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IRAQ: AN ASSESSMENT OF POLICY OPTIONS IN 2008

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P R O C E E D I N G S

MR. PASCUAL: -- over the coming year, he'll lay out an agenda.

Surely, one of those aspects will have to be what happens in the Middle East and Iraq. It's been such a dominant aspect of American international security considerations. It's obviously a critical factor in our domestic policy as well and a part of the presidential campaign, although in some ways it actually has come down in prominence over the last couple of months because of some of the reductions of violence that we've seen internally within Iraq. Yet, it's still going to come back to the forefront as a critical issue, I would say, over the coming months.

Some of the things that we're going to want to try to do today is to understand the dynamics that are at play in Iraq and more broadly in the region. We want to have a sense for some of the critical milestones that we will be looking at into the future. One of these will be the hearing that David Petraeus and Ryan Crocker will have in March and how they portray the situation within Iraq, where the surge is and what needs to come afterwards. Another will happen later on in the summer as troop levels continue to come down.

We want to look at what some of the policy challenges are that are going to be presented to the U.S. and to the international community, not just how the U.S. deals with these issues but how we want to deal with

this on some of these questions with some of our friends and allies.

One of the things that we might want to look at today is where we can find the United States in the region by the end of the year. Given what different prospects might be for how policy plays out, what are the best case scenarios and worst case scenarios of what we might see by the end of the year? I'll give that as a warning to my colleagues here on the panel as one of the closing issues that I'll come back to, so they can look into their crystal ball and help us think about where we might end up being.

Of course, all of this is going to be critical to the challenges that are going to be confronting the next President. When that next President of the United States comes into office, what kind of agenda is he or she going to face as they begin to set their foreign policy strategy and priorities?

Now we've already seen some of the complexity of the region pasted in the headlines. Just today, we've seen the tensions in Gaza and what has happened as a result of attempts to shut off resources to Hamas but yet potentially complicating the situation even further.

President Bush has just been in the region. He has been pressing for peace between Israel and the Palestinians. Yet, at the same time, he was making a tour to advance democracy which at times was

compromised depending on who he was actually speaking with at a given point in time.

In Iraq, we've seen a reduction of violence, and we'll talk about that reduction of violence, but we'll also then have to link that to whether or not it's creating an effective space for political actions. We've seen some legislation that has been passed on the reversal of the deBaathification legislation. But is that enough? Is there more going on? How sustainable will it be?

Then, eventually, as troops come down, then what? What will we see? Will we see an environment which is sustainable or are we going to see more instability as those U.S. force levels are reduced?

So those are the kinds of questions we'd like to be able to probe today. To do that, we have an extraordinary panel.

To begin with, we'll start off with Martin Indyk, and Martin is going to focus in particular on the regional dynamics and President Bush's recent visit. Martin, I think all of you know, is a Senior Fellow here at Brookings. He is the Director of the Saban Center on Middle East Studies. He has served as an Assistant Secretary of State for the Near East and South Asia, a Senior Director at the National Security Council and as the U.S. Ambassador in Israel.

Following him will be Peter Rodman, and Peter will give particular

attention to some of the difficult dynamics that we're seeing now in the interplay between improved security and future troop levels. Is this an argument to reduce troops or to sustain them? How quickly do you do it and how do you analyze those kinds of issues?

Peter is also a Senior Fellow in the Foreign Policy Program here at Brookings. He was recently an Assistant Secretary in the Department of Defense, but he served in the State Department as well. He was Director of the Policy Planning Staff at the State Department. In a previous incarnation, he has also served on the National Security Council in very senior positions as well.

Following Peter will be Mike O'Hanlon. Mike, again a Senior Fellow in the Foreign Policy Studies Program at Brookings, has had a number of jobs in government, particularly on the Hill in the Congressional Budget Office. He's a prolific writer and analyst. One of his books, *Hard Power*, took a specific look at Iraq and how to think about a strategy for a future presidential candidate in Iraq.

Then, finally, Phil will close up and make sense of all of this, and we always look to Phil for rationality. Phil is a Senior Fellow in the Foreign Policy Studies program. He served on the NSC staff, and he's got a terrific recent book called *Winning the Right War*, which I'm sure you can buy at the bookstore. If not, you should have it in the bookstore. It's

there. There you go.

But Phil will take a look at these issues, not just from a direct Iraq perspective but I suspect will actually try to put it in a wider context of what some of the implications are for U.S. national security concerns more broadly as well.

So, let me stop there with introductions and, Martin, come back to you and help us get a regional perspective of what's at play.

AMB. INDYK: Thank you, Carlos.

Good morning, ladies and gentlemen.

We're on the eve of the State of the Union speech by the President. In the last seven State of the Union speeches, there was no mention whatsoever of the Middle East peace process, but two weeks ago in Jerusalem, President Bush declared that one of his priority objectives for his last year in office would be nothing less than an Israeli-Palestinian peace treaty.

At the end of his trip to the Middle East, in response to skeptics who felt this might be a little too ambitious given the complexities of the issues, the weakness of the Israeli and Palestinian peacemakers, the situation on the ground in Gaza and the President's own neglect of the issue for the last seven years, he responded to all of this skepticism by declaring: I mean it. I really do mean it.

So, presumably, this year, he will refer to Middle East peacemaking in the State of the Union as one of his top priorities.

What does this have to do with the surge which is the real subject of our briefing today? Well, by now, we should have come to understand that everything in the Middle East is connected. Bush likely identified this connection when he said at the time of going into Iraq that removing Saddam Hussein could have a profound ripple effect on the whole region and, indeed, back then in 2003, more of an effect than we realized at the time.

I mean it was very clear the Iranians, the Syrians, Hezbollah, Arafat, they were all pulling their heads in, waiting, looking around, seeing. It appears that the Iranians may have decided at that time to have stopped work on their weaponization program, part of their nuclear program. Certainly, the Syrians were taking a very low profile. Arafat, at that time, appointed Abu Mazen as Prime Minister, something he'd refused to do previously.

But what Bush didn't take account of at that time -- at the time when toppling Saddam seemed so easy -- was that when we stumbled in Iraq, it would have a profoundly negative ripple effect on our interest in other parts of the region, and the most obvious example of that negative effect was the way in which Iran took advantage of our troubles in Iraq to make a

bid for regional hegemony. We also saw the unleashing of the Sunni-Shi'a sectarian rivalry that found its most vicious expression in Iraq, but indeed rippled across the region as well.

That ripple effect, that negative ripple effect, doomed what was then a half-hearted effort to promote some kind of Israeli-Palestinian reconciliation through the roadmap, if you remember back to those days. Interestingly, though, because the law of unintended consequences applies in the Middle East more than anywhere else in the world, I suspect, the more threatening Iran became to its Arab and Israeli neighbors, the more they recognized the need for American protection, American action to prevent the chaos in Iraq from spilling over into the broader region and the need for an American effort to restart the Israeli-Palestinian negotiations.

And so, there was an interest and a receptiveness to the surge itself and the other elements that have come with it. As a result, we see as the surge starts to have an effect on reducing the violence in Iraq, it also has a ripple effect in the region in terms of calming the anxieties about the potential for a spillover of what looked to be a civil war and may yet turn out to be a civil war. That threat that emanated from Iraq, that was compounded by the sense of Iran trying to fill the vacuum has now receded as a result of what appears to be the success of the surge in at

least tamping down the violence in Iraq.

And so, what we see most evident in Bush's trip to the Gulf was that now he's become persona grata in an area which for a long time had either considered him a dangerous source of instability and somebody that they, even though they needed American protection, needed to keep their distance from him. That's why King Abdullah, for instance, would not come and pay a visit to the White House and, in part, why Bush had to go over there. So gratified were they with Bush's efforts in this regard that they even danced with him as you may have noticed.

What this has created is an opportunity for the President to pursue a new strategy designed to create a kind of virtual anti-Iranian coalition that begins in the Gulf, which is in effect the front line of the Arab States there, present a kind of front line against Iran, but extends to the Middle East heartland where, of course, Iran is making a bid for influence through its proxies, Hezbollah and, to some extent, Hamas and, of course, its ally, Syria.

