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P R O C E E D I N G S

AMB. PASCUAL: Good morning. My name is Carlos Pascual. I am Vice President of the Brookings Institution and Director of the Foreign Policy Studies Program there. I am very pleased to host this event on behalf of the Brookings Institution. I would like to tell everybody that we are being filmed today live by C-SPAN so that everybody is aware of that if they have any comments to make, and it is also a factor to take into account during the Q and A. We will be asking everybody to wait for a microphone so that they can actually be heard in the commentary.

We are here today to focus attention on U.S. policy in Iraq and the directions of that policy. Obviously, there has been a huge amount of attention on this issue and a lot of decisions perhaps might have been made in passing. We will hear tonight from the President in his statement on U.S. policy, but we have been given a fairly good idea from General Petraeus of what that statement might actually be. Interestingly, if we look at his proposal on the troop withdrawals that might occur by the end of the year and then over the course of the first 7 months into 2008, where we might find ourselves from a military perspective in the middle of 2008 is from a military posture exactly where we were in January 2007. So the question that it inevitably raises for us is that from a force present perspective we may be in exactly the same place. Will we be in a different place substantively? Is this a policy that will be sustainable? Is it a policy that will

have an impact? Is it a policy that will really make a difference to the viability of Iraq as a state and one that will at least be able to achieve stability, much less a state that might be a viable democracy? These are some of the questions that we want to address today.

We have with us an outstanding panel of experts from the Brookings Institution. They will be speaking in the following order. The first is Ken Pollack. Ken is a Senior Fellow in the Foreign Policy Studies Program with the Saban Center for Middle East Studies. He has previously been with the National Security Council staff and in the intelligence community. He will be followed by Phil Gordon. Phil is a Senior Fellow at the Brookings Institution. Previously, he was the Director of the Center for the U.S. and Europe at Brookings and he has served on the Security Council staff. Peter Rodman will follow him. Peter is also a Senior Fellow at Brookings. Most recently he was Assistant Secretary of Defense for Policy and has served for five different Republican presidents over the course of his career. Susan Rice is a Senior Fellow at the Brookings Institution in both the Foreign Policy Program and the Global Economy and Development Program. She served as Assistant Secretary for Africa on the National Security Council staff and has been a wide-ranging commentator and scholar on security issues broadly. She will be followed by Mike O'Hanlon. Mike is again another Senior Fellow at the Brookings Institution. He has written widely on national security issues and defense issues

and also spent time in government in particular with the Congressional Budget Office. Finally, Bruce Riedel, a Senior Fellow at Brookings in the Foreign Policy Studies Program and the Saban Center for Middle East Studies. Bruce has had a 30-year career in the intelligence community with the State Department and at times assignments with the Department of Defense and the National Security Council as well, so we have an outstanding group.

You will hear a range of views, and one of the things I want to underscore is that there is no Brookings Institution view on Iraq, and for that matter, on any other issue. We are a nonpartisan organization which means that we start as a foundation with an analysis of the problem, and we allow that analysis to take our scholars to the point where they think we can make the most effective and responsible recommendations on policy. I hope that one of the things that you will get today is a reflection of that breadth of views and the kinds of factual issues on the ground that we are looking at that may lead to different perspectives, but as a key point I hope it will help you understand what some of those fulcrum issues are that might cause one to take one direction in policy or another as a result of one's analysis.

In addressing the questions of sustainability, obviously we will look at some of the questions related to the military presence, but I hope that you will also participate with us in exploring the political dimensions of this as well. In the hearings over the previous days there has obviously been a lot of talk about

politics in Iraq, but probably in a less-conclusive way than we have seen the debate on some of the military questions that we have had so far. At a national level we have heard statements about the dysfunctionality of government and a lot of hope has been placed on what might be able to happen locally and whether that can build itself from the bottom up, and we should take a close look at that, in particular whether there is a potential for the kinds of deals that have been struck with the Sunnis to be replicated elsewhere, even whether some of those deals are viable in the long-term, and this is one of the issues that I think deserve a great deal of attention because if we cannot address both the military and the political issues together then overall we cannot see how we can put together a viable policy for Iraq as a whole.

I hope by the end of this session that you will have a clear sense of what some of those critical variables are going to be for sustainability and be able to make your own judgments about it. And I hope that one of the things that we have been able to do is give some clarity to the kinds of policies that potentially could make a difference between success or failure. And if we can leave you with some of those ideas or some of those suggestions, I think we will have had a successful session.

With that introduction, let me begin with Ken Pollock. Ken as many of you know had recently been in Iraq over the course of the summer, has written on it extensively and has been involved in guiding an Iraq Policy Project

that has sustained a focus on issues related to Iraq over a period of time. Ken in particular, do you want to start off with some of the variables that we need to think about as we move ahead?

MR. POLLOCK: I think it is a great place for me to start, Carlos, and let me thank all of you for coming out this morning.

When I'm thinking about moving forward in Iraq and the next step in trying to assess where we go from here, there is obviously a great deal left to be done. This policy has had some successes so far, but we are nowhere near on a straight trajectory toward success. I think the next six months are going to be very important and let me just tick off some of the key things that I am going to be watching to try to determine where things are headed.

First, in the military realm, you are all aware now that the most important factor facing us is that in about six months the U.S. forces in Iraq are going to have to come down from their surge levels. They cannot be maintained at 160,000 troops, not without imposing additional hardships on U.S. military personnel, and it seems pretty clear that the President is going to announce tonight that he going to follow General Petraeus's suggestion that we go ahead and reduce the forces in Iraq down to pre-surge levels. That is a very important moment. The U.S. has had a certain amount of impact in Iraq with 160,000 troops. That in and of itself was always a kind of bare-bones number, a number that was the most that the U.S. could generate, not necessarily the ideal for what you would want in

Iraq given what it was that we were trying to do. The big question mark in my mind is can we sustain the impact that we have had so far six months out when we have to come down from 130,000 troops, let alone build on it. That is why Mike and I keep focusing on this question of places like Anbar and Nineveh Provinces.

What is important in particular about Nineveh is that the changes that have happened there make it possible to conceive of this reduction without it really affecting the operations of units in other parts of Iraq. As you all know, Anbar is where the most dramatic changes have taken place, but a place like Mosul or a place like Tal Afar, those are also very important. Just to give you an example, both in Mosul and Tal Afar, about a year ago, the U.S. had thousands of troops garrisoned in those two cities. I am not sure that I am allowed to give you the exact numbers so I am just going to keep at those ballpark figures. Today the U.S. only has hundreds of troops in those two cities, and they are important cities. Mosul is the third-largest city in Iraq, it has a heavily mixed population, and it has been the scene of some of the worst sectarian violence in Iraq. That reduction in troops is extremely important. It was made possible because of changes in the dynamics within the city, leaders within the city deciding that they did not want to fight anymore, that they actually wanted to come to some kind of *modus avendi*, and the emergence of some Iraqi military formations which were able to take over many of the missions from the U.S. troops. What that made possible was the

shifting of U.S. forces to other parts of Iraq to deal with the places where there are still big problems, Baghdad, Diyala, elsewhere.

So far, Mosul and Tal Afar have not exploded, and if that continues to be the case, that suggests that it may in fact be possible to draw down the surge brigades without having any real impact on the strategy itself. If that does not hold, then I think that places that question in real jeopardy. Particularly things that I am looking, I do not know if any remember this, but in early August there was a massive truck bomb in Tal Afar where 150 people were killed in Tal Afar. After that I was watching close to see what happened. I wanted to see if you had new rounds of sectarian killings. I wanted to see if there were problems of whether the Iraqi forces that were not mostly responsible for security in Tal Afar would be able to handle it or whether it would require the United States to pull additional forces from somewhere else to go back and safe Tal Afar. On that occasion, it did not cause new rounds of sectarian conflict, and the U.S. did not have to pull troops from elsewhere. That was an important sign that the place had not fallen apart, but again, you have got to keep watching that on a constant basis. If it falls apart, that calls the strategy into question, and in particular it calls into question whether the strategy can be maintained after the surge brigades are gone, and that is a critical question on the military side. Remember, this is ultimately a spreading-oil-stain strategy and success on the military end is in large part defined

by whether or not that oil stain can spread and when it spreads whether it leaves behind chaos or it can actually hold the areas that it has cleared.

On the economic side, to shift gears a little bit, there has been some progress at local levels. We have had some Americans working with some Iraqis who have started to figure out some of the problems. We have not seen that translated in any way to the national level, and that is the next question: Can you spread these local economic success stories and can you turn it into something more meaningful? Can you turn it from micro-level economics to macro-level economics? Can you affect larger indicators like the overall unemployment pool in the country and other critical indicators of both the success of the country's economy and the economic factors that are underlying the violence in the country? So far we have not seen any indication that we can translate these local economic successes into something bigger. That is going to be another key thing to watch over the next six months.

Then in the political realm, there is the obvious piece that everyone has concentrated on which is the national-level government and can the national-level government start to move toward reconciliation, or I actually think reconciliation is a long way off, I think accommodation is a more reasonable, immediate objective, and can they even move in that direction?

The first point I will make is, historically, that is the last piece to come in in any one of these kinds of counterinsurgency or stabilization

operations. Typically it can take quite some time. That said, there is not a whole lot of time for the U.S. in Iraq. Obviously the American people are looking for signs of progress sooner. And that's more, I think it is also the case that the United States ought not to just say these things always are the last things to call into place so we can just ignore it for a while. I think we need to be thinking actively about it because it is hindering both local-level security and local-level economic and political development and to a certain extent, some of the stuff that I talked about that I am going to be looking for on the military and economic sides are themselves going to be hamstrung or aided by what happens at that national, so it is not as if we can simply ignore it.

