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# A SWITCH IN TIME:

# A NEW STRATEGY FOR AMERICA IN IRAQ

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# C O N T E N T S

P R O C E E D I N G S

MR. PASCUAL: [In progress] —and I just began here at Brookings a couple of weeks ago. And it's a real pleasure for me to have this as one of the first public events that I participate in here at the Brookings Institution.

I wanted to welcome all of you to this presentation of what I think is a timely and a cutting edge analysis on U.S. strategy in Iraq. It's been authored by Ken Pollack, Senior Fellow at the Brookings Institution and the Foreign Policy Studies Program. It's based on a dialogue which was held with the Iraq Policy Working Group. It's a group that was assembled by Ken and his colleagues here at the Brookings Institution. It has included experts on Iraq, on the Gulf region, on the military, and on stabilization and reconstruction issues. And we're terribly indebted to them for the participation that they had in pulling these ideas together. And we'll hear later as well from Joe Siegle, one of the members of that policy working group.

That policy working group is part of the Iraq project. It's a project which is directed by the Saban Center here at the Brookings Institution. And I want to give particular thanks to Nemir Kirdar who has funded the project and is a member of the International Advisory Council at the Brookings Institution.

This report was done in the spirit that it is in the interest of the Iraqi people and Iraq to provide for their own security and to effectively govern their country. It's done in the spirit that it is in the interest of the United States in the region for the Iraqi state to have this kind of capability. And in this context the report asks, what have we learned from Iraq and elsewhere, what is and what is not working, and what will it take

to achieve the kind of Iraqi capacity to achieve these kinds of ends where the Iraqi people and the Iraq state can provide for their future?

The report really seeks to get beyond the rhetoric of whether we should simply stay or get out of Iraq. What it seeks to do is to frame a political debate and in that spirit it presents a thesis. If the outcome that one wants to achieve in Iraq is to develop Iraqi capacity so that they can manage Iraqi affairs, then we have to make the investment in order to do so. An investment first in a short term security environment through an international security presence and a strategy that works with that international presence. Secondly, in building Iraqi security force capacity, both in police and in the military. Third, in supporting political structures that will retain credibility. Fourth, in strengthening the governance capacity within Iraq. Fifth, in identifying the economic resources and creating an environment where Iraqis can be productive.

The report, I think, presents a political question to policymakers. Is there the political will to make these kinds of investments and to see them through? And, of course, it also presents the flip side of that argument. If we do not make those investments—if we are not willing to invest the time and the money in order to achieve this and perhaps the lives—then are we willing to face and are we ready to face the consequences?

I would just offer for perspective a reflection on the former Soviet Union, another area that went through a massive transition politically and economically. And if we think about Russia and Ukraine, two countries where there was 98 percent literacy, strategic location, extensive natural resources, extensive infrastructure, no war

that they went through, not the same kind of ethnic conflict that is being faced in Iraq and where the human rights issues were radically different during the Soviet era—and then we recognized that it took nine years for Russia and Ukraine to be able to consolidate their economic policy in order to move from negative growth rates to positive growth. If we reflect on the fact that some would argue that they're still in a process of political consolidation, then what is realistic to expect for the kind of process that is necessary in Iraq and the investments that have to be made in time and money? If we do not recognize those realities, then we are not recognizing the history of transformation.

I want to emphasize that there is no Brookings Institution view on Iraq. This is a scholarly work that has been informed by experts in the field and by practitioners. Its intent is to provoke a debate and to suggest policy outcomes that are realistic. And when those policy choices are made, for them to be made with sophisticated understanding of what is needed to achieve success.

So from that perspective I would like to turn to our panel, and I'd like to begin by introducing and thanking Congresswoman Jane Harman. I think everybody in this room recognizes that she has been a leading voice on international security and foreign affairs, on terrorism and homeland security. She first came to the U.S. Congress in 1992 to represent the State of California. She currently is the ranking Democrat on the House Permanent Select Committee on Intelligence. She also serves on the Homeland Security Committee. And she has been a tremendous partner in thinking through these kinds of difficult security and foreign policy challenges that our nation faces today.

Congresswoman Harman, we're very thankful that you're willing to join us today and offer a few comments and reflections.

CONGRESSWOMAN HARMAN: Well, thank you very much. Only for Ken would I blow off Charlie Allen, who is the new intelligence tsar at the Homeland Security Department, and who is testifying first in a closed and then an open session on the Hill this afternoon about the budget needs for the Homeland Security Department in the intelligence area, a critical function. So that is why I will be leaving early. But when Ken Pollack talks, I listen. And when the Saban Center talks, I listen. Some of my dearest friends are here. Haim Saban's gift to Brookings was a huge addition to Brookings' impressive capacity. And Martin Indyk, who I don't see here yet, is a wonderful, inspiring, and experienced Middle East specialist, as is my friend Ken Pollack. And I'm really here to say a few things about this report and a few things about Congress. There's not much good to say about Congress, but I'm trying to think of something.

[Laughter.]

At any rate, it was about a year ago, I think, that Jay Rockefeller, who is my senate counterpart, gave me a copy of Ken's Iran book. And it was inscribed something like this: "Read this and you will know what you are talking about." So I read that and—

MR. POLLACK: That was from Senator Rockefeller, not me.

[Laughter.]

CONGRESSWOMAN HARMAN: Yes. And I'm not sure I yet know what I'm talking about, but Ken sure knows what he's talking about Iran; ditto Iraq. I have not

read this report, but I now have my own inscribed copy. But I did read carefully the Atlantic Monthly article that I commend to all of you. For those with depleted brain cells you can get the short course by reading the Atlantic and it is really, really thoughtful and helpful.

Here's what I take away that wasn't already described, and I think these are critical things, and let me just—I'll close with a comment about Congress. First of all, I take away from this that we've got about a year to get it right. And if we blow it, then Iraq will devolve into civil war and that civil war will not go any direction that's good. So we've got about a year to get it right.

The administration has adjusted some of its tactics—that's obvious—but it has not adjusted its strategy. And the clear message in the Atlantic Monthly article, and I assume in this report, is that it has to adjust its strategy. The administration's strategy is wrong, and it's wrong in some very key respects.

First of all, that strategy is not making the Iraqi people feel safer in their houses, or their offices or anywhere else. And if they don't feel safer, their behavior will not change. That's number one.

Second of all, although the administration has paid some attention to the so-called "oil spot" theory, which Ken and others have espoused—it calls that clear, hold and build. I think you all generally understand what that is. Securing an area—clearing the area so that you can then reconstruct—and then spreading that out. The administration is applying the "oil spot" theory in the wrong places. It is not applying the "oil spot" theory in the population centers. It's only applying it kind of in the places where the insurgency is strongest in the western provinces, and it won't work

there. It's guaranteed to fail there, and it's also guaranteed not to protect most of the people of Iraq. And if you have limited resources, you ought to put them where the population centers are. So I take away right theory, wrong place. That's the second mistake.

Third of all, training has been mentioned. And Congress is all about it. Let's train faster, let's train faster. However, what Ken says in very plain English is that accelerating training is worse than useless—there's nothing about that that I don't understand—because it's not real training. Real training takes time. Quality is more important than quantity, and maybe less is more here. A fewer number of well-trained troops could do much more than a large number of ill-trained troops. That's the third mistake.

Fourth mistake is that the place still lacks a unified command structure. But it also—in terms of reconstruction—should have a decentralized structure. And oil revenues, which hopefully will increasingly come on line and pay for a lot of this, should be spent in a decentralized fashion, not a centralized fashion. Offering carrots to legislators who have to show results in their communities or else get fired, so that there is some buy-in in terms of the stakes of rebuilding portions of Iraq. I mean, maybe this all should be obvious, but it surely wasn't obvious to me. And I think that these are very good, important ideas that have surfaced through this reporter—through the article that I read.

I would just add one that I didn't find there, and maybe it is because it is so obvious. But I have yet to hear the administration clarify its view on one issue, and that is whether or not it intends to keep permanent military bases in Iraq. I think it is

critical that the administration make clear that it does not intend to keep permanent military bases there. I've made this point to every moving part of the White House, and the military side of the Pentagon, and certainly including Peter Pace. Every time he sees me coming he says, I'm working on it, I'm working on it.

But it is absolutely critical to tell the Iraqi people, most of whom don't believe this, that we are not going to be permanent occupiers, and there is no better way to do this than to make that point. And that was the one thing I didn't find in the article, and I'm curious to know if Ken agrees. I think he's nodding his head. Ken agrees.

Let me just close with this. Ken's insight that we have turned Iraq into a failed state by the military action that we took is extremely sobering. Usually we encounter failed states, but in this case we caused one. So we do have a huge obligation—I agree with the earlier comments—to leave the place in a better shape than we found it. I strongly support that. And I think we have to find an adroit strategy within a year to get that done.

So let me close with a few words about Congress. Congress is losing patience. Congress also—certainly not caused by Democrats—has a huge budget crisis. And the loss of life in Iraq has been very sobering—not just American life—to the American people. And, oh, by the way, interest in signing up for the military is at a much lower level than in past years because folks don't want to be shipped to Iraq. So there is a political problem and that coincides with an election year. Congress is getting anxious.