And so, Bush II has developed what I would consider to be an appropriate strategy for his last year in office which is, on the one hand, to try to build a virtual coalition between those states in the region that are threatened by Iran -- that's the Gulf Arab States and Israel -- and use the effort to promote an Israeli-Palestinian reconciliation as the cement for this

virtual alliance. So there's a certain logic in the overall approach and particularly in the architecture that Secretary of State Rice has put together for trying to move the Israeli-Palestinian peace process forward.

It operates on essentially four levels: the final status negotiations are supposed to be getting underway as we speak; the effort to rebuild the Palestinian economy which Tony Blair is involved in and rebuild Palestinian institutions of governance; the effort on the ground to get both Israel and the Palestinian Authority to live up to commitments to stop settlement activity, evacuate illegal settlement outposts and, on the Palestinian side, to begin the effort to dismantle the infrastructure of terror; and, finally, on the fourth level, to get the Arab States to kick in and play a more positive role in trying to help settle this conflict.

In other words, if the administration could succeed in moving on all these fronts simultaneously at the same time as it contains the violence in Iraq, prevents spillover there and uses both those strategic efforts to help to contain Iran or roll back its bid for hegemony in the region, that as a final year's effort would leave the region in a somewhat better state for the next President to pick up and try to dig us further out of the hole that was created by the mistakes that were made originally in Iraq.

The danger here -- and I'll just conclude on this point -- is that if irrational exuberance takes over, the President who, as I said, I think has

a reasonable approach now to all of these things, will end up doing precisely what he criticized President Clinton for trying to do in his last year, which is force the pace of this effort to achieve an Israeli-Palestinian reconciliation and, instead of moving the process forward, drive it into a brick wall.

Thank you.

MR. PASCUAL: Martin, that's terrific. Let me just ask you one thing before leaving you on this or before coming back to you later on.

A key element of the success of the strategy is obviously going to depend on the capacity of the key actors, the Palestinians and the Israelis, to carry it out. What we've seen happening in Gaza and the division, the inability of the Palestinian Authority to even have access to Gaza, the tensions that have been further heightened with the blockade which was lifted for better or worse, in one way or another in the last two days.

How fragile is the capacity of the Palestinians to be able to unify in some way that it potentially threatens the entire strategy because in the end it's just simply impossible to get, even within the Palestinians, sufficient agreement and coherence, that it allows the rest of this framework to actually go anywhere?

AMB. INDYK: It's a critical structural flaw which has to be treated, and yet it doesn't lend itself to a sensible policy solution. I say that

because those who see the problem, or some of them at least, argue that the best way to deal with this is to reconcile Fatah with Hamas so that you have a united Palestinian actor who can then move forward in the negotiations.

The problem with that is that Hamas doesn't want to negotiate with Israel. It wants to replace Israel. It doesn't want to renounce violence. It wants to pursue what it calls resistance, but that means violence and terrorism, as it continues to do or allow to be done out of Gaza, which is an area it controls through these rocket attacks on Israeli settlements in southern Israel. It took Gaza by putsch, by military putsch.

So an effort to kind of reconcile might be fine in theory, but the elected leader of the Palestinian Authority, the President, Mahmoud Abbas, has no interest, no desire to reconcile with Fatah. So the guy that we're dealing with doesn't want to bring them into the tent. That's not a policy option.

So the only other viable policy option is to try to show the Palestinians of Gaza that this process, that the President is so now apparently committed to, can produce real results both politically for the Palestinians and on the ground in the West Bank in terms of evacuation of illegal settlements, a settlements freeze, improvement in Palestinian economic performance, the return of law and order, all of these factors

that might then lend to Palestinians in Gaza saying to Hamas, why can't we have some of that, and putting pressure on Hamas to moderate its position. That's, at least, the logic.

But one thing for sure is you can't simply ignore Gaza because Gaza won't let you ignore it, and that's the danger of focusing only on the negotiations of what the administration has now come to call a shelf agreement as if somehow you could negotiate an agreement, put it on the shelf, and that would have some kind of ripple effect. Well, it won't work. What happens in Gaza will inevitably intrude. Therefore, a lot more attention has to be paid at the same time as we're promoting the negotiations to what happens on the ground, and what happens on the ground in Gaza is an immensely problematic situation for the reasons that I've already suggested.

It doesn't lend itself to any easy solution. The Israelis do not want to in by force and retake control of Gaza. The Palestinian Authority does not have the ability and doesn't have the force to retake control of Gaza. And so, everybody is left with a kind of quarantine approach in the hope that somehow if we can move that process forward, Hamas will find it necessary to try to find a way to climb on board. It reflects one of the difficulties involved in this.

We could go. We don't have time to go into the details on the other

side of the difficulties, political difficulties in Israel that also make this whole thing a delicate enterprise, which just serves to underscore what I'm saying about the need to have realistic objectives, and achieving a peace treaty in his last year in office is not a realistic objective.

MR. PASCUAL: It's very helpful to get some of the texture of the complexity of this, and it's only scratching the surface, as you say, but we'll come to more of these issues.

Peter, let's come back to you. Not that long ago, you would have been right in the middle of some of these policy debates in the administration. So it will be very helpful to help us get a feel for the dynamics at play.

General Petraeus coming back in March, that has sparked, I'm sure, all sorts of policy discussions about what to do with both troop levels as well as, ideally, also some discussion on the diplomatic side. Give us a feel for what the nature of the debate is right now.

MR. RODMAN: Well, thank you, Carlos.

I did want to call attention to a debate that has broken out in the administration, and I think inside the Pentagon about the next stage of troop levels. We know the President has already committed to the beginning of reductions based on what the surge has already achieved. When General Petraeus comes back and testifies in March or April, the

issue will be what happens in the next phase, what happens in the second part of this year.

But I wanted to call particular attention to something the President said on this subject. He was in Kuwait on January 12th, met with General Petraeus in Kuwait and he said afterwards: Look, my criterion for what the troop levels should be is what do we need to win? What do you need to win, General Petraeus and not to lose?

I'm quoting: "My attitude is if he didn't want to continue the drawdown, that's fine with me in order to make sure we succeed. I said to the General, if you want to slow her down, fine, it's up to you."

Now the significance of this comment is that it comes, as I said, in the midst of a debate that's going on. General Petraeus is under pressure from the Army. He's under pressure from Central Command. He's under pressure from the Joint Chiefs to continue withdrawals after the initial drawdown of five brigades.

There are some legitimate arguments here. There are other people in our military who have the responsibility to worry about the stress on the force. There are other contingencies in the Middle East and in the world at large and, clearly, having significant force levels in Iraq puts a strain on all of this. General Petraeus has the particular responsibility of trying to win in Iraq, and that's his focus.

I'd note that Secretary Gates, himself, has weighed in on this to some degree. I mean he, too, has spoken to journalists on a few occasions about the desirability or the possibility of further withdrawals later in this year.

Now the President hasn't decided on anything beyond this spring, and his remarks in Kuwait seem to me to show that he's weighing in on General Petraeus' side. He's telling General Petraeus that the President will look to him to say what he needs in Iraq, what is the right troop level that is warranted by conditions in Iraq, preserving the gains that have been made, avoiding any risk of deterioration.

I notice a report also. *U.S. News* has a report this week that the General may well be interested in slowing down the whole process of withdrawals after this spring. I think this debate is getting a little raucous.

I see some reports in the press too, speculating about General Petraeus' onward assignment. It may be there are some people who want his next job to be Antarctic command, but we'll see. I mean this is something I think we should watch because in wartime there's no such thing as normal rotation. I think if the President wants General Petraeus to stay there, he has every right to make that decision. So I think, as I said, a lot of this bubbling up and I find it very interesting.

Now the President, as I said, has weighed in on this discussion

which ought to have some weight in what happens. A year ago, when the Baker-Hamilton Report came out, there were a lot of people trying to help the President, trying to do him a favor by offering him political cover for some elegant retreat or an elegant way to begin a pullout. It turns out the President wasn't interested in that. The President wanted a surge. He wanted to restore the situation. The Samarra Mosque bombing of February, 2006, had changed the strategic situation in a very negative way, and the surge was a necessary response to that.

So the President has that as his priority: What do we need to do to prevail in Iraq?

Losing a war causes some stress on the force, and the President is not interested, as I say, in some elegant formulas for bugout. I think if he has to make a decision later this year about further reductions, I think he's stated pretty clearly what his priority is. You may see some of this in the State of the Union. I don't know, but I think this President has been pretty consistent. He wants to succeed in Iraq, and that is his priority.