I will say to you and I think I have said this in public any number of times, I have a lot of questions, in fact, I am very dubious that this parliament, the council of representatives, is going to be able to make the kind of concessions that are necessary to come to any kind of accommodation. It is a parliament, it is a core that is dominated by Shia warlords who frankly have no interest in compromise. What that says to me is that the U.S. needs to do probably one of two different things. One is kind of a short-term fix strategy, perfectly reasonable, but it would need to be tried, which is to do whatever we can to decentralize power, funding, and authority away from Baghdad down to local levels where people have shown a much greater willingness to actually strike the kinds of deals that we want them to strike, the kinds of deals that have happened

as I was talking about before in Mosul that have made possible these *modus avendi*. But that is going to require the U.S. government pushing the Iraqi government to get the resources out into the countryside, to the provincial level, to the municipal level, to allow power to flow out there and to stop interfering in what is going on out in the provinces.

The alternative is I think that the U.S. government is going to need to start pushing for new elections. I think that is really the only alternative to real meaningful decentralization. You can argue that a smart strategy would have elements of both because the simple fact is, as I said, I think that this parliament and this council of representatives is dominated by figures who simply have no interest in making the kinds of concessions that we and quite frankly the Iraqi people want them to make. It is a parliament system and in a parliamentary system if the government is dysfunction and deadlocked, you move to new elections and I think that may be a direction that we need to push the Iraqis in the hope that getting a new parliament and a new council of representatives might actually produce a group of people who are willing to make the concessions that this group so far has not.

AMB. PASCUAL: Ken, thanks. Let me just ask a couple of questions. On the deals that have been struck in Mosul, Tal Afar, and Anbar, they have been essentially deals of self-interest at a local level against as I understand a common enemy, al-Qaeda in Iraq. To what extent can one extrapolate from those

to whether or not there is any constructive or positive sentiment or indication or signal of support for an Iraqi state?

MR. POLLOCK: First, the deal that you indicated was exactly what happened in Anbar. In Mosul and Tal Afar as best we understand it, it was much more different, it was mostly the local leaders deciding that they were sick and tired of fighting. In both places as I understand it they are under pressure from outside forces to start fighting again, but they decided basically that they did not want any part of it. That in and of itself is very important and, again, the critical question is can we and can the Iraqis sustain it. Can we make it possible for that to be sustained over period of time?

As far as the larger state of Iraq, a lot of that gets to this question of Iraqi identity, it also gets to questions of Iraqi political, and simply the nature of Iraqi society at this point in time. They have been through an horrific trauma, four years of civil war, not quite as bad as Bosnia, at least not yet, but nevertheless traumatic, and I do not think that we have a good handle on where Iraqi identity is at this point in time. I think most Iraqis, certainly most Iraqi Arabs, would like to see the country stay together, but there is enormous suspicion among all Iraqis of the other groups and even in some cases of people within the own group. And I think that that makes is highly unlikely that you are going to see a strong central Iraqi government in the near future. Again, one of reasons why I think that decentralization makes sense is not just because doing so

might allow you to build on some of these local successes and maybe turning them into something more meaningful, but also because I think that that is at least the medium-term reality for Iraq. I do not think that you are going to see a strong central Iraq that looks like Egypt. I think you are going to see a much more federalized Iraq. I think that if there is success, and I want to stress if there is success in Iraq, that is my guess as to what it looks like.

AMB. PASCUAL: Even from a perspective say of Anbar, then the fact that let's say there specifically the Sunnis are willing to cooperate with U.S. forces, they are still not in support of what they see as a Shia-dominated Iraqi government?

MR. POLLOCK: Correct, and I do not think that we should expect them to see otherwise. This is a Shia government filled with some very nasty figures who have done some really horrible things to the Sunni population, and that's not to suggest that there are not Sunnis who have done horrible things to the Shia as well. But that is the problem, you have got this enormous level of distrust among Iraqis and I do not think that we should be putting the perfect ahead of good enough.

AMB. PASCUAL: One of the things you mentioned was on elections, and we will come back to that because this is an important point and at times a controversial one because some have argued that elections are a way to shift political balance, others have argued that in conflict situations like this,

elections essentially entrench all of the sides into their positions and actually cause a greater division, and that is an issue that is worth debating and let's come back to.

Phil, let me turn to you. You have just recently published a book, "Winning the Right War," and in that book you have taken a perspective on U.S. global stance against the so-called global war terror and raised a number of questions about whether or not that is in fact even the right way to characterize the war that we should be in. The implications that it has had for U.S. military posture, for U.S. prestige, and the ability to effectively tackle problems not only that we have in Iraq but the implications that it has for us globally. So maybe as you address these issues as well, coming back to that global perspective might be useful in how does the Iraq situation play into the wider global situation and our security interests there?

MR. GORDON: Thanks, Carlos. I think you are right that that is an absolutely essential question as we try to net out pros and cons of the Iraq war, how much it is a plus for the global war on terror if you want to call it that, and how much it is a minus. I hope that that is something that we focus on.

I want to, as my starting place, take a step back from that and ask a different question and actually begin by stating what I think is the obvious and what most of us I think would agree on, which is that the starting point of figuring out whether we are actually making progress in Iraq now and whether this

strategy is working is not only almost impossibly difficult to know because there are so many variables pointing in different directions, but also exceeding important to know. I said this is stating the obvious, but it is for this reason, if this strategy actually is working and we are making progress, it seems to me it would be irresponsible to pull the plug on this because of all of the implications of Iraq for so many other issues. If on the other hand the strategy is not working, it seems to me it would be tragic to continue to tread water month after month and year after year at the cost of thousands of lives and billions of dollars. So while I think again most of us would agree nothing would be better than the success of this strategy, it is too important to rely on wishful thinking and we need to try to answer that question.

Where I come out is with great skepticism that we are actually making the progress that we would need to make to justify the mission, and let me try to express why. The first is that we have heard claims of progress so often before, turning the corner, a new strategy, making progress, turning points, that it is hard to take the latest ones seriously if to take them at face value. For that reason I think we have to as we measure this question not only listen to the President's reports, but all of the reports that have been out there in this cacophony of information, the GAO report, General Jones and Police Chief Ramsey, what journalists are saying, what visitors to Iraq are saying, and I think when you take the totality rather than the administration report, you come out

much more pessimistic about the prospects of success than when you hear the President's report.

Let me say as for the Petraeus-Crocker reports over the past couple of days, I have no doubt that these are honorable individuals calling it like they see it, but I also think it is the case that they have been assigned an important mission that they want to succeed, and when you go into such a mission especially if you are a can-do general in the U.S. military, you go into it thinking it can work and you go into it looking for signs that can work. I think that is a natural response, and let me also underscore I would not want it any other way. I would not want to send a general to perform this mission who might be inclined to get pessimistic and not believe he can succeed. I think that is a normal and good thing. But as we, American citizens and others, and analysts try to figure this out, I think we have to understand where they are coming from. General Petraeus reported on progress more than three years ago in terms of training the Iraqi army. That has not proved to be the case. So the point is I think he is incredibly impressive but not necessarily infallible any more than anyone else. So I think just a healthy skepticism about claims of progress is in order.

The second point I would make about the reason for skepticism is I think listening to the testimony that it is fair to say that the surge is not achieving its stated goals. It may be accomplishing different things, and we can talk about that, but if you go back and look at the President's January 10 presentation of the

new strategy, it was about bringing better security to Iraq, and I am prepared to believe that that is going on on the ground right now, there are some indicators of that, but the real goal was the political goal of buying time for the Iraqi leaders to reach political reconciliation and to create a feeling in Iraq among people that they would not need to turn to their militias and keep their weapons and so on, and there I thought there was a great gap frankly between the Petraeus report on temporary security progress which you can believe or not believe and no doubt we will debate, and the Crocker report on frankly the absence of political progress.

You could say this is early stages, give it time and maybe the political accommodations will come about and the feeling of security will come about. That is possible over the next six months to a year, but to believe that to be the case you would have to believe that the leaders will somehow manage to do what they have not been able to do in four years or in six months, and you would have to believe for this issue of security on the ground among individuals that a couple of months of possibly better security will lead them not to reach for their weapons and join the militias and do the things you do in the absence of security. There we will all have to make an educated guess about that, but one way to think about that is would you if you were an Iraqi citizen who in the past had been tempted to join a militia or arm yourself or stick to your tribe or sect vis-à-vis the others take this couple of months to decide there is enough security in this

country, I do not need to do that? I think in most cases that answer regrettably is going to be no.

One reason it is going to be no, and this is another reason for skepticism it seems to me, is that we have sort of already announced in advance that the surge is unsustainable, that it is temporary, and that is why it was called a surge. Therefore, again, why should we not believe, and it has sort of been flagged in advance by General Petraeus who said he wanted to start withdrawals this December and then by next summer get back to where we were before the summer? If that is announced in advance and if the Chief of Staff of the Army, General Casey, is directly saying it is unsustainable, then we are signaling in advance to the Iraqis that whatever temporary and additional security we have brought through the surge will not be the case six or 12 months from now and we could be right back to where we were at the pre-surge levels by next summer. And again in thinking about this, I think that is always an essential question, at what point do we decide if in a year things are exactly as they were last summer do we need to change the strategy? If you believe that at the end of that year things will be different, then it would be, as I say, irresponsible to change the strategy. But if the answer to that question is they will probably be the same after that year or after the year after that, at some point you have to decide that what you are doing is not working and move on.

Two more points on this. One is Anbar which I think is really important what is going on there, but I also think it is not the designed effect of the Baghdad Security Plan which was called the Baghdad Security Plan for a reason, it was a different goal, it started for different reasons before the surge troops started to get there, so to claim that that is the result of the surge and for the President to fly to Anbar and say, look, this is working, I think is difficult to sustain. As I say, it is hugely important what is going on there, it shows us that the al-Qaeda presence in Iraq is not welcome and that is something we should be gratified for. I also have no problem with helping it along. Even if that was not the objective of the surge, if our troops there are helping get rid of this al-Qaeda presence, then be flexible, do that, keep them there and continue to fight it. But that was not the goal of the Baghdad Security Plan, and it not only was not the mission of helping Iraq come together in a sustainable, unified state, it not only was not the mission, it is the opposite of the mission because given our backing to Sunni tribes and strengthening them presumably does not help move is toward the political reconciliation of a unified country.