There do need to be on the table a set of better ideas so that hopefully, instead of choosing a calendar-driven exit strategy—which, at least by my likes, is not our best option—we will articulate a success strategy that will also lead us to exiting from Iraq.

I support an exit strategy but it is based on success, not based on the calendar. And I think that Ken's ideas are by far superior to the ones the White House is putting out. So I urge you all to read this. It is non-partisan. If my presence here makes it partisan, I'm sorry. But as one of the last remaining bi-partisan members of Congress—I know that's true since I get shot at from both directions—I would just say that these ideas are better than the ones the administration is pursuing.

And I would hope that any of you who is from the administration or has the ear of those planning the next 360 days would say, hey, change in tactics was good, but now let's change the strategy and get it done right. And all of us can declare a victory for the Iraqi people first—but for the citizens of the world—because we will have changed the course of history in that country and maybe changed the course of history in the greater Middle East.

And those events are greatly influenced by this little center right on Massachusetts Avenue, and, specifically, by this very brilliant man sitting next to me. So thank you very much for including me.

[Applause.]

MR. PASCUAL: Jane, I know you're going to have to leave early. Do you want to take a question or two at all?

CONGRESSWOMAN HARMAN: I'd be happy to do that. I think there are smarter people sitting here than I, but I'd be happy to take a question and then excuse myself.

[Inaudible.]

CONGRESSWOMAN HARMAN: What if we don't achieve success in Iraq? I think that's what you're really asking.

[Inaudible.]

CONGRESSWOMAN HARMAN: Well, leaving Iraq as a failed state is a failure. There's no question about that. And it's not just an American failure. It's a real tragedy for the Iraqi people. And if I weren't an optimist I wouldn't continue to serve in Congress. So I continue to think there's a way to solve this problem better, because I would say by any measure—I'm sure many of you have been to Iraq; I've been there a number of times, most recently last fall—things are not getting better in the population centers of Iraq. They may be getting better in the hinterlands, but they're not getting better where the Iraqi people live. The insurgency is not smaller, and Iraq is a staging ground for terror around the world.

So none of this is a good thing. And as Iran becomes more muscular, at least in its intentions, that's another—having a weak Iraq next door makes for the Iranian threat—makes the Iranian threat even more dangerous. So, failure is just not an option.

And I think Ken's ideas, or the ideas of this report, about how to train better, and how to target the clear and whole strategy better, and how to invest oil revenues better, and how to set up a clearer command system are ones that this administration should embrace. And we should all embrace because, again, the goal is by the end of this year to have a much clearer path to an Iraq in better shape than we found it.

MR. PASCUAL: One more question for the Congresswoman over here.

A REPORTER: I agree with you completely that failure is not an option, but how do you get buy-in from the American public? I think in addition to Congress losing

patience with this, the American public also is becoming a little thin on this issue. As a national leader how do you approach that?

CONGRESSWOMAN HARMAN: Well, I think the administration has failed to use its bully pulpit effectively. The president gave four speeches—I think it was four—on Iraq that provided more detail, or, as they say in the Intel community, more granularity. But they could have been better. I was listening carefully. And I also was listening in the State of the Union message, which was, by my likes, a missed opportunity to clarify this.

I think if the president took some of these ideas and said we are—not just that we are making tactical corrections, but we're making strategic corrections and here is how we're doing it, he could get more buy-in. Just by giving the four speeches that he gave he did get somewhat more approval for his Iraq policy. But I don't want this to be part of the political games of 2006. I want this to be, as I said, an Iraqi success story. I think we owe it to the Iraqi people to leave the place in a better shape than we found it.

And I think that there has to be public buy-in. You're absolutely right. There has to be public buy-in, but I think there's a way to get there from here if these ideas are clearly articulated by the senior leaders in our government, and leader number one is the Commander-in-Chief.

MR. PASCUAL: Congresswoman, we can keep asking you questions for a long period —

CONGRESSWOMAN HARMAN: No, ask them questions. Let Ken speak.

MR. PASCUAL: We will have Ken speak —

CONGRESSWOMAN HARMAN: That would be much more helpful.

MS. PASCUAL: We will have Ken speak extensively now, but we want to thank you very much for your willingness to participate with us this afternoon. And I think you helped set a very good platform for the following discussion outlining many of the stakes that are involved in the critical tactics and approach, as well as some of the political realities that we have to think about on the calendar, because time does matter at this stage and you laid that out very well. And we appreciate your willingness to —

CONGRESSWOMAN HARMAN: Well, good luck to all of you. Thank you.

[Applause.]

MR. PASCUAL: With that foundation what we'd like to do is move to presentations by Ken Pollack and Joe Siegle. Ken will begin this process by laying out some of the critical dimensions of the report. Congresswoman Harman has given him as good an introduction as anybody can imagine, and the testimony to the quality of his work. Ken is a senior fellow here at the Brookings Institution in the Foreign Policy Studies program. He is the Director of Research at the Saban Center here at the Brookings Institution.

He has written extensively on Iraq, Iran, and the Gulf. He has worked at the National Security Council. He has had an academic career as well, and I think has been in a terrific position to provide the leadership with what's been necessary in pulling this kind of analytic work together that stems from the military and security side to the political and the economic. And, Ken, we're looking forward to getting your briefing.

MR. POLLACK: Thank you very much, Carlos. Thank all of you. And one administrative—actually I guess two administrative notes. I apologize—perhaps fitting

that we're all sitting up here in talk show format, because we're going to be bringing guests on at different points apparently. Congressman Chris Shays who we had hoped to have on is on his way, and we're told he's going to try to actually make it before the event ends, which we're all looking forward to. So we get not a bipartisan perspective—because I think that Congresswoman Harman and Congressman Shays would say that they agree on a great deal of the world. But it's nice to have both sides of the aisle represented up here.

In addition, I think Carlos did a very nice job of laying out the process of how this report came together. One point I would want to add is that at the end the report has a single author voice. I stole all of the wonderful ideas that the other members of the group came up with and put them together in this report. But we did not ask all the members of the group to sign their name onto it. In particular, because we didn't want a watered-down report.

And you're going to be hearing from Joe Siegle, another member of the group. And it's been my experience in talking to the different members of the group, that I think the members of the group pretty much agree on somewhere between 80 and 90 percent of what's in this report. It's just that every single one of them agrees with a different 80 or 90 percent.

So to avoid the problem of a really watered down report—is that I wrote it my voice, what I took away. But, again, most of the ideas are the ideas produced by the group in this process of conversation, where I would toss a problem onto the table and the reconstruction folks like Joe would look at it and say, all right, well, here's how we did it in Kosovo, or here's how we did it in Haiti, and the Iraq people would jump in

and say, well, you can't do that in Iraq but you can do it this way. And the product, I think, was much greater than the sum of its parts.

Carlos—and actually Congresswoman Harman also—made, I think, a very nice point, which is that in thinking about Iraq you have to think about what it is that you identify as the problems there. And when we started to look at this, the first thing that we did was we had a session where we simply talked about what we felt the problems in Iraq were. And what loomed up at us—the critical failing that we've had in Iraq, as Congresswoman Harman said—is the security vacuum that the United States created on April 9th, 2003 when we took down Saddam Hussein's regime, and which we've never properly filled since then.

From the security vacuum two big problems have emerged, interlinked problems: the problem of the insurgency, which is one that we talk about and read about every day. But a problem that the working group felt was an even bigger issue for Iraq, and that was the problem of Iraq as a failed state. Again, as Congresswoman Harman said, that we pulled down the institutions of the Iraqi government and we have not yet established workable, strong, Iraqi, political, military and economic institutions to substitute; institutions strong enough to hold this country together in the absence of massive external assistance. And that is the great challenge we face.

Until the United States can build those strong political military and economic institutions, any major withdrawal of American presence from Iraq would lead to a very quick collapse, and probably a rapid descent into civil war. And the challenge we face is how to build those capable institutions and to give Iraqis what they crave.

And here the point that Congresswoman Harman made about this one year time frame loomed large to us, because we see Iraqis who are desperate to have reconstruction succeed—and all of the polls seem to continue to show that—but are also increasingly frustrated. They're increasingly frustrated by the failure of the U.S. led reconstruction to provide them with basic security, jobs, gasoline, electricity, clean water, sanitation, and all of the other basics of life.

And you know what? It's understandable after two and a half plus years where they haven't had these things, that they would be growing frustrated. And it is this frustration which is the greatest threat to reconstruction of Iraq, because in their frustration Iraqis are increasingly looking elsewhere to other groups to provide this set of basic resources. And in Iraq that means looking to the insurgents, militias and organized crime; the forces of entropy and chaos in Iraq.

Now I'm only going to touch on some of the highlights of the report. The thing is massive as you can see. It's 142 pages. And that's because we tried to take a very comprehensive approach. We looked at the military, the political, the economic and the bureaucratic aspects of the reconstruction. We laid our analysis and our recommendations. And we tried to go into a fair degree of detail because, of course, in a place like Iraq the devil really is in the details. And the administration is right to point out to its critics that a bunch of hand-waving and a bunch of kind of ethereal statements doesn't amount to a real strategy. So what we tried to do was to actually put some meat on the bones.

