good friend from Ohio, this administration led this country to war based on lies. You know, where are the weapons of mass destruction? We were given this whole phantasm of, well, you know, we are going to be hit with weapons of mass destruction, Iraq is going to attack us. Iraq did not have weapons of mass destruction, did not have the capability of attacking us, did not have the intention of attacking us, was not connected to September 11th, and we are here talking about a national strategy for victory in Iraq.

Who are we kidding? Come on, get real, wake up, America. This administration has lied to the people. They are selling this lie all over. They are selling it again to this committee. Balderdash. It's time that we challenge them directly.

You know, this idea of a national victory strategy was issued in 2005. It was quite clear to many of us that it was nothing more than a public relations ploy. The so-called strategy came 2 years after the mission was declared accomplished, and we were told that major combat operations had ended.

This administration never had and still doesn't have a realistic strategy in place. They continue to issue a wish list and timetables based on a political situation in Washington, not on a situation in Baghdad. They often use this line: Well, when the Iraqis stand up, we will stand down. That is just a slogan; that's not a plan. Mean-

while, over 2,500 troops have died, tens of thousands have been injured, hundreds of thousands of innocent Iraqis injured or killed.

This administration had a plan, all right, a plan for occupation; doesn't have a plan for reconstruction, doesn't have a plan for exit strategy. In the past they stood before the Congress and the American people and declared that we would be greeted as liberators, that Iraqi oil would pay for reconstruction, that Iraq's vast stockpile of WMDs posed a threat to this Nation.

The White House knew there were no WMDs in Iraq. There was no link between September 11th and Iraq, no uranium in Niger, no mobile trailers functioning as biological labs. All these claims, like their so-called phony strategy for victory, were misleading. They were false. They were meant not only to scare and confuse and distract the public from this war, they were meant to establish a permanent presence in Iraq.

Nobody in this administration has taken responsibility. Nobody has been held accountable for these lies, but I predict that someday the world community will hold these individuals accountable. The administration has proven its credibility problem time after time, and the national strategy for victory is an example of this problem.

When it comes to Iraq, this administration's credibility gaps become a credibility abyss. OK, you have Saddam Hussein in jail, al Zarqawi is dead, Iraq is in the midst of a civil war, and violent deaths are reported daily. Our troops are still in harm's way, and we have still not dealt with the serious issue, are we ever going to leave Iraq?

Could it be this administration doesn't have an exit strategy because they don't intend to exit? Even if and when large numbers of our troops are sent home from Iraq, all evidence seems to suggest that we are planning a permanent military presence there. Despite the denial by the Pentagon leaders that they are not building permanent base in Iraq, we know of several large airbases at Balad, Al-Asad, Camp Taji and Talil constructed for the long-term. In these bases we have already invested hundreds of millions in taxpayers' dollars. These bases now have fast-food restaurants, they have bus routes, even have their own supermarket. We are not there for the long term?

Furthermore, the Overseas Basing Commission last spring wrote that military presence corresponds to influence. We cannot hope for much influence without presence. The degree of influence also correlates a level of permanent presence that we maintain forward.

So it's inconceivable that long-range U.S. influence in Iraq is not being sought, yet plans for a long-range military presence in Iraq are not being made to this Congress and particularly this subcommittee.

The Department of Defense's plans for a military base in Iraq go right to the question of what victory in Iraq is supposed to mean. It's hard to understand our national security strategy in Iraq can be assessed without knowing the plans for a military base in Iraq. I hope the GAO has been successful, where our subcommittee efforts had failed, in determining the DOD's sufficient detailed information about the cost and types of military installation in Iraq.

As Congress continues to debate the strategy for handling the war in Iraq, it is imperative to examine the usefulness or lack

thereof of the long-term and near-term U.S. military presence there. I hope this hearing will accomplish this.

But, you know, it's time we challenge this administration about their phony stories about WMDs, and you can produce some kind of manifest right now. The fact is that the United States sold weapons of mass destruction to Iraq years before Saddam Hussein—when Saddam Hussein was in power, and those weapons were accounted for by the United Nations commission, and we know that they were destroyed, and this administration went to war based on a false pretext. Period, end of story.

Mr. SHAYS. I thank the gentleman.

[The prepared statement of Hon. Dennis J. Kucinich follows:]

Statement of Rep. Dennis J. Kucinich
Ranking Minority Member
House Subcommittee on National Security, Emerging Threats and International Relations
Committee on Government Reform
U.S. House of Representatives

Hearing on "The Evolving National Strategy for Victory in Iraq"

July 11, 2006

Good afternoon. Thank you, Chairman Shays for convening this hearing.

When the 'National Strategy for Victory' was issued in 2005, it was quite clear to many of us that it was nothing more than a public relations ploy. This so-called strategy came two years after the mission was declared accomplished and we were told that major combat operations had ended. This Administration never had and still doesn't have a realistic strategy in place. They continue to issue wish lists and timetables based on the situation in Washington, not the

situation in Baghdad. The Administration's often-used line, 'When the Iraqis stand-up, we will stand down' is a slogan, not a plan.

Meanwhile, over 2,500 US troops have died. Tens of thousands more have been injured, and hundreds of thousands of innocent Iraqis have been killed.

It's clear that this Administration didn't have a plan for occupation, it doesn't have a plan for reconstruction, and it sure doesn't have an exit strategy for the withdrawal of our military forces in Iraq.

In the past this Administration has stood before Congress and the American people and declared that we would be greeted as liberators, that Iraqi oil would pay for reconstruction, and that Iraq's 'vast stockpile' of WMD posed a threat to this nation. The White House knew there were no WMD in Iraq, no link between 9/11 and

Iraq, no uranium in Niger, no mobile trailers functioning as biological labs.

All these claims, like their so-called strategy for victory, were misleading and false, meant only to scare, confuse, and distract the public from the reality of this war. Nobody in this Administration has taken responsibility nor been held accountable for these lies.

The Administration has proven its credibility problem time after time, and the National Strategy for Victory is a shining example of this problem. When it comes to Iraq, this Administration's credibility gap has become a credibility abyss.

Though Saddam Hussein is in jail, and Zarqawi is dead, Iraq is in the midst of civil war, and violent acts and deaths are reported daily. Our troops are still in harm's way. And we have still not dealt with a serious issue: Are we ever going to leave Iraq?

Could it be that the Administration does not have an exit strategy because they do not intend to exit? Even if, or when, large numbers of our troops are sent home from Iraq, all evidence seems to suggest that we are planning a permanent military presence there. Despite the denials of Pentagon leaders that they are not building permanent bases in Iraq, we know of several large air bases at Balad, Al-Asad, Camp Taji, and Talil, which appear to be constructed for the long term. These bases, where we have already invested hundreds of millions of taxpayer dollars, now have fast food restaurants, bus routes, and even their own supermarkets.

Furthermore, the Overseas Basing Commission last spring wrote that military presence corresponds to influence: "We cannot hope for much influence without presence - the degree of influence often correlates to the level of permanent presence that we maintain forward." It is inconceivable that long range US influence in Iraq is not being sought, yet plans for a long-range military presence in Iraq

are not being made known to Congress, and particularly this Subcommittee.

The DoD's plans for our military bases in Iraq go right to the question about what victory would mean in Iraq. It is hard for me to understand how the National Security strategy on Iraq can be assessed without knowing the plans for military bases in Iraq. I hope that GAO has been successful where our subcommittee efforts have as yet failed: in determining from DoD sufficient detailed information about the costs and types of military installations in Iraq.

As Congress continues to consider and debate the strategy for handling the war in Iraq, it is imperative to examine the usefulness – or lack thereof – of both the near-term and long-term US military presence there. I hope this hearing will accomplish that today.

Thank you, Mr. Chairman, and I look forward to the testimony of our witnesses today.

Mr. SHAYS. We will continue with the testimony of our witnesses when we get back. We will be delayed for a little bit with a few votes. We are at recess.

[Recess.]

Mr. SHAYS. I call this hearing to order. I appreciate the patience of our witnesses. I would like to take care of some business first before recognizing our first panel.

I ask unanimous consent that all members of the subcommittee be permitted to place an opening statement in the record and that the record remain open for 3 days for that purpose. Without objection, so ordered.

I ask for unanimous consent that all witnesses be permitted to include their written statements in the record, and, without objection, so ordered.

At this time, we will recognize our first panel. Our first panel is the Honorable David M. Walker, Comptroller General of the United States, accompanied by Joseph Christoff, Director of International Affairs. Both are obviously from the Government Accountability Office.

As is our custom, I would invite both witnesses, and if there is any other witness, Mr. Christoff, behind you, anyone else who might make a comment, I would like them to be sworn in at this time as well.

[Witnesses sworn.]

Mr. SHAYS. I would note for the record that all of our witnesses have responded in the affirmative, including our Comptroller General.

Let me just say before beginning, the purpose of this hearing, and obviously Members are free to discuss other issues that they choose to with the witnesses, but the purpose of this hearing is to examine, one, whether we had and have a strategy, and to what extent that strategy is meeting the needs of our engagement in Iraq. But obviously Members are free to ask any other questions or make any other points they want to make about Iraq.

I consider this one of the more important hearings this subcommittee has held. I am very appreciative to all our witnesses. I realize that there will obviously be strong emotions about an issue that is extraordinarily important.

So with that, Mr. Walker, can you hear us?

Mr. WALKER. Yes, I can, Mr. Chairman. Can you hear me?

Mr. SHAYS. We hear you very well. Please give your statement. We thank you for taking the time to do it, even though you are in Dallas.

STATEMENT OF DAVID M. WALKER, COMPTROLLER GENERAL OF THE UNITED STATES, ACCOMPANIED BY JOSEPH CHRISTOFF, DIRECTOR OF INTERNATIONAL AFFAIRS, GOVERNMENT ACCOUNTABILITY OFFICE

Mr. WALKER. [The following statement was delivered via teleconference.] Thank you, Mr. Chairman, members of the subcommittee. I want to thank you for the opportunity to appear before the subcommittee. I want to congratulate you and the subcommittee on your continued commitment to oversight in this area and other areas. I also want to thank you for allowing me to be able to testify

remotely from our Dallas office; and, finally, to acknowledge, as you did, that Joe Christoff, who is the Director of International Affairs and Trade Team, is there to be able to assist me with any questions that I may not have the answers myself.

If I can, Mr. Chairman, I will like to just summarize my statement. I understand the entire statement has been provided for the record. Is that all right?

Mr. SHAYS. Yes.

Mr. WALKER. I will move to do so.

Mr. SHAYS. Your entire statement is in the record. You may summarize as you choose. We do the 5 minutes, but obviously we allow an additional 5 if it's necessary.

Mr. SHAYS. Thank you, Mr. Chairman. I think I can stay within the 5.

My testimony today is based upon a report that we are releasing, which evaluates the U.S. national strategy for victory in Iraq known as NSVI. It also considers seven supporting documents as well as other GAO reports where we have assessed U.S. activities in Iraq to date.

In summary, the NSVI, or new strategy, is a clear improvement over previous U.S. Government planning efforts for stabilizing and rebuilding Iraq; however, the new strategy and its supporting documents are incomplete, because they do not fully address all of the desirable characteristics of an effective national strategy.

On the positive side, the strategy's purpose and scope is clear because it identifies U.S. involvement in Iraq as a "vital national interest and the central front in the war on terror."

The strategy also generally addresses the threats and risks facing the coalition forces, as well as providing a comprehensive description of the desired U.S. political security and economic objectives in Iraq; however, the discussion of outcome-related key performance measures that are designed to help assess progress in achieving these goals and objectives is limited, needs further work, and is not adequately transparent.

On the other side of the coin, the strategy falls short in at least three key areas. First, it only partially identifies which U.S. agencies are responsible for implementing key aspects of the strategy or resolving conflicts among the many implementing agencies.

Second, it does not fully address how U.S. goals and objectives will be integrated with those of the Iraqi Government and the overall international community, nor does it detail the Iraqi Government's anticipated contribution to its future security and reconstruction needs.

And, third, it only partially identifies the current and future cost of U.S. involvement in Iraq, including the costs that will be necessary to maintain U.S. military operations, help to build Iraqi Government capacity at the provincial and national level, and to rebuild critical infrastructure.

At this point, Mr. Chairman, I think it's important to note that people talk about rebuilding. We are talking about rebuilding infrastructure. But from a practical standpoint, Iraq is building its first government institutions, so it has not had a viable governmental infrastructure, and that we are starting from almost ground base zero.

Furthermore the June 2006 Camp David fact sheet provides additional detail, but does not address the key shortfalls we have identified in these three areas. I know the State Department has said this document is intended to be high level, it's not intended to get into detail. We have looked at the supporting documents. They do not get to the level of detail that we believe is necessary, importantly, for the Congress to be able to do its job, and in order for the American people to have an understanding of exactly where we are, where we are making progress, where we are not, in order to provide a fuller and fairer picture for people to reach their own reasoned conclusions.

There are a range of security, political and economic factors that will hinder U.S. efforts to stabilize Iraq and to achieve key goals in the U.S. strategy. First, the United States and Iraqi Governments are trying to stabilize Iraq by training and equipping additional Iraqi security forces and by securing Baghdad and selected strategic cities. Although the number of Iraqi security forces is increasing, these forces still lack the logistical command and control and intelligence capabilities to operate independently. Moreover, increases in attacks against the coalition and its Iraqi partners and the growing influence of militias have adversely affected United States and Iraqi efforts so far.

Second, the United States and Iraqi Government are trying to improve Iraq's capacity to govern by reconciling the conflicting sectarian groups and building the capacity of national and provincial governments to provide security and deliver services that all Iraqis need, care about and will appreciate. However, continuing sectarian conflicts and the lack of core competencies in a number of ministries, along with widespread corruption, have served to hinder these efforts.

Third, the United States and Iraqi Governments are trying to revitalize Iraq's economy and to restore essential services in the oil, electricity, water and other key sectors, but these efforts have been impeded by security challenges, corruption, budgetary and other matters.

The formation of a permanent Iraqi Government gives the United States a new opportunity to reexamine its strategy for Iraq and to more closely align its efforts with those of the Iraq Government as well as with the international community at large.

The report that we are releasing today recommends that the National Security Council, in conjunction with the Department of Defense and the State Department, complete the strategy by addressing all six characteristics that are indicative of an effective national strategy and incorporate them into a single integrated document.

In particular, the revised strategy should clarify each agency's roles and responsibilities, specify future contributions that will be necessary, and identify the current cost and future resources that will be needed in order to fully and effectively implement the strategy.

In conclusion, based on GAO's ongoing and completed work, including the report that we are issuing today, the United States, Iraq and the international community should consider taking additional actions to help achieve sure and sustainable success in Iraq. These include improving the sustainment of Iraqi security forces by

enhancing their support capabilities; namely, command and control, logistics and intelligence.

Second, expanding efforts to improve the capabilities of national and provincial governments, including greater technical assistance and training. The United States and the international community need to do more to help Iraqis help themselves deliver results that all Iraqi citizens care about. Most Iraqi citizens care about the same things that most American citizens do, safe streets, good jobs, reliable electricity, clean water, pick up the trash, education, health care, etc.

Last, No. 3, the need to develop a comprehensive anticorruption strategy that improves the regulatory environment, strengthens accountability organizations, reduces subsidies and enhances investment opportunities.

Mr. Chairman, that completes my summary statement. I would be more than happy to answer any questions that you or the other subcommittee members may have. Joe Christoff is there to provide additional information as necessary.

Thank you, Mr. Chairman.

Mr. SHAYS. Thank you very much.

[The prepared statement of Mr. Walker follows:]

United States Government Accountability Office

GAO

Testimony

Before the Subcommittee on National Security, Emerging Threats, and International Relations, Committee on Government Reform, House of Representatives

For Release on Delivery
Expected at 2:00 p.m. EDT
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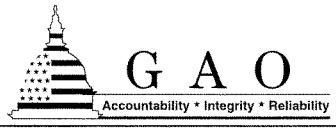
REBUILDING IRAQ

More Comprehensive National Strategy Needed to Help Achieve U.S. Goals and Overcome Challenges

Statement of David M. Walker
Comptroller General of the United States



GAO-06-953T

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Highlights

Highlights of GAO-06-953T, a testimony before the Subcommittee on National Security, Emerging Threats, and International Relations, Committee on Government Reform, House of Representatives

Why GAO Did This Study

In November 2005, the National Security Council (NSC) issued the National Strategy for Victory in Iraq (NSVI) to clarify the President's strategy for achieving U.S. political, security, and economic goals in Iraq. The U.S. goal is to establish a peaceful, stable, and secure Iraq. In addition, in June 2006, the administration issued a fact sheet at Camp David discussing current progress and goals in Iraq.

This testimony (1) discusses the extent to which the NSVI and its supporting documents address the six characteristics of an effective national strategy, and (2) assesses how security, political, and economic factors will affect achieving the U.S. strategy for Iraq. In this testimony, the NSVI and supporting documents are collectively referred to as the U.S. strategy for Iraq.

What GAO Recommends

A GAO report issued today recommends that NSC, along with the Departments of Defense and State, complete the strategy by addressing all six characteristics of an effective national strategy in a single document. State commented that the NSVI's purpose is to provide a broad overview of the U.S. strategy in Iraq, not all details. GAO's analysis was not based exclusively on the NSVI but included all key supporting documents. Consequently, GAO retained the recommendation for a more complete and integrated strategy.

www.gao.gov/cgi-bin/getrpt?GAO-06-953T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Joseph Christoff at (202) 512-8979 or christoffj@gao.gov.

July 11, 2006

REBUILDING IRAQ

More Comprehensive National Strategy Needed to Help Achieve U.S. Goals and Overcome Challenges

What GAO Found

The NSVI is an improvement over previous U.S. planning efforts for stabilizing and rebuilding Iraq. However, the NSVI and supporting documents are incomplete as they do not fully address all the characteristics of an effective national strategy. Among its positive attributes, the strategy's purpose and scope is clear; it identifies U.S. involvement in Iraq as a "vital national interest and the central front in the war on terror." Also, the strategy generally addresses the threats and risks facing the coalition forces and provides a comprehensive description of U.S. political, security, and economic objectives in Iraq. However, the discussion of outcome-related performance measures to assess progress in achieving these goals and objectives is limited. Moreover, the strategy falls short in at least three areas. First, it only partially identifies the agencies responsible for implementing key aspects of the strategy. Second, it does not fully address how the U.S. will integrate its goals with those of the Iraqis and the international community, and it does not detail Iraq's anticipated contribution to its future needs. Third, it only partially identifies the current and future costs of U.S. involvement in Iraq, including maintaining U.S. military operations, building Iraqi government capacity, and rebuilding critical infrastructure. Furthermore, the June 2006 Camp David fact sheet provides additional detail but does not address these key shortfalls.

Security, political, and economic factors will hamper U.S. efforts to stabilize Iraq and achieve key U.S. goals. First, the U.S. and Iraq are trying to stabilize Iraq by training and equipping additional Iraqi security forces and securing Baghdad and other strategic cities. However, increases in attacks against the coalition and its Iraqi partners and the growing influence of militias will adversely affect U.S. and Iraqi efforts. Second, the U.S. and Iraq are trying to improve Iraq's capacity to govern by reconciling sectarian groups and building the capacity of national and provincial governments to provide security and services. However, sectarian conflicts, the lack of capacity in the ministries, and corruption serve to hinder these efforts. Third, the U.S. and Iraqi governments are trying to revitalize Iraq's economy and restore the oil, electricity, and other key sectors. However, these efforts have been impeded by security, corruption, fiscal, and other challenges.

The formation of a permanent Iraqi government gives the U.S. an opportunity to re-examine its strategy for Iraq and align its efforts with Iraq and the international community. As a first step, NSC should complete the strategy by defining and disseminating performance metrics, articulating clear roles and responsibilities, specifying future contributions, and identifying current costs and future resources. In addition, the United States, Iraq, and the international community should (1) enhance support capabilities of the Iraqi security forces, (2) improve the capabilities of the national and provincial governments, and (3) develop a comprehensive anti-corruption strategy.

Mr. Chairman and Members of the Subcommittee:

I am pleased to appear today to discuss the U.S. government's strategy for victory in Iraq. In November 2005, the National Security Council (NSC) issued the National Strategy for Victory in Iraq (NSVI) to clarify the President's existing strategy for achieving U.S. political, security, and economic goals in Iraq. The NSVI and supporting documents incorporate the same desired end-state for U.S. operations in Iraq first established by the Coalition Provisional Authority in 2003: a peaceful, united, stable, secure Iraq, well-integrated into the international community and a full partner in the global war on terrorism. In addition, in June 2006, the administration issued a fact sheet at Camp David discussing current progress and goals in Iraq.

My testimony is based on the report we are releasing today evaluating the NSVI and seven supporting documents, as well as related reports assessing the challenges to achieving U.S. objectives in Iraq. My testimony assesses (1) the extent to which the NSVI and supporting documents collectively address the six key characteristics of an effective national strategy, and (2) how security, political, and economic factors will affect achieving the U.S. strategy for Iraq. In this testimony, the NSVI and supporting documents are collectively referred to as the U.S. strategy for Iraq. While we assessed unclassified and classified documents, the information in the statement is unclassified.

We conducted our reviews for these reports under my statutory authority as Comptroller General in accordance with generally accepted government auditing standards.

Summary

The NSVI is an improvement over previous U.S. government planning efforts for stabilizing and rebuilding Iraq. However, the NSVI and its supporting documents are incomplete because they do not fully address all of the desirable characteristics of an effective national strategy. On the one hand, the strategy's purpose and scope is clear because it identifies U.S. involvement in Iraq as a "vital national interest and the central front in the war on terror." The strategy also generally addresses the threats and risks facing the coalition forces, as well as provides a comprehensive description of the desired U.S. political, security, and economic objectives in Iraq. However, the discussion of outcome-related performance measures to assess progress in achieving these goals and objectives is limited and not transparent. On the other hand, the strategy falls short in at least three key areas. First, it only partially identifies which U.S.

agencies are responsible for implementing key aspects of the strategy or resolving conflicts among the many implementing agencies. Second, it does not fully address how U.S. goals and objectives will be integrated with those of the Iraqi government and the international community, and it does not detail the Iraqi government's anticipated contribution to its future security and reconstruction needs. Third, it only partially identifies the current and future costs of U.S. involvement in Iraq, including the costs of maintaining U.S. military operations, building Iraqi government capacity at the provincial and national level, and rebuilding critical infrastructure. The June 2006 Camp David fact sheet provides additional detail but does not address the key shortfalls we identified in these three areas.

Security, political, and economic factors are hampering U.S. efforts to stabilize Iraq and achieve key goals in the U.S. strategy. First, the U.S. and Iraqi governments are trying to stabilize Iraq by training and equipping Iraqi security forces and securing Baghdad and other strategic cities. Although the number of the Iraqi security forces is increasing, these forces still lack the logistical, command and control, and intelligence capabilities to operate independently. Moreover, increases in attacks against the coalition and its Iraqi partners and the growing influence of militias have adversely affected U.S. and Iraqi efforts. Second, the U.S. and Iraqi governments are trying to improve Iraq's capacity to govern by reconciling the conflicting sectarian groups and building the capacity of national and provincial governments to provide security and deliver services. However, continuing sectarian conflicts and the lack of core competencies in the ministries, along with widespread corruption, are hindering these efforts. Third, the U.S. and Iraqi governments are trying to revitalize Iraq's economy and restore essential services in the oil, electricity, and other key sectors, but these efforts have been impeded by security, corruption, fiscal, and other challenges.

The formation of a permanent Iraqi government gives the United States a new opportunity to re-examine its strategy for Iraq and more closely align its efforts with Iraq and the international community. The report we are releasing today recommends that the NSC, in conjunction with the Departments of Defense (DOD) and State, complete the U.S. strategy for Iraq by addressing all six characteristics of an effective national strategy in a single document. In particular, the revised strategy should clarify agencies' roles and responsibilities, specify future contributions, and identify current costs and future resources needed to implement the strategy.

DOD and State did not comment on the recommendations in a draft of the report released today. However, in its comments State noted that our report misrepresented the NSVI's purpose—to provide the public with a broad overview of the U.S. strategy for Iraq. Importantly, our analysis was not limited to the publicly available, unclassified NSVI but was based on the classified and unclassified documents that define the U.S. strategy for Iraq. Collectively, these documents still lack all of the key characteristics of an effective national strategy.

Based on our other ongoing and completed work, the United States, Iraq and the international community could take additional actions to achieve success in Iraq. These actions include (1) sustaining the development of Iraqi security forces by enhancing their support capabilities (command and control, logistics, and intelligence); (2) expanding efforts to improve the capabilities of national and provincial governments, including greater technical assistance and training; and (3) developing a comprehensive anti-corruption strategy that improves the regulatory environment, strengthens accountability organizations, reduces subsidies, and enhances investment opportunities.

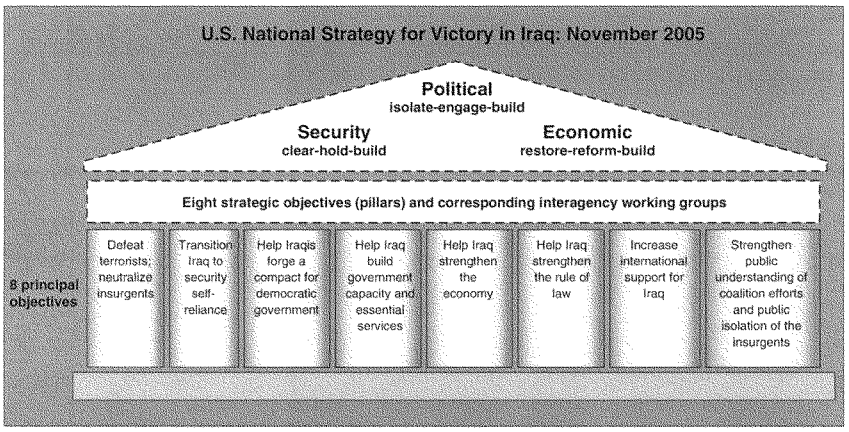
Background on the National Strategy for Victory in Iraq

Prior to the fall of 2005, the U.S. stabilization and reconstruction effort in Iraq lacked a clear, comprehensive, and integrated U.S. strategy. State assessments and other U.S. government reports noted that this hindered the implementation of U.S. stabilization and reconstruction plans. A review of the U.S. mission completed in October 2005 found, among other things, that (1) no unified strategic plan existed that effectively integrated U.S. government political, military, and economic efforts; (2) multiple plans in Iraq and Washington had resulted in competing priorities and funding levels not proportional to the needs of overall mission objectives; (3) focused leadership and clear roles were lacking among State, DOD, and other agencies in the field and in Washington, D.C.; and (4) a more realistic assessment of the capacity limitations of Iraq's central and local government was needed.

In November 2005, the National Security Council (NSC) issued the National Strategy for Victory in Iraq (NSVI) to clarify the President's existing strategy for achieving U.S. political, security, and economic goals in Iraq. According to this document, prevailing in Iraq is a vital U.S. national interest because it will help win the war on terror and make America safer, stronger, and more certain of its future. To achieve victory, the strategy requires the United States to maintain troops in Iraq until its objectives are achieved, adjusting troop strength as conditions warrant.

The strategy reorganized U.S. government stabilization and reconstruction efforts along three broad tracks—political, security, and economic—and eight strategic objectives (see fig. 1).

Figure 1: U.S. National Strategy for Victory in Iraq

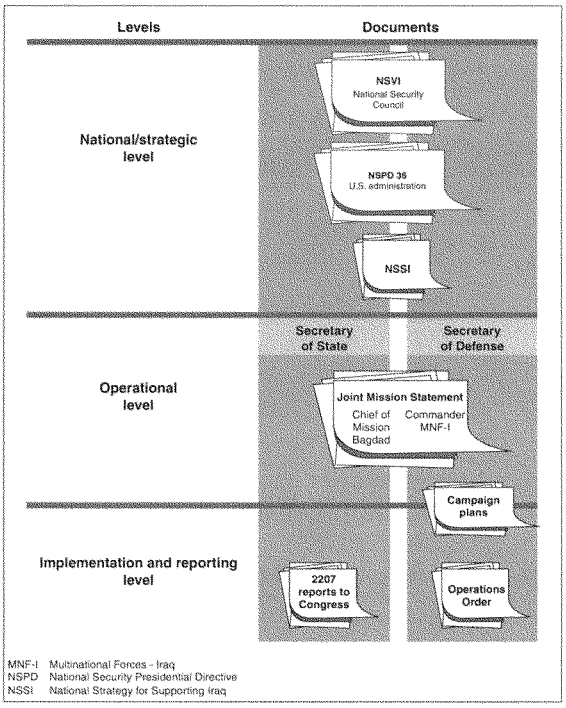


Source: GAO analysis of National Strategy for Victory in Iraq.

Overall, officials in DOD and State identified seven documents that describe the U.S. government strategy for Iraq in addition to the NSVI.[1] Figure 2 shows the NSVI and key supporting documents. The U.S. government uses these documents to plan, conduct, and track efforts at the strategic, operational, and implementation levels.

[1]Two separate campaign plans were included in our analysis: the August 2004 plan and the April 2006 Joint Campaign Plan issued by the Chief of Mission and the Commander of the MNF-I.

Figure 2: NSVI and Key Supporting Documents



Source: GAO.

Our work has identified six characteristics of an effective national strategy. National strategies with these characteristics offer policymakers and implementing agencies a management tool that can help ensure

accountability and more effective results. The six characteristics are (1) a clear purpose, scope, methodology; (2) a detailed discussion of the problems, risks, and threats the strategy intends to address; (3) the desired goals and objectives, and outcome-related performance measures; (4) a description of the U.S. resources needed to implement the strategy; (5) a clear delineation of the U.S. government's roles, responsibilities, and mechanisms for coordination; and (6) a description of how the strategy is integrated internally (that is, among U.S. agencies) and externally (in this case, with the Iraqi government and international organizations). These six characteristics can be subdivided into 27 separate elements. For a more detailed assessment, see appendix I.

National Strategy for Victory in Iraq and Supporting Documents Do Not Fully Address All Key Characteristics of an Effective National Strategy

The NSVI aims to improve U.S. strategic planning for Iraq; however, the NSVI and supporting documents do not fully address all of the six desirable characteristics of effective national strategies that GAO has identified through its prior work.[2] We used these six characteristics to evaluate the strategy—that is, the NSVI and supporting documents that DOD and State officials said encompassed the U.S. strategy for rebuilding and stabilizing Iraq. As figure 3 shows, the strategy generally addresses three of the six characteristics but only partially addresses three others, limiting its usefulness to guide agency implementation efforts and achieve desired results. Moreover, since the strategy is dispersed among several documents instead of one, its effectiveness as a planning tool for implementing agencies and for informing Congress about the pace, costs, and intended results of these efforts is limited. Although the June 2006 Camp David fact sheet provides additional detail on recent U.S. and Iraqi actions, it does not address the key shortfalls we identified in the three areas.

[2]See GAO, *Combating Terrorism: Evaluation of Selected Characteristics in National Strategies Related to Terrorism*, GAO-04-408T (Washington, D.C.: Feb. 3, 2004); and *Defense Management: Comprehensive Strategy and Periodic Reporting Are Needed to Gauge Progress and Costs of DOD's Global Posture Restructuring*, GAO-06-486C (Washington, D.C.: May 26, 2006).

Figure 3: Extent U.S. Strategy for Iraq Addresses GAO's Desirable Characteristics of an Effective National Strategy

Extent the U.S. Strategy for Iraq Addresses GAO's Desirable Characteristics of an Effective National Strategy	Generally addresses	Partially addresses
1. Clear purpose, scope, and methodology	✓	
2. Detailed discussion of problems, risks, and threats	✓	
3. Desired goals, objectives, activities, and performance measures	✓	
4. Delineation of U.S. government roles and responsibilities		✓
5. Description of strategy's integration among and with other entities		✓
6. Description of future costs and resources needed		✓

Sources: GAO analysis of NSC, State, and DOD data.

Strategy Generally Addresses Purpose and Scope, Risks and Threats, and Goals and Objectives

The strategy provides (1) a clear statement of its purpose and scope; (2) a detailed discussion of the problems, risks, and threats; and (3) an explanation of its goals, subordinate objectives, and activities but a limited discussion of outcome-oriented performance measures.

Strategy Identifies Purpose and Scope

This characteristic addresses why the strategy was produced, the scope of its coverage, and the process by which it was developed. A complete description of purpose, scope, and methodology makes the document more useful to organizations responsible for implementing the strategies, as well as to oversight organizations such as Congress. The NSVI and supporting documents generally address this characteristic by identifying U.S. government efforts to rebuild and stabilize Iraq in terms of these three overarching objectives and address the assumptions that guided the strategy's development. For example, to help Iraq achieve the strategic goal of forging a national compact for democratic government, the strategy's subordinate objectives state that the United States would help promote transparency in the executive, legislative, and judicial branches of government, and help build national institutions that transcend regional and sectarian interests, among other activities.

Strategy Identifies Problems, Risks, and Threats

This characteristic addresses the particular problems, risks, and threats the strategy is directed at, as well as risk assessment of the threats to and vulnerabilities of critical assets and operations. Specific information on both risks and threats helps responsible parties better implement the strategy by ensuring that priorities are clear and focused on the greatest needs. The NSVI and supporting documents generally address some of the problems, risks, and threats found in Iraq. For example, the NSVI identifies the risks posed by the insurgency and identifies three basic types of

insurgents—rejectionists, supporters of former Iraqi President Saddam Hussein, and terrorists affiliated with or inspired by al Qaeda—and the different actions needed to confront each one. In addition, various supporting documents provide additional information on the threats of the Shi'a militias and the corruption that could affect the Iraqi government's ability to become self-reliant, deliver essential services, reform its economy, strengthen rule of law, maintain nonsectarian political institutions, and increase international support.

Strategy Discusses Goals, Objectives, and Activities but Provides Limited Discussion of Outcome-Related Performance Measures

This characteristic addresses the goals of the national strategy and the steps needed to attain those goals, as well as the priorities, milestones, and outcome-related performance measures to enable more effective oversight and accountability. The NSVI generally addresses goals and subordinate objectives by identifying 8 strategic objectives (pillars), 46 subordinate objectives, or "lines of action," and numerous project activities, but only partially addresses outcome-related performance measures. The supporting strategy documents also provide information on how progress will be monitored and reported. In addition, the NSVI identifies the process for monitoring and reporting on progress via interagency working groups. It also identifies some metrics to assess progress, such as the number of Iraqis willing to participate in the political process, the quality and quantity of the Iraqi units trained, and barrels of oil produced and exported.

However, the metrics the strategy uses to report progress make it difficult to determine the impact of the U.S. reconstruction effort. We reported previously that in the water resources and sanitation sector, little was known about how U.S. efforts were improving the amount and quality of water reaching Iraqi households or their access to the sanitation services because the U.S. government only tracked the number of projects completed or under way.[3] For instance, as of March 2006, Iraq had the capacity to produce 1.1 million cubic meters of water per day, but this level overestimated the amount of potable water reaching Iraqi households. U.S. officials estimate that 60 percent of water treatment output is lost due to leakage, contamination, and illegal connections. The U.S. mission in Iraq reported in December 2005 that it had developed a set of metrics to better estimate the potential impact that U.S. water and

[3]See GAO, *Rebuilding Iraq: U.S. Water and Sanitation Efforts Need Improved Measures for Assessing Impact and Sustained Resources for Maintaining Facilities*, GAO-05-872 (Washington, D.C.: Sept. 7, 2005).

sanitation reconstruction efforts were having on Iraqi households, but acknowledges it is difficult to measure how much water Iraqis are actually receiving or whether the water is potable. The mission report notes that without such comprehensive data, mission efforts to accurately assess the impact of U.S. reconstruction efforts on water and sanitation services is seriously limited.

Strategy Partially Addresses Agency Responsibilities, Integration, and Costs

The NSVI and supporting documents only partially (1) delineate the roles and responsibilities of key U.S. government agencies; (2) describe how the strategy will be integrated among U.S. entities, the Iraqi government, international organizations and the mechanisms for coordination; and (3) identify what the strategy will cost and the sources of financing.

Strategy Partially Addresses U.S. Roles, Responsibilities, and Coordination Mechanisms

This characteristic addresses which U.S. organizations will implement the strategy as well as the roles, responsibilities, and mechanisms for coordinating their efforts. The NSVI and the supporting documents partially address the roles and responsibilities of specific U.S. government agencies and offices and the process for coordination. For example, National Security Presidential Directive 36 makes the Department of State responsible for the non-security aspects of reconstruction and lays out key roles for the U.S. Chief of Mission in Baghdad and CENTCOM. It directs that the Commander of CENTCOM will, under the guidance of the Chief of Mission, oversee all U.S. government efforts to train and equip Iraq security forces.

However, it is not clear which agency is responsible for implementing the overlapping activities listed under the NSVI's eight strategic objectives. For instance, one activity is to promote transparency in the executive, legislative, and judicial branches of the Iraqi government; however, the NSVI and supporting documents do not indicate which agency is responsible for implementing this activity, or who is to be held accountable for results. Moreover, little guidance is provided to assist implementing agencies in resolving conflicts among themselves, as well as with other entities. In our prior work, we found that delays in reconstruction efforts sometimes resulted from lack of agreement among U.S. agencies, contractors, and Iraqi authorities about the scope and schedule for the work to be performed.[4]

[4]See GAO-05-872.

Strategy Partially Addresses Integration with Iraqi Government and International Donors

This characteristic addresses both how a national strategy relates to the goals and activities of other strategies, to other entities, and to documents from implementing organizations to help these entities understand their roles and responsibilities. The NSVI and supporting documents partially address how the strategy relates to other international donors and Iraqi government goals, objectives, and activities. For instance, the NSVI and supporting documents identify the need to integrate the efforts of the coalition, the Iraqi government, and other nations but do not discuss how the U.S. goals and objectives will be integrated. In addition, the strategy does not address what it expects the international community or the Iraqi government to pay to achieve future objectives.

Strategy Partially Addresses Future Costs and Resource Requirements

This characteristic addresses what the strategy will cost; where resources will be targeted to achieve the end-state; and how the strategy balances benefits, risks, and costs. The November 2005 National Strategy for Victory in Iraq and related supporting documents do not clearly identify the costs of U.S. military operations, including the costs to repair and replace equipment used during operations. The strategy does not identify other key related costs, including the costs of training, equipping, and supporting Iraq's security forces; the costs of rebuilding, maintaining, and protecting critical oil and electricity infrastructure; or the costs of building management capacity in Iraq's central ministries and 18 provincial governments. In addition to these costs, the new Iraqi government will need significant help in building the procurement, financial management, accountability, and other key systems needed to govern and provide basic services to its citizens.

U.S. government agencies have reported significant costs associated with the global war on terror (GWOT), which includes military operations in Iraq. However, we have serious concerns about the reliability of DOD's reported cost data. GAO's prior work[5] found numerous problems with DOD's processes for recording and reporting GWOT costs, including long-standing deficiencies in DOD's financial management systems and businesses processes, the use of estimates instead of actual cost data, and the lack of supporting documentation. As a result, neither DOD nor Congress knows how much the war on terror is costing or how appropriated funds are being used.

[5]See GAO, *Global War on Terrorism: DOD Needs to Improve the Reliability of Cost Data and Provide Additional Guidance to Control Costs*, GAO-05-892 (Washington, D.C.: Sept. 21, 2005).

The current financial picture is complicated by the extensive use of emergency supplemental funds to pay for the costs of U.S. activities in Iraq. While this funding mechanism might have been appropriate in the early months of the war, use of the regular budget process would promote greater transparency and accountability and better management of the stabilization and reconstruction effort. I will further address issues related to GWOT costs at subsequent hearings before this subcommittee.

Dispersion of the U.S. Strategy across Many Documents Limits Its Usefulness as a Planning Tool

The dispersion of information across several documents limits the strategy's overall coherence and effectiveness as a planning tool for implementing agencies and as an oversight tool for informing Congress about the pace, costs, and results of these efforts. Since the NSVI's supporting documents were written by different agencies at different points in time, the information in the documents is not directly comparable, which diminishes their value. The June 2006 Camp David fact sheet provides some additional detail on recent U.S. government plans to help Iraq's new national unity government achieve some of its short-term security, economic, and political objectives. However, it does not redress identified shortfalls in the U.S. strategy such as the lack of information on costs.

Agency Comments and Our Evaluation of the National Strategy

Although the NSC and the Departments of Defense and State did not comment on the recommendation made in the report we are issuing today, State noted that we misrepresented the NSVI's purpose—to provide the public with a broad overview of the U.S. strategy for Iraq. However, our analysis was not limited to the NSVI but was based on all of the classified and unclassified documents that collectively define the U.S. strategy for Iraq: (1) the National Security Presidential Directive 36 (May 2004), (2) Multinational Forces-Iraq (MNF-I) Campaign Plan (August 2004), (3) the MNF-I/ U.S. Embassy Baghdad Joint Mission Statement on Iraq (December 2005), (4) the Multinational Corps-Iraq Operation Order 05-03 (December 2005), (5) the National Strategy for Supporting Iraq (updated January 2006), (6) the quarterly State Section 2207 reports to Congress (through April 2006), and (7) the April 2006 Joint Campaign Plan issued by the Chief of Mission and the Commander of the MNF-I. We also reviewed appropriations and budget documents. Collectively, these documents still lack all of the key characteristics of an effective national strategy. However, we refined our recommendation to focus on the need to improve the U.S. strategy for Iraq, not just the NSVI.

Other GAO-Related Work Shows that Security, Political, and Economic Factors Hamper U.S. Efforts to Achieve Strategic Goals

Other GAO work shows that security, political, and economic factors have and will continue to hamper U.S. efforts to stabilize Iraq and achieve key U.S. goals. First, increases in attacks against the coalition and its Iraqi partners, growing sectarian violence, and the influence of militias have adversely affected U.S. and Iraqi efforts to secure Baghdad and other strategic cities. Second, sectarian control over ministries and the lack of skilled employees hinder efforts to improve Iraq's governance by building the capacity of ministries and reconciling differences among sectarian interests. Third, security, corruption, and fiscal problems limit U.S. and Iraqi plans to revitalize Iraq's economy and restore essential services in the oil and electricity sectors.

Security Forces' Capabilities Improving but Have Not Led to Improvements in Security

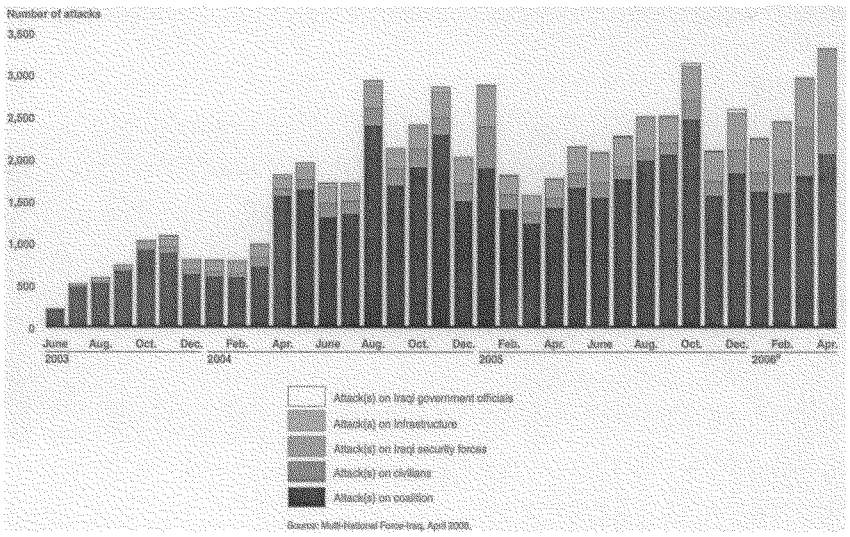
A linchpin of the current U.S. strategy is that, as Iraqi forces "stand up," U.S. forces will "stand down." According to the NSVI, putting capable Iraqis forward in the fight against the enemy would increase the overall effectiveness of U.S.-Iraqi operations, as Iraqis are better able to collect intelligence and identify the threats in neighborhoods. The Secretaries of Defense and State have reported progress in developing Iraqi army and police units. According to State Department reports, the number of trained army and police forces has increased from about 174,000 in July 2005 to about 268,000 as of June 2006. This represents about 82 percent of the planned security force strength of 326,000. DOD has also reported that Iraqi army units are becoming increasingly capable of leading counterinsurgency operations with coalition support.[6] Although the number of Iraqi security forces is increasing, these forces still lack the logistical, command and control, and intelligence capabilities to operate independently.

Even as the number and capabilities of Iraqi security forces have increased, overall security conditions have deteriorated, as evidenced by attack trends, sectarian violence, and the growth and influence of militias. Enemy-initiated attacks against the coalition, its Iraqi partners, and infrastructure have continued to increase over time (see fig. 4). Overall, attacks increased by 23 percent from 2004 to 2005. After declining in the fall of 2005, the number of attacks rose to the highest ever in April 2006. The monthly attacks data for May and June remain classified. However,

[6]For a description of how DOD measures the capabilities of Iraqi security forces, see GAO, *Rebuilding Iraq: Enhancing Security, Measuring Program Results, and Maintaining Infrastructure Are Necessary to Make Significant and Sustainable Progress*, GAO-06-179T (Washington, D.C: Oct. 18, 2005).

DOD publicly reported in May 2006 that the average number of weekly attacks was higher for the February to May 2006 time period than for any previous period. Further, in late June 2006 the MNF-I Commanding General publicly stated that attack levels in Iraq had increased. Moreover, a senior U.S. military officer said that the recent security operation in Baghdad had led to an increase in the number of attacks in the area.

Figure 4: Enemy-Initiated Attacks against the Coalition and Its Partners, by Category, June 2003 through April 2006



[a]The data for 2006 does not separate attacks against Iraqi government officials from attacks against Iraqi civilians.

I recently asked the Secretary of Defense to routinely declassify monthly attacks data in a timely manner. The enemy-initiated attacks data help inform Congress and the American public on progress in improving Iraq's

security situation, an important consideration in any decision to reduce the U.S. military presence in Iraq. While attacks data alone may not provide a complete picture of Iraq's security situation, we believe they provide a sound depiction of general security trends in the country.[7]

According to a June 2006 United Nations (UN) report, an increasingly complex armed opposition continues to be capable of maintaining a consistently high level of violent activity across Iraq. Baghdad, Ninewa, Salahuddin, Anbar, and Diyala have been experiencing the worst of the violence. Other areas, particularly Basra and Kirkuk, have recently witnessed increased tension and a growing number of violent incidents. Sectarian tensions and violence increased after the bombing of a holy Shi'a shrine in Samarra in February 2006. A June 2006 UN report states that, in recent months, much of the violence was committed by both sides of the Sunni-Shi'a sectarian divide. Groups that are specifically targeted included prominent Sunni and Shi'a Iraqis, government workers and their families, members of the middle class (such as merchants and academics), people working for or associated with MNF-I, and Christians.

The presence of militia groups in Iraq has become more prominent in recent months and threatens Iraq's stability. Although the total number of militias is unknown, a DOD report said that more than a dozen militias have been documented in Iraq, varying in size, extent of organizational structure, and area of influence. The largest of the known militias include (1) the Badr Organization, a militia group of the Supreme Council for the Islamic Revolution in Iran, (2) the Mahdi Army, a militia group of radical Shi'a cleric Muqtada al-Sadr, and (3) the Kurdish Peshmerga, the primary security force for the Kurdish regional government, in the northern region of Iraq. The Coalition Provisional Authority developed a strategy for disbanding or controlling militias in May 2004, and the Iraqi Constitution prohibits the formation of militias outside the framework of the armed forces. Many militias, however, remain present in Iraq and threaten the country's stability. Since the February 2006 Samarra bombing, the number of attacks by militia groups increased. According to the MNF-I Commanding General, Iran has increased its support of a variety of Shi'a extremist groups in southern Iraq since the beginning of this year.

[7]GAO, *DOD Reports Should Link Economic, Governance, and Security Indicators to Conditions for Stabilizing Iraq*, GAO-06-152C (Washington, D.C.: Oct. 18, 2005).

Need for National Reconciliation and Enhanced Ministerial Capacity Hinders Efforts to Govern

Iraq's new government is addressing two critical issues—how to foster national reconciliation and how to strengthen government so it can deliver essential services and provide security to all Iraqis. However, Iraqi efforts to foster reconciliation are primarily confronted by sectarian divisions between Shi'a and Sunni groups. Moreover, U.S. and Iraqi efforts to strengthen government ministries face the daunting task of developing the ability of Iraq's ministries to govern after 30 years of autocratic rule.

Sectarian Divisions Undermine Efforts to Foster Reconciliation

On June 25, 2006, a few weeks after the formation of Iraq's first permanent government, Iraq's Prime Minister proposed a 24-point reconciliation plan for the nation. The plan's provisions include initiating a national dialogue with all parties, including those opposed to the government; providing amnesty for detainees and others not involved in terrorist acts; and ensuring that Iraqi security forces do not intervene in politics.

The Iraqi government has taken several steps to foster national reconciliation and implement the provisions of this plan. For example, Iraq's Foreign Minister met with the UN Security Council in mid-June. At that meeting, the UN agreed to support the League of Arab States in planning to convene a conference on Iraqi national accord. The Iraqi government also announced that it would release 2,500 detainees. As of mid-May, the Ministry of Human Rights reported that there are about 28,700 detainees throughout Iraq. As of late June, the Iraqi government had released more than 1,000 detainees. Finally, the Iraqi Prime Minister confirmed that he had contacted groups through a third party which had been responsive to the reconciliation plan. He planned to hold direct talks with seven resistance groups. He also clarified that amnesty would not be granted to insurgents who killed Iraqis or coalition troops. In addition, following the February 22 bombing of the Golden Mosque in Samara, the U.S. Embassy reported that it called upon Iraqi leaders to join together in unity and turn away from sectarian violence.

Although the Iraqi government has taken positive steps, national reconciliation faces a long and difficult course because of sectarian divisions within Iraq. According to a June 2006 UN report, much of the violence in recent months stemmed from acts perpetrated by both sides of the Sunni-Shi'a sectarian divide. The report states that Iraqis are threatened by revenge attacks, the use of force by military and security forces, and militia activities, among other threats. In a prior report, the UN stated that militia power in Southern Iraq has resulted in systematic acts of violence against the Sunni community. The UN report concluded that unless there is progress towards national reconciliation soon, increased polarization and even civil war could occur. In addition, on June 7, 2006,

the coalition killed al-Zarqawi, the operational commander of the al-Qaeda movement in Iraq, who tried to incite civil war. According to the President of the United States, his death is an opportunity for the new government to succeed. However, the President also cautioned that sectarian violence will continue.

Iraq Faces Challenges in Delivering Government Services

The U.S. government faces significant challenges in improving the capability of national and provincial governments to provide security and deliver services to the Iraqi people. According to State, the Iraqi capacity for self-governance was decimated after nearly 30 years of autocratic rule.[8] In addition, Iraq lacked competent existing Iraqi governmental organizations. According to an Inter-Agency Strategy for Iraqi Stability (ISIS) Working Group draft paper,[9] the Baathist regime had let governmental infrastructure organizations deteriorate since the first Gulf War, and employment in these organizations had been based on cronyism and political correctness rather than managerial competence.

Since 2003, the United States has provided Iraqis with various training and technical assistance to improve their capacity to govern. U.S. agencies provided senior advisers to Iraqi ministries to help in the reconstruction of Iraq. For example, the Multinational Security Transition Command-Iraq continues to develop the ministerial abilities of the Ministries of Interior and Defense.

