

**IRAQ: NEXT STEPS—WHAT WILL AN IRAQ
5-YEAR PLAN LOOK LIKE?**

HEARING
BEFORE THE
COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE
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LIKE?**

WEDNESDAY, SEPTEMBER 24, 2003

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

The committee met pursuant to notice, at 9:30 a.m., in room SD-216, Hart Senate Office Building, the Hon. Richard G. Lugar (chairman of the committee), presiding.

Present: Senators Lugar, Hagel, Chafee, Allen, Brownback, Voinovich, Coleman, Sununu, Biden, Sarbanes, Feingold, Boxer, Bill Nelson, Rockefeller and Corzine.

The CHAIRMAN. Good morning. This meeting of the Senate Foreign Relations Committee is called to order; and we are especially pleased to welcome today Ambassador L. Paul Bremer, better known to all of us as Jerry Bremer, Administrator of the Coalition Provisional Authority in Baghdad.

Ambassador Bremer, we thank you for coming. We recognize that for almost 5 months you have had one of the toughest jobs in the world and have been in one of the brightest spotlights in the world. You have performed courageously and admirably and we ask that you pass on our appreciation to the dedicated public servants from many agencies, from coalition governments, and from militaries, who are working 18-hour days with you in a very dangerous and difficult environment on behalf of peace, stability, and democracy in Iraq.

We look forward today to your status report on the ongoing war and on the complex political and economic reconstruction efforts in Iraq. After today, the Foreign Relations Committee will have held 12 hearings on Iraq so far this year. We have maintained this focus, not simply to generate public information or opportunity to second guess strategy, but because we believe Congress can and should be helpful in developing and supporting effective policies in Iraq.

The United States must succeed in Iraq. And I am hopeful that you will ask us for any legislation authority or financing that you lack. The most immediate question is the shape of the \$87 billion supplemental request from President Bush. But our committee is addressing Iraqi reconstruction in a wide strategic framework that includes such topics as Iraq's relationship to the war on terrorism generally, its impact on America's international relationships, and

its effect on the broader political and economic dynamics in the Middle East.

Personally, I have advocated a 5-year plan in Iraq, not because I believe the United States must stay in Iraq for exactly that length of time, but because I believe such a plan would demonstrate commitment, promote realistic budgeting, and help prevent policy drift.

A long-term plan, in my judgment, is crucial to reaffirm and to maintain the support of the American and the Iraqi people, to bring aboard more international partners. Iraqis must have confidence that Americans and the world community will stay until a self-sufficient, independent Iraq is realized. Our planning must reflect the promise to establish an Iraqi Government that is representative, that is effective, and that is underpinned by protected freedoms and a market economy.

Many Iraqis have had a difficult time understanding how the most powerful nation in the world could defeat their Armed Forces in 3 weeks and still have trouble getting the lights turned on. Yet skepticism and frustration and extremely difficult conditions have not eliminated hope among the Iraqi people. A recent poll conducted by Zogby International, working with the American Enterprise Institute, found that 70 percent of Iraqis feel that their country will be better off in 5 years down the road. Seventy-one percent believe that they personally will be better off in 5 years.

Iraqis, by a three-to-one margin, responded that politics, not economics, will be the harder part of the reconstruction. Asked to choose which government they saw as the best model for Iraq from among the alternatives of Syria, Iran, Egypt, Saudi Arabia, or the United States, 37 percent picked the United States. Only 33 percent said they preferred an Islamic government. Two-thirds said that U.S. troops should remain in Iraq for at least another year.

Now, statistics can be misleading. But as a scientific survey, these responses are encouraging. And I am hopeful you can shed light on other positive developments of which the American people are not aware, while keeping in mind that they worry about the extreme dangers that persist; and in some cases seem to be increasing, even as the summer heat dissipates.

To set the stage for our inquiries today, I would offer the following set of questions, which I believe are covered in your testimony, to explore as Senators have opportunities:

What would a 5-year plan for Iraq look like and how much would it cost?

How long will the \$87 billion from the supplemental last?

How long will the \$21 billion of that targeted for reconstruction last?

Will the United States commitment help generate international contributions at the Donor Conference in October or at other conferences surely to come?

How does oil revenue fit into the projections of reconstruction financing, quite apart from the overall budget of the country?

Do you have the right people in place in Iraq?

Are there enough Arab linguists, international economists, public diplomacy experts, development analysts, and technical experts?

What skills do our personnel lack?

Can expanded international involvement improve our capabilities?

And are you getting recruits for the jobs that you have open from our State Department now or from others of that expertise in our government?

You have been tremendously upbeat regarding prospects for success in Iraq. Although much progress has been made, what worries you about your plans? And what needs to be fixed within the Coalition Provisional Authority?

Much has been made about transferring authority to the Iraqis quickly. You envision turning power over to Iraqi leadership in stages, as institutions become capable of taking on responsibilities.

How do you plan to integrate Iraqi governmental institutions into the coalition's effort? Are there any areas or ministries where the transfer process will occur soon?

Finally, as we look to our foreign policy equities, calling on your experience in diplomacy and terrorism, where does Iraq now fit in the global war on terrorism? Are Middle East neighbors of Iraq providing sufficient cooperation in that endeavor?

Those are at least some of the questions that I suspect will come before our panel. Having seen a bit of your testimony, I suspect that you will respond to many at the beginning. We very much appreciate your being here.

[The opening statement of Senator Lugar follows:]

OPENING STATEMENT OF SENATOR RICHARD G. LUGAR

The committee is pleased to welcome Ambassador L. Paul Bremer III, Administrator of the Coalition Provisional Authority in Baghdad.

Ambassador Bremer, we thank you for coming and recognize that for almost five months, you have had one of the toughest jobs and have been in one of the brightest spotlights in the world. You have performed courageously and admirably. We ask that you pass on our appreciation to the dedicated public servants from many agencies, coalition governments, and militaries who are working 18-hour days with you in a dangerous environment on behalf of peace, stability, and democracy in Iraq.

We look forward to your status report on the ongoing war and the complex political and economic reconstruction effort in Iraq. After today, the Foreign Relations Committee will have held twelve hearings on Iraq so far this year. We have maintained this focus, not simply to generate public information or opportunities to second-guess strategy, but because we believe Congress can and should be helpful in developing and supporting effective policies in Iraq. The United States must succeed in Iraq. I am hopeful that you will ask us for any legislation, authority, or financing that you lack.

The most immediate question is the shape of the \$87 billion supplemental request from the President. But our committee is addressing Iraqi reconstruction in a wide strategic framework that includes such topics as Iraq's relationship to the war on terrorism, its impact on America's international relationships, and its effect on the broader political and economic dynamics in the Middle East.

I have advocated a five-year plan in Iraq, not because I believe the United States must stay in Iraq for exactly that length of time, but because such a plan would demonstrate commitment, promote realistic budgeting, and help prevent policy drift. A long-term plan is crucial to reaffirm and maintain the support of the American and Iraqi people and to bring aboard international partners.

Iraqis must have confidence that Americans and the world community will stay until a self-sufficient, independent Iraq is realized. Our planning must reflect the promise to establish an Iraqi government that is representative, effective, and underpinned by protected freedoms and a market economy.

Many Iraqis have had a difficult time understanding how the most powerful nation in the world could defeat their Armed Forces in three weeks and still have trouble getting the lights turned on. Yet skepticism, frustration, and extremely difficult conditions have not eliminated hope among the Iraqi people.

A recent poll, conducted by Zogby International working with the American Enterprise Institute, found that 70 percent of Iraqis feel that their country will be better off five years down the road, and 71 percent believe that they personally will be better off in five years. Iraqis, by a three-to-one margin, responded that politics, not economics, will be the harder part of the reconstruction. Asked to choose which government they saw as the best model for Iraq from among Syria, Iran, Egypt, Saudi Arabia or the United States, 37 percent picked the United States. Only 33 percent said they preferred an Islamic government. Two-thirds said that U.S. troops should remain in Iraq for at least another year.

Statistics can be misleading, but as a scientific survey, these responses are encouraging. I am hopeful that you can shed light on other positive developments of which the American people are not aware, while keeping in mind that they worry about the extreme dangers that persist and, in some cases, seem to be increasing even as the summer heat dissipates.

To set the stage for our inquiries today, I would offer the following set of questions:

(1) What would the five-year plan for Iraq look like and how much would it cost? How long will the \$87 billion from the Supplemental last? How long will the \$21 billion targeted for reconstruction last? Will this U.S. commitment help generate international contributions at the donor conference in October? How does oil revenue fit into projections of reconstruction financing?

(2) Do you have the right people in place in Iraq? Are there enough Arab linguists, international economists, public diplomacy experts, development analysts, and technical experts? What skills do our personnel lack? Can expanded international involvement improve our capabilities?

(3) You have been tremendously upbeat regarding prospects for success in Iraq. Although much progress has been made, what worries you about your plans? What needs to be fixed within the Coalition Provisional Authority?

(4) Much has been made about transferring authority to the Iraqis quickly. You envision turning power over to Iraqi leadership in stages, as institutions become capable of taking on responsibilities. How do you plan to integrate Iraqi government institutions into the Coalition's effort? Are there any areas or ministries where the transfer process will soon occur?

(5) Finally, as we look to our foreign policy equities, calling on your experience in diplomacy and terrorism, where does Iraq now fit in the Global War on Terrorism? Are Middle East neighbors of Iraq providing sufficient cooperation?

Again, Ambassador Bremer, we thank you for joining us today, and we look forward to your testimony and our continuing dialog on these issues.

The CHAIRMAN. I call now upon the distinguished ranking member of our committee, Senator Biden, for his opening statement.

Senator BIDEN. Thank you, Mr. Chairman.

Welcome, Mr. Ambassador. I realize this has been an interesting time coming back home. You are probably anxious to get back to Iraq.

Ambassador BREMER. Well, I have better electricity supply in Iraq, Senator.

Senator BIDEN. And probably fewer questions.

But, Mr. Ambassador, I want to thank you for being here and thank you for making yourself available to some of my colleagues yesterday, I assume, in informal sessions; you did it for both Democrats and Republicans.

And I want to say at the outset that your being made available is—we are thanking you for it but it is an absolute, positive necessity. Failure to do so would not be in your thinking; the Congress, as you can tell, is very concerned about what is going on.

I hope the vast majority of the Members of Congress and both parties still have open minds. I, for one, think we need to stay the course. And we need to fund this operation, as expensive as it is.

But I think you have probably gotten the message how intensely some Members feel.

And you are here today. And you are going to return to Baghdad, to what I believe is a situation not of your making, although made much worse because of a failed plan for the aftermath of a brilliantly executed war; that is not your fault. You were brought in to salvage a situation that was deteriorating dangerously by the day. I remind myself, and everyone else, that you were not part of the picture, initially. We had all these hearings and all the planning was—it was going to be Garner in charge, and Chalabi was going to be airdropped in; and all was going to be well. That is a bit of facetiousness on my part but you were not in the picture.

And I commend you for being willing to take on this job. I am sure some of your friends had to counsel you it was a bad idea but I am glad you did it. I commend you for the level of energy and focus you have brought to this to turn around a situation that I think is imminently salvageable.

You brought something else to the table, even more critical to the willingness of the American people and the Congress to continue to support this endeavor in Iraq; and that is honesty. You are the first guy that told us the facts, told us the truth; the others did not lie, the others just either did not know or did not say what they knew.

During your visit in July, you began to make clear what many in this committee have been saying for the past year, that reconstructing Iraq will be a lot more difficult than winning “the war” and will take tens of billions of dollars over several years and require tens of thousands of American troops for an extended deployment.