That is where I will end it which is really the essential point, is it possible that Iraq will be that unified country? Is there really such a thing as Iraq? That is what this all depends on. If the mission is keeping Iraq together under a government that Iraqis can live with, it depends on the answer to that question being yes. And I think the messages coming from the Kurds are that that is not

what their goal is and they do not want it, the Shia feel like for decades they have gotten the short end of the stick, they are no power now and they are not going to give up on it, and the Sunnis do not want to accommodate that.

In the January 10 speech where President outlined this plan, he described the challenge in Iraq as one between moderates and extremists. No doubt that is part of what is going on and we need to be on the side of the moderates, but I think it is only part of what is going on and the rest of what is going on is actually a battle among Iraqis themselves who do not actually believe in the concept of Iraq.

My last point is this: None of what I've said really matters in terms of what's going to happen because I think one thing is clear in the wake of the Petraeus and Crocker Reports, is that enough real and political momentum behind the strategy exists to keep it going. I think the President is absolutely committed to succeeding along these lines. He's not going to be the one who says this didn't work and we need to significantly change course.

And you've got to give the Administration credit, it has had a good summer in this regard. I think three months ago a lot of us would have expected that the debate would have really been on September 15th, are we significantly moving on? And to what degree is Congress going to force the President to do so?

Now it seems to me clear that that's not going to happen, which means the President will get a chance to pursue this over the next six and twelve months, and we should also all hope, I think, that that leads to the progress about which I'm skeptical. But if it doesn't, I think we're going to find ourselves in 12

months right where we were one year before the surge began, and then we have to ask this essential question again.

AMB. PASCUAL: Phil, thanks. You know, one of the things that has certainly come out in the hearings and debate has been that deaths as a result -- deaths in Iraq are down. There are different debates about how much they're down, whether they're due to sectarian violence and so forth. There's a lot of different manipulation of data. But it seems that in -- at a core factor has to be for population.

If they see that decline, do they associate it with the U.S. military presence, and therefore say, okay, military helped achieve this? But if you take that military away, do you in fact actually remove the factor that achieved this? Or is the decline in deaths as a result of greater cooperation among groups that might have resulted because we might have a common enemy, Al Qaeda in Iraq, or they got -- as Ken was saying -- got tired of fighting? -- which gives some greater sense of the possibility of something being sustainable.

Then the question becomes, well, if that is the factor, then is there -- can one realistically think that this could be spread more broadly across the country? Or do you end up seeing -- do we end up with a future like Basra where you see, in fact, after the withdrawal of British troops, even greater fighting of Shia among Shia?

Do you think that's a reasonable way to pose the question and, if so, how would you think the future might look on -- based on this variable?

MR. GORDON: I think it's absolutely the right way to pose the question. That's the essential issue that we're trying to figure out, and I also think, as I began by saying, it's almost impossibly hard to know. And that's why, you know, this is partly a guessing in the too many variables.

I am, as I said, prepared to believe that sectarian killing is down as a result of the increased U.S. presence. I say "prepared to believe" but I don't know; I don't think anyone really knows because the figures are hard to come by, they're murky, they're contradictory depending on which figures are used. But if you stipulate that, then the question becomes the one you ask: Will enough Iraqis attribute that to the U.S. presence, and, in the meantime, it seems to me for the answer to your set of questions to be yes, which answers the question of should we stay.

They would have to conclude one of several things: 1) that the U.S. will stay as long as necessary. Even if they don't believe they're reconciling, if the United States is going to stay forever, then they could trust that added presence. But I answered that by saying I don't think they think that. And the recent polls that came out just in the last couple of days suggest they don't think it, and it seems to me that a sound assessment of the political scene suggests that they shouldn't think it.

So they would have to believe that, although, alternatively, they would have to believe that the Iraqi Army will be able to step in when the U.S. leaves, and that they would be able to trust that as their security force -- lots of variables there, too. Personally, I'm skeptical that an Iraqi army made up of different

groups that I said don't necessarily believe in Iraq but, as a parenthesis, I would add I don't think the problem with the Iraqi Army is so much a technical matter of training but belief in the mission.

It's not just training these people and giving them the skills: That they believe and be ready to die to impose security on their country. So that's another question that would have to be answered positively if that was going to be the case, or you would have to believe, as I began by saying, that the leaders will come to agreements that satisfy respective communities, and they'll be able to reconcile.

Any of these things are possible, but you would need positive answers to those questions to believe that between now and 12 months from now there would be enough security in Iraq for people to confidently lay down their arms and stop ethnic cleansing and rivalries and violence and insurgency. And at some point, I think one has to be prepared to conclude that the answer is no, and accept the consequences of that which would be dire.

AMB. PASCUAL: Thanks, Phil.

Peter, let me come back to you. You served in this administration, you were involved in similar deliberations on the going into the war, the nature of war, how was it conducted? You have benefit of an understanding of those policy discussions but you're also outside and able to look at it from an independent perspective as well.

And as you take that look, what are some of the things that resonate most for you about where we are in the policy now and its liability?

MR. RODMAN: Thank you, Carlos. I wanted to emphasize two points very briefly. One is about the impact that our domestic debate here has on conditions in Iraq.

And, secondly, I had a modest suggestion to make to our presidential candidates. I share the view and some of my colleagues have expressed it, that the President has bought himself some time -- maybe six months, maybe a longer period of time -- he's bought himself some time and some freedom of action to continue to pursue the kind of Iraq policy that he wants to pursue.

Now, if that is the case, one of my concerns is how this affects the situation in Iraq, and I think it can only be a positive effect in Iraq. I think it would have a stabilizing effect in Iraq to the extent that the people of Iraq see staying power.

One of the most destabilizing factors in the whole Iraqi equation, the internal Iraqi equation has been the fear of American withdrawal. Phil touched on it, and he's right that it's very hard to counter this perception. The congressional election, the Baker-Hamilton Report, there are plenty of -- the public opinion polls -- there are plenty of reasons for Iraqis to think that the Americans are some day going to leave.

But this compounds the problems we have. It demoralizes moderates, it encourages people to resort to hedging strategy. I mean, if you think

the Americans are heading for the exits, you're not going to take risks, you're not going to make concessions; you're going to husband your assets, you're going to hunker down and prepare for the great free-for-all that's going to come. Enabling countries by the same token will pick up, pick sides, and everything gets worse.

So the surge was intended to counter that psychology, and after the congressional elections, even after Baker-Hamilton, the President was saying, Hell, no, I'm not looking for the exits, I'm here to pursue this policy to accomplish the mission. The surge was intended as a display of American staying power, and it was intended and I think it has had that effect to some degree to assure Iraqis that we're not heading for the exits. Or that, yes, some day we will leave, but it will be on our terms, it will be in conditions where we believe the Iraqis are able to carry the ball themselves. That is the President's approach to this.

And I believe that the reassurance of American staying power has contributed to some of the effects, the security effects that you have seen in the country. Some of you may have seen the quotation of Major General Rick Lynch a few weeks ago. He said, "When we go out there, the first question they ask is,`Are you staying?' And the second question is, `How can we help?"' And the second question, I suppose, presumes that it was a positive answer to the first question.

In passing, I want to say something about what, you know, Phil mentioned that Anbar, he said, was not really part of the surge, but if you read the President's January 10th speech, Anbar was the secondary target of the surge. And, yes, the process with the tribal leaders began earlier. But I have the impression that

that process has accelerated since the beginning of the year because of the -- probably because of the addition of American forces as part of the surge.

So the people in Iraq are watching our domestic debate. That's the bottom line.

Now, we know what's missing. We know the political accommodations, especially at the national level, that have not occurred in Iraq. But I would say that confidence in our staying power is a precondition for having any kind of political leverage in Iraq, and to the extent that there is doubt about our staying power even in the near term, that undermines everything we're trying to do, including on the political level.

Now, we heard the argument here that, well, we should start to withdraw and to teach the Iraqis a lesson that they better build a fire under them, they better get their act together. I'm afraid that logic has it backwards, or the real logic is the opposite, because I think pulling the plug or threatening to pull the plug, or trying to do that for political reasons is only going to encourage the hedging strategies and weaken our political leverage rather than strengthen it.

The second point is this: I think there is a perception as we get closer to next November that the next president is going to inherit this. Now, I've seen some recent commentary of people expressing shock that this is the case. Now, President Bush mentioned this many, many months ago, the next president is going to inherit this for better or worse. But my suggestion is that people running for

president need to think about what follows from that, and perhaps it could affect how they participate in the present debate.

In my view, President Bush owes it to his successor to leave Iraq in as stable a condition as he can possibly manage because this gives the next president options. If the situation is reasonably stable, the next president can do anything he or she wants. "She" could pull the plug and blame everything on Bush. The next president could escalate and try to win, or the next president could try to do as Nixon tried to do in 1969: to begin some control process of disengagement that also preserves American vital interests in the region as a whole.

I would think that the next president would want that, you know, to inherit it that way because then the maximum options are available.

Conversely, if this president were to start pulling the plug against his better judgment, or if measures were imposed on him that tie his hands or restrict his ability to conduct the war as he wants, I think that only guarantees a more rapid unraveling or a rapid unraveling, and the next president would inherit a much more seriously deteriorating situation and far worse options.

In other words, my thought is that the presidential candidates, whichever party they're from, ought to be rooting for the president and ought to be rooting for the surge to succeed. And if they do come to that conclusion, they may want to contribute to the present debate in a way that helps him do that.

Thank you.

AMB. PASCUAL: Peter, thanks.

MR. RODMAN: And I think from a national perspective there isn't a person in the country who isn't rooting for the surge to succeed. I think everybody would want it to succeed. It may create inconveniences in individual political platforms, but in the end I think that in general people put the good of the country over individual political positions. But then what we come back to is, let's go to your central argument here, is the absolute importance of demonstrating American staying power.