In January 2006, State reported a new initiative—the National Capacity Development Program—to improve the capabilities of key Iraqi ministries. In partnership with coalition allies and others, the program provides technical assistance and training for 3 years to help the government of Iraq improve managerial capacity. The program focuses on improving core ministry functions, such as leadership and communication, financial and human resource management, and information technology, among others. It also includes extensive anti-corruption activities, such as standardized auditing and procurement reform and policies and practices that aim to eliminate patronage.

[8] *Quarterly Update to Congress, Section 2207 Report* (January 2006).

[9] *Methods of Post-Conflict Reconstruction in Iraq: A Preliminary Assessment* (draft), Inter-Agency Strategy for Iraqi Stability (ISIS) Working Group, Baghdad, Iraq (December 2005).

Reforming Iraqi ministries will face challenges. According to a recent State Department report, corruption remains a critical impediment to the successful governance of Iraq. The report also stated that Iraq needs training in modern civil service policies. Another State assessment found that non-security ministries face challenges and have limited capabilities to carry out core functions, such as budgeting, procurement, and human resource management.

U.S. officials recognize that increased technical assistance and training is important and the United States is working with the UN, the World Bank, and allies such as Italy, Denmark, and the United Kingdom in efforts to partner with staff from Iraqi ministries and provincial governments. Another important complement to these efforts is increased U.S. agency and international partnering with Iraqi officials in areas such as planning, financial management, budgeting and procurement, and human resource management. These efforts are aimed at providing the Iraqis with the essential management skills to govern effectively. GAO is also involved in these efforts and is taking steps to partner with Iraq's Commission on Public Integrity and the Board of Supreme Audit.

Efforts to Restore Oil and Electricity Sectors Are Hindered by Security, Corruption, Fiscal, and Management Challenges

The U.S. and Iraqi governments are trying to revitalize Iraq's economy and restore essential services in the oil and electricity sectors. However, these efforts have been hindered by security, corruption, fiscal, and management challenges.

Despite Efforts, Restoring Iraq's Oil and Electricity Sectors Has Been Difficult

According to the U.S. Army Corps of Engineers Gulf Regional Division, DOD has added or restored more than 1,400 megawatts of potential generating capacity to the Iraq national electricity grid, as of June 2006. According to agency reporting, average daily hours of electricity across most of Iraq remained at 12 hours per day during the last two weeks of June 2006. Available power for Baghdad averaged 8 hours per day for the same period. In the oil sector, DOD has completed or is working on a number of projects to boost Iraq's oil production, refining, and export capacity.

However, key reconstruction goals have yet to be achieved (see table 1). As of June 25, 2006, oil and electricity sectors were below the planned U.S. end-state. In June 2006, State reported that oil production was about 2.29 million barrels per day (mbpd), which was below the desired goal of 3 mbpd. In June 2006, electricity generation capacity was about 4,832

megawatts—above its prewar level but below the post-war peak of about 5,400 megawatts and the planned U.S goal of 6,000 megawatts. In addition, it is unclear whether the current capacity can be sustained.

Table 1: Reconstruction Goals Not Met for Oil and Electricity Sectors

Sector	Metric	Pre-War (2003)	Current (June 2006[a])	Planned U.S. end state
Oil	Crude Oil Production Capacity	2.6 MBPD	2.29 MBPD	3.0 MBPD
Electricity	Peak Generation Capacity	4,300 MW	4,832 MW (5,387 MW peak in 7/14/05)	6,000 MW

MBPD = million barrels per day

MW = megawatts

Source: GAO analysis of Department of State data.

[a]June 2006 includes June 1 to June 25, 2006, data. Data for the last week of June is not yet available.

Security, Corruption, Fiscal, and Management Challenges Hinder Reconstruction and Stabilization efforts

A combination of insurgent attacks on crude oil and product pipelines, dilapidated infrastructure, and poor operations and maintenance have hindered domestic refining and have required Iraq to import significant portions of liquefied petroleum gas, gasoline, kerosene, and diesel.

Both the oil and electricity sectors face a number of challenges to meeting Iraq's needs.

Improving infrastructure security. The insurgency has destroyed key infrastructure, severely undermining progress. U.S. officials reported that major oil pipelines continue to be sabotaged, shutting down oil exports and resulting in lost revenues. Major electrical transmission lines have been repeatedly sabotaged, cutting power to other parts of the country. Current U.S. assistance is focused on strengthening the Strategic Infrastructure Battalions, which are Ministry of Defense forces that protect oil fields and pipelines.

Security conditions in Iraq have, in part, led to project delays and increased costs for security services. Although it is difficult to quantify the costs and delays resulting from poor security conditions, both agency and contractor officials acknowledged that security costs have diverted a considerable amount of reconstruction resources and have led to canceling or reducing the scope of some reconstruction projects.

Deterring corruption. U.S. and international officials reported increased concerns about pervasive corruption in Iraq. Transparency International ranked Iraq 137th of 159 countries in 2005 in terms of corruption. To combat corruption, U.S. and international officials reported that the Iraqi government established the Commission on Public Integrity, which is charged with the criminal investigation of corruption cases, and the independent Inspectors General within individual Iraqi ministries, and revived the existing Board of Supreme Audit (BSA). The U.S. government, including GAO, is working directly with these institutions.

The oil and electricity sectors remain particularly vulnerable to corruption. Corruption in the oil sector presents a special problem, particularly because of the sector's importance to the economy. According to State officials and reporting, about 10 percent of refined fuels are diverted to the black market, and about 30 percent of imported fuels are smuggled out of Iraq and sold for a profit. According to U.S. Embassy documents, the insurgency has been partly funded by corrupt activities within Iraq and from skimming profits from black marketers. Moreover, according to one analysis, corruption diverted much of Iraq's oil revenue from reconstruction to government officials and their accomplices in organized crime.[10]

Corruption in the electricity sector is also a problem. According to State's Iraq Reconstruction Management Office (IRMO) officials, the Ministry of Electricity contracts with tribal chiefs, paying them about $60 to $100 per kilometer, to protect transmission lines running through their areas. However, IRMO officials reported that the protection system is flawed and encourages corruption. According to U.S. and UN Development Program officials, some of these tribes are also selling materials from downed lines and extracting tariffs for access to repair the lines.

The lack of metering facilitates opportunities for corruption in the oil and electricity sectors. Despite a 2004 audit recommendation made by the International Advisory and Monitoring Board for the Development Fund for Iraq, and initial steps to install meters in accordance with standard oil industry practices, the Iraqi government still lacks an effective system of metering to measure production and export levels. According to U.S.

[10]Kenneth M. Pollack and the Iraqi Policy Working Group, "A Switch in Time: A New Strategy for America in Iraq," Saban Center for Middle East Policy at the Brookings Institution (February 2006).

officials in the electricity section, about 30 percent of the meters in Iraq are damaged. Most meters are old mechanical meters that need to be replaced with electronic ones so that the system may be better monitored.

Addressing fiscal challenges. Iraq's ability to contribute to its own rebuilding is dependent on addressing key fiscal challenges, particularly in the oil and electricity sectors. Current government subsidies constrain opportunities for growth and investment and have kept prices for oil and electricity low.

Domestic fuel prices in Iraq are among the lowest in the world. U.S. and international officials report that these low prices have led to a rampant black market and fuel smuggling out of the country; inadequate maintenance and improvements; and over-consumption. According to U.S. and international officials, the Iraqi budget is directly affected, since state-owned refineries cover less than half the domestic demand, and the Iraqi government has to import the rest at world market prices.

As part of its Stand-By Arrangement with the International Monetary Fund (IMF), Iraq must reduce government subsidies of petroleum products. By the end of 2006, the Iraqi government plans to complete a series of adjustments to bring fuel prices closer to those of other Gulf countries. According to State reporting, a new round of price increases for diesel, kerosene, and propane began to take effect in Baghdad and other areas the week of June 19, 2006, and is being extended countrywide. The Iraqi government committed itself to bring fuel prices closer to regional prices as part of its IMF reform program. Iraqis currently pay about $.44 per gallon for regular gasoline compared with about $.90 per gallon in neighboring countries.

According to U.S. and international officials, the negative effects of the electricity subsidy are similar to those for fuels. The national grid is currently unable to satisfy the demand, and Iraqis must buy electricity from privately-operated small diesel generators which are inefficient sources of electricity. Moreover, according to World Bank reporting, increasing tariffs is complicated by the desire to preserve wide access to the grid and subsidize low-income groups.

Iraq faces other fiscal challenges, such as generous wage and pension benefits, increased defense spending, and high external debt. Our April

2006 testimony before this committee provides additional details on these other challenges.[11]

Managing and sustaining new and rehabilitated infrastructure. The U.S. reconstruction program has encountered difficulties with Iraq's ability to sustain the new and rehabilitated infrastructure and address maintenance needs. A June 2006 Congressional Research Service report noted that as more large-scale construction projects have been completed with U.S. assistance, there has been increasing concern regarding the financial, organizational, and technical capacity of Iraqis to maintain the projects in the long run.[12]

More specifically, our prior reports and testimony note that the Iraqis' capacity to operate and maintain the power plant infrastructure and equipment provided by the United States remains a challenge at both the plant and ministry levels. As a result, the infrastructure and equipment remain at risk of damage following their transfer to the Iraqis. U.S. officials have acknowledged that more needs to be done to train plant operators and ensure that advisory services are provided after the turnover date. In January 2006, State reported that it has developed a strategy with the Ministry of Electricity to focus on rehabilitation and sustainment of electricity assets.

Conclusion

The November 2005 NSVI and supporting documents represent the results of efforts to improve the strategic planning process for the challenging and costly U.S. mission in Iraq. Although the strategy is an improvement over earlier efforts, it is incomplete even when considered in the context of all supporting documents, both classified and unclassified. Without additional information on roles and responsibilities, future contributions and costs, and outcome-based metrics, the strategy does not provide the Congress with a clear road map for achieving victory in Iraq. The formation of the new Iraqi government provides an opportunity for the United States government to re-examine its strategy and more closely align its efforts and objectives with those of the Iraqi people and other donors.

[11]See GAO, *Rebuilding Iraq: Governance, Security, Reconstruction, and Financing Challenge*, GAO-06-697T (Washington, D.C.: Apr. 25, 2006).

[12]See Congressional Research Service RL31833, *Iraq: Recent Developments in Reconstruction Assistance* (Washington, D.C., June 2006).

Based on our other ongoing and completed work, additional actions could be taken to achieve U.S. objectives in Iraq. The United States, Iraq, and the international community should consider the following:

- *Focusing more attention on the capabilities of the Iraqi security forces rather than the number of forces.* Although the number of the Iraqi security forces is increasing, these forces lack the logistical, command and control, and intelligence capabilities to operate independently.
- *Improving national and provincial governance.* The Iraqis will need technical assistance, training, and more partnering opportunities with the United States, other countries, and international organizations to strengthen their national and provincial governments and provide results that matter to the Iraqi people, for example, safe streets, good jobs, reliable electricity, clean water, education, and health care.
- *Addressing the root causes of corruption.* Strong and immediate measures must be taken to address Iraq's pervasive corruption problems. An anti-corruption strategy should establish a sound economic policy framework, reduce subsidies, strengthen accountability organizations, and enhance investment opportunities and job creation.

Ultimately, the stability of Iraq hinges on reducing violence and establishing a capable, credible, and transparent system of government that is accountable to the Iraqi people.

Mr. Chairman and Members of the Subcommittee, this concludes my prepared statement. At this time, I would be happy to answer any questions that you may have.

GAO Contact and Staff Acknowledgments

For questions regarding this testimony, please call Joseph Christoff at (202) 512-8979. Other key contributors to this statement were Stephen Lord, Judith McCloskey, Tetsuo Miyabara, Lynn Cothern, Tracey Cross, B. Patrick Hickey, Rhonda Horried, Kathleen Monahan, Amy Sheller, and Nanette Barton.

Appendix I: Extent the U.S. Strategy for Iraq Addresses GAO's Desirable Characteristics of an Effective Strategy

Extent the U.S. Strategy for Iraq Addresses GAO's Desirable Characteristics of an Effective National Strategy	NSVI	NSVI + 7 documents
1. Clear purpose, scope, methodology		
Purpose		
1a. Identifies the impetus that led to the strategy being written, such as a statutory requirement, mandate, or key event.	◓	●
1b. Discusses the strategy's purpose.	●	●
Scope		
1c. Defines or discusses key terms, major functions, mission areas, or activities the strategy covers.	●	●
Methodology		
1d. Discusses the process that produced the strategy, e.g., what organizations or offices drafted the document, whether it was the result of a working group, or which parties were consulted in its development.	○	◓
1e. Discusses assumptions or the principles and theories that guided the strategy's development.	●	●
2. Detailed discussion of problems, risks, and threats		
Problem definition		
2a. Includes a detailed discussion or definition of the problems the strategy intends to address.	◓	●
2b. Includes a detailed discussion of the causes of the problems.	◓	◓
2c. Includes a detailed discussion of the operating environment.	●	●
Risk assessment		
2d. Addresses a detailed discussion of the threats at which the strategy is directed.	●	●
2e. Discusses the quality of data available, e.g., constraints, deficiencies, and "unknowns."	○	◓
3. Desired goals, objectives, activities, and performance measures		
Goals and subordinate objectives		
3a. Addresses the overall results desired, i.e., an "end-state."	●	●
3b. Identifies strategic goals and subordinate objectives.	●	●
Activities		
3c. Identifies specific activities to achieve results.	●	●
Performance measures		
3d. Addresses priorities, milestones, and outcome-related performance measures.	◓	◓
3e. Identifies process to monitor and report on progress.	●	●
3f. Identifies limitations on progress indicators.	○	○

● Addresses
◓ Partially addresses
○ Does not address

Sources: GAO analysis of NSC, State, and DOD data.

Extent the U.S. Strategy for Iraq Addresses GAO's Desirable Characteristics of an Effective National Strategy	NSVI	NSVI + 7 documents
4. Description of future costs and resources needed		
Resources and investments		
4a. Identifies what the strategy will cost.	○	◓
4b. Identifies the sources, e.g., federal, international, and private, and types of resources or investments needed, e.g., budgetary, human capital, information technology, research and development, and contracts.	○	◓
Risk management		
4c. Addresses where resources or investments should be targeted to balance risks and costs.	○	◓
4d. Addresses resource allocation mechanisms.	○	◓
4e. Identifies risk management principles and how they help implementing parties prioritize and allocate resources.	○	○
5. Delineation of U.S. government roles and responsibilities		
Organizational roles and responsibilities		
5a. Addresses who will implement the strategy.	◓	●
5b. Addresses lead, support, and partner roles and responsibilities of specific federal agencies, departments, or offices, e.g., who is in charge during all phases of the strategy's implementation.	○	◓
Coordination		
5c. Addresses mechanisms and/or processes for parties to coordinate efforts within agencies and with other agencies.	◓	◓
5d. Identifies process for resolving conflicts.	○	○
6. Description of strategy's integration among and with other entities		
6a. Addresses how the strategy relates to the strategies of other institutions and organizations' and their goals, objectives, and activities (horizontal).	○	◓
6b. Addresses integration with relevant documents from other agencies and subordinate levels (vertical).	○	◓

● Addresses
◓ Partially addresses
○ Does not address

Sources: GAO analysis of NSC, State, and DOD data.

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Mr. SHAYS. We will start off with Mr. Kucinich.

Mr. KUCINICH. May I direct questions to——

Mr. SHAYS. Yes, you may ask Mr. Christoff or the Comptroller General.

Mr. KUCINICH. These questions would be to Mr. Walker. First, I have to preface my questions. The DOD's plans for our military bases in Iraq go right to the question about what victory in Iraq would mean. For instance, last spring the Overseas Basing Commission wrote that military presence corresponds to influence. They said, "We cannot hope for much influence without presence. The degree of influence often correlates to the level of permanent presence that we maintain forward."

So, it's inconceivable the long-range U.S. influence in Iraq is not being sought. What exactly are the plans for a long-range military presence in Iraq? This subcommittee has been trying to ascertain what the long-range plans are for certain very large military installations in Iraq, such as at Balad, Al-Asad, Talil and Camp Taji.

The Congressional Research Service wrote in April 2005 some projects suggest a substantial U.S. investment to improve facilities that could be used for the longer term. DOD has requested its military construction funds for 5 years, the standard length of time, which could be perceived as indicating a more extended U.S. presence, and that is in Iraq.

Projects that suggest a longer U.S. presence include $57 million for Balad Airbase designated as a strategic aerial port to expand aircraft ramps, construct roads and storage areas for equipment, and replace airfield lighting. That is a quote from a CRS memorandum.

Now, our staff met with members of the Overseas Basing Commission, Mr. Walker. They learned that the Commissioners received no information from DOD about Iraq and would not comment. When our staff was briefed by DOD, they were told that a strict silence would be observed in all matters relating to Iraq. Now, it's hard to understand how national security strategy in Iraq can be assessed without knowing the plans for a military base in Iraq.

So, Mr. Walker, did the GAO succeed where our subcommittee efforts have not? Did GAO receive from DOD sufficient detailed information about the cost and types of military installations in Iraq?

Mr. WALKER. Well, first, Mr. Kucinich, let me say that we have not performed a specific engagement designed to try to ascertain the cost of military construction activities in Iraq. It is something that we would be willing to consider doing, but that's not something that we have undertaken. However, let me tell you what we do know, if I may.

Mr. KUCINICH. No, wait, you have answered my question. I have a followup question.

Mr. WALKER. I will, very quickly.

Mr. KUCINICH. Were you able to ascertain whether or not future costs and resources were addressed?

Mr. WALKER. No. Basically the position right now, the Defense Department, is the United States does not plan to have a long-term presence in Iraq. That is why the Overseas Basing Commission was not asked to look at this. It's clear that we are likely to have

a presence for a considerable period of time. It's clear that there will be capabilities that will be there for the Iraqis or someone. But their position is, at the present time, the United States does not plan to maintain a long-term presence in Iraq.

Mr. KUCINICH. Was the GAO given a detailed briefing of the DOD's intentions for facilities in Iraq?

Mr. KUCINICH. We have had some interaction with the Defense Department on this issue, but their position has and remains, to my knowledge, that while extensive costs are being incurred, they are being incurred primarily to support our involvement for an undetermined period of time, and not to maintain a long-term presence in Iraq.

Mr. KUCINICH. So, you say an undetermined period of time is a short presence is what you are saying. Now, Mr. Walker, what attempts did GAO make to find the answers to these questions about bases? Did you, for example, seek access to these bases at Balad and others to see how permanent or impermanent they may be?

Mr. WALKER. We have done some work in Iraq, but we have not done a specific engagement designed to try to address the issues you are raising, Mr. Kucinich. I am more than happy to talk to you and other members of the subcommittee if you are interested in doing so.

Mr. KUCINICH. Well, I certainly think that it would be of interest to this committee and the American people to know whether or not the United States is preparing for a long-term presence in Iraq based on the construction of those bases. And since it didn't look at it in terms of the scope of this study, I think it would be important for you to do it in a followup. Thank you, sir.

Mr. WALKER. Thank you.

Mr. SHAYS. The Chair would recognize Mr. Waxman. What we are doing is we are doing 6-minute questioning.

Mr. WAXMAN. Thank you, Mr. Chairman.

Before I ask some questions of Mr. Walker, I want to respond to the comments made by our colleague on the other side of the aisle, Mr. Turner from Ohio. He mentioned in his opening statement that he thought I was derelict for not mentioning that weapons of mass destruction were found in Iraq, and he mentioned a report by General Maples and the National Ground Intelligence Center.

But, unfortunately, Representative Turner gave only a small part of the story. According to General Maples, the munitions recently found buried in Iraq were produced in the 1980's, and, according to the NGIC report, these munitions are not proof of an ongoing weapons of mass destruction program in the 1990's.

I would just add that there was a FOX News story from June 22nd quoting a Defense Department official that the munitions were not even in useable condition. And according to this official Bush administration account, "This does not reflect the capacity that was built up after 1991. These munitions are not the WMDs this country and the rest the world believed Iraq had, and not the WMDs for which this country went to war."

So before criticizing me, perhaps the Member would do better to consult the actual report he cites. Well, before everybody gets excited, therefore, that he found the weapons of mass destruction, let's just put that issue to rest.

The second issue I just want to comment on before I ask some questions of the Government Accountability Office is why is it partisan to criticize what's happening in Iraq and how this administration has been handling the matter? I don't consider that partisan. Are we supposed to keep quiet about the whole thing and just cheer the President on and say stay the course?

These are slogans. I, too, have been to Iraq, Mr. Chairman. I know what it's like for Members to go to Iraq. You go to a green zone. It's all very, very carefully protected. You hear from the generals that give you upbeat stories. They wouldn't even go out, some of them that brief us, into Iraq itself, and very seldom do you ever have Members of Congress go outside of the green zone. So let's keep in perspective what we are told.

Just to criticize and raise issues is not in any way, in my view, a partisan matter, because some of the criticisms that have been most vigorous have come from Republicans as well as Democrats.

Now, Mr. Walker, I want to turn to you. I mentioned in my comments to start off that on one issue, cost, you found that the administration's strategy does not identify current and future costs of the Iraq war, nor does it identify the sources of funding needed to achieve U.S. objectives.

Can you tell the committee why the administration strategy does not include cost estimates, especially since we have been there for more than 3 years?

Mr. WALKER. Well, as you know, Mr. Waxman, the administration has resisted for several years providing cost estimates longer than 1 year in advance. I think it's best that you try to ask the administration why they haven't done it.

Clearly, I think there is a basis to come up with some estimates. There obviously could be variances based on how conditions develop, but the idea of not coming up with any longer-term estimates doesn't seem to be reasonable.

Mr. WALKER. Did you ask the Bush administration for cost information, and how did they respond?

Mr. WALKER. I would ask Mr. Christoff to respond to that in the case of this engagement.

Mr. WALKER. Mr. Christoff.

Mr. CHRISTOFF. Mr. Waxman, for this particular engagement, we looked at what makes a good strategic plan and what are the critical elements in a good strategic plan.

Mr. WAXMAN. Would you answer my question, because I have other questions. I have limited time.

Mr. CHRISTOFF. We asked them specifically for their long-term estimates.

Mr. WAXMAN. Now, I want to look at the administration's past planning. Your report says that the administration expected a permissive security environment in Iraq. But I am sure you are familiar with the volumes of work the State Department had done prior to the war warning that ethnic strive and sectarian violence was likely, given a U.S. invasion.

I am also sure that you are familiar with the comments of George Bush, Sr., a Republican, who predicted after the first Gulf war that a U.S. occupation would result in incalculable human and political costs, that there would be no visible exit strategy, and that

the United States could still be an occupying power in a bitterly hostile land.

Now, your report, the GAO report, makes clear that the administration incorrectly believed it would have a permissive environment, but your report doesn't say why they believed this. Who told them that? Who was giving them advice it would be a permissive environment, and why did they ignore all these experts, including the President's father? Mr. Walker, you want to address that?

Mr. WALKER. I will start, and then I will ask Joe to fill in.

It was very clear that there was inadequate intelligence, poor planning, not enough options considered with regard to potential scenarios for conditions on the ground.

Now, as to why they did or did not consider the advice and counsel of various individuals, I can't comment on that. I don't know whether and to what extent Mr. Christoff can, but I would ask him to try.

Mr. WAXMAN. Well, I think you pretty much answered my question, except you raised another one. Are you a partisan? You suggested there were a lot of mistakes made.

Mr. WALKER. I am an independent. I said that there was poor planning and inadequate consideration of alternative scenarios for potential conditions. And because of that, I believe that some of the challenges that we have have manifested themselves.

Mr. WAXMAN. Mr. Christoff, your report concludes the administration diverted billions of dollars intended for reconstruction to address security concerns, and that it failed to anticipate before the war. Is this an accurate statement?

Mr. CHRISTOFF. What our report said was that there was a reconsideration of what the priorities were that Ambassador Negroponte brought in and felt that there was insufficient resources that were going to the security environment, and he transferred moneys from the water and electricity sector to try to provide additional moneys for the security sector, particularly for training and equipping Iraqi security forces.

Mr. WAXMAN. They didn't anticipate that.

Mr. CHRISTOFF. What they anticipated—could I get back to your first question about the permissive security environment? The assumptions that the CPA developed were assumptions that were developed in the summer of 2003 when the insurgency was not as intense as what subsequently developed.

So they went into the reconstruction plans with three key assumptions, one of which was that there would be a permissive security environment that would allow reconstruction to go forward; second, that the Iraqi Government would make important contributions to that reconstruction effort. So those were the critical assumptions, as well as trying to get the infrastructure up to prewar levels.

Mr. WAXMAN. Thank you, Mr. Shays.

Mr. SHAYS. I thank the gentleman.

We are going next—let me just tell you the order I have on the Democratic side of the aisle. I had Mr. Kucinich first, Mr. Waxman, then I have Mr. Higgins next, then Mr. Van Hollen, Mrs. Maloney, and then Mr. Lynch, and then Mr. Sanders will be after that. We

will inject Republicans as they come in. I am just going to keep coming down here at this time.

Mr. Higgins. Just so the Members know, we are giving approximately 6 minutes, sometimes a little over. I am not going to fight the red light.

Mr. HIGGINS. Thank you, Mr. Chairman. I just—I am on the GAO findings, and a lot of this is, you know, a question of semantics and seemingly fact distortion and verbal manipulation, because when I look at the situation, what I have come to learn, what I have read, both official and unofficial, fundamental to the success of the Iraqi operation is security, without which none of the other assumptions really matter all that much, because they are not achievable without fundamentally achieving that goal of security and allowing the new Iraqi system to evolve naturally toward self-sufficiency, self-determination, which would eventually lead to an American withdrawal not based on arbitrary dates, but on real dates, based on a real strategy.

It just seems to me that when we are talking about the several assumptions that have significantly changed, the several assumptions haven't significantly changed, they were fundamentally wrong in the first place. What was also wrong was that the assumptions that went into trying to address these things.

I am concerned that this really adds up to a generally failed policy, a policy that has not kept its commitment to the American people, that has not kept its commitment to the Iraqi people, to create a safe and stable environment. And, anecdotally, the reports that we get every single day seem to further question this whole issue of security and making progress. I look at these charts, and while, you know, somewhat attractive, and seemingly there is some kind of measured progress here, the insurgency threat is only increasing. The terrorist threat is only increasing.

So my question is, you know, what does—what is the authority of the Comptroller General's capacity to provide the basis, form the basis to change this policy? Because from what I see here, this is a continuation of the same, despite your office having found that things have significantly changed. I don't see a corresponding change in the policy. I think that is what this committee needs to know. I think that is what the American people need to know. I would ask that question fundamentally of you, whoever wants to take it.

Mr. WALKER. Mr. Higgins, let me address that question. As you know, the Comptroller General of the United States is head of the Government Accountability Office, which is a legislative branch agency. Therefore, we are an Article I institution under the Constitution. We can do our work in a professional, objective, fact-based, nonpartisan, and nonideological manner, which is what we do. We can make recommendations. But under the Constitution, we cannot require the executive branch to adopt our recommendations.

Fortunately, about 85 percent of the recommendations we make are eventually adopted. In the case of security, I would agree with you that security is fundamental. As Maslow's theory notes, which we all learned in college, self-preservation is the most fundamental need. Therefore, if you do not have an adequate security environment, then that has an adverse ripple effect with regard to a vari-

ety of other dimensions, one of which being the reconstruction dimension, but it's only one.

At the same time, while you need to secure the security objectives, and while the trends on that have not been positive within the last year or so, the fact is in order to achieve real and sustainable success, it needs to be not just on the security dimension, but also on the political and economic dimension, because even if you have stability, which is key, you need to start delivering results that all of the Iraqi people care about, whether they are Shi'a, Sunni or Kurd, and there's a real problem there.

Mr. HIGGINS. Obviously. I am done, thank you.

Mr. SHAYS. At this time I will recognize the vice chairman of the committee Mr. Marchant.

Mr. MARCHANT. Thank you, Mr. Chairman.

Mr. Walker, President Bush in his June 14th press conference on his return from Baghdad said that he suggested to the Iraqis that they use the country's oil assets to unify the country. The most common question that I am asked in my district about the rebuilding of Iraq is what is happening to the oil income from the Iraqi's sale of oil? What was the original plan as far as the use of the oil income in Iraq?

Mr. WALKER. I will start and ask Mr. Christoff to supplement. First, the assumption was, rightly or wrongly, that the Iraqis would be able to pay for a lot of the related reconstruction efforts in large part through oil revenues, because, as you know, the Iraqis at the present point in time, are receiving about 90 percent plus of government revenue through oil revenues.

The challenge of that is severalfold. No. 1, oil production levels are below prewar levels. There are serious challenges with regard to production and distribution, in part complicated by the insurgency, in part complicated by the fact that even when you end up repairing something, the Iraqis have a difficult time maintaining it.

But furthermore, there's tremendous corruption, and there's a lot of theft going on. There's an estimate, as noted in our report, that about 10 percent of the refined fuels are being diverted, and about 30 percent of the imported fuels are being diverted.

In fact, I myself have been to Iraq a couple of times. My son fought in Iraq with the Marine Corps. But the last time I was there, which was earlier this year, I was showed some numbers with regard to oil production and revenues, and it took me about, you know, a second and a half to realize that, obviously, there was massive corruption going on, because the numbers just didn't add up.

Mr. MARCHANT. Mr. Christoff.

Mr. CHRISTOFF. Let me give you some information, Mr. Marchant, and you can tell me if I'm answering your question.

First of all, when the original assumptions were made back in 2003 about Iraq's investment, the assumption was that there would be oil revenues beyond what was needed to run the government, to provide all of the functions of government that could be used for reconstruction efforts.

The situation that you have today now is that if you look at the Iraqi budget you see a budget that, No. 1, is funding what some could contend to be a blow to bureaucracy, primarily because often-

times you don't know who is working in the different ministries. There are ghost employees. You have subsidies that the IMF estimates that 50 percent of GDP in Iraq is going to food, fuel and electricity subsidies, and then you have the continuing support for a burgeoning security force and the costs associated with that.

You add all that up and there isn't a lot in terms of capital investment that Iraq can currently contribute. They budgeted $6 billion in their 2006 budget for capital investments. I don't know if they're going to be able to provide any assistance in that area since last year they budgeted $5 billion but were only able to spend a couple hundred million.

Mr. MARCHANT. Do you think that it was a reasonable assumption going in that the oil income would be a significant supplement to the rebuilding?

Mr. CHRISTOFF. I'm not certain if we knew what all of the commitments and expenditures were on the Iraqi Government in terms of the massive subsidies, the pensions, the employment, costs associated with employment.

Mr. MARCHANT. In his press conference on June 14th, President Bush indicated that perhaps a distribution of the oil revenues between the Shi'as, Sunnis and Kurds would be a way of unifying the country. Is that a realistic—at this point, is there enough of the oil income that's not dedicated simply to the day-to-day organization that could be used for that benefit?

Mr. CHRISTOFF. That is one of the 24 points that's part of the National Reconciliation Plan the Prime Minister has put together. There are going to be some really tough decisions that have to be made in the next 4 months as we go through the constitutional process—the constitutional amendment process. The Constitution has, some would contend, interesting but conflicting articles within it. One article says that all existing oil reserves are part of a national government, all future reserves are more or less decided toward the issue of what is the Federal structure, what will the national government control, what will the provincial government's control.

What complicates that debate even more is that the Kurdistan Regional National Resources Minister has said that the debate about who owns what has already been decided and they are not open to any further negotiations about the Constitution.

So Iraq certainly is oil rich, but the question of who controls the future oil reserves is going to be a contentious issue as we go through the constitutional amendment process.

Mr. MARCHANT. Mr. Walker, do you think it is a reasonable assumption going forward for us to continue to speculate that there will be oil income available for the rebuilding?

Mr. WALKER. I think that you are going to have to deal with the security situation. We're going to have to end up helping them to enhance capacity to be able to increase production and maintain these facilities.

There's also going to have to be efforts taken to deal with the subsidies. One of the reasons that there's so much theft going on is because the price for energy on the market within Iraq is substantially lower than it is in surrounding countries; and, therefore, that provides a tremendous incentive to be able to steal these fuels

and to be able to sell them for whatever purposes, corruption or otherwise.

So I think you're going to have to make progress on these fronts and others in order to really be able to have any hope of having any additional revenues. Plus, keep in mind that the pledges that have come from the international community have largely been loans, not grants; and I think there is no question that the international community is going to have to do more if we ultimately want to try to achieve long-term, sustainable success.

Mr. CHRISTOFF. The subsidy question is sort of a double-edged sword. Iraqis were paying about 13 cents a gallon for regular gasoline. Last week, it went up to 44 cents a gallon. A lot of discontent about being able to afford that.

The World Bank is estimating that if Iraq can get gasoline prices up to about 60 cents a gallon, that's going to free up about $1.5 billion that would have gone to purchasing refined fuel that could then go toward reconstruction efforts.

So that's a critical part of the whole economic effort that we think Iraq has dealing with the subsidies because it can free up additional resources for capital investment.

Mr. SHAYS. Thank you.

At this time, the Chair would recognize Mr. Van Hollen.

Mr. VAN HOLLEN. Thank you, Mr. Chairman; and let me thank Mr. Walker and Mr. Christoff for their testimony.

I think at a hearing on national security it is important to take us back to the terrible events of September 11, 2001, and just remind the American people that the attacks at that time came from Afghanistan, that they were launched by al Qaeda and Osama bin Laden and had nothing to do with Iraq; and many of us were surprised to learn just last week that the Central Intelligence Agency [CIA], has decided to disband the one unit at the CIA specifically dedicated to tracking down Osama bin Laden.

Michael Scheuer, who was at the CIA, now retired and used to head that group, said this about disbanding that unit: This will clearly denigrate our operations against al Qaeda. These days at the agency bin Laden and al Qaeda appear to be treated merely as first among equals. We have not completed the mission, despite what the President said on the aircraft carrier back in May 2003. Osama bin Laden and al Qaeda remain at large. In fact, the Taliban activity in southern Afghanistan has stepped up recently, according to testimony by General Maples, the head of the Defense Intelligence Agency; and I believe it's a mistake to be reducing our presence, military presence in southern Afghanistan.

So I think as we focus on this hearing it is important to put it in context and remember that the terrible events of September 11, 2001, had nothing to do with Iraq.

Mr. Walker, you have appeared in front of this committee many times to discuss issues of Government accountability. You're the head of the Government Accountability Office. We've had many hearings on the question of pay for performance; and you have asked for the ability in your department to pay your employees based on their performance, is that right?

Mr. WALKER. That's correct. That's correct, and we're doing it.

Mr. VAN HOLLEN. That's right. Would you agree that in any organization if you ignore and reward failure you get more failure?

Mr. WALKER. I think there has to be accountability when things don't go the way that you want.

Mr. VAN HOLLEN. Thank you. As the head of the Government Accountability Office I'm pleased to hear you say that.

Let me give you a couple of facts with respect to Iraq. Let's start with weapons of mass destruction. Individuals in the administration who got it wrong with respect to weapons of mass destruction have either been left in place or rewarded. Secretary Rumsfeld, Secretary Rice have never received any sort of penalty or display of criticism from the President for getting it dead wrong. George Tenet, who said it was a slam-dunk case, received the Presidential Medal of Freedom.

Individuals at INR Department of Energy who questioned the issues like the aluminum tubes, I have never seen them get an increase in pay for their performance in getting it right.

General Shinseki said we needed more troops on the ground. He was cavalierly dismissed by then Deputy Secretary of Defense Paul Wolfowitz who said those numbers were way to high. We know many Generals now, at least eight, have come out and said their advice was ignored by Secretary Rumsfeld and they've called for his dismissal and resignation.

Secretary Wolfowitz said we'd have plenty of money to pay for the war in Iraq based on Iraqi oil revenue. He was rewarded with a position as President of the World Bank. Those individuals who called for greater troops on the ground, their predictions and requests were ignored.

The cost of the war. The President's former Chief Economic Advisor, Lawrence Lindsey, at one point predicted $100, $200 billion cost of the war. People said, hey, you're crazy; that's way too much. Deputy Secretary Wolfowitz said that. So did the head of OMB at the time, Mitch Daniels. They said that's crazy, way too high. We know now that it was in fact too low.

My question is very simple. When you have that many people getting it wrong, doesn't it send the wrong signal for the President not to hold anybody accountable for those failures, failures with respect to WMD, failures with respect to number of troops needed for stability on the ground, failure with respect to predictions of costs, failure with respect to Abu Ghraib and other things that have undermined U.S. credibility and our moral standing around the world. Doesn't it make it more difficult to succeed in Iraq when you ignore failure? Isn't that going to give us more failure?

Mr. WALKER. Mr. Van Hollen, I believe very strongly in not being partisan and not being personal; and so, therefore, I won't comment with regard to specific individuals. I will, however, say this: There has been inadequate accountability today.

Mr. VAN HOLLEN. I appreciate that. I think it's pretty clear from the litany of failures and the fact that nobody has been held accountable.

Let me ask you this, if you had that kind of series of failures at the Government Accountability Office, would you be giving bonuses to those individuals who were making those decisions?

Mr. WALKER. Absolutely not.

Mr. VAN HOLLEN. Would you be making sure that people who had a record of failure and getting it wrong at GAO, if you were to use your authority that we have given you with respect to the pay-for-performance system, would you make sure that failure was reflected in terms of the compensation they received and the kind of—whether they received a pat on the back or criticism from you?

Mr. WALKER. We would. We believe in performance and accountability, and it's more than just our name.

Mr. VAN HOLLEN. Well, I thank you for that testimony.

Let me ask you with respect to the recent situation in Iraq—and we're all very alarmed by the fact that there is increasing sectarian violence. Many of us who opposed the decision to go to war made the claim and the case that when you take the lid off Pandora's box, when you have a situation of historic rivalries between different ethnic groups, that unless you have a plan to somehow bring about national reconciliation you're going to unleash these historic forces. I'm not sure any plan could have done it. But the fact of the matter is at least at the State Department there was a plan that had been put together to try to address some of those issues but that plan was thrown out of the window by Secretary Rumsfeld and they decided that they were going to do it their own way rather than abide by that plan.

Do you think that was a mistake? Do you think that was a failure in terms of proceeding?

Mr. WALKER. As I said before, I think it's clear that there were not enough scenarios considered and more should have been considered, including the possibility of sectarian violence.

Let's keep in mind one of the things we have to do better is to learn from history, and there has been a long history in this region that should inform, hopefully, our decisionmaking.

Mr. SHAYS. Thank the gentleman.

Mr. Dent.

Mr. DENT. Thank you, Mr. Chairman.

Mr. Walker, I just wanted to get your opinions on the situation on security forces in Iraq. I had spent some time in Iraq last summer in August down in Basra, up in Kirkuk and also in Baghdad; and after speaking with some of the British forces down there their general assessment had been that the Iraqi security forces, that is the army, was doing rather well, standing up well. The police services needed some help and the border forces, border security needed a lot more help than any of the other areas.

What is your assessment of the security situation in Iraq and what do you see that is needed to improve that situation?

Mr. WALKER. First, your question is the security situation. Then I'll touch on the security forces. Unfortunately, most of the statistics that are public—and, as you know, the attack statistics are only public through April 2006—that the trend has not been positive; and that, furthermore, while the statistics since April 2006 are still classified, statements have been made by General Casey and others to show that the security situation is not good and that we continue to face a range of attacks in a variety of forms.

With regard to training Iraqi security forces, significant progress has been made in training an increasing number of Iraqi security forces; and, at the same point in time, it's important not just to

consider quantity but also quality and the ability of these forces to operate independently and to sustain themselves.

So we've made real progress in training an additional number of Iraqi security forces. Their capabilities are improving, not as fast as many would like. But the real challenge here is going to be what about their ability to sustain themselves, their ability to provide command and control, logistics, intelligence. We are having to provide most of that, and that's likely to continue to be the case for a period of time.

Mr. DENT. As a followup, I want to get to the issue of the costs of our involvement in Iraq. What is the current cost per month of the U.S. involvement in Iraq, including the cost of U.S. military operations, rebuilding critical infrastructure, and Iraqi security forces and any other cost elements that you can elaborate on?

Mr. WALKER. First, I think you have to keep in mind the current cost versus the tail. The current costs are estimated at about $1.5 billion a week, but there is a tail, and the tail is the cost associated with refurbishing, reconstituting our equipment, transferring the force, costs associated with disability and health care for those who have been disabled and wounded in battle, and we still don't know how long we are going to be there and in what size. But about $1.5 billion a week is my understanding.

Mr. DENT. As a followup to Mr. Marchant's question, you had talked about the price of oil or gasoline in Iraq. When I was there last summer, I thought I heard the number bandied about that the price of gasoline was about 15 cents per gallon, which was considerably less than the cost to produce and refine the product. What did you say a few moments ago was the actual current market price for gasoline in Iraq?

Mr. WALKER. That was Mr. Christoff, and I ask that he repeat those numbers.

Mr. CHRISTOFF. You're right. Last summer through December it was about 13 cents a gallon. It's now 44 cents a gallon for regular.

Mr. DENT. It was my understanding, too, at the time that most of the gasoline that was produced, the crude produced in Iraq was sent out of the country to be refined, is that correct?

Mr. CHRISTOFF. Iraq has about half of its needs it can produce within the country, and the remaining half it has to import.

Mr. DENT. So under that regime, obviously, the government must have been subsidizing gasoline, subsidizing not just gasoline but electricity and other commodities.

Mr. CHRISTOFF. Food as well.

Mr. DENT. Can you give me a quick assessment as how that has changed? Apparently, it's gotten better, at least in gasoline. Are we allowing market forces to establish themselves more effectively in that economy today than had been the case 6 months to a year ago?

Mr. CHRISTOFF. When Iraq signed an agreement with the IMF, they agreed to increase fuel prices this entire year so that it hopefully reached levels of about 90 cents a gallon, which is comparable to the region. They missed a March increase, so they tried to make it up for the increase that occurred last week when they went from 13 cents to 44 cents a gallon. The goal is by the end of this year to bring it up to regional prices of about 90 cents a gallon.

Mr. DENT. Thank you, Mr. Chairman. I have no further questions and yield back.

Mr. SHAYS. Thank the gentleman.

At this time, the Chair would recognize Mrs. Maloney.

Mrs. MALONEY. Thank you very much. Thank you for your testimony.

In your report you noted that only—the financing of it is only partially identifying the current and future costs of U.S. involvement in Iraq. Are you tracking or is our Government tracking by program? Can we total it by program the full cost of the involvement in Iraq of the $311 billion? Can you break it down by what's going for rebuilding critical infrastructure, how much for Iraqi security services? Can you break it down in those categories?

Mr. WALKER. Mrs. Maloney, there is an ability to break it down to a certain extent, but as you and the other members on the subcommittee know, the Defense Department has terrible accounting systems. It is the only major department in the U.S. Government that still cannot withstand an audit.

We are receiving cooperation from the Defense Department in trying to understand how supplemental funds are being expended as well as other funds, but they have thousands of legacy non-integrated accounting systems which do not provide for timely, accurate and useful information to make informed decisionmaking, nor do they provide adequate information for the Congress to be able to discharge its constitutional responsibilities effectively.

Mrs. MALONEY. For well over 3 years we have been having hearings in this committee and others where the administration says it's going to get better, we just need a few more trained Iraqis, and it just never seems to get better, and the number of trained Iraqis seems to never get in place, and it doesn't seem like they have clear measures of what they need to achieve to be able to have success so that our troops can come home.

One area that is particularly disturbing to me is the whole area of contracting and procurement. Of the $311 billion, why can't we give some of it to the Iraqi people to rebuild their own schools and hospitals and oil fields?

And I cite the example that General Petraeus told me when I went to Mosul. He was trying to build a cement factory. A U.S. firm had a large contract for tens of millions of dollars. They weren't acting. He just put up a notice, is there any Iraqi who can build a cement factory, and they built it for $60,000. The Iraqis were employed, they were happy, and he got the cement factory to go forward and help the people of Iraq.

But what is so disturbing to me is we have one hearing after another where we discuss scandals with Halliburton and other contractors. The Government continues to give the contracts to Halliburton and others and for some reason cannot contract with the Iraqi people. We might have less problems with stealing and accounting if we worked with the Iraqi people and they would be employed and it would be moving toward stability in the country.

My question is, why can't we as a country contract with the Iraqi people to rebuild their own country so our people can come home and why do we continue to give money to a contracting system that

by all reports has all types of flaws and scandals and mismanagement?

So, again, for 3 years we have been calling for reforms in that; and I haven't seen any reforms. Why haven't we been able to contract with the Iraqi people like General Petraeus so successfully did?

Mr. WALKER. Mrs. Maloney, as you know, the contracting activity for the Department of Defense has been on GAO's high-risk list for many years. There are serious problems in contracting not only in Iraq but, frankly, outside of Iraq.

There is little question that there are additional opportunities to try to be able to engage the Iraqi people to help them rebuild their country, and that's something that I think needs to be considered to a much greater extent than it has been in the past. It's something that I have testified on in the past, and my understanding is the chairman is also planning to have another hearing in the not-too-distant future talking about contracting activities.

Mr. SHAYS. Will the gentlelady yield?

Mr. Comptroller General, we are waiting from the GAO for a specific list of the businesses to look at for investigation and we said we would go wherever it took us. So whether it's Halliburton or some smaller company. And we are still waiting for that list. I just want you to know that.

So you are right. We have pledged to do a hearing. We have yet to receive that list. I welcome it, and this committee will pursue it.

Mr. WALKER. I will followup with you.

And I also think it's important, Mr. Chairman, that you not just obtain information from us but you also obtain information from SIGR, which is the Special Inspector General for Iraq, which is supposed to be focused 100 percent on reconstruction, as well as some of the others. But I will followup.

Mr. SHAYS. I just want to remind you. I'm giving the gentlelady her time.

In public forum when you were sitting at the front desk you made the very important point that we have a corruption problem and it isn't just the bigger companies; and I said to you, just give us the worst examples and we'll go forward. If you want to seek advice from the Inspector General, we would welcome that. But you have given very aggressive testimony today, and I just want to be very certain that you are aware that you made the statement before. We publicly encourage you to provide that information and we have waited and waited and waited for that information to come forward, and that's an example I think of accountability on the other side of the coin.

Mr. WALKER. Be happy to get back with you. I think there was a misunderstanding on what we'd agreed to, but I'll followup.

Mr. SHAYS. It's a public record.

Mrs. Maloney, you have the floor; and I have given you back your time.

Mrs. MALONEY. Following up on the chairman's comments on the corruption problem, maybe we'd have less of a corruption problem if we could contract with the Iraqi people. It would also help with the employment and rebuilding the infrastructure. It would be less

of an incentive to destroy the electricity plant or the hospital or the school if it was built by their people, employing their people. And we have called for it over and over again, and I believe we should legislate it, requiring that a certain portion of American dollars and contracts go to the Iraqi people. If we're trying to help the Iraqi people, why don't we put them in part of the leadership of their own country and give them the resources to get the job done so that our men and women can come home?

Mr. WALKER. Mrs. Maloney, can I set the record straight on something?

Mr. SHAYS. Would you suspend?

This is a very formal hearing and a very important hearing. There will be no applause. I want to be very clear about that, no applause in a hearing. Thank you.

Mr. WALKER. Mr. Chairman, can I set the record straight on an issue?

First, let me be clear the problem with regard to U.S. contracting is, by and large, not a corruption problem. It is a waste, abuse and mismanagement problem; and it involves——

Mrs. MALONEY. Some people call that corruption.

Mr. WALKER. I will followup. The corruption problem—the corruption problem is there's an endemic corruption problem in Iraq; and so the corruption problem deals with Iraq, not necessarily U.S. contractors and U.S. operations. But both are a problem.

Mr. CHRISTOFF. Mrs. Maloney, can I provide you with some additional information?

Mrs. MALONEY. Please do so in writing, because my time is up, and I have one other question I would like to ask that is very important to me.

When will the Iraqi parliament establish the Constitutional Revision Commission? As we are aware, women's rights have been rolled back under the new government. They are now under Sharia law. I spoke to a judge. She was a judge. She can no longer be a judge. The Sharia law is very restrictive for women, and I feel it would be a crime beyond belief if women lose their rights and because of our involvement become lesser citizens with tremendous problems.

Related to that, what are the prospects that the Commission can agree on amendments that resolve the Sunni concerns, especially on the distribution of oil revenue and power-sharing arrangements between the central government and among Sunni, Shi'as and Kurds?

Mr. CHRISTOFF. I don't have information about when the Commission is going to begin its work. Once that Commission is formed I think, as you know, it has a formal period to try to bring recommendations to the full national assembly.

What you just mentioned in terms of resolving issues related to oil is going to be very contentious, as you have many of the resources in the Kurdish north, the Shi'a south and then trying to figure out what part of current oil reserves versus future finds and how is that going to be shared between the national government and the provincial governments.

Mrs. MALONEY. And the loss of women's rights?

Mr. CHRISTOFF. Absolutely, that's an additional part of what can be up for the Constitutional Commission to resolve and how you balance the principles of democracy that's in that Constitution but also trying to adhere to Islamic law at the same time.

Mrs. MALONEY. Thank you. My time is up.

Mr. SHAYS. Thank you.

At this time——

Mr. BURTON. Mr. Chairman, I would like to reserve my time.

Mr. SHAYS. You can reserve your time. Thank you very much for being here.

At this time, the gentleman from Boston, MA.

Mr. LYNCH. Thank you, Mr. Chairman. I want to thank the ranking member as well for having this hearing. I want to thank the panelists for helping the committee with its work.

I want to read a section in the GAO report of the assessment for the national strategy in Iraq. It's the part I agree with, and I think it is really the guts of this report. It talks about the goals and objectives of the President's strategy for Iraq.

Then it says: However, the discussions—this is three sentences: However, the discussions of outcome-related performance measures to assess progress in achieving the goals of the strategy and the objectives of the strategy are limited. Moreover, the strategy falls short on at least three other areas. First, it only partially identifies the agencies responsible for implementing key aspects of the strategy. Second, it doesn't fully address how the United States will integrate its goals with those of the Iraqis and the international community; and it does not detail Iraq's anticipated contribution to its future needs.

Now I have been to Iraq five times, and I have been to Afghanistan once, and I don't spend any time at all in the Green Zone, quite frankly. Been to Falluja, spent overnight in Falluja, Tikrit and the Sunni Triangle, the Iranian border as well. Spent a lot of time in areas that aren't protected and trying to get as much information as we can. And I have to say that, in trying to measure progress of what's going on in Iraq, it is extremely difficult; and I think the reason is we don't have a system there that provides for that. We have the military, and it's all on them. And it's a strategic disservice to our military to ask them to do everything we're asking them to do right now.

We're asking them, first of all, to beat down the insurgency. That's their primary goal that they were trained for. We're asking them, in the meantime, to train the police department. We're asking them to train security forces, the department of defense there. We're asking them to patrol every single reconstruction project in the country.

And on top of that we've given them the responsibility for political reconciliation, which is to shift government operations to the Iraqis. And that's where we're falling down, because it's the sixth priority on the military's list. And that's just not happening. It's not being measured.

I have spent time with the Iraqi parliament, been on the floor of the Iraqi parliament, spent time with the President there, Talibani. They are not getting the responsibility for even the most basic services in Iraq. If your electricity goes out, you go see the

U.S. military; if your water isn't running, you go see the U.S. military; transportation, go see the U.S. military. Hospitals, schools, the whole 9 yards, it's the responsibility of the U.S. military.

It's a political process. We are falling down especially in the role of transitioning some of the basic services to the Iraqi Government.

I had my staff and some folks at CRS, I asked them a question. I said, given our history in the United States, are there any other models out there where the United States had occupied another country and had a transition government from the U.S. military to the civilian incumbent population? And they came back with one report, and it was the example of the Philippines.

In 1944, after the United States drove the Japanese out of the Philippines, by default we ended up in control of the 7,000 islands that make up the Philippines. It wasn't an independent nation at the time.