Prior to that, we had heard obfuscation upon obfuscation, rosy scenarios, and a word which has worked its way into the lexicon of some in this administration: “unknowable.” If I hear the word “unknowable” one more time from this administration, I would suggest that they, in their effort to stay in power say: Vote for us, we are the unknowables, we do not know anything.

In fact, the problem and the prescriptions for post-war Iraq were absolutely knowable; not in detail but absolutely knowable. From the hearings this committee convened well over a year ago under both chairmanships, from the work of our leading think tanks, left, right, and center, and from within the administration itself, thanks to the State Department’s Future of Iraq Project, which developed detailed plans for post-war Iraq, a lot was knowable.

Instead, the administration waited until the eleventh hour to begin planning. Its leading members believed we would find an oil-rich, functioning country—that we would be met by cheering crowds, that all we would have to do is sweep out the top Baathist layers, implant our favorite exiles, and watch democracy take root, as the bulk of our troops returned home by Christmas.

Well, the reality, as you know better than anyone in the whole world, is quite different. You have seen it. You have experienced it. And you have tried to deal with it. And as the chairman, Senator Hagel, and I have seen during our visit to Baghdad, you are going at it full tilt.

Belatedly but thankfully in my view, the President made a sufficient U-turn 2 weeks ago that hopefully finally sets us in the right

direction. First, he vowed to make Iraq the world's problem, not just our own, by going back to the United Nations and seeking support of its members for troops, police, and money.

Because this is a simple calculation. We have three options: one, we leave and there is chaos and there is strategic debacle; two, we stay and pay for everything; or three, we get other folks to pay. This is not hard. This is not very difficult to understand. It took awhile for the President, I think, to understand it but I do not get it. This is real simple. We leave, we pay, or we get others to help pay, in terms of their lives, in terms of their money, in terms of their troops.

First, as I said, the President has come around. And he has said he is going to seek that support by going back to the United Nations, which he did yesterday. I regret that his speech, although, I think, as they say in medicine, did no harm—I am not sure, based on the accounts of today, that it did all that much good in terms of its stated purpose, rallying the world to support us with money and troops.

I think he should have made more clearly our willingness to bridge the differences with our allies on a new U.N. resolution and to grant the U.N. real authority, laid out some specifics, and asked for help; and use the word “ask,” ask for help. I am not one of those guys who thinks he should go and apologize for anything; he had nothing to apologize for. But he could ask. You know? It is a useful thing.

I met with one of our counterparts in the European Community just before I went to see you about three months ago. And I asked, “What do we have to do?” And this very pro-American, very significant figure leaned over to me and said, “You’ve got to ask; not challenge, not demand, not offer to share, ask.”

So, I am left questioning the sincerity of the President’s mid-course correction. If we want the world to share the burden, we have to share the authority in Iraq in a meaningful way. The players—the payers, they want to be players. If they pay, they want to have something to say.

I cannot believe that we cannot find a compromise that meets our rightful concerns about a premature transfer of power but also empowers the U.N. and starts to put more power in the hands of the Iraqi people. For example, what about double-hatting you? What about double-hatting you additionally as a representative of the international community. I know you know what I mean—that you run the show under the U.N. auspices.

I am not sure exactly how it would work. But we both know from past experience—mine is as long as yours. I have been doing this 31 years—the guy who pays the bill at the U.N. gets to call the shots. The person who has all the troops on the ground gets to command the troops.

I mean, I do not know why we do not say to the French, You want a piece of this? Fine. We put in \$20 billion. You want to run it. Let us see your \$30 billion.

But the point I am trying to make is that I do not understand why we cannot move in a way that is a little bit different than we have until now. Instead of reporting to Mr. Rumsfeld, you report to an international board of directors or the U.S. as the chairman

of the board, because we would be putting in most of the money. I am not sure what is wrong with that idea. I would like to talk to you about that.

Second, the President began to level with the American people about the hard road ahead to win the peace, in terms of time, troops, and treasures. Now, I hope the administration continues to level with the American people. It is the only way to sustain their support.

But the approach to the supplemental concerns me on this account, as well. Mr. Ambassador, in your testimony before the Senate Appropriations Committee on Monday, you noted that the World Bank estimates for the total cost of reconstruction, not dissimilar to the ones that you have given, to be about \$60 billion to \$70 billion over the next 4 or 5 years. This supplement request covers \$20 billion of that total.

It begs a critical question. Where are we going to get the remaining \$40 billion to \$50 billion? Where is it going to come from? I do not expect you to have that answer. But again, back to the central theme. Everybody acknowledges that is what we need. We are either going to have to get it from the Iraqis, we are going to get it from the international community, or it is going to come from us.

Will it come from the international community? Well normally, that would be a reasonable expectation. The United States typically covers about 25 percent of post-conflict reconstruction costs. By that ratio we could expect \$80 billion from the international community. But we so poisoned the well in the lead up to this war that no one expects the international community to provide more than \$2 billion or \$3 billion at the Donor's Conference next month.

That is a terrible indictment, in my view, of our foreign policy and a harsh example of the price of unilateralism. Will the missing money be generated by Iraqi oil revenues? That is what the administration led the American people to believe. In fairness, you did not. In fact, if we are lucky, oil exports will generate just enough money to pay for the government's operating costs this coming fiscal year; forget about paying for reconstruction.

Will the missing money be generated by other parts of the Iraqi economy? Secretary Rumsfeld recently touted the potential of Iraq's tourism industry. Well, the banks of the Tigris may replace the Outer Banks as a destination of choice some day but I do not think it is going to happen any time soon.

Or maybe the missing money will come from the taxpayers, when the administration comes back to Congress next year or the year after. And if that is the plan, we should know relatively soon.

Mr. Ambassador, you know how critical it is for us to show Congress and the American people your plan for turning things around in Iraq, if we are going to give the administration the money it now seeks. No one wants to be throwing money away and surely you do not either, much less throw away American lives. So, we need to be convinced you have a workable plan with clear benchmarks, timetables, and accountability.

I do not want to minimize the successes you have already achieved. The chairman, Senator Hagel, and I saw them during our visit. We saw a local council meeting taking place. Hopeful beginnings and grass-roots democracies have expanded all across Iraq.

Schools are open all around the country. Hospitals are caring for the sick. These are major achievements on your part and the part of our government.

But we do not read about them very much; we do not read about them very much. And we do not see them on TV. But Mr. Ambassador, all this progress is jeopardized by our failure thus far to get the two fundamentals as right as they should be, security and basic services. And that failure is compounded by the huge expectation gap created when we toppled, in 3 weeks, a tyrant who had plagued the Iraqi people for three decades.

The Iraqi people cannot understand, as you know better than anyone, why we cannot restore a sense of personal security and turn the lights back on as quickly as we defeated Saddam. Just as important, they do not seem to know what we are doing about these problems or when things are likely to get better.

You know, I have found it interesting. As you were kidding about the lights not being on because of the hurricane here, the American people want to know from me, Connective or whatever the energy company in this area is—I do not live here—is going to turn on the lights. Now, when you tell them and you give me a timeframe, it calms them down. And you say we are working on it, we are working on it, it does not help very much. But when you said back home it is going to take a week, they grumble, they are angry, but they say, OK, in a week, I get it.

The fact of the matter is that if the American people understand that, about how they feel, they should have some sense of what it has been like all summer for you with 128/130 degree weather and insufficient electricity.

Yesterday we heard from Dr. Hamre, who was asked by Secretary Rumsfeld this summer to assess the situation on the ground. You hosted him, you had his committee out there, and you fully cooperated with him. The report that his team produced spoke of a window of opportunity that was closing rapidly. The window he was talking about was the very poll that was recited by the chairman, which I think was at least a month old or so.

And he made very specific recommendations, echoed by our bipartisan staff committee report, in key areas, including security, services, jobs, and communications. I would like to know what has been done to adopt these recommendations. I am deeply concerned that the window Dr. Hamre referred to was almost closed.

A New York Times story on September 17, entitled "Iraqi's Bitterness is Called Bigger Threat Than Terror" cited new intelligence assessments "warning that the United States most formidable foe in Iraq in the months ahead may be the resentment of ordinary Iraqis increasingly hostile to U.S. military occupation."

Later it said, "Defense officials spoke on condition of anonymity, saying they were concerned about retribution for straying from the official line. They said it was a mistake for the administration to discount the role of ordinary Iraqis who have little in common with the groups Mr. Rumsfeld cited," I am still quoting, "but whose anger over American presence appears to be kindling some sympathy for those attacking American forces."

Mr. Ambassador, if this report is true, this is very bad news. I still believe that this is totally doable, but only if we act with a

sense of urgency and if we involve the international community and make concessions about sharing authority, to lend legitimacy to the effort, and to share the enormous burden. We cannot afford to lose this.

If we fail, our credibility and our national security will be damaged badly. And I do not buy the terrorism argument. Our security situation will be damaged badly because of the strategic change that will take place in that region with a country of 70 million people seeking a nuclear capability called Iran, being surrounded by two failed States, Afghanistan and Iraq, jeopardizing Turkey as well as Pakistan, and probably causing a couple of Arab governments to fall in the process. That is the strategic imperative, from my point of view, as to why we must succeed.

Iraq may become a failed State. And our enemies will be emboldened. But if we succeed, we can begin to alter the strategic map of the region for the better, strengthen reform throughout the Middle East, making the Arab-Israeli peace more likely, and put our enemies on the defensive.

So, Mr. Ambassador, to save you the suspense, I intend to support giving you the resources you need to get the job done. But I have very specific questions about the plans. And I also have very specific questions about the sincerity of, and the likelihood of, the ability to share responsibility. And I want to know whether you are part of the solution on that or you have become the pro-counsel and decided no, no, you are the only guy that can do this.

And I am going to be very blunt with you about it. You have always been straight with us, a thing we most appreciate about you. I welcome you and I thank you for the job you have been doing.

[The opening statement of Senator Biden follows:]

OPENING STATEMENT OF SENATOR JOSEPH R. BIDEN, JR.

Mr. Ambassador, welcome. And thank you for the work that you and your colleagues are performing under very difficult conditions in Baghdad.

You are here today and you will return to Baghdad shortly because the administration failed to plan well for the aftermath of a brilliantly executed war. That is not your fault. You were brought in to salvage a situation that was deteriorating dangerously by the day. I commend you for bringing a level of energy and focus that is needed to turn things around.

You have brought something else to the table even more critical to the willingness of the American people and the Congress to continue to support the endeavor in Iraq: honesty. During your visit in July you began to make clear what many on this committee had been saying for a year. That reconstructing Iraq will be more difficult than winning the war and take tens of billions of dollars over several years and require tens of thousands of American troops on an extended deployment.

Prior to that, we had heard obfuscation upon obfuscation, rosy scenarios, and a word which has worked its way into the lexicon of some in this administration—"unknowable."

In fact, the problems and the prescriptions for post-war Iraq were absolutely knowable . . . from the hearings the chairman and I convened last year . . . from the work of our leading think tanks . . . and from within the administration itself thanks to the State Department's Future of Iraq project, which developed detailed post-war plans.

Instead, the administration waited until the eleventh hour to begin planning. Its leading members believed we would find an oil-rich, functioning country, that we would be met by cheering crowds, that we could sweep out the top Ba'athist layers, implant our favorite exiles, and watch democracy take root as the bulk of our troops returned home well before Christmas.

Well the reality as you know better than anyone is quite different as—and as the Chairman, Senator Hagel and I know from our visit to Iraq.

Belatedly, but thankfully, the President made a significant U-turn two weeks ago that finally sets us in the right direction.

First, he vowed to make Iraq the world's problem, not just our own, by going back to the U.N. and seeking support of its members for troops, police and money. It's a simple calculation. We leave and leave chaos in our wake. We keep paying for everything in tomes of lives and resources. Or, we get others to share the burden.