And the difficulty here, as Phil's suggesting, is that there's a limit to the staying power. There's the end to the staying power. Ken also raised the point that at a certain point U.S. troops are going to leave. There is a global issue of U.S. force presence and security interests. And then even if we look at David Petraeus' statements, I mean, he has laid out a plan where there's an indication that we're going to be moving down. And it's hard to imagine that once you start that process that there's going to be Surge Two.

So if this is a reality that one is dealing with, we have to come back to the second piece of what the President had stated, which is a hope that this military presence would lead to some form of political environment among the Iraqis that would allow some sustainability.

From the time that I've spent working with the military during my career in government, one of the things that I consistently heard from them is that you have to have a parallel nature of military strategy and political strategy. If you can't achieve political progress, the military part isn't sustainable.

And so when we come back to the political side of this, we've had some debates back and forth about this, but whether it's depending no the Iraqis to do it themselves to pass legislation, to act as a rational state even though they're in the middle of a civil war, that doesn't seem terribly likely. I've raised possibilities of whether it could be useful of having a major international leader broker a debate, and again that also has its limitations. And you've rightly questioned me about the skepticism of whether you can get a viable outcome.

And so if there is this skepticism on the political side, again, you know, what does it tell us about the military component of it? Well, we all agree that political progress at the national level would be a good thing. And I was intrigued by Ken Pollack's suggestion maybe the Iraqis need to go through new elections or something.

I'm not here to prescribe the formula for the political accommodation in Iraq, but I just go back to my first point, which is that the reassurance of our staying power is a precondition for our having any leverage. It doesn't guarantee anything at all. But I think the converse certainly, you know, would weaken our leverage. So I come back to that crucial point about staying power.

I don't think the politics of the next two years in this country are foreordained at all. There's a huge debate: a lot depends on how the Congress conducts itself, whether people are trying to impose restrictions on the President's freedom of action that he's resisting. Everything depends on how people conduct the national debate here, and if the President's freedom of action, he's able to sustain this

-- and that will partly depend on whether the positive trends continue on the ground -- if the President is able to win this freedom of action, I think it maximizes our chances of effecting Iraqi politics and in the right way.

And the converse is true. That's all I'm saying. I can't guarantee a damn thing, but I think weakening the President, tying his hands, I think compounds all of the problems. That's easier to predict than, you know, the positive, you know, the positive chain of events.

AMB. PASCUAL: But the window is important because in effect we've already put a clear signal on the table that at a certain stage starting in December, that some form of withdrawal has started.

MR. RODMAN: But I wouldn't emphasize -- you're emphasizing, you're putting more emphasis on it than I would. I think it's clear -- this president has made clear that everything he's doing on troop levels is condition-based. And you have General Petraeus saying, Look, this thing is going reasonably well, we can take that increment away.

But the emphasis is not, hey, we're heading for the exits, which is the thrust of other people in our political debate. The President's thrust and the General's thrust is, hey, we have to accomplish this mission. We'll adjust the troop levels according to conditions, but, damn it, we're not leaving until we have achieved some stability in Iraq. And that's the psychology that's being fought over in this country.

AMB. PASCUAL: Thanks, Peter.

Cesun let me come to you, and you've been analyzing these issues of security not only in Iraq but a much wider context. You've also been looking at, in your own research, the implications of failed states and the weaknesses in governments, what their capabilities are in handling major problems.

And again, all of these are issues that come back to play into Iraq as well, and if you could bring some of those wider perspectives into the discussion, I think that would be helpful.

MS. RICE: Thank you, Carlos, I will indeed.

By almost any measure, Iraq has become and, for many months if not years, has remained one of the world's weakest and, in fact, most failed states. And I think if we step back and have the political debate which we're having not only on this panel but in Washington, we need to recognize that the fundamental aspect has been missing from our debate and our dialogue. I think we're, frankly, missing the forest for the trees. And I'd like to suggest that we step back and consider what's at stake here.

Not only is the surge not working, as Phil said, to achieve its intended and stated objective of giving the Iraqi political factions the space that is necessary to resolve their political differences, we have a fundamental disconnect between our military strategy on the one hand and the realities on the ground in Iraq on the other. There is more than one war happening simultaneously in Iraq.

Yes, we have an insurgency. We have Al Qaeda, and there is a counterinsurgency challenge. But there is also, separately and simultaneously, a

raging sectarian civil war. The strategy that we are applying is potentially relevant to one aspect, the insurgency, and it's completely irrelevant to the civil war.

The surge is not a policy, it's not a strategy; it's a counterinsurgency tactic, and it's a tactic designed to protect civilians. In the context of an insurgency, we know who the bad guys are, we know who the good guys are, and a counterinsurgency strategy is designed to bolster the legitimate authorities against the illegitimate insurgents.

In the context of the civil war, it's not entirely clear who the good guys and the bad guys are. We know we need to deal with Al Qaeda, but when you step back and look at the tactic we're applying, counterinsurgency tactics, the manual, Petraeus who is the author of it, you have to realize that it is not a relevant approach to deal with the civil conflict. Whether you're talking about Congo, Somalia, Bosnia, or Iraq, in the context of a civil conflict, there are only two ways that these conflicts end: Either one side prevails -- which doesn't seem likely in the near term in Iraq -- or there's a negotiated political settlement.

The role of a foreign military in the context of a civil war is very limited in its efficacy and is usually limited to separation of the warring factions, the physical separation of the warring factions absent a political agreement wherein foreign forces can come to peace-keep, to help the parties implement a political settlement. Here we have none of that.

And the fundamental problem remains -- surge, no surge, whatever's happening in Anbar, Nineveh, whatever -- that we have not got a political

disposition or political dispensation in place that can settle the fundamental civil sectarian conflict. And, indeed, we are tinkering on the margins of what is a failed political dispensation, the constitution which was negotiated some while back which none of the parties have adhered to, none of the parties are willing to invest in updating or amending, and as we see with the report of the oil law seemingly falling apart, we're making backward -- we're taking steps backward rather than forward towards a political resolution of this that all parties can adhere to.

So when Peter says that it would be good, a good thing if at the national level we had some sort of political progress, it's not only a good thing, it's an essential thing if our aim is stability and a lasting peace in Iraq that doesn't spill over into the rest of the region. It is absolutely essential.

And the reality is, we're not embarked on an effort to broker the sort of new political dispensation that is necessary. The old one has failed by any standard; the effort to tinker at it on the margins has not gained traction. There needs to be a new political workout, and nobody in our administration or elsewhere in the region is yet about the business of trying to make that happen.

It may be that the United States is no longer equipped to lead that process -- I think probably it isn't -- but whether it's the United Nations or somebody else, to end the civil conflict there needs to be a political dispensation. That's going to be very difficult to achieve if parties are all but impossible to reconcile. But unless and until we recognize that that is the necessary precondition and invest the necessary effort in making that happen, we are engaged in a surge, and indeed at

even a postsurge troop level, intended to buy space for a political process that hasn't even yet been initiated.

The second point I want to make is on the economic side. Carlos, I study, as you know, weak and failed states. I study civil conflict, and one of the most uniform and compelling lessons out of the research on civil conflict is that when you have an economic circumstance in which per capita income is declining, unemployment is rising, the economic opportunities are more and more limited for people at the individual level. You have further fuel on the fire for conflict. These factors are demonstrably shown to be not only factors that increase the likelihood of civil conflict arising in the first instance but factors that perpetuate civil conflicts once it's broken out.

Ken touched briefly on the economic circumstances, but at the individual level we haven't seen any significant progress in dealing with unemployment. Arguably, it's increasing. The quality of life, the standard of living is on the decline by any measure since 2002, and we are not investing adequately in the sorts of policies and tools that cold begin to spur job creation at a meaningful rate and improve the economic circumstances there.

It's a Catch 22, undoubtedly, when you have, you know, a negative security situation. It's all that more difficult to achieve the sort of growth that can trickle down and benefit the population. But if you step back and look at where we began in 2002 and where we are now, job creation programs, projects that could employ large numbers of people have not been the focus of our effort.

What have we done? We've subcontracted to major external corporations who subcontracted to others, and the jobs are not flowing in meaningful terms to the Iraqis who need them. So there's another piece of our strategy that's fundamentally missing -- I would argue even AWOL -- and when you combine the fact that we're not dealing with the economic aspects that can fuel conflict, we're not focusing on the necessary new political dispensation, all of this talk that we're engaging in about surge, about troop levels, how many combat brigades remain, I think is fundamentally missing the requirement that is essential if we're to achieve stability and bring about success, Peter, by any definition.

AMB. PASCUAL: Susan, let me go back to the political part of your argument. Some might argue, the administration might argue that there's been a meeting in Baghdad, there are meetings at Sharm Al Sheikh, there have been other discussions. That's obviously not what you're talking about. How would you differentiate what is necessary between that which has occurred?

MS. RICE: Well, there's two levels on which the diplomacy and the political progress has to be made, but the one that I was talking about in my remarks and I was focused on is an internal political dispensation. There has to be some agreement that goes beyond where we have been to date that maximizes the satisfaction of the principal factions inside Iraq with a political workout.

Now, whether that turns out to be, as some have argued, agreement to devolve additional powers to the provincial and local level, whether it becomes soft partition, whether it becomes, you know, some new national reconciliation, that

deal has to be negotiated, and it has to be something that is fundamentally different from what we have to date.

But then there's a second imperative, and that's the regional one, and those are the meetings to which we were just referring wherein we need the states in the region to agree to not meddle, to secure the borders and prevent foreign fighters from coming in, to invest in Iraq's political and economic development in the way that they haven't to date, to stop the flow of arms -- and in Iran and Syria's case very significant efforts to undermine the situation there and to attack our forces. All of that has to be negotiated to the regional level for Iraq to have the regional space in which to breathe.

But these things have to happen in tandem. We have had these meetings; to date they haven't yielded a great deal in terms of regional progress. We need to continue that, but that's not sufficient. We also need a new political internal workout.