Let me just add as a footnote, how this may play out in our political debate. Now I'm not a political expert -- there are a lot of political experts here -- but it occurs to me the President may see it as his duty to leave to his successor an Iraq that is as stable as possibly can be achieved. In fact, I would think if I were running for President now, I would appreciate

that. I would want to have as many options as possible.

If the President does the maximum that is achievable and leaves Iraq in as good a condition as achievable, the next President has a maximum range of options. The next President always has the option of pulling the plug if he or she wants. The next President would have an option of escalating. The next President would have the option of getting some controlled process of disengagement.

If the President did something now under pressure, against his better judgment, that exacerbated the situation, this is not a favor, doing a great favor to the next President because then the next President would inherit a situation that has deteriorated and leaves the next President with a much narrower and more unpleasant set of options. But I think people should take the President at his word. He's been pretty consistent about this, and that's what I would expect to hear him repeat in the State of the Union.

MR. PASCUAL: Let me just ask you one other thing. If you were looking at this issue from the inside or for all of us looking at it from the outside, if you were going to name two or three variables or indicators that would help you make your judgment on whether the troop levels should come down or whether they could be accelerated further, what would you look at?

MR. RODMAN: Well, everybody talks about the political benchmarks. I think we all agree that the security situation may not be, even the improvements in security may not be sustainable indefinitely if there isn't some political progress. I would like to see that.

But I think the improvement in the security situation was also a precondition for political progress. A show of staying power by the Americans was a precondition for political progress. I think if there's a perception that the Americans are leaving, I think you would see a lot of Iraqis reverting to hedging strategies. They'd hedge their bets and arm themselves for the great brawl to come.

So, as I said, the President wants to know. The President understands that a show of staying power is important even if there isn't political progress.

I would look to see whether the security conditions are continuing to improve. Province by province, we're seeing not only an improvement in security but it's tied into the political, the reconciliation process at the provincial and local level. Groups and tribes and local folks who are sick and tired of al-Qaida have made a commitment to support stability.

We want to see if that's continuing. If that starts to erode toward the end of the year, then this President as well as the next President will have some very difficult choices to make. I think we'll be able to tell. I think if

the psychological and political benefit of the surge, if those conditions continue, then the President has the option of investing in success and doing the maximum to make sure that these conditions continue as long as he's in office.

MR. PASCUAL: Peter, thanks, and that's a great transition to Mike.

There's a certain irony here in that some would argue that if there is instability on the ground, that that's actually rationale to remove the troops because they're not working. Others would say there's instability on the ground; you can't remove the troops. It almost plays in both sides of the argument.

In an op-ed you just had this past weekend, you argued with your co-authors that there is some beginning of progress on the political side and that, as a result of the beginnings of that progress, there is a need to continue to sustain the space for politics, if I'm paraphrasing you correctly.

I'd be interested, Mike, if you can just pick up on that theme and really help us get a better sense of what are these key issues that are going to affect whether there is something that is sustainable behind the surge and what needs to happen to make it more sustainable?

MR. O'HANLON: Thank you, Carlos, and thanks, everyone, for being here.

I want to echo what Peter has been driving at, and I will directly

answer your question, Carlos, with: We all hate benchmarks, but instead of abandoning them, I'm going to add to the number of benchmarks and go through 10 brief points on politics.

But I also want to, on the military side of things in terms of the argument about downsizing, I sort of want to revert in my own thinking and for the group here just to a simple point that's commonsensical, which is that going down to 15 brigades, which I think will happen this year over the course of the calendar year, is a fairly dramatic reduction from where we've been. It's a 25 percent reduction in combat troops. It just makes sense to take it a little slowly from that point onwards.

Some of the ideas that have been out to go down to 10 brigades even, in the course of this same year, would amount to a 50 percent reduction in U.S. combat force structure, all in the space of one calendar year and take us well below where we have been. Anybody who studies nation-building, and people like Carlos are more expert than I on this, knows that the process of nation-building is typically a five to ten to fifteen-year process. So the idea that you could do a 50 percent reduction in your role in the space of just 12 months is, to me, a bit dramatic and not sufficiently careful and cautious.

Now you could say we've already been at it in Iraq for five years. I would say we've only been at it in Iraq very well for one year.

In fact, let me also, by way of a quick prelude, say two things that I hope set the tone for my remarks:

Nothing about my supporting the surge or wanting to sustain much of what we're doing now is any way meant as a vindication for Bush Administration Iraq policy with all due respect to Peter who I think has been a good voice in this both internally and externally. I think this administration will go down as having prosecuted this war very, very poorly for three and a half years and squandered a lot of time and a lot of opportunity. In fact, the Petraeus surge strategy is, in many ways, the complete reversal of what had been attempted and finally the vindication of Shinseki in the argument that we should have had more troops in the first place. So I think we're only starting to do this right in the last year.

Frankly, one more thing I would say is this is not a vindication of President Bush as Commander in Chief, and it's not a claim that we're headed to victory. To me, it's way too late to talk about victory. The amount of blood that's been shed, resources squandered, mistakes made, harm to American foreign policy, harm to the American military, all that cumulatively is far too great for anyone to get on their soapbox and talk about victory. I am a full-throated supporter of the surge, who really does not like the word, victory.

I'm going to tell you one more very short story before I move on to

the specific 10 points. When Ken Pollack and I wrote our op-ed, coming back from Iraq in July, with all due respect and gratitude to the *New York Times* that published our op-ed, we explicitly asked them not to use the terms, victory or win, in the title of the op-ed because we had studiously avoided, largely with Carlos' firm support and advice along these same lines, we had avoided using those terms in our op-ed.

But, of course, newspapers choose the titles of op-eds. For any of you who didn't know that, let me say that very clearly. Even though we explicitly asked that the word, win, not be in the title, it was there.

I believe the Bush Administration does a disservice to the effort of trying to create whatever is still possible in the way of national unity to support this war when the administration or some of its proponents on the right still get up and say this is a vindication of Mr. Bush's foreign policy. We are trying to avoid defeat. We are not trying to achieve some great victory.

But I think we can avoid defeat. I think the military progress has been remarkable, and so if you'll permit me to sort of do a yin and yang on this, I think the last 12 months of military progress in Iraq have been the most impressive year of American military performance at least since MacArthur and Inchon and, in fact, over a more sustained period.

Or, another way to put it in dramatic historical terms -- and forgive

me if you find it melodramatic but I'm trying to dramatize what I think is going on here -- in terms of American military comebacks late in a war, this is the most impressive since 1864 when Sherman marched to the sea.

Think about it. It never took us four years. It never took us four years to get a military strategy right except in Vietnam where we couldn't even do it after eight years.

So, in World War II, it took a year and a half. In World War I, we had at least in large part a victory within about a year or a year and a half of entering the conflict. This is really the latest most impressive comeback in a war since 1864. It's dramatic, militarily.

But, as Carlos and others have said, how sustainable is it? We still don't know. Anybody who talks about this as a victory is, at a minimum, prejudging where we're going to wind up in addition to, I think, being callous to some of the costs that we've already experienced.

So, let me talk about -- very, very quickly -- these 10 criteria politically in terms of Iraqi politics that I believe will help us assess how far and how fast we're moving. My bottom line is I think the glass of Iraqi politics is about a quarter to a third full.

For many of you, you may disagree with my assessment, but I'll quickly run through how I get there. For others of you, that may be proof that we should call this thing a failure and get out because if they're not

doing enough on the Iraqi political front, then how can we? For still others of you, you may be impressed that I think how far they've come in the last couple of months. My own view echoes I think much of what Carlos argues and Ken Pollack, that we need to actually reinforce our success with a new concept of political rapprochement in Iraq in addition to what we've already been doing, and we'll save that for the discussion.

But very quickly, the 10 point: There are about six big benchmarks from the American legislation that we've been focused on. The deBaathification reform, we all know may or may not actually be a major step forward in that regard. The *Washington Post* had a very good story today about the implementation risks of this legislation and how it could, in fact, wind up not being a step forward.

I am cautiously optimistic, and I'll just mention one reason why. If you combine the deBaathification reform bill that now awaits approval from the Iraqi Presidency Council. It's a three-person council that has to bless this before it becomes law. You combine that with the pension law that was passed in the fall.