I regret that his speech to the U.N. yesterday missed an opportunity to rally the world to this cause. He should have made clear our willingness to bridge the differences with our allies on a new U.N. resolution and to grant the U.N. real authority, laid out some specifics, and asked—asked—for help. Not apologize—he had nothing to apologize for—but ask.

So I'm left questioning the sincerity of the President's mid-course correction. If we want the world to share the burden, we've got to share authority in Iraq in meaningful ways. The payers want to be players. And I can't believe we can't find a compromise that meets our rightful concerns about a premature transfer of power, but that also empowers the U.N. and starts to put more power in the hands of the Iraqi people. For example, what about "double hatting" you as the representative of the international community. Instead of reporting to Mr. Rumsfeld, you'd report to an international board of directors, with the U.S. as chairman of that board because we'd be putting the most into the pot. What's wrong with that?

Second, the President began to level with American people about the hard road ahead to win the peace in terms of time, troops and treasure.

I hope the administration continues to level with the American people. It's the only way to sustain their support. But the approach to the supplemental concerns me on this account too.

Mr. Ambassador, in your testimony before the Senate Appropriations Committee on Monday, you noted that the World Bank estimates the total cost of reconstruction to be about \$60 to \$70 billion over the next four to five years. The supplemental request covers \$20 billion of that total. That begs a critical question: where is the remaining \$40 to \$50 billion going to come from?

Will it come from the international community? Normally, that would be a reasonable expectation: the United States typically covers about 25 percent of post-conflict reconstruction costs. By that ratio, we could expect about \$80 billion from the international community for Iraq.

But we so poisoned the well in the lead up to this war that no one expects the international community to provide more than two or three billion at the donors conference next month. That's a terrible indictment of our foreign policy and a harsh example of the price of unilateralism.

Will the missing money be generated by Iraq's oil revenues? That's what the administration led the American people to believe in fairness, you did not. In fact, if we're lucky, oil exports will generate just enough money to pay for the government's operating costs. Forget about oil paying for reconstruction.

Will the missing money be generated by others parts of the Iraqi economy? Secretary Rumsfeld recently touted the potential of Iraq's tourism industry. The banks of the Tigris may replace the Outer Banks as a destination of choice someday, but not any day soon.

Or maybe the missing money will come from taxpayers when the administration comes back to Congress next year or the year after to ask for more. If that's the plan, tell us now.

Mr. Ambassador, you know how critical it is for you to show Congress and the American people your plan for turning things around in Iraq if we are to give the administration the money it now seeks. No one wants to be throwing money—much less American lives—down a black hole. So we need to be convinced you have a workable plan with clear benchmarks, timetables and accountability.

I don't want to minimize the successes you've already achieved. The chairman, Senator Hagel, and I saw some of them during our visit. We saw a local council meeting taking place—the hopeful beginnings of grassroots democracy.

Schools are open around the country. Hospitals are caring for the sick. These are major achievements and we do not read about them or see them on TV.

But Mr. Ambassador, all of this progress is jeopardized by our failure thus far to get it right in two fundamental areas: security and basic services. And that failure is compounded by a huge expectations gap created when we toppled in three weeks a tyrant who had plagued the Iraqi people for three decades.

The Iraqi people can't understand why we can't restore a sense of personal security, or turn the lights back on as quickly as we defeated Saddam. Just as important, they do not seem to know what we are doing about these problems and when things will get better. That sense of uncertainty threatens to erode their good will toward us.

Yesterday we heard from Dr. Hamre, who was asked by Secretary Rumsfeld this summer to assess the situation on the ground. The report that his team produced spoke of the window of opportunity closing rapidly.

And he made specific recommendations—echoed by a staff report this committee prepared—in key areas, including security, services, jobs, and communications. I'd like to know what has been done to adopt these recommendations.

I am deeply concerned that the window Dr. Hamre referred to is almost closed. A New York Times story on September 17 entitled "Iraqis' Bitterness Is Called Bigger Threat Than Terror" cited new intelligence assessments "warning that the United States' most formidable foe in Iraq in the months ahead may be the resentment of ordinary Iraqis increasingly hostile to the U.S. military occupation."

Later, it says "The defense officials spoke on condition of anonymity, saying they were concerned about retribution for straying from the official line. They said it was a mistake for the administration to discount the role of ordinary Iraqis who have little in common with the groups Mr. Rumsfeld cited, but whose anger over the American presence appears to be kindling some sympathy for those attacking American forces."

Mr. Ambassador, if this report is true, it is very bad news. I still believe that this is totally doable, but only if we act with urgency and only if we involve the international community and to make concessions about sharing power, to lend legitimacy to the effort and to share the enormous burden.

We cannot afford to lose this. If we fail, our credibility and national security will be damaged badly, our enemies will be emboldened, and Iraq may become a failed state. If we succeed, we can begin to alter the strategic map of the region for the better, strengthen reformers throughout the Middle East, make an Arab-Israeli peace more likely, and put our enemies on the defensive.

So, Mr. Ambassador, to save you the suspense—I intend to support giving you the resources you need to get the job done. But I have very specific questions about your plans, and, like most of my colleagues, I want answers before I give my formal consent. I look forward to your testimony.

The CHAIRMAN. Well, Mr. Ambassador, with our send-off, we ask you now for your testimony.

Ambassador BREMER. Thank you, Mr. Chairman.

The CHAIRMAN. We look forward to that. And please take the time that you had to make the case, because it is very important that you do so.

**STATEMENT BY HON. L. PAUL BREMER, III, ADMINISTRATOR,
COALITION PROVISIONAL AUTHORITY, BAGHDAD, IRAQ**

Ambassador BREMER. Thank you, Mr. Chairman, and members of the committee and thank you for this opportunity. And thank you in particular, Mr. Chairman, for your kind words about the thousands of people who are working with me, military and civilian people, not the least, of course, our men and women in the Armed Forces. But I have a lot of civilians, as you pointed out, who are working extraordinarily long hours in very difficult circumstances and in dangerous circumstances and I will certainly convey to them your comment.

Let me begin by paying tribute to our men and women in the armed services. Leading a coalition, our armed services delivered a military victory without precedent. In roughly 3 weeks, they liberated a country larger than Germany and Italy combined. And they did so with forces smaller than the Army of the Potomac. Our Armed Forces accomplished all of this while absorbing and inflicting minimal casualties.

Iraqis understood that we tried to spare the innocent. After the first days of the war, only those citizens in Baghdad, living close to obvious targets, feared our bombing. Mr. Chairman, I know that you and all Americans hate waking up to hear a newscast that be-

gins, "Last night, another American soldier was killed in Iraq." Well, my day starts 8 hours before yours. And I am among the first to receive word of those deaths. And no one regrets them more than I do. But those deaths, painful as they are, are not senseless. They are part of a price we pay for civilization, for a world that refuses to tolerate terrorism, and genocide, and weapons of mass destruction.

Those people who ambush the coalition forces, like those responsible for the recent terror bombings and those who ambushed Governing Council member Dr. Aquila al-Hashimi last Saturday, are trying to thwart constitutional and democratic government in Iraq. They are trying to create an environment of insecurity.

Mr. Chairman, they will win some battles but they are losing the war with history.

President Bush's vision, in contrast, provides for an Iraq made secure through the efforts of Iraqis. In addition to greater security, the President's plan provides for an Iraqi economy based on sound economic principles and bolstered by a reliable infrastructure. And finally, the President's plan provides for a democratic and sovereign Iraq at the earliest reasonable date.

If we fail to recreate Iraq as a sovereign democracy sustained by a solid economy, we will have handed the terrorists a gift. And with all respect to the Senator from Delaware, I think terrorism is a relevant consideration. It may not be the only one; there are strategic considerations, but terrorism is relevant.

Mr. Chairman, I might say in your opening remarks, you called me a terrorism expert. I like to think of myself as a counter-terrorism expert.

Terrorists love state sponsors, countries that provide them with cash, arms, refuge, and a protected place to rest and plan future operations. Saddam's Iraq was just such a place. If you think back on the Rome and Vienna airport massacres in 1985, the architect of those massacres, Abu Nidal, lived out his days under Saddam's protection. Similarly, Abu Abbas, the architect of the *Achille Lauro* hijacking and the murder of Leon Klinghofer, an American citizen, lived in Baghdad for years as an honored guest.

When terrorists cannot find a congenial state sponsor, they seek the environments with little or no effective government. When militias, warlords, and communities war with each other, terrorists are right at home. Think back on Lebanon in the 1980s. Either outcome or some combination of both is possible in Iraq if we do not followup our military victory.

The opposite is also true. Creating a sovereign, democratic, constitutional, and prosperous Iraq deals a blow to terrorists. It shows you can have freedom and dignity without using truck bombs to slaughter the innocent. It gives the lie to those who describe America as enemies of Islam, enemies of the Arab, or enemies of the poor. That is why the President's request has to be seen as an important element in the global war on terrorism.

Mr. Chairman, our national experience, as members of this committee know, shows how to consolidate military victory. We did not have that experience 85 years ago, when we emerged victorious from World War I. Many here opposed that war. As a Nation, we wished at the end of the war to shake the old world dust off our

boots and solve the problems at home. We had spent and lent a lot of money and a lot of blood. The victors celebrated their victory, mourned their dead, and demanded the money they were owed.

We won the war but we did not consolidate the peace. We know the results of that policy. Extremism, bred in a swamp of despair, bankruptcy, and unpayable debts, gave the world fascism in Italy and Nazism in Germany. And the result was another world war.

After that conflict, we showed that we had learned that military victory must be followed by a program to secure the peace. In 1948, America's greatest generation recognized that military victory was hollow if democracy was not reinforced against tyranny. Democracy could not flourish unless Europe's devastated economies were rebuilt. That generation responded with the boldest, most generous, and most productive act of statesmanship in the past century, the Marshall Plan, what Winston Churchill called "the most unsordid act in history."

When Secretary of State George Marshall first described the Marshall Plan at Harvard, he laid out some truths that I think, Mr. Chairman, resonate today. I quote: "Its purpose should be the revival of a working economy so as to permit the emergence of political and social conditions in which free institutions can exist."

Highlighting the importance of approaching the issues at the highest level, Marshall added, "Any assistance that this government may render in the future should provide a cure rather than a mere palliative."

The Marshall Plan, enacted, as members know, with overwhelming bipartisan support, set war-torn Europe on the path to freedom and prosperity, which Europeans enjoy today. After 1,000 years as the cockpit of war, Europe has become the cradle of peace in two short generations. The Marshall Plan was a real investment in American national security.

The grants to Iraq the President seeks bespeak a grandeur of vision equal to the one which created the free world at the end of World War II. Iraqis living in freedom with dignity will set an example in this troubled region, which so often spawns terrorists. A stable, peaceful, economically productive Iraq will serve American interests by making America safer.

Here are a few of the things I want to point out about this supplemental request. As Senator Biden has asked, we have a plan with milestones, dates, and benchmarks. No one part of this \$87 billion supplemental is dispensable and no part is more important than the others. This is a carefully considered integrated request.

This request is urgent. The urgency of military operations is self-evident. The funds for nonmilitary action in Iraq are equally urgent. Most Iraqis welcomed us as liberators. And we glowed with pleasure at that welcome. But now the reality of foreign troops on the streets is starting to chafe. Some Iraqis are beginning to see us more as occupiers than liberators. Let us not hide the fact.

Some of this is inevitable. But faster progress on reconstruction will help. Unless this supplemental passes quickly, Iraqis face an indefinite period with blackouts 8 hours daily. The link to the safety of our troops is indirect but no less real. The people who ambush our troops are small in number and do not do so because they have undependable electric supplies. But the population's view of Amer-

ica is directly linked to their cooperation in hunting down those people who do attack us. Early progress gives us an edge against the terrorists.