I'm going to talk a little about the military and a little on the political side of it, and then we'll turn it over to Joe who will talk a little bit more on the political and the economic dimensions of the report.

On the military side, as you've heard Congresswoman Harman say, the report strongly endorsed the concept of the spreading oil stain. Now that's probably not surprising giving that the three military experts on the working group were myself, Colonel Paul Hughes, and Andrew Krepinevich—all of whom have been talking about the oil stain for quite some time. So it wouldn't be, I think, terribly surprising if we endorsed it. But in working it through with the group, we laid out the oil stain and we also looked at various alternatives. And what we came to was the oil stain definitely does have its problems, but it is far superior to any of the other approaches—largely because it was hard to see how any of the other approaches could actually produce the kind of stability, the kind of strong Iraqi political and military institutions that we need to produce to have a chance of making this country hold together.

Now the oil stain is very complicated. And I think that you will find a much longer and more detailed explication of the concepts of the oil stain, and how it would work in Iraq and tie into the other dimensions of policy in Iraq, than you will find anywhere else. This is much longer than any of my congressional testimony or Andy Krepinevich's foreign affairs piece. I'm not going to lead you through every single piece of it.

Let me just hit some of the highlights. It starts with a basic analytic point, and it's a point about numbers. Numbers in war are always very misleading, but there is one number that looms very large and that number is twenty per thousand. This is the

canonical figure which both stability operations—the military operations that deal with failed states and counterinsurgency operations—have in common. And what's remarkable is that all of the literature on both counterinsurgency operations and stability operations lead to this fundamental lesson: that you have to effectively have 20 security personnel per thousand of the population to create real security.

Now there's a lot more that goes along with it. Those security personnel have to be doing the right thing. This is where tactics come in. And as Congresswoman Harman pointed out, the administration has gotten much better. I'll put it this way. The military has gotten much better about its tactics in Iraq. There's still work to be done. The report talks a lot about the changes that still need to be taken in Iraq on a tactical side. But the bigger issue is the strategic one, as Congresswoman Harman was pointing out.

Put it this way. If you set aside Kurdistan because the Kurds are fine–they're protected by 70,000 Peshmerga; they don't need our help in terms of security--the rest of Iraq would require about 450,000 security personnel to make it safe based on that canonical number. We haven't got 450,000 security personnel to put into Iraq. What we have now is about 150,000 Americans, about 10,000 Brits and Australians, and the Iraqis can furnish right now about 40 to 60,000 capable Iraqi troops that are able to participate in some meaningful way in this entire operation.

Again, we need to be careful with that. The 212,000 that the administration cites—not a right number, because there are a lot of poorly trained Iraqis there, as Congresswoman Harman was suggesting. But it's also not the case that the 4,000 that some of the administration's critics cite is the right number. There is somewhere in

between about 40 to 60,000 Iraqis capable of participating in some meaningful way in reconstruction. And that leaves you with a number between 200,000–220,000 troops.

If you concentrate that 200,000 to 220,000 troops—again, according to the lessons of these kind of operations—I would say is what you do is you concentrate them in the parts of Iraq where the population is the thickest, where support for the reconstruction is strongest, and where Iraq's resources—principal resources—are located. And that is one of the fundamental mistakes that we have made in Iraq.

Rather than concentrating our troops in those areas, which would be the center and the southeast of Iraq—and, obviously, tying it in with the Kurds who are fine on their own—we have chosen to spend most of our military assets playing whack-a-mole with insurgents in western Iraq, and that has traditionally been a recipe for failure in these kinds of operations.

And so the first principle of the military side of this report is that we need to move to a very traditional oil stain, where we concentrate those forces where it counts—in the center and in the south—and get that force ratio of 20 security personnel per thousand troops.

Once we've achieved that force ratio—and, again, once we're using the right tactics—what we will be able to do—historically I've seen this time and again—is create safe zones; secure areas where the political and economic reconstruction of Iraq can take place. And that's why security is hardly the be all and end all. You can get security perfectly right and still have reconstruction fail, but if you don't get security right—if you never create these kinds of secure areas—you will never allow for political and economic reconstruction to succeed.

And that is our key failing. We've pumped resources into Iraq and we do it in places where there's no security—where it is run either by the insurgents or by the militias. And the money is siphoned off, the buildings we build are destroyed or they're taken over by the insurgents and the militias, and we get no bang for our buck.

And the same is true on the political side, where one of the greatest problems that we have faced from start to finish is that we have very little control over the political process, because the Iraqis are desperate for people to provide them with basic safety, and the employment, and basic services that grow out of basic safety.

And since we're not providing it they have to look elsewhere. And they've been looking to the insurgents, and they've been looking to militia groups like Muqtada as-Sadr's Mahdi Army, which, as you'll note, despite their defeat in April 2004 is growing enormously in their political power as more and more Iraqis look to them to deliver on security and basic services in a way that we and the Iraqi central government just haven't so far.

Another important recommendation of the report is the need for an integrated—I'm going to use the military term, but I don't mean it in a military sense—an integrated chain of command. And it's something we've seen time and again in these kinds of operations. The military side and the civilian side need to be working in absolute lockstep at every single level of the process.

These provincial reconstruction teams—the PRTs that Ambassador Khalilzad is standing up—are a very important step in the right direction, but quite frankly they are a baby step. They are far from what is needed in Iraq, which is a completely integrated chain of command from top to bottom—from the very top—from our commanders and

the Iraqi cabinet ministers all the way down to local officials—so that you've got military personnel and civilian and economic personnel all working together to coordinate these efforts.

What we've seen time and again is when you can do it—and when we've done it in Iraq—it works beautifully. If you don't, nothing reinforces each other. Everything falls apart individually. You either hang together or you hang separately. And we've failed to do that. But, of course, what that means is you need lots and lots of civilian personnel, and it is a constant complaint of the U.S. military that in most of Iraq the only U.S. official present is an American military officer. And as a result they are forced to deal not only with the security problems, but with all the political problems, and contracting, and building schools, and dealing with sanitation. And God bless them. They try to do all of these things. In some cases they succeed and in other cases they don't, because frankly they don't have the training, they don't have the resources, they don't have the time and they don't have the attention. And we've got to have those civilian personnel out there.

But, quite frankly, when you talk to the people at the State Department and when you talk to the people at the U.N.—and another big recommendation of the report is the need to get the international presence in there, not so much because of the legitimacy that the U.N. brings, but because of the access to the NGO personnel they bring, which we desperately need.

The only way that that's going to happen is if we've created secure areas inside of Iraq where these people can work and live with some expectation that they're actually going to survive and make it not just out of Iraq, but make it to the next step.

Finally, before I turn things over to Joe, as Congresswoman Harman pointed out, another important piece that we looked at in this report was, again, how you build Iraqi—how you build the capacity of Iraqi institutions. And what we basically said is, look, Iraq has no central government capacity right now and it's going to take a long time to build it. That has to happen. But in the past Iraq has also been overly centralized. And what's more, in many cases it's much easier or much faster to build local government capacity than central government capacity. But you have to do both simultaneously.

And a big part of doing both simultaneously is dealing with money. Money is power. Money talks. We all know what walks. And in Iraq that is especially the case. And if you don't have money at the local level, they don't have power, they don't have capacity and they can't do anything. And what's more—we've talked about corruption. Joe is going to talk a lot more about corruption. But, of course, the biggest single element of corruption in Iraq is Iraq's oil wealth. And right now we have a system whereby Iraq's oil wealth all goes into the DFI, the Development Fund for Iraq, which quite frankly is nothing but a gigantic slush fund for corrupt Iraqi politicians. That's got to change.

And one of the other recommendations of the report is creating a fixed oil revenue distribution system in Iraq, which would allow money to flow to a variety of different places, which would effectively be out of control of the Iraqi government so that they couldn't just siphon it all off. A portion would go directly to the Iraqi central government to pay for defense, and maintaining the oil sector, and all of the things the central government has to do. Another portion would go directly to the Iraqi people to

give them buy-in to the process, to make them care about the siphoning off of their oil funds, and also to allow reconstruction to grow from the bottom up which—the reconstruction experts like Joe will tell you—are the best way to make reconstruction succeed, as opposed to the top down approach that we've mostly been relying on inside Iraq.

And last, money has to go directly to these local governments to give them some chance to actually have some say in their regions. And, again, what we found is that where the U.S. has done this—and AID had a wonderful program run by the Research Triangle Institute down in North Carolina, where they gave money directly to local government. And it worked brilliantly and it worked beautifully until the central governments in Iraq shut it down, because, of course, they didn't want to see money going directly to local government. They wanted to make sure that all the money was coming directly to them.

So let me stop at that point. I'll turn things over to Joe. And, obviously, delighted to have your questions and comments when we get to it.

MR. PASCUAL: Ken, thank you very much. I want to welcome to the panel Congressman Shays.

CONGRESSMAN SHAYS: Thank you. Nice to be here.