What this now says is: Former Baathists, okay, whether you get your jobs back or not, we don't know because for the most part other people now occupy those jobs and we're not necessarily going to fire them just because you now have the right to reapply for your old job. But, at a

minimum, you'll get your pension.

Assuming that happens, the combination of those two things is at least a small step forward. So that's point one on one of the half dozen or so main benchmarks from our legislation of last year.

A second point on these benchmarks or a second issue, the hydrocarbon legislation, here we have continued frustration, a very slow pace, and there are several bills associated with this, having to do with how Iraq will develop its future resources and how it will share the money gained from pumping this oil. Frankly, we have some issues with the Kurds already wanting to enter into some deals up north which, frankly, I don't think they should be doing. We have some issues of who gets to decide, the region of Kurdistan or the Central Government, on future exploitation oil, who gets to keep the money.

These things are unresolved. So, on that one, incomplete at best but probably closer to a failing grade than a passing grade.

The third issue, the Provincial Powers Act, what this does is essentially codify in law which things the provincial governors and other leaders at that level get to have authority over and which matters Baghdad continues to control on issues like firing, police, spending money, et cetera.

Again, we have an incomplete process here but from what I gather

in talking to Ken Pollack and other Iraq experts, without wanting to put words in their mouths, I am slightly hopeful on this front. I think this is the sort of act that probably we will see progress on, but still right now it's certainly not a success. We haven't yet seen the passage.

Provincial election law, again we haven't yet seen the passage of this legislation. Even once we do, there are going to be some Shi'a warlords in the south and others in other parts of the country who are going to want to use these laws for their own advantage and not necessarily going to want to see free and fair elections in a timely fashion. So I think on that one, again the report is incomplete and I'm somewhat pessimistic on that, but let's hope things can turn around.

Kirkuk Referendum, the City of Kirkuk which, as you know, is a place that Kurds historically have felt their own. Saddam settled a lot of Arabs there during his reign in order to try to dilute the Kurds control over this oil-rich city.

We're supposed to have had a referendum last year on who would be able to control the city, would it be part of Kurdistan or not, how would you handle the disputed property claims, how would you compensate whoever is a loser in the adjudication of those claims. We have not had that referendum.

So, again, interim result is not positive although, frankly, it could

have been worse. If they had had the referendum, it would have been even worse than not having the referendum under the terms that were being proposed by those who thought they had a vision because it was the Kurds who basically wanted to take Kirkuk back. Frankly, while I admire the Kurds, they are often a challenge for American diplomacy because they want to have it all in Kurdistan and historically and morally you can understand why, but it presents problems for the reconciliation process.

So I'm going through these benchmarks as you see, not very optimistic on balance even though I started with a happy note on the deBaathification reform. But let me now give you four or five other areas where there's at least a little more progress, and then I'll be done and look forward to the discussion.

Purging extremists from the government, militia leaders, other people who have been associated with the various Shi'a groups, the Mahdi Army and other such groups, this has apparently gone quite well. I'm not saying we're anywhere near the end of the road on this.

But this, by the way, underscores why you need Americans heavily engaged in the process in Iraq because the way in which the purging happens, from what I understand and from what I saw on my trip in July, is frankly we're out there on the streets with the Iraqi battalion and brigade

commanders if you look at the security force side of this, and we watch how they behave. If we see bias in the behavior of a battalion or a brigade commander, we put a lot of pressure on the Office of Prime Minister al-Maliki and other parts of the government to fire these people.

The process is we can't fire them, of course, because sovereign countries cannot have their decisions on such matters dictated to by foreign militaries. Yet, of course, Iraq recognizes that without making some progress here, American support cannot be taken for granted. Also, they sort of know deep down, I think, on many of these matters we're right, that you're not going to build a new country, allowing your extremist friends to maintain important positions in the government. It's convenient for them to allow it because it's risky and dangerous to try to push these people out. So it requires American pressure, but we've had a lot of success.

On improving the sectarian violence in the security forces, this is of course the Sunni Awakening, the concerned local citizens, the volunteer groups that have been begrudgingly accepted into the police and the army by Prime Minister al-Maliki. They're primarily Sunni. It's a part of the whole Awakening movement. This is, on balance, quite positive news, but again it underscores the degree to which the American role is critical because again al-Maliki doesn't really want to do it.

Arming Sunnis or seeing them organized, to put it more accurately, and paid to come together and reassert and reestablish their military competence in militarily usable units puts fear down the spines of Iraqi Shi'a. There is a lot of concern that the Sunni want the country back. Martin can be much more eloquent on this issue than I can, but frankly there is a big Sunni-Shi'a divide and problem ongoing within Iraq and Shi'a get nervous whenever they see Sunni getting organized militarily. Yet, without that process, you're going to simply reinforce the paranoia and anger of the Sunni and they're going to keep doing what they did for three years which is blowing us up and blowing up Iraqi Government forces and officials.

So you have to try work this problem, but it's a work in progress and there needs to be somebody in between the Sunni and the Shi'a, not only helping them talk to each other and get along but, frankly, giving them some confidence in the back of their heads they'll be protected from each other. That's going to take a few more years of fairly robust American engagement in my judgment to make any kind of success possible.

Let me just say two more words.

MR. PASCUAL: If you can give us the last two quickly and I absolutely promise you the chance to come back in the discussion.

MR. O'HANLON: Okay. The court system have improved. There

are a number of additional judges who have been properly trained, and they're often now protected. Legal proceedings are often happening within safer areas than before.

Then, finally to finish, getting resources to the provinces, even though there is no hydrocarbon law, Baghdad is allowing resources to flow to the provinces. A lot more money is going from the capital to these regional governorates and that allows for local development projects to begin. The economy is still not in great shape, but at least you're beginning to see a practical de facto revenue-sharing even though a hydrocarbon law is still needed and would be much better in the end. So that's where I wind up with the glass one-third full.

Thank you.

MR. PASCUAL: Mike, that's helpful, and we can use that to come back in the discussion to then make some judgments if those are some critical factors in political stability. What are we likely to see and how significant is all of it because that's the judgment that we're going to have to make?

That's one of the things I'll come to you, and you get sort of a terrible exercise here of a little bit of a crystal ball element to it. It forces us to take a look at some of these variables and think through about the troop levels and make some judgments. Is this a package that's

sustainable or not? Based on that, what should we be looking for in policy?

MR. GORDON: I'll try, Carlos. Thank you.

My crystal ball is broken at the moment. I actually stopped making predictions about Iraq some time ago, probably not long enough ago to preserve my reputation as a prognosticator but long enough ago to know not to do so right now. So I'm not going to try to say exactly what I think happens as the surge winds down.

But what I think I can do at least is talk about some of the things we need to be looking at and thinking about to understand. It's sort of the question that you asked Peter as well. How do we know if this is sticking and therefore develop our policy from that?

Let me just say one thing to begin on that, and I guess this is in a way a bit of a prediction. I don't think we'll be facing the prospect of a level below the surge level anytime soon. I agree with what Peter said about that.

I think the President has decided on this issue. There is a real and serious debate going on, but the President's legacy is at stake here. He has invested so much in some form of success in Iraq that if General Petraeus even hints to him that there's some risk involved in going down below a 130,000 level, I just can't imagine that he's going to do it. As

Peter said, he has already given a hint about where he comes down.

There are other powerful arguments on the other side of that debate: the cost in terms of overusing the Army, the cost in terms of money, what it costs us to keep the troops, the absence of troops available for other missions that Peter also referred to, most importantly, Afghanistan which is the one we've seen play out most recently. Commanders in Afghanistan saying we absolutely need more troops; Gates is pressing as hard as he can to get the NATO allies to provide them; them failing to do so; and so we come up with we can bring 3,000 more.

But what I'm trying to say is there's a strong argument against this including in military terms. If there is another Taliban offensive in the spring and it looks like we're losing in Afghanistan and we really need more troops, then there's a real call in Iraq. All that said, the one thing I am fairly confident about is the President is not going to risk his Iraq legacy for those reasons.

There's a political dimension of it as well. Peter put in the most sort of charitable terms, that the President is doing a favor to his successor by making Iraq as stable as possible so that they get to make these decisions.

Well, there's also a self-interested political element of it as well, of

course, which is that this baby is going to be passed to the next President to decide. If someone has to make the really hard decision about possibly leaving Iraq, it's not going to be the one who decided on the war. It's going to be the successor, and they can take the blame for whatever happens after that. But all of that does strongly point to a sustained American presence through the rest of this presidency.