We need to emulate the military practice of using overwhelming force in the beginning. Incrementalism and escalation are poor military practice and they are a poor model for economic assistance.

This money, Mr. Chairman, will be spent with prudent transparency. Every contract of the \$20 billion supplemental that I will be responsible for will be competitively bid.

That the money be granted and not loaned is essential. Initially, offering assistance as loans seems attractive. And I know some Members of Congress have been attracted to this idea. But once again, Mr. Chairman, it pays to examine the facts and the historic experience.

Today, Iraq has almost \$200 billion in debt and reparations hanging over its head as a result of Saddam's economic incompetence and aggressive wars; \$200 billion. Iraq is in no position to service its existing debt, let alone to take on more. Mountains of unpayable debt contributed heavily to the instability that paved Hitler's path to power; the giants of the post-World War II generation recognized this. And as you know, Mr. Chairman, the vast majority of Marshall Plan funds were in the form of grants.

The President's first priority in the plan for Iraq is security, security provided by Iraqis and to Iraqis. That security extends to our forces and changes Iraq from a logistics and planning base for terrorists and criminals into a bulwark against them.

The President's plan envisions three pillars of security: public safety, police, border enforcement, fire brigades, and a communications system; second, national defense, a new army and civil defense system; and finally, a justice system affecting courts and prisons.

This security assistance to Iraq benefits the United States in four immediate ways. First, Iraqis will be more effective than we are. As talented and courageous as our forces are, they can never replace an Iraqi policeman who knows his beat, who knows his people, their language, their customs, and their rhythms. Iraqis want Iraqis to provide their security, and so do we.

Second, as these Iraqi security forces assume their duties, they replace coalition troops in many of the roles that generate frustration, friction, and resentment; things like conducting searches, manning checkpoints, and guarding installations.

Third, this in turn frees up coalition forces for the mobile, sophisticated offensive operations against former regime loyalists and terrorists for which they are best suited.

And finally, these new Iraqi forces reduce the overall security demands on coalition forces and speed the day that we all hope for, when we can bring our troops home.

Security is the first and indispensable element of the President's plan, as you mentioned in your statement, Mr. Chairman. But it is not by itself sufficient to assure success, because a security system resting only on arms is a security system that will fail. Recreating Iraq as a nation at peace with itself and with the world, an Iraq that terrorists flee from rather than flock to, requires more

than people with guns. A good security system cannot persist on the knife-edge of economic collapse.

When Saddam scurried away from the coalition forces in April, he left behind an economy ruined not by our attacks but by decades of neglect, theft, and mismanagement. Imagine the effect on the economy of operating without a budget for a quarter century. Saddam came to power in 1979 and he never once prepared a national budget.

Ill-conceived and clumsily executed policies left Iraq with an oil industry starved nearly to death by under-investment, thousands of miles of irrigation canals so weed-clogged as to become almost useless, and an electrical system that can meet, at best, two-thirds of demand.

Reflect, if you will, Mr. Chairman, on that last item. As millions of American households, including my own and I am sure many of the people who live in the District, will recall, it is almost impossible to live in the modern world without dependable electricity. Think of what we would be asking the Iraqis were we to suggest they fashion a new economy, a new democracy, while literally in the dark 8 hours a day.

The Iraqis must refashion their economy. Saddam left them with a Soviet-style command economy. And that poor model, further hobbled by cronyism, theft, and pharaonic self-indulgence by Saddam and his intimates, is what we face.

Important changes have already begun. You may have noticed the Iraqi Minister of Finance on Sunday at the IMF meetings in Dubai, where he led a delegation, announced a set of market-oriented policies that is among the world's boldest and certainly the boldest in the region. It goes to the point that Senator Biden was making about the strategic importance of what we are doing there.

The highlights, Mr. Chairman, a central bank law, which grants the Iraqi Central Bank full legal independence. On the Iraqi Governing Council, he announced, and on Thursday I signed into law, a program providing Iraq, opening Iraq to foreign investment. Foreign firms may now open wholly owned companies or buy 100 percent of Iraqi businesses. Under this law, foreign firms receive national treatment and have an unrestricted right to remit profits and capital.

Iraq's tariff policy is equally simple. There is a 2-year reconstruction tariff of 5 percent on all but a few imports. Foreign banks today are free to enter Iraq and will receive equal treatment with Iraqi banks.

On October 15, Iraq will get, for the first time in 20 years, a single new currency called the New Dinar. And that will float against the world's currencies.

Iraq's pro-growth policies should bring real sustained growth and protect against something we have all seen and regretted, which is economic assistance funds disappearing into a morass of poverty through ineffective spending.

Mr. Chairman, the Iraqi Government, by these measures, has put in place the legal procedures for encouraging a vibrant private sector, what I call the legal infrastructure. But those policies will come to nothing if Iraq must try to reestablish itself on an insuffi-

cient and unreliable electric grid or in a security environment that puts a stick in the spokes of the wheels of commerce.

Iraq cannot realize its potential to return quickly to the world stage as a responsible player without the services essential to a modern economy. We have made significant progress, as those of you who have visited Iraq learned when you were there, in restoring essential services. The widely predicted humanitarian crisis did not happen. There was no major flow of refugees.

As you pointed out, all of Iraq's 240 hospitals and 90 percent of its health clinics are up and running. The schools are open. The universities held their exams. There is an adequate supply of food. And there are no signs of epidemics. We have already cleared thousands of miles of irrigation canals across the country. Electric service—electric power service will reach pre-war levels within this next month.

But the remaining demands are vast, which is why most of the President's request for nonmilitary assistance is for infrastructure programs.

On another front, there is already good news, as members of this committee know. The democratization of Iraq, on which so much global attention has been focused, is further advanced than many casual readers of the newspapers might know; although I know members of the committee, particularly those who were in Iraq, who saw a town council meeting, are aware of how far things have come.

We have encouraged a quick political transformation and laid out a clear seven-step process leading to Iraqi sovereignty. Three of the seven steps have already been taken. The Governing Council came into being on July 13. Second, the Governing Council appointed a preparatory committee to write a constitution. And on September 1, the Governing Council took the third step, appointing a very able group of 25 ministers to run the ministries governments.

I might add here, Mr. Chairman, that I learned that of the 25 ministers, 17 have Ph.D.s, which must make it not only the best-educated cabinet in Iraq's history but probably one of the world's best-educated cabinets. And I do not know if any of the members had a chance to meet two of the ministers who have been here this week. If you did not, I regret it. The Minister of Public Works and the Minister of Electricity have been here, both of whom are experts in their field. The Minister of Agriculture is an agronomist, the Minister of Water Resources a water hydrologist. These are people who really know what they are doing. They do not just have a Ph.D. in some theoretical field, they have expertise in their ministries.

There are four remaining steps. The fourth step is writing a constitution. We hope that the Iraqi Governing Council will move quickly to convene a constitutional convention to write that constitution.

The fifth step is ratifying that constitution. The sixth step will follow that ratified constitution with free democratic elections. And the seventh step will be when we, the Coalition Authority, can transfer all sovereignty back to an elected democratic Iraqi Government. And I might add, Mr. Chairman, nobody looks more forward to that day than I, except perhaps my wife.

Some, including some members of the Iraqi Governing Council, have suggested we should give full sovereignty to an Iraqi Government immediately or very soon. Mr. Chairman, I firmly believe that moving fast, too fast, would be a mistake, not because I am anxious to hold onto sovereignty, on the contrary. But we must remember that Iraq has spent a quarter century under a dictatorship as absolute and abusive as that of Nazi Germany. And I like to remind my historian friends that Saddam Hussein was in power three times as long as Hitler, three times as long as Hitler.

As a result, political distortions and inequities permeate the fabric of Iraqi political life. No appointed government, even one as honest and dedicated as the Iraqi Governing Council, can have the legitimacy necessary today to take on the difficult issues Iraqis face, as they write a constitution and elect a government. The only path to full Iraqi sovereignty is through a written constitution ratified and followed by free democratic elections. Shortcutting the process would be dangerous.

As you examine the President's plan, I am sure you will see that it is an integrated and thoughtful whole. Every part depends on every other part. And as Congress knows, sweeping political reforms cannot be separated from sweeping economic reforms. It is equally obvious that a population beleaguered by the threat of terrorism and endless insufficiencies in water, electricity, and telephones finds it hard to concentrate on the virtues of a new constitution and market-oriented economic policies.

The need to protect the coalition and the populace alike against terrorists and common criminals is obvious and indispensable. And all of this, Mr. Chairman, requires the help of Congress. The United States must take the lead in restoring Iraq as a friend and a democratic model. As you mentioned, there is a Donors Conference coming in Madrid October 23 and 24. And we must set the example for other countries' goodwill. Other nations who do not wish to see Iraq become a terrorist-supporting tyranny or a landscape of factions must help us. We set an example and work with other donors to avoid the near anarchy in which terrorists feel right at home.

When we launched military operations against Iraq, we assumed a great responsibility that extended beyond defeating Saddam's military. We cannot simply pat the Iraqis on the back, tell them they are lucky to be rid of Saddam, and then ask them to go find their place in a global marketplace. To do so would invite economic collapse followed by political extremism.

If, after coming this far, we turn our backs and let Iraq collapse into factional chaos, some new tyranny or terrorism, we will have committed a grave error. Not only will we have left the long-suffering Iraqi people to a future of danger and deprivation, we will have sown the dragon's teeth, which will sprout more terrorists and eventually cost more American lives.

Make no mistake, Mr. Chairman, these requested funds represent an investment in America's national security. You may think I exaggerate. But I ask you to look at what happened in Afghanistan, another country which, after it was debilitated by decades of war and mismanagement, became easy prey to the Taliban and al-Qaeda.

The reconstruction of Iraq may seem distant to Americans today. Eight time zones and two continents separate the East Coast of the United States from Iraq; and of course, the West Coast is effectively half a world away.

Two years ago, on September 11, terrorists brought their threat home to us. From a faraway corner of the world, they showed us that we must fight terrorism globally. Iraq only seems far away. Today, Iraq is a focal point of our global war on terrorism. Failure there would strengthen terrorists morally and materially.

Success will tell Iraqis—not just Iraqis but the world, that there is hope and that the future is not defined by tyranny on one side and terrorism on another. As Mr. Biden said, we must succeed.

Mr. Chairman, members of the committee, I respectfully ask Congress to honor the President's supplemental request. And I look forward to answering your questions.

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

[The prepared statement of Ambassador Bremer follows:]

PREPARED STATEMENT OF HON. L. PAUL BREMER, III, ADMINISTRATOR, COALITION
PROVISIONAL AUTHORITY

Mr. Chairman and members of the committee, thank you for this opportunity to discuss the President's supplemental request.

Before I begin, I want to pay tribute to the men and women of our armed services. Leading a coalition, our armed forces delivered a military victory without precedent. In roughly three weeks they liberated a country larger than Germany and Italy combined. And they did so with forces smaller than the Army of the Potomac.

Our armed forces accomplished all this while absorbing and inflicting minimal casualties. Iraqis understood that we tried to spare the innocent. After the first days of the war, only those citizens of Baghdad living close to obvious targets feared our bombing.

Mr. Chairman, I know that you and all Americans hate waking up to hear a newscast that begins, "Last night another American soldier was killed in Iraq . . ."

My day starts eight hours ahead of yours. I am among the first to know of those deaths and no one regrets them more than I do.

But these deaths, painful as they are, are not senseless. They are part of the price we pay for civilization, for a world that refuses to tolerate terrorism and genocide and weapons of mass destruction.

Those who ambush Coalition forces, like those responsible for recent terror bombings and those who ambushed Governing Council member Aquila al-Hashimi last Saturday, are trying to thwart constitutional and democratic government in Iraq. They are trying to create an environment of insecurity.