I think what FDR and the U.S. Congress in 1944 did then was instructive to this case today. What they did was they established a national commission made up of representatives from the White House, picked by the White House, three from the Senate, three from the House; and their responsibility, their sole responsibility, was to transfer the government from the U.S. military to the Philippine Government. And it worked very well in that instance. It introduced accountability sector by sector, and that's something that we lack very much here.

Now I'll be back in Iraq in late August, beginning of September, and there is still no system of determining how this whole process is going, and I think we need that process here. If Congress and the GAO are going to do our jobs in terms of tracking progress or lack of progress or at least informing the American people what's going on, we have to have a system in place to do that. It is not there right now. We don't have transparency.

I can't tell you exactly how we're progressing over there with any of the areas of government control. I'm not an expert on military issues, but I think every Member of Congress is somewhat of an expert on politics. I know from being in Iraq and listening to the Iraqi people they are not much different from the American people in this sense, they elected their leaders back in December, they elected a parliament, a President, Prime Minister, but still for all these basic services they've got to go to the U.S. military to get some action.

I know what my constituents would do if they elected me and I did nothing for them. I know what my constituents would do. They would regard me as a puppet government or someone who is just a shield. And the Iraqi people are going to draw that conclusion at some point in this whole process. So if we want to do the right thing for the Iraqi people, we shift the responsibility to the Iraqis for a lot of this stuff.

I think one failure in the President's thinking is there is going to be this moment of peace and quiet in Iraq where he can do this transition. Not going to happen. Not in any stretch of the imagination. So we need you.

Now I have actually drafted a bill on this. It's called the Iraqi Transition Act, which creates—it's not original. I took the example that FDR and the Congress in 1944 set up. It's not my idea, it was

theirs, and it worked. But we need something like this to put us on a track where we have accountability so we can measure progress or lack of progress. We have to have a plan.

Mr. SHAYS. Thank you very much.

Mr. Sanders, you have the floor.

Mr. SANDERS. Let me concur with much of what Mr. Lynch just said.

Mr. Walker, if I could, in your report, you discuss a poll done in March 2006 of Iraqi citizens; and your report states, and I quote, that the poll indicated that a majority thought Iraq was heading in the wrong direction and growing numbers of people believe that the security situation, the provision of electricity and corruption have worsened. And later you indicate that—your report says bluntly, quote, essential services have not been restored to pre-war levels, undermining efforts to improve the lives of the Iraqi people.

If you could, could you elaborate on your sense of how the Iraqi people perceive their reality? The President of the United States seems to think that every time there is a negative report that it's the media's fault. The media is not telling us the truth about all of the wonderful things happening in Iraq. But it seems that the people of Iraq do not perceive all of the wonderful things that are happening there as well.

What is your perception of how the Iraqi people themselves feel about how things are going with regard to essential services and other aspects which impact their day-to-day lives?

Mr. WALKER. Mr. Sanders, based upon my trips to Iraq and the work that our teams have done, including their visits to Iraq, my view is that the Iraqi people care about basically the same type of things that most Americans care about. They want safe streets, good jobs. They want reliable electricity, safe water. They want the trash picked up. They want education and health care, the basic things.

When you look at the statistics, while we have made progress on a number of fronts, with the sole exception of electric generation, which for the first time within the last month has now reached and exceeded pre-war levels, for the most part in many of these other areas we're below pre-war levels; and that doesn't go unnoticed by the Iraqi people.

Candidly, in many ways I think we're asking the military to do too much; and that's why I come back and reinforce what I said in my opening statement. We need better metrics, we need better milestones, we need more transparency, and both the United States and the international community—and I underline "and the international community"—can and should be doing more to help the Iraqis help themselves deliver these types of needs to the Iraqi people.

These are nonmilitary. These are the need for civilian experts. And, quite frankly, the U.N. and many other countries have experts that can add a tremendous value here, but they haven't been forthcoming.

Mr. SANDERS. Mr. Walker, if I could just change the subject just a hair; and that is, earlier, in response to a question, you spoke about massive corruption with regard to oil production and distribution. I would like you to say a word with regard to what is

going on in terms of reconstruction of Iraq in terms of the kinds of buildings and improvement in sewers, water, schools and hospitals, all these other things that we want to see.

I would suggest that, regardless of one's opinion on the war, and I strongly oppose the war, that the American people who are putting billions and billions, hundreds of billions of dollars into Iraq at least want to see an Iraqi infrastructure created where the kids can go to school, where people can drink clean water and so forth and have the other amenities of life that you indicated the Iraqi people want just as much as the people in America want.

Now what is the level of incompetence, of abuse, of waste? I read somewhere that some $9 billion was unaccounted for in terms of Iraqi reconstruction. Can you say a word on that?

Mr. WALKER. Well, several things. One, when you have an unstable security environment, it impedes your ability to reconstruct as well as to maintain what has been reconstructed.

Second, the Iraqis have limited capability to maintain certain technologically advanced facilities, whether electric generation facilities or water treatment plants. That has been a problem.

Third, in some of the planning that has been done, the planning for reconstruction activities has been somewhat flawed. For example, there is a well-publicized example of where we were going to build 100 to 200 health care facilities, clinics if you will, and that rather than trying to build 10 here and seeing how it goes and then 10 there, there was an effort undertaken to start virtually all of them at once to where very few got completed before the money ran out.

So there are a number of planning problems, there are a number of mismanagement problems, but the security situation as well as the relative inability of the Iraqis to maintain certain more advanced facilities is very problematic.

Mr. SANDERS. No one would disagree with you that the security situation will make construction very, very difficult, and reconstruction. But, on the other hand, there should not be billions of dollars unaccounted for in the process. The American people want to make sure that when we invest in rebuilding Iraq, we know where that money is going. Can you speak a little bit about billions of dollars which presumably have not been accounted for?

Mr. WALKER. What I would ask, Mr. Sanders, and I would suggest to the chairman for his consideration as he deems appropriate, is that not only will I provide the information that we talked about before but I think it would be productive for this subcommittee, to the extent the chairman believes it would be prudent, to consider having a hearing where myself, the Special Inspector General for Iraq for reconstruction and possibly others might come before this subcommittee to talk specifically about construction activities.

Mr. SANDERS. OK.

I would yield back, Mr. Chairman. Thank you.

Mr. SHAYS. Thank you. We will be happy to pursue that suggestion because I think it makes a lot of sense.

I'm going to give myself time now to ask questions and say——

Mr. BURTON. When you get a chance, I would like to make a comment.

Mr. SHAYS. I would be happy to have the gentleman from Indiana have the floor.

Mr. BURTON. I have great respect for everybody who's spoken recently, my friends from Massachusetts and Vermont. But, you know, when we start talking about history and talking about the Philippines and how things were done so much better then, Germany wasn't mentioned after World War II and neither was Japan. There was an awful lot of wasted money then. We had military control over both Japan and Germany for a long period of time, and it's always a work in progress.

Obviously, there are shortcomings in Iraq in turning the governmental control over to the Iraqis and making sure it's a secure environment. If you go back to Germany after World War II, there was all kinds of terrorist activity in Germany, in several parts of Germany by those who still supported the Nazi philosophy.

So it's not an easy task. I'm not making excuses for some of the shortcomings, but I think we ought to realize that this is a very difficult task. We are talking about fighting a war against terrorism, the headquarters of which or the head of it is in the Middle East; and one of the things that we have to consider, in my opinion, is making sure that they don't have an operational headquarters from which to expand their terrorist network around the world. And if we don't handle things properly in Iraq, if we don't stick to our guns over there, if we don't win the peace, so to speak, then I think that there's going to be a vacuum created and al Qaeda and the Taliban and all the others will see that as an opportunity to expand this sphere of influence and go in there and fill that vacuum and there will be a headquarters, if you will, from which they can operate worldwide.

I think this is a very, very integral part of the war against terrorism and I think our troops are doing a magnificent job. As the gentleman from Dallas said, there are some management problems, there are areas where I'm sure money is wasted, and that has to be corrected, and there needs to be accountability.

As far as transparency is concerned, I think the administration is trying to be as transparent as possible. I don't see them hiding anything.

When we start talking about history, I'd urge my colleagues to look at what happened in Germany and Japan after World War II when we were fighting the Nazis. It was extremely important that we take over those countries until they had a viable governmental structure established, which we did establish, and once it was established then we turned over control to them, and it's worked out pretty well.

I think it will work out just as well in Iraq, but we have to stick to our guns, in my opinion. And it's extremely important in this day and age, especially in view of the fact that there is a worldwide war against terror, that terrorists have attacked the United States, attacked Spain, they've attacked England, they've attacked all over the place, and Indonesia, Bali they attacked. We have to be ready and willing to stay the course, and that course may take some time. Iraq is one of the major focal points, and I hope my colleagues on the other side of the aisle will realize that this is something that

we can't back away from, even though I agree with you there's a lot of shortcomings.

I yield back.

Mr. SHAYS. I would like to have the gentleman yield me time.

Mr. BURTON. I'll be happy to yield.

Mr. SHAYS. I'll say we didn't hit the clock right away, so I'll take 2 minutes off his time. Let me start out by my question. Then I'll take my own time.

Mr. Comptroller General, Mr. Walker, we really appreciate the work you do; and I am, frankly, one of your biggest fans. I am eager, though, to—I feel that you have pointed out areas to which you disagreed with the strategy to which it had not met the expectations. I have heard very little positive comments so I am drawn to conclude that basically you're pretty unhappy, that it's not a good plan, not a good strategy. That's the way you have come across.

If that's the way you choose to come across, then that's the way it should be. But you have been extraordinarily negative, in my judgment, without pointing out any positives; and I need to know if you just see it as a dark side and there is no positives.

Mr. WALKER. Absolutely not. Can I clarify, Mr. Chairman?

Mr. SHAYS. I would love you to, because you're on record.

Mr. WALKER. You have to keep in mind I have to respond to the questions that I'm asked. I do try to respond to them.

First, I tried to make it very clear at the outset that this new plan is clearly superior to the last version. I tried to make clear that this new plan addresses three of the key elements that we believe need to be addressed in an effective national strategy reasonably well.

Mr. SHAYS. Which are?

Mr. WALKER. Those three are: It states a clear purpose; second, it addresses the key threats and risk; and, three, it helps to define the desired political, security and economic objectives that we're trying to achieve.

Mr. BURTON. Mr. Chairman, if I might interject, just reclaim a few seconds of my time. I understand that this is a political season and there is political issues at stake, and you just raised the issue of the Comptroller General being very, very negative. I hope this is not because of partisanship, Mr. Comptroller. You were appointed, I understand, by—who were you appointed by?

Mr. WALKER. I was recommended by the Republican Congress and appointed by President Clinton, confirmed by the Senate.

Mr. BURTON. You were recommended by President Clinton?

Mr. WALKER. I was recommended by the Republican Congress, nominated by President Clinton, and confirmed by the Senate.

Mr. BURTON. Nominated by President Clinton.

Mr. WALKER. I'm also a Reagan and Bush 41 Presidential appointee.

Mr. BURTON. I hope this is not an indication of a political vendetta.

Mr. WALKER. Absolutely not, Mr. Burton. I call it as I see it, nonpartisan, nonideological. I think there are a lot of things that have gone well, but there are some serious challenges, too.

Mr. BURTON. Thank you very much.

Mr. WALKER. We're trying to be balanced.

Mr. SHAYS. The gentleman's time has expired, and I will take my 6 minutes.

I want to pursue the line of questioning that I began. The bottom line to your answer is there are three parts to the strategy that you agree with and three that you disagree, is that correct?

Mr. WALKER. It's not agree or disagree, Mr. Chairman. This is very important. We are basically saying that, based upon our work, that there are six elements of a strategy that need to be in place in order to maximize the chance that it will be successful.

Mr. SHAYS. Hold on a second. Let me understand. Under what basis do you decide the six? Is it from a textbook, general practices? I just want to understand.

Mr. WALKER. It's based upon past experience, best practices, looking at what has been done in the past.

I issued a separate report on that, Mr. Chairman, I might add.

Mr. SHAYS. What are the six best practices that you would say have to be in every strategy?

Mr. WALKER. Again, I will give you a summary. I'll be happy to provide a copy of the report which was issued previously.

First, that there needs to be a clearer purpose.

No. 2——

Mr. SHAYS. The strategy meets that.

Mr. WALKER. Second, it needs to address all major threats and risks.

Mr. SHAYS. Does the strategy meet that?

Mr. WALKER. No. 3——

Mr. SHAYS. Mr. Walker, I want you to take each one of those principles and then delineate whether the strategy meets it or not.

Mr. WALKER. All right. With regard to staying a clear purpose, the answer is yes. With regard to addressing key threats and risk, the answer is yes. With regard to discussing desired key objectives, namely political, security and economic, the answer is yes.

I would footnote that by saying we think there needs to be additional detailed metrics and milestones and more transparency over those, as some Members have noted.

Mr. SHAYS. Let me pursue that. It is your point that you want this committee to know that we don't have a way to evaluate success or failure of the strategy, is that correct?

Mr. WALKER. That's correct. There's not enough adequate information available to the Congress in order to effectively address in a timely manner what is going well——

Mr. SHAYS. I understand that.

Mr. WALKER [continuing]. Where we had a plan and where we are having problems.

Mr. SHAYS. Now take me to the third, fourth and fifth and tell me why those are an integral part of any plan.

Mr. WALKER. OK. So the first three we're saying they have it in their entirety or substantially. The next three we're saying they have addressed it but not adequately and there are significant gaps that we think need to be addressed.

The first one, which is No. 4, that it does not adequately identify which specific departments and agencies of the U.S. Government

are responsible for each of the key elements. In some cases, it does; in other cases, it does not.

The fifth element is how do the U.S. goals interrelate and how can they be integrated with the goals of the Iraqi Government and with the efforts of the international community.

So we are laying out our plan, we're saying here is what the desired outcomes are, but the need to try to integrate that with what the Iraqis are doing and hopefully what we can get the international community to do more of, which is to try to help make this a successful situation.

And then, last, there is not enough information on what the estimated cost of achieving these objectives will be and what the funding sources are likely to be for those costs. And one of the functions of that is not only how much but to calculate how much, how long.

Mr. SHAYS. Thank you.

I want to be on record as saying that I have no question about your presentation and the authenticity of it and the value of it. I just want to be on record with you. You have a lot of credibility with me.

What I now wrestle with is, in my 12 visits to Iraq, four times outside the umbrella of the military, if I asked one Iraqi after another Iraqi after another what is their biggest fear, it's this, that you will leave us. And then some say that you will leave us before we can take hold of democracy, like your country has, or that you will leave us like you did in Vietnam.

And it's true there is a poll that says 60 percent want us to leave and 60 percent want us to stay, but it does add up. They want us to leave but not until—we abolished their army, we abolished their police, we abolished their border patrol. It would, in my judgment, be an outrage to leave before we replace them, at the very least. To leave them without their own police, without their own border patrol, without their own army to me is inexcusable.

It is not your testimony, is it or not, that we need to leave?

Mr. WALKER. That is not my testimony. What my testimony is, we're in there. A lot of people agree or disagree as to whether or not we should have gone in, but we're in, and if we want to be successful, what is it going to take in order to be successful. What I'm testifying is, based upon our work, what do we think the key elements need to be in order to maximize the chance of success? It is in all of our interest as well as the Iraqis in the international community to be successful. That goes without saying.

Mr. SHAYS. Thank you very much for your testimony.

We will adjourn this panel, and we will start with the second panel. We will have a 2-minute break. Thank you very much for your time. Thank you very much, Mr. Christoff.

[Recess.]

Mr. SHAYS. Calling this hearing to order and to welcome our second panelists at 5 of 5 p.m. We have Mrs. Mary Beth Long, Principal Deputy Assistant of Defense for International Security, a very knowledgeable person on Iraq and Iran, as are our other two witnesses, Ambassador James Jeffrey, Senior Advisor on Iraq to the Secretary of State and Principal Deputy Assistant Secretary of State for the Middle East, Department of State. And also I think you were in Iraq, Mr. Ambassador, for 13 months.

Mr. JEFFREY. That is correct, sir.

Mr. SHAYS. We have Brigadier General Michael Jones, Deputy Director for Political Military Affairs, Joint Chiefs of Staff; and I believe you have had experience in Iraq as well is that right, sir?

General JONES. Yes, I did, Mr. Chairman.

Mr. SHAYS. We welcome all three of you.

As you know, we swear in our witnesses. There's only one person who ever has not been sworn in while I have been the chairman in my 12 years, and that was Senator Byrd. If you'd rise. I chickened out.

[Witnesses sworn.]

Mr. SHAYS. I would note for the record our witnesses responded affirmatively.

We will start with you, I think, Ms. Long.

Excuse me, I think we will go with you Ambassador Jeffrey. You will be starting this testimony. I usually move up the line, but we are starting in the middle here. Then we will go to you, Ms. Long and then to you, General.

But what I want to say is that I really appreciate your presence. I think that this will be very helpful to the knowledge of Congress, certainly be helpful to me, and I think ultimately to the American people. So it's wonderful to have you here.

Mr. Ambassador, you have the floor.

STATEMENTS OF AMBASSADOR JAMES JEFFREY, SENIOR ADVISOR ON IRAQ TO THE SECRETARY OF STATE AND PRINCIPAL DEPUTY ASSISTANT SECRETARY OF STATE FOR THE MIDDLE EAST, DEPARTMENT OF STATE; MARY BETH LONG, REPRESENTATIVE, DEPARTMENT OF DEFENSE; AND BRIGADIER GENERAL MICHAEL JONES, DEPUTY DIRECTOR FOR POLITICAL MILITARY AFFAIRS, JOINT CHIEFS OF STAFF

STATEMENT OF JAMES JEFFREY

Mr. JEFFREY. Thank you very much. Mr. Chairman, Mr. Kucinich, members of the subcommittee, it is an honor to be here today with you and a great honor to talk about a crucial issue in our entire foreign policy in Iraq.

Let me begin by addressing the subcommittee's query about the relationship between the President's national strategy for victory in Iraq and the decisions announced following the June Camp David principals meeting and the President's visit to Baghdad.

The November 2005 national strategy laid out in comprehensive detail the President's program for victory at the strategic level. The document begins by describing victory in Iraq as a process that will come in stages, with an end state of an Iraq "peaceful, united, stable and secure, while integrated into the international community, and a full partner in the global war against terrorism." To achieve that, the document lays out policies on three core tracks, the political, the economic, and the security.

On June 13th, on the concluding of a meeting on the NSC principals in Iraq, which also included the President's trip to Iraq and extensive contact with senior-ranking officials, the White House released a fact sheet on the Camp David meetings and certain steps that would be taken to carry out the discussions.

The Camp David meetings took place in response to a number of operational developments on the ground since the November release of the national strategy. These include such positive events as the formation of a broad national government in Iraq based upon record voter turnout in December; rapid stand-up of Iraqi security forces; achievements in infrastructure despite insurgent efforts, including an increase in both electrical generation above last year, as we just heard, and oil exports reaching levels close to the IMF 2006 target; as well as the killing of al Qaeda in Iraq leader al-Zarqawi. The meeting also came in the wake of less positive developments including sustained high levels of insurgent attacks and a marked increase in sectarian violence and strife.

The decisions taken in June do not represent any deviation, modification or replacement of the November national strategy. Rather, that national strategy outlines in a comprehensive and unclassified form our strategy for victory in Iraq.

The Camp David fact sheet discusses our present-day tactics and actions as updated following the stand-up of a new unity government in order to carry out our strategy and reach our strategic goals. There is no inconsistency between the two documents. They are complementary and part and parcel of a comprehensive plan for achieving success.

The meetings in June also focused on building civilian capacity, improving U.S. plans to support a rule of law initiative with the Iraqis, and reaching out to the international community in order to support the reconciliation program announced subsequent to this meeting by Prime Minister Maliki. One such initiative is an Arab League meeting scheduled in early August to be held in Baghdad. On the economic track, Prime Minister Maliki discussed his policy of national revitalization.

The President, in turn, as you have mentioned, Mr. Chairman, has announced a series of actions by the Department of Treasury and visits by several of our secretaries to support the economic wing of our strategy. In support of the national strategy's core assumption, "Iraq needs and can receive the support of the region and the international community to solidify its successes."

The President welcomed Prime Minister al-Maliki's approach to international organizations to take the lead with his government in developing a compact between the international community and the Iraqi Government and people. The President designated Deputy Secretary of Treasury Robert Kimmitt and Department of State Counselor Philip Zelikow to lead the U.S. effort in support of this initiative.

Since that time Prime Minister Maliki has publicly appealed to the United Nations, and Secretary General Kofi Annan has responded very positively, and we are moving forward with a meeting now scheduled for July 20th in Baghdad with international participation.

In sum, sir, we see the work plan emerging from the Camp David meetings as a critical roadmap to organize our assistance to the Iraqi Government and to appeal to the international community in the coming months. We are heartened by the rapid decisive decisions taken by the al-Maliki government. We are impressed by the courage shown by the Iraqis, beginning with their political

leaders and their security forces, and we are ever more committed to seeing this endeavor, so critical to the security of all of us, through to its victorious conclusion.

What I would like to do now is make a few comments in response to the Comptroller General. First of all, we appreciate his efforts. There's a lot of work in there, and we agree with a great deal of that. What I will assure the members of the subcommittee is that we will take very seriously all of the points and of the recommendations. I would like to make several comments on those points where he found us less than fully satisfactory.

First of all, in terms of the organization of our strategy, we have two documents, National Security Decision Document 36 that came out in May 2004, and our national strategy for supporting Iraq, which came out in April 2005, both of which laid out in great detail the specific responsibilities of the embassy, of the Department of State, of the Department of Defense, of the U.S. military command in Iraq, and of the interagency process in great detail. We have been following that template for 2 years, and we believe we have a very smooth and functional interagency process to do that.

Second, on resources, the Comptroller General is correct that you can't predict into the future. What we do owe the American people and the Congress is an effort to take our resources and to track it with a strategy.

For our fiscal year 2006 supplemental for Iraq and for our fiscal year 2007 program for Iraq, we produced as part of the budget process this pamphlet that I would also like to introduce into the record, Advancing the President's national strategy for victory in Iraq.

In it we spelled out our assistance requirements along the three tracks, security, economic and political; spelling out how much money we would put into, for example, securing infrastructure, how much money we would put into working in the field to support our military forces, how much money we will put into human rights, into democracy programs and into building up ministries.

So we are trying, to the best of our ability, into the future as we can see it, to adhere to this model that was revealed in the victory in Iraq strategy in our budget as well.

Last, in terms of the criticism that we need to work with the Iraqi Government, we couldn't agree more, Mr. Chairman. The problem is we haven't had an Iraqi Government that is permanent until just a few months ago. We have had an interim government and a transitional government up until the elections, and then a period interregnum until the Maliki government could come into place basically at the end of May.

As soon as they did come in place, the United States and Iraq together organized the June meeting to do exactly what the Comptroller General has asked us to do, sit down with the Iraqis and hear their plans, coordinate their efforts, including how they are going to spend, as was briefed earlier, the $6 billion in capital funds that they will have, we believe, in their budget this year. This will allow us to adjust our own requirements.

Sir, that is all I have at this point, but I would like to turn it over to the Defense Department, Mary Beth Long, to make a few additions.

Mr. SHAYS. Thank you, Ambassador.

[The prepared statement of Mr. Jeffrey follows:]

TESTIMONY BEFORE HOUSE SUBCOMMITTEE ON NATIONAL SECURITY, EMERGING THREATS, AND INTERNATIONAL RELATIONS
COMMITTEE ON GOVERNMENT REFORM

AMBASSADOR JAMES F. JEFFREY
SENIOR ADVISOR TO THE SECRETARY OF STATE FOR IRAQ

Mr. Chairman, members of the Subcommittee, it is an honor to be here today with you, and a great honor to talk about a crucial issue in our entire foreign policy, the way ahead on Iraq.

Let me begin by addressing the Subcommittee's query about the relationship between the President's National Strategy for Victory in Iraq and the Decisions announced following the June Camp David Iraq Principals Meeting and the President's visit to Baghdad. I believe that a review of this will not only respond to your specific query, but help answer other issues you have raised in your letter to Secretary Rice.

The November 2005 National Strategy laid out in comprehensive detail the President's program for victory at the strategic level. While the document provided detail on current activities, strategies, and programs, its primary focus is on establishing our core goals, laying out a path to achieve them, and highlighting basic tenets on which we align our daily policy.

The document begins by describing Victory in Iraq, as a process that will come in stages, with an end state of an Iraq "peaceful, united, stable, and secure, well integrated into the international community, and a full partner in the global war on terrorism."

To achieve that end state, the document lays out our policy along three core tracks: the Political, the Security, and the Economic, describing in detail the assumptions behind each track, the actions that are being pursued and why we feel these will help Iraq reach its goals, the progress being made, and the challenges that remain.

In addition, the National Strategy highlights the following basic tenets, every bit as true today as eight months ago:

- Our strategy is working, but victory will take time
- Progress in each of the above tracks reinforces the other; thus no one track alone will secure success
- Success in Iraq is central to winning the war on terror
- Iraq is increasingly in the lead in our joint efforts to defeat terrorists and providing security; 2006 is a year of transition, as Iraqis take on greater and greater responsibilities in the military and civilian realms;
- But this process cannot be based on any timeline; rather, it must be conditions-based

On June 13, on the conclusion of a meeting of NSC Principals on Iraq, including the President's trip to Baghdad and discussions with PM Maliki and other Iraqi leaders, the White House released a Fact Sheet on these Camp David Meetings.

The Camp David Meetings took place in response to a number of operational developments on the ground since the November release of the National Strategy. These include such positive events as the formation of a broad, inclusive government based upon record voter turnout in December, rapid standup of Iraqi forces, achievements in infrastructure despite insurgent efforts, including an increase in both electrical generation above last year, and oil exports reaching levels close to the IMF 2006 target, as well as the killing of Al Qaida in Iraq leader Zaqawi. The Meetings also came in the wake of less positive developments, including sustained high levels of insurgent attacks, and a marked increase in sectarian violence and strife following the attack on the Samarra Golden Mosque in February.

Camp David provided the President and his senior advisors an opportunity to take stock of the progress in carrying out the National Strategy. They were also able to contemplate the newly-articulated priorities and programs of the Iraqi government and consider how the United States might best support them. In this context, the group took a number of operational decisions, which are documented in the Camp David Meetings Fact Sheet.

The decisions do not represent any deviation, modification or replacement of the National Strategy, but rather tactical and operational steps to carry out that Strategy, refined by the developments on the ground and by the Prime Minister's program. Indeed, the National Strategy outlines in a comprehensive and unclassified form, our *strategy* for victory in Iraq. The Camp David Fact Sheet discusses our present-day *tactics and actions* – as updated following the stand-up of a new unity government – to carry out our strategy and reach our strategic goals. There is no inconsistency between the two documents; they are complementary and part and parcel of a comprehensive plan for achieving success.

On the Political and Security Tracks, Camp David reviewed on-going operations in Ramadi and Baghdad, the standup of Iraqi security forces, and efforts to assist the newly-named Ministers of Defense and Interior in building key functions in their headquarters.

The Meetings also focused on building civilian capacity, approving US plans to support a rule of law initiative with the Iraqis, with special emphasis on increasing the number of judges, enhancing security, providing technical assistance and building prison capacity. The Meetings also welcomed the Prime Minister's initiative on bringing armed groups under government control, and in this regard the President directed MNF-I Commander GEN Casey and Ambassador Khalilzad to coordinate with their Iraqi counterparts and provincial authorities to ensure that Iraqi forces have a military edge. Finally, in support of the Prime Minister's reconciliation effort, the Camp David Meetings described US work with NGOs and other institutions to bring Iraqi leaders together with those of other countries, and welcomed initiatives by other international bodies to provide forums to bring Iraqis together. Such initiatives for example include an Arab League Meeting scheduled for this summer in Baghdad.

On the Economic Track, the Prime Minister discussed his policy of national revitalization. The President in turn has asked the Treasury Department to deploy additional professionals to assist Iraq in developing a public finance system. The President also directed the Secretary of Agriculture to travel to Iraq to meet with his counterparts to determine additional actions the US can take to help return Iraq to its former status as a breadbasket for the region.

Similarly, in support of Iraq's oil and electrical sectors, The President directed the Secretaries of Energy and Commerce to travel to Iraq to see how they can assist the revitalization program. All three of these visits are set for the near future.

In support of the National Strategy's core assumption that "Iraq needs and can receive the support of the region and the international community to solidify its successes," the President welcomed Prime Minister Maliki's approach to international organizations to take the lead with his government in developing a compact between the international community and the Iraqi government and people. The President designated Deputy Secretary of the Treasury Robert Kimmitt and Department of State Counselor Philip Zelikow to lead the US effort in support of this initiative.

As I believe is clear, these various actions represent important steps forward in carrying out the National Strategy for Victory in Iraq. I can brief in more detail on the specific accomplishments since June 13, but will here note that the Prime Minister subsequently announced his reconciliation initiative, formally requested UN support for the International Compact, and received a gratifying positive response from UN Secretary General Annan.

Among the positions taken by the Administration in the course of the Camp David meetings was a strong endorsement of the importance of the oil sector for the unity of Iraq. The President addressed this in his remarks to the press on June 12. The President and Prime Minister Maliki discussed the need for a review of past de-baathification policy, and reviewed other aspects of the impending reconciliation initiative, including the ways in which we and the international community might assist.

In sum, we see the work plan emerging from the Camp David Meetings as a critical roadmap to organize our assistance to the Iraqi Government, and to appeal to the international community, in the coming months. We are heartened by the rapid, decisive decisions on all of the tracks taken by the Maliki government, we are impressed by the courage shown by all Iraqis, beginning with their political leaders and their security forces, and we are ever more committed to seeing this endeavor, so critical to the security of all of us, to a victorious conclusion.

Mr. SHAYS. Ms. Long.

STATEMENT OF MARY BETH LONG

Ms. LONG. Thank you very much, Mr. Chairman, and members of the subcommittee. I would like to thank you for the opportunity of the Defense Department to be here today. I would like to incorporate and concur with Ambassador Jeffrey's statement and adopt it to the extent—both verbal and written.

In addition, I would like to clarify just a few points, the first being that the written report of the Comptroller is very interesting, and, like our sister agency, the Department of State, we also will look at it very carefully in order to take the suggestions and recommendations that are provided.

We do think it's important to point out that to the extent that the report criticizes the national strategy for victory in Iraq, it may mischaracterize or misunderstand the reason for that document, which is stated on page 9. That document was designed to lay out the framework for the American public in order for them to become familiar with the goals, the strategies, and the way that the government is organized in order to achieve their victory in Iraq.

I also would like to talk for just a moment about three of the recommendations made by the GAO report, and those three actually are are recommendations that members of the various committees and working groups that work within the framework of the national security and the national strategies on Iraq are working with, and those recommendations were to develop a security strategy for the Iraq National Police and the Iraq National Army to develop those capabilities. Those are certainly efforts that fall both within the strategies and the implementation aspects of the plans.

The second were to deal with the capabilities of the Iraqi Government and the provinces and the districts. Again, this is the subject of considerable discussion and work by both the United States and Iraqi Governments that is ongoing and is part of the implementation documents as part of the strategy that are contemplated by the plans reviewed by the GAO.

And, finally, dealing with the problems of corruption and accountability. As many of you might know, there are initial efforts to get inspectors general within the militaries of the Iraqi and other security forces constructs, and the subject of corruption and accountability have been dealt with, and we are continuing to deal with them, and we will have to as we move forward. But they are certainly not issues about which we are unfamiliar.

Finally, as to the Camp David fact sheet, I would like to point out that elements of the security tract were addressed at Camp David not only by members of the U.S. Security Strategy Team, but by those who were participating from the U.S. Government as well as conversations between the President and Prime Minister Maliki.

For example, Prime Minister Maliki has made security in Baghdad one of his top priorities, and discussions ensued regarding the militia and how to get security in other important cities including Ramadi and Baghdad improved over time, and mechanisms for United States and coalition forces to work more closely with Iraqi National Police and other forces in order to accomplish that.

The other issues that were discussed were the priorities and the plans by the new Minister of Defense and the Minister of Interior, who were newly appointed in Iraq. There was considerable discussion of the priorities, implementations and ways ahead for our governments to work very closely on implementing those strategies.

With that, I would like to, I think, thank you again for the opportunity. I look forward to your questions, and I will turn to my colleague Brigadier General Michael Jones.

Mr. SHAYS. I think that you, general, you have the floor. Thank you, Ms. Long.

STATEMENT OF MICHAEL JONES

General JONES. Mr. Chairman, Representative Kucinich, members of the subcommittee, in the interest of time, I would like to thank you for the opportunity to testify and thank you for your continued support of our men and women in uniform.

With that, I look forward to answering your questions.

Mr. SHAYS. Could I just give you an opportunity to at least make some statement about the previous statement of the previous panel before we start to ask questions? Rather than our taking time to pursue it, just respond where you agree or disagree with the previous panel.

General JONES. Yes, Mr. Chairman. I agree with Ambassador Jeffrey's comments and also Ms. Long's comments.

Mr. SHAYS. Mr. Marchant.

Mr. MARCHANT. Thank you, Mr. Chairman. This question will be for the Ambassador, Mr. Jeffrey.

Tell us about any talks that are either ongoing or you have been approached about by the insurgents on issues that it would take about—what issues it would take to begin a stepdown or a deescalation of the insurgency's attacks, and will it take a total implementation of the reconciliation plan to bring that escalation of insurgent attacks to the table? Is there a very narrow set of circumstances? Is there a priority list that seems to be surfacing as far as the issues that have to be addressed first before there will be some decrease of the attacks and some backing away from that?

Ms. Long, if you have an answer for that as well, I would be happy to hear it.

Mr. JEFFREY. Thank you very much, Mr. Marchant. We are very aware that there has to be an end to any conflict, and this requires some form of conciliation, some form of reaching out to those parties that are willing to participate peacefully in the new Iraq. Among the insurgent groups—and I have to underline that these are very disparate, very—not very centralized groups of insurgents, that's this insurgency, it doesn't have any command and control.

Among them there are groups who have reached out to the Iraqi Government all the time, who reach out to our military personnel in the field, who reach out to people at the embassy from time to time as well, trying to see on the basis of which there could be cease-fires or there could be a permanent end to the conflict.

We welcome this with several conditions. First of all, this has to be with the leadership and the total knowledge of the Iraqi Government, because they have to take the decisions. Second, people have to be willing to renounce violence, and they have to submit them-

selves to the will of the Iraqi people under the democratic government that they set up. So far we haven't proceeded very far in these insurgent talks.

We did see some willingness of insurgent groups, for example, not to attack polling stations and to—I won't say cooperate, but certainly not to try to undercut the voting back in December. We have seen groups that have ceased fighting for periods of time.

We are trying to build on that, as you mentioned, with the reconciliation plan that was announced by the Prime Minister. This is based on what many of these groups and what people close to these groups have told us, the need for some kind of amnesty, the need to relook at re-Baathification—de-Baathification, for example, as some people see as an attempt to undercut Sunnis from all walks of life who simply were forced to join the party, who were teachers or doctors or that kind of thing. Frankly, they have a point.

We are also looking at the need to get militias under control. There is a great deal of sectarian violence, particularly in Baghdad and the areas surrounding that. They are very concerned with that.

They are concerned about the presence of coalition forces. I would say that as was mentioned earlier today, that is something that people mention all of the time. But then when we do polls and say how intently, how intensely do you focus on that, we get something like, as the first choice of what is the biggest problem in Iraq, only 9 percent of the Iraqis say the presence of coalition forces. So it is almost writ—basically a traditional thing to be opposed to foreign forces.

What they are opposed to is bad security, as the chairman said, and they are very concerned about us leaving before the security is under control. We are seeing, as al-Khalilzad has worked to achieve, more willingness on the part of the Sunnis to see us as part of the solution. So we are working on this, but it is slow-going, sir.

Mr. MARCHANT. Thank you.

Ms. Long.

Ms. LONG. I would actually have very little to add other than I think it's important that the Iraqis will make the decision, and it's really too early to know. One of the reasons it's too early to know is we often refer to the authors of violence, sort of an insurgent's term, just as a general category. But actually it's much more complicated than that.

There are at least—the terrorists who are al Qaedists, who have a certain agenda. There are, of course, the rejectionists, who are rejecting the viability and the authorship of the true and free democratic Iraq. There are the Saddamists who are actually looking for a retention of power, or a usurpation of power from one particular sectarian group or another. There are very different groups, all of which have a different agenda and are looking for something slightly different in their reconciliation.

It will be a masterful, masterful stroke of the Iraqi Government and our Ambassador, Ambassador Khalilzad, and the international community to be able to reconcile these various groups in the next few groups or years. But I am confident that, given the momentum we have established, that will be the case.

Mr. MARCHANT. Thank you, Mr. Chairman.

Mr. SHAYS. Thank you.

Mr. Kucinich, you have the floor for 10 minutes or more.

Mr. KUCINICH. Thank you, Mr. Chairman. I would like to start with questions to General Jones.

Welcome. Thank you for your service to our country.

The American people have been told that as Iraqis stand up, we will stand down. Is there any reason to think that the Iraqis will be able to provide their own security for their own people in the near future?

General JONES. Sir, I think we have had this discussion where we have tried to define what near future is. We increasingly see Iraqis taking responsibility.

Mr. KUCINICH. Five years?

General JONES. In 5 years, I believe so.

Mr. KUCINICH. How many Iraqi battalions are there right now; do you know?

General JONES. Sir, I think I have a chart. If we could go ahead and put that chart up—that talks about the number of Iraqi battalions we currently have in control of their own sectors.

[The information referred to follows:]

Glidepath: Iraqi Security Forces

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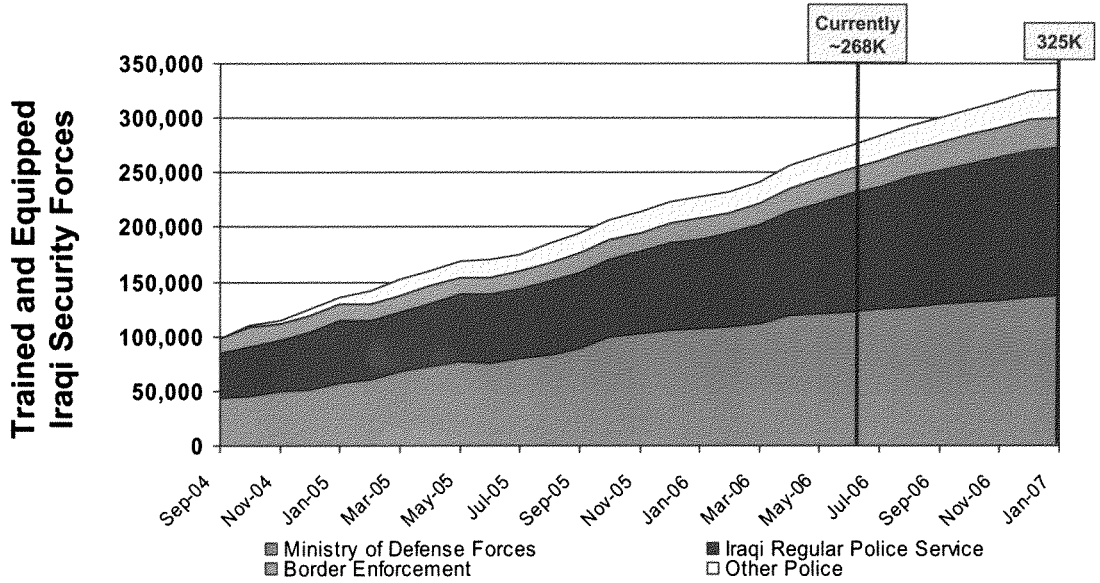

As of: 26 June 2006

Iraqi Army Lead and National Police Lead

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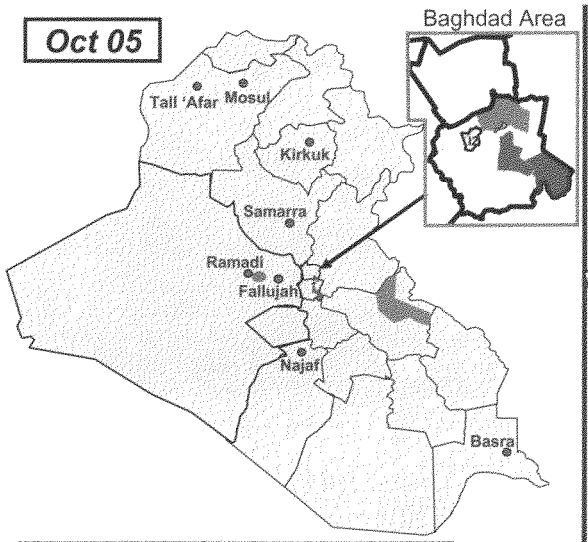
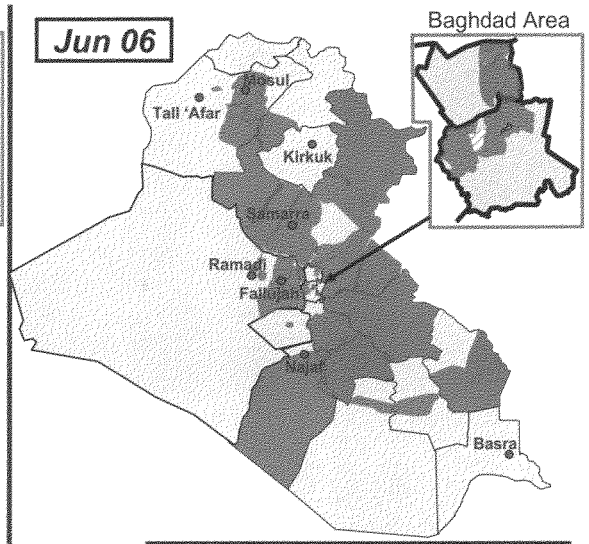


Component	DIV HQs	BDE HQs	BNs
Iraqi Army	1	4	23
National Police	0	2	6
Total	1	6	29

Source: MNC-I, C3 as of 30 Oct 2005



Component	DIV HQs	BDE HQs	BNs
Iraqi Army	3	18	69
National Police	0	0	2
Total	3	18	71

Source: MNC-I, C3 as of 19 Jun 2006

Iraqi Army Lead

National Police Lead

As of: 26 June 2006

2

General JONES. I believe that number today is 75 that are in control of their own sectors.

Mr. KUCINICH. How many troops would that be, General?

General JONES. It's a total of 260,000 or so Iraqi police forces and Iraqi Army soldiers.

Mr. KUCINICH. Now, in 2005, the Iraqi Army nominally had about 115 battalions; is that correct?

General JONES. Yes, sir.

Mr. KUCINICH. That would be about 80,000 troops, roughly?

General JONES. For the army troops, that would be correct, sir.

Mr. KUCINICH. OK. Now, I understand that when the Ministry of Defense decided to supervise the payment of salaries, about a third of the payroll was returned, meaning that people just weren't showing up.

I also understand that one ministry official estimated that barely half the nominal army exists, and that just 10 percent show up for combat. Is that correct, or is it a little bit different?

General JONES. Sir, first of all, by my experience, that would not be correct. I have not ever seen anything to indicate that ever. What I would say, early on in the early days, before we stood up the forces, I think there was a considerable problem in both police and to some degree in the army forces that we stood up of what we call ghost soldiers or ghost policemen. That is people on the roll, but not present.

The embedding of what we call the transition teams actually has helped put a significant amount of quality control on knowing how many soldiers are present in the unit; also instituting things like the daily report of accountability of soldiers, so that you know how many were signed, how many were present for duty and so forth.

So I think, in terms of the number of these ghost soldiers and policemen, you have seen those go down markedly. The Iraqi forces also instituted or reviewed—actually go through the roles in order to try to ensure that there weren't these kinds of ghost folks out there. So I think there has been significant change in that.

Mr. KUCINICH. Thank you, General.

Who in the army keeps track of the records of the weapons that are provided by the United States to the Iraqi Army?

General JONES. I think Minstiki is probably the one source that knows what's been issued to whom throughout the period, although I think in the early days, when we first started standing up these forces, that the accountability for those probably is not very firm, because we saw in April 2004 kind of a failure of the forces at that point, a lot of desertions and so forth. And I believe there's probably a significant loss of accountability of those early weapons.

Mr. KUCINICH. Well, I have read that Iraqi defense officials have said that the Americans have not provided them with records of who has been receiving weapons, and that without such controls, soldiers have been selling their weapons on the open market. Would that be consistent with your understanding of what it was like, say—let's say, a couple of years ago?

General JONES. I would say certainly there have been—undoubtedly been instances where individual policemen or soldiers sold a weapon that was issued to them, I believe probably more prevalent in the police forces, because those weapons were actually issued to

them to be kept by them as opposed to the army units where weapons are principally stored in arms room. Soldiers draw them to do their duty and then turn them in.

Mr. KUCINICH. Is the United States providing the Iraqi Army with the most sophisticated weapons rights now?

General JONES. I think they are providing them—depends on your particular favorite weapon. The AK–47 weapon is a favorite among many people. Of course, that wouldn't be my—you know, my personal preference.

Mr. KUCINICH. Is there a reluctance to provide the most sophisticated weapons to the Iraqi Army right now because they might be afraid they might be used against the Americans or American troops?

General JONES. No, sir, I am not aware of that being the driving factor. I think the driving fact on the choice of weapon is what do the Iraqis have experience with in terms of operating and maintaining, and also, you know, what is most available to rapidly field a force as quickly as possible.

Mr. KUCINICH. Thank you, General.

I would like to continue to inquire about the hundreds of millions of dollars that the United States spent or plans to spend on large U.S. military installations in Iraq. I stated before I believe there are concrete indicators that this administration is planning to have a military presence in Iraq for the long term, and, in this case, we can say more than 5 years, and that these are permanent facilities, permanent.

First to General Jones, can you enlighten the subcommittee on the Pentagon's long-term plans for the bases?

General JONES. Sir, I can talk about the plans for the basing, as I understand it. In terms of long-term security relationship, that really hasn't been determined at this point. I think the Iraqis clearly are key players as the sovereign state that help determine what relationship they want with us over the long term.

In the shorter term, I know that our strategy has been to move from the 110 large bases or bases that we had all around the country to do two things. One is to start turning over bases to Iraqis, and the other is to consolidate forces at different bases in order to reduce the total numbers that we have.

Mr. KUCINICH. Well, are we spending $57 million at Balad Airbase, for example, just to walk away?

General JONES. I am not sure what the number is, but I would say at that airbase, because of the importance it has in order to facilitate current operations, it takes a significant investment. If you look at the air traffic, it comes and goes there, the weather conditions and so forth, that I am sure we have made a significant investment there, not designed that I am aware of for the long term. The few times I have been up there, in terms of the living facilities, all those kinds of things, those are clearly not designed for the long term.

Mr. KUCINICH. Swimming pools, fast-food restaurants. Are these the kinds of things that go into temporary bases?

General JONES. I am sorry, sir?

Mr. KUCINICH. When you put up a supermarket or swimming pool or fast-food restaurant, do they go into temporary facilities as well?

General JONES. Right. As I recall, the Balad post exchange, which is what I think you may be referring to, is in what we call a clamshell kind of facility, which is actually a temporary facility. But, yes, there's a significant post exchange up there, as well as the other major bases where we have large concentrations of troops. They are not, to my knowledge, intended to be permanent. And my visits to those facilities would indicate they wouldn't be over a period of years.

Mr. KUCINICH. Thank you.

To Ms. Long, the GAO report says, and I quote, cost data are not included in the strategy. As a result, neither DOD nor Congress can reliably determine the costs of the war, nor do they have details in how the appropriated funds are being spent or historical data useful in considering future funding needs.

Is that true or false?

Ms. LONG. It's certainly true that the strategy that the GAO looked at and the accompanying seven documents did not include cost figures, that is correct.

Mr. KUCINICH. How much—can you tell this committee, what is the war going to cost?

Ms. LONG. I don't believe anyone could tell you what the war is going to cost, sir. But what I can tell you is that strategy documents that are outlining the goals and the implementation of the President's policies and strategies for Iraq probably are not the place where one would go for a resource guide. Those are budgetary documents that are available elsewhere in the administration.

Mr. KUCINICH. Well, this does say that you do not discuss substantial financial and other costs in connection with your strategy. Now, are you saying that the cost is decoupled from your strategy?

Ms. LONG. No, sir; in fact, I believe that Ambassador Jeffrey pointed out that the resourcing requests that were made are tied to the strategy and the implementation documentation, and, in fact, there's a pamphlet that produces that.

I also believe, sir, that the Comptroller testified that he did not request the cost documentation, that it is available, sir.

Mr. KUCINICH. Actually, what it says here is the strategy neither identifies the current or future costs of implementing the strategy, nor does it identify the source of funding. That is in this report. What do you have to say about that?

Ms. LONG. I would say that statement is accurate, and that it is not intended to be in the strategy document that the GAO looked at; that information is available elsewhere; and that GAO, I believe, testified that they did not request it, sir.

Mr. KUCINICH. You just told me that information is available elsewhere, but a second ago, you just told me that you can't estimate the cost of the war.

Now, do you have documents, you know, anywhere in the Department of Defense that estimates the cost of the war over a long period of time?

Ms. LONG. I would take that back, sir. It is my understanding that the Comptroller from DOD is coming to testify before this sub-

committee in 2 weeks, and I would suggest that we have that information for you to be sent as it is available for that hearing, sir.

Mr. KUCINICH. So you are saying there is information available, or there is not?

Ms. LONG. I am saying, sir, I am unable to provide that information, and I will take your question back.

Mr. KUCINICH. There's been a little bit of circumlocution.

Mr. SHAYS. If the gentleman will suspend, we will be having a hearing next week on the total cost of fighting the war on terror, which will include Iraq, and we have specifically requested—so the gentleman will be able to pursue this information. I am going to give him a little more time to just make his point.

But we specifically, in part because of your request, are going to have that hearing, and I think it will be very interesting, about the cost, about the cost.

Mr. KUCINICH. Yes, Mr. Chairman. You know, we are looking at this report, which came kind of late to members of the committee.

Mr. SHAYS. That's the GAO report.

Mr. KUCINICH. Right. That's the report I am talking about. When it talks about a national strategy for victory, whatever that is, when you can't get into the cost, then you decouple strategy from things like infrastructure, reforming the economy, building Iraq's capacity, maintaining infrastructure, international, economic community and all those things, you know.

This may be way above your pay grade, Ms. Long, but I am just going to tell you that your responses, while I am grateful that you are here, have not really met the challenge that the Comptroller raised in his document.

Mr. Chairman, I thank you.

Mr. SHAYS. Thank you.

Let me just say that I think that the Comptroller was saying that he would like the strategy to include the issue of cost, and that is his opinion, and I would like to get into that issue with you as to whether it should or should not when my chance comes.

Mr. KUCINICH. Mr. Chairman, I want to thank you, but I want to point out again, this document—I want to point out that this document came to members of the committee, we got it right here. When I read this, some of the things that I read were, at a very instance—in terms of testimony that I heard would have been helpful to have had it earlier.

Mr. SHAYS. Let me explain, the hearing that we had, the GAO, the GAO came out with their finding today, and that is one reason why we invited the Comptroller to come. So they released it today. That is why you are seeing it today. It is not DOD or State Department's issue.

Mr. KUCINICH. Right. I understand that. I thank you. I thank the witness.

Mr. SHAYS. But we will use this document to dialog next week as well.

The Chair would recognize the gentleman from Philadelphia—I mean, from Pennsylvania rather, excuse me.

Mr. PLATTS. Central Pennsylvania, the beautiful part, York, Gettysburg and Carlisle.