Now I said I would talk about what the factors were that would determine whether this is working or not and briefly let me just tell you what I think they are.

The first, what Mike mentioned, is the issue of the Sunni tribes and the Awakening movement. That seems to me to be the most important factor of all in the reduction of American casualties and violence in Iraq. It is linked to the surge but not exclusively. It actually started happening before the surge as the Sunni tribes resented what al-Qaida was trying to do in their neighborhoods.

It is bolstered by the surge, I think, for the reasons that Mike said. We are giving them money and assisting them in their battle, giving them the confidence they need to take on al-Qaida, but they did start it before the surge was ready. It's the most important factor of all.

Seventy thousand people have already signed up to these, I love the euphemism, concerned local citizens organizations. I guess they

didn't want to call them former anti-American insurgent groups who are now cooperating with us. But there's something important in that point, which is it's working but it's also fragile. Let's not forget who these people are. They are tribes. They're militias. They used to be blowing up Americans, and if they decide it's in their interest to do so, they will do so in the future again. So I share the notion that this is a very positive step and one that needs to be pursued, but let's not kid ourselves.

I also share the argument that Mike made that it's not victory. Indeed, I would even go a step further. It's sort of the opposite of victory because what we're doing in supporting these tribes is working against the notion of creating a unified Iraq and certainly a Democratic Iraq that we set out to do. There is an irony in that, that what we're doing to bring about a reduction in violence against American troops is also working against the very objective that we had from the beginning.

The second point I think has been absolutely critical in the reduction of violence which again helps us think about what to do as we move forward is the ceasefire by the Mahdi Army. If the tribes and insurgents were the first factor in the violence, the second was resistance from the Shi'a groups, notably Sadr's militia.

Now I have to admit I was skeptical at the start of the surge that it would work in part because I thought it would lead to taking them on and

that they would be determined to make us fail through the use of violence. Instead, what we've seen is a standing-down by the JAM, by the Mahdi Army, which they're calling a ceasefire which is still holding so far.

Some argue, and I think it's probably the case, that that is partly and due to the fact that we were upping the ante, we were showing up in bigger numbers, and they didn't want to take us on.

But it may also be, and this bodes less well for the future of our presence, it may also be that they made a rating of American politics at the time and decided that it wasn't in their interest to take on the biggest militia which is to say us, but rather to wait us out, wait for a new President to come in because all of the signs at the time were that we would do the surge, a new President would come in and withdraw American forces from Iraq. So they may be just waiting out this process, bringing about more unity in their own group and waiting until the time is right for them to make a challenge. If that's the case, we really are going to have to stay in big numbers because if we're going to take them on, we have to be prepared for serious fighting.

A related point to that one is the attitude of the neighbors and, most specifically, Iran because it also seems to be the case that Iran, at least according to some because there's a debate about this, but that Iran is holding is holding its fire and being less active in trying to undermine the

American presence and to supply the advanced IEDs that have been doing so much damage to the United States forces. But, thereto, if Iran decides to take a different position, possibly in conjunction with the Mahdi Army in challenging the United States, then again this notion that we're gradually moving towards a place where we can reduce our forces, I think, is wrong.

The last point I'll mention in this agenda of the types of things that will help determine whether we need to stay in big numbers or not I think is the question of displaced Iraqis which hasn't gotten the attention that it deserves not only in humanitarian terms but in terms of violence and political stability. I mean UNHCR reports that 2.5 million Iraqis have left the country altogether and 2.4 million have been displaced internally.

Now one of the many factors related to that is that it, in itself, has contributed to a fall in violence just because there are that many fewer people to be driven from their homes and neighborhoods. Iraq has been in the process of ethnic cleansing which, as horrible as it is, has also led to, frankly, fewer targets for civil war and insurgents. That process hasn't led to new violence as these displaced persons end up in other neighborhoods, but it could.

So I mention all of those factors in a way to take me right back to the beginning which was the argument that we're probably going to need

and the President is going to conclude that we still need at least 130,000 troops in Iraq because these factors are all unpredictable and perhaps unsustainable. I've tried to suggest how any of them could break down at any minute, which suggests to me again the risk of pulling out a bit of a crystal ball that at the end of the Bush Presidency, we will probably be back to where we were in 2006 or where we seem to be now, which is to say the situation in which violence has been reduced to those levels, but it is dependent on a large American force being in place.

Now, maybe after another year of that, we'll start to get to the point where that seems more sustainable. I'm a little bit less or, no, I should say I'm a lot less optimistic than Mike about the political progress in the meantime, and I say that having heard him not be particularly optimistic.

But it means that the next President is going to inherit a situation where maybe if they're lucky, there's been enough peace in the meantime for political progress to be made but more likely is that any of these factors that I mention -- the tribes turn on us, Iran changes its view and decides to challenge us, the Mahdi Army ends its ceasefire, a new Samarra-type mosque bombing leads to civil war, I could go on -- leads to a situation in which the President is actually faced with the dilemma that we've been facing in our political system -- I'll end with this, Carlos -- for the last four years, which is it is worth it?

If it actually requires us to have a major presence in Iraq which brings certain benefits of keeping a lid on the situation, is it worth it in the context of opportunity costs which are \$2 billion a week, American lives, American reputation in the world and so on? So that's the prediction I would make is that the next President will probably face with that same dilemma.

MR. PASCUAL: Phil, that's extremely helpful. If you look at these factors that you laid out -- the role of the Sunni militias and their cooperation with American forces but not with the Iraqi State, the decisions taken by the Jaysh al-Mahdi and the Iranians to exercise some restraint which again are outside of our control, and then the situation with displaced Iraqis which has, in effect, removed some element of the problem although there's now an interesting tension of movements of people both back and forth, which could create their own dynamics -- in effect, what it basically says is that a major element of the reduction in violence and the extent to which there's been some increase in stability is not directly linked to the U.S. forces. Perhaps the U.S. then encouraged this to happen, and it wouldn't have happened without them, but the U.S. forces themselves aren't in fact the actual driving factor.

So the balance that you end up getting into here, it seems, is to what extent do you have enough of a force level that allows these other

realities to be sustained or, at a certain point, do your force levels come down to a certain stage?

Are they sufficiently low that the incentives to continue these other elements just simply don't continue?

Is there something here that is sufficiently sound that gives on the sense of confidence that it could provide a backbone for political stability?

It leaves me with some degree of skepticism. But if I put it in those terms, where would you come out on this?

MR. GORDON: Well, I think that's precisely the way to think about it. I'll tell you what, I think I'd be interested in the others' views as well.

I was trying to think about that in these terms. In the fall of violence, we're clearly in a much better situation than we were a year ago. If that results from four factors -- the surge, new troops and tactics; Mahdi Army ceasefire; displaced people; and Sunni tribes Awakening movement -- which would you take if you could take all of those?

Well, I mean displaced is not something which someone would choose, but moving 20 percent of Iraqis has led to part of the reduction in violence.

I'll put it in my own terms. I think you would choose the ceasefire and the Sunni tribe movement and not attribute it to the surge, but what I would say -- and I tried to acknowledge the role of this in my presentation -

- is that those aren't entirely independent variables. They are, in part, linked to the surge. That's the way to think about it. I don't know the answer.

The question is to what degree? Did the Mahdi Army, was it really because they didn't want to take us on while we were there in big numbers or do they have an interest in not having a civil war themselves?

On the Sunni tribes thing, as I said, they started before we were there, but you have to acknowledge what Mike said is that it makes their lives a hell of a lot easier and their courage is boosted by us being there. If we decide to leave, that's going to be the test, whether these factors that are leaving the violence can be sustained without us there to sustain them.

MR. PASCUAL: You get this irony that you have resuscitated Sunni militias on the one hand and a ceasefire on the part of Shi'a militias, and right now there's an American force structure that is actually creating some confidence on both sides that you can get a coexistence between these two things. So the irony is you take away that American force structure and what are you left with and the risks for an explosion, one would think logically is extremely high, and that's one of the things that troubles me.

But we've talked a lot up here. Let me turn to the audience and let

all of you put forward your questions, and I'll start with General Nash.

QUESTIONER: Yes, Carlos.

Michael, be careful. Operational brilliance in Inchon led to a strategic entry.

MR. PASCUAL: Bill, why don't you introduce yourself?