MR. PASCUAL: I know you had a lot of constraints and —

CONGRESSMAN SHAYS: Well, I'm here now.

MR. PASCUAL: —it took some juggling to get here.

CONGRESSMAN SHAYS: —I'm happy to do some more listening.

MR. PASCUAL: I want to thank you for being willing to make that effort.

I want to then turn to Joe Siegle and ask Joe to comment on, as Ken said, some of the economic dimensions and some of the inter-linkages between the economic and the political, and how those are so critically interwoven in the viability of a reconstruction strategy.

Joe is with Development Alternatives. He's also in association from the University of Maryland. He's had a tremendous amount of experience working on the inter-linkages between politics, development, and stabilization and reconstruction, and was able to bring those kinds of perspectives into a dialogue of the Iraq policy group.

MR. SIEGLE: Okay. Well, thank you, Carlos. It's an honor to be here and talk about the report this afternoon. I want to start by coming back to where Ken started, in recognizing that the defining feature of Iraq in terms of the reconstruction is Iraq as a failed state.

And I would put that failure back to the Saddam Hussein era. If we look at Saddam's three decades of power, he institutionalized many dysfunctional procedures and attitudes, such as the absolute authority of political leadership; the fact that political leaders are above the rule of law. The acceptance of widespread patronage, endemic corruption, use of fear, violence and intimidation to enact policy, the monopolization of political and economic authority, and the distrust and the dismantling of the social trust and cohesion at the community level as a result of the efforts of Saddam's intelligence forces.

All of these factors create huge obstacles for a reconstruction process. They're reinforced and made worse by the fact that Iraq is subject to the oil curse. This is the phenomena that we've seen a lot of literature about in the last 10 or 15 years, where

societies that discover vast deposits of natural resources while still autocratic, while still retaining autocratic governments, are far more subject to corruption, higher levels of social underdevelopment, economic inequality and political instability, including civil conflict.

So the reconstruction effort in Iraq started from a deep hole, one that we're not yet out of. And if we are going to see sustained progress on the reconstruction effort, we're going to have to try to neutralize these dysfunctional institutions in the process of addressing some of the immediate short-term needs that are evident to all Iraqis.

I want to highlight three main sets of recommendations that the report touches on—that I think get at both the short-term needs, as well as some of these underlying institutional issues—as part of a strategy that can help put Iraq on a stronger footing for that sustained progress that we're hoping for.

The first is to create a hierarchy of reconstruction councils. And I mentioned this briefly, but what we're thinking of is at the national level, the provincial level, at the local level and at the neighborhood level, there would be reconstruction councils comprised of Iraqi political, military and economic leaders, coalition and security political and economic advisors, and U.N. representatives at the local level. These councils would also include relevant NGOs, who are part of a reconstruction effort. And there are multiple objectives of this approach, which we see as the focal point for the reconstruction effort.

The first is to try to facilitate more integration of the various dimensions of reconstruction—the security, economic, political and other aspects. Something that, as we doubled our efforts for the past three years, continues to be a main Achilles heel;

something that came out in last week's Senate testimony by the Special Inspector General for Iraq Reconstruction.

Secondly, the point of these reconstruction councils is to focus more of the reconstruction effort at the local level. Indeed there is a better opportunity to have some impact on the things that matter to Iraqis if you can get the resources closer to where the people are.

Moreover, in many cases now you have city council leaders who have been elected by their local populations. They would be sitting on these local reconstruction councils. They would be chairing them. And by trying to marry the resource monies that are coming up for reconstruction with that political legitimacy, there's a better chance that you're going to get the resources directed toward the priorities that are felt by most Iraqis.

Indeed, these folks are living and struggling right along with the broader population, and there's a greater chance of responsiveness if we could empower these folks with resources so that they can be more effective in the process.

The other objective of this approach is to improve the capacity of the Iraqi political and economic structures to sustain whatever progress is made on the economic and political fronts. And one of the challenges that we face in any reconstruction setting—and for that matter development settings as well—is that the international effort often creates a parallel support structure, which when we withdraw leaves the domestic actors with a completely different arrangement; a bureaucratic mechanism by which they can address the ongoing problems that they are facing.

The proposal in the report is that we are actually linking up the international and the domestic forces at this point, so that there will be this capacity to building, and there will be this substantial element. Moreover, it's a challenge for the international actors to think more critically about undertaking reconstruction projects that are actually meaningful and relevant to Iraqis; that they can sustain and maintain on their own with the existing level of technical capacity and bureaucratic wherewithal. If that isn't done, then the chances of achieving sustained stability, which is a theme of the report, will be highly unlikely.

I should point out that this differs substantially with the administration's recommendation or move towards the PRTs—the Provincial Reconstruction Teams—and that these continue to stand alone or parallel structures. There also are significantly under funded in our view. I think the recommendation from the State Department is that 150 million dollars be committed to the PRTS. And if you can break that up over 15 or 18 provinces where they'd be implemented, you're talking about 10 million dollars for each province.

Our recommendation is that that funding level for economic reconstruction should be at least five times that amount, so that you can really move forward in having some meaningful impact on the things that matter most to ordinary Iraqis—the job creation, the electricity, water sanitation, et cetera.

A key focus of these reconstruction efforts—that is to target each of those elements that I also mentioned. And I put a particular emphasis on the employment aspect of reconstruction. Our experience in other reconstruction settings, especially when you're in a civil conflict context, is that stability has to be front and center of

your planning in the economic and political decision making. And creating jobs is a hugely important stabilizing force in a reconstruction environment.

Now some employment generation activities have been undertaken in the past three years. By most accounts they have been very successful. They've just been done in a very small scale. And now they're being curtailed under the assumption that we should be moving out of this emergency phase, the transition phase, and we should be moving towards more long-term reconstruction activity.

Yet the reality on the ground is that security challenges remain front and center. We haven't made the transition yet to a more stable environment where you can do more of the long-term planning and thinking for economic rehabilitation. These stabilization operations continue to be of priority. And we should use more resources to try to put unemployed youth to work on meaningful infrastructure and construction activities, as well as trying to stimulate the agricultural sector which comprises some 35 percent of the population, and which has historically been a major export sector for the Iraqi economy.

The next set of recommendations that I wanted to highlight has to do with increasing the incentives that Iraqi political leaders have to be responsive to the general population. Indeed, some of the scholarly work that I've done documents how democracies—even in poor, developing societies—do far better across a wide range of development indicators than do more closed political structures.

In Iraq I think they're starting off on something of the wrong foot in the way the electoral system was constructed with these party lists. They've divorced the authority of political leaders with individual geographic jurisdictions so that incentive effect has

been somewhat muted. And the report does recommend that this mechanism be re-visited in the constitutional review process that may be fore-coming in the coming months.

But in the meantime we put forward a couple of other recommendations that we think can help solidify this linkage between leaders and the general population. First off is the emphasis on decentralization. That, again, getting resources closer to the people will lead to more effective outcomes.

Moreover, tying into something that Ken said, Iraq has a history of having highly centralized political authority. To the extent that you can diffuse some of that authority and power to the local and provincial levels you're creating a much broader system of checks and balances that will make for a more fundamentally sound political structure in Iraq.

Next is something that we call jurisdictional variation, meaning that local reconstruction councils that are doing a better job at reconstruction should get more resources. Reward success. And in that way give incentives to other areas—that if they improve the effectiveness of their implementation of reconstruction activities, if they are more transparent, that they will ultimately be eligible for more investment to help stimulate the economic development of their regions.

Third is the importance of supporting the vibrancy of independent media in Iraq. Again, some of the work that I've done supports the notion that in democratizing societies, countries that are supportive of more open media structures do far better on their economic development, and they are much more consistent in that development.

Independent media plays an indispensable role in facilitating this behavior effect mechanism. It gives citizens a means of communicating their priorities and their needs to politicians, and it puts pressure on politicians in a way that no other force can actually be responsive to what these priorities are.

The third and final set of recommendations that I wanted to highlight gets at the issue of constraining corruption. Estimates are that corruption in Iraq currently consumes 40 percent of business transaction costs. And there are many ways in which this corruption takes place. A key channel of this corruption is in the way the ministries themselves are managed. And this is a legacy of the Hussein era, where it's understood in Iraq that the quickest way to get ahead economically is to attain a senior governmental position—at which point you have legitimate access to whatever revenue-bearing resources that ministry might provide.

This needs to change if we're going to see some effective progress on the reconstruction front. We need to see a separation of political authority from economic opportunity. And it's not an easy thing. It's going to have to happen over a series of steps. But a couple of the recommendations that we have on this regard is, one, try to stimulate the economic and private sector so that those individuals who are motivated by wealth aggrandizement can go into the private sector, rather than seeking public sector positions. But secondly, constrain the access to these revenues by public officials.

We recommend that the ministries—the line ministries in Iraq, which often are behemoths and key sources of patronage in Iraqi society—that they de-link their policy from their implementational norms. In essence, that the national ministries focus more

on policy-making, standard setting on the inter-provincial issues that the country is facing, but that implementational activities actually be done by private sector and by NGOs. And the contracting mechanism for this implementation be done in a very systematic, transparent method where you've got committees making decisions rather than individuals, and that there are individuals on these committees that come from outside the relevant ministries. And, ideally, that watchdog groups from civil society organizations are part of that decision-making process to improve the transparency and credibility of those activities.