Thank you, Mr. Chairman, for hosting this hearing on very important issues that we are discussing. I want to thank our panelists for your testimony here today, as well as your service to our Nation in all three of your capacities. We certainly are a grateful Nation for the job you and your colleagues are doing.

Ambassador Jeffrey, it is good to see you again here stateside, having had the privilege of visiting our troops and other personnel, including yourself in Iraq, on four occasions—I think three of those four I had the pleasure of being able to meet with you. In fact, I think you were part of a lunch meeting with a number of us Members about 2½ years ago, where we met with Iraqi women leaders. And that lunch meeting has long stayed with me, the message I came across, and the issue of our presence in Iraq. And especially when I see polls cited that 80 percent of the Iraqis want us out of Iraq, and it's always, well, what do they mean by that?

In that lunch meeting, the Iraqi women leaders, some government and nongovernment, said, we can't wait for you and all of the coalition forces to go home; and then went on to say, but we are very glad you are here.

No country wants to have to rely on the assistance of others, but they appreciate the assistance that our military or Department of State and other agency officials are doing in having liberated them from a tyrant and giving them the hope and opportunity of democracy that we so wonderfully are blessed with. So I appreciate all of your work.

A couple of issues. I apologize with being back and forth with other commitments today. I don't think I am repeating the other questions that were asked. But on the issue of national reconciliation and the 24-point plan that the Prime Minister laid out, and then President Bush touched on in his statement in June, one of the aspects of that was dealing with oil revenues and the distribution of those revenues between the Shi'a, the Sunni, the Kurds, and then that went a long way in getting toward national reconciliation or a key aspect.

I guess, Ambassador Jeffrey, your insights in how critical is that in the big picture, and where do we stand in trying to move toward that effort?

Mr. JEFFREY. It's a very critical element. But, first of all, the President, in his June 14th press conference, addressed this at some length. The first thing he did was to underline that this is an Iraqi decision. It's their oil. It's very important to the Iraqi people that they come up with their own conclusions.

Looking at this from the outside, and we have had a lot of experience around the world in a situation such as Iraq, certainly the principle that the oil belongs to the people, we believe, is fundamental as a suggestion that we made to the Iraqis. In fact, the Iraqis have incorporated that right into their Constitution, Article 108.

The second point is how the oil is managed, from our experience again around the world, can play a huge role in bringing together a diverse country, which Iraq is, and a very pluralistic country, or it can help drive it apart. So, therefore, the Iraqis have to make wise choices. It's not our job to propose to them what the specific choices would be. We would just urge them that in their constitu-

tional revisions, which they will look at on these and other articles—and this is tied, you are absolutely correct, to the reconciliation effort with the Sunni Arabs and some of the others—that they take this into full consideration. We believe that they will.

They will be very, very interested in this. The President has charged the Secretary of Energy to go out and work with his Iraqi counterparts in the electrical and oil ministries to discuss how we can be helpful in more detail, and we will do everything we can.

We do believe in these principles, but we have to be careful in trying to push too hard in suggesting to Iraqis how to apply them.

Mr. PLATTS. I think that is an appropriate caution. The way I look at it is we have given the Iraqi people the opportunity for democracy and freedom, but ultimately it's up to them and how they embrace it and how it is defined in Iraqi terms, not American terms. Us being there to assist but, you know, not be controlling is very important.

The current status, though, those negotiations, as they look ahead to constitutional revisions, has there been any formal talks on the oil distribution issue, or is it still preliminary?

Mr. JEFFREY. The Iraqis are still mulling over how they are going to respond to the requirement that came out as part of the last-minute additions to the constitutional process back last fall of having a constitutional commission look at possible amendments within 4 months. I am not going to speak for the Iraqis. I think that they know that they have to deal with several other key things both for their own political future and also for the reconciliation process.

One of them is the role of the regions, particularly the idea of a very large Shi'a Arab region in the south. Another is oil. A third one could well be the Kirkuk situation, how they are going to address that. We don't want to predict in advance, because this is going to be something that democratically elected leaders in their Parliament will decide.

We do know that they are very much seized with this; it's tied into the whole reconciliation effort. We have faith that they will work out a good solution.

Mr. PLATTS. I know that oil is a big part of that revision and addressing the Sunni concerns that were part of that brokered agreement in moving forward with the referendum in October 2005. Is there a timeframe—it was 4 months—as far as when the commissions work?

I know on the one hand you want deadlines or timeframes, but given that they are where we were 230 years ago—so asking for deadlines today for us is a little different than asking an emerging democracy for deadlines. Where do we stand on that timeframe?

Mr. JEFFREY. You are absolutely correct. There are two deadlines which we are also striking for. There is also a deadline within 6 months to come up with an implementing legislation on the oil provision, so, thus, they have to come up with a hydrocarbon, and the two are, in essence, tied.

The Iraqis, of course, are faced with an insurgency that they have to deal with. They have a major security operation under way in Baghdad. There's a lot of fighting there. I think that they will probably approach these deadlines with a certain degree of flexibil-

ity. Again, I can't predict anything fully, based upon the same principles that we applied, as you said, 230 years ago, in a parliamentary democracy, that sometimes you handle things in a variety of different ways. We don't know how they are going to handle this. We know they are aware of this. They do have these deadlines, and they will come up with an answer.

I would point out to the committee that we have seen the Iraqis face a terrible—not a terrible, but a very, very demanding series of deadlines in the U.N. Security Council resolutions and the transitional administrative law for elections and other things. As you know, in a few cases, they missed some of the deadlines, particularly for standing up various organs of government, by a few weeks and in some cases more than a few weeks, but in the end they met that. I think there's a lot of credibility that they will live up to the spirit and, we hope, the letter of these commitments.

Mr. PLATTS. I always think it's helpful when we try to judge progress is that we do look back to our own Nation's birth. In 1776, our Constitution—you know, 1789, in between, we had the Articles of Confederations, which were ratified by the Constitution—Continental Congress in my hometown of York when Congress met there for 9 months in 1777. But it was 12 years later 'til we came back and actually got it right with our Constitution that we operate under today. Sometimes I think we forget how long it took us in our emerging democracy to do what we are now looking for the Iraqis to do.

I think its good that we are conscious of those deadlines. They certainly are Iraqi deadlines, but our assistance, and the coalition forces and all the nations, you know, being supportive of them, moving forward because of our government and the other governments that are providing a lot of the assistance militarily or financially, we know that there is some end goal in sight that we are moving toward addressing some of the key issues, especially in the area of national reconciliation.

The second issue, maybe Ambassador Jeffrey and General Jones, both of you, the rule of militias, I know that may have been touched on a little bit. You know, where we stand, I know, in the Constitution, you know, they are prohibited outside of their formal government entity, yet we obviously see, you know, their presence still being very horrifically felt, I guess, by some of the actions of some of these militias.

Where do we stand in trying to get arms around or the Iraqi Government getting its arms around the militia issue? I guess, General Jones, we will start with you.

General JONES. Yes, sir. Obviously, it's an item of concern not only for us, but for the Iraqis. The 24-point plan that the Prime Minister laid out included addressing militias.

On the security side, we have actually seen some what I think is considerable progress here recently. We have actually seen an increase in the number of instances where the Iraqi security forces have confronted members of militias who were out with weapons and doing things that they are not allowed to do, things on the streets. So that is good. We have also actually seen the arrest of one senior militia member just here in the last few days. So we are

seeing the Iraqis be more aggressive about enforcing the existing laws that are already there.

In addition, I think there's recognition that, you know, the reason that these militias exist is for a variety of complex reasons, so they are looking at all the solutions that have to be applied, not the least of which is part of the national reconciliation demobilization, things—the ability to put militia—former militia members to work, integrate those that want to be as individuals into the Iraqi—legitimate Iraqi security forces and so forth.

So it is a considerable problem, but I think the Iraqis are starting to face it in a much more serious way.

Mr. PLATTS. Mr. Chairman, if I could squeeze one last question in. Thank you, Chris.

Related to that, getting kind of arms—or the Iraqi Government and their security forces getting arms around this issue, is the competence of the local police, and in my meetings with General Casey and the visits where we talk about this year being the year of the police where we kind of made great headway on the military and now trying to stand up the police, and not just numbers, but in quality.

I think the way in of my meetings in Fallujah in February, that ultimate success in these local communities is really going to be because of the success of the police who are in that local community, as opposed to the military units. Where does Iraqi police stand up—stand as far as where we want to be, where we want; and then how many are fully equipped out there to kind of patrolling on their own, as we ultimately need them to be?

General JONES. I guess I would just start off by summarizing.

Mr. PLATTS. I apologize if this repeats some of what was said in the opening.

General JONES. Not at all.

There is considerable progress being made with police, but we are starting from a position much farther behind with them. In some cases, the one tier of police that have reached a very high level of capability is the national police. These are those high-end forces that have capability. We would probably have the equivalent description of a SWAT team or something like that, but significant forces that can do special kinds of missions.

Behind that, and requiring still quite a bit of work, are the local police, the station police that we would think of as a precinct that are out patrolling and so forth. Several reasons for that, not the least of which I think is this is adverse to the tradition of policing in Iraq. Traditionally station police stayed in the station. Nobody was out patrolling. So we are trying to kind of change this police culture to move people out of the police station and start doing this community policing.

We have embedded police transition teams, just like we have done with military transition teams. We have started to embed those to work with Iraqi police in police stations. So we are seeing signs of improvement. But I would tell you it's the weakest aspect of Iraqi security forces and is still going to take a continued amount of time to work with them.

In terms of individuals trained and equipped, the current projection is by the end of this year, we will have the initial basic train-

ing done of the Iraqi security forces, that initial force structure will be complete. Then after that, obviously, there's what we would call some sort of a premise or some period where people build experience as new police officers, that they are going to have to go through a period to develop true capability in those stations.

Mr. PLATTS. Thank you, Mr. Chairman. Again, my thanks to you individually and to your colleagues and to your respective offices for your services, and especially the men and women on the front lines in Iraq.

Thank you, Mr. Chairman.

Mr. SHAYS. Mr. Van Hollen, thank you for your courtesy. Go over 10 minutes if you need to.

Mr. VAN HOLLEN. Thank you, Mr. Chairman. I thank all of the witnesses for their testimony.

I would like to begin where I left off with the Comptroller General in talking a little bit about the terrible sectarian violence that has been raging in Iraq today. I think we would all agree that even by the bloody standards of the last couple of months in Iraq, that the last weekend, with the cycle of violence, the bombing of the Shi'a mosque, the killings by Shi'a militia in retaliation, and then the Sunni retaliation in return, that cycle of violence has been a particularly brutal phase.

My question, if I could, to you, Mr. Ambassador Jeffrey, is, in the context of this hearing where we are talking about planning and accountability, what I think has been a failure to plan for many circumstances that were foreseeable.

Would you not agree that the sectarian violence that we are seeing in Iraq today, especially between the Sunnis and Shi'as, were something that was eminently foreseeable when we went to war in Iraq?

Mr. JEFFREY. I don't agree that it was something that was eminently foreseeable. I think that it was one of the many risks that we were aware of, certainly, back 2 years ago when I first became involved in it. But I think the fact that we saw this outbreak of violence first at anything like the magnitude that we see now—and let me underline this is a very troubling development. This is in many respects our No. 1 security concern right now.

Only after the attack on the Golden Mosque in Samarra back in February, so that is almost 3 years after we did go in, for 3 years there was some tit-for-tat sectarian fighting in one area or another area, typically around Baghdad. But by and large, we haven't seen very much of that.

Even today the primary focus of this is in and around Baghdad. Even in other areas where we do have mixed populations, we don't see it. This doesn't mean I am trying to play down this problem. I want to again underline it's a very serious problem. It's something we have to devote a lot of attention to when we are working with the Iraqis on this.

I think that compared to other societies that I have been involved in, Bosnia, Kosovo, I think that there is more fiber that holds the Iraqis together, regardless of their religion or their ethnic background, than we have seen in other societies. I think that is one reason why it did stay together as long as it has. We believe that it can return to that as well.

But we do not have a lot of time. We need to work. The al-Maliki government needs to work on reconciliation, but also on effective security measures to deal with that.

Mr. VAN HOLLEN. Thank you.

If I could just followup there. I believe it was very foreseeable, and that the history of Iraq suggests that it was foreseeable. I will point out that Paul Pillar, who is a former CIA analyst who was in charge of a lot of the analysts on these issues, testified just a few weeks ago before a Senate panel saying prior to going to war, the CIA—and I quote from his testimony—forecasted that in a deeply divided Iraqi society, there was a significant chance that the sectarian and ethnic groups would engage in violent conflict unless an occupying power prevented it.

I would also like to just read another quote, because I think some people may be surprised with the origin of the quote, "It is not clear what kind of government you would put in. Is it going to be a Shi'a regime, a Sunni regime or a Kurdish regime, or is it one that tilts toward the Baathist or one that tilts toward the Islamic fundamentalists? How much credibility is that government going to have if it is set up by the U.S. military? How long does the U.S. military have to stay to protect the people that sign on for that government, and what happens to it when we leave?"

Those are the words of Dick Cheney, now the Vice President. He made that statement back in April 1991, when he served as Secretary of Defense under the earlier President Bush, explaining to the American people why the United States decided not to go into Baghdad after using military force, appropriate, I believe, to extract Iraq's forces from Kuwait.

I guess my question to you is, No. 1, were you aware of this analysis that was testified to by Mr. Pillar that the CIA said there was a significant risk? Are you familiar with the State Department study and analysis and plan that was put together? To what extent, if any, did the Defense Department that took over the immediate efforts in Baghdad, to what extent did they take into account the warnings of people like the CIA and the people at the State Department with respect to something that I think was eminently foreseeable?

Mr. JEFFREY. First, on the studies that were done before the liberation of Iraq, those were interagencies at work with various Iraqi groups who were coming up with scenarios for the new Iraq.

Mr. VAN HOLLEN. May I just ask you for clarification, are you talking about the State Department study now, the CIA study?

Mr. JEFFREY. The State Department study, which is probably the one I can best address.

Mr. VAN HOLLEN. Let me just ask you for the record, were you familiar with the CIA study?

Mr. JEFFREY. No, I was not, but I was generally aware, although I was not working on Iraq, of the State Department work, working with Iraqis who came up with the various opposition groups, came up with a variety of plans. Many of those plans, in fact, have been formed or partially carried out by the CPA in the transitional administrative law or by the various Iraqi Governments. So it isn't that the plan was thrown out.

As I wasn't involved in Iraq in that time, I don't want to discuss in detail who did what, when in the February, March, April, May period of 2003. I do know that many of—I have seen and gone through the State Department/opposition group proposals and studies and such, and many of them reflect ideas that were later incorporated into the——

Mr. VAN HOLLEN. Let me ask you this: If it wasn't foreseeable, then I guess your testimony suggested it is not inevitable that this would have happened; is that right?

Mr. JEFFREY. Right.

Let me go back. There's a difference between a foreseeable risk, which we all identified. In fact, one of the reasons that many of us who were involved in Iraq in the 1990's felt that there had to be a change was that after 1990, in fact, during 1990, what we saw was a tremendous effort by Saddam Hussein—an extremely bloody effort of sectarian violence far greater than we see today against the Kurds in the north. We had to intervene with our no-fly zones and other efforts to bring that under control eventually.

So we certainly were aware there was that possibility, but we didn't think it was inevitable. I would like to state for the record today that we do not think it is inevitable that the country would disintegrate into large-scale sectarian violence. We do not have that today. We do think that it is a risk that will grow, however.

Mr. VAN HOLLEN. Let me ask you this: If it is not inevitable—we know what is going on the ground. I understand from your testimony that it didn't have to be this way; is that correct?

Mr. JEFFREY. As I said, for 3 years roughly, after the liberation of Iraq, there was very little—there was some, but there was very little interethnic violence. Today in many areas of Iraq where you have mixed populations, there is very little violence. So, therefore, I would contrast this with the situation that I know fairly well in Bosnia, where, by, oh, the beginning of 1993, there was an area of the country where everybody in each group wasn't as—full time fighting the other people. We see nothing like that today.

Again, even saying these things, however, I don't want to dismiss the concern that we have about what we do see today, which is worrisome.

Mr. VAN HOLLEN. I guess if it wasn't bound to be this way, if it didn't happen to be this way, my conclusion would have been we could have done something more to prevent it. I believe the failure to plan for what, I think, was eminently foreseeable is a huge failure. I am not sure that we could have prevented what we are seeing today or not, but I do believe that we didn't have in place a plan to adequately deal with it. I think your analogy actually to Kosovo and parts of the former Yugoslavia is very apt, in fact.

I think the difference in Iraq is many of the population areas are separated. You have a population of Shi'a in the south, you have the Kurds in the north, but where you have many Shi'a, Sunni and Kurds living side by side in major metropolitan areas, particularly Baghdad, you have seen, since the very beginning of the invasion, a simmering of violence, a simmering of sectarian warfare. That is what Zarqawi had wanted to exploit from the very beginning.

For us not to have planned better, to not have taken into account, I believe, the heeding, the warnings of the people at the CIA

and, I believe, the State Department I think points to a terrible failure in the U.S. policy. I think it is the biggest single danger to having a political reconciliation in Iraq today.

The only question is, in my mind, whether there is, in fact, much that we could have done to prevent it, which raises the question why wasn't more attention given to this very serious issue that was raised by Dick Cheney when he was Secretary of Defense before we made the decision to go to war in Iraq?

Thank you, Mr. Chairman.

Mr. SHAYS. I thank the gentleman.

I would like to yield myself some time now. This is really a terrific opportunity to understand the strategy and to understand whether critics are accurate when they said there is no strategy. We are talking about a strategy. We are talking about whether it's good enough, but we are talking about a strategy.

What I am interested in—well, I am interested in a lot of issues. But what I would first like to do is put on the record that I happen to believe that we did not find weapons of mass destruction. I am not in this debate on whether what we are finding now are weapons of mass destruction. For me, I am just putting myself on the record. They are the remnants of what existed.

I find that to get into this issue, well, now, being we finally found them, they were not operative, they were not, in my judgment, a threat; not why I wanted to go in, because of my concern of weapons of mass destruction.

I also want to say whether or not al Qaeda was there when we went in, though al-Zarqawi was clearly—even listening to my colleague talking about al-Zarqawi from the beginning—I mean, if the beginning was—that is interesting that there would be the acceptance that al-Zarqawi was there. But they are there now, and it took us a long time to find him, but we did find him. We took care of him.

So, one, I am not in debate on whether weapons are there now. I know we are there now. I know al Qaeda is there now. I know it is head-to-head combat right now, right now with al Qaeda. At least that is what I believe.

I would like to know whether you, General, you, Ambassador, you, Ms. Long, believe that al Qaeda is there, and that they believe that this is where, for them, the battle is. Do they want to succeed? Is it significant if they succeed to their overall goals? Maybe we could start with you, General.

General JONES. Thank you, Mr. Chairman.

Clearly al Qaeda in Iraq exists. Its fighting, we believe, is responsible for a very large number of the most brutal attacks, especially against Iraqi civilians, and so no doubt that they are there.

Mr. SHAYS. Are their attacks directed at one sect or Sunni, Shi'as and Kurds?

General JONES. Mr. Chairman, my understanding is that they attack each of the sects with the intent of trying to incite sectarian violence. So I am not sure about Kurds. Certainly both Sunni and Shi'a targets are in their target set.

Mr. SHAYS. And Kurds that happen to be in Sunni and Shi'a areas.

General JONES. Yes, sir. It's very hard to put all these in categories. Baghdad is a very mixed area of not only those three but Christians, Jews, other kinds of populations.

Mr. SHAYS. The bottom line is you don't have any doubt that they're there and you have no doubt that they're taking it to us, correct?

General JONES. Mr. Chairman, no doubt that they're there, no doubt in my mind they think that a successful democratic Iraq is a huge threat to their more global aspirations, and the fighting is very hard there.

Mr. SHAYS. Ambassador.

Mr. JEFFREY. Mr. Chairman, first of all, they're there.

Second, they see this as the main event in their struggle for control of the Middle East and opposition to the West and opposition to a global structure in security. If we falter and fail in Iraq and if they're able to establish a permanent sanctuary in all parts of Iraq as they have in Afghanistan, my fear is that this will erase all of the tremendous good we have done in response to 9/11 and we'll be back where be we started.

Mr. SHAYS. Ms. Long.

Ms. LONG. I couldn't concur more with my colleagues here, but, quite frankly, one need not take this panel's testimony. Al Qaeda itself has said in its proclamation that it is there and that Iraq is the center of gravity for its global jihad and only step one in that strategy and it's a long-term strategy to promulgate terrorism worldwide.

Mr. SHAYS. Thank you.

Ambassador, the national strategy for victory in Iraq was a document that came out more recently, but we have been there since April 2003. What were the guiding mechanisms that we used? What was the document that would detail our strategy? Was it the military combat effort or how would you—walk me through.

Mr. JEFFREY. What I'll do is I will start with and then I will walk back from this point. Because, otherwise, it wouldn't be a satisfactory answer.

I'll start with the summer of 2004. The newly arrived General Casey heading the new MNFI and Ambassador Negroponte collaborated on the first campaign plan. This campaign plan picked up many of the ideas that we have further developed in the Victory in Iraq document, specifically, the concept of a wedge to try to, as we say in this document, isolate those who we can't bring into the system such as some of the Bathists and al Qaeda folks but engage many others, even people in the insurgency who are willing to lay down their arms and willing to abide by the rule of the majority. That was our strategy that summer.

That led to—and once again in response to the GAO's concerns, this led specifically and deliberately, and I was involved in this process, to major resource shifts. As the Comptroller General and his people testified, we shifted billions of dollars from longer-term infrastructure into shorter-term projects, primarily security but also democracy programs, elections and immediate increases to the oil system which are now coming on stream in increasing production. This was done in furtherance of exactly that strategy.

Now before that time, sir, I would have——

Mr. SHAYS. Before.

Mr. JEFFREY. Before the summer of 2004, I would have to turn to the military on what documents that they used. I was out under CPA in the latter days, and I wasn't aware of that.

Mr. SHAYS. Let me just clarify, the bottom line was before June 2004 Mr. Bremer was under the command of the Defense Department—excuse me, answerable to the Defense Department. It's my understanding that the Secretary had sole responsibility of the political as well as the military effort in Iraq, as well as the reconstruction, and that, when we transferred power in June to the Iraqis, that brought in State Department, who now had the responsibility for the political part of our effort in Iraq and the reconstruction and left to Defense obviously this major effort of the military operations and the reconstruction of their security forces.

Is that a fair analysis of what's the significance of June 2004?

General JONES. Mr. Chairman, I believe so. The transition to CPA, yes, sir, that's where, although it was still under departmental control, you had this separate entity called CPA that was not under the control of the uniformed military.

Mr. SHAYS. Answerable to whom? The White House directly?

General JONES. No, sir, answerable to the Secretary of Defense.

Mr. SHAYS. CPA was answerable to the Secretary of Defense.

General JONES. Yes, sir.

Mr. SHAYS. So you had that transfer at that moment. Before then, the State Department had a limited role, correct?

General JONES. That's my understanding, sir.

Mr. SHAYS. Can you speak to the strategy that guided us for that first year?

General JONES. I would go back to the very beginning. That is, the establishment of the national military objectives led to the Central Command campaign plan. From that the Central Command land component commander had a plan, an operations plan for the actual attack into Iraq in the time immediately following. They transitioned that organization to a Combined Joint Task Force 7, CJTF–7. It then developed what they call their CJTF–7 campaign plan. Subsequently, that was upgraded to multinational force in about the timeframe you're talking about, the June 2004, timeframe, simultaneously with the stand-up of the embassy. At that time multinational force developed their campaign plan, which has now been revised several times, the latest of which is actually a joint campaign plan with the embassy.

Mr. SHAYS. To the outsider and even to me the implications are that we only had a strategy guiding the military, and are any of the three of you capable of disavowing me of this fact? I mean, did this plan as you understand it include dealing with the economic reconstruction of Iraq, the political stabilization of Iraq?

Mr. JEFFREY. Let me take that on.

We definitely had plans covering all three tracks—economic, political and security—in the year before the summer of 2004.

To cite two examples on the political and economic tracks, as the General covered the security track under CJTF–7, the Congress and the administration together worked out a reconstruction program, Earth 1 and Earth 2, totaling $21.9 billion, the largest single reconstruction program in real dollars since the Marshall Plan, bro-

ken down in a very sophisticated way into a whole series of reconstruction objectives, from water and electricity and roads and oil, all the way into democracy, standing up security forces and other things.

As the GAO reported earlier today, there were certain assumptions on that reconstruction program such as a permissive environment that turned out not to be so, but it was a very sophisticated plan that manifested itself in major congressional budget action.

Second, on the political track, there were a variety of initial steps culminating in the decision taken in the fall to turn over sovereignty to the Iraqis as soon as June 2004. This was then manifested in a U.N. Security Council resolution that we played a key role in negotiating, 1546, but also, most importantly, in the transitional administrative law which laid out that process that has carried us through until the formation of the government a few months ago.

Mr. Chairman, my answer is, before the consolidated plan of 2004, there were very sophisticated plans that were well coordinated in interagency meetings. It's just that there was no one plan. What we've tried to do is bring these plans together and further refine them in one document.

Mr. SHAYS. Let me just say, if I ask one of you to respond, I am very happy to have others of you jump in. So don't wait for me to ask if you feel you can add value here.

So what I am hearing is that—I will tell you my sense of the challenge, why the American people didn't feel we had a plan, was that the plans that I looked at were classified. It seemed to me that what the administration finally concluded was that people continually saying we had no plan when there was no plan presented to the public was because, frankly, we didn't want to present it to our adversaries. We realized that we had to balance these two concerns. One, we have a plan, why the hell would we tell our enemies what our plan is? We have a strategy, why would we tell our enemies what our strategy is? Then the political opposition that started to form in this country that said we had no plan, we don't know what we are doing.

Am I right in assuming the administration came to the conclusion that they needed a document that was—two things, one, that they needed to bring these strategies together under one plan, which is one issue, and, two, that they needed to have a plan that they could make public so the American people and Congress and others would have a better understanding of it.

Mr. JEFFREY. Let me start off and open it up to the others.

Clearly, Mr. Chairman, there was a belief that we needed to put on paper to the public the plans that we had developed and refined over the preceding 2½ years. I was working on Iraq before this plan came out, and I felt that I knew what I was tasked to do and that others did, and we had goals.

Again, they were laid out here, they are laid out well here, but we already had them in various other documents. This combined those. It refined them further. Some of the ideas in there, for example, the clear hold and build concept under the security was a fairly new development. The Secretary talked about that in her testimony in October 2005.

So there are a few developments based, for example, on our success in areas that we tried to apply. The PRT concept was beginning to be stood up, and we put those in.

So this is a further refinement, but it's a refinement of plans that, as you said, were in different places and many of which were classified.

Mr. SHAYS. Any comments?

Ms. LONG. I would only like to add that the Ambassador is correct and that strategy is a refinement. It is also to some extent is a boiling down of what were the most salient and the core aspects of what the President's strategy was and what the various interagency departments were undertaking as parts of the implementation.

I get the chairman's point that it's important that the strategy be linked to things such as a budget and cost analysis, and those indeed do exist, and, in fact, Ambassador Jeffrey pointed us toward those particular documents.

This particular plan that we're discussing, the strategy for victory in Iraq, simply didn't contain that information because it had a very different purpose. This, as the chairman pointed out, was considered to be the public document in order to convey in a very effective and a very concise way the core values and the core implementation and aspects of the strategy of the ongoing conflict in Iraq.

Mr. SHAYS. Now what I'm going to say is a bit negative, but by my saying it this way it will help me understand where we are at today. Either we didn't have a plan and therefore we made mistakes or we had a plan and the mistakes made early on were because the plan was bad or we didn't follow the plan. But we made some mistakes early on, and I'm going to tell you what I believe those mistakes to be. I would like to think that and I do believe that we did have a plan but that there were flaws to it. I can't imagine that it would be otherwise.

Now I also preface it by saying that my greatest love is American history, and I have not read a military effort that didn't have huge mistakes in it. If George Washington had the critics that we have today, I don't think—I think we would still be a commonwealth or something like that. If Abraham Lincoln had been judged on his first 2 to 3 years, we would be two nations. And when I hear the fact that, with no disrespect to you, General, that there are military people who criticize this administration, to say nothing like what Abraham Lincoln had to deal with, he ran against a general who was so critical of how a war was fought.

I love the comment Lincoln made when he finally found a general he liked, General Grant, and people came up to him and said the guy drinks too much, and Abraham Lincoln was reported to have said, well, tell me what he drinks and I'll give to my other generals.

So I understand that mistakes are made, but if we don't talk about mistakes then it's hard for people to understand where we are. I will just tell you, and I'm not going to ask you to agree or disagree, but I'm going to ask you the implications.

Allowing the looting, to me, was outrageous. Allowing the looting said to the Iraqis that security doesn't matter, and they walked

right by Americans who allowed them to do it. I understand the logic. We didn't want to engage the Iraqis. So that was one issue.

To not have contained, at least where we could, the munitions depots and to let literally our adversaries drive up in trucks and take these munitions to me was a huge mistake.

But the mistake that I happen to believe was the most egregious was we decided to not allow the army to restand, the police to restand, and we basically got rid of their border patrol. What we did is we said to 150,000 coalition forces you have to be the police, the border patrol and the army for 26 million people in a country the size of New England and New York. I think that was an impossible task.

So, General, I'm just going to say to you that I thought we had enough military troops until we did that. But what I'm going to say to you is that I think we then dug ourselves a deep hole. Am I to view—and the reason I mention that—I've been there 12 times—is I try to go every 3 to 4 months because I want to take the temperature and I want to gauge where we are. I basically viewed us as being very successful in April 2003, with a chance of not having what took place; and we took a nose dive in my judgment when we disbanded their army, their police and their border patrol.

I had Iraqis say, why did you put my brother, my uncle, my cousin, my father out of work? Why did you put my son out of work? Why couldn't they at least guard a hospital? That's poignant to me, because the first death in the 4th Congressional District was Alfredo Perez guarding a hospital.

I'm just saying to you I carry a strong conviction that mistakes were made in the early times and that since June 2004 was the moment to which we made a hugely successful, important decision and that was to transfer to the Iraqis the ability to start to have control over their own destiny. We started to have an Iraqi face.

I had a press conference shortly after we transferred power with Negroponte and the foreign minister, and it was really thrilling for me to have a press conference with the Iraqis. I stepped forward and said, I think we've made a number of mistakes. Are there any questions?

The first question was for the Foreign Minister, the second was for the Foreign Minister, the third; and finally I leaned over to Ambassador Negroponte and said, this is the best proof that transferring power, that they have bought into the fact that Iraqis are now beginning the control of their own destiny. They're making their own decisions.

Maybe you could just speak to the concept of mistakes, if you don't choose to talk about particular ones. Were mistakes made in this war?

General JONES. Mr. Chairman, no doubt in my mind. I think your historical context is exactly correct, and that is it's a human endeavor, no doubt there were mistakes made. Like you, I studied history quite a bit as well. I think the important thing is you're not going to avoid the fact that you're going to make some of these kinds of mistakes, but what's most important is what do you do about that. Do you learn? Do you adjust and compensate for things that you either thought would be true, turns out not to be, or things that you didn't anticipate? I think in that regard we have

learned from mistakes and made considerable progress building on what we've learned.

Mr. SHAYS. Maybe I could ask this question to you this way, Ambassador. Thank you, General.

How can the American people have confidence that we are less likely to make mistakes today than in the past?

Mr. JEFFREY. As any conflict or campaign goes on, I think we learn from what worked, what didn't work. Without going into the issue of why mistakes were made—and I agree with the General and I agree with my Secretary, who mentioned a thousand mistakes—I can simply tell you, Mr. Chairman, that I made my fair share of those thousand mistakes when I was out there.

I will say that, having been on the ground, it's an environment like any chaotic wartime environment, where mistakes are inevitable. The issue is do you keep your eye on the underlying goal. And, as I have said, the underlying goal, which is laid out here in the President's strategy, is a democratic Iraq that isn't a haven for terrorists. That is what we guide on. And when we deviate from that, when something goes wrong, we work with Iraqis to try and correct it; and we're going to keep on doing that.

At the end of the day, the American people, through their political processes, one of which was seen before us today, will have to decide we'll just try and do our best. I can't give you a better answer than that.

Ms. LONG. I can't disagree with any of the other panel members, although I do think there is one thing that we can tell the American people about our hope that less mistakes will be made in the future and that is, to the extent many mistakes were made in the past, some of those were probably because we were unfamiliar with or the changing circumstances of the ground had an impact on our planning that were unanticipated or unaccounted for or not prepared enough for. But now we are in full partnership with the Iraqi Government and the Iraqi people, and the Prime Minister and his cabinet have been outstanding in their public and other statements in support of all the goals that we have adopted for one another in moving this fight forward. So we now have a partner on the ground who is as much if not more interested in our success.

Mr. SHAYS. Would you agree that it was a major change, a pivotal point when you transferred power to the Iraqis in June 2004?

Mr. JEFFREY. I believe, Mr. Chairman, that it was, but the fact that was simultaneous with my arrival there may color my judgment somewhat. I do think it was an important step. I think the President took a very courageous step in accelerating what was originally going to be a several year process. I think the process that we set culminated in the current government is the proof in the pudding, sir.

Mr. SHAYS. I have just one other area before I go to Mr. Van Hollen. Let me just ask this and come to you.

The national strategy says build a stable, pluralistic national institution, clear areas of enemy control and restore Iraqi's neglected infrastructure. Now the administration is putting a focus on assisting the new Iraqi Government in promoting its own agenda, which is compatible, it strikes me, but it's national reconciliation, improv-

ing security, increasing oil and electricity production and engaging other nations in Iraq's development.

Now the reason I wanted to talk about this is I want to focus on national reconciliation. Because I found that I was one of the few people who felt confident that transferring power in June 2004 was the right thing to do, and it was based on the fact that, having been there, I could just see they were ready. But it was interesting to me that the critics of the war were absolutely adamant that we shouldn't transfer power, which was one of the most important decisions we did. If we made mistakes, and we did, that was one thing that was not a mistake.

Now I make the same parallel to the whole issue of reconciliation. I am finding Members say we should not allow there to be any so-called amnesty. How dare us think of that. And I'm going back again to history and thinking, well, what took place after the Civil War? We had Lee allowed to walk away in dignity, we had the troops allowed to carry their arms back home, we arrested President Davis of the Confederacy but then did not prosecute him. The only one I believe that paid a penalty was the commander—was it Andersonville, the prison camp? He was hung.

But it strikes me is it possible for there to be reconciliation without, one, amending the Constitution to draw the Sunnis in? And I would think oil plays a major role in that. And is it possible to have reconciliation without there being some forgiveness, obviously within certain restraints, of those who sided with the insurgents and maybe in fact were insurgents? Obviously, the people who are walking around holding people's heads in their hands, you're not going to reach out to them, but how about the others?

Mr. JEFFREY. The President's spokesman, Tony Snow, addressed this on Monday in response to a question.

First, and most importantly, this is an Iraqi decision, an Iraqi process. They're going to have to live with the results. Some sort of amnesty certainly is being raised by many people inside and outside the Iraqi Government, and they're going to figure out what the best balance is between reconciliation and responsibilities and accountability for one's acts.

Our first concern from the standpoint of the United States—and this has come up several times all the way back to the Allawi government—is to ensure that there is no double standard, that is, that an act against a coalition soldier is different from an act against a Iraqi soldier or a coalition civilian and an Iraqi civilian. Beyond that, we will watch what the Iraqis do and we will try to be as supportive as we can. But, again, this is their process. This is their system.

We do agree with you that those people, the al Qaeda groups and those others guilty of war crimes, need to be brought to justice.

Mr. SHAYS. General, any comment? Then we'll go to you.

General JONES. Mr. Chairman, the comment I'd make is I agree with the Ambassador.

Clearly, in order to end hostilities, you have to take combatants and have some method by which they stop the coming combatants, and this is one mechanism. We've seen it applied in a variety of places where conflict is transitioned to a peaceful environment. I don't think Iraq is any different.

Mr. SHAYS. We're basically looking at al Qaeda's presence there, we're dealing with Sunni insurgents, and we're also dealing with al-Sadr and some of the Shi'a groups. If we're successful—excuse me, if Iraq is successful in reconciliation with the Sunnis, then does that not isolate al Qaeda and isn't it more likely that we will see Iraq have significant success against al Qaeda if we have the Sunnis on board going after them instead of going after the government? That's directed to you, General.

General JONES. Sir, my answer would be absolutely yes.

Mr. SHAYS. Ms. Long, do you have any comment about that?

Ms. LONG. No. I think General Jones is correct in that this wedge strategy had been something that has been under discussion for some time.

Mr. SHAYS. And is part of the strategy?

Let me just be clear about that. This is an effort on the part of the Iraqi Government, and one of the criticisms of the Government Accountability Office was, and specifically Mr. Walker, was that there is not coordination between the plans of Iraq, which I just mentioned, and our own victory in Iraq plan. So if you'd just speak to that coordination and how the two strategies are compatible, and then Mr. Van Hollen has the floor for as long as he wants.

Mr. JEFFREY. The wedge strategy of the original 2004 campaign plan was discussed with the Allawi government. Allawi was very active particularly in that period of time before our Fallujah operation in the fall of 2004. Reaching out to Sunni groups from Fallujah and elsewhere, we participated in those. He was well aware of the undertakings, as all the other Iraqi Governments, that you need to, again, to quote the victory in Iraq strategy, to isolate those that are not going to be part of this process, the al Qaeda, the Bathists, and to bring in those folks that are willing to or can be persuaded to lay down their arms. That's been our strategy for a long time, sir.

General JONES. Mr. Chairman, just for clarity, I'll go to page 30 of the NSVI and just to point out one of the elements in there is supporting Iraqi leaders in their request to bring all Iraqis into the political process through dialog and the creation of inclusive institutions. So, clearly, this has been part of our desire to achieve this reconciliation effort throughout the time we've had our strategy.

Mr. SHAYS. But the challenge that the first Prime Minister had was he was the interim, transformational and then permanent. He was the first. He was basically—there had been no election, so he hadn't been elected. He had been chosen by groups, correct, but not elected. So the advantage Malaki has is that he now is the elected chosen, with the fact that 76 percent of the Iraqis chose this government, including Sunnis, is that not correct?

Mr. JEFFREY. That's correct, sir.

Mr. SHAYS. Thank you. Mr. Van Hollen, you have the floor as long as you want.

Mr. VAN HOLLEN. Thank you, Mr. Chairman. I won't take too long.

I just want to go back to, first, the point you have made with respect to the mistakes and acknowledging mistakes and learning from mistakes and getting back to the earlier point I made with the Comptroller General with respect to accountability. Because I

think everyone understands that people in the course of decision-making make some mistakes. I think the biggest concern here is you have a pattern of mistakes being made in the face of good advice to the contrary.

There were people who raised questions about weapons of mass destruction. There were people in this Government who raised questions about whether there was really any link between al Qaeda and Saddam Hussein and whether there was any collaboration. There were people who raised good questions about the number of forces we would need on the ground to make sure there was some stability in post-invasion Iraq. There were people who raised serious issues about the costs of the war. And consistently those voices were ignored.

I do very strongly believe that when you have a situation going on, as we have now since 2003, where there's a consistent pattern not just of mistakes but mistakes being made in the face of strong contrary advice and you fail to hold people accountable, you're going to get more failure.

So I would just like to ask you a basic question of accountability, checks and balances. Would you not agree that in a bureaucracy, in an organization like the U.S. Government that if you want to send the right signal to people you have to hold people accountable for their mistakes and you need to acknowledge and reward people who get it right, just as a basic management principle?

Mr. JEFFREY. I agree with the principle, but if you will permit me, Congressman, I would like to elaborate on this a little bit, because, otherwise, my answer would not be understood correctly.

First of all, there are levels of accountability. Those people who violate the law, be it contractors or civilian officials who have been identified by the Special Inspector General, those people are being punished to the maximum of the law. Our military personnel, including fairly senior people involved in Abu Ghraib, have been punished in various ways.

In addition, there is another level of intermediate management accountability. Not everybody who emerges from a year of horrible experiences, in many cases in great danger in Iraq, is promoted, is advanced to a higher position, is considered to have succeeded. Those people—and there are many of them; I was involved with some of them—have not had their careers advance. They made mistakes that we simply could not forgive or forget.

Then there is the highest level, and here's where I think there's I think a bit of conflating the standards. There is political responsibility. This is something that I as a civil servant cannot decide. It's something our elected leaders have to decide. I will say this. From experience over many years in many conflicts and near conflicts situations with the U.S. Government, whatever action—at one point, you said should we hold people responsible if they made mistakes when there was contrary advice. Here's the problem, Mr. Congressman, and I could cite the Balkans as an example again.

There was always contrary advice. There are always strong opinions in the bureaucracy when you take any action, and one of the biggest challenges we have is to finally get to the point of taking a decision in less than full knowledge when there are so many people who are saying, no, that's not the right course of action.

I saw this is Bosnia when people said we should have sided with the Bosnians in 1992, 1993, but there was a great deal of very intelligent advice that said, no, that would be a terrible mistake.

Then I worked closely with Dick Holbrook in 1996, and people were advising him in different ways and the Secretary of State and the President.

It's a very difficult situation where you don't—particularly in the fog of war, at the highest levels, I think at the levels you're talking of, we have to let the American people pass judgment and hold our leaders accountable for succeeding as we think they will or not succeeding, sir.

Mr. VAN HOLLEN. I would agree with you that's where responsibility ultimately lies. I would just say there seems to be an incredible pattern here of consistently siding with the side that gave the wrong advice against the side that gave the right advice. And I would just point out again—and we've heard the testimony and statements made by a number of the generals who were involved in various capacities with decisionmaking, whether it was going to war or in the post-war period, and I stop with this and close with a question. We had retired Major General John Baptiste, he stated a little while ago Rumsfeld should step down because he ignored sound military advice about how to secure Iraq after Baghdad fell. We had a number of other generals strongly recommending that Secretary Rumsfeld step down as an accountability measure.

I don't know, General, and I don't want to put you in a tough spot. I guess what I want to know is, were you in a position to be aware as to whether or not the advice that was provided by many of the people who have since criticized Rumsfeld and called for his resignation, were you in a position to determine whether or not the advice was in fact heeded or whether it was ignored?

General JONES. Congressman, the position I was in at that time, I knew that there was lots of advice being given, not necessarily always consistent, as the Ambassador said: more troops, less troops. You have people arguing both ways even today. How much of that advice was taken, whose advice was taken and who's wasn't, I don't have any personal knowledge of that.

Mr. VAN HOLLEN. I understand, sir.

I'll just close, Mr. Chairman.

I think that, as the Ambassador pointed out, we have a number of mechanisms within the Government for accountability. Ultimately, it is the decision of the American people. But I do believe in terms of just managing the Government, and I just—managing the Government in terms of creating the right incentives within the Government, when people who do get it right are ignored and people who get it wrong are somehow promoted or encouraged, I do believe that sends a very bad signal to the men and women in our Federal Government.

Thank you, Mr. Chairman.

Mr. SHAYS. I thank the gentleman.

I just have a few other questions. I'm not looking for long answers, but they are not insignificant. You respond as you choose.

The GAO said the strategy does not show costs, identify agency roles, integrate U.S. goals with Iraq and U.N. goals. I would like you, Ambassador, to speak to those three criticisms.

Mr. JEFFREY. Very quickly, to followup on my initial comments, the strategy taken as a whole, as I said, does have a funding component to it on the state side, and the military has a similar document as well. We'll put this in the record. It is assigned with a three-track policy: security, political and economic.

In terms of the organization, there I would disagree strongly. I think that NSBD 36 and the NNSI program I describe are——

Mr. SHAYS. You're speaking to——

Mr. JEFFREY. Yes, sir. The organizational roles are as clear as I have ever seen it. Considering Government service and considering the size of this endeavor, it's amazing. These are very clear.

Of course, there are disputes. The GAO said it doesn't clarify every dispute between agencies. On this man's and woman's Earth we'll never come to that point, but it comes as close as it can to setting up a coherent process.

The GAO is correct that we haven't been able to align our goals, our resources and such fully with the Iraqis. That's because we've not had a long-term Iraqi Government, and thus we had the meeting with the Iraqis for over 2 days on June 12th and 13th with the President going there to do exactly that.

Mr. SHAYS. Thank you. I know that you answered each of these questions in a little more depth, but I appreciate that succinct answer.

With regard to the militia, how can we—let me start with this. I would like to know the role that you think Iran is playing in terms of sending agents and money to Iraq.

Mr. JEFFREY. Iran is playing a very worrisome role, including the death of coalition soldiers and Iraqis; and in the political sense of it being difficult for us to fathom why the Iranians are doing this. We are very concerned about this. We have spoken out publicly about it, and this is another one of the key items on our agenda.

Mr. SHAYS. Isn't it true that if Iraq were to break into three parts that they not only have a Kurdish problem but they would have a Shi'a-Arab problem? Because they not only have a large Kurdish population in Iran but don't they have a fairly substantive Shi'a-Arab population as well?

The reason I ask this question is because this is what I was basically told by folks in the Arab Emirates, that what they were trying to argue to me is that it is not in Iran's best interest, ironically, to have Iraq fail.

Mr. JEFFREY. We agree with you. That's why one of our concerns with the Iranian activities is that we can't find an obvious explanation for it. Some of Syria's non-productive actions we have a certain explanation.

Mr. SHAYS. Are the Syrians cooperating with stopping jihaddists from crossing Syria into Iraq? Are we sometimes getting cooperation and sometimes not?

I met with the Syrian ambassador, and he tells me you just tell us what we're doing wrong and we'll stop. And I said 3 of the 10 things you're doing wrong; we want you to stop all 10 things.

What is the relationship that we have with Syria at this point?

Mr. JEFFREY. Our relationship with Syria is colored by their behavior in Iraq, their behavior, for example, in hosting the leader of Hamas who played such a bad role in recent events in Gaza and

their activity still interrelated to Lebanon as well as the oppression of their own people.

That said, on the Iraqi front we have seen a diminution of infiltration to some degree and we have seen the Syrians take a number of measures at airports.

There may be a cause and effect between the two. They need to do more, including more cooperation with the new Iraqi Government in closing down some of the financiers of the insurgency who have found refuge in Syria, sir.

Mr. SHAYS. If this is a long answer, I don't want you to answer the question. But, bottom line, could you speak to the Sadr militia? Is this as worrisome—there is a view that we had an opportunity to deal with him 3 years ago and we let him fester and now he has become a major concern.

What I'm hearing is that he's asked for the opportunity to do, frankly, what Hamas did in Palestine and that was in the West Bank and that was to feed the poor and the hungry and build a support system while also doing their terrorist acts. In other words, they're not asking for oil, they're not asking to run department, they're asking it seems to me to be on the human side of the government equation. Is that a concern to us?

Mr. JEFFREY. General Jones had a lot of up close and personal contact with that militia, so I'll let him take that.

General JONES. Sir, the organization, it has several elements, one of which is part of a social welfare capability and that's one of the ways that he sustained support of the population. He obviously has another element of his militia, which is an extremely unproductive portion of the organization. So he has both of those elements, and I believe he uses the social side just to sustain support.

Mr. SHAYS. This is my last question. Is the fundamental problem political, military or economic? If you had to choose one, if you would rank them—I'd like all three of you to rank them.

Ms. Long, I'd like you to go first. Rank which is the most worrisome. I'm not saying they aren't all, but your three choices are political, military and economic. How would you rank them?

Ms. LONG. I would request not to have to rank them, quite frankly, but if required to answer I think a combination between the recent upsurge in violent attacks, which would be a security issue, but combined with the political aspect. Because I do think that the resolution of either of those is dependent and integrated with how we deal particularly with the militia and integration of members of society who have taken a look at the new government and who are willing or able to become members of it and giving them the opportunity to do so under the reconciliation ideas that the current government has. I would put economic then slightly in the rear.

Mr. SHAYS. Thank you very much.

General.

General JONES. I echo that they're all totally intertwined, but if I had to choose, I would say—with one caveat, I would say political. Because, in the long term, it's the ultimate solution to deal with the underlying causes of the violence in the insurgency that have to be done. I caveat that with al Qaeda, which does not have underlying political causes that can be dealt with, and I think that issue is primarily a security issue.

Mr. SHAYS. Thank you.

Mr. JEFFREY. Without security, you really can't do anything or enough on the political and economic tracks. However, as the General said, the solution to the security situation is not military but political, so I think the two are entwined. Economic is, measured only by that standard, less significant. It is an important factor but not in the short term as vital getting the security and political correct.

Mr. SHAYS. I think all three of you pretty much had the same view on this.

Let me just say that my colleague from Maryland just had one followup; and my last question, which I'll ask now, is: Is there anything that we should have asked that you think needs to put on the record that we didn't ask? Is there anything that if you left here and didn't put on the record you'd say I should have? That's my question to all three of you. But the gentleman from Maryland has the floor.

Mr. VAN HOLLEN. Thank you, Mr. Chairman.

I was just interested, Mr. Ambassador, in your response to the question about the Iranian factor and the Iranian meddling. I guess I'm a little puzzled by the fact that you and others are puzzled about the nature of the Iranian meddling and the negative aspects of that.

Let me just ask you, from the perspective of the current regime in Iran, from their perspective, would they be better off with a fundamentalist Shi'a government in Iraq or a secular democratic government in Iraq?

Mr. JEFFREY. That's why we're puzzled. We were not puzzled by what they're doing, we're puzzled by why, their motivation. A fundamentalist Arab-Shi'a regime in Iraq whose focus is on, in many respects, the more senior clergy, with a 1,600-year tradition of Shi'a-Islam, is not necessarily a good thing from the historical standpoint to an upstart Shi'a regime of about 400 years duration. So that's not immediately obvious.

The other thing is we have seen in a variety of situations where the Iranians are basically not dissatisfied with the democratic process. I mean, they have good relations not only with the Shi'a but also with the Kurds. They are not too happy with us succeeding there or anyplace else, but they have other interests as well.

So we still are trying to fathom why exactly they are working with local militias with these special IED attacks and that kind of thing, and we haven't come to a good answer yet.

Mr. VAN HOLLEN. They have a relationship with al-Sadr, right?

Mr. JEFFREY. They have relationships with al-Sadr, Talibani. They have relationships with most of the actors in Iraq, which is fully appropriate for a neighboring country in a country which has suffered a traumatic experience with Iraq 20 years ago. I mean, they do have from a historical standpoint legitimate political and security concerns just like many countries have with neighbors. It's how they carry that out that we are concerned with at present.

Mr. VAN HOLLEN. I would conclude, Mr. Chairman, by saying I'm not sure I'm as puzzled as you are by the way the Iranians are playing it in Iraq. I think in many ways they have been the big winner in terms expanding their sphere of influence in the region

and in Iraq in particular, and I'm not sure why they wouldn't see it in their interest to have more of a fundamentalist-type regime.

After all, one of the positions the administration has taken is that, if they were successful in establishing a democratic secular government in Iraq, it would have ramifications and implications throughout the region, namely, the people in Iran would want the same thing. So if you take the administration at its word, it seems to me you can understand why the Iranians would be concerned about what might be developed in Iraq; and I think, again, it was predictable that the Iranians would try and exploit and take advantage of this situation.

Thank you, Mr. Chairman.

Mr. SHAYS. Thank the gentleman.

Would you care to put anything on the record before we adjourn?

Mr. JEFFREY. From my standpoint, nothing, Mr. Chairman.

Ms. LONG. Only to thank the chairman for this very important hearing. We think it's important to be able to explain the national strategy and that there are a lot of documents and implementation plans and all kinds of supporting documentation and other implementation strategies that complement that and that we welcome the opportunity, whether through criticism by GAO or others, to make those better documents and more responsive documents.

Thank you again, sir.

Mr. SHAYS. Thank you.