QUESTIONER: Oh, I'm sorry. Bill Nash, Council on Foreign Relations.

Mike, the operational brilliance of Inchon led to the strategic intervention of China into the War in Korea, a legacy we've lived for nearly 60 years. Be careful on that brilliance.

Second of all, if you want to go back to war on the people of Sherman's march, I would also tell you that to try to compare an operational design in Iraq, where we've heard at least three other factors that are at least equally important to cause the improvement in the security situation, is not quite the brilliance that you might attribute it to. I think it's important for us to understand that the strategic impact of the other three factors may well dominate the political resolution that we seek in Iraq.

Nobody can tell me how empowered Sunni militias in the provinces will translate into improved political accommodation at the central level, and we have not made that link yet in any way, and Sadr's militia are R-

and-R-ing while this process develops.

Finally, I would point out to all of you, at some point, we have to step back and allow these other forces to come together. The decision is: Is that better now or later and, if so, how do you lead? Otherwise, we continue in a never-ending requirement to maintain separation and a status quo that hurts us far more than it helps Iraq.

MR. PASCUAL: I'll take that last point as the question, is it better now or later to step back, and let me turn to a couple of people up here. Peter, do you want to start on that?

MR. RODMAN: Oh, if it's just a question of timing and if you're focused on Iraq, I think we should stay there until we think this political accommodation has begun. I don't see why you want to leave before you've given that process a full chance to operate.

There are other reasons why we may want to get out. We, as a nation, have the option right now of starting to pull out, cutting our losses, leaving the place to sort itself out, perhaps hoping that the surge, the benefits of the surge make this a little less risky than otherwise. But I don't see. In purely Iraqi terms, I think we want to stay and nurture that political process.

I think you're absolutely right. You have Sunni now empowered and turning against the insurgency. That's a good thing. The Shi'a, maybe the

more radical elements are quiescent. The diminution of the violence is a big achievement because the diminution of a lot of that violence was the sectarian violence. Now is the time to nurture that political process, and you're absolutely right that if you don't accomplish that, then in the long run the risks persist that this could all just turn into the prelude to another great brawl. But that is an argument for staying and not getting out on some arbitrary timetable that has to do with our electoral process.

MR. PASCUAL: Mike, do you want to jump in on that?

MR. O'HANLON: I'll be brief.

But one point, I'm going to link the one point on Inchon to the one point on the Sunni tribes. Of course, Inchon is in South Korea. It was the move to the Yalu River that brought in the Chinese.

By the same token, I'm not proposing that we help the Sunni retake Baghdad or take the Shi'a parts of the country.

I think the vision for how the Sunni can gradually accept their new lot in life, which Martin and others have taught me is never going to be a happy one for them but may get to the point where they, I hope -- Martin may also want to comment -- may get to the point where they've decided it's not worth launching an all-out civil war to retake the center of the country. The vision for that has to be security in their own areas, some role in the central government and a share of the revenue and then some

vision that they can continue to expand their opportunity, economically and politically over time, in other words, that Iraq starts to work as a country.

That may not be enough for them. In fact, I know emotionally it won't be enough for them because they believe they should run the country. But what I'm hoping is if you allow a few years time where they get their share of the money, security in their cities and they gradually continue to accept this notion that Baghdad is largely a Shi'a place, it's going to take a few years to buy into that concept. Maybe they still won't.

As Phil argues, the question is: Is it worth the cost and trouble? But that's my vision for how this could work someday and that implies a few more years of American presence.

MR. PASCUAL: I'm sure Martin and Phil are going to want to comment on this.

Martin, I'm going to put the question to you from this perspective. From all of your experience in the Middle East, does stepping back militarily make the Iraqis more responsible and force them to live up to the realities that they face or does it increase the likelihood of an explosion or are you going to get an explosion anyway, so you might as well step back?

AMB. INDYK: It's all of the above. First of all, we need, I think, a

certain degree of humility and then a large dose of cynicism. Even then, we don't get a clear answer.

The humility needs to be that we really don't have a good fix on what the calculations of all of these actors are. I happen to think, and this is just my take on it, that the Sunni-Shi'a rivalry is an abiding dynamic here that we will not be able to ameliorate. We can tamp down its violent effects, but we're not going to be able resolve that. In all of the difficulties in trying to promote political reconciliation, it just seems to be to be evidence of that basic truth.

If you accept that basic truth, then you see, as Phil and Peter and Mike have suggested, what you see is that the Sunnis are kind of arming themselves, courtesy of the American taxpayer now, for the next round and Sadr is sitting it out or he's not just sitting it out. Basically, he's disciplining his ranks at the moment. What we're doing is basically kind of at the same time giving these parties, factions, whatever, an ability to strengthen themselves for a future conflict and holding them apart.

Now if that's in fact what we're doing, obviously if we leave, we may precipitate it. But if we don't leave, we may find that they turn on us as well again in order to get us to leave. In other words, if their assumption is that they can bide their time until we leave, then if they come to see that we're actually not going to leave, we may find that the violence takes up

again even though our prevailing assumption is that by separating them, we're ensuring that the violence is reduced.

And so, what do you end up with? You end up with a massive dilemma here, that if you pull back, violence will increase but if you don't pull back, violence may well increase. And so, you have to try to take advantage of the situation to effect political reconciliation.

But I guess ultimately where I come out is that in the end we need to remember that it's not our responsibility, and that's where I have a kind of allergic reaction when Mike introduces nation-building again. The nation-building responsibility is Iraq's. It's the Iraqis' responsibilities. We can give them the best shot, but we should not take it on as our responsibility anymore.

MR. PASCUAL: I promise to give you a shot at this issue in a couple minutes. Phil, do you want to?

MR. GORDON: Yes, I can be very brief because Martin said a lot of what I wanted to say, and he said it with both more humility and more cynicism.

But I agree with his basic point which is in the end we're going to be faced with this dilemma about what we do. We either stay pretty much forever and, frankly, I think the administration really is in a position -- frankly, I think Peter is too and he can address this -- where they're taking

the line that if things get better, we have to stay because we're the reason they're getting better but if things get worse, we have to stay to prevent them from getting worse.

It really does become a recipe for staying at high levels in Iraq forever, frankly, because I think Martin is right. There is an endemic inability of the parties in Iraq to get along which is why I remain pessimistic about things like even the deBaathification law which is actually that. It's for more deBaathification rather than less, and it seems unlikely to have the effect on former Baathists to feel welcome because the most important part of it, Mike, I think is the security part, even more than the pensions part. The message coming from the government to the Sunnis is we are in charge of security and armed forces in this country, and we don't want you to be a part of that which creates further insecurity.

The last point, I made an analytical rather than a prescriptive point when I talked about the President. In that sense, we can talk all we want about what we should do in the near term, but that doesn't really matter. As a citizen, as a concerned local citizen, I'm thinking about what happens after this administration because I already know we're going to stay until then. I think what happens after it, as I said and I think Martin reiterated, is we arrive at a place where what seems to be preventing the violence is a very large American force, and we have to decide whether that's worth

it.

MR. PASCUAL: As you can tell, we can keep talking about this topic among ourselves all morning. It certainly proves the Brookings' maxim that there is no Brookings view on any given issue, certainly not on Iraq.

Let me take a few more comments from the floor. Over here and then afterwards, we'll come over there.

QUESTIONER: I'm Sterling Jensen from Johns Hopkins SAIS across the street. I was an interpreter for Abu Risha for a year when this whole Awakening started, and the surge had nothing to do with it, like you said, Mr. Gordon.

But it was interesting because not once did any of the tribal leaders want any political leverage or get involved with the police. They always just said: Get them on the Ministry of Interior rolls. We don't want to be involved with that. We want contracts. That's what we're interested. We want the peace.

So I don't buy into the tribes turning against either the Iraqi security forces or wanting to create their own militias. I think that's more of a political party thing.

But my question is what do you think about a diplomatic surge?

I think we're doing a great disservice to the Iraqis by distancing

ourselves from Syria and Iran and not putting more capital into the diplomatic front rather than just military solutions.

MR. PASCUAL: That's a very useful observation. Thank you.

Let me take your comment over here, this one.

QUESTIONER: Hi. My name is Daphne Benoit from Agence France-Presse.