They will win some battles, but they are losing the war with history.

President Bush's vision, in contrast, provides for an Iraq made secure through the efforts of Iraqis. In addition to greater security, the President's plan provides for an Iraqi economy based on sound economic principles and bolstered by a reliable infrastructure. And finally, the President's plan provides for a democratic and sovereign Iraq at the earliest reasonable date.

If we fail to recreate Iraq as a sovereign democracy sustained by a solid economy we will have handed the terrorists a gift.

Terrorists love state sponsors, countries that provide them with cash, arms, refuge, and a protected place to rest and plan future operations. Saddam's Iraq was one of those countries. Remember the Rome and Vienna airport massacres of 1985? The architect of those massacres, Abu Nidal, lived out his days under Saddam's protection. Similarly, Abu Abbas, the architect of the *Achille Lauro* hijacking and the murder of Leon Klinghofer, lived in Baghdad for years as an honored guest.

When terrorists cannot find a congenial state sponsor, they seek environments with little or no effective government. When militias, warlords and communities war with each other, terrorists are right at home. Think of Lebanon in the 1980s.

Either outcome, or some combination of both, is possible in Iraq if we do not follow up on our military victory.

The opposite is also true. Creating a sovereign, democratic, constitutional and prosperous Iraq deals a blow to terrorists. It shows you can have freedom and dig-

nity without using truck bombs to slaughter the innocent. It gives the lie to those who describe us as enemies of Islam, enemies of the Arabs and enemies of the poor. That is why the President's request has to be seen as an important element in the global war on terrorism.

Our national experience teaches us how to consolidate a military victory.

We did not have that experience 85 years ago when we emerged victorious from World War I. Many had opposed the war. As a nation, we wished to shake the old world dust off our boots and solve problems at home. We had spent and lent a lot of money. The victors celebrated their victory, mourned their dead and demanded the money they were owed.

We know the results of that policy. Extremism, bred in a swamp of despair, bankruptcy and unpayable debts, gave the world Fascism in Italy and Nazism in Germany.

The result was another World War. After that conflict we showed we had learned that military victory must be followed by a program to secure the peace. In 1948 our greatest generation recognized that military victory was hollow if democracy was not reinforced against tyranny. Democracy could not flourish unless Europe's devastated economies were rebuilt.

That generation responded with the boldest, most generous and most productive act of statesmanship in the past century—the Marshall Plan. Winston Churchill called it “the most unsordid act in history.”

When Secretary of State George C. Marshall first described the Marshall Plan he laid out some truths that resonate today.

“Its purpose,” Marshall said, “should be the revival of a working economy . . . so as to permit the emergence of political and social conditions in which free institutions can exist.”

Highlighting the importance of approaching the issues at the highest levels, Marshall said, “Any assistance that this government may render in the future should provide a cure rather than a mere palliative.”

The Marshall Plan, enacted with overwhelming bipartisan support, set war-torn Europe on the path to the freedom and prosperity which Europeans enjoy today. After a thousand years as a cockpit of war Europe became a cradle of peace in just two generations.

The grants to Iraq the President seeks bespeak a grandeur of vision equal to the one which created the free world at the end of World War II. Iraqis living in freedom with dignity will set an example in this troubled region which so often spawns terrorists. A stable peaceful economically productive Iraq will serve American interests by making America safer.

There are some things I would like to point out about this billion request:

- We have a definite plan with milestones and dates.
- No one part of the supplemental is dispensable and no part is more important than the others. This is a carefully considered request.
- This is urgent. The urgency of military operations is self-evident. The funds for non-military action in Iraq are equally urgent. Most Iraqis welcomed us as liberators and we glowed with the pleasure of that welcome. Now the reality of foreign troops on the streets is starting to chafe. Some Iraqis are beginning to regard us as occupiers and not as liberators. Some of this is inevitable, but faster progress on reconstruction will help.

Unless this supplemental passes quickly, Iraqis face an indefinite period with blackouts eight hours daily. The link to the safety of our troops is indirect, but real. The people who ambush our troops are small in number and do not do so because they have undependable electric supplies. However, the population's view of us is directly linked to their cooperation in hunting down those who attack us. Earlier progress gives us an edge against the terrorists.

- We need to emulate the military practice of using overwhelming force in the beginning. Incrementalism and escalation are poor military practice and they are a poor model for economic assistance.
- This money will be spent with prudent transparency. Every contract of the \$20 billion for Iraq will be competitively bid.
- That the money be granted and not loaned is essential. Initially, offering assistance as loans seems attractive. But once again we must examine the facts and the historical record. Iraq has almost \$200 billion in debt and reparations hanging over it as a result of Saddam's economic incompetence and aggressive wars. Iraq is in no position to service its existing debt, let alone to take on more. Mountains of unpayable debt contributed heavily to the instability that paved

Hitler's path to power. The giants of the post-World War II generation recognized this and Marshall Plan assistance was overwhelmingly grant aid.

The President's first priority is security, security provided by Iraqis to and for Iraqis. That security extends to our forces and changes Iraq from a logistics and planning base for terrorists into a bulwark against them.

The President envisions three pillars of security

- Public safety—police, border enforcement, fire and a communications system to link them.
- National defense—a new army and civil defense system.
- Justice system—courts and prisons.

This security assistance to Iraq benefits the United States in four ways.

First, Iraqis will be more effective. As talented and courageous as the Coalition forces are, they can never replace an Iraqi policeman who knows his beat, who knows his people, their customs, rhythms and language. Iraqis want Iraqis providing their security and so do we.

Second, as these Iraqi security forces assume their duties, they replace Coalition troops in the roles that generate frustration, friction and resentment—conducting searches, manning check points, guarding installations.

Third, this frees up Coalition forces for the mobile, sophisticated offensive operations against former regime loyalists and terrorists for which they are best suited.

Finally, these new Iraqi forces reduce the overall security demands on Coalition forces and speed the day when we can bring troops home.

Security is the first and indispensable element of the President's plan. It is not, by itself, sufficient to assure success because a security system resting only on arms is a security system that will fail. Recreating Iraq as a nation at peace with itself and with the world, an Iraq that terrorists will flee rather than flock to, requires more than people with guns.

A good security system cannot persist on the knife edge of economic collapse. When Saddam scurried away from Coalition forces he left behind an economy ruined not by our attacks but by decades of neglect, theft and mismanagement.

Imagine the effect on the economy of operating without a budget for a quarter-century. Saddam, who came to power in 1979, never prepared a national budget. Ill-conceived and clumsily executed policies left Iraq with:

- an oil industry starved nearly to death by underinvestment,
- thousands of miles of irrigation canals so weed-clogged as to be almost useless, and
- an electrical system that can at best meet only two-thirds of demand.

Reflect, if you will, on that last item. As millions of American households (including the Bremer household) have learned in recent days, it is almost impossible to live in the modern world without dependable electricity. Think of what we would be asking of Iraqis were we to suggest they fashion a new economy, a new democracy, while literally in the dark eight hours per day.

The Iraqis must refashion their economy. Saddam left them a Soviet-style command economy. That poor model was further hobbled by cronyism, theft and pharonic self-indulgence by Saddam and his intimates.

Important changes have already begun.

The Iraqi Minister of Finance on Sunday announced a set of market-oriented policies that is among the world's boldest.

Those policies include:

- A new Central Bank law which grants the Iraqi Central Bank full legal independence, makes price stability the paramount policy objective, gives the Central Bank full control over monetary and exchange rate policy, and broad authority to supervise Iraqi banks. This is rare anywhere in the world and unique in the region.
- The Iraqi Governing Council proposed, and on Thursday I signed into law, a program opening Iraq to foreign investment. Foreign firms may open wholly owned companies or buy 100 percent of Iraqi businesses. Under this law foreign firms receive national treatment and have an unrestricted right to remit profits and capital.
- Tariff policy is equally simple. There is a two-year "reconstruction tariff" of five percent on all but a few imports.
- Foreign banks are free to enter Iraq and will receive equal treatment with Iraqi banks.

- On October 15, Iraq will get a new currency, the New Dinar, which will float against the world's currencies.

Iraq's pro-growth policies should bring real, sustained growth and protect against something we have all seen and regretted—economic assistance funds disappearing into a morass of poverty.

The Iraqi Government has put in place the legal procedures for encouraging a vibrant private sector. But those policies will come to nothing if Iraq must try to reestablish itself on an insufficient and unreliable electric grid or in a security environment that puts a stick in the spokes of the wheels of commerce.

Iraq cannot realize its potential to return quickly to the world stage as a responsible player without the services essential to a modern society.

We have made significant progress restoring these essential services. The widely predicted humanitarian crisis did not occur. There was no major flow of refugees. All of Iraq's 240 hospitals and 90 percent of its health clinics are open. There is adequate food and there is no evidence of epidemic. We have cleared thousands of miles of irrigation canals so that farmers in these areas have more water than they have had for a generation. Electrical service will reach pre-war levels within a month.

However, the remaining demands are vast, which is why most of the President's request for non-military assistance is for infrastructure programs.

On another front there is already good news. The democratization of Iraq, on which so much global attention is focused, is further advanced than many realize.

Encouraging a quick political transformation, we have laid out a clear, seven-step process leading to sovereignty. Three of the seven necessary steps have been completed:

1. An Iraqi Governing Council, the most broadly representative governing body in Iraq's history, was appointed in July.
2. In August the Governing Council named a Preparatory Committee to determine the mechanism for writing Iraq's new, permanent constitution.
3. Earlier this month the Governing Council appointed ministers to run the day-to-day affairs of Iraq.
4. The fourth step is writing a constitution, which sets the framework for all that follows. This will occur after the Iraqi Governing Council decides how to act on the recommendations of the Preparatory Committee. The constitution will be written by Iraqis.
5. The constitution will be ratified by popular vote of the entire adult population. This will give Iraq its first popularly approved constitution.
6. After the constitution's ratified, elections for a new government will be held.
7. The final step will come after elections, when we transfer sovereignty from the Coalition to the new government.

Some, including members of the Iraqi Governing Council, suggest we should give full sovereignty to an Iraqi government immediately or very soon. I firmly believe that such haste would be a mistake. Iraq has spent a quarter century under a dictatorship as absolute and abusive as that of Nazi Germany. As a result, political distortions and inequities permeate the fabric of political life.

No appointed government, even one as honest and dedicated as the Iraqi Governing Council, can have the legitimacy necessary to take on the difficult issues Iraqis face as they write their constitution and elect a government. The only path to full Iraqi sovereignty is through a written constitution, ratified and followed by free, democratic elections. Shortcutting the process would be dangerous.

As you examine the President's plan I am sure you will see that it is an integrated and thoughtful whole. Every part depends on every other part. As the Congress knows, sweeping political reforms cannot be separated from sweeping economic reforms.

It is equally obvious that a population beleaguered by the threat of terrorism and endless insufficiencies in water, electricity, and telephones finds it hard to concentrate on the virtues of a new constitution and market-oriented economic policies.

The need to protect the Coalition and the populace alike against terrorists and common criminals is obvious and indispensable.

All of this requires the help of Congress.

The United States must take the lead in restoring Iraq as a friend and democratic model. There is a donor conference in Madrid in late October. We must set the example for other nations of goodwill. Other nations who do not wish to see Iraq become a terror-supporting tyranny or a landscape of factions. We set an example and

work with other donors to avoid the near anarchy in which terrorists will feel right at home.

When we launched military operations against Iraq we assumed a great responsibility that extends beyond defeating Saddam's military.

We cannot simply pat the Iraqis on the back, tell them they are lucky to be rid of Saddam and then ask them to go find their place in a global market—to compete without the tools for competition.

To do so would invite economic collapse followed by political extremism and a return to terrorism.