General JONES. No, sir, Mr. Chairman. Thank you.

Mr. SHAYS. Let me just thank all of you for your service. I happen to know Ambassador Jeffrey the most, having visited him a few times. You were all excellent witnesses and very helpful to this process, and I appreciate that you came here about 6 hours ago to begin. So thank you for not asking to be first and letting the GAO go first. That was very helpful to this committee.

With that, we're going to have about a 4-minute recess and then we'll start with our final panel.

[Recess.]

Mr. SHAYS. I am very curious as to whether our four panelists have stayed. Let me introduce Dr. Kenneth Pollack, director of Middle Eastern Policy, Brookings Institution; Dr. Laith Kubba, senior director for Middle East and North Africa, National Endowment for Democracy; Dr. Anthony Cordesman, Admiral Burke Chair in Strategy, Center for Strategic and International Affairs, CSIS; and Dr. Kenneth Katzman, specialist in Middle East Affairs, Congressional Research Service. I think the only one required by law required to stay was the Congressional Research Service.

Gentlemen, it's wonderful to have you here. I do need to swear you in, as I think you know. If you would stand, we'll swear you in.

[Witnesses sworn.]

Mr. SHAYS. Just for the record, we're not going to be starting our meetings in the future at 2 p.m. But it's wonderful to have you here.

I consider this panel an extraordinary opportunity for the committee and particularly for me; and what I would like, if it's just my colleague from Maryland and myself, is to have a dialog among us and between us. So I think we'll start in the order—excuse me,

I don't think we'll start that way. Yes, we will. We'll start with you Dr. Pollack, and we'll go right down. Just make your points as you choose to, and we're not even going to turn the clock on unless one of them speaks too long and the others have to wait too long. So maybe we better turn the clock on. We'll do it 5 minutes and roll it over.

STATEMENTS OF KENNETH POLLACK, DIRECTOR OF MIDDLE EASTERN POLICY, BROOKINGS INSTITUTION; LAITH KUBBA, SENIOR DIRECTOR FOR MIDDLE EAST AND NORTH AFRICA, NATIONAL ENDOWMENT FOR DEMOCRACY; ANTHONY CORDESMAN, ADMIRAL ARLEIGH BURKE CHAIR IN STRATEGY, CENTER FOR STRATEGIC AND INTERNATIONAL AFFAIRS [CSIS]; AND DR. KENNETH KATZMAN, SPECIALIST IN MIDDLE EAST AFFAIRS, CONGRESSIONAL RESEARCH SERVICE

STATEMENT OF KENNETH POLLACK

Dr. POLLACK. Thank you very much, Mr. Chairman. It's a great privilege to be here before this subcommittee. It's also a great privilege to be on this panel with so many distinguished colleagues.

I think, as you are aware, a number of months ago we at the Brookings Institution put together our own study group on Iraq, came up with our own alternative strategy for Iraq, and most of my remarks are framed by our thinking in the conversations that we had when we were trying to work through this problem and determine what the United States ought to do to ensure success in Iraq.

The first point that I think is important to make in the course of these hearings is to say that our conclusion as part of this group was that we fully have just one more chance in Iraq. At the very least, we ought to assume that they have only one more chance left in Iraq. We may get more. The fact of the matter is we've already had a number of bites at this apple and we have so far failed to put reconstruction on a firm footing.

The problem that we face right now is that both the American and—Iraqi and the American people are growing impatient. Ultimately this war can be lost in Washington. It can be lost in Baghdad. The problem is it can be lost in either capital, and we need both to provide their full support.

Inside of Iraq, I think the problems that we face are particularly acute and need to be taken into account. First, as you are well aware, and as we have heard other Members in these hearings suggest, the Iraqis are increasingly unhappy. They are increasingly frustrated, something that I know you know firsthand, Mr. Chairman.

They had great expectations with the fall of Saddam Hussein, and they have been waiting to see those expectations fulfilled. And increasingly Iraqis are fearful that the United States and that the new Government of Iraq doesn't know what it is doing or will be unwilling to do what is necessary to actually give them the better life that they ultimately deserve.

And we are seeing increasing numbers of Iraqis turning to these vicious sectarian militias, turning to organized crime, turning to insurgent groups to provide them with the security and basic services

that they don't feel that the United States or the new Iraqi Government can provide them with.

Beyond that, there is another critical element in this, which is that we now finally do have the formation of a permanent Iraqi Government. In the past Iraqis felt these same frustrations, but what we typically saw was when Iraqis became frustrated with the current circumstances, they would shift their expectations to the next government down the road. There was always another government coming down the road 6 months or 12 months out, and so it was easy for Iraqis to say this government has failed us, but perhaps the next will do better.

Well, we are now in a situation where there isn't going to be another government, at least not for another 4 years, and so this one has to work. This one has to produce results.

Now, having said all of that, I don't think that we should set the bar too high either. The fact of the matter is Iraqis desperately want reconstruction to succeed, and I think what they are looking for in the next 6 months is some sign that the United States and this new Iraqi Government actually know what we are doing and are actually starting to move things in the right direction.

Our group was fairly confident if the Iraqis did get some signs of that, they would remain committed, and they would remain supportive. But we have to start delivering in the next 6 months; we as the United States of America as well as the new Iraqi Government.

With regard to the administration's new strategy, what I will say is that I think there was a lot in the new strategy that is very good. And for me this goes beyond the printed documents and goes to other efforts that I see the U.S. administration and the U.S. military embarking on. The problem that I foresee is that what matters is not how good the rhetoric is, not how good the plans are, and I acknowledge that the rhetoric and the plans are much better than we have seen in the past. All that matters is the implementation.

Unfortunately, my conclusion has been that this administration has more often talked the talk than they have walked the walk when it has come to Iraq. I have seen other administration rhetoric that has been left unfulfilled.

I will give a number of different examples of things that I see that are going on out there, but which, as I said, are all about the implementation.

There is a new military plan, focused reconstruction developed by Lieutenant General Corelli in Iraq. Mr. Chairman, I have been briefed on this plan. It is the first plan that I have seen for the military in Iraq that I have looked at and said this could work, this could actually make a difference in the country. I think it is a brilliant plan. But ultimately all that matters is the implementation of that plan.

I think that already we are beginning to see problems. The first step in that plan is the new Baghdad security plan. That Baghdad security plan is being—or we are trying to implement it with about 75,000 troops. We really need closer to 125,000 troops. That's the right number based on historical circumstances, both outside of Iraq and inside it.

Just to give an example, Tall Afar, where we are having some degree of success because we are sitting on that city, we are doing it with the right force ratio, a force ratio of 20 security personnel per 1,000. The right number for Baghdad, applying that same ratio, is about 125,000, not the 75,000 we have now. And I know it may be possible—and Dr. Cordesman will be the first one to point out, he is absolutely right—that numbers in war are very troublesome. But the fact of the matter is that it is going to be very difficult to make this Baghdad security plan work with only 75,000 troops.

In addition, the focused reconstruction plan is as much about marrying up civilian, political and economic reconstruction with this new emphasis on protecting Iraqi civilians, and both parts are absolutely critical. But so far what we have seen in the Baghdad security plan is that only the military has been able to implement its part of a plan, and we have seen much less on the civilian side that is an absolutely necessary complement to these changes on the security side.

The amnesty, which you have already talked about, needs to be general. The amnesty is very important, but if we do not apply it to all Iraqis, it is going to be meaningless. The administration is making new efforts to reach out to its neighbors. This is also a very important effort. But at the end of the day, unless we are willing to make some new real concessions to those neighbors, bring them into the process and give them some sense that they are going to have a stake in how Iraq develops, they are not going to provide us anything more.

Finally, in light of the United Nations, I am heartened to see that the Bush administration is making a new effort to try to engage the United Nations and is trying to gain some traction. We had a member of the United Nations as part of that group, and what we heard time and again from that member and from others that we spoke to was the U.N. will only be there if you can provide security and if you are willing to allow the U.N. a much greater say and control over operations.

It is wonderful that the Bush administration has rediscovered the U.N. and is trying to bring them into the process, but until we are willing to make those concessions, to give them a greater say in control, and to provide the security that their civilians need, it's not going to make any difference. Thank you, sir.

Mr. SHAYS. Thank you very much.

[The prepared statement of Dr. Pollack follows:]

PREPARED TESTIMONY OF

KENNETH M. POLLACK
SENIOR FELLOW AND DIRECTOR OF RESEARCH
THE SABAN CENTER FOR MIDDLE EAST POLICY
AT THE BROOKINGS INSTITUTION

SUBCOMMITTEE ON NATIONAL SECURITY, EMERGING THREATS,
AND INTERNATIONAL RELATIONS

July 11, 2006

SAVING IRAQ

Mr. Chairman, distinguished Members of the Subcommittee, it is a great privilege to appear before you today and to testify regarding our nation's effort to help bring peace and stability to Iraq.

These hearings could not come at a more important moment. Public opinion in the United States and in Iraq, both of which are absolutely vital to this mission, are poised on the proverbial knife's edge. Iraqis are increasingly frustrated with the failures of the United States and the previous four governments that sat in Baghdad since the fall of Saddam. They see internecine violence eroding their nation and their lives and if they do not seen signs of real progress soon, the trickle who are turning to the militias and the insurgents for security and basic services could become a torrent. Most polls show that while the American people remain committed to the notion that success in Iraq is vital to our national security, they too have increasingly concluded that their government does not have a feasible plan to address the many problems there.

Meanwhile, we finally have a new Iraqi government in Baghdad, with a new prime minister in Nuri al-Maliki who has shown a willingness to embrace the need for far-reaching change, at least rhetorically so far. He has already taken positions that his people want him to take and that anyone who wants to see Iraq stabilized can only cheer, but that both his political allies and rivals oppose. Moreover, in recent months, the Bush Administration and the U.S. military have begun to debate making similarly significant changes in our support to Iraq's reconstruction. Those arguing for dramatic change within the armed forces and the Administration desperately need the support of the American people and their Representatives in Congress to make the kind of changes that represent what could be our last chance to save Iraq from all-out civil war.

One Last Chance to Get it Right

The Administration is correct to observe that there are still many positives in Iraq. The most important is the determination of the vast majority of Iraqis to see the political and economic reconstruction of their country succeed. They want a better future and are terrified that failure will mean full-scale civil war. Consequently, they have endured the injustices and disappointments of reconstruction thus far, and most remain hopeful and committed to improving the process of reconstruction. As long as the majority of Iraqis continue to take that view, reconstruction can be turned around to produce a stable, pluralistic Iraq.

Nonetheless, we must recognize that time is working against us. In addition to their impact on the American public, a range of underlying problems are gradually eroding Iraqi public support for reconstruction. Put differently, Iraqis have waited a long time for the meaningful improvements that they hoped for and were promised after the fall of Saddam. The longer that these hopes are

frustrated and they are deprived of basic necessities—security, jobs, regular electricity, gasoline, clean water, sanitation—the more despondent they will become. Over time, that frustration has made many Iraqis conclude that the United States and the Baghdad government cannot or will not provide them with these necessities. Many Iraqis are therefore forced to look elsewhere for security and their basic needs—and in Iraq, elsewhere means the militias and insurgents, particularly rejectionists like Muqtada as-Sadr. Taking a page from Hizballah in Lebanon and Hamas in the Palestinian territories, the militias are providing average Iraqis with a semblance of security, social services, health clinics, jobs, and whatever else is required to gain their loyalty.

Many of the militias and insurgents have slowly begun to battle for control over parts of Iraq and to violently expel those who are not members of their ethnic or religious group. Although this scramble for turf and ethnic cleansing is not yet wide-spread, the fear that it will become generalized is starting to convince those Iraqis who might otherwise support reconstruction that they must cast their lot with the militias or insurgents. Many Iraqis understandably believe that because the government has failed them, only "their" ethnic or religious militia can provide protection from rival ethnic or religious militias.

There is a real risk inherent in the political process as well. Since April 2003, Iraqis have seen four governments come and go: Jay Garner's Office of Reconstruction and Humanitarian Affairs; L. Paul Bremer's Coalition Provisional Authority and its partner, the Iraqi Governing Council; the interim government of Ayad 'Allawi; and the transitional government of Ibrahim Ja'fari. On each occasion, Iraqis were elated and relieved when the new government took power, believing that they would now have an authority that would deliver security, jobs, electricity, clean water, gasoline and other basic necessities. On each occasion, these governments failed to do so. This alone turned some against reconstruction, but in every case a (diminishing) majority set its sights on the next new government, which was already scheduled to take power in a matter of months, only to be just as disappointed when that new government took power and failed them in the same fashion as its predecessors.

Such a trend clearly cannot continue indefinitely. In December 2005, Iraq elected a new parliament, the Council of Representatives, that will sit for four years and has now produced a new "permanent" government under Prime Minister Maliki with a similar mandate. Iraqis are even more emphatic that this government must finally address their needs. They also are well aware that they may be shackled with this parliament and government for four years, so there is no other new government on the horizon that they can shift their hopes to should this one fail them as the others have. The failures to date have to an extent been alleviated by the safety valve of seeing governments change frequently and the opportunity to go to the polls. Now, however, if demonstrable progress on reconstruction is not forthcoming, then the temptation of supporting militias or insurgents that can deliver, as opposed to yet another government that cannot, could prove too great to resist.

For these reasons, the United States must approach the next six to twelve months as being a decisive moment in Iraq. The new Iraqi government and the United States must begin to fix Iraq's problems, or our continued failure will propel Iraqis into the arms of the militias and a full-blown civil war. Therefore, the gradual, evolutionary approach to policy changes in Iraq that the Bush Administration has so far employed will no longer suffice. Within the next six to twelve months, Washington and Baghdad must pursue sweeping policy changes to prove that they understand Iraq's deep-seated problems and that they have the correct schemes to address these problems.

Our critical need right now is to buy ourselves and the Iraqis more time. We cannot possibly solve all of Iraq's problems in six to twelve months, the best we can do is to lay out a path to do so and start down it. Only very time-consuming programs of training, construction, education and reform can solve Iraq's underlying problems. Therefore, we must convince Iraqis (and Americans) to give us that time. Iraqis will understandably demand to see material improvements quickly and Washington must respond accordingly. By the same token, because so many Iraqis fear that turning

away from reconstruction will mean civil war, there is every reason to believe that if the U.S. and Iraqi governments can demonstrate that they are making major changes, that the changes are the right ones, and that these changes are beginning to produce positive results for the average Iraqi, most will continue to support reconstruction at least for as long as it keeps moving in the right direction.

We have had several shots at making Iraqi reconstruction work already and so far have failed to make any of them count. We may get more chances than the one we have now, but it would be the height of folly to assume that we will. We simply cannot predict how much more patient the Iraqis and the American people will be, and the trends of increasing internecine violence, eroding Iraqi public optimism, and the installation of Iraq's permanent government—with no likelihood of a better successor on the horizon—means that we must treat this as our last chance. We must assume that if we fail this time, we won't get another shot at success.

What Needs to be Done: The Big Picture

The starting point to understand the problems of Iraq is to recognize that at present, Iraq lacks the military, political, and economic institutions to provide basic security or the minimum necessary services for the Iraqi people to live normal lives. Indeed, the only thing holding the country back from all-out civil war a la Bosnia, Lebanon, and Congo is the presence of roughly 140,000 foreign troops. While this does confirm the Bush Administration's contention that it is critical that the United States maintain a strong commitment to Iraq to prevent it from sliding into civil war, this should not be seen as an endorsement of the Administration's conduct there to date. Frankly, Mr. Chairman, it is appalling that after over three years we still have not been able to build any Iraqi institutions capable of effecting meaningful changes beyond the Baghdad Green Zone without massive American assistance.

Thus, Washington and Baghdad's must develop a comprehensive new strategy to build capable Iraqi institutions able to preserve Iraqi stability and security, and create eventual progress toward a functional and prosperous society. However, doing so will take quite some time—at least several years—and, as noted above, neither the governments of Iraq nor the United States have a luxury of time anymore. Consequently, medium-term institution-building must be coupled with short-term approaches to create some sense of progress in the country. In addition, it is impossible to build new institutions in conditions of insecurity, lawlessness, and internecine strife. So the United States and Iraq must also immediately adopt measures to deal with the security situation facing the country and begin to deliver basic services for key segments of the population.

Of all the many blunders of the United States in Iraq, the greatest was the original sin of allowing a security vacuum after the fall of Saddam's regime in April 2003. Because we did not bring enough troops to secure the country, nor did we give those troops we did bring the mission to protect the population, we allowed a security vacuum to emerge and to persist to this day. This security vacuum led to two intimately related phenomena: a full-blown insurgency, largely based in the Sunni tribal community of Western Iraq, and a failed state, in which the governmental architecture has essentially collapsed and has not yet been effectively replaced by new, capable military and political institutions. Inevitably, vicious sectarian militias emerged to fill this vacuum and these militias are now waging a constant struggle over turf and resources. In other words, Iraq has a daunting combination of insurgency-related problems similar to those of the wars in Vietnam, Northern Ireland, and Algeria, compounded by failed-state challenges similar to those of Lebanon in the 1970s and '80s, the former Yugoslavia in the '90s and the Congo today.

Finally, persistent problems related to the many mistakes that accompanied America's poorly-planned initial efforts at reconstruction continue to erode Iraq's institutional capacity and popular support for U.S.-led reconstruction. Corruption is rampant in Baghdad and has rotted-out nearly every Iraqi ministry. Two-and-a-half years after the fall of Saddam's regime, the Iraqi central government has little ability to effect real change anywhere outside Baghdad's heavily protected

Green Zone. Rather than build ties to their people and improve the lives of their constituents, many Iraqi politicians are becoming disconnected from society at large and more pre-occupied with dividing up the country's wealth between themselves. Although the training of the Iraqi Army is progressing better than previously, it is still inadequate. By focusing the limited U.S. and Iraqi military assets that are available on chasing insurgents in the "Sunni Triangle", the United States has denuded the most populous regions of Iraq of adequate security forces. This has left the majority of Iraqis vulnerable to crime and inter-ethnic attacks. This security failure is part of the vicious circle as it drives Iraqis into the arms of ethnic and sectarian militias that can provide a semblance of security. Meanwhile, Iraqis increasingly resent the U.S. military presence, sometimes out of sheer nationalism, but more often because the U.S. occupation has added burdens to their lives without providing the basic necessities of security, jobs, electricity, gasoline, clean water, and sanitation.

This diagnosis demonstrates what the United States and the new government of Iraq must accomplish in the next six months or so for reconstruction to have a realistic chance of succeeding:

- Coalition and Iraqi forces must concentrate their efforts on Iraq's key population centers to create areas of relative security for the bulk of the people. This is the crux of what is typically called a "spreading oil stain" or "spreading ink spot" strategy. Within these areas of greater security, the Coalition must make a major effort to build new political structures from the ground up, provide basic services, and help jumpstart the local economy.

- The United States must continue to train Iraqi security forces and build the kind of security institutions that will allow the Iraqis to eventually take over the securing of their country. The U.S. is now doing much better at training Iraqi combat forces than before, although we are still far from where we need to be. Four problems in particular will prevent the Iraqi forces from taking over this vital task until they are addressed: lack of combat support and combat service support capabilities; lack of ethnically- and religiously-integrated units that are cohesive and capable; lack of capable and professional junior officers; and a fuller program of training to include informal training, exercises, officer courses, and training in small-unit tactics.

- Iraq desperately needs a central government that can and will lead. This means helping to reform and empower Iraq's ministries and civil society groups. It also means reforming the Iraqi political system to minimize the power of militia leaders, creating incentives for cooperation both within and among ethnic and religious groups, and forcing politicians in Baghdad to care about the welfare of their constituents elsewhere in the country.

- Iraq must adopt a new fixed-distribution system for Iraqi oil revenues. Corruption throughout Iraq, but particularly in the oil and finance ministries, is siphoning off a major share of Iraq's oil wealth. It has made the central government a cockpit for thieves to fight over the division of spoils, rather than a government trying to solve the problems of its people. It is vital that the distribution of oil revenues be centralized, fixed by population per province, and employed, in part, to provide resources directly to local governments, reducing their dependence on Baghdad.

- Because the central government in Baghdad is plagued by so many problems, the United States and the international community must aggressively attempt to reform and bolster local government in Iraq. Power and resources should be pushed out from the center as much as possible, and aid and assistance should be provided to local government and civil society

groups to the greatest extent possible. Because it is typically easier and faster to reform local government than the central government, and because some localities are already less corrupt and more capable than others, we should count on local government to provide basic services more quickly than the central government can.

Security

Security is the most important prerequisite for the reconstruction of Iraq. Although there is no guarantee that reconstruction will succeed with adequate security, it is guaranteed to fail without it. The United States invaded Iraq lacking both the troops and the plans to provide immediate security for the population. As a result, we were unable to prevent looting; we could not reassure the bulk of the population, which favored Saddam's overthrow but was uncertain about our motives; nor could we overawe those elements of Iraqi society considering armed resistance. This failure created a security vacuum that has never been properly filled and that is the single greatest underlying problem in Iraq today.

The key flaw in U.S. military strategy since that original sin has been its inability to provide basic safety for Iraqis. As noted earlier, Iraq suffers both from an insurgency and from being a failed state, and it is the first rule of both counterinsurgency operations and stabilization operations (which are the military operations designed to address the problems of failed states) that the highest priority of military and police forces is to provide security for the populace. In particular, as every successful counterinsurgency and/or stability campaign has demonstrated, this starts with (but is not limited to) tactical defensive operations to ensure public safety. In this, the United States has failed badly. Too much of the U.S. military (and now of newly-trained Iraqi formations) have consistently been devoted to fruitless, and often counterproductive, tactical offensive operations to try to kill or capture Iraqi insurgents.

The consequences of this mistaken emphasis on offensive military operations have been devastating and have been reinforced by the interrelationship of the insurgency and Iraq's failed state. Many of the country's main population centers in central and southern Iraq are under militia control because of the insufficient U.S. and Iraqi military presence. Many Iraqis have been driven to seek protection from "friendly" militias, lending these groups a degree of legitimacy because Coalition forces cannot provide the populace with protection from crime, insurgents, and rival militias.[1] The absence of Coalition forces has also allowed both insurgent groups and the militias to begin low-level ethnic cleansing, assassinations, and other forms of internecine warfare that could prove to be the first skirmishes of a civil war.

In Iraq, the security vacuum has had additional deleterious effects beyond allowing the spread of the insurgency and the rise of the militias. For instance, crime has blossomed throughout the country. Initially of the random, unorganized variety as a great many Iraqis sought to take advantage of the lawless situation and grab as much as they could, crime in Iraq has become increasingly organized, and therefore increasingly more debilitating. Kidnap rings continue to flourish. Anything not guarded is quickly vandalized or stolen and goods (and people) are frequently lost on the roads to bandits. Murder for profit is as common as murder for political causes.

As noted, Coalition military forces must simultaneously wage a counterinsurgency campaign and a stability operation. The single most important objective of both of these missions is to provide basic safety for the population against attack, extortion, threat, and fear. If the population is afraid to leave its homes or is afraid even while in its homes, the insurgents, militias and other forces of chaos have in effect won. The population will not support the government, it will be susceptible to the

[1] A considerable number of the Sunni "insurgent" groups are more properly understood as Sunni militias fighting against the Shi'ah and the Kurds (and their American rivals) because they believe that their opponents mean to oppress them just as Saddam's Sunni-based regime oppressed the Shi'ah and Kurds.

insurgents and militias, and it will not go about its normal business, thereby undermining the economy and the political system. The Iraqi insurgents are largely accomplishing these goals because Coalition forces are too thinly stretched and have left the cities of central and southern Iraq vulnerable to insurgent and terrorist attacks, to militia takeover, and to general lawlessness. For this reason, Coalition forces must fundamentally reorient their priorities towards "area security"—protecting towns and neighborhoods.

Coalition forces must also shift their emphasis from offensive missions designed to "kill bad guys" to defensive missions designed to "protect good guys." While even counterinsurgency strategies require some offensive components, they should not be their principal focus. Typically in counterinsurgency and stability operations, offensives should only be mounted in immediate counterattack to an insurgent/militia action or when intelligence has clearly identified a high-value target. Even then, the degree to which offensive operations are emphasized is relative to troop numbers. Offensive operations can be employed more liberally only when there are more than enough troops for the defensive missions that are the crux of a counterinsurgency/stability campaign. In Iraq at present, offensive operations need to be de-emphasized because there are not enough troops for vital defensive missions. Offensive operations, particularly large raids, should not be the default mode of security forces as it is for many U.S. and U.S.-trained Iraqi units.

Consequently, the U.S. and Iraqi security forces must focus first on defensive operations to make the Iraqis feel safe in their homes, their streets, and their places of business. This does not mean simply deploying soldiers in defensive emplacements around Iraqi population centers. It means establishing a constant presence throughout those areas to be secured to reassure the population and to deter and defeat insurgents and militias. This means constant patrols (principally on foot); checkpoints; security personnel deployed at major gathering points like markets, entertainment, religious and political events, and main intersections and thoroughfares among other measures. Security personnel should routinely search persons entering large facilities, such as businesses or apartment complexes, street markets or shopping arcades, or sports arenas. Fixed defensive positions, checkpoints, or ambushes can be employed against known routes of insurgent infiltration. Above all, offensive operations should become the exception rather than the rule.

The militias established themselves in central and southern Iraq because the United States never properly filled the post-Saddam security vacuum. The only way to reverse this trend is to fill the security vacuum by deploying U.S., Iraqi and other Coalition forces there. Very few of the Shi'i militias have ever tried to resist Coalition forces when they moved into an area in strength, because they understood that doing so was essentially suicidal. Once the Coalition has concentrated sufficient forces to move back into a population center in central or southern Iraq, it should be able to do so. Coalition forces must then remain in strength over time, and thereby obviate the need that drove the locals to support the militia. This is critical in Iraq not only to create a basis for defeating the insurgency, but to prevent the failed-state aspects of Iraq from causing the country to spiral into chaos and civil war.

Once these initial enclaves are secured, and as additional Iraqi security forces are trained, they should be slowly expanded to include additional communities—hence the metaphor of the spreading "oil stain." In every case, the Coalition would focus the same security, political, and economic resources on each new community brought into the pacified zone. If implemented properly, a true counterinsurgency approach can win back the entire country.

However, employing such a strategy means superficially ceding control over parts of the country at first and accepting that it will take time before all of Iraq will become a stable, unified, pluralist state. Objectionable though that might appear at first glance, it is worth remembering that the U.S. military and the Iraqi government do not currently control much of Iraq.. Thus, the "oil stain" strategy simply acknowledges that we can only control part of Iraq with the forces currently available and that our control over other regions is at best nominal. It means focusing our efforts on

controlling the most important areas where roughly half the Sunni Arabs live, and where the bulk of the Shi'ah and Kurds, the strongest supporters of reconstruction, also reside. We should concentrate our resources on holding those regions properly, rather than squander them playing "whack-a-mole" with insurgents in areas that we cannot control. Over time, such a strategy will allow us to slowly expand our control over the rest of the country as more resources become available.

Perhaps the most heartening news I have heard from Iraq in recent months is that Lt. General Peter Chiarelli, the new Corps commander in Baghdad has devised a new campaign plan for Iraq along these very lines. This is not surprising because when Chiarelli commanded the 1st Cavalry Division in Baghdad in 2004-5, he employed a similar approach in his AOR and enjoyed tremendous success. He, along with a handful of other outstanding division and regimental commanders, has put such a scheme to work and seen it pay immediate dividends.

As currently conceived, LTG Chiarelli's "Focused Reconstruction" blueprint is a brilliant plan. It is the first military plan for securing Iraq since the invasion that could actually work. It is designed to concentrate U.S., Iraqi, and other Coalition military forces in Baghdad and a number of other major population centers in central and southern Iraq—where the bulk of Iraq's population resides. It is a combined military-political-economic effort that envisions Coalition and Iraqi personnel working hand-in-hand to secure key Iraqi urban areas and immediately revive local governance, basic services, and economic opportunities so that Iraqis see immediate benefit from the operations and will support them. It may be no understatement to say that if any one man can save the reconstruction of Iraq, it is LTG Chiarelli.

Unfortunately, Focused Reconstruction is more a vision than a reality right now. The new Baghdad security plan is the opening move of the plan, but it is being conducted with too few troops (about 75,000 according to press reports, as opposed to the 100-120,000 that would probably be required for a city the size of Baghdad), with a divided command structure that does not match Lt. General Chiarelli's vision of a unified military-civilian chain of command, and without the necessary political and economic assistance to make security in the capital sustainable. Moreover, military personnel have suggested that Focused Reconstruction has not been fully accepted within the armed forces' own hierarchy, and thus there is no political commitment to it either.

Mr. Chairman, it would be a tragedy for the United States and for Iraq to allow Lt. General Chiarelli's Focused Reconstruction to wither on the vine. For the first time, we have a plan rooted in sound historical analysis and tested in actual operations in Iraq. There is every reason to believe that it can succeed where past efforts failed. But it can only succeed if it has the necessary resources. I can think of no more useful role for these hearings to play than to see that it gets the chance.

Building the Iraqi Armed Forces

The training of Iraqi security forces is progressing better than ever before, but there is still a long way to go before they will be able to shoulder the burden of providing security in Iraq alone. The Bush Administration appears correct in stating that there are a large number of Iraqi troops in various stages of readiness and various capacities to assist in security operations. However, even the 235,000-plus Iraqi security personnel in the field or in the training pipeline are inadequate to the task: Iraq probably requires more than twice that number to address the security problems of a failed-state and an insurgency—and, at present, only about one-third of the 235,000 considered "trained" are actually capable of playing a meaningful role in securing Iraq.

An important and related caveat is that the four-level rating system developed by Multinational Security Transition Command Iraq (MNSTCI) and regularly discussed in the media is unhelpful and unrepresentative. Every echelon of the chain of command in Iraq appears to use a different system to rate the readiness of the forces it is training, none appear to correspond easily to one another, and many personnel do not seem to understand the systems used by the echelons above or below them. One level will use colors to denote readiness, another letters, still others use numbers.

Moreover, the rating system used by MNSTCI itself sets the threshold for Iraqi security units too high. Counterinsurgent warfare requires only a small number of truly first-rate forces to serve as a strategic reserve and to conduct what should be rather limited and discrete offensive operations. The vast bulk of security forces are expected to conduct basic defensive missions, particularly area security, which requires far less capability—although it does require basic skills, effective leadership, and a high degree of unit cohesion. Thus, units do not need to reach the highest level of readiness (defined as the capacity to operate fully independently) to play a meaningful role in COIN operations. Plenty of units rated as level 2, or even some rated as level 3, are probably capable of handling their own battlespace while others can still be helpful when working closely with Coalition forces.

U.S. military personnel and the MNSTCI must place a much greater emphasis on the selection and training of Iraqi military leaders, especially at tactical levels. Although many factors go into making a military effective, none is more important than the quality of its leadership at all levels. Unfortunately, the leadership of Iraqi security forces is very mixed. There are some intelligent, honest, brave, and patriotic officers, but there appear to be an equal number who are just the opposite. There are sadists, cowards, incompetents, thieves, along with too many whose first loyalty seems to be to the insurgents, the militias, or organized crime rings. The fact that so many unqualified Iraqis remain as leaders of companies, battalions, and brigades, is a major source of weakness. Moreover, it is often difficult to remove them—frequently, they received their commission and their command because they are important political figures or are related to more senior officers. It is hard for U.S. military personnel to remove even those who do not fall into these categories because Iraq is now a sovereign state and the Americans must often negotiate serious political hurdles to have an Iraqi officer transferred or relieved of his command.

As hard as it may be, improving the quality of Iraq's military leadership is crucial to building Iraqi security forces capable of meeting the nation's problems on their own. Consequently, the U.S. military command—including, but not limited to MNSTCI—must make it a priority for all Americans training Iraqi formations to identify competent personnel and see them promoted, while systematically removing from positions of authority those unqualified for their commands. All echelons of the chain of command must make this a priority so that lower level personnel will have the support of their superiors when pushing to remove unqualified Iraqi personnel.

At the same time, the U.S. training program which is now doing reasonably well at training the combat units themselves, must pay greater attention to the identification and training of Iraqi officers. True leaders take much longer to forge than the units they are to command. Additional training courses need to be added for officers, first to give them the basic soldiering skills that Iraqi officers typically lack; second to provide them with a better grounding in basic civics (and the role of military forces in a democratic society), which almost none of them understand; and last to teach them the art of leadership. At present, some training in all of these areas is provided, but not enough. Greater and longer training is also very helpful in allowing U.S. personnel to observe their Iraqi counterparts and identify both the best and worst among them.

The U.S. and Iraqi high commands must make a much greater effort to create integrated Iraqi security formations. Of the 30-40 best Iraqi battalions available at this time, virtually all are composed of soldiers from a single sect or ethnic group: these units are all Kurd, all Shi'i Arab, or occasionally all Sunni Arab. This has proven necessary because of the need to get some Iraqi formations out in the field and operating alongside Coalition forces promptly; however, it creates problems in the short term and risks in the long term. Many communities are angered by the presence of battalions entirely composed of members of another sect or ethnic group—in particular, Sunni Arab towns and villages react badly to the presence of all-Shi'i Arab units. Since the goal of

the deployments is to make the local populace feel safe and supportive of the security presence, this is counterproductive. This is especially true because in many cases these units were simply militia units inducted *in toto* into the Iraqi security forces, given new uniforms and a new name, but little else. Over the long term, such single-sect units cannot be counted on to remain loyal to the central government in time of great stress. The Iraqi armed forces must be one of the main centripetal forces to overcome the centrifugal forces that could push the country into civil war. These single-sect units might therefore make civil war more likely if, as seems probable, in a future crisis they chose to honor their loyalty to the leaders of their own sect rather than the central government.

Creating capable integrated units will take a great deal more time, effort and resources, but it is critical to the long-term success of the Iraqi armed forces and therefore the country:

- Initially, the MNSTCI should concentrate on building up a small number of truly integrated units as elite formations, principally for psychological reasons. The goal should be to make more Iraqi security personnel want to join these formations.

- The best personnel must be recruited from all of the existing units of the armed forces. They must be provided with higher pay and other benefits to coax them into volunteering for integrated units.

- The integrated units should have longer periods of training with the best Coalition trainers. It is critical for these units to feel confident in their abilities and to have the time for a sense of unit cohesion to develop. Both argue for a longer training period.

- Integrated units should be provided with the best equipment. Indeed, they probably ought to be provided with the full suite of equipment, weaponry, etc., available to U.S. light infantry battalions. Again, it is imperative for the personnel of these units—more than for any other formations in the Iraqi military—to have confidence in their ability to execute their missions. Moreover, because inadequate gear is a constant complaint of Iraqi formations, the integrated battalions should be lavished with equipment so that they feel a degree of "eliteness" and so that other military personnel will want to join the integrated units.

- Integrated units need to be put into operational situations, at least initially, only when their success is virtually guaranteed. Although this should be true for all Iraqi security units as they are formed up, it is particularly true for these units. Their cohesion is likely to be fragile, so they need to be brought along slowly with stress applied only in gradual increments. Moreover, it would be disastrous if these units were involved in a military defeat early on, which could shatter the unit and dampen recruitment. By the same token, reports of their successes would likely strengthen their cohesion and improve recruitment.

Although it is not yet a priority, at some point, the United States will have to make building Iraq's military support infrastructure a higher priority if the Iraqi armed forces are to take over full responsibility for securing the country. At present Iraqi forces are wholly reliant on U.S. military forces for combat service support and most combat support functions. The Iraqis have taken the first steps toward eventually taking over their training and command and control systems; however, these are effectively the only areas where they have made any progress and even in these areas it has been very modest. The Iraqis have virtually no capacity to handle logistics, communications, intelligence, personnel, maintenance, medical, or transportation on their own, and these services are still almost wholly handled by the Coalition, in reality by the Americans.

This is not a criticism of U.S. policy: a decision was made early on to concentrate on Iraqi combat formations so that they could begin to participate in the fight alongside Coalition units, and this was the right decision. However, given the various limitations from both the American and Iraqi sides, it has meant that combat support and combat service support functions were relegated to very low priorities. Thus, the point is not to object to the current state of affairs, but simply to point out that an important gap exists in this area, and that this gap will have to be filled before the Iraqis are able to secure the country on their own. At present, if the United States (and the American contractors who currently perform nearly all of these functions for the Iraqis) were to withdraw from Iraq, even the most capable Iraqi combat battalions would quickly be rendered ineffective because of the lack of any support.

The Importance of Time. The single greatest problem with all American efforts to train a new Iraqi military has been (and to some extent, continues to be) political pressure to quickly produce more trained Iraqi units to show progress in Iraq. This has been disastrous. The first training program instituted by Maj. Gen. Paul Eaton's team was a perfectly reasonable program, and could have achieved its objectives had the Bush Administration not demanded that he both speed up the training course and increase the numbers of Iraqis trained. Even today, both the Bush Administration and its critics continue to press for accelerated training and a more rapid deployment of Iraqi forces to take over from American soldiers.

This is the worst approach we could take to the training of the new Iraqi armed forces. Our goal should be to expand and intensify the training of Iraqi forces, not accelerate it. The quality of Iraqi forces is far more important than their quantity if our goal is for the Iraqis to shoulder a greater and greater share of the burden of securing their country in the years ahead. The only way to produce troops sufficiently capable of doing so is to give them the time in both formal and informal training to develop such quality.

Although the MNSTCI has established a much-needed process of formal training, this alone is inadequate. The U.S. military would never send its troops straight from basic training into combat. American units are given additional training in small unit tactics, they conduct field exercises, they engage in other forms of training, and are given other opportunities to participate in less-demanding operations before they are committed to battle. The same is true for the Iraqis, and this has been an important failing of the Coalition, which frequently has taken units fresh from their initial training program and committed them to combat in the name of getting more Iraqi units out into the field.

Like all new military units, even after their formal training is completed, Iraqi formations need time to further gel. Unit cohesion needs to be formed in training, but it is inevitably tested by the first operations that a formation undertakes—so too with the confidence of Iraqi recruits, so too with the leadership skills of their officers. What's more, the process of vetting—weeding out those unsuited for the tasks at hand or those working for the enemy—is a lengthy one, and it is not unusual for soldiers and officers to do well in training but fail once placed in actual combat situations. For all of these reasons, it is critical that Iraqi units begin their operational tours under the most permissive conditions. They need to crawl before they can walk.

Iraqi Politics

Securing Iraq is a necessary condition for success, but it is hardly sufficient. It is not sufficient because the goal of security is merely to make possible Iraq's political and economic reconstitution. That is the principal project of reconstruction. Thus it is vital that the United States help develop a new political system that will have the trust of all Iraqis. This new political system must convince Iraqis that there are effective, non-violent means to address their problems; that they will not have to fear that others will use violence against them; that they will have an equal opportunity to pursue a better life for themselves and their families; and that the state has institutions

capable of addressing all of their country's needs. This is the foundation of the compact between a people and their government, and which defines the government's legitimacy.

In the specific circumstances of Iraq today, *these* requirements—not how many people turned out to vote in the election nor how many cabinet posts were given to each party—will define the legitimacy of the new government. Any Iraqi government that cannot begin to deliver on them, no matter how many votes it may have won in elections or how inclusive it is to Iraq's ethnic and religious mix, will be seen as illegitimate by the people. In the most immediate sense, it comes down to whether the new Iraqi government will be able to start improving the lives of the Iraqi people through higher employment, more constant electricity, more readily available clean water and gasoline, and the security that underpins all of these necessities.

Of course, the many missteps of the United States and the various Iraqi governments that followed Saddam's fall have left many Iraqis discouraged, and have opened the door for opponents of reconstruction, like Muqtada as-Sadr and the remnant of the Ba'th party, to propose their own alternatives. They are attempting to demonstrate that they can provide the necessities that Iraqis crave better than the Americans and the new central government can. Thus the risk we face is not just that political reconstruction will fail, but that in failing it will make it possible for chauvinist groups aligned with the insurgency and the militias to gain the support of large sectors of the Iraqi population, likely leading to eventual civil war.

Mr. Chairman, we must therefore recognize, that while the formation of Nuri al-Maliki's national unity government is an event to be cheered, by itself it has absolutely impact on the situation in the country. Now that it has been formed, it must deliver, and that will be the only test of whether it is a positive element in Iraq. However, we must also recognize that its very inclusiveness is potentially its greatest failing. The most important members of the new government are militia leaders of one kid or another. These militia leaders became powerful and one the support of key constituencies by providing them with security and the basic services that the Iraqi central government has been unable to provide since the fall of Saddam. Thus, the most important thing that the Iraqi government must do for reconstruction to succeed—create institutions capable of providing security and basic services to the Iraqi people—threatens their base of power in the country and therefore the thing that they will most staunchly oppose. It is why the most powerful members of the al-Maliki government view their control over various ministries as providing them with opportunities, for graft, patronage (in the form of jobs, contracts, and payouts), and additional weapons with which to attack their rivals. This is decidedly not a recipe for good governance or effective reconstruction and it will require all of the diplomatic suasion and resources of the United States to help Prime Minister Maliki overcome this problem and move the Iraqi government in the right direction despite the likely efforts of members of his cabinet to prevent him from doing so.

Of course, the failure to deliver on basic necessities is only one manifestation of the various problems besetting the Iraqi body politic. There are many others. However, for the sake of prioritization, and because this list is not intended to be comprehensive but rather to focus on what is most important (and how to address it), it is worth concentrating on four key problems in the realm of politics.

1. *Iraq is now a deeply divided society and those divisions are creating animosity, fueling the violence, and preventing the efficient functioning of the Iraqi government.* There were always divisions in Iraq, and it was always the case that after Saddam's fall the sectarian extremists were going to be the best organized and most willing to use violence, thereby giving them other advantages. However, the United States exacerbated these problems by employing explicit quotas for the different denominations, allowing identity to become the dominant force in politics early on, and reaching out to many of the worst of the sectarian

groups to serve in the new occupation-sponsored authorities. Consequently, sectarian divisions have become far more prevalent and entrenched than they were in the past, and in the absence of a general program of national reconciliation or a broader power-sharing arrangement, they are tearing apart Iraq's large, peaceful, and integrated center—including allowing foreign Salafi Jihadists to turn the violent resistance of Iraq's minority Sunni community into a fairly deadly insurgency. Moreover, they have so far precluded the adoption of a workable constitution that might allow the Iraqi government to begin to address some of the country's many problems.

2. *Iraq's central government is now fully-constituted but essentially powerless.* It lacks the resources or the governmental institutions to tackle any of the challenges facing the country without massive external assistance. Iraq's ministries are understaffed and eviscerated by endemic corruption of a kind that Iraqis believe compares unfavorably even with Saddam's despicable regime. Corruption has diverted much of Iraq's oil revenue from reconstruction to the bank accounts of government officials and their friends in organized crime. Iraq's local governments, originally founded by the U.S.-led Coalition in the immediate aftermath of the fall of Baghdad—and a critical element in a proper bottom-up approach to reconstruction—have largely been cut-off and neglected. The failings of Iraq's ministries have hamstrung the development of new military capabilities, reduced the amount of funding available, prevented the development of careful plans for reconstruction, and frightened investment capital out of the country.

3. *Iraq's political parties have only tenuous connections to the Iraqi people and mostly limit their interaction with their nominal constituents.* This too is a product of American mistakes in the wake of the fall of Baghdad. By bringing to office political exiles and extremist groups neither of which truly represented the will of the Iraqi people (and in many cases were unknown to them), we created a political elite that did not come to power via a popular mandate and were, in fact, threatened by true leaders emerging from the people. As a result, Iraq's current leaders have mostly spent their time haggling over the division of power within the government and snuffing out any legitimate efforts by charismatic figures to organize new political movements that would genuinely represent the will of the Iraqi people. This disconnect has helped hinder the provision of basic necessities to the Iraqi people, warped Iraq's decision-making, and soured many Iraqis towards their own leadership.

4. *The United States, the principal occupying power and the driving force behind reconstruction lacks the personnel, the capabilities, the know-how, and even some of the resources to rebuild the Iraqi nation.* Nevertheless, the Bush Administration's policy choices have effectively prevented the United Nations from playing a greater role in Iraq. That, as well as the security threats in Iraq, has also kept many Non-Governmental Organizations (NGOs) from participating in this effort. This is highly problematic because UN agencies and NGOs possess valuable skills and capabilities needed for nation-building.

Conceived broadly, a new approach to political reform in Iraq should consist of six interlocking processes.

1. *National reconciliation.* This is the one aspect of political reform where the U.S. government cannot be faulted for a lack of effort or creativity. That effort must be maintained. What needs to change, however, is the context in which national reconciliation and power-sharing talks are framed. It is hard to see what more the United States could do within this process;

what we can change are other factors outside it but which impinge upon it because they shape the perspective of the various actors in terms of the costs, risks, and benefits of cutting a realistic deal.

2. *Decentralizing power.* Because Iraq's political leaders are consumed with their discussions over power-sharing, because many of them often care little about their constituents, and because Iraq's ministries are virtually powerless, it is critical to shift authority and resources away from the sinkhole of Baghdad and out to local governments that might be able to start delivering on the basic necessities Iraqis crave.

3. *Building central state capacity.* Decentralization can only ever be part of the solution. Ultimately, no matter how federalized Iraq becomes, only a central government will be able to handle certain key services—such as national security, foreign policy, and the direction of the nationwide oil system. Consequently, the United States must simultaneously help build the capacity of Iraqi governmental institutions, in particular by developing a comprehensive program to fight the corruption that is the single greatest factor crippling the central government.

4. *Reforming Iraqi politics and political parties.* Iraqi politicians have only ever known corrupt, predatory, and "winner-takes-all" politics. It is little surprise, therefore, that they are behaving in such a manner. Recognizing the dysfunctional norms with which the reconstruction period began should underscore even more boldly the need to create extensive oversight and institutions that enforce strong accountability. Iraqi institutions need to be structured so that they are continually oriented in the direction of the public good. Moreover, Iraqi politicians need to have stronger incentives to be responsive to their constituents' priorities. This will help force them to spend more time providing basic necessities and less time scrapping among themselves. To the extent that the Iraqi people are happier, this too should diminish the ability of the political leadership to rouse them to support extreme positions. Similarly, Iraqi political leaders need to see clear incentives for forging cross-ethnic and cross-sect coalitions. Iraqi politics needs to shift from being identity-driven to being issues-driven, which will allow a loosening of the deadlock among the current parties by introducing a new range of issues that could forge novel alliances and break up old, identity-based ones. Finally, fostering the emergence of new parties that truly represent the Iraqi people and are concerned about issues, not identity, can reinforce all of the above trends.

5. *Revising Iraq's oil distribution systems.* Iraq's oil can be a blessing or a curse. At present, it is mostly a curse because it simply fuels the vicious infighting among political elites who often are merely looking for a bigger (illegal) cut of Iraq's oil revenue. Iraq's oil revenue must be turned into a blessing by using it to create incentives related to the political reforms listed above: forcing Iraqi politicians to care about and be answerable to their constituents; allowing for decentralization of power beyond Baghdad; and easing the process of national reconciliation by removing oil as an issue to be fought over.

6. *Bringing in additional international assistance.* While this would always have been a positive, its importance has increased dramatically thanks to the failures of the past two-and-a-half years. The UN, NGOs and foreign governments have critical personnel and know-how to help build Iraqi political institutions and thus create more capable local and central government functions. Similarly, international organizations have highly relevant experience

building political parties and guiding political processes toward becoming more transparent, accountable, and representative. Finally, as is now apparent, *the United States is increasingly wearing out its welcome in Iraq, and shifting to a more international approach would likely allow us to prolong the process of externally-assisted reconstruction longer than will a continuing U.S.-dominated approach.*

None of this would have been easy even if it had been planned for before the invasion and properly implemented afterwards. Unfortunately though, current conditions in Iraq are likely to make it that much harder to implement. Specifically, the December 15, 2005 nation-wide elections have produced a new Iraqi government that is supposed to be fully sovereign, permanent, and capable of running the country alone. In truth, it is none of these—the last least of all. However, the reality may be less important than the perception. Many of the changes proposed below are going to be painful for Iraq and even more so for Iraq's current political elite, which of course is both the product, and cause, of so many of the problems that must be solved. Moreover, the repeated failings and mistakes of the United States have considerably eroded Iraqi good will toward their liberators. All of which suggests that U.S. representatives in Baghdad will face a very tough fight in having these changes (or any far-reaching reforms) adopted by the new government.

Decentralization

Reducing the power and influence of the Iraqi central government in Baghdad is both inevitable and necessary. It is necessary because Baghdad has become a major obstacle to reconstruction in all aspects. Iraq's central government is dominated by political leaders many of whose legitimacy, in the sense of actually representing a significant segment of the population, is dubious and who have largely spent their time squabbling over the division of power and spoils, leaving the rest of the country to fend for itself. To make matters worse, they are so jealous of their power and prerogatives that they regularly attempt to prevent those outside of Baghdad (and especially those outside Baghdad who owe them no allegiance) from exercising authority or getting things done. This is not to suggest that there are not some good Iraqi political leaders trying to do the right thing for their country and their people, only that these are too few in number. Iraq's ministries are crippled by corruption, lack many key personnel, are generally undermanned, and largely remain tied to sclerotic bureaucratic practices inherited from the former regime. Baghdad has always been something of a bottleneck in Iraq, but this was greatly exacerbated during Saddam's regime because he wanted every decision to be referred to Baghdad to preclude the emergence of independent centers of power elsewhere in the country.

The result of all of this is that the Iraqi capital is incapable of doing much for the Iraqi people but still prevents the rest of the country from providing for itself. This state of affairs is intolerable: it is one of the main reasons, along with the persistent security vacuum, that Iraqis do not have the basic necessities they so desperately desire (and deserve). Thus the overwhelming requirement to begin materially improving the lives of average Iraqis within the next 6-12 months demands that the United States pursue this goal vigorously, both through its own foreign aid efforts and by pressing the Iraqi government to begin a major effort to decentralize power and resources away from Baghdad and out to local governments that may be able to use them more effectively.

An important part of this process will be building the capacity of local governments so that they can employ the authority and resources to be devolved to them. At present, because they have been so badly neglected, few Iraqi provincial or municipal governments can do so. Thus, this process also demands a major emphasis on capacity building at local level. This is critical for the development of pluralism and good government in Iraq (both of which grow best from the bottom up), and in many ways should be easier than dealing with the incapacity of the central government (which cannot be neglected either, see below). Local governments are, by definition, smaller and

dealing with the needs of fewer people, which makes them easier to reform. Moreover, it will be much easier to build capacity at local levels than at the national level as part of a traditional counterinsurgency strategy: simply put, the Coalition should focus on building capacity only in those areas that begin as part of the initial oil stain, which is far more feasible when considering sub-national governments than when dealing with national-level ministries that are designed and intended to serve the entire country. As the oil stain spreads to new regions, the Coalition should in turn set to work reforming local government in those areas as well.

Federalism is another part of this equation. Whether the United States likes it or not, federalism is inevitable in Iraq. It is possible that had we handled the early days of the post-Saddam era differently, we might have moved Iraqis down a path that would have allowed for the re-creation of a more centralized state, but that is impossible today. The Kurds were always uneasy about a centralized system and having seen all of the chaos and violence unleashed by the Shi'ah and Sunni Arabs against each other, they want even less to do with what goes on there. Unfortunately, the same is now true of many (but hardly all) of the Shi'ah, as noted above. A number of Shi'ah leaders have decided that it would be better for the Shi'ah also to preserve a considerable degree of autonomy from Baghdad so that they can live their lives as they see fit without fear of being told otherwise, or the need to get Iraq's other communities to ratify it. The Sunni Arabs are the most uniformly opposed to federalism, largely because they fear that it will leave the Kurds and the Shi'ah with the vast bulk of Iraq's oil resources (which they assume those two groups will attempt to control locally), but also because they are the most ardently devoted to Iraqi nationalism. But even some Sunnis are beginning to approve of federalism in the realization that the new Iraqi government is likely to be dominated by the Shi'ah for many years to come, and they fear that this could mean that they would be oppressed by the Shi'ah just as Saddam's Sunni regime oppressed them.