We call for the public disclosure of assets for all senior government officials and elected officials so that any conflicts of interest can be more easily identified. We also call for a more careful and thorough publication of just what the national Iraqi budgeting process intends, so that the total level of revenues the government takes in are fully acknowledged, and that the allocations of those resources are also well known by ministry, by province or sector. In that way you're empowering citizens and watchdog groups to better trace the flow of resources, and, in turn, to put pressure on their officials when they feel they're not delivering the reconstruction activities that they know are actually to be funded.

Finally, we call for the institution of some form of peer review among ministers in the Iraq government structure, so that in cases where you have egregious abuses, that this individual can be reigned in by his peers—that you have some horizontal mechanisms of accountability. Currently the ministries are run like fiefdoms. Once a particular individual or a party gains control of that ministry, he or she is pretty much free to roam and do what they see fit with those resources and capacities. We think

that by building in these multiple layers of checks and balances, that there's a far better chance that we'll have some positive success.

So, in closing, if we are truly going to be committed to the economic and political reconstruction aspects of the effort in Iraq, we need to be focused on building up Iraqi capacity and building up Iraqi accountability—just as we were talking about doing on the security side.

MR. PASCUAL: Thank you very much.

Congressman Shays, you've been a leader in promoting good governance and accountability here in the United States, and reconstruction efforts and transparency in those efforts here in the United States, and also—I'll use the word non-partisanship—in approaching issues that address questions that are fundamental to our national security. And in that spirit we're very pleased that you're able to take this opportunity, because you bring both an international perspective, as well as a national perspective of what's realistic and what some of the tradeoffs are. And we'd be very pleased to hear some of your thoughts about the report, and some of the political realities that need to be confronted.

CONGRESSMAN SHAYS: Thank you, and thank all of you. I think you've been sitting down for a while and I appreciate you being so attentive. At least you give the appearance of being attentive.

[Laughter.]

CONGRESSMAN SHAYS: And to say that—I think my biggest contribution is that I've been to Iraq eleven times. I've been outside the umbrella of the military four of those eleven times, admittedly not the last year. And I see Iraq somewhat different

than this report sees, but I see some of its basic tenets. I agree with some of its basic tenets.

When you look at Iraq, if you haven't been there you are looking at it this way. And I would describe it—if you tried to look at this room and describe it by just doing this, and you only focused on this part and you never brought your lens this way, you wouldn't know what's happening there. And you'd form your whole opinion based on what's happening there. And then if this room was getting up and moving all around and you did this, it would never be—you know all things aren't the same. And so I really believe that one of the biggest mistakes that we make in this country is that we think we understand what's happening in Iraq by what you read in the media, and it's just simply not accurate.

In 14 of the 18 provinces I could walk and go around, except for organized crime—not terrorists. And organized crime might say, "He's a member of Congress. I think we'll sell him to the terrorists." So that's a disincentive.

[Laughter.]

CONGRESSMAN SHAYS: The Iraqi people are extraordinarily proud. They are the proudest people I have ever met. And I've been in the Peace Corps two years, and I sensed this pride. If you embarrass an Iraqi in front of his wife, you might as well have stuck a dagger in and tried to kill him because it's that offensive to him.

What we did in the very beginning was a horrible message. When we allowed the looting, we basically said we trash in your country. We don't respect you as the cradle of civilization. And the Iraqis are absolutely convinced we intended that, because they think that we are so powerful that we could have prevented it. My

analysis of what we've done is, one, a huge mistake by allowing the looting, and a huge mistake in the arrogance of our Defense Department from Mr. Rumsfeld primarily in his attitude about Iraq—not listening to State Department and others who predicted the looting, and so on.

When we disbanded their army, their police and their border patrol—what a huge mistake. We left 24 million people defenseless, totally defenseless. And then we said to 150,000 coalition troops, you have to protect 24 million people in a country the size of California. And that just simply was impossible.

And when I traveled there in the beginning—particularly the first few times I was outside the umbrella of the military with Save the Children and Mercy Corps—living with them, staying with them and talking direct because they didn't know I was a member of Congress. They thought I was evaluating these programs, which I was. And they said, why is your country throwing my brother, my uncle, my cousin, my husband and my son out of work?

[End of Tape 1, side A, begin side B.]

And we basically pushed primarily Sunnis out and said, you have no participation. So what did we do? What I do is I basically graph out Iraq. I go every two and a half to three and a half months. In April 2003, when I was there, we were up here. And if you think we're here or here, you say, okay, well, we didn't make progress. We made a little progress. Maybe you think we're down here. But even if you think we're down here, we were down here by December of 2003. We couldn't be worse off.

In the spring of 2003 I sent one of my staff to where we were training our police in Jordan. And they were singing a chant. And he said, "What are they singing?" And in English it was basically, "You kill Sadr we kill you. You kill Sadr, we kill you. You kill Sadr, we kill you." When I got into Iraq in April to meet with Bremer and I told him about that, that was my low point. I thought, we were really failing. And I told Bremer that.

And, by the way, they did more to discourage members of Congress in the first year and a half from being in Iraq than you can imagine. It was like it was none of our business. How dare we come. And that was a particularly memorable time because Bremer bawled me out for being there. And I asked him about this and he said to me, "You know, I noticed we had more police than I had authorized, and I found out Rumsfeld had authorized them without me even knowing." So think of the disconnect.

Where did we see it turn around? In June of 2004—huge. We transferred the relationship with Iraq to State Department instead of the Department of Defense, to Powell and Negroponte instead of Rumsfeld and Bremer. And you started to see a whole different approach to how we would deal.

When I was there for a press conference in August of 2004 I knew this government that we helped deploy was grabbing hold—because I had a press conference with the Iraqi press, Negroponte and the foreign minister of Iraq after we had just met with the prime minister. And we had this press conference. I'm really thinking, what a kick. I'm going to get to talk to the Iraqi people through the press. And I said, "You know, we've made a number of mistakes disbanding the army, the police, the border

patrol." I knew they would agree with that. Their heads nodded, and I thought what is their question going to be?

First question to the foreign minister, second question to the foreign minister, third question to the foreign minister, fourth question to the foreign minister. No questions to me or Negroponte. They had already bought into the fact that they were starting to have some say in what was going on.

Now in that process we started to train their border patrol, their police and their army. And in the beginning we were making mistakes, but by the end of 2004 and the beginning of 2005 we were starting to make headway. The problem with the police—and this is how—the three areas that I divided up; security—army, police, border patrol—economic and political. And by April of 2005 we were starting to see police and border patrol who had equipment training and actually were getting experience.

What don't they have still today? When the press is only one, is it level one or only so many are at level two? That's the most misleading thing, because what it means is they may not have the middle command, or they may not have air power, or they may not have cooks. So they're not complete like they would be in the United States, but these Iraqi troops—these Iraqi police and border patrol—are gaining tremendous confidence. What we need to do with them is identify their lower echelon leadership; their corporals, their sergeants, their first officers and second lieutenants. Those are where they're having their biggest problem. But we've seen huge progress there.

What blows me away is the lack of recognition of the unbelievable progress that they've made in a year. 1776, Declaration of Independence, Articles of Confederation—an abysmal failure, the Constitution of the United States. How long

did it take us to do these things? And when you think about it, and if you read history as you—13 colonies. Some of them hated the Virginians—disliked immensely Massachusetts. They wanted to be independent states, colonies. But necessity required them to come together.

What did New England do to convince Virginia to join? We said, okay, what do you need to join? No Bill of Rights? You want a Bill of Rights? Well, we'll put a Bill of Rights in. Connecticut adopted the Constitution without the Bill of Rights and ratified it in 1939. But the point I make to you is the press was very critical of the fact that the Constitution is still pliable. That the Sunnis and Shiites are still willing—Sunnis and Kurds are still willing to have it pliable to capture the Sunnis. And they're being criticized for that. I think that's pretty astute. I think that's what Connecticut did to get Virginia. We amended our Constitution ten times. If they amend their Constitution once or twice, please recognize that that's not a bad thing. And, by the way, in our Constitution, as Condoleezza Rice points out, she was 3/5 a person and a slave.

So one of the things that I want to say—and then mesh it into this report—is that in one year they had an election that the whole world said would be a failure, and it wasn't. I was there. I saw Kurdish women bring their men and children in their arms, and their men forced behind them, because they were going to vote. And when I asked to stick my finger in that ink jar as I watched them wanting to bond with them, the woman there—the Kurdish woman there said—looked up at me, looked down and looked up at me again, and said, "No, you're not an Iraqi." Every time I say that I get chills. And you probably didn't hear what I said. I didn't say, "You're not a Kurd." She said I

was not an Iraqi. We say they don't think of themselves as Iraqi. They think of themselves as Iraqi. But they're from Massachusetts and they're from Virginia. They're from the north and the south, and they think a little differently, but they are Iraqis.