If, after coming this far, we turn our backs and let Iraq lapse into factional chaos, some new tyranny and terrorism, we will have committed a grave error.

Not only will we have left the long-suffering Iraqi people to a future of danger and deprivation, we will have sewn the dragon's teeth which will sprout more terrorists and eventually cost more American lives.

You may think I exaggerate. I ask you to look at what happened in Afghanistan, another country which, after it was debilitated by decades of war and mismanagement became easy prey for the Taliban and al Qaida.

The reconstruction of Iraq may seem distant from American concerns today. Eight time zones and two continents separate the East Coast of the United States from Iraq. The West Coast is effectively half a world away.

Two years ago on September 11, terrorists brought their threat home to us. From a far-way corner of the world, they showed us that we must fight terrorism globally.

Iraq only seems far away. Today Iraq is a focal point in our global war on terrorism. Failure there would strengthen the terrorists morally and materially.

Success tells not just Iraqis, but the world that there is hope, that the future is not defined by tyranny on one side and terrorism on the other.

Mr. Chairman and members of the committee we respectfully ask Congress to honor the President's supplemental request, which responds to urgent requirements in order to achieve the vision of a sovereign, stable, prosperous and democratic Iraq at peace with us and with the world.

Mr. Chairman, I welcome your questions.

The CHAIRMAN. I want to ask that the committee on the first round have 7 minutes each. We have a number of members present and others may arrive later. We hope we will not have interruptions. We will have a second round with time remaining at that point.

Let me commence the questions, Mr. Ambassador, by—

[Disturbance from a member of the audience.]

The CHAIRMAN. Will the gentleman please just leave peacefully, so we can continue with the hearing? We would appreciate that.

[Pause.]

The CHAIRMAN. Ambassador Bremer, essentially the plan for democracy that you have pointed out is an important one. As for the timing, you have offered a rationalization. Let me just ask this: Essentially, as the cabinet members have been appointed, the Governing Council is involved. You pointed out the essential aspect of getting the lights on 24 hours a day. This involves huge investments in infrastructure. The reconstruction moneys we are involved in are a large part of that.

Likewise, I appreciate the announcement of the end of the command economy and the announcement of market economic reforms, which are really quite bold and very new, really, for the Iraqi economy. They have just come into being and may, in fact, provide a remarkable change, not only in Iraq but for that matter in the entire area, as would, in fact, a functioning democracy. It would be a first.

As we shared, Senator Biden, Senator Hagel, and I were there with you at the Dead Sea Conference, the World Economic Forum.

We heard the Arab League people asking, where is democracy? There is not one. So this would be the first market economy.

Now, the problem that I perceive here, quite apart from how the \$200 billion of debt is to be disposed of—and that is a very important issue—what would happen, in your judgment, to the democratic process, to the market economic reforms, to the fledgling civil liberties that are being fashioned, if in fact the advice was taken? You administrators were there, working with this Iraqi Governing Council and cabinet

I heard at the U.N. on Monday that some are suggesting immediate delegation of sovereignty to the Governing Council. An appealing thought, really, to some countries in the world that find the American presence to be difficult and that would like to see us leave or to mitigate very substantially your authority. Just as a practical matter, how do we get to reforms? And are they likely to be successful in the long run? Is this a dream that is beyond the possibilities? Or do you really see a plan over a period of time, a timeframe in which these economic reforms, quite apart from the political ones, might happen and might bring a new and vibrant Iraq, preferably debt free, so that the moneys that taxpayers now in this country are being asked to pour into the country are not recycled out by some other authority, fulfilling debts of the past?

Can you give us some feel for this?

Ambassador BREMER. Well, Mr. Chairman, it is always easier to state the process than to implement it. Moving Iraq from 35 years of tyranny to democracy will not be easy, which is why we believe the path must be carefully followed out. It need not be slow but it needs to be taking place in the framework of a clear, legal, and political process. And that process must involve writing a constitution.

Our country, of all countries in the world, understands the value of a permanent constitution. And after all, it took us 12 years to get it right. So, we do not believe that passing power to an unelected group early on will be sustainable in the long run. And that is why we think the path, as I said, must pass through a constitution.

This can be done. It will take time. It need not take a great deal of time. It can be done, the whole process can be done, as quickly as the Iraqis can, in fact, write the constitution.

It is more or less the same process on the economic reforms; though there, I think, progress can be more rapid. These laws, which I signed into effect a week ago, take effect from the date I signed them, at least the foreign direct investment law does. The tariff rate goes in on the first of the year.

There is no reason now, other than the quite understandable concern about security, why firms cannot begin now to invest in Iraq. And indeed, that is already happening. As you and your delegation saw, when you moved around the country, there has been an explosion of economic activity at the street level in every city in the country. Thousands of stores have opened up. One of my favorite indicators of the market working was when satellite dishes were first offered for sale about 2 weeks after I got there; they cost \$150, the street price today is down to \$45. So, it is about a third what it was; the market is working.

So, I do not underestimate the difficulty of making the transition in political and economic reform. But I am optimistic and I am confident the Iraqis can do it. They are a competent, serious group of people.

The CHAIRMAN. Let me ask about a grimmer subject. What about the problem of suicide bombers, people with suicidal tendencies? For the moment, we talk about our security forces dealing with the remnants of Saddam or the Baathist party who are still at war. But people in Iraq have conducted attacks on the U.N. again, on a prominent Shiite cleric, and now on Iraqi police officers. These are not American targets. Is there a possibility for a fledgling Iraqi democracy to contend with this form of terrorism? I would not say this is a new phenomenon but, nevertheless, the suicidal aspects of it are worrisome. Many have commented on a very horrible tendency and wonders whether these people are Iraqi or from anywhere else. They seek to wreak havoc on the reconstruction process and on the effort to rebuild confidence in democracy and institutions.

Well, what feel do you have as to how we are to work through the suicide bomber situation, regardless of who the bombers are and where they are coming from?

Ambassador BREMER. You are quite right, Mr. Chairman. The suicide bombing is new, although not entirely new. We did face some suicide bombings during the military operations. So, it is not as if it has not happened in Iraq. But certainly the weight of evidence would suggest that suicide bombers are probably not Iraqis. They probably are terrorists coming from outside the country, though we do not at the moment have clear evidence of that.

The Iraqis are going to have a difficult time with security. And one of the reasons that \$5 billion of the \$20 billion that I am here to talk about is dedicated to security, is precisely to give the Iraqis a better capability themselves in police and in an army and in a court and prison system to deal effectively with criminals, whether they are terrorists or criminals. It is going to be a difficult job but we think they can handle it.

The CHAIRMAN. I have just about exhausted my time. And I should not infringe upon the time of others. Let me say again, I appreciate your report. What I am hopeful for is that we can get much more adequate information here in the committee all of the time. I am not certain where the blocks are. This is one reason why your personal appearance is extremely important. It is always so informative.

You have friends here. We need information for the debate, the discussion, in our own country. You have already commented upon the difficulties of getting the word to Iraqis. That is another entire subject but an important one, and we would like to be helpful.

So please, as the plans are formulated, as you make speeches, statements, and what-have-you, make certain that your friends here distribute those to our committee members, because we would like to receive that information in a timely way.

Ambassador BREMER. We will do that.

The CHAIRMAN. Senator Biden.

Senator BIDEN. Thank you.

I suspect that you have gotten a sense, as I said in my opening statement, of apprehension that is being evidenced by Members of

Congress in both parties. The polling data that was read, relative to the attitude of the Iraqi people, could be overlaid with the polling data of the attitude of the American people. The American people have gone from thinking this was a great idea to not such a good idea to now 59 percent of the American people, if my memory is correct, in a poll yesterday saying we should not appropriate this money.

The reason I mention that to you is not to suggest the basis upon which we should make our decisions. But you should understand that time is not on our side. Time is not on our side. As the guy behind you, Mr. Korologos knows—and he knows this place better than anybody I know, and I mean that sincerely, when things go south here, they go south quickly.

And so there needs to be, in my view, an incredibly sensitized sense of urgency here. And that takes to this sort of straw man the French have put up and this notion of Iraqi sovereignty. The implication the French make is that somehow we do not intend on turning over sovereignty to the Iraqis. We know, everybody here knows, that is our desire for 50 different reasons.

But the reason I mention this is that I want to focus on one aspect of the plan as an illustration of what I believe to be the lack of a sense of urgency and the lack of a willingness of the administration to go beyond your pay grade, what needs to be done; and that is that restoring a sense of security on the street to average Iraqis.

Walt Slocombe, who is one of the most competent guys in the entire defense establishment, told us, all your folks who were first rate told us stories of Iraqis, even though the schools are open, being fearful of letting their daughters go to school for fear of kidnaping, waiting outside till their daughters come out so they can take them home.

Yet we met with Mr. Kerik, who was the former commissioner of New York City, and a really first-rate team of people who have vast experience in Kosovo and Bosnia and Afghanistan, about how to train the Iraqi police force. As we were told then, several months ago, it would take up to 5 years to train the Iraqi police force, which really was not a police force. These guys did not even know how to go on patrol. The idea that there was an Iraqi police force was a myth.

And what you had is a group of Iraqis who had uniforms, and they did not know how to do investigative work. They took care of traffic. If people did not show up, Saddam sent someone and killed them. I mean, it was real simple. So we are really training from the bottom up here.

And we were told there was a need for 5,800 European carabinieri in there immediately. You got 300 from the Italians, another 400 somewhere along the way. In my discussions with Dr. Rice, in my discussions with the Secretary, in all of my discussions, there was no sense of urgency of going out there and banging on doors, dragging people out to train these Iraqis.

Now we have enough trainers that we could train—if my numbers are correct and I think they are—full bore; if we want, we can train roughly 250 Iraqi police—is it a month?—per month, based on the trainers we have.

Just real practical here. Why have we not made a deal? Why have we not gone out of our way? Why have we not—or maybe you have made the request—said, look, we will pay a premium. I mean, hell we are paying Iraqis who are not working. We are paying Iraqi military folks who were getting paid before and are not doing a damn thing. Why not put out the word we need 1,000 American cops to get these people trained? What is the deal here? Where is the practical input of how to get this done? This is not rocket science. Why? Why have we not done those kinds of things?

Ambassador BREMER. Well, thank you for those questions, Senator. In fact, there is a great sense of urgency. We do have a plan. We have—I told Mr. Kerik and his colleagues that we could not wait 5—actually, it was 6 years. It was 5.9 years, his plan, to get us to a police force of 80,000, which is what we need.

We now have about 40,000 police on duty. They are former policeman and therefore of questionable utility in the long run, which is why each of them is being put through a refresher course that teaches them, among other things, human rights and respect for the law.

We have a plan to produce another 40,000. There is \$2 billion in this supplemental for it. It is one of the single largest pieces in this supplemental. And the plan is to train those people in Jordan. We plan to start training the trainers in 3 weeks. We will—

Senator BIDEN. How many?

Ambassador BREMER. We will train—

Senator BIDEN. How many trainers do you have?

Ambassador BREMER. We are going to need 1,500 trainers. The State Department has identified 1,000 trainers. We are ready to move on those as soon as we get the money. We, under this plan—

Senator BIDEN. Where are we going to get those trainers?

Ambassador BREMER. They are being—through a contractor here in Washington.

Senator BIDEN. So, they are going to be American trainers?

Ambassador BREMER. American. But we are also—we have received offers from the Czech Republic, the British, the Italians. I saw another cable this morning, I cannot remember which country; there are lots of places.

Senator BIDEN. Roughly, what is the total of the European contribution? We were told by the folks running the training facility they needed 5,800 European cops.