To the extent possible then, the United States and the new Iraqi government should begin moving toward a federal system in which the central government retains control of the armed forces, foreign policy, monetary policy and currency, national standards including the regulation of the media, and the regulation of the oil sector (but not its distribution). Most other powers should be allowed to devolve to local governments and the process of filling in the gaps in the constitution should be used to assist this process.

Thus, decentralization is inevitable and necessary, but its course is not set. This creates a very dangerous set of conditions and it is crucial for the United States not to attempt to impede that process, but to foster it and guide it in directions that will assist reconstruction. Some of the most important initiatives that the United States should pursue include:

- *Enhance the political authority and economic and security power of local government.* Wherever possible, the United States and members of the Iraqi government must look for ways to shift various economic, political, social, and even security responsibilities from the central government to local government and provide them directly with the resources necessary to accomplish them. This is the heart of decentralization. It should include the provision of funds directly to local government to be spent at their discretion. Similarly, Iraq's various police forces should be transferred from the Ministry of the Interior (MOI) to the control of local officials (also discussed in greater detail below). Without control over money and even limited security forces, Iraq's local governments will be powerless.

- *Diminish the role of Iraqi ministries by allowing considerable implementation, contracting and even some elements of regulation to be set by local governments.* Iraq's ministries are too heavily involved in implementation of policy. For a variety of reasons, including the fight against corruption, this needs to be changed. Doing so will allow many of the

prerogatives currently exercised by the central government to be transferred to local governments. The ministries need to be reoriented toward setting broad policy, national standards and practices, and for holding both private firms and local governments accountable for implementation, but not for handling the actual implementation themselves.

- *Encourage greater transparency in local government.* Another method of empowering local government is to inject transparency into its procedures. Doing so makes the public more aware, confident, and interested in government decisions. Transparency is both easier and more intimate for local government, where the audience often knows the people and the issues much better than they would know what is going on in Baghdad. Iraqi local governments should be encouraged (or directed) to have regular, open public meetings where members of the public should be able to engage either the local legislature or executive figures directly.

- *Distribute resources and authority based on performance.* Although some degree of funding and control over local security forces should accrue to every locality, there should also be incentives for local governments to exercise power prudently and implement their responsibilities effectively. Moreover, because of the neglect first under Saddam and later under the CPA, the abilities and popularity of Iraqi local government is highly uneven. Iraqis need to see real benefits for improving local government on all counts and the best way to do this is by rewarding those localities that are doing well. Simply put, the better-run provinces should get more funding and other resources.

The Political Dimension of Iraqi Oil Revenues

Like so many other developing countries, Iraq's massive oil reserves have been both a blessing and a curse. A blessing because Iraqis are (relatively) better off today and potentially much better off in the future because of the possibilities created by their country's oil wealth. A curse, because oil has brought rampant corruption and is a major source of internal conflict. Indeed, it is probably the case that the success or failure of political reconstruction in Iraq hinges on (among other things) getting the distribution of Iraq's oil revenues right. This issue is critical to a number of the biggest problems facing Iraq today:

- *National reconciliation will only be possible if all groups believe that an equitable distribution of oil revenues has been put in place.* The lure of Iraq's oil wealth is so vast that any number of Iraqi groups—political parties, militias, insurgents, etc.—would fight if they believed they were being denied their fair share.

- *Rebuilding central government capacity and convincing elected officials in Baghdad to try to improve the lives of their constituents is probably a will-o'-the-wisp until a scheme for accounting for and distributing Iraqi oil resources has been developed.* As long as there is no fixed system for apportioning Iraq's oil revenues, all of the sub-groups in Iraq will continue to fight over the division of the spoils rather than bothering to govern or rebuild the country.

- *Distributing Iraqi oil revenues directly to the provincial and municipal levels of government is key to decentralizing power and resources.* Indeed, for most local governments money is power and is the most important resource. Thus, breaking Baghdad's lock on oil revenues is

also vital to breaking the logjam created by the capital's corrupt and incompetent bureaucracy.

- *An important element in reforming Iraqi politics is to use Iraq's oil revenues to make the Iraqi people interested in the goings on in Baghdad by tying their own material rewards to the actions of the Council of Representatives.* When there is money involved, people pay attention.

- *One way to help galvanize people against both organized crime and the insurgency is to give them a direct stake in Iraq's oil revenues.* If they know that a system has been created which will result in more of the oil money going to their benefit—both directly and indirectly—they will be much more motivated to actively oppose both the criminals who steal the oil and the insurgents who attack the oil production and export systems.

- *Similarly, since a great deal of the corruption in Baghdad stems from misappropriation (or outright theft) of oil revenues, developing a system that makes it harder to steal oil or oil money is also an important part of dampening corruption.*

What all of these imperatives make clear is that Iraq must have a relatively fixed system for the distribution of its oil revenues. Without such a fixed plan, it is impossible to imagine real national reconciliation because all of the parties will continue to fight over who gets how much—and anyone who doesn't like the results will be tempted to resort to force to try to have their way. All of the fighting for oil revenues will distract elected officials and technocrats from the job of running the country, let alone rebuilding it. And varying constituencies could feel alienated by a particularly inequitable division of the pot, possibly pushing them to rebel.

If it is self-evident that Iraq requires a relatively set distribution scheme for oil revenues, it is harder, but not impossible, to stipulate what that scheme should look like *a priori*. Dollar figures can really only be set based on the price of oil, the actual costs of governance (which are not yet available and vary from year to year), and the needs of various projects. However, it is possible to describe the basic features of such a plan and its essential workings. Its key features are:

- *Ensure that there are multiple "baskets" into which Iraq's oil revenues are poured.* Fewer, larger pools of money are always easier to rob than more, but smaller, pools. This plan proposes five separate such "baskets."

- *Basket 1: Some funding of the Iraqi federal government is critical.* In particular, the salaries of federal employees and all members of the nation's armed forces (including the reconstituted ICDC/Gendarmerie which will be part of the Ministry of the Interior) could all reasonably be funded from oil revenues.

- *Basket 2: Fund infrastructure development directly.* Iraq's infrastructure is in a woeful state and it would be ideal to have a pool of money available to directly fund local, municipal, and provincial-level projects to repair and build new infrastructure.

- *Baskets 3 and 4: Create a mixed system for wealth distribution to provincial and municipal governments to promote popular interest in local government and national representation and in turn make both local and national-level representatives more accountable to their constituents.* This is a critical aspect of the proposed system. Just as it is important that some

revenue be used to continue to fund the federal government, so too is it important that a portion of oil revenues also go directly to lower levels in the Iraqi governmental structure to ensure the decentralization of authority, empower local governments, and diminish the amount of resources that must be directed from Baghdad.

Basket 3 would provide oil revenues directly to local governments based on the population in their municipality thus ensuring that every government has some oil money available to it to meet the needs of its citizens.

Basket 4, on the other hand, would provide an additional pool of revenues that could be divided up among the provinces on an annual basis by the Council of Representatives. The idea behind this second pool would be to give the average Iraqi a very tangible interest in the performance of his or her national representatives and encourage deal-making across party and sectarian lines. Since the division of this second pool is variable, and its ultimate distribution would be publicly known, every Iraqi would want his or her representatives to fight for as much of that money to go to their province as possible. It thereby creates a concrete standard by which voters can measure on an annual basis how well their representatives are doing for them. For example, if during one year the average division of this basket were 6 percent per province, then any representatives who delivered over 6 percent would be lauded by their constituents, and any who delivered under the average would be derided—and possibly voted out of office at the next election.

Similarly, since Iraq is now voting for the Council of Representatives based on provincial lists (still not as beneficial as direct geographic elections, discussed below, but much better than the single-district system used in January 2005) such a system would encourage candidates from different political parties but from the same province to work together to get as much of this pool of money as possible for their province so that they all could stay in office. In mixed provinces (and roughly one-third of Iraq's population does live in mixed provinces) this would force Council of Representatives members to associate with their geographic comrades, even though they might be ideological rivals, thereby building up the cross-cutting alliances that are vital to diminishing sectarian cleavages in the Iraqi system.

- *Basket 5: Provide funds directly to the people themselves.* One of the best ways to stimulate the Iraqi economy is by putting money in the hands of the people. This would help reconstruction in several ways. By giving the Iraqi people a direct stake in oil revenues it will energize Iraqis to oppose both organized crime and the insurgents who steal the oil and its revenues and destroy the oil infrastructure. Moreover, by putting money in Iraqi hands and then giving them a choice on how to spend it, market forces are able to operate more efficiently—if the people want to use the money for healthcare, the demand will stimulate the growth of clinics and hospitals and make it more profitable for doctors to stay in Iraq rather than fleeing to the West.

Over the Long Term: Reforming the Iraqi Political Process

Iraq's current political system is not helping the process of reconstruction either—quite the contrary. Here as well, the early mistakes of the United States—first among them allowing a group of exiles and Shi'i chauvinists to determine the shape of Iraq's democratic process—have resulted in a political structure that is exacerbating or even creating many of the problems plaguing the country. There is little evidence to suggest that those parties currently in power really represent the aspirations of the Iraqi people and a good deal to the contrary, their electoral victories notwithstanding. Not surprisingly, the leaders of these parties have few incentives to make the kinds of compromises necessary to achieve the national reconciliation that most Iraqis ardently desire. They have little

incentive to make the government work more efficiently, and every incentive to pocket as much public wealth as they can. Likewise, few of Iraq's political leaders pay much attention to addressing the needs of the Iraqi people.

The only reason that the situation is not worse is that the United States has managed to curb some of the worst excesses of the current leadership, and a small number of those serving in the Iraqi government have turned out to be both morally upright and committed to the notion of a safe, prosperous Iraq. However, we cannot count on a few good apples curing the bunch. Instead, key features of the Iraqi system need to be reformed so that the country has a better chance of solving its many problems.

Consequently, the United States must also work toward a real process of political reform in Iraq to engineer a shift toward political structures that would have a greater prospect for insuring good governance well into the future. This should include:

- *Revising Iraq's electoral system.* Iraq's current electoral system employs a modified form of proportional representation which is hindering the emergence of many key features of democracy and could eventually prove disastrous for Iraq. All party leaders want proportional representation because it rewards party loyalty and favors weak national parties over strong individual candidates. It is only natural that Iraq's party leaders favored it, especially so given how little popular support most of them had when they first took power. Proportional representation has made every election a choice among these various parties—because they were the best organized—even though Iraqis might not have voted for any of the individuals on their party slates if the candidates had had to run on their own in local elections. This is also one of the reasons for the growth of sectarianism in Iraq: since the United States empowered a number of chauvinistic and religiously-based Shi'i parties and most Iraqi Shi'ah had few other choices for whom they could vote (and Ayatollah Sistani urged them to vote for these parties), they garnered a huge percentage of the vote, in many cases by default. Once in power, those Shi'i chauvinists proceeded to act, unsurprisingly, like Shi'i chauvinists. This alienated the Kurds and Sunni Arabs, and marginalized the secular exile parties, the most important of which had already been discredited by the inability of Ayad Allawi's interim government to live up to its promises during the period June 2004-January 2005.

  Instead, Iraq should be encouraged to shift to direct, geographic representation, as in Great Britain and the United States, because this would encourage parliamentary compromise (and national reconciliation) and force legislators to pay close attention to the needs of their constituents. Geographic representation favors the individual candidate over the party, thus allowing the emergence of strong, popular figures. And because every parliamentarian is elected by a specific district, he or she must care deeply about the well-being of those voters. Moreover, a geographically-based "winner-takes-all" system emphasizes compromise within the legislative process. Candidates from districts representing mixed populations have a tremendous incentive to find solutions that will secure the support of all of their constituents. Thus, while proportional representation pushes parliamentarians toward the extremes (to demonstrate the differences between the parties) geographic representation pushes parliamentarians toward the center. And Iraq desperately needs a political system that will encourage compromise across party and sectarian lines.

- *Supporting political parties that run on issues—even single issues—rather than identity.* It is vital to change Iraq's political discourse from a debate over identity to a debate over issues, both because doing so would further weaken the strength of the sectarian blocs and because

differences over issues can more easily be solved through a democratic political process than can fundamental clashes between sects. The U.S., foreign governments, international agencies, and NGOs should encourage groups of Iraqis particularly passionate about specific issues to form political parties and run for office based on those issues. An Iraqi "Green" party dedicated to environmental concerns, an Iraqi feminist party dedicated to equal rights for women, or an Iraqi farmers' party dedicated to supporting Iraq's agricultural workers would all be positive developments. There are conservationists, women and farmers in every ethnic group, and the more that they could be linked and convinced to make politics about issues, not identity, the better off the state will be.

- *Funding start-up parties.* The United States is already providing a fair degree of support to Iraqi political parties. This simply needs to be continued and expanded.

- *Punishing Iraqi parties that prevent new parties from emerging.* This is probably the most important step that the United States can take to advance this goal. There are widespread allegations of established parties using every method available to them, including violence and murder, to prevent rivals from emerging that could challenge them for power. Washington should obviously press the Iraqi government to investigate such charges, and prosecute those believed to be responsible. However, the Iraqi government has a poor track record on this matter and so it would behoove us to pursue it independently as well. The United States should attempt to investigate charges of suppressing political rivals independently, and if the investigation finds another Iraqi political party guilty, the United States should impose its own sanctions against that party. These sanctions could include barring the party or its members from receiving any U.S. aid (including reconstruction contracts), barring U.S. diplomatic or military personnel from meeting with members of the party, or barring them from traveling to the United States.

Obviously, this list of what the United States and the government of Iraq must accomplish in the next six months or so is incomplete. There are a great many other tasks that must also be tackled during this time period. However, both Washington and Baghdad must concentrate on specific priorities, and this list encompasses many of the most important changes needed to give reconstruction a realistic chance of success. We certainly have our work cut out for us, but the task is not impossible. After three years of repeated failure, Iraq still has not fallen apart. There is considerable internecine violence—arguably a low-level civil war—but it has not yet escalated to all-out civil war because the Iraqis do not want to tread that path and though they are increasingly angry and frustrated with the United States they continue to recognize that they need us to hold the country together and help them get back on their feet. That is an important starting place for what may well be our last chance to save Iraq.

Mr. SHAYS. Dr. Kubba.

STATEMENT OF LAITH KUBBA

Dr. KUBBA. Mr. Chairman, it's my pleasure to be here. I have had the pleasure of meeting you in Baghdad when I was a spokesman for Prime Minister al-Jaafari. And as an Iraqi American, I very much appreciate and admire and salute the good work that you have been doing not only from an American perspective, but also very much appreciated by the Iraqis.

Mr. SHAYS. Well, it's our privilege to have you here.

Dr. KUBBA. What I want to do is bring some insights into the way ahead. Without question, the document that we have ahead of us struck and highlighted a very clear purpose, and I just want to underline that purpose. Failure in Iraq does mean expansion in al Qaeda. It does mean many September 11ths worldwide, and it's absolutely not an option to let Iraq go down.

I think the possibility of Iraq going down is real, and we should brace ourselves for tough weeks or months ahead. And the only way we can confront that reality is by clarity of purpose.

Looking at the document and its three main tracks and the plan to integrate these tracks, the politics, the security and the economy, what I found the central piece that needs to be highlighted, which is the key to making the plans work, those wishes being fulfilled, is an approach to state building.

We are in a catch–22 situation, where if you trace the causes for nearly all the problems, all the failures in Iraq, it is the absent, weak state. And if you try to trace why aren't we trying to build that state and succeeding in it, then you look back again into security problems and to gridlock on the political and into deteriorating services in their country. And unless we break that deadlock on how to approach state rebuilding, I don't think that plan can materialize.

The key to making progress is to make progress on the political process. We have already made advances in Iraq. There is a functioning Parliament elected, inclusive. There is a draft Constitution that has the capacity to lend itself to many changes in the country.

However, having said that, what I see, a lack of vision or genuine consensus between the three major blocks in the Iraqi Parliament, the three blocks that constitute nearly 90 percent of the seats representing the Shi'a, Sunnis and Kurds, broadly speaking, they do not have a shared vision on what state they really want.

I think unless this issue is addressed or at least approached on how to address it is agreed to, then I feel our efforts will just go around in circles. The good effort that has been put in trying to boost the economy or even to train the police and army is not going to pay dividends unless there is a genuinely agreed vision what type of state the Iraqis want, and there is an opinion collectively that they believe in it collectively on nation-state building.

Up until this moment we do not have that position, and I think this issue needs to be addressed, because the Constitution is due to be reviewed and amended, and there have not been shared views or a process at least to go in that direction.

A second threat I see is that the political process is most important; then most urgent is the spread of sectarian violence that has

started to sweep the country. Over the last 3 years, al Qaeda tried and failed to stir up sectarian violence. It is not rooted in Iraq history. It is not rooted in Iraq history. In fact, the only reason why there is a favorable climate today to sectarianism is because of the absent state. We have handed millions of people to criminal networks, to militias, to local parties out there, and the state has been absent.

Today, regretfully, after 3 years we see al Qaeda managed to stir up sectarian violence. My biggest concern is if the government, the Iraqi Government, does not come heavy on it right now, then we would have little other than ashes left in Iraq to deal with. Even our celebrated success, the political process, will go down the drain because the politicians would be consumed by the fire of sectarianism that is out there.

I believe, despite what rhetoric is out there, the Iraqis by and large appreciate the role of the United States. Maybe in the streets Iraqis vent or are critical of the U.S. presence, but nearly all politicians in the Iraqi Parliament know the need for the U.S. role to stabilize a very fragile condition that they have already.

In that respect, I suggest—and I believe the United States can play a much bigger role, not necessarily by increasing soldiers on the ground, but maybe by leveraging their influence on the political process. There are a number of ideas that one cannot bring out now, but certainly I feel that this is the way to go forward. Thank you.

Mr. SHAYS. Thank you. We forgot to hit the clock. It was red the whole time. Your statement was very appreciated. Thank you.

[The prepared statement of Dr. Kubba follows:]

The Evolving National Strategy for Victory in Iraq

Testimony of Laith Kubba,

Program Director for the Middle East and North Africa,

National Endowment for Democracy,

to the Sub-Committee on

National Security, Emerging Threats, and International Relations

House Committee on Government Reform

United States Congress

July 11th, 2006

Chairman Shays, and distinguished members of the sub-committee,

Let me begin by expressing my appreciation for the opportunity to address the sub-committee on such a vital matter, and as an Iraqi American, to thank you, Mr. Chairman, for your personal commitment and clear interest in helping Iraq at this critical moment. Last year, I took a leave of absence from the National Endowment for Democracy to become the spokesman for the former Iraqi prime minister, Ibrahim Jaafari. I had the pleasure of meeting you, Mr. Chairman, and many of your distinguished colleagues during your frequent visits to Baghdad. For the record, I do not oversee the Iraq program at the National Endowment for Democracy and the views I express today are mine and not those of the Endowment.

At the outset, I would like to express my appreciation and admiration to all the men and women, military and civilians, Iraqis and Americans, who are trying hard to make Iraq succeed. I have seen first hand in Baghdad the difficulties facing decision makers who have to strike an impossible balance between so many conflicting demands. With all this in mind, I want to comment on the serious efforts to help Iraqis abate violence and effectively run their country, ultimately paving the way to American troops' withdrawal. In this testimony, I will attempt to put these and other challenges ahead of us in perspective and make some recommendations.

The National Strategy for Victory in Iraq

Mr. Chairman,

We are reminded everyday that the situation in Iraq is still unfolding and that there is a long list of urgent and important challenges in Iraq, all competing for time, attention and resources. Only a clear sense of purpose and a good grasp of Iraq's reality will set clear priorities and enable us to address them in an effective way. In this respect, I want to underline the importance of the message in the National Strategy document: Victory in Iraq is a vital US interest and failure is not an option. Sustaining such a message is critical. Leaving Iraq torn with violence and sectarianism is not an option. **A failed Iraq will provide Al Qaeda the continued opportunity to become stronger, recruit more, advance its training and carry out more 9/11s.** Allowing Iraq to break down along *de facto* ethnic lines is a scenario that will sow seeds of communal and regional conflicts. Such conflicts would go on for decades and would enormously empower Al Qaeda. **Nothing less than a secure and stable Iraq will deny Al Qaeda its breeding grounds found today in chaotic bleeding cities.** May I also add that irrespective of political debates about scheduling US troops' withdrawal, Iraqi politicians realize that the US commitment is in Iraq's national interest. Failure in Iraq has dire consequences for both Iraq and the US.

By now it is obvious that **the way for a speedy US withdrawal from Iraq lies in the Iraqi people's ability to eliminate violence and effectively run their country**. The National Strategy document outlines how the US can leverage its influence to help a secure Iraq rebuild itself. The document recognizes the need to integrate efforts in three parallel tracks—political,

security and economic. While security is most urgent and obvious, political progress remains the foundation for both a lasting security and a viable economy and must be looked at carefully.

Assessing Iraqi Politics

On the positive side, Iraqis made real progress in the political process. Today, there is an inclusive elected parliament with vibrant committees and sub-committees deciding on a future Iraq. Its last national election had over 70% participation in all of its 18 provinces. The US can rightfully claim credit for facilitating Iraq's emerging political process. The December 2005 elections marked the end of the transition interim period and transferred sovereign powers to an elected parliament, which now bears legal responsibility and is fully empowered to govern. All issues, including political and communal concerns, are finding their way to parliamentary committees and subcommittees. The constitution has room for amendments, setting up new institutions, such as a senate, restructuring provinces and regions and legislating.

However, this political achievement remains fragile and under constant threat of unraveling. All stakeholders must have a closer and critical look on how to consolidate the strengths and address weaknesses of the political process. Last month, Iraqi prime minister, Nur al-Maliki, launched a reconciliation initiative to consolidate his government of national unity. He visited Gulf states to reach out for more regional support to the political process and the inclusion of Arab Sunnis. He promised that only government forces will bear arms and empowered the ministries of defense and interior, which have no ties to armed political groups and militias, to assume control. Such measures and gestures are helpful but dwarf into insignificance compared to the challenge ahead of bringing unity of vision among the three main communities in Iraq (Sunnis, Shias and Kurds) to agree on constitutional amendments.

Iraq passed the constitution in a national referendum despite Sunnis' overwhelming rejection. Only the promise and hope of future constitutional amendments brought the Sunnis back to participate in elections and in government. No committee on constitutional amendments has been formed yet. Pushing the issues without clear ideas on how to reconcile differing views might trigger a political crisis at this critical moment and deny Iraq its last chance to resolve constitutional differences. **If the minimum of Sunni hopes in amendments is not realized, then the country will sink into more violence.**

Mr. Chairman,

Differences run deep among the three major groups on nation state building. Behind their commitment to national unity are different visions on how to build Iraqi governing institutions, in particular on the nature of the state, the mandate of central government and the control of security and natural resources. Reconciliations are difficult because of hardened positions, zero-sum perspectives to politics, historical grievances, mistrust, inflated assumptions about negotiating positions and lack of experience. A closer look at their differences suggests that not all can easily or quickly be resolved. Arab Sunnis, who are most experienced in administrating a central state and least in negotiating with local politicians, seek the return of a centralized Iraq with an autonomous Kurdish administrative region. Kurds, who secured a constitutionally

recognized and highly empowered federal region with a strong hold in Baghdad, will not accept any rollback from such a position. Moreover, they expect to add Kirkuk to their region. Arab Shias, with least experience in government, have mixed positions about the return of a centralized state without the Kurdish region. Some groups are pushing towards a southern federal region, similar to the Kurdish one. The parliamentarian committee to be tasked with drafting amendments has not been formed yet and politicians have not brought forward new ideas on how to proceed. **The future of Kirkuk and the prospect of forming a southern region are perceived by Arab Sunnis as most problematic. At dispute are articles on the control of natural resources and the concept of citizenship and state institutions.** If Iraqis fail to agree peacefully through parliamentary daytime debates, they will fight street battles outside parliament at night.

Six months do not give politicians enough time to reconcile these differences but at least they can freeze controversial issues now and at least agree to procedures on how to reconcile conflicting visions and agendas. None of these groups can form a majority to dictate and govern alone. They need each other and they all seek US good will and support. The US can bring in additional leverage over Iraqi politics through Iraq's neighbors. To break gridlocks, the US can leverage its influence and change the dynamics of negotiations by insisting on the agreed rules rather than pushing specific outcomes.

Threats of Civil War

Fixing Iraqi politics is the most important challenge but putting down the rapidly spreading sectarian violence has become most urgent. Iraq did not have communal conflicts in its history and Iraqis pride themselves on the extent of mixed marriages and neighborhoods. For more than 3 decades, Saddam played communities against each other, elevated mistrust between citizens and caused communal tensions. Still, Iraqis blamed the government but not each other for Saddam's repression of Shias and Kurds and refused sectarianism. Some Iraqi exile leaders with external influence fed ethno-religious agendas into Iraqi politics and institutionalized sectarian quotas at all state levels. For obvious political gains, they too pushed sectarianism. That partially explains the passive slow reaction of some Iraqi political elites to growing sectarian conflicts.

Others confuse the insurgency with sectarianism. Until recently, the insurgency was the number one threat to Iraq. **Although it exploited Sunni political isolation and dysfunctional government security agencies, the insurgency failed to block the political process and the emergence of an Iraqi national unity government.** The killing of Zarqawi was a severe blow. As Al Qaeda and Saddam loyalists were running out of time, they unleashed their most devastating weapon: sectarianism. For the past three years, they have been trying without success to stir up Arab Shia-Sunni violence. They brutally beheaded Shias, blew up their mosques and destroyed their most holy shrine. Now, their fire of sectarian violence is spreading and threatening the whole process. Within Baghdad, more than 100 Shia and Sunni citizens are indiscriminately killed daily. Estimates of displaced families range between 150,000 living in tents to over a million displaced from their homes all over Iraq. These camps will inevitably be recruiting grounds for sectarian militias and criminal networks. **Sectarian violence is contagious and its rapid spread will suck in politicians and threaten the continuity of the fragile Iraqi**

unity government. The Iraqi government and parliament must come out strong in denouncing sectarianism, showing national unity and banning inflammatory statements. Also, there should be an immediate and harsh crackdown on politicians, civil servants, police and others who are involved in sectarian agitation and violence. Without a bold political stand and deterrents, Iraqi police and army units can easily get sucked into sectarian violence. If the Iraqis do not respond fast enough to put this fire down, then the US should put more pressure on them and provide critical resources to help them do so. Without it, Iraq's modest political progress and the unity of its armed forces may not survive long.

State Building

The notion of modern state institutions transcending ethno-religious lines is clearly desired and a stated policy but remains weak, if not absent, in reality. Iraqis need a central government with strong national institutions controlling arms, intelligence and borders and strong local administrations providing services and jobs. The US has provided enormous technical assistance to build Iraqi ministries and bureaus. As important as this might be, **the real predicament in state building remains in the lack of an agreed concept and an overall architecture of the state and not in technical resources.** Under current electoral rules, Iraq will always have a weak executive and a fragile coalition government, where the prime minister cannot hire and fire incompetent or corrupt ministers without causing a political crisis. It took months to form a cabinet whose success is not defined by services but by continuity. **The cabinet is formed without a shared vision but with a complex quota system dividing ministries. Inevitably, autonomous ministers are more accountable to their party bosses and less to the prime minister.**

A similar dilemma has emerged in the provinces. Iraq's decentralization plan has weakened central government to near paralysis. According to the current constitution, real power rests in regions and provinces. The Kurds set up the model—exclusive self governance in the North with an equally strong position in a weak government in Baghdad. Now southern provinces want to emulate the same model. Currently, provinces have no clear authority structure and their relationship to the center is complicated through politics. Basra is a case in point. Last year, the Ministry of Oil was allocated to a party whose power base is in Basra. Its local and national politics were directly linked to its hold over the Ministry of Oil. Its local officials were involved with oil smuggling on a massive scale. Basra had many disputes over militias running its police force. Other ministries, too, have become sectarian-political fiefdoms with a deadly mix of corruption, organized crime and local militias as ministries' police. **The result is an entrenched system of illicit benefits packaged in ethno-religious politics. Dismantling organized crime and political mafias is essential in restoring a functioning state.**

One most important and urgent issue in state building is the ability to control armed groups and exert authority all over Iraq. The government has to negotiate disarming militias whose loyalties, ethnic, religious or political, to their leaders rise above their loyalty to the state. The top three militias are Kurdish Peshmerga who are the best trained and disciplined, the Shia Bader brigade with its extended networks of social organizations, and the Mehdi Army, the least organized and most thuggish. **Integrating members of these groups into Iraqi units must come through rigorous selection and training procedures. Alternative long term proposals,**

such as empowering irregular armed groups and militias to deliver local security, will undermine the authority of the state and prolong criminal and sectarian violence.

The US should continue to be involved in security planning and not implementing. It should bear its political influence to ensure a buy-in from all parties to Iraq's national security policies. In confronting complex networks of kidnappers, smugglers, white collar criminals and financers of armed groups and political parties, Iraq needs the US' advanced technical support and expertise. **Iraq also needs to revive its own security agencies and measures that were effective in fighting crime under the previous regime.** For example, the previous regime ran a successful undercover security agency to expose white collar corruption in all ministries.

Lowering Expectations

Americans and Iraqis have lowered their expectations and are more focused on critical areas. **To an Iraqi citizen, the definition of success is simple: Life should be better now than what it was under Saddam. This translates into improved security, better basic services and a stable strong economy.** These indicators vary throughout Iraq. Life is worse in six provinces, including Baghdad, better in the three Kurdish provinces and with a long way to go in the rest of Iraq's nine provinces. With good management and follow up, the newly launched scheme of Provincial Reconstruction Teams (PRTs), supported by the US government, should bring tangible results. Demonstrating such incremental success is essential to our overall success in Iraq.

At the national level, the challenges are more serious and cannot be resolved without addressing the political and security issues. The on-going electricity shortage is a case in point. Grids that are built during the day get knocked down at night, engineers are killed, electricity stations are bombed and, despite progress, Baghdad households have less power today than that under Saddam. Similarly, criminal networks and mafias in state ministries remain unchecked. Senior civil servants are killed every day. Universities and hospitals have lost hundreds of experts, doctors and academics to kidnappers and criminals. Iraqi police have lost thousands in fighting the insurgency. In its fight against corruption, Iraq's Commission for Public Integrity lost more than 20 judges and investigators to assassinations. **Central government cannot run without better security.**

Summary

In closing, I want to stress that **security, government and politics are closely intertwined, feeding each other with failures and successes.** By advancing the political process further, Iraq will have better government and improved security. The National Strategy document rightly highlights the need for continued integrated effort on political, security and economic tracks.

Although economic success at the central and national level is subordinate to achieving security, effective government and an inclusive political process, there is much that can be done under the current conditions.

The key to success is in better political management. Recent Sunni participation in the elections and government paid dividends in exposing Zarqawi and forming a government of national unity. Now, the spread of sectarian violence threatens the political process and Iraq's fragile unity government.

Iraq has a long way to go in fighting crime, ending political violence, eliminating sectarian killings and uprooting terrorism. Violence is now a scourge run by gangs and militias in Baghdad's streets and districts. **The fight to end the insurgency can only succeed if it becomes a shared goal in the self interest of the three communities.** The strength of the insurgency comes from the absence of government, the weakness of Iraqi intelligence, the weakness of police and security institutions and a divided political leadership. Although there is little to negotiate about with the core elements behind the insurgency, through better politics, intelligence and targeted use of force the Iraqi government can reach out and dislodge most of their support networks. The past three years made it clear that this war cannot be won by force alone.

This Iraqi government has a long way to go before making any significant difference. It is in a race to consolidate a national unity government and a united parliament ahead of a full meltdown into violence and chaos. It needs help in both tracks: security and politics. While the US can no longer instruct the Iraqis on how to govern, the security of the government and the delicate balance among Shia, Sunni and Kurdish parliamentary blocs still hinge on US support. **This gives the US significant influence and leverage over the course of Iraqi politics and the development of its security.** Cautiously and with US help, Shias, Sunnis and Kurdish leaders have been moving slowly towards reconciliation. They need help to complete their journey.

END

Mr. SHAYS. The insights you bring in particular, having been a close adviser to a Prime Minister, the Prime Minister, will be very helpful in our dialog, and thank you.

Dr. Cordesman.

STATEMENT OF ANTHONY CORDESMAN

Dr. CORDESMAN. Thank you very much, Mr. Chairman, and thank you for the opportunity.

My colleagues made a lot of points that I would make. I have prepared a detailed picture of the strategy that I think we need, which I would ask to be put in the record, and also a very detailed critique of some of the recent reporting on Iraq, because I think the GAO is absolutely correct. The kind of reporting that has come out of Iraq has not served the purpose of measuring whether we are accomplishing our mission, whether we are implementing the strategy, and in some cases I think it has been so bad as to be totally misleading. I have provided a detailed description of the reasons why.

Mr. SHAYS. Maybe you could just give an example or two before we start our questions of what you mean.

Dr. CORDESMAN. Well, I think one is the absolutely absurd estimate of the economy. It's just a symbol of how bad the economic reporting is in the recent quarterly report. It basically says that 74 percent of the gross domestic product of Iraq, a country with 27 million people, is the oil industry.

Frankly, if you look at any other U.S. Government reporting, which isn't designed to report on the strategy, it directly contradicts that. There is a statement made about the oil industry and about oil exports, which gives the impression we are making real progress.

In the last 2 weeks, the Energy Information Agency of the Department of Energy issued a country analysis brief on Iraq which directly contradicts every aspect of that, talks about a steadily deteriorating situation, and refers to the fact that so much damage is being done to Iraq's producing oil fields, that they will only get 15 to 25 percent recovery versus an industrywide average of up to 60 percent.

You have the electric power generation measured in capacity without any requirement or relevance to distribution based on demand as it was at the time of Saddam Hussein. Again, other U.S. Government reporting says that you need at least 3,000 megawatts more right now to meet demand as it currently exists than the State Department report sets as a requirement.

When the U.S. Government has its experts directly contradicting the kind of sort of spin-oriented reporting provided, it's a dangerous warning that we need to do a much better and more realistic job.

But if I may, sir, make a few other points. Ken made the point about implementation, and I think this is the right strategy. I wish it had been the strategy from the start. But I think there are deep concerns. One that Laith Kubba touched on is frankly the inability to deal with the Constitution in any clear way. If there's an implementation strategy to deal with those 58 extremely difficult divisive issues, it has not yet been described. Those have to either be

dealt with in some way Iraqis can live with, or the Constitution can be far more of a problem than a solution.

I look at the military side, and I do not see the resources being provided to deal with the year of the police. I do not see the equipment going to the Iraqi military that either offers them the ability to operate independently in many of the types of missions they need to survive, or to operate as an independent force in the future, and I see no plan to give them the capability to defend the country against foreign enemies.

I do not see a clear plan for dealing with the problems within the Ministry of Interior, special security forces, and the corruption and problems in the ministries, where we have had very little advisory presence, and we simply haven't manned the effort. And these are critical improvements. As a result, I just don't believe at present the year of the police will work.

The issue has been raised here several times about permanent bases. What I do not see is a clear signal to the Iraqis of our intentions, and I think that is more important than any sort of strange conspiracy theories about what we are going to do with the bases.

The worst dimension may be the least critical in time. I think that there is a real need within the Congress to investigate specifically what has happened with the AID, with the Corps of Engineers and the contracting process. From the beginning I think this has been a nightmare. I cannot conceive that the Iraqis could be more inept or more corrupt than the U.S. Government and U.S. contractors have been in using Iraqi AID money and the money the Congress has appropriated, and we are running out of that money. Basically it is virtually all obligated. It has not provided the services that we promised, and we have no way under current funding to sustain the projects we began. That is a critical problem, and there is no strategy to deal with it.

Let me say just a few other things about your questions. One was, have we taken the actions to diffuse sectarian and ethnic differences and achieve national reconciliation? I think we have done what we can. But I am deeply disturbed that the operation in Baghdad right now seems to be creating more problems than it is making things better.

It isn't clear we have a phase between the political actions necessary to make military actions work. And it certainly isn't clear that we have done anything that interferes with the Sadr militia and the other problems in Baghdad, which is the one area we have operated in. We talk about neutralizing militias. We have a broad plan, and we have rhetoric, and that is it.

Finally, on the international side, I agree with what has been said. It's always very nice to call in the international community. It often helps, and it can't do much harm. But your last question asked about bringing countries in generally. Iran, Turkey and Syria are going to remain serious problems, and either we act, or they do.

Thank you.

Mr. SHAYS. Thank you very much, Doctor.

[The prepared statement of Dr. Cordesman follows:]

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Winning the "Long War" in Iraq: What the US Can and Cannot Do

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Winning the "Long War" in Iraq: What the US Can and Cannot Do

Anthony H. Cordesman

There are no good strategic options in Iraq, and there is a serious risk of failure regardless of the policies the US pursues. The US also has increasingly limited options. Iraq is now in control of its own political destiny and Iraqi leaders and politicians will choose its strategy. They can be influenced and pressured to some extent, but only at the risk of a hostile or opposite reaction. They too have limited options. Like the US, they must try to make the current political process work, or see the nation devolve into a far more intense form of civil war.

This does not mean, however, that the US lacks options for action. The options may not offer easy ways out, or certain probabilities of success, but there are many things the US can do.

Face the Reality that Iraq is a "Long War"

It will take political courage in an election year, and in dealing with a war which is already unpopular and where a majority of the American people no longer trusts the President or the Congress, but one key to success is to admit that this really is a long-term engagement.

Iraq can't be "fixed" quickly. It can only be placed in an even worse position by premature US disengagement. Iraq cannot really hope to reshape its constitution and political process and establish effective governance throughout the country for at least two years, and this effort could easily have cycles of success and failure that take half a decade.

No matter what happens, the US must be deeply engaged in Iraq and in the Gulf for at least the next two decades. It simply cannot exit from a strategic situation involving more than 60% of the world's proven oil reserves and some 40% of its gas, and where the US and global economy are dependent on steadily increasing the flow of some 17 million barrels of oil a day through the Strait of Hormuz.

The US may well be able to reduce its troop presence in Iraq, and it may even be forced to leave and seek to influence Iraq from the outside. It cannot, however, "exit" in any meaningful sense. One way or another, it must try to make Iraq succeed for years, if not a decade, to come. It also cannot abandon Iraq without appearing to be defeated by Islamic extremism and asymmetric methods of war, and without being seen as abandoning some 28 million people it pledged to rescue from tyranny. The US bull is seen throughout the world as having broken the china shop it claimed to rescue. It must now live with the political and strategic consequences.

End the "Spin" and Tell the Truth

It is time for the Bush Administration to stop trying to spin the war in Iraq into images of turning points and success and address the real issues. Leadership must consist of honest, frank admissions of risk and cost, and of plans that are based on half a decade, and not the false image of easy ways out. At this point in time, political manipulators and "spin artists" like Karl Rove are becoming a threat that unconsciously supports the Iraqi insurgents. They breed distrust and anger and preach to a steadily diminishing minority of the "converted."

The Congress needs the same honesty. Republican members need to face the same realities as the Bush Administration, and Democratic members need to stop talking about impossible strategies and easy exits, as if Iraq's fate somehow did not have strategic importance. The Congress has

been no more honest as a body than the Bush Administration, and only a few members have truly sought bipartisan solutions that will serve the national interest. Partisan spin and opportunism is as much a threat to the US as the spin within the Administration. Like the President, the Congress is more of a threat than the insurgency.

The US military and senior US officials also need to stop "cheerleading" and spinning the facts on the ground. The leaders must present the real facts and options, honestly address the risks, present a strategy for long-term involvement, and provide metrics that give an honest picture of what is happening good and bad. Americans need to see that there are practical plans; they need to be able to trust what senior military and civilian officials say; and they need to see a case for patience that builds credibility and trust. There is a reason polls show a growing lack of confidence and support. The US government simply has failed to earn it.

US officials reporting on Iraq should recognize the fact that the US Embassy in Iraq, and US intelligence and military officers, see many of the same problems in Iraq as the media. No one is hiding the "good news." Put simply, not much progress has been made, and it was never reasonable to assume progress could be quick and easy. Instead of playing games with numbers and definitions, US officials should prepare the American people and the Congress for years of effort. They should communicate in ways that build enduring trust by honestly stating the problems and by providing meaningful metrics of success and failure. US leadership should reassure Iraqis and the rest of the world that the US is addressing Iraq in real world terms, and it should put indirect pressure on Iraqis to lead, act, and succeed by highlighting their successes and failures.

Continue Active Political Engagement and Pressure

There are areas where the US can reinforce success, although not without risk. The US needs to continue to actively engage Iraqi political leaders at the highest levels to push them towards national unity, to find working compromises between sectarian and ethnic factions, to create effective ministries and methods of governance, and to make military and economic progress.

The US must actively "interfere" in Iraqi politics. If top-level US officials do not visit Iraq to engage Iraqi political leaders, and if the US ambassador is not a key "agent provocateur," the Iraqi political process is likely to get bogged down, and the risk of failure and division will increase. Such US action will inevitably lead to protests by whatever Iraqi faction feels the US is opposing or failing to support it. It will provoke some Iraqi nationalists and outside critics on principle.

Iraq, however, needs active outside pressure, criticism, and effort to force it to actually make decisions and move. It also needs constant reminders that Iraqis are now responsible and that there are limits to US and other outside support. Iraqis need to know that the US will provide support where it is productive, but there are no open-ended commitments.

At a different level, the US government needs honest plans and assessments that can shape a more structured political effort. Exercising US political influence requires effective long-term plans backed by aid to Iraq's emerging political structure. Moreover, effective US influence demands governance that recognizes the need for at least a five-year strategy funded to have a major impact in aid at the regional and local levels. Iraq's politics are as much urban and local as they are national, and US strategy must recognize this.

Let the Calendar Slide if Iraqis Want This

The US should let Iraqis move at their own pace in terms of the redrafting of the constitution and referendums on it. The goal should be a process of steady cumulative progress in political compromise, improving security and governance, and improving the economy. The US should not try to impose deadlines, push Iraqis into resolving every issue at once, or trying to achieve milestones. The US needs to give Iraq time to work.

Expand Presence at the Governorate and Local Level

The US is still forming Provincial Reconstruction Teams (PRTs) to supplement and replace the Provincial Support Teams and Regional Embassy Office (REO). The PRTs should have been in place years ago. According to the latest State Department reporting, however, they have only been established in Ninawa, Babil, Kirkuk, and Anbar Provinces, and they seem to have serious recruiting problems and difficulties in getting experience and qualified personnel.

Political power in Iraq, economic development, and security have all increasingly devolved down to the governorate and city level. The problem has been made worse by the near collapse of the British effort in the Basra area, and ethnic divisions over Kirkuk, as well as by the range of sectarian and ethnic divisions in Baghdad and Mosul.

The US does not need a grossly overstaffed "white elephant" in Baghdad. It does need to expand its local efforts at every level, and provide a full civilian component to support the US military in the field. This requires a major reorientation in the US presence in Iraq, a "go or be fired" approach to ensuring full staffing by the most qualified people in the foreign service, and direct Presidential pressure on Cabinet officers to provide the rest of the needed staff. It needs the kind of Congressional funding, and flexibility in using US aid funds at the local level, necessary to give such a presence.

The US military also need to be ordered to provide security for such missions. They will have the highest possible priority, and US officials simply should never have been made dependent on contract and civilian security in a war zone.

Sustain A Firm Commitment to Iraqi Unity

US political influence cannot ensure Iraq remains unified, or prevent civil war and division if Iraq's political process fails. The US must not, however, be seen in Iraq, the Arab world, or the region as promoting any form of Iraqi division.

As Iraq moves toward clarifying its constitution and reshaping its politics and process of governance, Iraq's sects and ethnic groups need to hear again and again that the US is not on any group's side. The US needs to repeatedly make it clear at the official level that it supports Iraqi unity. It needs to make it clear that it is not pro-Shi'ite because they are the majority and because this might be politically opportunistic—this would reinforce the insurgency, civil violence, and play into Iran's hands. The US needs to make it clear to Sunnis that the US will support fair compromises, but it will not be pressured into giving the Sunnis special treatment. The Kurds need to know officially that the US will not support Kurdish independence, excessive demands for autonomy, or adventures in Kirkuk.

The US should leave the issue of "federalism" to the Iraqis, along with the definition of the role of national, governorate, and local government. It should not encourage the division of Iraqi

governorates along sectarian or ethnic lines, and it should use political, economic, and security aid to encourage compromises and solutions that hold the country together.

If Iraq does begin to divide, the US should seek to minimize the scale of such divisions, and try to help Iraqis reach compromises that are politically and economically viable. It should not take sides or play favorites, and it should be clear to every faction that the US will not be on their side if the nation does fall apart or move towards full-scale civil war. Instead, the US should make it clear that it will stand aside and US forces will not become involved in trying to force unity or to protect the loser. It should make it clear that it will be ready with aid in dealing with the aftermath, but not become an outside force. Iraq's factions need to know now that, regardless of the political and humanitarian consequences, they *must* make Iraq work and not rely on US intervention.

Long-Term Military and Security Commitments

The US may or may not be able to make major troop withdrawals by the end of 2006. The odds seem to be that it will be able to bring its forces down to levels below 100,000 whether Iraq succeeds or fails. A combination of Iraqi political success and force development would sharply undercut Sunni support for the insurgency and the risk of civil war, and an Iraq that became the scene of large-scale civil war would make a major US troop presence dangerous and potentially push the US towards involvement in the fighting.

Training Iraqi forces will inevitably fail if the Iraqi political process fails. If the Iraqi political process succeeds over the course of 2006 and 2007, however, every step the US takes to help create effective Iraqi forces will be critical to success. This means there can be no fixed time scale for US reductions, and reducing troop levels may or may not cut US casualties to politically invisible levels. The remaining embedded advisors and combat forces may be involved in intense operations, and smaller forces could still have significant wounded and killed.

It is also going to take a large US advisory presence and aid effort to make things work. It will be 2-3 years at the earliest before Iraq's regular military forces can stand on their own against insurgents and Iraq's militias, and half a decade before they can be rebuilt to deter and defend against Iraq's neighbors. Put simply, no other country can provide the necessary advisors or will provide the money.

The "year of the police" will also take at least 2-3 years – assuming Iraq had enough success in politics and governance to hold the country together.

In practice, the US needs to take the following steps:

- Keeping seeking to mutilateralize the advisory and aid effort, but ensure that MNSTC-I is fully funded and staffed, and Iraqis are assured the US will provide both continued training and aid as long as Iraqis want and need such support, and be ready to help Iraqi forces make the transition to regular conventional forces that can defend the country.
- Ensure that US forces continue to be embedded in Iraqi units, and support them in combat as long as necessary. This means long rotations for specialized forces in high-risk positions and taking sustained casualties as long as a major insurgent presence continues.
- By all means try to win " the battle of Baghdad," but in the real world, any victory will be meaningless as long as other areas and the greater Baghdad area are divided or hostile. The MNF also needs to work the Iraqi government to win the battles of Mosul, Kirkuk, and Basra, and US forces need to continue to provide air support, armor and artillery support, tactical transport, and intelligence to directly defeat

insurgents and any new hostile militia elements. "Oil spot" concepts cannot work in so divided a country with so much internal movement and mobility.

- Reexamine the equipment effort to provide a much larger pool of armor, artillery, transport, etc. Iraqi military, security, and police forces need to "outgun" and "outprotect" the insurgents. The present aid and equipment effort is too cost constrained and too limited in scope.
- By all means go on with the "year of the police," but understand that a half-decade of training, support, and aid will be necessary; progress will be slow and sometimes faltering, and police really are just as important as regular military to Iraqi success.
- Work with the Iraq government to find new employment for militias, security guards and protection forces, and various local defense forces. Seek to avoid integrating low quality personnel, with strong sectarian and ethnic loyalties, into the Iraqi forces.
- Put Presidential pressure on the Cabinet to ensure that civil positions in the police training effort are fully staffed with fully qualified personnel when these must come from outside the Department of Defense.
- Give creating an effective local court, prison, and criminal justice the same priority as the police. Solving the police problem is impossible without solving the rule of law problem and providing popular security.
- Work with the Iraqi government to steadily expand its local presence. National politics and central government cannot be a substitute for actual governance at the regional and local level, having a visible presence, and providing goods and services that clearly come from the center. At this point, more politics and "democracy" are part of the problem and not the solution. People have to see a working civil government to supplement the Iraqi forces and criminal justice system.

This is a three to five year commitment at a minimum. Anything less is either deception or an invitation to defeat.

Come to Grips with Economic Reality

The US aid process has failed. It has had some important individual successes, but it has wasted at least half of the some $22 billion in US funds (out of $31.9 billion so far appropriated), and much of the $34.6 billion in Iraq funds, it attempted to use to secure and develop Iraq's economy.

This is a critical issue in a country which the USG reports has 27-40 percent unemployment, and the total impact of US aid to date is to employ some 114,000-129,000 people – many in low grade temporary jobs, out of a workforce of 7.4-9 million in a country with a total population of 27-28 million. Even by ppp measurements, Iraq has a per capita income of $3,500, and the real world level is far smaller. A flood of wartime expenses and aid money has often left the country, income distribution has gotten steadily worse, the middle class (and merchants, professionals, and technocrats) are being impoverished or forced to flee the country. Moreover, infrastructure and services have deteriorated in many areas, and employment is almost unavailable in high threat areas – leaving only crime, joining the insurgency, and joining the Iraqi forces as options.

The full scale of this failure has been overlooked because of the constant flow of political and military problems in Iraq, but the realities are massive unemployment, terrible distribution of income, as many infrastructure problems as successes, costly subsidies that overshadow successes in financial reform, a failing petroleum sector, and a massive "brain drain."

It is also brutally clear that USAID, the Corps of Engineers, and other elements of the US government that have been involved have failed to effectively plan, manage, and account for aid activity. There have been many competent US officials in the field, but the leadership of USAID

has been a national disgrace. The fact is that Iraq is as much a failure as New Orleans, and the US agencies involved need massive reorganization and new leadership.

US contractors have done no better. They lacked experience in dealing with anything approaching problems on Iraq's scale, and in working with the "command kleptocracy" the previous Ba'ath rule had created. They also were given an impossible mission: unrealistic plans, constantly rotating USG personnel in the field, a lack of clear accounting rules and field supervision, no mandated measures of effectiveness, unrealistic deadlines, and responsibility for improvising their own security in a war zone. Some contractors have been corrupt and irresponsible, but the fundamental failure lies with agencies like USAID and the US government.

It is also brutally clear that the efforts the US congress has made to ensure control of funds and accounting have done nothing to reduce corruption and waste. All that has happened is that much of the corruption and waste has been spent outside Iraq. In any case, preventing waste and corruption in a war zone and case like Iraq is at best a third order priority. Winning and making things work are what count.

The US needs to "zero base" its efforts. It needs to honestly assess its successes and failures in terms of their sustained capability. It needs to take steps to ensure what has succeeded continues to function, and failures are terminated as soon as possible. Most important, the nightmare of incompetence that has emerged out of USAID, the US Army, and Corps of Engineers needs to be put aside.

The US needs to plan on major continuing economic aid expenditures, but not using US agencies, contractors, and outside security. The US does need to try to mutilateralize the flow of aid and economic assistance, so that international agencies and other countries play a major role in advising and overseeing Iraqi efforts.