AMB. PASCUAL: Okay, we'll come back to that further.

Mike, let me come back to you, and again the opportunity to reflect on your travels there, the work that you've done in outlining the case for soft partition in which you've also linked to the need for some form of political agreement to make viable.

And you've talked as well about the realities of the ground, on the ground of how Iraq is becoming a different and changing country as a result of the shifting population movements.

Taking those various perspectives into account, where do you see the dynamics going right now and some of the critical variables as we move ahead?

MR. O'HANLON: Thanks, Carlos. It's an honor to be part of this discussion today. It reminds me of how much it's a great privilege to be at Brookings.

I also want to make a note very quickly that it's been a privilege for me and for Ken to be sort of set up in a *New York Times* almost quasi-debate with seven soldiers who criticized how the surge was going, two of whom died this week, and I just want to honor them as I know we all honor all of our troops. It's been a very, very difficult thing to watch, and I think on both sides of the debate you're hearing people who want to honor the sacrifice of those who are doing so much.

Therefore, I agree with what Phil Gordon said earlier. If you're convinced the surge isn't working or can't work, of course, there's a very strong emotional and moral commitment to try to challenge it or even try to force a withdrawal. If you think there's hope, there's a very powerful argument in favor of trying to see if we can build on what battlefield successes, at least, we may have had this summer or this year so far. I'm more in the latter category, but I think this is a very complex subject and could easily see myself changing camps in the next six to nine months.

What I wanted to do in the spirit of the ongoing conversation here and in answering Carlos' questions was just say a couple words in response to Susan. I

mostly agree with her argument, but I want to take a couple of specific points where we have a perhaps somewhat different perspective before coming around to underscoring her basic conclusion which I do totally agree with, which is the need for shaking the political situation quite radically in Iraq.

But I guess, though, to explain a little bit more about why I'm still supportive of the effort, I think I do have to drive home two or three key points, that there's still some confusion about in the last few days because not everyone could watch all 16 hours of testimony and because, as Phil said, there have been some other reports that are out there. There are a couple of things that I think are facts that just need to be on the ground.

Violence levels in Iraq are down substantially. I think that is a fact. I think all primary data sources that are done thoroughly and careful agree on that point.

I think in this regard the GAO, an organization for which I have great admiration in general, made a mistake in its report in basically, as I see it, concluding that because there was imprecision in the figures or different ways of measuring things, inconsistencies in the categories, therefore they were going to assert that there was no demonstrable progress in the security environment in Iraq this year. I think GAO did a disservice to the debate, and they're flat wrong on that point.

But I also would say the following: Those who have argued the violence levels in Iraq are still very high, way too high, and that all we've done is

essentially dialed back the violence to about where it was as the civil war blossomed in early 2006 are correct. The violence in Iraq is still very high. It's comparable to 2004-2005 levels. If it doesn't keep getting much less, it's going to be very hard to talk about the progress as a huge accomplishment.

So there's been battlefield progress in Iraq. I think it is a fact. I just want to be emphatic. I'm happy to discuss more of the details of why I think it's just such a clear-cut case, but it is nothing near sufficient. The politics trump the military in the end, and even the military progress is not yet adequate and it's also, as Phil and others have said, perishable as a function of whether we keep large forces in Iraq or not.

Turning to a couple of Susan's very important points about the nature of the battle in Iraq and how there are several conflicts at once, and I think she highlighted two, the counterinsurgency and the civil war. I agree; our strategy, in many ways, is better attuned to going after the insurgent and terrorist problem, and of course, the Sunni awakening has helped a great deal in that. Whether it's partly a result of the surge or not, I don't really care. Thanks goodness, it's happening. It's probably not primarily a function of the surge, this Sunni awakening, but it is a very important development.

Petraeus and Crocker are pragmatic. They go way beyond the counterinsurgency manual. They figure out how to build on positive developments and how to respond to real problems on the ground. So they are not

trying to just take a counterinsurgency concept and apply it in a very cookie cutter or prebaked way to a problem that is more complex. I think they are adaptive, and our ability to work with the Sunni awakening is important in that regard.

I would say there are a few other things we've done to try to address the civil war, even though, as I say, I am going to come back to agreeing with Susan that it's not nearly enough and without a major political breakthrough we're not going to be making enough progress in this regard to ultimately wind up with a sustainable stability.

Let me say a quick footnote. Ken and I argued in our *New York Times* piece: Sustainable stability is the goal; talk of victory is not the goal. *The New York Times*, by the way, was very kind to publish our op-ed, but they chose the word, win, to put in the title when we requested they not do so. We're not talking about winning. We're talking about mitigating the catastrophe, mitigating the problem and getting Iraq on a trajectory towards at least some level of sustainable stability. I would never use the word, victory, to talk about what we can achieve now, given how much blood has been spilled and how much trouble we've had in this operation so far.

But turning back to the civil war, and I'm sorry to be adding footnotes and asterisks as I make my main argument.

Turning back to the civil war, here are some of the things that I think we are trying to do to deal with that sectarian violence, and some of them are very clunky

military things. They're temporary measures. They're band-aids. Others may show the way towards a more lasting improvement but only if the Iraqis can make the conceptual and political breakthroughs. We are putting up lots of barriers and lots of checkpoints and hiring lots of volunteers of one group or another to help patrol and protect their own neighborhoods.

Now, I think Susan would probably be the first to point out, and I'll say it in case she doesn't feel this way, all we are doing with this is suppressing the civil war. We are not resolving it. We are putting a band-aid on top of it or a cork in the bottle. These checkpoints and these concrete barriers do not take away the fundamental enmity, the fundamental anger, the fundamental mistrust that is still there, especially among Sunni and Shia, but it's even extending in some areas to the Kurds and to others inside of Iraq.

So it's a temporary band-aid, but it still is important. These things work on a provisional basis. They're part of why we have momentum on the battlefield in so many ways. They're part of why some populations in Iraq right now feel a little bit more protected than they did before, although violence, again, is still way too high and people do not, in the end, feel secure.

So that's one very clunky military approach: the checkpoints, the concrete barriers, the hiring of provincial volunteers, trying to put a cork in the bottle. All that is doing is buying time, but it's still a real accomplishment.

I would say that looking a little bit more down the road and hopefully

towards more of a solution, there are two other things that we've done quite a bit of. One is to work very hard with the Iraqis to pressure them to purge their extremists from their security forces, and this is why Ken Pollock and I wrote about the progress in the army. This is why the General Jones report talked about progress in the army even though the police remain a disaster, and I would concur with that basic summary conclusion. But there has been a lot of effort by the United States and by those in the Iraqi Government, who want to build a more integrated, stable country, to try to get the extremists out of the security forces.

My own view is that they've had a lot of success at the leadership level, but these forces are still very, very prone towards sectarian behavior, especially if we weren't there. So this is a dilemma. Yes, the strategy is failing, but it's going to lead to a situation where things get worse if we leave. It doesn't leave us with a lot of great choices, but I think it is a dilemma.

Having gotten the bad leadership out of a lot of these units, what you're seeing now is in conjunction with Americans joint patrolling, joint operations. We do have a lot of cooperation, especially from the army. They are doing a much better job than they were before.

And so, part of our grassroots level, part of the Petraeus strategy for making this more than just a counterinsurgency but also an attempt to mitigate civil warfare is to try to get these extremist leaders, especially Shia extremists, out of the security forces. There has been a lot of progress. Do I think it's anywhere

near enough? No.

This, again, is going to get me back, as I promised, in just a second, to my agreement with my colleague. But there still is a fair amount that's happening on the ground that shows some effort to deal with the situation which gives me at least enough hope to want to give this effort a few more months at a minimum to see what happens in the ensuing six months.

One last point, the flow of resources to the regions, I agree with Susan. The hydrocarbon law is important. It needs to be pushed. There's been discouraging news on that apparently in the last 24 hours. There's been discouraging news on that in general for four and a half years, but the good news is at least we are cajoling and pressuring and convincing Iraqi central government leaders to try to start putting resources out into the region.

When Ken and I were up in Nineveh Province in the north of Iraq that he spoke about a few minutes ago, up there in July, we heard discussion of flows in the range of 100 to 150 million dollars on annual basis where there had been virtually nothing a couple of years ago. Is this enough to talk about a resolution of the civil war? Definitely not, but it is still an indication of where you've got a pragmatic approach towards trying to address the simple fact that unless we can show progress in people's quality of life, unless Sunni and Shia and Kurd can work together, there is going to be no hope for resolution of the sectarian strife, and therefore we're working very hard to try to make some of these things

happen.

So I simply want to make the point, there is a tremendous amount of effort being applied by our men and women in uniform and out of uniform and also by Iraqis of good spirit on this point, on this issue, to try to deal with the underlying sectarian tension.

But having said all of that, I'll give you a few debating points and get ready for the subsequent conversation with you in a few minutes.

I want to conclude by agreeing that if I add up all of these positive trajectories in all these areas of trying to address the sectarian tension, I see us as maybe 10 to 20 percent of where we need to be to have any real hope. So there's going to be a big shakeup to the system.

Susan has itemized some of the options we have. Carlos has written eloquently about these. I'm happy to talk about the soft partition option that Ed Joseph and I have written about in the discussion, but I'll stop there for now.

Thank you.

AMB. PASCUAL: Mike, thanks. I have lots of questions for you, but I'm going to skip them because we're running overtime, and so I want to give some time for questions from the audience.

Let me turn to Bruce and give you a chance to take some of these various points into account and add your own views on these issues.

MR. RIEDEL: Let me begin with an anecdote. I've not been to Iraq

recently, but I did speak this week with a lot of Middle Eastern leaders, diplomats and journalists. One of them said to me: You know what I took away from General Petraeus? September 10th, 2007 marked the high-water mark of the American Mesopotamian adventures. On the 10th of September, the American leadership said, we're starting to draw down, maybe condition-based, maybe not on the timetable that a lot of Americans want to see, maybe not on the timetable a lot of Iraqis want to see.