Ambassador BREMER. No. We have reduced that number by running it in a different way. We are down to a 1,500 need. And we will get the 1,500. That is not going to be the problem. Here is the problem. Even going as fast as we can, and we will train 25,000 new police in a year, just to put that in perspective, Mr. Kerik, who ran the largest training facility anywhere in the world, at a maximum trained 6,000 police in a year. We are going to be training four times as many as have ever been trained anywhere in the world in a year. That is a sense of urgency, I can tell you. And there is \$2 billion in here that makes that happen.

Senator BIDEN. Well, the sense of urgency is that you need trainers. This is something I do know a little about, chairing Judiciary for years and writing the crime bills and working with Kerik and

all these mayors across the country and all these training programs. You cannot send these guys out by themselves. What they need is to send out competent police officers from other countries with the Iraqi police.

Ambassador BREMER. That is right. That is the plan.

Senator BIDEN. These guys are a joke. These guys are a joke.

Ambassador BREMER. That is the plan. The plan is that they do joint patrols.

Senator BIDEN. Well, I will come back to that point and others. Thank you.

The CHAIRMAN. Thank you very much, Senator Biden.

Senator Hagel.

Senator HAGEL. Mr. Chairman, thank you. Mr. Chairman, I have a statement that I would ask to be included in the record.

The CHAIRMAN. It will be included in the record in full.

Senator HAGEL. Thank you.

[The prepared statement of Senator Hagel follows:]

PREPARED STATEMENT OF SENATOR CHUCK HAGEL

Thank you, Mr. Chairman, for holding this hearing on the next steps in Iraq. These hearings are playing a critical role in helping Americans understand the challenges that we face in Iraq, and the resources and sacrifices that will be required for success.

I would also like to thank Ambassador Bremer, our witness today, as well as his colleagues at the Coalition Provisional Authority in Iraq, and our men and women in uniform for their service, commitment, and sacrifice in Iraq.

The Bush administration's \$87 billion supplemental appropriations request was a wake-up call for many Americans who expected only cheering crowds and flowing oil after Iraq's liberation. The first phase of the war in Iraq is over, but the peace is not yet won. Peace and stability in Iraq will not come easy, and it will not come cheap.

Americans are asking tough questions about the nature and cost of our commitments in Iraq. What are the trade-offs that we must consider to pay for Iraq's reconstruction? Furthermore, the Department of Defense reports that 80 Americans have died as a result of hostile engagements in Iraq, and many more wounded, since President Bush declared an official end to major hostilities on May 1. Many Americans do not understand why Americans are still dying in a liberated country.

If these questions are not answered, we may lose a domestic consensus at home that is necessary to stay the course in Iraq.

Yesterday, President Bush addressed the future of Iraq at the United Nations. He asked for the support of the United Nations to help the U.S. rebuild Iraq. We must internationalize our efforts in Iraq. It is in the interests of all nations that we are successful in Iraq. Peace and stability in Iraq and the Middle East are in the interest of the world. America must share the decision-making responsibilities, as well as the burdens, in Iraq. If Iraq becomes a failed state, a haven for terrorists and the intrigues of its neighbors, the world loses.

Rebuilding Iraq's economy is essential for a stable and hopefully democratic transition in Iraq, and by extension, for peace and stability in the Middle East. I support the administration's request for \$20.3 billion for Iraq's reconstruction, and I share Ambassador Bremer's sense of urgency. But a window may be closing in Iraq. Our time is short, and there is little margin for error.

There will be no economic windfall in Iraq in the near term. Iraq is a broken, indebted economy, with a devastated infrastructure and an estimated 60% unemployment rate. If Iraq's economy falters, the political transition will also pay a high price. Stability and democracy are not assured.

Iraq needs the help of the international community. Iraq's foreign debt is estimated to be \$70-\$120 billion. The international community must provide immediate and generous debt relief for Iraq to have a chance for a democratic future. Oil revenues through December 2005 are projected to be only \$33.3 billion. My own back of the envelope calculation is that even with the additional \$20.3 billion supplemental appropriations that the President has requested for Iraqi reconstruction, and in the absence of significant international support, we will fall at least \$25-\$50 billion short over the next few years of the projected reconstruction costs in Iraq.

There is common ground on Iraq for a new UN Security Council Resolution. America and its allies want Iraq to be governed by Iraqis as soon as it is feasible. America and its allies want an expanded role for the United Nations. This must happen. The international legitimacy that a unified UN brings to our efforts in Iraq cannot be overstated.

Mr. Chairman, I welcome the opportunity you have provided for Ambassador Bremer to discuss in greater detail the administration's plan for Iraq's future.

Senator HAGEL. Ambassador Bremer, welcome. I add my thanks to you and your civilian colleagues, as well as our military, our men and women in uniform, who are making sacrifices for this country. We appreciate it. And please relay our thanks as you return.

I suspect you have broken, or will break, some kind of a record up here this week. I do not know of anyone who will have testified to as many formal committees and hearings as you will by the end of the week. So, thank you for that; and I know you were asked to do more. But I do not know. Is it nine that you have—

Ambassador BREMER. Well, six formal hearings and several other less formal appearances.

Senator HAGEL. Semi-formal hearings.

Senator BIDEN. That is not bad for \$87 billion, though.

Ambassador BREMER. I am not complaining, Senator; I am just stating the facts.

Senator HAGEL. You understand this business, why it is important to have you here, as you have worked your way through some of those hearings and will continue, because it is critical that the American people understand what the point is here. One of the concerns many of us have, I know you have, is not just losing an international consensus but losing a national consensus for the objective that we have ahead of us. So, you are as critical a person in this national/international debate as anyone; so, thank you.

Before I ask a couple of questions, I thought your testimony was good. And it was to the point. I would add one piece to your reflections on what happened after World War II. And I happen to agree with your assessment. The additional component that I would include in your Marshall Plan analysis and why we started to get things right after World War II was that after World War II, as you know, other important things were done. And that is that we set up coalitions of common interest. The United Nations was formed. NATO was formed. Bretton Woods brought IMF/World Bank, the general agreement on tariffs and trade.

And what was the point of that? The point of that, of course, the world had common interests. We should share responsibilities for those common interests. We should develop forums to exchange our interests, our differences, and work them out.

So, I would add that as another reason why we have been successful the last 58 years, certainly under American leadership. But let us not eliminate the United Nations and other of these multilateral organizations that have been so important to keep relative peace and prosperity in a dangerous world.

The United Nations, the President's speech yesterday, I said that I appreciated very much him going before the United Nations. I have said also that I think he could have been more specific in specific areas of requests for assistance from United Nations allies.

And could you give us some detailed definition this morning, Mr. Ambassador, as to where you would envision our allies, the United Nations, could play specific roles, their roles of responsibility, in helping restructure and rebuild Iraq? Included in that would be what decisionmaking responsibilities authority are you willing to give up, are we willing to give up, if we are to enlist specific allies, as well as the United Nations, and fore-structures and money and training and all that would come with that?

So, that is the one thing I have not heard much about from you, the President, or the Administration. Thank you.

Ambassador BREMER. Thank you, Senator. And I will convey your thanks to my colleagues when I return.

Senator HAGEL. Thank you.

Ambassador BREMER. I think the administration's policy on the question of having international support has been all along that we welcome it. I am sure members of the committee are familiar with the fact that it is already a broadly international effort. We have troops from 30 other countries on the ground with us.

Senator HAGEL. But we are paying for most of that.

Ambassador BREMER. Well, it is the price of being the world's super power.

Senator HAGEL. But, I mean, let us be honest about it, Mr. Ambassador. We are paying for most of it. I am interested, if we are going to go after United Nations' help and allies' help, the big allies, what are we prepared to do in the way of sharing responsibilities, decisionmaking authority?

You and I both know the facts of life here. These people are not going to turn over troops to you, General Abizaid, or money, or resources without some say in this; and they should have some. And then it gets back to a question I have been asking: Why should this country bear all the burden, or certainly 90 percent of that burden, when it is in the interest of all the world to stabilize the Middle East? So what are we willing to give up in the way of sharing?

Ambassador BREMER. Well, I think on the—I see it as two separate questions. On the question of the troops, I think there is broad agreement that we must retain unity of command and that the country with the largest contributors of troops should remain in charge of those troops. As I understand it, though I am not intimately involved in the negotiations in New York over a new Security Council resolution, so I cannot comment in detail on that, but I understand that—that particular concept seems to be understood.

So, there does not seem to be any contention over that question. I would argue that the same has to apply on the question of reconstruction. There must be some unity of command. We cannot have people pulling right and left, which is why I established a Coalition International Committee, which was established under the former Polish Deputy Prime Minister Marek Belka, in July, to be available to coordinate the efforts that are coming in. And there are 61 countries that are already contributing to Iraq's reconstruction, to make coordination, so we do not have two countries, for example, wanting to build a hospital in the same city or three people trying to build the same school.

So, we already have a mechanism due to that coordination. Whether, at the end of the negotiations in New York, we find a dif-

ferent mechanism for that coordination, I have to basically leave to the negotiations in New York and to the way the administration is going to come up with this new resolution. The President made clear, back at the time of the war and after, and he said it again yesterday that we certainly foresee a vital role for the United Nations—he specified several areas yesterday—in helping write the constitution and helping conduct the elections.

I have had visitors from the United Nations already helping the Iraqis figure out how do voter registration; these are things we welcome. Nobody is saying the U.N. does not have a role.

And the same goes for other countries. We have welcomed them in. And we will have to see now, in terms of your question of authority, how the discussions in New York go over the next weeks.

Senator HAGEL. Thank you.

The CHAIRMAN. Thank you very much, Senator Hagel.

Senator Sarbanes.

Senator SARBANES. Thank you, Mr. Chairman.

Ambassador Bremer, I think this is the first time you have appeared before this committee, I believe, since taking on these responsibilities.

Ambassador BREMER. Yes, sir; that is correct.

Senator SARBANES. Yes. You have had a distinguished career in the Foreign Service. As I understand it, you left it, retired in 1989, and then became a managing director of Kissinger Associates, and then were—I do not know whether you continued that right up until you were called back into the government.

Ambassador BREMER. No, sir.

Senator SARBANES. But this is your first return back to government; is that correct?

Ambassador BREMER. Well, yes; although I was chairman of the National Commission on Terrorism. You will remember, Senator, I appeared before this committee—

Senator SARBANES. Yes, I recall that.

Ambassador BREMER [continuing]. In that respect.

Senator SARBANES. I recall that.

Ambassador BREMER. And I served on the President's Homeland Security Advisory Council; both of those were non-paid government service.

Senator SARBANES. Yes. Now, you are the Administrator of the Coalition Provisional Authority; is that correct?

Ambassador BREMER. Yes, sir.

Senator SARBANES. Who constitutes the Coalition Provisional Authority?

Ambassador BREMER. Who makes it up?

Senator SARBANES. Yes.

Ambassador BREMER. What is it made up of?

Senator SARBANES. Yes.

Ambassador BREMER. It is made up of representatives of the coalition. I have on my staff people from 17 different countries who help me with the job of administering Iraq while we continue to exercise sovereignty there.

Senator SARBANES. When the Coalition Provisional Authority makes a decision, I take it that is your decision; is that correct?

Ambassador BREMER. Well, less and less. Because we now have, since July 13, we have a Governing Council. And since September 2, we have Iraqi ministers. So, more and more decisionmaking is effectively collaborative since July.

Senator SARBANES. But the ultimate decisionmaking is yours; is it not?

Ambassador BREMER. I would put it this way: The ultimate authority is the coalition's but the decisionmaking is essentially done in co-determination with relevant Iraqis. The authority, as a legal matter, rests with the coalition.

Senator SARBANES. And, therefore, rests with you?

Ambassador BREMER. That is right.

Senator SARBANES. Because in the end you make the decision for the coalition. I mean, it is a one-man show in that regard; is it not?