At the same time, the key priority is to put the Iraqis in charge of aid and their economic development, in spite of the failures and corruption that will follow. A failed US government structure and method of contracting needs to be taken totally out of the loop. Iraqis need to make their own mistakes, learn to take responsibility, and spend the money in ways that stay in Iraq and suit both national needs and sectarian and ethnic equity. The good news is that they cannot possibly be more incompetent, more wasteful, and more corrupt than the US-planned and managed effort to date.

Moreover, it will be far easier for the US to monitor and account for what Iraqis do than try to run the aid effort. Transfer does not mean a loss of accountability. If anything, the US can focus on highlighting Iraq's needs, how well Iraqis plan and manage, whether corruption happens, and the effectiveness of the result. The mantra should not be control or micromanagement: it should be to reward honesty and success and insist on transparent, public US official reporting of corruption and failure.

To accomplish this, the Administration and Congress should expand the role of the Special Inspector General for Iraqi Reconstruction (SIGIR), not reduce or eliminate it. (See http://www.sigir.mil/) There is a serious risk that the Republican leadership of the Congress will try to cover up the failures in the aid progress and putting supervision and review of the US aid effort back under the same agencies that has disgraced themselves and their country.

What is really needed its to take advantage of SIGIR and its field staff, expand its role to review planning of the aid effort and all use of aid moneys and Iraqi revenues, and report on the

effectiveness of the aid effort in terms of its national, regional, and local impact in actually meeting Iraqi needs. The present DoD and State Department quarterly reports and weekly reports fail dismally to do this. Iraqi officials should also know that their performance (and names and reputations) will become part of such reporting.

More broadly, legislation and regulation are needed to:

- Establish civil and criminal penalties for US government personnel, military personnel, and contractors who do not meet proper standards for accountability or try to waive them. Iraq is to some extent a history of American incompetence and corruption. The answer is a "zero tolerance" approach.
- Make the US military responsibly for protecting aid activity. Contractor security is too expensive and wasteful, and far too often the end result is that the aid goes where things are more secure and not where it is needed.
- Require US government agencies to provide long term planning and mandated measures of effectiveness reporting in submitting aid requests, and mandate that all contracts to US companies require evidence of performance and accountability with far more severe criminal and civil penalties.
- Require all civil US and non-Iraqi security contractors accepting money for US aid to accept criminal and civil liability for their actions. Leave no gaps.
- Require clear transition plans, reporting, and measures of effectiveness to show that completed programs and projects have a lasting impact and become sustainable, rather than are completed and dumped.
- Offer major "whistle blowing" rewards.

Focus on Oil, Refining, and Gas

The US needs to stop trying to do everything at once, and concentrate on the one sector that can finance Iraq in the future. It also needs to spend far more wisely. Far too little of the $933 million the US has disbursed, out of some $1,735 million apportioned for oil infrastructure, has been spent in or the right area or had lasting effect.

The petroleum sector now accounts for virtually all export revenues and most government revenues aside from aid. At least for the next few years, developing an effective petroleum sector, and one offering money to every sectarian and ethnic faction, is the only step that can offer major benefits on a national scale and help the Iraqi government finance both unity and effective governance.

Iraq has vast potential resources, but it is now producing an average of around 2.2 MMBD, and exporting 1.05 to 1.31 MMBD of oil per month. The good news is that high oil prices mean that this earns Iraq from $1.6 to $3.0 billion a month. In spite of a steady deterioration in field management and facilities, and security threats to exports, Iraq has gone from only $7.7 billion in oil export earnings in 1998 (in 2005 dollars) to $23.4 billion in 2005 (a 43% increase over 2003/2004). The EIA estimates it will earn $24.5 billion in 2006 and $22.9 billion in 2007. (The EIA estimates Iraq had a GDP of only $96.7 billion in 2005; the CIA estimates $94.1 billion).

Even if oil prices remain at extraordinarily high levels, however, Iraqi production, exports, and export revenues are not sustainable without better security, without a political compromise over sharing the nations oil wealth, and without massive investment and technological upgrades in Iraq's petroleum and petroleum related industries. While no reliable data are available, Iraq probably is now getting less than 22-25% ultimate recovery from its produced fields, vs. 27-29% for Iran, 35% as a world average, and over 40% in the highest technology fields.

The US should not push for privatization or Iraq's use of US companies. This would be totally counterproductive and arouse a host of Iraqi and regional protests. It should make it clear that Iraq needs clear plans and rapid action. It should offer to help with field development and recovery. It also should work with the USGS and DOE to create broader plans for oil development that show Iraq's fields can be developed in ways that are much less sensitive to sectarian and ethnic concerns, and create profits that aid all parts of the country.

The US also needs to help Iraq recover from the disastrous subsidies of domestic product, and lack of refinery development, that vastly underprice gasoline and fuel and make Iraq dependent on imports for 27% of its diesel fuel, 49% of its gasoline, and 51% of its LPG.

This does not mean ignoring infrastructure and water needs, and other aid and planning priorities, Money is political glue, however, and first things first.

A Priority for Making Things Work

It should be clear by now that success in Iraq is going to be limited and highly relative, and that Iraq is not going to transform other countries. It should be equally clear that it will be years before the US can hope to see Iraq become a stable country, and that progress in many areas will be slow and erratic.

The US needs to accept this, and the fact it cannot do everything at once. There will be serious problems with human rights, the rule of law, democracy, etc. There will be continuing problems in key areas like women's rights and respect for secular practices and beliefs. The US advisory effort should not abandon continuing efforts to move Iraq forward, but it cannot afford Congressional mandate for instant success or to move from influence to confrontation.

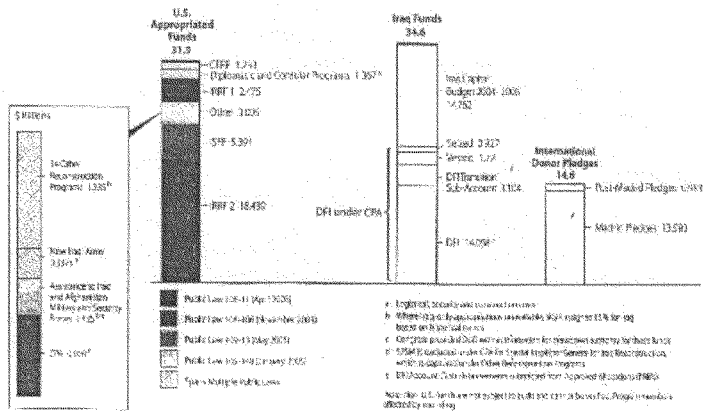
Iraqis need the basics. There was never a time the US should have seen Iraq as a social experiment or Iraqis as 27 million "white rats." It certainly is not the time now. Steady patient influence can accomplish a great deal over time. A drive for "instant success" will do more harm than good.

But, Prepare *Now* for Bad Cases

Finally, the US needs to work now with its allies around Iraq and in the Gulf to prepare for being forced to leave Iraq, withdrawing from civil war or division, or being asked to leave. The US should not plan to exist rather than succeed, but it may have to do so. A major increase in the intensity of the civil war, a government that asked the US to leave, a divided Iraqi, or simply a failed political process, could all create conditions that make anything approaching the current US presence and effort pointless or unsustainable. This could also happen with little or no warning.

The US needs to make sure its allies understand this and are prepared for such a contingency. It needs to make sure it has bases and facilities ready, and that nations understand that the US will maintain its strategic presence in the region. It needs to assure them that it will not give up on trying to make Iraq work from the outside, on dealing with Iran, on fighting terrorism, and other regional issues.

The US does not need an "exit" strategy because it simply cannot afford a true exist. It does need a contingency plan for relocation and repositioning.


U.S. Appropriated Funds
Iraq Funds
International Donor Pledges
DFI under CPA

Mr. SHAYS. Dr. Katzman.

STATEMENT OF KENNETH KATZMAN

Dr. KATZMAN. Thank you, Mr. Chairman, for allowing me to appear. I am reading from a cleared CRS statement, which I hope would be allowed to be put in the record.

Mr. SHAYS. It will be put in the record.

Dr. KATZMAN. Thank you, sir.

I guess I see the problems as a little more fundamental than I think my colleagues do. My view is that the fundamental political structure that we have put in place is unacceptable to the Sunni population, and they will not accept it under these circumstances.

My view is that basically the United States and the Iraqi leaders set up a transition plan based on one man, one vote. To have that work you have to have a system where each faction, each sect, accepts the results of the election such that the winner wins and the loser hopes to win maybe the next election.

But by setting up this transition plan, we have put in place a system where the Shi'a Arabs are always going to win the election. There is no way for the Sunnis ever to prevail in this type of system. In my view, it has entrenched the Sunni sense that they have been humiliated, that they are an underclass, that they have been essentially dispossessed.

Now, the administration has tried in the strategy to address this. Ambassador Khalilzad has been very active trying to bring Sunnis into the political process, and he has succeeded to a point. Part of his success was in persuading the Sunnis and promising them that there would be a review of the Constitution, as Tony said.

I am now—that was to take place, the process was to start, 4 months after the new government is seated; and then 2 months after that a referendum. What I am hearing now is that is basically the review of the Constitution has been virtually put off indefinitely. It will not even be started—to negotiate until September, when all of the parliamentarians are back in Baghdad in December. So then you have 4 months and then another 2 months, if they reach an agreement.

I would also say the Sunnis that have bought in—that Khalilzad has in the process, some of them really do not represent, I would say, the majority of Sunni opinion. We have not yet brought in the Muslim Scholars Association, which is a very hard-line Sunni organization, demands a timetable for the United States to leave, and which does have credibility with the insurgents. It does have links to the insurgents. And it's important, I think, the strategy for victory figure out a way to bring the MSA into the process.

What I think the problem is, the political structure as it is, where the Sunnis continue to feel humiliated, that is creating popular support for the insurgency. And I think there are a number of indicators that suggest that the insurgents do have popular support among the Sunnis.

They are operating in urban areas. They are operating protected. There are whole neighborhoods of Baghdad between the green zone and the airport that are now very much penetrated by the insurgents. I am talking about the Amaria district, the Jihad district, Amal and south of the—the Dura district, very violent districts.

We have reports that even in Baghdad there are mortar crews on the street corner lobbing mortars at the green zone. Nobody is ratting them out. Nobody is reporting on them. They are just there. Clearly this indicates, I think, that they have popular support.

The Sunnis in many ways see the insurgents as basically their army. The United States has created an army which is largely Shi'a and maybe to a lesser extent Kurdish. The Sunnis, they feel they have no army, they have no protectors. So this is why, I believe, they are protecting the insurgents.

Then what has happened is the insurgents began attacking Shi'a. For a while Ayatollah Sistani held off the Shi'a. He said, don't retaliate, show restraint. They did for a while. But like any human nature, that can only hold back so long if you keep hitting somebody, eventually they will not be restrained. They will punch back eventually.

This is why I believe the Shi'as and the Shi'a militias, particularly Sadr's Moqtiar Army, began striking back, and that is where we are now is this internecine sectarian conflict, which I think is not limited to army or militia versus militia. I believe it is elements of a population against each other, which I find quite troubling.

Anyway, to be positive, however, if I were to recommend anything, my recommendation is that the strategy, any strategy for victory, needs to really get to the roots of the political structure of Iraq right now. I think the only thing that would really satisfy the Sunnis and end their sense of humiliation would be a very, very major restructuring of the political process right now.

There are some ideas out there, Senator Biden and Gelb-Biden on forming three autonomous regions. There are other ideas. One is to basically throw out the results of the 2005 elections and start over, put together some sort of factional bargain, as happened in Afghanistan.

Mr. SHAYS. You have to be positive. Jeez. I mean, this is an election with 76 percent participation, which puts to shame anything in the United States. Well, anyway——

Dr. KATZMAN. Correct.

Mr. SHAYS. I can only interrupt him, by the way. That is one of the privileges of a Congressman.

Dr. KATZMAN. That may be extreme. But Khalilzad actually has tried in certain ways. He tried—one way what he did was he tried to create this National Security Council outside of the Constitution. In other words, he is trying to find ways to amend the political structure because it's part of his strategy. Also, he came in realizing that the Sunnis felt very disenfranchised, and he has tried to find ways to bring the Sunnis in.

I think, as I said, he has had some success, but I think not complete success. If he had complete success, I think we would see a substantial diminution of the violence. If we do not see a diminution of the violence, then that suggests to me that there is more work to do to amend the political structure. Thank you.

Mr. SHAYS. Thank you very much.

[The prepared statement of Dr. Katzman follows:]

Statement for Hearing of the Subcommittee on National Security, Emerging Threats, and International Relations, House Government Reform Committee on the National Strategy for Victory in Iraq

July 11, 2006

Kenneth Katzman, CRS Specialist

According to its November 30, 2005, "Strategy for Victory," the Bush Administration states that the definition of "victory" will be met when Iraq, in the long term:

1. ...Has defeated the terrorists and neutralized the insurgency.

2. ...Is peaceful, united, stable, democratic, and secure, where Iraqis have the institutions and resources they need to govern themselves justly and provide security for their country.

3. ...Is a partner in the global war on terror and the fight against the proliferation of weapons of mass destruction, integrated into the international community, an engine for regional economic growth, and proving the fruits of democratic governance to the region.

In several speeches on Iraq since late 2005, President Bush cited successful elections and the growth of the Iraqi security forces as evidence that U.S. policy will produce a stable Iraq, while acknowledging many of the unexpected security and political difficulties encountered. Congress has mandated two major periodic Administration reports on progress in stabilizing Iraq. A Defense Department quarterly report, which DOD has titled "Measuring Stability and Security in Iraq," is required by a FY2005 supplemental appropriation (P.L. 109-13). The latest version was issued in May 2006 and provides some of the information below. A different report, first issued April 6, 2006 ("1227 Report"), was required by Section 1227 of the Defense Authorization Act for FY2006 (P.L. 109-163).

To date, there are mounting U.S. combat deaths and financial costs — estimated by CRS to be $320 billion appropriated for Iraq thus far – without unambiguous signs of accomplishing the long term goals outlined in the strategy. Some might argue that there is not perceptible progress toward these goals. The combination of increasing costs without clearly demonstrated progress has intensified a debate within the United States over whether to wind down U.S. involvement without completely accomplishing the President's stipulated long term goals.

Political Sources of the Violence

I want to devote much of my time to relating the ongoing violence in Iraq to what can be argued are significant remaining structural defects in the political system set up by the United States and Iraqi faction leaders after the fall of Saddam Hussein. The character of the political system is crucial because, contrary to Administration expectations before the war, Iraq's various communities

did not all welcome the fall of Saddam. Instead, the major communities in Iraq see the political system as a "winner-take-all," "life and death" contest. The Kurds and Shiite Arabs saw the fall of Saddam Hussein as a way to redress the abuses they suffered under Saddam Hussein. The Sunni Arabs saw the invasion and the U.S.-backed transition as a humiliation that left the minority Sunnis vulnerable to slaughter and repression at the hands of the victorious Shiites and Kurds.

The Administration set up a political transition mechanism based on one-man one-vote system. Because the Shiite Arabs are so numerous (an estimated 60% of the Iraqi population), this system virtually guaranteed that Shiite Arabs would dominate the elected governments. Sunni resentment was assured as well, because the Sunnis can never hope to return to power under this electoral system. The only way they can prevail, in the Sunni view, is by overturning the political process altogether through violence.

The Administration answers this criticism by asserting that Sunnis are moving into the political process, and that the post-Saddam transition roadmap does not inherently cause Sunni opposition. My prepared statement has the list of the winning blocs in the two parliamentary elections held in 2005 and, as you can see, there was a distinct change in between the two major elections. The Sunnis who actively participated in the January 2005 elections were primarily westernized Sunnis who had long accepted the U.S. invasion to topple Saddam. Some, such as Ghazi al-Yawar, served in top jobs in the occupation era (2003-2004) and the 2004-2005 transition government of Iyad al-Allawi. The December 2005 election, however, saw the participation of what could be called "skeptical Sunnis" - Sunnis who had opposed the U.S. invasion and boycotted previous elections. Those in this category include Adnan al-Dulaymi of the General People's Council and Mahmoud Mashhadani of the National Dialogue Council who is now speaker of the Council of Representatives (parliament).

Election Results (January and December)

Slate/Party	Seats (Jan. 05)	Seats (Dec. 05)
UIA (Shiite Islamist); Sadr formally joined list for Dec. vote	140	128
Kurdistan Alliance (PUK and KDP)	75	53
Iraqis List (secular, Allawi); added some mostly Sunni parties for Dec. vote	40	25
Iraq Concord Front (Sunni). Main Sunni bloc; not in Jan. vote	—	44
Dialogue National Iraqi Front (Sunni, Saleh al-Mutlak) Not in Jan. vote	—	11
Iraqi National Congress (Chalabi). Was part of UIA list in Jan. 05 vote	—	0
Iraqis Party (Yawar, Sunni); Part of Allawi list in Dec. vote	5	—
Iraqi Turkomen Front (Turkomen, Kirkuk-based, pro-Turkey)	3	1
National Independent and Elites (Jan)/Risalyun (Mission, Dec) pro-Sadr	3	2
People's Union (Communist, non-sectarian); on Allawi list in Dec. vote	2	—
Kurdistan Islamic Group (Islamist Kurd)	2	5
Islamic Action (Shiite Islamist, Karbala)	2	0
National Democratic Alliance (non-sectarian, secular)	1	—
Rafidain National List (Assyrian Christian)	1	1
Liberation and Reconciliation Gathering (Sunni, secular)	1	3
Ummah (Nation) Party. (Secular, Mithal al-Alusi, former INC activist)	0	1
Yazidi list (small Kurdish, heterodox religious minority in northern Iraq)	—	1

Number of polling places: January: 5,200; December: 6,200.

Eligible voters: 14 million in January election; 15 million in October referendum and December.
Turnout: January: 58% (8.5 million votes)/ October: 66% (10 million)/ December: 75% (12 million).

It also is not clear that those who have entered government are representative of or can control those Sunnis who support and form the insurgency. The all-important Muslim Scholars Association (MSA), which is widely believed close to insurgent groups, has remained outside the political process and continues to demand a timetable for U.S. withdrawal. It is also important to note that many of the Sunnis entered the December 2005 elections with the hope that doing so would strengthen their hand in the promised constitution amendment process. This was to begin when the new Council of Representatives was seated, but sources indicate that the process of negotiating amendments is not likely to begin until September. These same observers say that the amendment process has been slowed because the Sunnis have judged that the Kurds and Shiites will not entertain the major amendments sought by the Sunnis, particularly modification of the constitution's provisions for the formation and powers of new "regions."

Furthermore, those Sunni leaders that are in the cabinet are perceived as included in the government because the United States pressured the Shiites to included them, and not because of any genuine Sunni empowerment. As such, the presence of these Sunnis in the government does not end the sense of humiliation and vulnerability on the "Sunni street." As evidence of the fragility of Sunni participation in government, the main Sunni blocs began a boycott of parliament in early July after the kidnapping of one of its parliamentarians, Tayseer Mashhadani. Reports said the Sunnis might expand their boycott to a suspension of Sunnis' participation in the cabinet.

The Insurgent Challenge

It is these structural political dynamics that, in my view, have caused the Sunni Arab-led insurgency against U.S. and Iraqi forces to defy most U.S. expectations of intensity and duration. Although hesitant to assess the size of the insurgency, U.S. commanders say that insurgents probably number approximately 12,000-20,000. Some Iraqi intelligence officials have publicly advanced higher estimates of about 40,000 active insurgents, helped by another 150,000 persons in supporting roles. Insurgent attacks — characterized mostly by roadside bombs, mortar and other indirect fire, and direct fire weapons as well as larger suicide bombings — numbered about 100 per day during most of 2005, and the DOD report cited above now puts that number at about 90 attacks per day, a figure including both insurgent and sectarian-related attacks.

As discussed in the Administration's "National Strategy for Victory in Iraq" (November 30, 2005), many of the insurgents are motivated by opposition to perceived U.S. rule in Iraq, to democracy, and to Shiite political dominance. Others want to bring the Baath Party back into power, although, according to many experts, some would settle for a larger Sunni role in governance without the Baath. Still others are pro-Al Qaeda fighters, either foreign or Iraqi, that want to defeat the United States and spread radical Islam throughout the region. The insurgent groups appear to be loosely coordinated within cities and the wider provinces, but probably not nationally. However, in early 2006, suggesting broader coordination, a group of five insurgent factions announced the formation of a national "Mujahedin Shura (Council)" led by an Iraqi, Abdullah Rashid al-Baghdadi. This grouping purportedly consists mostly of Iraqi factions but includes foreign fighters formerly led by Abu Musab al-Zarqawi.

The key to assessing the insurgency is to determine its degree of popular support. The insurgency appears to be drawing on substantial Sunni resentment for its strength. We can see in its pattern of attacks – and particularly its ability to operate almost with impunity in urban areas – that

it clearly has some popular support in the Sunni majority areas of Iraq. Whole neighborhoods of Baghdad, including Amiriya, Jihad, Amal, and Doura, appear to be hosting insurgents, not to mention the Anbar Province city of Ramadi, for example. One recent press account quotes Iraqis as saying that the upscale and previously quiet Baghdad district of Mansour is now penetrated by insurgents. We have anecdotal reports from observers that insurgent mortar crews are often active in some of these districts, lobbing indirect fire into the Green Zone and elsewhere without any interference or any tip-off to the Iraqi security forces. The recent trends in the violence - particularly the kidnappings of groups of 50-80 persons at a time in broad daylight, in bustling areas of Baghdad - demonstrates the freedom of movement that the insurgents have. These are clear indicators that elements of the population are actively harboring and facilitation insurgent operations.

The question is, why do the insurgents have popular support? It is because the Sunni population feels defenseless, and believes U.S. forces to be aligned with the Shiites and Kurds. The Sunnis perceive that the Iraqi security forces are essentially the tools of the Shiites and Kurds to obtain revenge for Saddam-era abuses. The Sunnis therefore see the insurgents as their only source of leverage and protection, and it is unlikely that a critical mass of Sunnis would cooperate in dismantling insurgent groups.

Foreign Insurgents/Zarqawi Faction.[1] A numerically small but politically significant component of the insurgency is non-Iraqi. Some studies, such as one by the Center for Strategic and International Studies, released in September 2005, said that about 3,500 foreign fighters are in Iraq. According to the study, the foreign fighters come mostly from Algeria, Syria, Yemen, Sudan, Saudi Arabia, and Egypt, with Saudis constituting only about 350 of the 3,000 estimated foreign fighters. The Department of Defense said on October 20, 2005, that 312 foreign fighters had been captured in Iraq since April 2005. A major portion of the foreign fighters was commanded by Abu Musab al-Zarqawi, a 40-year-old Jordanian Arab who reputedly fought in Afghanistan during the 1980s alongside other Arab volunteers against the Soviet Union. He was killed in a June 7, 2006, U.S. airstrike and has been succeeded by the little known Abu Hamza al-Muhajir (also known as Abu Ayyub al-Masri), an Egyptian national.

The foreign fighters have been a U.S. focus because of their alleged perpetration of large scale suicide and other bombings against both combatant and civilian targets, as well as kidnappings and beheadings of foreign nationals and diplomats. However, their more policy-significant contribution to the overall insurgency has been their focus on fomenting Sunni — Shiite civil war in Iraq. Zarqawi's group apparently was responsible for the February 22 attack on the Askariya Shiite mosque in Samarra that has sparked significant sectarian violence. Zarqawi's successors issued a purported statement on June 13, 2006 that he would continue to emphasize attacks on Shiite civilians. It is also unclear whether Zarqawi's faction, after his death, will attempt to conduct activities outside Iraq. Zarqawi's faction reputedly committed the August 19, 2005, failed rocket attack in the Jordanian port of Aqaba against two U.S. warships docked there, as well as the November 10, 2005, bombing of Western-owned hotels in Amman, Jordan.

Sectarian Violence/Militias/Civil War?

The combination of Iraqi insurgent activity, and the dedicated strategy of the Zarqawi faction, has caused a marked increase in Sunni - Shiite violence. Top U.S. officials have said recently that sectarian-motivated violence has now displaced the insurgency as the primary security challenge in Iraq. U.S. officials, both military and civilian, have said the sectarian violence risks becoming all-out civil war, but that they do not consider Iraq in a civil war now. Some experts consider the

[1] See CRS Report RL32217, *Iraq and Al Qaeda: Allies or Not?*, by Kenneth Katzman.

character of violence we are now seeing in Iraq to show the hallmarks of a low-grade civil war. Secretary of Defense Rumsfeld said in March 2006 that Iraqi forces, not U.S.-led international forces, would take the lead in trying to suppress any all-out civil war.

Sectarian violence emerged as a major issue after the February 22, 2006, bombing of the Askariya Shiite mosque in Samarra. The destruction of its dome set off a wave of purported Shiite militia attacks on about 60 Sunni mosques and the killing of about 400 persons in the first days after the sectarian attacks. Some accounts say that well over 5,000 Iraqis have been killed in sectarian violence since then, with about 1,600 killed during June 2006 alone, according to statistics from Iraq's central morgue. This is about double the number of killings as during the same period in 2005. Officials from the Iraqi government and the International Organization of Migration (IOM) said in June 2006 that there are now about 130,000 internally displaced persons in Iraq: Iraqis who are fleeing their homes in mixed Baghdad neighborhoods or provinces because of threats from one sect or the other.[2] To counter the Shiite-led violence, in February 2006, Sunni Arabs began forming militias, such as the *Anbar Revolutionaries*, to guard against Shiite and Kurdish sectarian attacks. Other Iraqis are setting up neighborhood watch squads and impromptu checkpoints to prevent security forces or strangers from entering their neighborhoods.

Victims of sectarian violence arrive at the central morgue usually bound and gagged, but often dumped in rivers, facilities, vehicles, or fields. We have seen pictures of severed heads turning up in fruit crates in Baquba and elsewhere. On Thursday June 29, it was reported in the New York Times that Sunni insurgents and Shiite militiamen fought a one day pitched battle north of Baquba. In some of the incidents I cited above, in which civilians have been abducted, the abductors have reportedly sorted out the sects of the victims, letting members of their sect go free. Another incident that might represent an escalation of this trend was the killings of about 41 Sunni civilians at the hands of Shiite gunmen in the Jihad district of Baghdad on July 10, 2006.

Why did the sectarian violence accelerate in 2006? Although Zarqawi's faction began actively targeting Shiite civilians in 2005, Shiite militias did not immediately respond to the violence. Apparently, many Shiites sought to obey admonitions from Grand Ayatollah Ali al-Sistani not to retaliate to Sunni-inspired violence. Ultimately, however, the unanswered violence was too much to bear, and the Shiites, through their militia organizations, began to take revenge. To this extent, Sistani's calls for restraint are now going unheeded.

The sectarian violence has caused U.S. officials to assert that the new government must not only better vet their new security forces, but also control or dismantle the eleven independent militias identified by Iraqi officials. Although U.S. commanders have, to date, mostly tolerated the presence of militias, there are indications that U.S. forces are moving to curb them, with or without direct Iraqi government assistance. In one example, U.S. and Iraqi forces killed about 16 purported Mahdi fighters at a site in Baghdad on March 26, 2006, although Iraq's Shiite politicians say the site was a mosque and those present there were unarmed. Additional clashes with Mahdi fighters took place last week (July 6, 2006). U.S. forces are also moving to prevent security forces personnel from engaging in sectarian violence, as discussed later. The three major militias are:

- *Kurdish Peshmerga.* Together, the Kurdistan Democratic Party and the Patriotic Union of Kurdistan may have as many as 100,000 *peshmergas* (fighters), most of whom are operating as unofficial security organs in northern Iraqi cities. Some are integrated into the Iraqi Security Forces (ISF) and deploy in such cities as Mosul and Baghdad. However, the *peshmerga* are technically legal because the three

[2] Knickermeyer, Ellen. "Thousands of Iraqis Flee to Avoid Spread of Violence." *Washington Post*, March 29, 2006.

Kurdish provinces are an officially recognized region, with its own regional government, under the newly adopted constitution. Regions, according to the constitution, are permitted to maintain internal security forces. The *peshmerga* have not been widely cited for recent sectarian violence, with the possible exception of the city of Kirkuk, which the Kurds are attempting to control.

- *Badr Brigades.* The militia of the Supreme Council for the Islamic Revolution in Iraq (SCIRI) numbers about 5,000 and is led by Hadi al-Amiri (a member of parliament). The Badr Brigades are technically illegal because they do not report to any duly recognized regional government. The Badr Brigades were recruited, trained, and equipped by Iran's Revolutionary Guard, which is aligned with Iran's hardliners. During the Iran-Iraq war, Badr guerrillas conducted forays from Iran into southern Iraq to attack Baath Party officials. The Badr "Organization" - a renaming of the Badr Brigades, registered as a separate political entity, in addition to its SCIRI parent, for the elections in 2005. Badr militiamen play unofficial policing roles in Basra, Najaf, and elsewhere in southern Iraq, and many Badr members also reputedly are in the ISF, particularly the police, which is led by the SCIRI-dominated Interior Ministry. A related militia, called the "Wolf Brigade" (now renamed the Freedom Brigade) is a Badr offshoot that is formally part of the police. It is also led by a SCIRI activist. Sunni charges of Badr "death squad" activities first gained strength on November 16, 2005, with the discovery by U.S. forces of a secret Ministry of Interior detention facility. The facility, allegedly run by Badr militiamen, housed 170 Sunni Arab detainees who allegedly were tortured. At least two other such facilities, run by the Wolf Brigade, were uncovered in December 2005. In another example of militia strength, on August 9, 2005, Badr fighters reportedly helped SCIRI member Hussein al-Tahaan forcibly replace Ali al-Tamimi as mayor of Baghdad.

- *Mahdi Army.* U.S. officials say Sadr's Mahdi Army militia has now grown to about 20,000 fighters, regaining its strength since U.S. military operations put down Mahdi uprisings in April and August of 2004 in Sadr City. The Mahdi Army ended active anti-U.S. combat and Sadr City has been relatively peaceful, but Mahdi fighters, reportedly with the tacit approval of U.S. forces, continued to patrol that district and parts of other Shiite cities, particularly Basra. Mahdi assertiveness in Basra — coupled with the allied *Fadilah* party's attempts to counter SCIRI and control the Basra provincial government — has partly accounted for a sharp deterioration of relations since July 2005 between Iraqi officials in Basra and the British forces based there. About 20 British soldiers have died in attacks in that area since then, including a British helicopter shot down in May 2006. In one dispute in 2005, British forces forcibly rescued British special forces soldiers taken into official custody in Basra. A self-declared Shiite anti-coalition militia, the Iraq-Abbas Brigades, that announced its formation on July 3, 2006, is likely a Mahdi Army offshoot

An Iranian Role? The increased sectarian activity of Shiite militias raises the question of Iranian involvement in Iraq. Pro-Iranian parties dominate the post-Saddam government in Iraq and it is widely believed Iran is working to keep those parties in power. That goal, in and of itself, does not conflict with those of the United States, which also wants to see the duly elected government continue in office unimpeded. The U.S. fear, perhaps justified, is that Iran might also use influence in Iraq to challenge the United States more broadly, such as on the issue of Iran's purported ambition to develop a nuclear weapon. There are some indications that Iran might be trying to develop such

an option in Iraq by supporting militant Shiite parties that are prepared to step up operations against U.S. and British forces. On June 22, 2006 General George Casey reiterated previous U.S. statements that the Qods Force (Jerusalem force) of Iran's Revolutionary Guard is assisting Shiite armed factions in Iraq with explosives and weapons. The most likely recipient is the Shiite faction of Moqtada al-Sadr and its affiliates, including the Fadilah party and the newly declared Iraq-Abbas Brigades.

U.S. Efforts to Restore Security

At times, such as after the capture of Saddam Hussein in December 2003 and after all three elections in 2005, U.S. officials have expressed optimism that the insurgency would subside, only to see it continue. As outlined in the "National Strategy for Victory in Iraq," the Administration continues to try to refine its stabilization strategy.

"Clear, Hold, and Build"Strategy/Provincial Reconstruction Teams. The Administration is now pursuing a strategy called "clear, hold, and build," intended to create and expand stable enclaves by positioning Iraqi forces and U.S. civilian reconstruction experts in areas cleared of insurgents. The strategy, based partly on an idea advanced by Andrew Krepinevich in the September/October 2005 issue of *Foreign Affairs*,[3] says that the United States should devote substantial resources to preventing insurgent re-infiltration and promoting reconstruction in selected areas, cultivating these areas as a model that would attract support and be expanded to other areas and eventually throughout Iraq. In conjunction with the new U.S. strategy, the Administration is forming Provincial Reconstruction Teams (PRTs), a concept used in Afghanistan. Each PRT is civilian led, composed of about 100 U.S. State Department officials and contract personnel, to assist local Iraqi governing institutions, such as the provincial councils (elected in January 2005), representatives of the Iraqi provincial governors, and local ministry representatives. As reported in the *Washington Post* on January 15, 2006, the concept ran into U.S. military objections to taking on expanded missions at a time when it is trying to draw down its force. The internal debate has apparently been resolved with an agreement by DOD to provide security to the U.S.-run PRTs.

Thus far, five PRTs have been inaugurated: in Mosul, Kirkuk, Hilla, Baghdad, and Anbar Province. Plans are for three more U.S. led PRTs and four coalition partner-run PRTs, as well as perhaps eight Iraqi-run PRTs. To date, Britain has agreed to establish a PRT in Basra, and Italy has agreed to form one in Dhi Qar province.

U.S. Counter-Insurgent Combat Operations. The Administration position is that continued combat operations against the insurgency are required. About 132,000 U.S. troops are in Iraq (down from 160,000 there during the December election period and down from 2005 baseline levels of 138,000), with about another 50,000 troops in Kuwait and the Persian Gulf region supporting OIF. The prospects for force reductions are discussed in the section on options below.

A major focus of U.S. counter-insurgent combat remains Anbar Province, which includes the cities of Fallujah and Ramadi, the latter of which is the most restive of all Iraqi cities. An additional 1,500 U.S. troops were sent to Ramadi in May 2006 to combat U.S./Iraqi apparent loss of control there. About 40,000 U.S. troops are in Anbar alone. Differing degrees of combat continue consistently in about two dozen other Sunni-inhabited towns, including Baqubah, Balad, Tikrit, Mosul, Samarra, Hit, Haditha, and Tal Affar, as well as several small towns south of Baghdad, such as Yusufiya. In the run-up to the December 15 elections, U.S. and Iraqi forces conducted several major operations (for example Operations Matador, Dagger, Spear, Lightning, Sword, Hunter, Steel Curtain, and Ram) to clear foreign fighters and other insurgents from Sunni cities along the

[3] Krepinevich, Andrew. "How to Win in Iraq," *Foreign Affairs*, Sept./Oct. 2005.

Euphrates River. A major focus was to combat foreign fighters that entered Iraq near the Iraq-Syria border towns of Qaim, Husaybah, and Ubaydi.

Building Iraqi Security Forces (ISF)[4]

A major pillar of U.S. policy is to equip and train Iraqi security forces (ISF) that could secure Iraq by themselves. President Bush stated in his June 28, 2005 speech, "Our strategy can be summed up this way: As the Iraqis stand up, we will stand down."[5] The most recent DOD "Measuring Stability" report, released May 2006, generally reiterates U.S. official statements of progress in Iraq and contains details of efforts to improve the training and performance of the ISF.

The tables below detail the composition of the ISF and provide Administration assessments of force readiness. As of June 28, there are 268,400 total ISF: 116,100 "operational" military forces under the Ministry of Defense and 152,300 police and police commando forces "trained and equipped" under the Ministry of Interior. The U.S. commander of the ISF training mission (Multi-National Transition Security Command - Iraq, MNSTC-I), Gen. Martin Dempsey, says the total force goal of 325,000 ISF will be met by the end of 2006. However, police figures include possibly tens of thousands (according to the GAO on March 15, 2005) who are absent-without-leave or might have deserted. The police generally live with their families, rather than in barracks, and are therefore hard to account for.

According to the latest DOD "Measuring Stability" report, about 50,000 ISF — 71 military battalions and two police battlions — are "in the lead" on operations. No battalions are rated as "fully independent." U.S. officials and reports praise their performance in each of the three election days in 2005, and General Casey praised the ISF's performance after the February 22 Samarra mosque bombing, although he did note some police units allowed militia fighters through checkpoints to attack Sunnis. U.S. commanders also cite as evidence of their growing confidence the September 2005 offensive in Tal Afar in which Iraqi units were in the lead, although some outside accounts call that assessment into question.

U.S. commanders say they are making progress preparing ISF units to assume greater responsibility. In March 2006, the commander of MNF-I Gen. Peter Chiarelli said that ISF forces might control 75% of Iraqi territory by the end of 2006. As of May 2006, U.S. and partner forces have now turned over to the ISF 34 out of 111 foward operation bases, and responsibility for "battle space" in several areas, including:

- about 90 square miles of Baghdad, including Sadr City, the International (Green Zone), Haifa Street, and Dora district — National Police and 6th Iraqi Army Division (IAD);
- the entire provinces of Wasit, Qadissiyah, Nafaf, and Babil — 8th IAD (mostly Shiites);
- areas south and west of Mosul — 2nd and 3rd IAD, respectively;
- large parts of restive Salahuddin Province, including Tikrit, and of Tamim Province, including Kirkuk — 4th IAD (mostly Kurdish);
- areas west of Baghdad, including Abu Ghraib and the area around Habbaniyah (the first part of Anbar Province turned over to the ISF) — 1st and 6th IAD;

[4] For additional information, see CRS Report RS22093, *Iraq's New Security Forces: The Challenge of Sectarian and Ethnic Influences*, by Jeremy Sharp.

[5] Speech by President Bush can be found at [http://www.whitehouse.gov/news.releases/2005/06/print/20050628-7.html].

- Muthanna Province, turned over to ISF control in July 2006 in conjunction with the pullout of Japanese forces from the province.

However, some U.S. commanders and outside observers say that the ISF continue to lack an effective command structure, independent initiative, or commitment to the mission, and that it could fragment if U.S. troops draw down.[6] U.S. commanders have told journalists that it is common for half of an entire ISF unit to desert or refuse to undertake a specified mission.[7] A report on the Iraqi police by the offices of the Inspector General of the State and Defense Departments, released July 15, 2005, said that many recruits are only marginally literate, and some recruits are actually insurgents trying to infiltrate the ISF.[8]

A major issue is ethnic balance; U.S. commanders have acknowledged difficulty recruiting Sunni Arabs into the ISF and have said this is a deficiency they are trying to correct. Most of the ISF, particularly the police, are Shiites, with Kurdish units mainly deployed in the north. There are few units of mixed ethnicity, and, as discussed above, many Sunnis see the ISF as mostly Shiite and Kurdish instruments of repression and responsible for sectarian killings. That the new Interior Minister is not viewed as a hardline Shiite partisan might bring some corrective steps concerning the police. Even before his appointment, some Sunnis had been recruited to rebuild police forces in Mosul and Fallujah, which had virtually collapsed in 2004. As indicators of difficulty, in May 2006, new Sunni recruits deserted a graduation ceremony immediately after learning they would be deployed in Shiite-dominated areas of Iraq. Later in the month, Shiite and Kurdish ISF units clashed with each other. In part to gain greater control particularly over the National Police, the United States and Iraq announced a plan in May 2006 to consolidate all security forces (police and military) in Baghdad into one unified force. U.S. forces are also instructing residents not to cooperate with police units unless these forces are accompanied by coalition forces or can otherwise prove their authenticity.

There are growing allegations that some of the 145,000 members of the Facilities Protection Force, which is not formally under any ministry, may be involved in sectarian violence. The U.S. and Iraq began trying to rein in the force in May 2006 by placing it under some Ministry of Interior guidance, including issuing badges and supervising what types of weapons it uses.

[6] Fallows, James. "Why Iraq Has No Army." *Atlantic Monthly*, Dec. 2005.

[7] Castaneda, Antonio. "Iraqi Desertions Complicate U.S. Mission." *Associated Press*, January 31, 2006.

[8] Inspectors General. U.S. Department of State and U.S. Department of Defense. *Interagency Assessment of Iraqi Police Training*. July 15, 2005. P.3.

Ministry of Defense Forces

Force	Size/Strength	U.S. Funds Allocated
Iraqi Army	114,700 total; goal is 131,000. Forces in units are in 104 battalions (about 70,000 personnel), with 71 battalions (about 50,000) able to lead operations. 57 battalions (about 40,000) control their own "battle space." Trained for eight weeks, paid $60/month. Has mostly East bloc equipment, including 77 T-72 tanks donated by Poland.	$1.097 billion for facilities; $707 million for equipment; $656 million for training, personnel, and operations
Iraqi Intervention Force	About 3,000 personnel, included in Army total above. Trained for 13 weeks.	
Special Operations Forces	About 1,600 divided between Iraqi Counter-Terrorist Force (ICTF) and a Commando Battalion. Trained for 12 weeks, mostly in Jordan.	
Strategic Infrastructure Battalions	About 2,900 personnel in seven battalions to protect oil pipelines, electricity infrastructure. The goal is 11 battalions.	
Mechanized Police Brigade	About 1,500. Recently transferred from Ministry of Interior control.	
Air Force	About 600, its target size. Has 9 helicopters, 3 C-130s; 14 observation aircraft. Trained for six months. UAE and Jordan to provide other aircraft and helos.	$28 million allocated for air fields (from funds for Iraqi Army, above)
Navy	About 800, about the target size. Has a Patrol Boat Squadron and a Coastal Defense Regiment. Fields about 35 patrol boats for anti-smuggling and anti-infiltration. Controls naval base at Umm Qasra, Basra port, and Khor al-Amaya oil terminals. Some training by Australian Navy.	
Totals	116,100	
U.S./Other Trainers	U.S. training, including embedding trainers with Iraqi units, involves about 10,000 U.S. forces, run by MNSTC-I. Training at Taji, north of Baghdad; Kirkush, near Iranian border; and Numaniya, south of Baghdad. All 26 NATO nations at NATO Training Mission - Iraq (NTM-I) at Rustamiyah (300 trainers). Others trained at NATO bases in Norway and Italy. Jordan, Germany, and Egypt also have done training.	

Ministry of Interior Forces

Force	Size/Strength	U.S. Funds Allocated
Iraqi Police Service (IPS)	107,000, including 1,300 person Highway Patrol. Target size is 135,000 by 2007. Gets eight weeks of training, paid $60 per month. Police work out of police stations nationwide; not organized as battalions.	$ 1.806 billion allocated for training and technical assistance.
Center for Dignitary Protection	About 500 personnel	
National Police	About 26,500. Comprises "Police Commandos," Public Order Police," and "Mechanized Police." Organized into 28 battalions, 2 of which (about 1,500) are "in the lead" in counter-insurgency operations. Six battalions (about 4,000) control security in their areas. Overwhelmingly Shiite, but U.S. is attempting to recruit more Sunnis. Gets four weeks of counter-insurgency training.	
Emergency Response Unit	About 300, able to lead operations. Hostage rescue.	
Border Enforcement Department	About 18,000. Controls 258 border forts built or under construction. Has Riverine Police component to secure water crossings.	$437 million, $3 million of which is allocated to pay stipends to 150 former regime WMD personnel.
Totals (all forces)	152,300. Goal is 195,000	
Training	Training by 2,000 U.S. personnel as embeds and partners. Pre-operational training mostly at Jordan International Police Training Center; Baghdad Police College and seven academies around Iraq; and in UAE. Countries doing training aside from U.S.: Canada, Britain, Australia, Sweden, Poland, UAE, Denmark, Austria, Finland, Czech Republic, Germany (now suspended), Hungary, Slovenia, Slovakia, Singapore, Belgium, and Egypt.	
Facilities Protection Service	Technically outside MOI. About 145,000 security guards protecting economic infrastructure.	$53 million allocated for this service thus far.

ISF Funding. The accelerated training and equipping of the Iraqis is a key part of U.S. policy. The Administration has been shifting much U.S. funding into this training and equipping mission. According to the State Department, a total of $5.036 billion in IRRF funds has been allocated to build (train, equip, provide facilities for, and in some cases provide pay for) the ISF. Of those funds, about $4.912 billion has been obligated as of May 30, and $4.519 billion of that has been disbursed. A FY2005 supplemental appropriation (P.L. 109-13) provided an additional $5.7 billion to equip and train the ISF, funds to be controlled by the Department of Defense and provided to MNSTC-I. (When spent, that would bring total ISF funding to $11 billion.) The conference report on the FY2006 supplemental (P.L. 109-234) provides about $3 billion of those funds, but withholds the remaining ISF facilities construction funding.

Non-U.S. Coalition Forces

According to the Administration, there are 28 countries (aside from the United States) contributing a total of about 19,000 peacekeeping forces to Iraq. The main non-U.S. contingent is that of Britain, which has about 7,500 forces based in Basra. However, several major contingents have left or are in the process of reducing troop levels in Iraq. This could represent progress, in that the departure of foreign forces might indicate that Iraqi forces can compensate for any withdrawals. On the other hand, many interpret this trend as an indicator of waning international support for the mission. Among recent major developments:

- Italy has reduced its force from 3,200 in September 2005 to about 1,700 currently, based in the southern city of Nasiriyah (Dhi Qar Province). Prime Minister Romano Prodi says all Italian troops will be out by the end of 2006.

- Ukraine, which lost eight of its soldiers in a January 2005 insurgent attack, completed withdrawal of its remaining 1,500 forces after the December 2005 elections.

- Bulgaria pulled out its 360-member unit after the December 15 Iraqi elections. However, in March 2006 it said it had sent in a 150-person force to take over guard duties of Camp Ashraf, a base in eastern Iraq where Iranian oppositionists are located.

- South Korea withdrew 270 of its almost 3,600 troops in June 2005, and, in line with a November 2005 decision, withdrew another 1,000 in May 2006, bringing its troop level to about 2,200 (based in Irbil in Kurdish-controlled Iraq). The remainder will stay through 2006.

- In June 2006, Japan began withdrawing its 600 Ground Self-Defense Forces from the Samawah area.

Options and Debate on an "Exit Strategy"

Some say that major new initiatives need to be considered to ensure success of the U.S. mission in Iraq. As U.S. public support for the U.S. commitment in Iraq has appeared to decline, debates have emerged over several congressional resolutions proposing an "exit strategy." Some of the ideas widely discussed are assessed below.

Re-Working the Political Structure. It flows from the above analysis that many Sunnis will only be satisfied by a major restructuring of Iraqi politics that makes the Sunnis full partners of

the other major communities. Both the Administration and its critics have identified the need to bring more Sunni Arabs into the political process and U.S. Ambassador Khalilzad has been reaching out to Sunni groups, with some success. The Administration maintains that a key to progress in this effort will be U.S. ability to persuade the Shiites and Kurds to agree to major amendments to the constitution during the four month amendment process that begins after a new government is seated. However, that effort has been delayed until September, according to observers. It is possible to argue that the Sunnis want a more dramatic political restructuring, possibly including the voiding of the elections of 2005 and a re-negotiated power sharing arrangement.

One idea for a dramatic power restructuring is to break Iraq up into three separate countries: one Kurdish, one Sunni Arab, and one Shiite Arab. However, many Middle East experts believe the idea is unworkable because none of the three would likely be self-sufficient and would likely fall firmly under the sway of Iraq's powerful neighbors.

A version of this idea, propounded by Senator Biden and Council on Foreign Relations expert Leslie Gelb (May 1, 2006, *New York Times* op-ed) is to form three autonomous regions, dominated by each of the major communities. According to the authors, doing so would ensure that these communities do not enter an all-out civil war with each other. The benefits of this idea is that implementing such a plan would reduce the Sunni sense of humiliation and occupation by removing U.S. and Shiite forces from their regions. However, the proposal does not detail how the Sunnis would be guaranteed an appropriate share of oil revenues. Some believe that, to alleviate Iraqi concerns about equitable distribution of oil revenues, an international organization should be tapped to distribute Iraq's oil revenues.

Negotiating With the Insurgents. Another idea is to try to co-opt the insurgents. In addition to exploring power sharing arrangements with moderate Sunni leaders, the Administration appears to have adopted a recommendation by early critics of U.S. policy to negotiate with some Sunni figures representing the insurgency (including members of the hardline Sunni Muslim Scholars Association, MSA) and even with some insurgent commanders. Secretary of Defense Rumsfeld confirmed to journalists in June 2005 that such discussions had taken place, and Iraqi President Talabani said in May 2006 that he had had talks with insurgent factions as well. The U.S. talks reportedly have been intended to help U.S. forces defeat Zarqawi's foreign insurgent faction. In June 2006, Prime Minister Maliki announced an amnesty plan designed to persuade some insurgents and insurgent facilitators to end their activities. Although some Iraqi officials say that some insurgent groups want to explore the plan further, none has laid down arms to date. There are also elements of the plan that are unclear, including how to ensure that insurgents who have killed American soldiers are not granted amnesty. The insurgents who have attended previous talks want an increased role for Sunnis in government, and a timetable for withdrawal of U.S. forces from Iraq, and it is uncertain that amnesty alone would persuade them to support the government. Some U.S. officials, as well as hardliners in Maliki's Shiite coalition, appear to believe that talking directly with insurgents increases insurgent leverage and emboldens them to continue attacks.

Troop Increase. Other options focus less on re-working Iraq's political structure and more on security-related options. Some have said that the United States should increase its troops in Iraq in an effort to prevent insurgents from re-infiltrating areas cleared by U.S. operations. Some experts believe the extra troops needed for such an effort might number about 100,000.[9] The Administration asserts that U.S. commanders feel that planned force levels are sufficient to complete the mission, and that U.S. commanders are able to request additional forces, if needed. Some experts believe that troop level increases would aggravate Sunni Arabs already resentful of the U.S. intervention in Iraq and that even many more U.S. troops would not necessarily produce stability and would appear

[9] Bersia, John. "The Courage Needed to Win the War," *Philadelphia Inquirer*, Aug. 9, 2005.

to deepen the U.S. commitment without a clear exit strategy. Others believe that increasing U.S. force levels would further the impression that the Iraqi government depends on the United States for its survival.

Immediate Withdrawal. A more vigorous debate has emerged over whether and when the United States should reduce its security commitment to Iraq. Some Members argue that the United States should begin to withdraw virtually immediately. Supporters of this position tend to argue that the decision to invade Iraq and change its regime was a mistake in light of the failure thus far to locate WMD, that a continued large U.S. presence in Iraq is inflaming the insurgency, and that remaining in Iraq will result in additional U.S. casualties without securing U.S. national interests. Those who take this position include the approximately 50 Members of the "Out of Iraq Congressional Caucus," formed in June 2005. In November 2005, Representative John Murtha, a ranking member and former chairman of the Defense Appropriations Subcommittee, publicly articulated a similar position, calling for an "immediate" pullout (over six months). His resolution (H.J.Res. 73) called for a U.S. withdrawal "at the earliest practicable date" and the maintenance of an "over the horizon" U.S. presence to help the ISF. A related resolution, H.Res. 571 (written by Representative Duncan Hunter, chairman of the House Armed Services Committee), expressed the sense "that the deployment of U.S. forces in Iraq be terminated immediately;" it failed 403-3 on November 18, 2005. Other bills, such as H.R. 3142, H.Con.Res. 197,, state that it [should be] U.S. policy not to maintain a permanent or long-term presence in Iraq. The conference report on the FY2006 supplemental appropriation (P.L. 109-234) omitted a provision to this effect that was in the House version.