On September 10th, the high-water mark, those are his words. That's the perception that I think the region will take away from the debate in this town and the President's speech tonight. Peter made a very good case for why we should hope they don't and why we should try to shape it in ways that they don't.

But I think the horse is out of the barn and people in the region and Iraqis have already come to the conclusion: The high-water mark has been reached, and from here the Americans are going to leave.

That affects, as Peter rightly pointed out, almost everything else. Those who argue that the surge is succeeding, I think, made a very careful case to not oversell it. One of the reasons they did and one of the reasons General Petraeus did it is because we really won't know if the surge succeeds until after the American troops go. You don't know whether you've really built sustainable security until you're no longer on the streets.

Ken and Mike point to the example of Mosul as a place where it looks like

it's working. The problem is there are other places in Iraq where it hasn't looked like it's working. The British experience in Basra, for example, has been very negative in this regard.

But even in Mosul, I thought Ken made a very good point. Exhaustion seems to be a key factor in what is making the level of violence go down. That's not unusual. In Middle East civil wars, in Lebanon, in Palestinian territories, in Algeria, exhaustion more than anything else led to a temporary diminution in those civil wars, but in each case it proved to be temporary. The rate began to go back up once people weren't any more exhausted and, secondly, once they had rearmed.

I think that we have heard here today a general consensus that the question marks about the military success are still there. They haven't been resolved. We have differences of view as to how far they've gone. I thought Mike gave you a pretty gloomy number there at the end.

I think there's a general consensus that we see political stalemate. I didn't hear anyone here argue a case that national reconciliation is on the horizon, and Ambassador Crocker wisely said all he can see is seeds. I think Ryan has extremely good eyesight because I think those seeds are very, very hard to see.

This should come as no surprise. Most experts, including my colleagues on the panel here who spoke about this in January, said the outlook for national reconciliation was pretty slim. I think Susan has put on the table exactly why it is.

What's disturbing to me is we haven't heard from the Administration a roadmap for changing that process. We've heard, we'll cajole. I spent a lot of my life, cajoling Middle East leaders. It doesn't get you very far. You need a better approach than just cajolement.

Ken has put on the table a very interesting new idea, hold new elections, but what he hasn't suggested and what I think would be hard to make a case for is that new elections will produce a fundamentally different Iraqi political system because my suspicion is, after all the deaths, Iraqis are going to vote even more along narrow sectarian grounds than they did at the beginning of this process.

Let me very briefly mention a few other points that I don't think got sufficient attention here today nor from General Petraeus and Ambassador Crocker, but I think you ought to think about them.

One is oil. This is a Persian Gulf state. The economies of Persian Gulf states exist on one export, oil. In the past, Iraq exported two things, oil and dates. You cannot have a modern economy on date exports. You've got to have it on oil.

What is the oil situation? Today, Iraq produces about two million barrels per day. That's less than it did before the invasion, and that's substantially down from the peak in 2004. If the Iraqi economy is going to go anywhere, it's got to produce and export more oil, and there's no sign on the horizon that that's going to happen or that this Iraqi Government has a strategy to get there.

So what are they dependent upon? Price; your willingness to pay more money for their oil. So far, that's been a good bet. Because the price of oil has gone up, the lack of production hasn't been that critical. It's not clear that will continue to be the case.

Secondly, we heard very little about our allies, the role our allies are going to play in Iraq. There's good reason. While the number of American forces has gone up from January, the number of all of our allies in Iraq has dropped from about 14,000 to a little under 11,000, and it's continuing to drop. Of those 11,000 who are left, about half are British, and it's pretty clear that the new British Government doesn't intend to keep them there much longer.

Other attempts to bring in the allies have been largely stillborn. Three years ago, there was much ballyhoo about NATO going in just before our election because Senator Kerry argued that was the solution to the problem. The NATO training mission in Iraq is something you don't hear about anymore because it's largely stillborn.

Third, the neighbors, Susan rightly raised the issue: What are we going to do to control the neighbors? General Petraeus and Ambassador Crocker highlighted the serious problem we have of Iranian interference. I know there's a lot of people who have doubts about the credibility of this evidence, and that's understandable, given the way that we got into this war and so many times we've been told missions that have been accomplished.

But I actually believe what they pointed out is only the tip of the iceberg, that Iraq is far more deeply involved in trying to influence the outcome than we have seen so far. If the Iranians believe that the high-water mark was reached on the 10th of September, they have even more incentive to get involved.

What I haven't heard and what we need to hear is what's our plan to do something about it? Guarding the borders? With what army? We don't have enough troops to guard the thousand-kilometer Iran-Iraq border. Even Saddam Hussein could barely guard that border. We don't seem to have a strategy. Ambassador Crocker rightly pointed out that his diplomatic engagement, which everyone said he should engage in, hasn't produced much.

Fourth and almost last, the long term, we've heard a lot today about America's force projection over the next six to eighteen months. I think Peter has made a very good case for it would be wise to have as much flexibility about how we're going to do that over a period of time.

But there's another part of this issue that has not really been addressed -- and I hope the President will address it tonight -- and that is what is our long term presence going to be? Specifically, do we want permanent military bases in Iraq or don't we? Every poll in Iraq shows somewhere around 75 percent of Iraqis believe that is our intention. A new BBC poll of 23 countries around the world showed a majority of people around the world believe that too. If we don't intend to do it, let's say it. If we do, let's make the case for why we should do it.

My own view, and I've said this many times before since 2003, is the one smart thing we should have done then and we should still do it now is to say we have no plans for permanent military bases in Iraq. We have no designs for a special relationship with the Iraqi petroleum industry, for our corporations or our country. Had we said that in 2003 and 2004, I think we'd be in a lot better position today.

Last point, the opportunity costs, we have rightly focused on Iraq here today. General Petraeus and Ambassador Crocker, given their mission, focused on the Iraq situation. But you cannot judge this policy alone. You cannot even judge it just in the context of the region. This policy, this determination that we're going to put so many forces in some place means we don't have forces somewhere else. The biggest reflection of that of course has been Afghanistan where we have had insufficient forces for years to deal with the problem and we will continue to have insufficient because we just do not have enough forces and because our allies are not being led to fill the gap.

One of the most interesting points in the briefings was when General Petraeus was asked, Will this policy make America safer? because I think six years after September 11th, that is the fundamental question most Americans want to know the answer to. The answer was, "I don't know." I found that a compelling moment in the testimony where I think all Americans should ask, Are we safer because of the war in Iraq, is it contributing to our safety? And if not,

that may be the single most important question for Americans to think about. Thank you.

AMB. PASCUAL: Bruce, thank you. Excellent. Let me open it up to your questions.

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MR. PASCUAL: If you can raise can raise your hands, I'll start right over here in the middle.

QUESTION: -- from Agence France-Presse. Good morning. I have a question that's related more to domestic policy here and the future elections. What should Iraq look like for Bush to leave the White House on a somewhat positive note? And has he resigned himself, is it for sure, to pass on major decisions on the withdrawal to her or his successor?

MR. PASCUAL: Peter, do you want to take a shot at that?

MR. RODMAN: I don't think he has resigned himself to anything, but I think he is obviously trying to impose his policy and preserve his policy and conduct a strong policy in Iraq as long as he is able to do it. The calendar runs out on any President and as you get to certainly the final year of a presidential term, I have see this in many past administrations, a lot of the leverage start to weaken and countries hedge, countries don't make commitments, they wait for the next

administration. So that comes in the natural course of events. But I think this is a President who is fighting very hard to do what he thinks he has to do in Iraq until the last moment he is in office.

MR. PASCUAL: Susan?

MS. RICE: I largely with that. I think he is trying to run out the clock with as many troops staying there as long as possible on the hope, and I would say the increasingly dim hope, that that yields some fundamental improvement in the situation on the ground. And if they choose to invest in a political process, perhaps in a political dispensation that can be achieved and is sustainable, so that the signature issue of the presidency for Bush 41 is written in the history books is something other than an utter catastrophe.

MR. PASCUAL: Gary?

MR. MITCHELL: Thanks, Carlos. Gary Mitchell from "The Mitchell Report." You began this conversation this morning by saying there is no such thing as a Brookings point of view on Iraq and I think that has been made abundantly clear. But I want to see if I can get something that approximates a point of view about the larger question it seems to me, and we got almost to the end of this conversation without talking about Iran. So the question that I have is, if we look narrowly at the question of Iraq without taking into consideration the apparent growing involvement of Iran and slippage at best in Afghanistan, what should the forty-fourth president be thinking about in terms of the scenario that

they will inherit, he or she will inherit irrespective of what George Bush does, that is not simply about Iraq per se but is about what strikes me as a sort of metastasizing situation in the region that involves Iran, Iraq, and Afghanistan, and I will make it easy by leaving Pakistan out of this equation?

MR. PASCUAL: Thanks. Let me suggest this because we did take a long time with presentations. I am going to take a couple more questions and we will approach them jointly. Here and then back over there.

QUESTION: -- with Kuwait News Agency. I think I'm sort of tapping into something that he said, but not Iran so much, regardless of the nuances among you folks on the Bush Administration's surge and the military aspects, just trying to step back and look at the entire history of the Middle East over hundreds of years, is there some consensus among all of you that at some point the United States can only do so much no matter how much we give militarily or how long we agree to have a surge or whatever? And what do you see happening in this country in 2009, 2010, and 2011?

MR. PASCUAL: Then back over there.

MR. SMITH: Bruce Smith from George Mason University, formerly Brookings. I watched a good bit of the hearings and I have not heard any colleagues allude to one point which struck me quite forcibly in Crocker's testimony, namely that irrespective of legislation, forget about legislation which is difficult, a great deal has been done by virtue of executive action, a kind of de

facto amnesty has come about, former military people have been registered and put on the retirement rolls thereby given kind of de facto amnesty, there has been a sort of de facto de-Baathification occurring by executive action to use our term so that a whole host of Crocker's testimony which no one has alluded to at all here consisted of actions short of legislation which do constitute something which we would call effective sort of governance capability.