I would just make this point to conclude, and try to mesh it in with what I'm reading here. What I read here is it needs to be decentralized instead of centralized. I totally agree with that. The 600 projects that Mercy Corp has done—building schools, and building hospitals, and building bridges and roads—were all done by Iraqis. And all their staff are Iraqis. And guess what? We are going to allow those funds to run out in June. So those five non-government organizations that are doing things from the bottom up—they're going to be discontinued.

I would get down on bended knee and make this argument. I don't believe everything is a failure. I think the economic area is where the failure is, because we are spending not 40 percent for corruption—we're spending 40 percent of it for security. And that's inexcusable. We, this country, should never have done that. And when you hear politicians lecture the Iraqis about how they better get their act together, with all due respect they didn't attack us. We attacked them. We abolished their army, their police and their border patrol, we abolished their government, and now we're telling them they better get their act together?

I think we can say this to them, that the bombing which is not impacting you is impacting our people. And if the press moved to Erbil that's where the bombing would be, because the bombing is going to be wherever the press tell you how bad things are in Iraq. But the bombing isn't going to influence in any grave way the Iraqis. Been there, done that. They've got killing fields with 100,000 people.

So I would just suggest as humbly as I can, but as forcibly as I can, that in one year they've done a remarkable thing. They had an election for a government that established a Constitution. They ratified the Constitution. Mubarak said it would be a big failure and it wasn't. They then had an election and established a government. 76 percent voted. I knew the elections in October and December were a success because the press didn't talk about them. They didn't. I mean it was a success. 76 percent voted of all adults, not of all registered voters. And one-third of the elected officials are women, 18 percent in the House of Representatives here.

So you could look at it one way or you could look at it another. They may fail. We could have failed too. Virginia could have decided not to be part of the Union. We could have decided not to allow the Bill of Rights. There could have been a lot of failures along the way.

But their biggest fear—and this is my end—their biggest fear is—when I asked them—it's uniform—I can almost repeat the words, I know what they're going to say before I ask them—that you will leave us. And then some say, you've given us a taste of freedom and then you will leave us? After this you will leave us?

MR. PASCUAL: Congressman, thank you very much. What I'd like to do is open this up to questioning. Generally when you ask your question, I would first ask that you state your name and who you're associated with, and try to keep your questions short and make them questions as much as possible.

QUESTION: Brookings Institution, [inaudible.] I see a possible contradiction between two fundamental suggestions made in the report, and I'd like to know your view on that. On one hand you argue—very much you feel of a more closely-knit, more

centralized chain of command for both military and civilian activities. This is a point you have made—you stressed very much in your presentation. On the other hand, you suggest that a bigger role should be given to the U.N., including an operational role, including the insurgencies.

So do you think that these two goals can be easily reconciled in light of the U.N. record, which sometimes has been, in fact, rather poor in coordinating post conflict reconstruction activities in many places?

MR. POLLACK: Yes. I think it is a good question. And I will start by saying there is no one, when we set out to write this report, who thought that at this point in time we had perfect solutions out there. I would completely agree with Congressman Shays' point, that it's the point where we start off. There is a tremendous amount of good in Iraq. And in some ways the greatest frustration is seeing us not capitalizing on all of this good that's going on in Iraq. But nobody felt like there were perfect solutions.

The question was what can we do given the situation that we have? This is one of the issues. We all felt that we needed greater internationalization. We lay out the various rationales for why greater international assistance would be useful, would be helpful, and in some cases perhaps even necessary for this. But you're certainly right that you get into issues there.

Now one thing that we called for is a U.N. authorized high commissioner along the lines of what we had in Bosnia. That might help with a lot of these problems. If you've got a U.N. authorized—again, not a U.N. but a U.N. authorized high commission. And obviously you've got to choose that person very, very carefully. But

that ought to be the first way that you help with dealing with obstreperous and independent-minded U.N. agencies.

Second, they need to be meshed into the entire process. Again, part of the problem is we have different agencies just kind of doing their own thing. We need to get to the point where it's no longer the case that you've got a bunch of guys in Baghdad who are making one decision, but the military officers out in the field see something completely different. One of the rationales—one of the reasons that these kind of integrated hierarchies work in these kinds of situations—everyone is in the same place, everyone sees the same problems, everyone is talking out the same solutions. It's a lot harder for any agency—U.N., American, or Iraqi—to be talking about something completely different if they are sitting at the same table, at the same place, and at the same time—constantly with these same people in trying to deal with these same problems.

And I'll just make a closing point that there are—I think there are a lot of Americans who kind of cringe at the idea that we've had a U.N. authorized high commissioner. Oh, my God. Without naming names, some of the most senior military leaders in the land—people who are responsible for this—loved that idea. They were saying to me "Bring it on." We cannot wait to have this. They saw it as—we understand the need for this. They desperately need the support of NGOs and the U.N. agencies, which have access to personnel that we don't have—that they don't have. They need those personnel out in the field with their soldiers helping them.

And they also felt like—and one of them made this point to me, and we put it in the report. This is a natural point of transition. We have a new permanent, fully

constituted Iraqi government. This is a wonderful moment for us to show the Iraqis that they are evolving. It is no longer going to be an American occupation. It will now be an internationally brokered reconstruction.

CONGRESSMAN SHAYS: The problem is the insurgents have been very skillful in understanding what could contribute positively to Iraq and then target it. And when they destroyed the Iraqi U.N. mission that was a huge blow to succeeding in Iraq. And the U.N. mission folks aren't going to come back and travel around the country unless they can be in areas like the Green Zone. But the U.N. election commission was hugely important in guaranteeing three elections that would put our elections to shame.

MR. PASCUAL: Sitting in the back over here?

MR. LEVINE: Hi, I'm Mark Levine and I'm a contributing editor of the Washington Monthly. And so far I've just read your excellent article in the Atlantic. And I am curious about—realistically how do you see yourself—how do you see their building political support for the ideas in your proposals, in particular with growing interest in the American population in having withdrawal, and with the Bush administration essentially cutting off money for reconstruction?

And I didn't see a lot of clambering among either Democrats or Republicans when the new budget came in about, gee, we ought to spend lots more money in reconstruction when there's a burgeoning corruption scandal. So how do you see yourselves building support for the ideas, and which constituencies will back it? Thanks.

MR. PASCUAL: Congressman, if I can ask you to start commenting on that, particularly giving your perspective from the U.S. Congress—the dynamics and mood.

CONGRESSMAN SHAYS: You know, when you get a president's budget you kind of try to sort it out for awhile. But one of the worst things we can do is give up on reconstruction. One of the times that I was in Iraq I was in the old area of Babylon. It has a different name now. But I had Bremer's person in that area come up to me—and this was April—this was August 2003. And he said, The Marines are leaving and they've done all our outreach, and the polls are coming in and they won't do outreach, and I'm supposed to have 50 to 100 people and I only have one person. That was a real indication to me that Mr. Bremer was doing centralized control out.

But our real successes have been where the Marines have interacted with the populace, and where the non-government organizations have interacted with the populace. The big projects haven't been our real success. And, by the way, the U.N.'s biggest success is helping to coordinate all the NGOs. If you could get a lot of NGOs in there, you need the U.N. because they're the only referee that the NGOs trust.

MR. POLLACK: If I could just add a point to that. One of the ways—you asked me how are we building support? Well, it's by going and sitting with people like Congressman Shays and saying, here's a report, here's a bunch of ideas, and we hope that you can take advantage of them. And, honestly, I've spent the last two weeks doing nothing but briefings on the Hill and in the Executive Branch doing that.

But I'll make a more general point as well. My friend, Peter Fever, who has gotten a lot of publicity—some of it well-deserved, some of it not so well-deserved. But Peter Fever has done some remarkable work on the American public and its views on war, including this one. And what all of Peter's work has demonstrated—his work is absolutely brilliant, and I don't know of too many people who can contradict it—is what

the American people want is they want to know that what we're doing is important, and that we have a plan that can produce success.

And what's interesting is that the latest polls that I have seen on Iraq continue to show that the American people understand that this is important. The last poll I saw said 65 percent of the American people viewed Iraq as vital to the national security of the United States. But 69 percent believe we didn't know what we were doing in Iraq. And that's the disconnect.

CONGRESSMAN SHAYS: I agree with that. I just want to add one thing about corruption. In a country with no checking account system, it's hard to trace how money is spent. And one of the things that our folks have felt pretty comfortable in telling me is—finally they have an accurate account of the numbers of Iraqis that are under the commands of the various generals, who are given this money to pay to all their soldiers.

What happened in the past is they might claim they had 3,000 soldiers and they only had 2,500, and they would potentially pocket the rest. The other part of the corruption issue is because we can't trace it we call it corruption. It may have very well been spent the way it was supposed to, but we don't have a tracing system. And lest you get too arrogant about their failure to do this—our budget of the Defense Department is not auditable. They're over a trillion transactions that can't be traced—at least that was two years ago. It's gotten down a bit. And because the Department of Defense is so vital to us we don't say, okay, we're not going to fund you because you're not auditable.