Withdrawal Timetable. Another alternative is the setting of a timetable for a U.S. withdrawal. This has been exemplified by H.J.Res. 55, introduced by Rep. Neil Abercrombie, which calls on the Administration to begin a withdrawal by October 2006. H.Con.Res. 348, introduced by Rep. Mike Thompson, calls for a redeployment of U.S. forces no later than September 30, 2006. In November 2005, Senator Levin, who takes the view that the United States needs to force internal compromise in Iraq by threatening to withdraw, introduced an amendment to S. 1042 (FY2006 defense authorization bill) to compel the Administration to work on a timetable for withdrawal during 2006. Reportedly, on November 10, 2005, Chairman of the Senate Armed Services Committee John Warner reworked the Levin proposal into an amendment that stopped short of setting a timetable for withdrawal, but required an Administration report on a "schedule for meeting conditions" that could permit a U.S. withdrawal. That measure, which also states in its preamble that "2006 should be a period of significant transition to full Iraqi sovereignty," achieved bi-partisan support, passing 79-19. It was incorporated, with only slight modifications by House conferees, in the conference report on the bill (H.Rept. 109-360, P.L. 109-163).

Responding to the November 2005 congressional action, President Bush and U.S. commanders remained adamant in their stated opposition to the setting of any timetable for troop pullouts, let alone an immediate pullout. During and after his June 13, 2006 visit to Baghdad, President Bush again appeared to rule out a pullout by stating that the United States would uphold its "commitment" to the Iraqi government, although he did suggest in trip-related comments that Iraqi officials need to plan their own future. Supporters of such positions maintain that the Iraqi government would collapse upon an immediate pullout, representing a victory for terrorists. H.Res. 861, stating that "..it is not in the national security interest of the United States to set an arbitrary date for the withdrawal or redeployment" of U.S. forces from Iraq, passed the House on June 16 by a vote of 256-153, with 5 voting "present." On June 22, the Senate debated two Iraq-related amendments to a FY2007 defense authorization bill (S.2766). One, offered by Senator Kerry, setting a July 1, 2007 deadline for U.S. redeployment from Iraq, was defeated 86-13. Another amendment, sponsored by

Senator Levin, called on the Administration to begin redeployment out of Iraq by the end of 2006, but with no deadline for full withdrawal. It was defeated 60-39.

Troop Reduction. The House and Senate debate occurred a few days before press reports appeared that Gen. Casey, during a visit to Washington in late June, had presented to President Bush options for a substantial drawdown of U.S. forces in Iraq, beginning as early as September 2006. According to reports of the Casey plan, which the Administration says is one option and is dependent on security progress, U.S. force levels would drop to about 120,000 by September 2006, with a more pronounced reduction to about 100,000 by the end of 2007. The new reports are similar to some previous reports of plans for reduction. Previous such reported plans, such as those discussed in late 2005, have tended to fade as the security situation has not calmed significantly.

Accelerating Economic Reconstruction. Some believe that the key to calming Iraq is to accelerate economic reconstruction. According to this view, accelerated reconstruction will drain support for insurgents by creating employment, improving public services, and creating confidence in the government. This idea appears to have been incorporated into the President's "National Strategy for Victory in Iraq" document and the formation of the PRTs, as discussed above. Others doubt that economic improvement alone will produce major political results because the differences among Iraq's major communities are fundamental and resistant to economic solutions. In addition, the U.S. plan to transfer most reconstruction management to Iraqis by the end of 2007 might indicate that the Administration has not found this idea persuasive.

Internationalization Options. Some observers believe that the United States needs to recruit international help in stabilizing Iraq. One idea is to identify a high-level international mediator to negotiate with Iraq's major factions. In a possible move toward this option, in March 2006 President Bush appointed former Secretary of State James Baker to head a congressionally created "Iraq Study Group" to formulate options for U.S. policy in Iraq. (The conference report on the FY2006 supplemental appropriation (P.L. 109-234) provides $1 million for operations of the group.) However, there is no public indication, to date, that Baker himself might be such a mediator, and most experts believe that a mediator, if selected, would likely need to come from a country that is viewed by all Iraqis as neutral on internal political outcomes in Iraq. Another idea is to form a "contact group" of major countries and Iraqi neighbors to prevail on Iraq's factions to compromise. This idea is reflected in S.J.Res. 36, introduced May 8, 2006 by Senator Kerry.

Mr. SHAYS. At this time the Chair would recognize Mr. Van Hollen.

Mr. VAN HOLLEN. Thank you, Mr. Chairman.

I thank all of you gentlemen for your testimony. I think it's very helpful and raises lots of questions and concerns.

I think there was a common thread. Dr. Kubba, you mentioned the fact that you think the greatest danger to moving forward in Iraq is the sectarian violence. Of course, that raises the multitude of other questions it really raised.

You mentioned the fact that we need to create a situation, if possible, where Iraqis have a shared vision, and that shared vision is somehow going to have to be translated into the constitutional changes that Dr. Katzman talks about, and raises lots of questions about whether or not there is the political will among the different groups to do that; whether people are going to see themselves as Iraqis first, rather than as Kurds and as Sunnis and Shi'a.

We can have a big debate here with respect to history in Iraq and to what extent the current sectarian violence was predictable and foreseeable. I believe it was. I think many members of our intelligence agency who had long-term associations with Iraq predicted this was a very likely outcome, or very possible outcome. But be that as it may, that is the situation on the ground.

The question is how do we get to that shared vision? Before we get to a shared vision, we in the United States at least have to have a recognition of the problem.

I would like, if you would, Dr. Cordesman, among some of the other facts that you talk about in your report is the fact that we have not really accounted for the sectarian violence in terms of the numbers. You point out that they don't include numbers from Basra and Kirkuk. You observe, and I have to agree with you, that the spin on the Golden Mosque episode that the administration gave is somehow a positive incidence, because Iraqis went to the brink and looked back. I think we know from the last weekend that is not true.

So let's at least start with the facts. If you could just elaborate on your statement, on the degree and nature of the sectarian violence, and just how big a problem it is.

Dr. CORDESMAN. Congressman, I wish I could give you precise numbers, but the fact is no one really can account. I can't give you precise numbers. Nobody can account for an awful lot of the violence. What is happening, if it is not going into the morgues in Baghdad, basically often doesn't have a record. If people stay in the country, they are kidnapped, they are blackmailed, if they have to change neighborhoods, there is no record.

But all of the reporting that comes out that I see indicates that this is a truly major problem, and it's a problem in the greater Baghdad area, and it is not limited to Baghdad. All the reporting I see on Kirkuk indicates that you have a steady buildup of militias there, and that the level of violence is not high in direct terms, but soft ethnic cleansing is a constant problem.

Basra is an illustration of the fact that sectarian violence can occur between Shiites and between various Shiite factions, some of which are religious, and some of which are secular, but it's obvious that the British lost control of Basra sometime in early 2005, and

at this point there is very little chance that someone can reestablish it by force.

We talked about having eliminated this, but one other great problem here is we don't have people out in the field to really measure what is happening in smaller towns and cities.

I would note that there are province-by-province reports, and they do describe some of these, and there are maps of Baghdad, Mosul, Kirkuk and other cities that show red zones and yellow zones, but these are not things distributed broadly. You can't tie them to numbers to show exactly how violent things are.

The one punchline to all of this, though, is I think everyone is worried that we may be drifting toward a large-scale civil war, and that if the Iraqi political process doesn't hold together, that could easily happen in the next few months.

Mr. VAN HOLLEN. Well, I think that seems to be the trend, and the question is whether we can do anything to reverse that trend.

As you point out, one of the big concerns is the sectarian violence is spilling beyond Baghdad to other areas. I think Kirkuk is a possible ticking time bomb and an issue that has to be addressed in the Constitution. Whether it can be or not, we will find out.

But, Dr. Katzman, you raised the issue of the make-up of the military pointed out that many of the military units are largely Shi'a, other than the Kurdish units.

We, I think, all well know reality given the history of the Kurdish people. There was never any question as to whether or not they were going to give up their own control over the military, the Peshmerga. I think that was going to be a nonstarter from the beginning.

So as you observed from the Sunni's perspective, there are only armed forces to defend themselves or, in fact, the insurgency. If you could just give us a little more statistics, because I think the picture the Americans have of the American military are these units that are integrated where you have Kurds and Sunnis and Shi'as operating together under a general command.

If you are going to have a central government, if you are going to have a democratically elected government that has any kind of credibility, they will have to be able to order the military to do things, and the military will have to see the central government as the primary authority, rather than the Shi'a leader or the Sunni leader or the Kurdish leader.

But I think if you could talk about the make-up of the army, because we hear the numbers, this many new units in the military, this and that. But if you sort of look beneath it and look at the make-up, I think it tells a different story and one that is troubling. If you could elaborate.

Dr. KATZMAN. I may have to get back to you with more precise statistics, but my understanding is that of the army units deployed in the Sunni areas, about 70 percent are Shi'a. When you get a little further up north into Mosul, north of Tikrit, north of Samarra, there's more of a Kurdish—many of the units have more Kurds; not necessarily more Kurds than Shi'a, but it's more Kurdish. The Kurds are deployed, Mosul and north, Kirkuk, etc.; and mainly the Shi'a units in the Sunni areas.

In the Shi'a areas, it's not really that relevant, because the Shi'a areas are peaceful anyway. It's not that big an issue. The issue is Shi'a-dominated units, policing and securing the Sunni areas. That is very sensitive to the Sunnis, and it has made them feel that they are basically being pressed.

Mr. SHAYS. I would like each of you to define success in Iraq and failure in Iraq, and that is what I am going to have you do. But I am first going to make a comment to Dr. Kubba.

Doctor, when I have gone to Iraq, I felt like I have been the typical American who goes in and says to—when I am sitting down with Shi'a, Sunnis and Kurds, as I am asked to do in the government, I say, are you a Shi'a? They will say, I am a Shi'a, but I am married to a Sunni. Then I will ask someone, are you a Sunni or a Shi'a or a Kurd? And they will say, I am a Sunni, but my son or my daughter is married to a Shi'a. I mean, they are constantly kind of like correcting me. Then I will ask a Kurd, and he will say, well, I am a Kurd, but I am a Sunni. So I find myself being lectured in a way by Iraqis that they are Iraqis. Yet in this country we divide you into these three parts.

I will say to you that when I was in Arbil for the first vote of January 2005, I finally—I was watching the celebration as the Kurdish women were bringing their husbands to vote, and their children in their arms, dressed up, celebrating. After about 2 hours of watching this, I wanted to kind of stick my finger in the ink jar for about a week as proof that I had witnessed one of the greatest experiences in my life, seeing people vote for the first time and, in many cases, under great duress.

I asked this Iraqi woman I was there—the Kurdish woman who was there if I could stick my finger in that ink jar. She looked at me. She looked down, she looked up. Then she yelled, no, you are not an Iraqi, and I got a chill. I was embarrassed, but I got a chill. She didn't say because I wasn't a Kurd.

Do we tend to overemphasize the difference between Shi'a, Sunnis and Kurds, or are there real distinct differences, and are we foolish not to know that?

Dr. KUBBA. Well, I am glad you asked this question. Regretfully, Saddam Hussein had played communities against each other and raised temptation among them. But Iraqis are by and large intermixed marriages. At the same time you will see half are Shi'a, half are Sunnis. Religion has not really played a big role, and people were comfortable to integrate within Iraq through universities, through the army, like the bureaucracies, like any other modern state.

Regretfully, the politics, the recent politics, have led a group of politicians or political parties to build their power base by playing ethnic differences. It just gave them new entry. I think recently we have institutionalized these differences by creating a quota system within the government, creating ministries so that we have exactly the right balance of Arabs, Kurds, Shi'as, Turkmens, Assyrians. And by and large with the elections that we have put in Iraq, we have created an environment that people have started to drift to these affiliations, this is at the political level. But most importantly at the street level when the government force is absent, there is no system I can rely on, no system I can rely on, then people natu-

rally will take refuge if their sub or secondary identity, not their main identity—because the state represents the main identity, and that is absent.

So the state has created the environment, and it has taken a while today to see Iraq the way it is. I think there is a lot of reserve in Iraq. I think in essence other than the Kurdish region, the Kurds have struggled for a national identity in an autonomous region. But the rest of Iraq, which shares more or less the same language, culture, space, they really do not have an inherent problem, and I think what we are seeing today primarily is not the cause of the problems, their diversity in Iraq, but it is the consequence or the fact Iraq is being the absent state or the weak state. We have handed just streets, districts and people to different groups, and the state is absent.

Mr. SHAYS. Thank you. Now, you have given your three colleagues an opportunity to think of what is success in Iraq and what is failure, so I will ask you go fourth.

Dr. Pollack, do you want to go first, define success, define failure?

Dr. POLLACK. Thank you, Mr. Chairman.

Let me first by defining failure because it's much easier. Failure is all-out civil war in Iraq. What we have now is low-level civil war, not all-out civil war, and the differences matter. They matter a lot.

I agree with my colleagues that the trend lines, unfortunately, are toward all-out civil war. I don't believe we have reached the point of no return, but that is where we have headed.

Success, therefore, to a certain extent, is avoiding failure. It's avoiding all-out civil war. I would like to be able to say that we ought to consider the bright shining city on a hill that the administration conceived of as being the goal of the—the initial invasion of Iraq as being a possibility. It may still be, but it's a long-term one at this point in time.

This effort that we undertook at Brookings, we basically defined avoiding failure. We defined success as what we called sustainable stability, which is a stable situation in Iraq, where Iraq has the military, political and economic institutions that are capable of sustaining that stability in the absence of massive American assistance.

It is effectively going to the point that Laith just made, which I think is right on the money. The principal problem that we have in Iraq today is that it is a failed state and a security vacuum, and we need to create Iraqi institutions that are capable of dealing with that failed state and that security vacuum. And if we can do that, we will have achieved sustainability, stability, and that will be success.

Mr. SHAYS. Dr. Cordesman.

Dr. CORDESMAN. Let me just define victory. I think it is if by 2010 you have available political compromise in Iraq that preserves most elements of pluralism, but above all creates a rule of law that protects minorities in the individual. It is if Iraqis have assumed responsibilities for their security in virtually all missions. It is if the economy has begun to grow again, you have eliminated the worst pockets of unemployment, and you have found some way to agree on the sharing of oil revenues and resources. Finally, it is if

the United States is reduced to an advisory role, with only a very limited contribution in aid and direct military support.

Mr. SHAYS. Thank you.

Dr. Katzman.

Dr. KATZMAN. Thank you.

I also wanted to say when General Garner was put in to conduct the reconstruction, he was talking about a process I spoke about before. He gathered the people in Baghdad, in Nasiriya. He put together a national compromise that was then canceled. And the new transition plan was reviewed, and my view was Garner's process could have succeeded had it continued.

Mr. SHAYS. Let me ask you, Dr. Garner had been successful in——

Dr. KATZMAN. Northern Iraq.

Mr. SHAYS. Northern Iraq, with the Kurds.

Dr. KATZMAN. What he was trying to do, what I was getting at before, is putting together this factional bargain, as was done in Afghanistan extremely successfully. A factional bargain was put together, the Pashtuns, the Tajiks, etc., that was canceled in Iraq, and we went with this other process that inevitably favored one group over the other. That is where I think it went, as it is going.

I agree, the key to success is successful sustaining, and I think if we had this compromise forged, I think we would have success tonight. I think we would have it tomorrow morning. I think it would be instantaneous that the violence would decline, if we had this true compromise that I think is needed.

Mr. SHAYS. Dr. Kubba.

Dr. KUBBA. Well, from an Iraqi perspective, I think they have lowered their expectations a great deal. All they want now is basically life to get better. But I think from our perspective, an American perspective, success at this moment is basically creating a secure environment, making sure that Iraq is on the path of recovery. Basically we are going to have a democratic government in that country. But in the short term, I would say I think I agree with the expression sustainable stability.

Mr. SHAYS. Dr. Kubba, I have to respond to an emotion I am feeling—looking at your beautiful face—and that is how impressed I am with so many Iraqis that I meet. And they aren't asking for a lot, and they are hoping and praying that we don't let them down.

But I just want to say to you, when I come back, I tell people I have met the Madisons, the Benjamin Franklins, I have met people who want the same opportunity that our Founding Fathers had, and they want to do something great. They want to succeed, and it's been a very impressive thing.

I have met people who risk their lives every day for this unbelievable opportunity, from their standpoint, and I am in awe of your fellow countrymen in Iraq who have done so much to try to move this country forward. So I just pray we succeed.

Mr. Van Hollen, you have the floor.

Mr. VAN HOLLEN. Thank you, Mr. Chairman.

Just to pursue this discussion, and the goal of trying to get to this vision of a united Iraq, and how you go about achieving it, and how you overcome the obstacles.

Dr. Kubba, in response to one of the chairman's question, you pointed out how people see themselves in identity as the Iraqis. I do believe that many of the leaders in the current government do genuinely believe that.

I guess the question is to what extent the general populations especially view it that way, especially under the increasing cycle of violence. You did sort of provide what I thought was one very important caveat at the end of your statement with respect to the Kurds.

I think you can all agree—and if you go back to the elections that were held last year, as you well know, I am sure, there was a referendum taken in the northern area, in the Kurdistan region—and the question posed to the people going to the polls was a very simple one: Would you support an independent area for the Kurds, or would you rather be part of the united Iraq? By 95 percent the people in Kurdistan said they wanted an independent area. In fact, Masoud Barzani, who, as you well know, is one of the leaders of one of the Kurdish factions—not the Talabani, who is—was present, but one of the other factions who said, "when the right time comes, it will become a reality."

Look, the whole issue of Kirkuk is tied up very closely with the question of what the Kurds perceive to be their area and with regard to revenues. Dr. Cordesman talked about the fact that there was this sort of soft ethnic cleansing going on. We know that Saddam Hussein made a big effort to sort of populate the Kirkuk region. These are the obstacles we have to overcome.

You have identified the challenge, but I guess—I haven't heard how we are going to forge this common identity, how we are going to tackle the 58 divisive issues in the Constitution. Unless we can overcome that, you are going to continue to have a growing resentment, a cycle of violence.

I have some other questions, but I guess I would put to all of you, what is the compromise? If you are sort of a neutral arbiter, what is the compromise? We heard sort of the Gelb-Biden proposal. Well, that is a proposal. It has problems with it, but it's an idea out there for trying to resolve the issue. I think in Baghdad if it's way too messy, it could lead to more ethnic cleansing. I guess my question is what is the compromise? It works.

Dr. KUBBA. May I? I think there is room for ideas that will work. The politics at the moment makes it impossible, because the groups are entrenched so much in self-interest, unaccountable money going into their pockets, a zero-sum game where one winner means the other loses. Unless we change some of the dynamics, we are not going to have breakthroughs.

Mr. VAN HOLLEN. I am sorry, because that was a very pessimistic answer. I know you said it's impossible to have a compromise under the current political conditions. What do we need to do to change those current political conditions?

Dr. KUBBA. Couple of things. The Kurdish region is in good shape, so if we take that out of the equation and focus more on where Iraq is suffering, which is all the way from Kirkuk to Mosul, which is the Arab region basically—and the only problem that remains with the Kurds are Kirkuk.

As you know, Kirkuk is more complex. There are Turkmens, there are Syrians, and there are Arabs in the Kirkuk province.

There is room to look at Kirkuk, ultimately, maybe as Ottawa; it is a joint capital for two regions. That is one possible way of diffusing the issue of laying claim, exclusive, either/or. For the Arab region, Mosul to Basra, the violence that we have currently is due to the absent state, total mistrust, and that region can, like the Kurdish region, draw its own Constitution.

There is a built-in mechanism in the current Constitution allowing regions to outline their own Constitutions, and that means the Arab region can pull itself together more or less in a centralized form that will please the Sunnis, because that is what the Sunnis want, a united Iraq. And it will please the Shiites because they are a majority Arab in that part, and they want a Presidential system to say they will always be guaranteed a seat in power. If that doesn't suit the Sunnis, then they will argue positively the Federal option.

I am trying to point out there are ideas out there, but you need to create a better negotiating environment, and maybe the United States needs to put pressure on the different players.

Mr. VAN HOLLEN. Thank you.

If I could have a response from the other members.

Dr. CORDESMAN. If I may, I think first the key here is the Iraqis. They will reach a political compromise within the system they now have or they won't. It doesn't matter what people in the Council on Foreign Relations or the CSIS or anywhere else propose at this point.

You have to make what is there work, because there simply is no time or option. I think that is a point that Ken made to start with, but how can we help that?

One is I think to support the Ambassador in the efforts that he is making to reach these political compromises by encouraging the Iraqis. Another is to reach out to those countries around Iraq which will be helpful and see, perhaps, we can get them to use more leverage. A third is to make a guarantee that we are not going to cut and run or leave because this is difficult. As long as there is real progress and real hope, we will give them time, and history takes time. It is not measured in months or elections.

It is to reach, after November, when it is more politic, the honest answer that we put a lot of money into the wrong kinds of aid, and if we are going to make this work, we are going to have to provide money for the Iraqis in the right kinds of aid to provide economic support to put this together. It means, too, accepting the fact that a U.S. advisory and military presence is going to be needed over time, not over a few years. It won't be a matter of out at the end of 2007.

I think those are really the key issues. Will they guarantee success? Of course not. But what we really need, among other things, is a bipartisan support for helping the Iraqis as long as there's a reasonable chance of progress.

Mr. VAN HOLLEN. I thank you.

Any other comments on that?

Mr. SHAYS. We are drawing to a close here. My question is not intended in any way, in any even little way, to be critical of the

critics of the war, because I think there is reason to be critical of the conduct of the war, and obviously we went in and have not found weapons of mass destruction.

But I would like to, because you raised it, Dr. Cordesman, by your point about finding agreement in this community as well over in Iraq for a policy—at least that is what I felt you are saying. Republican and Democrats need to speak ultimately with one voice about where we can agree. Maybe there has to be a compromise on this policy that the administration has to get us to speak with one voice.

Dr. Kubba, I would like to know how people react when they—you are able to sift through the criticism as an American and sort out when you see disagreements in the United States. But how do Iraqis tend to view what they see on CNN and what they hear in this country? Is there a way you could define that?

Dr. KUBBA. It varies because I think with Iraq there different parts—different Iraqs, say, in a different way, but by and large those who follow and can grasp the essence of what has been communicated here, I think people are assured to hear of commitment of the United States to see Iraq as a success.

I think they are alarmed to hear the idea of—and, of course, they are alarmed to hear the ideas of, say, letting Iraq be divided if we cannot fix it, but by and large, I think Iraqis currently, especially those who know the country, pin their hopes that the United States would fulfill its role, and I think very much what is expected is a prolonged advisory and maybe planning role, but certainly not in terms of soldiers carrying out duties in Iraqi streets. I think that is something that we have passed.

Mr. SHAYS. Would you care to pass judgment on the fact that we basically did not allow—we told the military that if they laid down their arms, we would work with them. We told divisions that were along the Iraqi—along the Iranian border just keep facing Iran and don't engage in this fight, and they didn't engage in the fight. Then we proceeded to not allow the army to exist.

I am left with the feeling that some felt that we didn't live up to our commitment in terms of, say, lay down your arms and we will work with you. Is that a false impression I have or a mixed impression?

Dr. KUBBA. I think I would describe it in a much different way. There were much higher expectations of a more well-planned, maybe thoughtful approach, and how to address Iraq's needs. I think by and large your description is accurate. The Iraqi Army did not fight, and more or less, to the American military credit, Iraq was more or less intact when Hussein fell.

I think maybe problems started then when there was a vacuum and decisions needed to be made, and maybe, as I said, that period will be looked at by scientists and historians in a more critical way.

Mr. SHAYS. There's lots more I would love to ask you, I could ask you, later in informal conversations as well as others.

Is there any point that we need to put on the record before we adjourn? As you listen to your colleagues here, is there any point that you may take exception to or just want to emphasize differently? I am talking to all of you here, that you heard said; this is not your view, or it is your view, and you feel it even more

strongly? Anything that we should have put on the record finally before you leave?

Why don't I start with you, Dr. Katzman, and we will end with you, Dr. Pollack.

Dr. KATZMAN. Nothing I would add. I think my view, to just encapsulate it, is we need to find a way to bring these factions into balance. If we do that, everything else follows. There will be no need for U.S. troops. There will be no need to buildup the Iraqi security. Once these factions are in balance, and they all buy into this political—the polity, the political structure, we find that political structure, everything else, I think we have instant success.

Mr. SHAYS. I was just going to go down the line. You are shaking your head, Dr. Cordesman, but I would like to know if you agree, each of you. So I am waiting, I am leaving the question I just asked, to have you comment on what you just heard. Maybe, Dr. Pollack, do you agree with this comment that was just made?

Dr. POLLACK. I don't agree actually. I do disagree with my colleague Dr. Katzman on this.

Mr. SHAYS. I want to agree with him.

Dr. POLLACK. I know. I think what he is talking about is an important element of progress in Iraq. I do not believe for a second that if we were to reach this kind of a compromise, the violence would go away overnight. I think that the roots of the violence have become far more complicated. I think that we have intracommunal fighting as well as intercommunal fighting. I think that we greatly exaggerate the degree of enmity and unity there is both within the Shi'a and Sunni communities.

We talk about the Shi'a as if that is somehow meaningful. I don't know who the Shi'a are. Reminds me of Henry Kissinger's famous line: What is Europe's phone number.

I think they hate each other far more than they hate anyone on the Sunni side. Basra is nothing but a cesspool of intra-Shi'a violence. I think that the problems we have there go much deeper; and I think to a great extent the point that both Tony Cordesman and Laith Kubba made is very important, which is to a certain extent there is only so much we can do to effect a reconciliation among these different groups, both among the communities and within them.

But I think that the most important thing that we can do is to try to start changing the context; and that is where our efforts to bring greater security to parts of Iraq, to revive local political processes, to begin to deliver for Iraqi personnel and to revive the local economy is absolutely critical.

One of the biggest problems we have in Iraq right now is that Iraqis are beholden to their representatives in Baghdad for everything. In a democracy, as you both well know, it needs to be the other way around for it to work.

Mr. SHAYS. Any comments. Dr. Katzman.

Dr. KATZMAN. No. I mean, I tend to agree that all violence wouldn't end, but I think violence that threatens U.S. interests would end. And I do believe that if we do forge this compromise that I'm talking about, the Iraqis will ask al Qaeda in Iraq to leave. Once the Sunnis are in control of their own areas, they don't need the Zarkawi faction, they don't need the foreign fighters any

more, and I believe they will politely or perhaps impolitely ask them to leave.

Mr. SHAYS. Dr. Cordesman, anything that we need to put on the record?

Dr. CORDESMAN. I think, Mr. Chairman, that there is no—you asked a question on the previous panel, which parameter is the critical parameter; what's No. 1? And I think they all tried to tell you in various ways that you have to deal with all of these at once. You can't solve this with a political compromise alone.

You face very real military problems, police problems, court problems. You can't solve it through the central government. You have to help in the governance in the provinces. You can't solve it by hoping there will be clearer ethnic divisions because they don't exist in Iraq, and all of the voting showed that.

You can't dodge around the need for the economic dimension and future economic aid. Right now, in a country where you have a labor force of 7 million, the latest report on our aid is we are hiring 92,000 and we have 40 percent unemployment in high-sensitive areas. A political compromise in Baghdad doesn't solve that.

Mr. SHAYS. Let me just inject very quickly, the way I basically went into Iraq outside the umbrella of the military was through the nongovernment organizations; and these nongovernment organizations had very few Americans or Europeans. They hired mostly Iraqis to be part of their organization, and then they hired entirely Iraqis and—I am told. And then when the violence became even stronger, the Westerners basically left and Iraqis ran the whole show in these nongovernment organizations. I'm basically told that most of what they built was never destroyed, was allowed to stand—schools, roads, bridges and so on done with Iraqis. So we had a model, but it was not treated with much respect, frankly, by the government. They got a small—much smaller part of that budget.

I did interrupt you. Any last closing comment?

Dr. CORDESMAN. One last comment. The point was raised in the first panel of measures of effectiveness. I came to Government when the United States lied to itself systematically about Vietnam, when its measures of effectiveness and measures of progress were false. And we paid an immense price for that, but the Vietnamese paid an immensely higher one.

I think what you are trying to do in getting the kinds of measures of effectiveness and progress for this strategy that could build some kind of bipartisan consensus, it would allow the American people to reestablish confidence. End the spin and tell the truth would I guess be my final comment.

Mr. SHAYS. Thank you.

Any last comments.

Dr. KUBBA. While the economy is very much subject to politics, it is doable, feasible and small successes, incremental, would help us build the success we want in Iraq. But the key and most important is reviving the state, a nation state that transcends ethnic identities; and to do that we need to push the political process further. To do that, we need to dislodge the positions of the three major blocks under parliament.

The most urgent issue that needs to be addressed now is the issue of sectarian violence. It has the capacity, the potential to spread and consume all of what we've achieved; and this is what worries me most.

Mr. SHAYS. Thank you.

Let me just say you all are such experts, and to have sat around for the amount of time you did is a compliment to your concern about this issue. Obviously, the committee is gratified that you showed up whenever we began this part of the hearing. Thank you for not leaving, thank you for participating, and I consider it a very helpful testimony to the committee. It was a privilege to have all four of you here. Thank you.

Any last comment?

Mr. VAN HOLLEN. No. I'd just like to thank all of the members of the panel, too, and say, as you suggested, Mr. Chairman, it would be nice if we could arrive at some bipartisan national consensus on how to proceed in Iraq. One of the beauties of our democracy is that people are free to speak with many voices, but to the extent we can forge some kind of consensus, obviously, it would be good.

I'm one who was very much opposed to the decision to go to war in Iraq, but I also believe that it would be a mistake for us to leave Iraq and pull out totally today for many of the reasons that Dr. Cordesman and others have stated.

On the other hand, there is a serious amount of distrust with the way that the administration has handled Iraq from the very beginning; and overcoming that distrust, given the fact that nobody in this administration seems to be held accountable for the many, many mistakes that have been made, I think in itself sends a terrible signal.

So we can hope that people can come to some greater consensus with respect to Iraq. I'm not sure I see it happening. In the meantime, I do believe there are things that we can do as a Nation to try and as best as possible salvage the situation; and that's what this hearing was about, trying to raise the fundamental questions about what we can do in this country. As you, Dr. Cordesman, pointed out, there are limited things we can do here from Washington. But if there are things we can do, we want to know about them; and we thank all of you for your testimony.

Thank you, Mr. Chairman.

Mr. SHAYS. Thank you gentlemen very, very much.

This hearing is adjourned.

[Whereupon, at 8:01 p.m., the subcommittee was adjourned.]

[Additional information submitted for the hearing record follows:]

DAVID M. WALKER

(202) 512-5500

COMPTROLLER GENERAL
OF THE UNITED STATES

7/21/06

Chris,

As promised during Tuesday's hearing, I am enclosing on Iraq contracting related issues. Please contact me at (202) 512-5500 if you have any related questions.

All the best,

DMW

Iraq Contracting

Sound acquisition practices are key to minimizing waste, maximizing value and getting the most out of the Iraq stabilization and rebuilding efforts. Problems we have identified in our completed and ongoing Iraq work reflect those we have repeatedly found in other environments. Specifically, certain systemic factors serve to hinder efforts to achieve successful acquisition outcomes including:

- Failure to establish realistic and well-defined requirements
- Lack of timely definitization of contract terms and conditions
- Inadequate acquisition workforce resources
- Improper use of interagency contracts
- Limited competition
- Insufficient oversight of contractor performance

Context

- DOD is turning increasingly to the private sector to support mission activities. DOD acquisition and contracting are on GAO's high risk list.[1] Acquisition of services has additional challenges.
- Good acquisition outcomes are typically a shared responsibility among government program managers, contracting officials, and contractors.
- Troubled projects usually have more than one of the factors cited above.
- The security environment in Iraq and the related implications present additional challenges not otherwise present in other contracting activities.

The following represent examples of contracting problems found in Iraq:

- In our 2004 report on Iraq contract award procedures, we found that DOD authorized numerous contractors to begin work on projects such as restoring Iraq's oil and electrical infrastructure before key terms and conditions, including requirements of the work to be performed and projected costs, were fully defined.[2] While this approach allowed DOD to initiate work quickly, additional costs and risks were imposed on the government when contract terms and conditions were not definitized in a timely manner. We also found that inadequate acquisition workforce resources presented challenges to several agencies involved in Iraq reconstruction efforts and, at times, resulted in inadequate oversight of contractor activities. (Illustrative contractors: KBR and Washington International, Inc.)
- We also reported in 2004 that the Army failed to definitize in a timely manner many of the LOGCAP task orders it used to provide logistics support to U.S.

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[1] GAO, *High-Risk Series: An Update*, GAO-05-207 (Washington, D.C.: January 2005)
[2] GAO, *Rebuilding Iraq: Fiscal Year 2003 Contract Award Procedures and Management Challenges*, GAO-04-605 (Washington, D.C.: June 1, 2004).

forces in Iraq.[3] In March 2005, we reported that the Army had made significant progress in definitizing its LOGCAP task orders in a timely manner due in part to a more robust contracting office.[4] (Illustrative contractor: KBR)

- In our September 2005 report on the water sector, we reported difficulties in defining requirements, including the final cost, schedule, and scope of work for task orders in the water and sanitation sector.[5] Agency and contractor officials also cited frequent contracting officer turnover, poor worksite conditions, and unclear site ownership as factors affecting DOD's efforts to finalize the scope of work and cost estimates. (Illustrative contractors: FluorAmec, and Washington International/Black & Veatch)
- A 2006 SIGIR review of primary health care clinics found that DOD's poor requirements planning and program oversight contributed to disappointing results: only 6 of the 141 planned clinics were completed after approximately $186 million in costs were incurred as of March 2006.[6] In this case, DOD required an accelerated one-year schedule in contrast to the two-year schedule proposed by the contractor. According to agency documents, additional funds have been reprogrammed to complete the remaining centers. (Illustrative contractor: Parsons Global Services, Inc.)
- DOD incurred more that $75 million in costs and significant schedule delays in its initial attempts to replace the oil pipelines crossing the Tigris River at Al-Fatah in northern Iraq. According to agency interviews and IG reporting,[7] poorly defined requirements and lapses in U.S. government oversight contributed to the delays and cost increases. The agreed upon approach was to use horizontal directional drilling to place pipelines under the river even though a consultant had previously raised concerns about the feasibility of this approach given unstable geologic conditions. (Illustrative contractors: KBR and Parsons Iraq Joint Venture).
- In our April 2005 report, we found that DOD, faced with an urgent need for interrogation and other services in support of military operations in Iraq, turned to the Department of the Interior for contracting assistance.[8] However, numerous breakdowns occurred in the issuance and administration of the orders for these services, including not complying with additional DOD competition requirements when issuing task orders for services on existing contracts; not properly justifying the decision to use interagency contracting; and inadequate oversight of contractor performance. Because the officials at

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[3] GAO, *Military Operations: DOD's Extensive Use Of Logistics Support Contracts Requires Strengthened Oversight*, GAO-04-854 (Washington, D.C.: July 19, 2004).
[4] GAO, Defense Logistics: High-Level DOD Coordination is Needed to Further Improve the Management of the Army's LOGCAP Contract , GAO-05-328 (Washington, D.C.: March21, 2005).
[5] GAO, *Rebuilding Iraq: U.S. Water and Sanitation Efforts Need Improved Measures for Assessing Impact and Sustained Resources for Maintaining Facilities*, GAO-05-872 (Washington, D.C.: September 7, 2005).
[6] Special Inspector General for Iraq Reconstruction, *Management of the Primary Healthcare Centers Construction Projects*, SIGIR-06-011 (Washington, D.C.: April 29, 2006).
[7] Special Inspector General for Iraq Reconstruction, *Pipeline River Crossing Al Fatah, Iraq*, SA-05-001, (Washington, D.C.: January 27, 2006).
[8] GAO, *Interagency Contracting: Problems with DOD's and Interior's Orders to Support Military Operations*, GAO-05-201 (Washington, D.C.: April 29, 2005).

Interior and the Army responsible for the orders did not fully carry out their roles and responsibilities, the contractor was allowed to play a role in the procurement process normally performed by the government. GAO identified interagency contracting as a government-wide high risk issue in January 2005. (Illustrative contractor: CACI International, Inc.)

Prioritization of contract vulnerabilities. While all of these systemic problems continue to be of concern, two warrant particular attention because of their widespread nature and opportunities for prospective improvements: (1) the adequacy of government oversight over contracts in Iraq, and (2) the capacity of the acquisition workforce to oversee the heavy contract workload in Iraq.

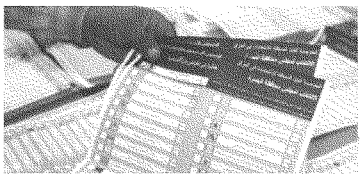
Advancing the President's National Strategy for Victory in Iraq

Funding Iraq's Transition to Self-Reliance in 2006 and 2007 and Support for the Counterinsurgency Campaign

United States Department of State
February 2006

ADVANCING THE PRESIDENT'S NATIONAL STRATEGY FOR VICTORY IN IRAQ:

FUNDING IRAQ'S TRANSITION TO SELF-RELIANCE IN 2006 AND 2007



TWO FUNDAMENTAL PRINCIPLES

Success in Iraq requires progress on all three tracks — political, security, and economic — of the President's National Strategy for Victory in Iraq. The three tracks are fundamental to our counter-insurgency, counterterrorism campaign and our effort to help Iraqis build a democratic, stable and prosperous country that is a partner in the war against terrorism. The Departments of State, Defense, Justice, Homeland Security, Treasury, and USAID coordinate closely to carry out their respective roles in each track.

As the strategy states, "progress along one of the political, security and economic tracks reinforces progress along the other tracks."

- The first fundamental operating principle is that transition to Iraqi responsibility *cannot be sustained* without integrated progress on all three tracks. For instance, the ability of Iraqi Security Forces to maintain stability and security in an area relates not only to their capabilities, but also to the capabilities of the local and provincial governments, as well as the economic climate and the willingness of local leaders to engage in politics and not violence. Because success in the political, security, and economic realms are intertwined, foreign assistance funding must be seen as an important tool in our overall effort to defeat the terrorists and neutralize the insurgency. Funding just one element of our strategy will produce lopsided effects in what must ultimately be an integrated effort for Iraqis to succeed, and for us to complete our mission in Iraq.

- A second principle is that 2006 will be a critically important year: it is the year of *transition to greater Iraqi self-reliance*, which requires helping Iraqis sustain their infrastructure, and build greater Iraqi civilian capacity at the national, provincial and municipal levels for better, more responsive and more transparent governance.

Accordingly, the State Department's portion of the Administration's request for Iraq constitutes $3.252B in the FY 2006 Supplemental ($1.610B for foreign assistance and $1.642B for State and AID operating expenses), and $771M in the FY 2007 foreign assistance budget for Iraq for a total of $4.023B.

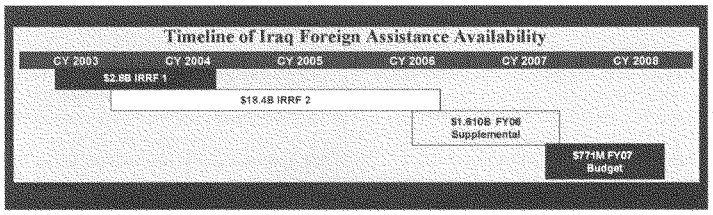
Transition from the Iraq Relief and Reconstruction Fund 1 and 2

Congress provided $20.9B in Iraq Relief and Reconstruction Fund (IRRF) 1 and 2 funds in 2003 and 2004, as documented in the Department of State's report: *U.S. Achievements Through the Iraq Relief and Reconstruction Fund,* February 2006 (http://www.state.gov/documents/organization/60952.pdf). While our overarching policy goals in Iraq have remained constant, we strategically re-allocated funds with the approval of Congress, and refined our programs in order to respond to evolving events on the ground, lessons learned, and emerging Iraqi priorities. Furthermore, this flexible approach will enable the Administration and Congress to carefully examine the 2006-2007 foreign assistance requirements supporting Iraq's transition to self-reliance.

Almost all of the large infrastructure projects funded under IRRF 2 will be completed within the new Iraqi government's first year and many by the end of summer 2006. IRRF 2 will be fully obligated by the close of FY 2006, and will not be available to fund the critical requirements in the FY 2006 Supplemental and FY 2007 request. Of the $18.4B IRRF, we have obligated $15.810B and disbursed $10.875B as of February 22, 2006. We have an FY 2006 obligation plan for the remaining $2.629B that is managed daily, and updated monthly, which indicates we could have less than $1.5B to obligate by April 2006. Approximately 60% is for water and electricity projects, vital for the government to retain civilian support for the counter-insurgency effort; and approximately 40% is for oil, security, justice and other programs.

These remaining IRRF funds serve as the principal tool the United States has to improve the Iraqi civilian authorities' ability to form and run the government, sustain political support for the counterinsurgency effort, and bolster Iraqi self-reliance, thereby showing America's commitment to the new government and the people of Iraq.

IRRF, FY 2006 Supplemental and FY 2007 budget request can be seen as phases in U.S. foreign assistance for Iraq, which is strategically calibrated to the changing needs in Iraq. The IRRF was used to *kick-start reconstruction.* The FY 2006 Supplemental and the FY 2007 budget request will *support the counterinsurgency (COIN) campaign and develop the capacity to sustain Iraqi self-reliance.* To start, we re-positioned $288M of the IRRF to programs and activities that in 2006 support the COIN campaign and the transition to Iraqi self-reliance through the Security, Economic, and Political Tracks.[1] We need follow-on FY 2006 Supplemental and FY 2007 funding for these programs and activities to be successful.



$2.381B IN FY 2006 SUPPLEMENTAL AND FY 2007 FOREIGN ASSISTANCE REQUESTS

In addition to conventional foreign assistance and post conflict programs funded under the IRRF, critical activities that support the counter-insurgency efforts and transition to Iraq's self-reliance will need funding through 2006 and 2007. This foreign assistance funding complements the funds DoD is seeking in its FY 2006 Supplemental.[2] With the exception of prison construction, no other request is being made for large construction projects.

- The $1.610B FY 2006 Supplemental funds emergency programs *Support the COIN Campaign*. Spending these monies is timed to begin in June, as IRRF funding becomes exhausted, and may carry us through the first six months of FY 2007.
- The FY 2007 budget of $771M funds other high-priority foreign assistance programs to sustain the transition to Iraqi self-reliance for the remainder of FY 2007.

Security Track

Focused Stabilization, Provincial Reconstruction Team (PRT)/Provincial Reconstruction Development Councils (PRDC)[3] and Infrastructure Security ($962M Supplemental)

We are continuing to transfer control of more territory to Iraqi Security Forces and are seeking to exploit fissures in the insurgency. We are adjusting our military posture to emphasize focused operations on terrorists, and making a concerted effort to improve the Iraqi police, to fight corruption, to disband militias, and to protect the infrastructure. With an ongoing insurgency, targeted community-level relief is needed in the aftermath of military operations, and for some other volatile areas. We also will focus on upgrading provincial governments, including through joint State-DoD PRT operations, directly supporting local civilian authorities important to coalition military forces. Our request is keyed to the following critical economic-security programs:

- ***$325M (Supplemental)*** for focused stabilization of strategic cities and PRTs/PRDCs projects. Embassy Baghdad's will coordinate with PRTs, PRDCs and Multi-National Force-Iraq (MNF-I) the programming of $325 million in the provinces. This part of the Focused Stabilization of Strategic Cities (FSSC) program will be coordinated with local officials, religious and business leaders, and affected communities to meet local short-term essential service needs, build the trust of Iraqis in their government, and engage Iraqi citizens in the decision-making process. The FSSC program will help stabilize communities following military operations through restoring critical infrastructure to foster economic recovery, growth and community stabilization. In some communities, these funds will be used proactively to foster stability.
  - $275M will be programmed as PRDC projects with $50M going to Baghdad, and approximately $15M each for the remaining 14 provinces and the Kurdish region. Some of these monies may also be used for FSSC program.
  - $50M will be programmed in local community service infrastructure for the FSSC program of approximately ten strategic cities.
- ***$165M (Supplemental)*** for PRTs to implement a Local Governance Program (LGP), to assist Iraq's provincial government and local leaders in developing a transparent and sustained capability to govern, providing increased security

and rule of law, promoting political and econimical development to meet the needs of the local population. These programs will also aid overall anti-corruption efforts.

- ***$165M (Supplemental)*** for Jobs Corps programs to generate employment and develop skills, and create informal educational opportunities for youth in strategic cities.
- ***$20M (Supplemental)*** for local business development in strategic cities to expand small to medium size enterprises and to create micro-enterprise organizations.
- ***$287M (Supplemental)*** for infrastructure security for oil, electricity and water and other key facilities and nodes which have been targeted as a part of insurgent and criminal activity.

Economic Track

Infrastructure Sustainment and Agriculture and Private Sector Development
($631.5M=$276.5M FY 2007 Budget + $355M Supplemental)

We seek to economically sustain the security forces in their COIN effort through helping Iraq develop and maintain functioning essential services and the agriculture and private sector, thereby transitioning the economy from a centralized Stalinist model to a market-based transparent model.

- ***$509M ($154M FY 2007 Budget and $355M Supplemental) for Infrastructure Sustainment***
  - *$80M ($20M FY 2007 Budget + $60M Supplemental)* for capacity development training and technical-level management to increase the Iraqis' abilities to operate and maintain Iraq's essential service infrastructure; and management tools and skills for USG-funded projects in six sectors (oil, electricity, health, water, communications, and transportation).
  - *$429M ($134M FY 2007 Budget + $295M Supplemental)* for operations and maintenance of USG-funded infrastructure in key sectors.
- ***$122.5M (Budget) for Agriculture and Private Sector Development***
  - $84M (FY 2007 Budget) to promote agriculture sector development. This program will use an enterprise-driven approach to create value chains from the farm (both crops and livestock) to the market, particularly for higher value cash crops. The intent is to develop small and medium-scale private agro-food enterprises to produce, process, package, market, and distribute agro-food goods and services. This program will establish rural financial services, improving their ability to survive as enterprises.
  - *$18.5M (FY 2007 Budget)* to provide technical training to banks, complete automation of the stock exchange, assist the securities commission and association of securities dealers; increase the network of micro-finance institutions and public education campaigns on business creation; and increase education of and access to capital for small and medium enterprises.
  - *$20M (FY 2007 Budget)* technical advisory support for ministries and Iraqi government institutions that regulate commerce, promote privatization and provide lending. Funding will also support Iraq's business civil society organizations, and non-bank financial institutions to ensure a broad diversification of financial services to meet the needs of the private sector. The business community will also be trained on information technology through resources and equipment provided to universities.

Political Track

National Capacity Building/Reforms
($787.39M=$494.69M FY 2007 Budget + $292.7M Supplemental)

To be economically and politically sustainable, the security forces require the support of a more effective, transparent and democratic civilian government. Accordingly, the US will provide specialized training programs to help new ministers and their staffs grow the management and administrative capabilities of their ministries. We will continue supporting the creation of democratic institutions, particularly the formation of effective national and provincial governments. In the December elections, Iraqis voted mostly along ethnic and sectarian lines. For Iraq to succeed politically we are funding programs for inter-communal and cross-sectarian cooperation and reconciliation, and rule of law to help Iraq reach a national compact to unify Iraq's communities. This includes economic policy reforms to stimulate private sector growth that carry significant political costs. To reach these goals, our critical political programs include:

- ***$105M** for Ministerial Capacity Building (MCB)*
  - *$75M (Supplemental)* for emergency ministerial capacity building to improve the core functions of and skill sets in key ministries (e.g., fiscal and personnel management, strategic planning and policy development, leadership, information technology, communication and technical skills). MCB also supports fiscal accountability and anti-corruption efforts.
  - *$30M (Supplemental)* to re-equip and modernize Iraqi institutes of public administration such as the National Center for Consultations and Administrative Development to provide modern training to Iraqi government officials in a range of core functions cited above, which the US will transition to the Government of Iraq in 2007.
- ***$58M ($25M FY 2007 Budget + $33M Supplemental)*** of emergency and longer term funding to help the government adjust more quickly to pressures from corruption, the insurgency, and a transition from a cash economy, which are increasing security and other expenditures. Accordingly, we will support the Ministry of Finance and Central Bank to strengthen the economic system by increasing fiscal and budgetary discipline and government transparency, and assisting Iraq to meet the requirements of its IMF program, including increasing capacity for macroeconomic and monetary policy-making, budget formulation and execution, and supervision of commercial banks; and implementation of subsidy reforms, banking sector reforms and a national inter-bank payments system. These programs will substantially aid anti-corruption efforts.
- ***$90M (FY 2007 Budget)*** for policy, subsidy, legal, regulatory and transparency reforms vital to re-shaping the economy from a centralized authoritarian model to a market-based, transparent system integrated into the global economy.
- ***$73.27M ($63.27M FY 2007 Budget + $10M Supplemental)*** to promote democracy through training and support for the development of political parties and civil society groups that support the development of democracy, free trade unions, free enterprise, anti-corruption, and open media; to establish a National Institutions Fund to assist with priority projects that include parliamentary capacity building, and seed money for associations, minority groups, and think tanks that promote democracy; and continue programs for women, human rights issues, polling, and peace-building and reconciliation activities.
- ***$423.3M** Rule of Law*
  - *$362.3M ($254.6M FY 2007 Budget + $107.7M Supplemental)* for Rule of Law

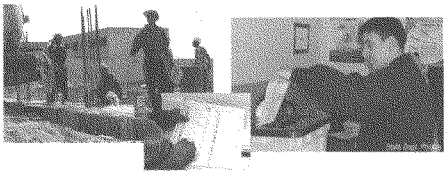
programs, including training provincial public prosecutors and corrections officers, human rights in the criminal justice system, anti-corruption, criminal justice integration, Rule of Law outreach, increased prison capacity, and judges' protection.

- *$61M ($24M FY 2007 Budget + $37M Supplemental)* for the Regime Crimes Liaison Office (RCLO) to support the Iraqi High Tribunal, operation of current and upcoming trials, and related programs.
- ***$17.82M (FY 2007 Budget)*** to continue non-proliferation programs, anti-terrorism assistance, counterterrorism finance programs, the terrorist interdiction program and IMET programs.
- ***$20M (FY 2007 Budget)*** for migration and refugee assistance.

$1.707B Operating Expenses Budget in FY 2006 Supplemental and FY2007 Budget

$1.707B ($1.642B in the Supplemental and $65M in the FY 2007 budget) supports the Department of State and AID operating expenses along with a State Department carryover of $633M. It provides:

- ***$997.5M (Supplemental)*** for logistical, security and other costs associated with United States Mission operations in Iraq.
- ***$100M (Supplemental)*** for the provision of overhead cover in Baghdad and at four regional sites. The funding will provide protection from indirect fire attacks at mission housing and common-use facilities.
- ***$400M (Supplemental)*** for Provincial Reconstruction Team (PRT) personal security details (PSDs), and security and site infrastructure.
- ***$25.3M (Supplemental)*** $1.3M for State Inspector General and $24M for SIGIR oversight activities for Iraq programs and operations.
- ***$119.6M (Supplemental)*** for USAID operating expenses.
- ***$65M (FY 2007 Budget)*** for core Embassy functions.



[1] Security Track: $152M for PRT/PRDC projects, local government capacity development, and employment generation and local business development in strategic cities; Economic Track: $5M for agriculture; and Political Track: $131M for capacity development, rule of law, refugee assistance, demining, and boarder security programs.

[2] DoD's Supplemental includes: The Commanders' Emergency Relief Program (CERP); Iraq Security Force logistical and other sustainment support; military and police equipment and infrastructure and training; border enforcement support; quick response funds; institutional capacity development of the ministries of defense and interior; and programs to transfer detainee operations.

[3] PRTs are joint civilian-military interagency teams used to coordinate and prioritize U.S. political and economic policy, including foreign assistance and programs in the provinces. They integrate civilian and military efforts in the provinces to strengthen governmental capacity and accelerate the transition to self-reliance. PRDCs are composed of local Iraqi Government and other Iraqi leaders, as well as USG or Coalition representatives to provide a process that gives the people of the provinces the opportunity to participate in reconstruction and development decision making.

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