I had actually two questions. Briefly, from what I heard, I'd like to have your feeling of the proposals by both Senators Clinton and Obama. Basically, on Monday night, they both said that their plan, their hope is to take all the combat brigades out of Iraq within the first year of their administration. Is it simply risky or simply unrealistic and impossible even for military reasons?

My second question would be is there a possibility that President Bush concludes an agreement by this summer with the Iraqi Government that actually ties the next administration in terms of troop levels in Iraq on the long term or is it going to be up to the next administration to do that?

Thank you.

MR. PASCUAL: Okay. Let's split those apart and let me start on the diplomatic surge which I will say a couple things on. But I don't know, Phil, do you want to start?

MR. GORDON: Well, no.

MR. PASCUAL: Let me. On the diplomatic surge, one of the ironies of the situation has been that while we have focused a great deal of attention on increasing military engagement in Iraq, the extent to which we've actually undertaken a significant diplomatic surge in order try to broker an agreement among the parties has lagged behind.

There are lots of questions about what the strategy is, who can do it, whether the United States is the right party to actually lead. Certainly, the United States has the potential to be a partner in it. But one of the things that we've learned from many other environments, for example, the Bonn Agreement for Afghanistan might be an example of this, is that there's a utility of having some other neutral body, potentially the United Nations.

In a sense, it's not so much the question of what that body is. It's almost the individuals who have the credibility to do it and then on those individuals potentially conferring some form of a United Nations' hat because simply having an also-ran individual from the U.N. doing it will fail. But if you had a brilliant negotiator with international standing -- Bill Nash was at the centerpiece of this, right, Bill -- and you can imagine putting a U.N. hat on it, then one might see a different prospect.

What we've also learned from other international negotiations is that all of these issues that Mike has raised -- such as the federal-regional

relations, the oil revenues, the exact impact of the deBaathification law, what the legislation or the requirements for disarmament and demobilization of the militias, how you deal with minority rights -- there's an interconnection between them. Militias don't want to disarm if they don't feel like they have a deal on whether or not they're going to have political representation and whether they are going to have revenues. And so, in the end, there's a back and forth tradeoff that you get into.

It's also extremely difficult because you have to work these questions across a lot of different parties and they're very unsavory parties. In many cases, it's difficult to actually figure out who can speak for the individual organizations. It's a lot easier to figure out if you want something bad to happen in a particular environment. You can usually figure out the two to three people to go to and say, we want you to do the following bad things, and they can make it happen. Whether they can then turn around and say, rein in all of these parties and get them to behave as a unified group is an extraordinarily difficult task to play.

In effect, what has to happen is that you need some sort of a team that can play across all of these actors and figure out is there a deal here to be cut.

There needs to be a discussion with the Syrians, the Saudis, the Iranians, the Turks and the Jordanians at a minimum, to begin with, on

whether or not they will play or at least not be disruptive. In that whole process, the whole issue of refugees and the security of those refugees and the flow of people going out has to be taken into account.

There needs to be a constant dialogue between the United States and whoever is, in fact, actually leading that part of the package because the United States is the military force. So, if you can't, in fact, structure the diplomacy in a way that is somehow linked to the deployment of forces and your strategy for the deployment of forces, you can't succeed because, as many have said, if there's a perception.

Peter put this very well. If there's a perception that the U.S. is simply going to leave, maybe you unravel the political process. Yet, at the same time, if you don't make clear that the U.S. forces could potentially leave, how do you create the incentive for individual parties to engage in the political process?

My view is that there is no simple answer to how to make a political surge work, but the other side of the equation in my mind is that there is so much at stake and we have tried everything else, that it would be irresponsible not to do it. We simply have not put the same kind of effort at working with the U.N. and with other international partners and with our own diplomats in order to figure out what that strategy might be and to put it into play.

So, in my mind, the key issue over this next year is whether the Bush Administration can actually integrate that into their strategy because I agree completely with the point that several have made. We're probably not going to come down under 130,000 troops. But how do we use that force presence to the greatest possible effect over the course of the next year?

Right now, we really don't have a strategy or, if we do have a strategy, it's based on looking to the Iraqis to act out of their good will to pass legislation through a rational process to achieve some kind of reconciliation.

Now, in the end, it is going to depend on Iraqis to come to decisions on whether or not they see some kind of coexistence. They're going to have to make those choices. The question is whether or not it's worthwhile attempting some kind of a process that actually allows them to see a package that's worth enough to invest in to at least have some form of a truce that gives greater underlying political stability to the environment in which this force structure is actually working in.

In my mind, I think that's one of the greatest tests that we're going to face in the coming year, and I'm not sure that we actually have a strategy to take us down that path.

MR. RODMAN: Let me talk about Iran and Syria, a diplomatic

surge. The problem is, in a nutshell, there's no there there. I, myself, was in a high level delegation that went to see President Assad, and it was a worthless exercise. Colin Powell went to see Assad. Rich Armitage went to see Assad, a worthless exercise. Ryan Crocker has had several meetings with the Iranians on Iraq, a worthless exercise.

Now the Baker-Hamilton Report had it backwards. The Baker-Hamilton Report said, oh, we need their help. We need Iran's help to stabilize Iraq. We need Syria's help.

That is the worst possible way to look at this whole question. Iran and Syria are totally opportunistic. They are exploiting the weakness of the Iraqi political structure.

I believe that Iraqis still have it in their own hands to strengthen their institutions and get their act together. I've talked to Shi'a, Iraqi Shi'a politicians who said they don't want to be a puppet of Iran. So I think if Iraqis get their act together, the whole political structure will be more resistance to interference by Iran and Syria. If the Iraqis are able to strengthen themselves, that's something that they have to do. That's what we're trying to do by being there.

I think then, first of all ,the whole setup will be more resistant to these pressures from outside and, secondly, you might then have a more balanced discussion with the Syrians and the Iranians, certainly a more

fruitful discussion on a more equal basis. Right now, they're just exploiting the weakness of it. You talk to them, and they're just arrogant and they lie to you. It's demeaning for us to be chasing after these people until we somehow managed to restore some balance of forces by our own effort.

MR. PASCUAL: Believe it or not, what I said and what Peter said are not necessarily contradictory because I think part of the issue here is how you stage a diplomatic process and how you bring Iran and Syria into this.

We can keep talking about the diplomatic surge, but let me bring us back into the other question on Senator Clinton and Senator Obama and their statements about getting out of Iraq in the first year, and let me take the liberty of twisting the question a little bit to my colleagues.

Earlier in the discussion, one of the things that emerged from it was this irony that what's part of the cause of stability is the restraint of the Sunni militias and the willingness of the Sunni militias to cooperate with U.S. forces and, on the other side, the restraint of the Shi'a militias. As you put it, Phil, these aren't necessarily caused by the surge but linked to the surge in some way. And so, the removal of the U.S. forces is a destabilizing factor.

Given if you accept that analysis, if you are a presidential candidate, would you make a statement up-front that you're going to remove or

reduce that force presence if it is such a key factor in maintaining that balance? What would you do?

MR. O'HANLON: I would not. I think very briefly that the most useful debate we could have on Iraq in the fall is essentially McCain, who is not too far from Bush, assuming he might get the nomination, essentially saying what Phil implied that we're going to keep at it almost no matter what.

And the Democrats saying: It's conditional. If it keeps going downward and it alleviates some of Martin's worries and cause for cynicism about what could be going on here and if it reinforces our belief that there is a possibility of successful nation-building, however much that term may be allergic to some, we'll keep at it and we'll gradually downsize. But if we see a drastic deterioration in the situation, we've tried enough. It's not worth the cost. We're gone.

That, I think would be a better Democratic position than some of what I'm hearing of late.

MR. PASCUAL: Phil?

MR. GORDON: Well, it's a tough question, one they may well be faced with. I think the leading Democratic candidates formulated their position, which is to say get all of the troops out within 16 months, at a very different time. Just put it that way. It was before the Awakening

process. It was before the ceasefires. It was before the decline in violence. They're naturally not and I think wisely not walking away from that right away.

If the situation continues, then they're going to be faced with, I think, the situation Mike describes, possibly in a general election where things are getting better and a Republican candidate is saying they're getting better because we're there. Even in that situation, I think they're going to be awfully reluctant to be. I mean we have also seen in American politics, you pay a great price for flip-flopping. The base of their party is still, despite the decline in violence over the past year, against the war. I think it would be possible for them to keep to the position that they have outlined.