MR. PASCUAL: I'm going to take the prerogative of having the mike for a second to ask a question which I'd like to—I will come back to you in one second but I want to make—

CONGRESSMAN SHAYS: I feel sorry for that guy.

MR. PASCUAL: We're going to come back to him in one second. But I want to make sure that we put this issue on the floor, because I think it's a big factor in the broader policy and political debate. The premise of the report is that an international security presence done the right way can actually help create a security environment.

CONGRESSMAN SHAYS: That's true.

MR. PASCUAL: There are some who have argued that international forces are, indeed, actually a target of the insurgency, and a very factor that is actually fueling the insurgency. So you take away the international forces, and, therefore, you take away the very target for the insurgency, you remove their rationale, and you make it more difficult for that insurgency to exist.

Some have taken that a step further beyond the insurgency and said that the presence of the international community in some ways has made it—has provided an excuse for Iraqis—for Shiites, Kurds, and Sunnis—to actually come together. And if they didn't have the option—Congressman, you were talking earlier about the American experience of the necessity of different coalitions coming together. And that, in effect, the United States' and international presence has made it more difficult for these groups to come together, because, in fact, they play one another off against the United States.

Those are serious issues to put on the table, and I think it would be worthwhile to hear comments from the panel on your views on that.

MR. Pollack: I think Carlos has a very important point. And it's nice for us, because just two weeks ago on this very day, we had Steven Kull and myself—Steven Kull from a program on International Policy Attitudes—PIPA. And PIPA did a wonderful thing. They actually did a survey of Iraqi public opinion. And I found it very useful, because I had the same experience that Congressman Shays did. In all of my trips to Iraq, my conversations with Iraqis, my constant meetings with Iraqis—everything I heard from Iraqis was, "Do not leave us." We are terrified there will be civil war if you leave.

And all I could say is that's what I consistently hear from Iraqis. PIPA did a poll and we now have data to support this point. The question that PIPA asked on this issue was—they asked Iraqis, “When do you want U.S. forces to leave Iraq?” And that's the way it was phrased—when, not whether. When do you want them to leave? And they gave them three choices: Within six months, over two years, or when the security situation improves. And I think for Iraqis—what you need to understand is that what Iraqis generally heard was, “Do you want the Americans to leave now, never, or at some point in between?” And I think that two-year estimate that they gave could easily have been three years, maybe even four years—so at some point in between.

The overall results of the poll—35 percent of Iraqis said within six months, 35 percent said over two years, and 29 percent said only after the security situation improves. So what you can read from just that is 64 percent of Iraqis said, “Do not leave at least for two years.”

However, it gets more interesting when you break it down by the different sects. And one of our points in the report is that we've exacerbated a lot of these sectarian

differences. Again, Congressman Shays is absolutely right, that there is still an Iraqi identity lurking there. We need to work harder on allowing Iraqis to assert—[inaudible]—for the purpose of the poll is asked in this way. Once you broke it down what you found was it was the Sunnis that were driving those numbers. 83 percent of the Sunnis said the U.S. should leave within six months, 11 percent said two years, and four percent said when security improves.

The Shiite said the opposite. Only 22 percent said the U.S. should leave in six months, 49 percent said the U.S. should leave in about two years, and another 29 percent said that the U.S. should only leave when the security situation improves.

So, in other words, for the Shiite 78 percent said the U.S. should not leave for at least two years. And, again, not to belabor this point—but PIPA then went further and asked the 35 percent of Iraqis, Why is it that you—the 35 percent who said the U.S. should leave in six months, why? The first answer most people gave is the point that Congressman Shays has made. We don't like having a foreign presence in our country. We're deeply proud people and it was pure nationalism.

The second answer people gave was the one that Carlos mentions. And the way that they phrased it was—the presence of U.S. forces attracts more violent attacks and makes things worse. First, only 11 percent of the people said that. So it was a very small number. And of that 11 percent, it was overwhelmingly Sunni. Again, four and a half times as many Sunni said that as Shiites. Six times as many Sunnis as Kurds felt this way.

In other words, the people who were saying that are the people who live out in the Sunni triangle, whose only experience of Americans is in these sweep operations

that go in looking for insurgents and often find them, and lead to gun battles there. So I think the public opinion poll that we now have very much supports this point.

CONGRESSMAN SHAYS: My favorite poll was done last year. 69 percent wanted us to leave and 69 percent wanted us to stay. And that was exactly what the poll said.

[Laughter.]

MR. PASCUAL: So with that clarity —

[Laughter.]

CONGRESSMAN SHAYS: But you understand they want us to leave when we can leave.

MR. POLLACK: Which is your point exactly.

MR. PASCUAL: I think one of the things that has come out of many of the statements that you've made is that from the Iraqi people they want the opportunity to succeed. And so what they're looking for is who can give them that opportunity.

CONGRESSMAN SHAYS: Could I point out something about why you should have greater hope about this? These are very well-educated people who have water. I mean, when I fly over in a helicopter for two hours and I'm looking at wheat field after wheat field—we spent 12 years putting their farmers out of business because there were vouchers for food. So the farmers couldn't sell to their own market. But over time you have vast aqueduct systems. They have water.

And I understand the idea of the curse of the oil. I would love to have that curse. They have ten percent of the world's oil. The United States has 2.7 percent of the world's oil.

MR. PASCUAL: All right. Please.

MR. POWERS: My name is Ed Powers. I have no affiliation. Unfortunately, you just answered my question.

[Laughter.]

MR. POWERS: My concern was—and I'll say it anyway—is the school of thought that the greater the presence, especially in terms of security forces and especially the U.S. forces, will actually add fire and fuel to the insurgency. And I wanted to ask you how you responded to that thought, and I think you have.

However, I'm not sure that polls are really the right thing to look at. I accept that the overwhelming majority of Iraqis kind of want us there at least for a good while. But it still worries me that as long as you have a significant percentage of the people who really despise our presence—and expanding that, I still worry about the insurgency growing internally as well as external forces coming in.

CONGRESSMAN SHAYS: I can just make this comment to you that when you disbanded their army, their police and their border patrol, it meant that we—the United States primarily—had to patrol their streets. And I'll never forget one Iraqi saying, "Why can't we at least guard the hospitals?" And the reason why that's so sensitive to me—the first death we had in the Fourth Congressional District was Wilfredo Perez guarding a hospital. As soon as we forced our troops to be the policemen, they had a whole different feeling to the Iraqis. Now once we did that, the dye was cast.

MR. POLLACK: Let me add the point that—what we really focused on in our report—and, again, it's based on some public opinion polling data. It's also based on the experiences of the different members of the group with Iraqis over time. And a

number of members of the group served in the CPA, served in ORHA, and had a broad range of experiences in Iraq.

Is it typically when you speak to Iraqis—you know, sometimes you can get Iraqis to say, why don't you just leave? They're angry. Why don't you just get out of our country? But, inevitably, if you go past that and say, well, why do you say that, what you typically hear from them is more along the lines of, why aren't you doing what we need you to do? Why aren't you making our streets secure? Why aren't you helping us with unemployment, and gasoline, and electricity, and all of that stuff?

And that opens up a whole realm of possibility. Again, I would take the public opinion polls—and actually PIPA did a very good job, and they asked a whole bunch of other questions, and a number of other things. And they see it as what the Iraqis are concerned about is less our presence than our negligence—what we're not doing—dealing with all of these other things, as I've already suggested.

What we've seen is where the United States is going—and here I might disagree a little bit with Congressman Shays. Where we've actually put Americans on the street—and, in particular, we've done it in conjunction with Iraqi units—we've had wonderful success.

CONGRESSMAN SHAYS: That's cheating. Where we've done it with Iraqis has been the answer.

MR. POLLACK: It helps a lot, yeah.

CONGRESSMAN SHAYS: And if the answer is you're going to have no security, you need American security, you need security —

MR. POLLACK: Exactly.

CONGRESSMAN SHAYS: But the key would have been—could we have had just Iraqi security?

MR. POLLACK: Right. And at this point in time I'm not convinced of that. What we call for in the report is a much greater process of imbedding, and mixing Iraqi and American units.

CONGRESSMAN SHAYS: Right.

MR. POLLACK: Which again—where we've done it, the synergies are tremendous. Because, quite frankly, there are some towns where the Iraqis do get nervous with their own forces there because they're from the wrong group, or they're from the wrong town. And they actually like to see an American presence there, so that they know that nothing bad is going to happen.

CONGRESSMAN SHAYS: That's very true.

MR. POLLACK: But this is the key. It's mixing the forces and working together.

MR. PASCUAL: Yeah. I think the other thing that's important to point out—whether one agrees with it or not—is that the report is calling for a different security strategy of concentrating those forces in population zones and areas with high resources, not necessarily in insurgent areas.

Congressman, let me thank you again very much for your participation.

[Applause.]

MR. PASCUAL: And we'll bring this to a close fairly quickly. I'll just take one or two more questions. But I think it's important just to accentuate on this point. What the premise in the report is that if you change the security strategy and you have Iraqi

and international troops working together in a different type of environment, where they can have more of a defensive approach, you have a much greater process for success than if you're taking a pro-active strike approach.