MR. PASCUAL: Let me come back to our panel. Let's start with the regional perspective, and Bruce, I will come back to you since you were the one who began by putting it on the table.

MR. RIEDEL: I think Gary raised a very important question, how do we posture ourselves vis-à-vis an Iran that feels triumphalist right now, feels that history is moving in its direction? I am not saying they are right, but everything I hear from Tehran, that is how the Iranians see the situation. You asked the question "what does 44 do." I think what would be smart for 44 to do in the interim before he or she gets there is to not -- we need to be very careful in how we lay out what options we are going to use. This runs into a natural political problem. The American people want the candidates to say what do you really want to do. I think Peter made a good point. The candidates have to figure out a good balance between answering honestly and leaving open the options they are going to need until the day they actually get there in January 2009.

MR. PASCUAL: Ken?

MR. POLLACK: I will say a word about Iran and Gary's point and also talk a little bit about this issue of Iraq that was last raised.

Gary, like you and like Bruce, I agree that the issue of Iran is front and center. I also would agree with the implication of your question that there is, to take a phrase from Phil, a crescent of crisis that has emerged running from Iraq through Iran and Afghanistan to Pakistan that is going to be a major issue for the next president to deal with.

The point that I would make for the next president is that I think that we need to also be very careful though about Iran. There is a lot of thinking in this town which I think takes us in the wrong direction, the sense that there is some grand chess game going on in the Middle East between the Iranians who are portrayed as diabolical geniuses able to run the table on us and the United States. The Iranians are not diabolical geniuses. They are not idiots, but are capable of making enormous mistakes, and mostly what they have done over the last 5 or 6 years, and this would be my advice, is to simply capitalize on American mistakes. So what should the next president do to deal with Iran? The most important thing is to stop making colossal mistakes because the Iranians are simply moving into spaces that are opening up for them.

The reason I put it that way is because again I think that this kind of chess metaphor that you hear a lot of inside Washington takes you in the wrong direction and leads you to assume that the right approach with Iran is a much

more confrontational one, and even an offensive one, and I would argue that that could take us into very bad directions both because of Iran's own internal political dynamics and because of the relationship of Iran to the rest of the world and what we ought to be trying to do, so my answer there was first play defense.

On this question of Iraq, I certainly with you. I did not find any fault with talking about the different things that have happened, and Ryan is absolutely right that those things have happened. What I would say though is that we need to take those with more than a few grains of salt because at the end of the day, virtually every single one of those things happened because the U.S. made it happen because Ryan and Khalilzad and any number of other people were there pushing the Iraqis endlessly to do it and there were horrible fights, and again I give Ryan and I give others great credit for making it happen. But the problem is I do not think that we ought to pat ourselves too much in the back for it because it is not sustainable and gets to this problem of deadlock in the central government. The problem is again when Mike and I were out in Iraq, what we consistently heard from the places where there actually were positive things going on, was that Baghdad was a consistent problem, and that it manifested itself in a thousand different ways. It was always pernicious and that is the problem that we've got is that this government is not moving in the right direction, it is not doing the same thing, and that is why you have heard pretty much all of us on the panel agree that whether you think that there is some progress or no progress or negative progress,

whatever you want to call it, that there needs to be a fundamental change in our handling of the central government.

MR. PASCUAL: Let me just add one thing here which I think is important for perspective. The law in Iraq right now is such that the Constitution basically says that the future of energy resources are going to be determined by the provinces, provincial law will override. So essentially the message to the Sunnis is that they are disenfranchised from access to the country's oil revenues. And secondly, the law is that as a result of the de-Baathification process, that they have been excluded from the main political processes of the country. So as a result of that, you can actually get some small actions that are good gestures, but the enforcement of the legislation of the country is still with the exclusion of the Sunnis from both access to power and access to resources, and until you can actually deal with that in a sustainable way that creates confidence on the part of the Sunnis that they can actually be part of the sharing of the country's wealth and power, then it is hard to imagine how they are going to agree to any deal and simply come to some form of political accommodation. I think that is something that we have to keep in mind, that you may get progress in individual local levels, but in the end if you do not deal with these fundamental questions at a national level, the local progress may very well become unraveled. Peter, you wanted to make a point regionally?

MR. RODMAN: On Iran, we have an Iran problem. It is an objective reality. It is not a diabolical plot by the vice president's office to get us into another way. It is a fact, and I hope our national debate addresses this seriously. Every friend we have in the Middle East is preoccupied with the threat from Iran. They even view Iraq in that context, and I would say they will view our performance in Iraq as a litmus test of our credibility as we try to reassure them that we are relevant to their security vis-à-vis Iran. I would say it is very hard for us to be strong against Iran if we are weak in Iraq, but that is a different debate. But I would hope that our national debate will get us at some point maybe after the next election to a national consensus on how to confront the problem of Iran.

MR. PASCUAL: Phil?

MR. GORDON: A brief comment and two other questions. First back to the Agence France-Presse question about the definition of success, I would say that the bar for success in Iraq is falling so quickly, we had better duck before it hits us on the head.

When we started it was a model democracy for the region that was going to inspire Iranian dissidents and hold out for people in the region what it would be like to live in a democracy, and that was I think in the end a stronger explanation for the war than the weapons of mass destruction. Nobody is talking about that anymore. The bar is falling so quickly. I remember one of our

Brookings press briefings just before the war, some of us got the same question and it was, Would Turkey today be enough? If Iraq after Saddam could end up being like Turkey, would you accept that? And I remember thinking yes. The atmosphere was such that the standard was so much higher than that, and now I think it has fallen to the point as some of the colleagues have said that just getting out of there without a civil war and genocide would almost be enough, sadly.

To Gary's question just very briefly on the wider issue and Iran. I think we have put ourselves in a position that whereby leaving has consequences, negative consequences, for regional stability and the terrorism issue, but so does staying, and personally I think that on balance the costs of staying are higher, the costs of being bogged down in Iraq, and that as much as anything has empowered Iran. There too I would say on the risk that Iran rises in power because we leave Iraq, I would say that we have already made Iran a dominant power at least in parts of Iraq. That was done with the war. I remember discussions with French officials prior to the war who of course were deeply opposed to it and at the end of one of them sort of frustratingly the French official said if you want to put Iran in charge of Iraq, go ahead. Invade, know off Saddam, and Iran will be in charge of Iraq, and I think we have done that. That is a reality and for us to believe somehow that we can prevent that from happening I think is an illusion.

Hopefully as Peter suggested even the Shia in Iraq will not exactly be delighted to be living under Iranian hegemony and the Sunnis in the other

states will see this phenomenon and start to react to it, but I think we have a better chance of turning that into the containment of Iraq than thinking somehow that by staying bogged down in Iraq we can contain Iran successfully.

MR. PASCUAL: Let me take one more round of questions. Over here?

QUESTION: -- interning at Brookings. My question is for Dr. Rice. You talked about regional cooperation and the two-step solution starting with domestic, then regional, and then a lot of you have talked about Iran as a problem. But it seems to me that there is very little regional cooperation per se because every single actor that you look at, there is a negative effect. Even the allies seem to be leaving. How do you accomplish that when you have the perception of chronic uncertainty? I know Peter talked about staying power, and I was wondering if you could talk a little bit more about actually accomplishing some form of regional cooperation.

MR. PASCUAL: Let me just get a couple of other questions on the table and then we will come back for the final round. Over in the back who has been very patient.

MR. MILLIKEN: Al Milliken, Washington Independent Writers. What do you think has been the psychological effect on Iraqis and their political leadership for the U.S. government and military occupying the Saddam Hussein residences? Does anyone think it would be helpful to turn control if not residence

to the current Iraqi political leadership? Could this help give them prestige or a sense of authority and control?

MR. PASCUAL: Then over here?

QUESTION: -- from Georgetown. The topic today, the title was the Petraeus-Crocker testimony, and I would invite the speakers to reflect what the testimony would look like if in an alternative history we could have removed Anbar from the equation, and I suspect that would have been almost no meaningful progress. In this context, I was hoping that Peter Rodman could justify his claim that the surge had much to do with this since the tribal awakening in Anbar happened before the surge, was driven by dynamics that were driven by al-Qaeda atrocities not related to the surge, because the fewest number of troops added during the surge went to Anbar, and the first set of troops leaving will be from Anbar suggesting that troops don't matter all that much. So I think our troops took advantage of the opportunity, but it wasn't their numbers. So if Anbar is the big success story and has almost nothing to do with the surge, where is the success?

MR. PASCUAL: And I will take one last over here.

MS. PETRIN: Sarah Petrin with the Better World Campaign. This is for Susan Rice. With this White House so focused on the insurgency, I'm wondering where you think the greater political and economic strategy will come

from? Is this State Department capable of creating a strategy for the political and economic situation which has a degree of potential success?

MR. PASCUAL: Let me suggest this. Susan, I am going to start with you since a couple of the questions were directed to you, and then give each of the panelists an opportunity to give a comment on any of those questions or any other point that they feel that needs to get commented on, and you obviously have the same flexibility to take any final comments you want to make.

MS. RICE: Thank you. Coming back to your question, let me clarify your opening setup of my position just to say that I do not view these as sequential. There are two steps but they have to be ideally worked in parallel, not one before the other, the internal political, and the regional political.

You asked a very good question, how do we persuade the countries in the region to invest arguably in some instances against their better instincts in a cooperate approach to stabilizing Iraq, and I think it is going to be very difficult given the uncertainty of the duration of our presence, given ambiguity over the direction of our policy, the debate we're having here in Washington. I don't think it's impossible and I think that the administration has begun and it needs to ratchet up its effort to say to the countries in the region whether we are talking about 6 months from now or a year from now or 3 years from now, our presence is not infinite, we will all aim to leave behind an Iraq that is contained within its borders, that has the prospect of stability, that won't continue to be a cancer that is

bleeding over and infecting the region whether it is distributing refugees or other forms of instability, let's begin now to come together to figure out how together we maximize that.