A year is going to go by before they would take power in that case and then see what the situation is like at that point. If they did decide to change course at that time, based on a dramatic change of the situation on the ground and after having invoked a new Baker-Hamilton-like commission and looked at the situation and then had an inflection in their policy, they would hardly be the first Presidents taking office who did something somewhat different from what they had suggested during the campaign previously.

MR. PASCUAL: I'm going to keep going down the line here, but out

of the spirit of both collegiality and fairness, Tom Mann, I'm giving you advance warning. Tom is one of the leading political analysts not only at Brookings but in the country.

So, if you were advising a presidential candidate and you had just heard this discussion about the role of the surge and the current stability and you had to advise someone looking at both domestic political factors and the international security concerns, I'm going to want you to come back. I will give you a couple of minutes to think about it as I go through Peter and Martin on this issue.

MR. RODMAN: Well, no Democratic candidate has asked me to advise.

MR. PASCUAL: That's why I put it in a broader term.

MR. RODMAN: No. I'll pass on this one.

MR. PASCUAL: We know what your answer is.

MR. RODMAN: I think I would say something very mischievous, and I don't want to demean the proceedings.

AMB. INDYK: So I'll say something cynical if you'll allow me which is the candidates are addressing a domestic audience, a primary audience essentially of Democrats. They're not addressing the policy question. They're addressing the political question. No doubt, the overwhelming desire of the audience that they're addressing is to see the troops come

home.

So I think that's an explanation of why you see them kind of shifting from saying we'll keep some troops there over time. It's got to be gradual. It's not just saying, well, we'll bring them out in a substantial reduction next year.

But in the end, when they get into the White House, and I think that this is Phil's point just repeated, the circumstances will be different a year from now. While their overall instinct, whoever ends up being the President, if it is a Democrat, the overall instinct will be to withdraw the troops. The pace is going to depend on the circumstances and how the President at the time makes a very tough decision about the dilemma that inevitably he or she will confront over the consequences of setting a timetable or reducing the forces in circumstances where the situation is, at best, very unclear.

MR. PASCUAL: Tom?

MR. MANN: Listen, I've been learning. I think all the wisdom has already been spoken on this issue up there.

MR. PASCUAL: Why don't you just stand up, so we can hear you?

MR. MANN: Excuse me. Let me just summarize and reframe.

First of all, Phil is correct. Clinton and Obama and Edwards, to the extent he sticks around, will not change their position on Iraq before one is

nominated and then I think before the general election. Whatever the successes in the reduction of violence, the fragility of the whole situation and the dilemmas as you have articulated them are front and center and will serve to reinforce what is a continuing public view that Iraq has been a mistake, that the costs outweigh the benefits, and therefore we have to look to get out.

I think in pure political terms, in positions on Iraq, the Democrats will continue to retain the advantage. What McCain would bring is not a more favored and credible position but rather a personal reputation for character and strength, not a position that Democrats would gain by moving towards in any way.

But the other point is that Iraq is becoming less salient because of the reduction in violence and because of the looming or present recession and fears about the economy more generally. So, what Democrats will do is not change their position but not talk about Iraq as much. They'll focus on other matters. Then if they are successful and move into the White House, they will take a fresh look at how best to deal with the situation in the fashion suggested by Phil.

MR. PASCUAL: Tom, thanks.

Let me just give a final 30 seconds to each of the panelists if there are any final thoughts you want to leave us with or if you want to engage

in the dangerous game of thinking about what the situation might be that we're going to face by the end of the year.

Martin, let me start with you.

AMB. INDYK: Well, let me just close with where I started. While we're necessarily focused in our discussion today on Iraq, there are a lot of other issues in the region that are affected by Iraq. Just to underscore that the surge in violence not only takes it off the front page of our newspapers, but it also affects the calculations of all of the other players in the region.

One thing that is unexplained by what Peter said about the problems of a diplomatic surge is that the Iranians and the Syrians have backed off already. Again, we don't know why that is the case exactly. It, in itself, to me seems quite surprising. Maybe you can explain it.

But it does suggest that just like there are diplomatic openings in the Arab-Israeli arena that the surge may have helped generate, there may well be diplomatic openings in the neighborhood that can be exploited now. When we look inevitably at the way in which the surge may open up potential for either drawing down the troops or advancing reconciliation in Iraq, let's not forget that it can also produce opportunities that we should be flexible enough and interested enough in to try to reinforce and exploit those opportunities in a way that can maybe reinforce the positive impact

of the surge.

MR. PASCUAL: Peter?

MR. RODMAN: I don't disagree with that, and I would just emphasize what Martin said originally about the interconnectedness of things.

I think a good rule of thumb is that being strong is better than being weak. A lot of our present position and negotiating opportunity, as Martin has said, I think come from the surge, from the fact that the Americans don't look so weak in Iraq. We look like maybe we have the upper hand again or however you want to describe it. So the strengthening of our posture in Iraq may well be what is restoring American credibility, perhaps giving us diplomatic opportunities.

But there's no way to be weak in Iraq and be strong everywhere else in the Middle East, and that's something else for our Democratic friends to think about as they think about pulling the plug in Iraq based on some arbitrary timetable.

MR. PASCUAL: Mike?

MR. O'HANLON: I'll just give a 30-second answer to one part of your question that we didn't do justice to although it was implicit, I think, in what we were saying.

No, President Bush cannot tie the next President's hands with

whatever deal he might strike. There may be a certain political difficulty in reversing, but the candidates are already saying, on the Democratic side at least, that they won't feel bound by that and that President Bush needs to come to Congress. There certainly is no legal or constitutional reason why we would be obliged. So Mr. Bush controls American policy towards Iraq for about 363 more days and that's it.

MR. GORDON: I agree with that. I guess my concluding comment, going back to the fundamental dilemma, would be that for the past four or so years the balance on Iraq has clearly, it seems to me, been in the negative. Rather than enhancing American strength and prestige and security, it's done the opposite, probably created more terrorism than it reduced, undermined our reputation in the region, cost an enormous amount of lives, treasure and so on.

We are now in a situation where violence is on the decline partly due to what we're doing. That policy is going to go on for another year, and it may be -- it may be -- that by the end of that year, we will reach the conclusion that carrying on with that policy actually puts us back into the positive side of the balance sheet, enhancing American strength, prestige, positive spillover into the region and the War on Terror. If that's the case, I think we'll have a fundamental rethink of this issue. I don't think we're there yet, but I think that's a possibility.

MR. PASCUAL: I think one of the things that is clear from this conversation is how much is unclear, and that's part of the difficulty of why it's so, so hard to come up with a rational policy on Iraq because there are just so many uncertain variables and so many uncertainties about what influences what.

If one were to look at the situation of the end of the year, I'll put my reputation online here and say that I think one of the things we might find is that the Sunni states in this virtual coalition that Martin laid out at the beginning are starting to grapple in a more serious way of what role they can play in reining in Hamas, because if they don't influence Hamas to play a more restrained role and allow some form of opening into Gaza, the whole core of the Middle East peace strategy and that coalition against Iran falls apart. It's eventually going to have to come, I think, to the Sunni states to play more of a role there.

We are, I think, going to still see 130,000 U.S. troops in Iraq. I think the analysis that in particular Peter and Mike and Phil have given on why that's going to be the case, I think is quite sound.

I think there probably will still be some form of tenuous balance between Sunni and Shi'a.

The question that it's going to present for the next U.S. President when they come into office is do they come in leading with a strategy

that's focused on the military side, saying that we can no longer sustain this military or does someone come in with a strategy that's focused on the political and diplomatic side, saying do I take this window of opportunity that might exist and have a major diplomatic surge that might have some potential to create some sustainability below the space?

I think there's a certain irony right now, and the analysis or the discussion that occurred about the different environment in which Obama and Clinton and Edwards actually formulated their Iraq policies is quite interesting. It's going to present to them, if one of the three of them is the next President -- and I think for Senator McCain it would be a similar issue -- in coming into office, can there be a balancing from what has been a fixation on the part of the United States on the military strategy to, in fact, actually supplement that with something on the diplomatic and political side that gives greater possibility to sustainability in anything that we and the rest of the international community might do in Iraq? Frankly, that might give greater sustainability to what the Iraqis themselves do.

Thank you for joining in the discussion with us. Thank you to the panelists. These guys are great.

(Applause)

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