Two more questions. We'll go to this side here.

MR. MITCHELL: Gary Mitchell from the Mitchell Report. And this is a question probably for Ken—but whoever wants to take it. The International Crisis Group just released a report today on the condition of the insurgency in Iraq. And I guess I want to ask—very quickly—A, have you had a chance to read it, or know of what its major recommendations are? Second—assuming that you might have some sense of that—that they're saying essentially that the insurgency is increasingly dominated by a few large groups, that those groups have really sophisticated communications—technologies, if you will—and that they're paying a lot of attention to us.

How does this—A, do you find the ICG's characterization of the state of insurgency in Iraq accurate? And, B, does it jive with or cause you to think differently about the military recommendations and the security recommendations that you have made in this report?

MR. Pollack: I am aware of it. I glanced at it this morning as I was trying to pull together my notes for this and the previous session. I can't say I looked at it in depth. That said, the conclusions as I read them—first I have no independent way of knowing. I don't get to speak to insurgents. The best I can do is speak to Sunnis who seem to know people who are in the insurgency, but they're not close friends and they haven't seen them recently.

[Laughter.]

MR. Pollack: And I think that it does jive with my general impression of what's going on. And what's more, it's just an historical trend. The insurgency that started out was mostly disconnected inchoate bunches of different groups, who all had reason to oppose the United States, taking pot shots at the Americans. It is natural that over time it would coalesce. And you've seen that with other insurgencies in different parts of the world at different points in time.

So my way of thinking—again, it simply reinforces the need for a traditional counterinsurgency strategy. Again, the literature is just kind of overwhelming. We've got some people in the audience—it's like, gee, they seem to know the literature much better than I do. But it's kind of remarkable when you start going through it—and I read it all in grad school, and I did it again for this report—just how consistent the lessons are from an insurgency to an insurgency and stability operation to stability operation. We know how to do this, and there's a set of lessons, and it's about applying them.

And, again, to the military's credit, they're figuring it out and they are adapting. There is a question of whether they're adapting fast enough. And, again, as Congressman Harman said, and as Carlos elaborated, there is still a very big question out there about strategy. We are applying the tactics properly. But if we insist on applying them in places like the Sunni triangle, we could lose the south and the center. And, frankly, there is no Iraq if we—if we lose the south and center to organized crime and the militias, then even if we've saved the Euphrates Valley we haven't got much.

MR. PASCUAL: One last question in the back.

MR. KING: My name is Sam King. I'm a student at Georgetown University. I have one question. You mentioned that the oil funds need to be taken out of the hands of the Iraqis. And given the level of pride, the amount of pride they feel in their country, and that oil especially is a nationalistic issue—I mean, it's very interesting. Who do we talk to? Who would you convince? What would you say to—you know, the United States is going to handle your oil funds, and we're going to distribute it. How would you make that argument?

Also, if you could comment, what do you think the role of the Arab region could be in helping Iraq out?

MR. POLLACK: Sure. First—

MR. PASCUAL: Ken, let me suggest this. In answering the question, if there are any sorts of final points you want to make as well, sort of for the record—and, Joe, if you want to follow up with that.

MR. POLLACK: Joe, you want to take this one?

MR. SIEGLE: Then you can wrap up. Sure. I think you must have misunderstood what we had said about the oil fund. What we're recommending is that a more systematic and transparent mechanism for accounting for Iraq's oil revenue be instituted. It would still be managed by Iraqis, but there would be five discreet channels through which those revenues would be targeted so that there's a greater proportion of those funds that are going to have meaningful immediate impacts on individual Iraqis.

Our main concern is that the existing fund is—as Ken said, is a slush fund. And it's therefore very difficult to audit and keep track of. In fact, even accounting for the

inflows to that fund are very difficult. The expectation or the understanding is that up to 30 percent of oil revenues aren't even showing up in any accounting ledger.

So the gist of our recommendation is that we need to do a better job than just accounting for what these resources are. And if we're going to break the "oil curse", we've got to use those resources in constructive ways that are actually going to support the economic development of the country—rather than having them be used to perpetuate the political platforms that individual politicians are currently building.

In terms of the Arab world, the report does talk about building up expanded contact groups for Iraq. There are financial resources and there are political resources that the neighboring countries can bring to bear—that we should have done this from the beginning— and they do deserve a seat on the table, because they have very vested interests in how this comes out.

Conversely, certain players have ulterior motives that are motivating their actions, and they need to be brought in to a regional group where they can be held to account as well.

MR. POLLACK: I'll just add to that by saying—again, we've talked a lot about Iraqi public opinion. And for me it kind of comes back to a point that Jane Harman started by making about this one year window. It's not a year that we have to complete reconstruction. It's a year that we have to convince the Iraqis that we actually know what we're doing on reconstruction, and that reconstruction is going to materially benefit them in a way that they've hoped all along, but has been disappointed repeatedly so far.

One of the other things that you get from Iraqis when you talk to them—it's this issue, this question about the oil—is that the Iraqis frankly don't trust their politicians in Baghdad at all. Increasingly, you find Iraqis who feel completely disconnected from their representatives in Baghdad, who see their representatives in Baghdad as nothing but a bunch of thieves who are simply dividing up the spoils of the country.

Now it's kind of an interesting phenomenon that they continue to vote for these people, and in some cases they do it enthusiastically. But you know you have similar problems in other more mature democracies—which will remain nameless—

[Laughter.]

— so it's certainly not unique to Iraq. But it is a constant problem that Iraqis feel. They don't feel like their government is delivering for them. They feel like these politicians sit in Baghdad and they argue over who's going to get how much of the oil money, as opposed to how they're going to deliver on security, and jobs, and electricity, and all the things that the Iraqi people need.

And so the question that we have to answer is how we can use the resources that we have and the will that we have—diminishing though that may be—to better provide for those various things for the Iraqis, which are critical to keeping them on board for reconstruction. If we can do that—if we can just start—there's no reason that reconstruction can't succeed,

What we identified in the group was just a broad range, and you will see it in there. We have 40 recommendations for how to deal with corruption, including many of the ones that Joe mentioned. There's no silver bullet. It's going to take time, and it's going to require a comprehensive effort. But if we can keep the Iraqis on board, if we

can start to deliver for them, and we can move their government and shift our own resources in this direction—so that we are creating security for Iraqis and using those secure spaces to allow for Iraq's political and economic institutions to revive—there's no particular reason this can't work.

MR. PASCUAL: Ken, thanks very much. One comment that I just want to make just to put in perspective—the civilian engagement. Just having recently left the Foreign Service, I sort of feel obliged professionally to make this. There are 6,000 Foreign Service officers in the State Department—total around the world. There are about 1,500 Foreign Service officers in USAID. We just heard that there are 150,000 troops just in Iraq. When you look at specific scale areas like planners, there are several hundred planners in joint forces command down here in Norfolk. In the State Department if you took the office that I previously headed on stabilization and reconstruction and called everybody there a planner, which they're not, then you'd have 50.

So the point that we're getting—that we're trying to make here—is that the civilian aspects of what it takes to actually support stabilization and reconstruction throughout the world have been radically underfunded. One is funded in the foreign operations account, the 150 Account. And then you have the defense budget. The entire foreign operations account plus the State Department budget together are about 33 billion dollars for the entire world. The Defense Department budget, depending on whether you're counting supplementals, is somewhere between 450 and 500 billion dollars. So rounding error—the foreign affairs budget is essentially the rounding error in the Department of Defense budget.

When requests have been made for additional personnel—additional civilians to put on the ground—essentially the response from the U.S. Congress has been that what should simply be done is to take those civilians from other places and from less important environments. You can do that to a certain extent. And that process has started and we've seen a lot of press of moving certain officers from some parts of the world that have been yesterday's problems to tomorrow's problems, in precluding putting more officers in places like China and India—absolutely something that needs to be done.

But the reality is that the numbers that you're starting with are so small, that to have the capacity to be able to have a joint operation on the ground that's integrated between military and civilians is extremely constrained.

So in the end what we're talking about is maybe with a division of 3,000 on the part of the military, you might be able to get five to ten civilians. And then with those five to ten civilians, if you have sufficient security, then you can begin to call in and bring in non-governmental organizations and contractual support.

So that's the kind of dynamic that we're talking about. What it brings us back to is the importance of that security dimension. If you can't—if you don't get the security right, the rest of it falls apart. You can't get in the civilian support, and you can't create an environment for the Iraqis to do more for themselves. You can't create a climate for the political process to work, because it simply becomes then a process of the people trying to survive. And if that is all that you have, then you can't get success. You can't move from the basic platform that you have right now.

And it's really in that spirit that this report is offered. We have to have something that is more than just simply trying to survive. You have to create an environment where people have the capacity to exercise the capability within themselves to work within their communities, to be able to establish a strategy and a process to actually move forward. And that's what we're hoping to provoke with this report—the kind of debate that's necessary to move from the *status quo* of simply surviving to then actually making progress.

We thank you for your attention. We appreciate the time that you gave us.

[Applause.]

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