That said, I think this would be a conversation that really truly concentrated the minds of these regional players if we were in a different place, and I believe personally that the place we ought to be is to begin to signal not only to the Iraqis internally, but to the countries in the region that we are in fact beginning the process of redeploying the bulk of our combat forces and if we could indicate that we are going to start that soon and that we intend to proceed at a predictable pace with some flexibility obviously given the circumstances on the ground, then the conversation among the regional players is not happening against a backdrop of ambiguity but, rather, of predictability in the predictability of our presence being drawn down to a limited residual and that our current roles would adjust as many have suggested to focus primarily on counterterrorism, on protection of personnel and facilities, on training to the extent that that is viable in the context of the sectarian situation. And I think that would also have a valuable impact in terms of concentrating the minds of the Iraqi internal parties as it is more difficult in the current context.

To answer the question about where a political and economic strategy might come from within the administration, yes, the State Department would be the obvious place to look, but I think, frankly, as has been the case to

date, Iraq policy is being made in the White House and this administration, whatever else you want to say about it, has demonstrated in ability if not a proclivity to tack and change and alter both its objectives stated and unstated and to a certain extent its tactics. I do not think it is too late, although I am not particularly optimistic, for the administration to come to what I think is a very obvious realization that we need a new political dispensation, that what was negotiated in 2005 is no longer viable, and that it will be difficult, it will take effort, we may not be the ones that can lead it, we may have to pass the baton and be best supporting actor to a less-involved entity. But I think that is something that the administration is at least theoretically capable of embracing if it understands the situation in all of its complexity and is willing to deal with it not only from a counterinsurgency vantage point but accept the reality which it has been very reluctant to embrace to date that we are in fact dealing with a sectarian civil war.

MR. PASCUAL: Mike, let me come to you. Do you have any comments on those questions, particularly if take Anbar out what does it look like?

MR. O'HANLON: Yes, two quick thoughts, and thank you for that question. I would say, Colin, on the one hand there are a lot of things that are positive happening elsewhere, but they are perishable. Anbar may be the place where I think that the progress is potentially the most durable. Potentially. But if

you look just at the graphics on changes in violence, and I would encourage everyone to study those, it was a very concise part of General Petraeus's testimony, the reduction in violence in Baghdad is every bit as notable as the broader reduction nationwide. I don't want to make too much of one statistic or another, it is a very dangerous game to play, also if we talk about the three-fourths reduction in sectarian killings in Baghdad we open ourselves up to some of the reasonable criticisms that GAO and others have made about which category should be emphasized, and also of course, the three-fourths reduction still means you have a lot of killing going on given how bad things were. So I don't want to claim that these improvements are either radical or sufficient or durable, but I think that they are significant even within Baghdad and some of the belts.

I just want to make one more point, Susan alluded to it, the Baker-Hamilton Report made a lot of it, some others have made the argument, that we should redefine our mission in Iraq focused in part on counterterrorism. I just want to underscore without disagreeing with those who have made this argument necessarily, I still underscore the kind of counterterrorism we are doing in Iraq is a lot harder to do as I think you know, and this is not really an answer to your question anymore, but it is a lot harder to do if you're not in the streets. You cannot in Iraq find some big al-Qaeda sanctuary that just happens to be in many hundreds of acres in Al Anbar Province and from remote distances send in a strike team and destroy it. That is not the way the Salafist organizations are located

within Iraq, and if you pull out most of our combat forces, the counterterrorism mission will be far less effective. There may be other effects that mitigate that. Maybe you create less incentive for the Salafists to come into Iraq in the first place. So I am not really disagreeing with the basic premise that there is a serious alternative mission to be proposed and debated here, but too often we imply, and the Baker-Hamilton Report I think started this process, that we can pull out of the cities and still do counterterrorism. Most of the counterterrorism capability we are going to lose because we are going to lose the intelligence and we are going to lose the presence on the streets, and without those we are not going to be successful in counterterrorism.

MR. PASCUAL: Mike, thanks. Ken?

MR. POLLACK: First let me say something about the palace. I actually think the point is right and for me to just goes back to the endless mistakes that the U.S. made when we invaded Iraq. For those of you who have been to our press briefings for many years, you may remember that immediately after we invaded and set up shop in the palace, I made the quip that the message that we were sending to the Iraqis was that we ought to just put up a sign in the place that says "Under New Management" because that was the message that we were sending them and that was a very bad message to be sending, and we replicated this all over the place. I actually think that far more detrimental than our occupation of the place was our occupation of Abu Ghraib Prison and using

that as a prison. Abu Ghraib, if you want an analogy, it is about as close as the Iraqis will ever come to having an Auschwitz in the sense that it is the place of the greatest pain and suffering that the Iraqi went through under Saddam Hussein and for us to take it over, to use it as a prison, and then of course to allow the kind of unconscionable behavior that went on there again simply reinforced to innumerable Iraqis that the Americans weren't there for their benefit and may have not been any different from Saddam Hussein. And the changes that you heard from Iraqis particularly Sunni Iraqis after Abu Ghraib were striking. So I do think that those symbols are actually quite important and I don't think that we should just say it was just a convenient location for us and we needed to do what we needed to do.

Just as a final point I will add to what Mike said, I think Mike is absolutely right about this issue of Anbar. Obviously Anbar is where the greatest progress has been made, but there is progress elsewhere. I have alluded repeatedly to Mosul and Tal Afar. Mike pointed out that there is also progress in parts of Baghdad and some of the areas of the belts. But also I can't help, I can't resist pointing out that just as a military historian I find this argument that because somehow what happened in Anbar wasn't necessarily our doing somehow counts against us. We won the Battle of Midway in 1942 by sheer luck. If Wade McCluskey had turned south rather than north, we would have lost the battle, and if you take out the Battle of Midway, America looks like it's in p pretty bad shape

in the Pacific in 1942. But that's war. And the smart thing to do is to take advantage of the breaks when you've got them, Nimitz and Spruance did that, and I give Petraeus credit for taking advantage of what's going on in Anbar. We need to remember that this surge and the strategy behind it was always a long shot. We waited a long time before we came around to the right answer and there is no guarantee that this thing works. A lot of what we are doing is simply trying to move the odds a little bit in our favor in a game that is a real long shot. I think you give Petraeus credit and you say we caught a break and he made the best of it. That does not mean we are on the path to victory, but it is important and you should not just throw it out the window and say it means nothing.

MR. PASCUAL: Phil?

MR. GORDON: I have had my say.

MR. PASCUAL: Peter?

MR. RIEDEL: I would say two things very quickly. One about Anbar. It has been rightly noted that few people predicted what would happen, but one person actually did, an unusual one, Ayman al-Zawahiri in the letter that he wrote to Abu Musab al-Zarqawi in 2005 said you are overplaying your hand. There will be a counterreaction to it. That is what actually happened in Anbar; al-Qaeda overplayed its hand. One thing we know about this organization is it adapts. It will think through its strategy and come up with new approaches.

Peter made a very good point that everyone in the region is looking at this now in terms of Iran. In al-Qaeda's propaganda in Iraq, that is what they are talking about too. I have been looking for months for signs in their propaganda that they think they are in as bad shape as we heard in the testimony. It's not there. What they are consistently talking about is getting ready for the next war and that's the war against the Safavids and the Iranians, and I suspect that that's what's going on in a lot of places in Sunni Iraq. They are rearming themselves now for the next war when America is gone and it is the all-out fight between the Shia and the Sunni in which the Kurds hope to slip out the back door and no one will miss that they have left the country.

Last point, symbols. I think you are absolutely right and I think Ken made the point very nicely, think if the Iraqis had invaded our country and then had taken over the Mall, the White House, and the Capitol Building and said this is a special zone where we have access and you can come in if we let you. Would that antagonize you? It would certainly antagonize me. Building the largest U.S. embassy in the world in the Green Zone was a monumental act of hubris for which I think we will pay for many, many years to come.

MR. PASCUAL: Bruce, thank you. I hope you have been able to get out of this some of the critical variables that might have been put on the table including issues of the U.S. military, is this our high water or is it an indication of staying power; on Iraqi competence and the role of the forces, are they going to be

able to actually do it; on the role of the Sunnis, is this part of an anti-al-Qaeda strategy because they had been so brutalized, might they in fact actually become pro-state or is this a forerunner as Bruce just said of a broader Sunni-Shia conflict throughout the region?

But just a couple of things that I would just mention in closing, one on the economic side. Let's not be overly optimistic about what to expect on the economics. Iraq is not just a country that has been through a war and is in a civil war but it has gone through a wrenching transition of going from a command economy. Let's remember what happened in command economies after they have gone through their transitions. They have usually gone through a period of 5 to 8 years of economic contraction to begin with, and put on top of that a civil war in the midst of it, and let's be realistic about what can actually be achieved there. We shouldn't be expecting a huge amount of progress on the economic side.

And on the political side, I think one of the core questions that we need to ask is, is there even a political strategy, because right now the political strategy in my view has essentially been telling the Iraqis who are in the middle of a war to fix themselves and there is not something, an alternative, to in fact actually try to broker agreement among them. If anything that we have learned from civil wars through the last 25 years of history, is that those civil wars have needed some kind of brokered agreement. That agreement might be influenced as Bruce said by whether people are exhausted of fighting and they are willing to

come to a peace, it might be influenced by whether or not there is a significant military force on the ground, but eventually you have to bring it back to a negotiating table and you have to have the ability to make tradeoffs across issues and the expectation that a political strategy with Iraqis will sequentially legislation in a rational and orderly basis case by case on each individual is absolutely inconsistent with anything that we have seen in the history of conflict, and to expect that it could happen now is just simply a departure from any historical example that we have ever seen.

Thank you for your attention and for your engagement in this dialogue, and we hope to be in further contact with many of you as we go forward in analyzing these issues into the future.

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