Ambassador BREMER. No, it is not a one-man show. I have two very senior British diplomats, who work literally side by side with me as the—

Senator SARBANES. And if you and they disagree, what is the outcome?

Ambassador BREMER. Well, actually, that has not happened yet. So, I—

Senator SARBANES. If it should happen, what would be the outcome?

Ambassador BREMER. Well, I imagine there would be discussions between London and Washington?

Senator SARBANES. I understand that. But assuming no consensus can be achieved, how is that decision made?

Ambassador BREMER. Well, in the end—

Senator SARBANES. I mean, if you are the ultimate decisionmaker—

Ambassador BREMER. Yes. In the end—

Senator SARBANES [continuing]. Why do you not say you are the ultimate decisionmaker?

Ambassador BREMER. In the end, I have, as you said, the authority.

Senator SARBANES. All right. Now, the supplemental request from the Executive Office of the President has \$65 billion for the Department of Defense?

Ambassador BREMER. That is right.

Senator SARBANES. And then it has a heading, Coalition Provisional Authority and Department of State, \$21.4 billion. And then they say the request provides \$20.3 billion for the Iraq relief and reconstruction fund for use by the Coalition Provisional Authority. Then the small balance is for the State Department.

You basically will make the decision on the use of that money; is that correct?

Ambassador BREMER. No. As a matter of fact, the \$20 billion supplement which is before the Congress was developed by the Iraqi ministries, the related ministries, Minister of Electricity, Ministry of Water Resources, Ministry of Agriculture, and so forth, in conjunction with my experts. It was put together basically to meet—

Senator SARBANES. Well, will the money go to the ministry to be—and the expenditure of the money then be decided by the minister?

Ambassador BREMER. It will be implemented by the ministries.

Senator SARBANES. Well, who will decide the use of the money?

Ambassador BREMER. Well, the American Congress is being asked to decide on the \$20 billion. It will then—

Senator SARBANES. We decide on the big amount and sub amounts. But when that money goes out, \$5 billion, \$3 billion for this purpose—

Ambassador BREMER. Right.

Senator SARBANES [continuing]. Who is going to decide how that money is going to be spent?

Ambassador BREMER. That will be decided by me, by the Coalition Provisional Authority in conjunction with the plan that has already been put together with the Iraqi ministries.

Senator SARBANES. So, you are the decisionmaker on the use of that money.

Ambassador BREMER. Yes.

Senator SARBANES. Now, do you expect to be the Administrator a year from now?

Ambassador BREMER. That is a—I serve at the pleasure of the President, Mr. Sarbanes.

Senator SARBANES. No, no, no. I am not suggesting that. That is not the path I am going down. I am trying to find out how long you think we are going to need an administrator and a Coalition Provisional Authority.

Ambassador BREMER. I understand.

Senator SARBANES. Do you expect that a year from now you will no longer be in place?

Ambassador BREMER. Well, it goes back to the question about when the coalition's authority, the sovereignty that we exercise under international law now, is passed to a sovereign Iraqi Government.

Senator SARBANES. I understand that. And I understand the steps you have laid out and so forth. All I am trying to get is the timeframe, do you expect a year from now that you will still be the Administrator?

Ambassador BREMER. Well, what I was trying to explain, Senator, is that depends on how quickly the Iraqis write a constitution.

Senator SARBANES. Well, I understand that.

Ambassador BREMER. And I do not know how quickly—

Senator SARBANES. If it takes them a long time to write it, I take it you would still be the Administrator 5 years from now?

Ambassador BREMER. Right, or somebody would be.

Senator SARBANES. If it takes them a short period of time to write it, you would be the Administrator, you would be out of there in 3 months. What do you expect? And I give you a time. Do you expect that a year from now you will still be the Administrator?

Ambassador BREMER. I think that it is quite possible that the Iraqis will go down that path and have elections sometimes next year. The Foreign Minister—

Senator SARBANES. Now a year from now, of course—

Ambassador BREMER. The Iraqi Foreign Minister is—

Senator SARBANES. A year from now is next fall, the fall of 2004. Do you expect U.S. military forces will still be in Iraq at that point?

Ambassador BREMER. Yes.

Senator SARBANES. And furthermore, do you expect that U.S. military forces will be there after there is no longer an administrator and a Coalition Provisional Authority?

Ambassador BREMER. In answer to your first question, I do expect American forces to be there in a year. In answer to your second question, I really do not know. The Iraqis, when they have their own sovereign government, will do what every government does. They will assess their security needs and they will decide whether they need outside help for their security. And if they do, they presumably will assign some kind of a sofa agreement with America, if they want American forces there.

Senator SARBANES. What is your expectation on how long American forces will continue to be in Iraq?

Ambassador BREMER. Well, my guess is it will be beyond next year.

Senator SARBANES. How far beyond?

Ambassador BREMER. I really do not know.

Senator SARBANES. Could I ask just one quick question?

Are you attending the International Donors Conference in Madrid at the end of October?

Ambassador BREMER. Yes, sir.

Senator SARBANES. What are your expectations for that conference?

Ambassador BREMER. Well, we are hoping that the international community, other countries, and the international financial institutions, like the World Bank and the IMF, will make substantial contributions, will agree to make substantial contributions to the recovery of Iraq. As Senator Sarbanes pointed out, the World Bank assessment is that they need something like \$60 billion to \$70 billion; and that we have focused on the \$20 billion that we think needs to be spent quickly over the next 12 to 18 months. And a lot of that other \$60 billion is in the out-years. And we are hoping that we are going to find substantial contributions to that from the Donors Conference.

Senator SARBANES. If we do not, does it then fall upon us to provide them money?

Ambassador BREMER. No, I do not think so, Senator. If one looks at the Iraqi budget, by the year 2005, if we get oil production back to three million barrels a day, which we expect to do by October of next year, the Iraqi revenue stream should be in excess of the needs of the immediate running of the government by about \$5 billion a year. So, the Iraqi Government should be spinning off substantial amounts that they can put into these less urgent investments that the World Bank says need to be made.

Senator SARBANES. Well, I will pursue that in my second round.

The CHAIRMAN. Thank you very much, Senator Sarbanes.

Senator Chafee.

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

From what I understand, you left Baghdad and came here and got Isabel and lost your electricity here; so, you cannot win.

Ambassador BREMER. No.

Senator CHAFEE. I admire and appreciate the sacrifices you are making.

In your prepared statement, you did give us a history lesson of post-World War I and the reparations that might have led to the rise of Nazism and the Marshall Plan. But what does amaze me—and then Senator Hagel, a little more of the history of the formation of the United Nations. But what does amaze me that the entire Bush administration seems to have missed the lessons of Vietnam. And now we do find ourselves mired in a land in which we do not share a nationality, the ethnicity, the religion, the language of the people of where we find ourselves. But that is where we are and now we wrestle with that.

And my question is: As we go through the process of forming a constitution, having a democracy, what is the plan, if the people of Iraq want to elect an anti-American, anti-Western, Iranian-style theocracy, or whatever it might be? Is there that possibility? And is there a plan to have some parameters in the constitution to deal with that?

Ambassador BREMER. Well, first, my assessment is that—that is not a very likely outcome but it is certainly a serious question. We have said that we believe it is important for the constitution to be written by Iraqis.

On the other hand, there will be certain major issues—one of them will be the role of religion—on which we will want to be absolutely certain that some fundamental principles are respected, in particular the freedom of worship. And we have made that clear. And I do not anticipate that being a problem in the constitution.

Senator CHAFEE. Are you confident that—that is not a possibility?

Ambassador BREMER. No. I said—

Senator CHAFEE. Are we deluding ourselves at all?

Ambassador BREMER. No, I do not think so. From our discussions, both mine, but more importantly by experts in the field, from what little polling data there is available, there was a poll that was cited earlier in which fewer than 33 percent of the people in Iraq want even an established religion. Although, incidentally, Islam was established in the previous constitution.

So, we do not look at it through rose-colored glasses. We do not diminish it. I am just giving you my assessment at this time.

Senator CHAFEE. If there were to be some charismatic ayatollah that got involved in the political process, is there going to be some aspect to the constitution that forbids some kind of anti-American, anti-Israel, anti-Western government?

Ambassador BREMER. Well, I would—I do not know the answer to that, Senator, until—they have not even convened the constitutional convention yet. I can understand what the American interest is. And you may be sure we will make our interests known. But I cannot give you an assessment. I do not consider those to be likely outcomes at this point. But the constitutional convention has not even been convened yet.

Senator CHAFEE. OK. Thank you. And now we are here asking for a large amount of money. And the big question I am hearing from my constituents is: What is the security going to be for our investment that we are potentially going to be making in waste-

water, water projects, electricity, obviously the oil pipelines that run across large unpopulated regions of the country? How are we going to secure this? How easy is it going to be for guerrillas to sabotage our investment?

Ambassador BREMER. We will continue to have good days and bad days, as I said in my testimony. I do not pretend that we have the security situation solved. That is why \$5 billion of this \$20 billion is dedicated to doing those things, making better border police.

In the Iraqi budget itself, not in this supplemental but in the Iraqi budget itself, we have put aside funds for the oil ministry to stand up a police force dedicated to protecting oil pipelines. We have given the electricity ministry money to stand up a force to protect the power lines.

But there are 19,000 kilometers of power lines in Iraq and there are 7,000 kilometers of pipelines. You cannot guard everything all the time everywhere. So there will be continued acts of sabotage. But those acts of sabotage are falling off now, as the two ministers pointed out in their statements in the Oval Office on Monday. And we are beginning to see the power generation coming up.

Oil production, the day before yesterday, was a record 1.9 million barrels. It is the highest it has been since liberation. And it is on an upward curve.

So again, I am not being Pollyanna. We will have bad days. We will have more sabotage. But the trend is in our favor.

Senator CHAFEE. Yes. I might question that trend myself. The President of Indonesia was saying that she is seeing a rise, as a result of the war in Iraq, a rise of extremism. And this is a rallying place for extremists to go, common sense would tell you, and that it is going to get more and more difficult to secure our investment.

Ambassador BREMER. Well, I said in my——

Senator CHAFEE. Can you comment on the President of Indonesia's comments, this war in Iraq is——

Ambassador BREMER. I did not hear her comments.

Senator CHAFEE [continuing]. Working against our——

Ambassador BREMER. I did not hear her comments. But I make no secret in my opening comments that Iraq has become a major front of the war on terrorism. It is not a very comfortable position for me or my colleagues to be in. It is dangerous but it is a fact.

Senator CHAFEE. Very good. Once again I, on a personal level, admire what you are doing.

Ambassador BREMER. Thank you.

The CHAIRMAN. Thank you very much, Senator Chafee.

Senator Feingold.

Senator FEINGOLD. Thank you, Mr. Chairman and Senator Biden, for calling this hearing today.

And Ambassador Bremer, I do thank you for being here. I am glad to have an opportunity to be a part of a concrete discussion about where we stand in Iraq and where we are going. I appreciate the fact that you, and your staff, and many Iraqis are working very hard in this difficult transition in Iraq; and you are right to point out the gains that have been made thus far.

But I have to tell you, echoing, I think, at least what Senator Hagel seemed to be saying, that based on what has transpired to

date, many of my constituents have lost or are losing confidence in our policy and I share a great deal of their skepticism.

Now, we are being asked to invest tens of billions of additional dollars in a scheme that has not earned our confidence without a clear sense of when the demands on the American might cease, both in terms of manpower and money. So, it seems to me that rather than just making the case for why reconstruction is important, the administration also needs to tell us what is going to change in terms of our efforts to date and how we will take action to place our policy on a firmer footing.

In that regard, I would like to sort of ask the converse of a question that Senator Hagel was asking you. What kinds of decision-making authorities do you currently possess that you would be unwilling to share, you think would be a bad idea to share with other donors in the context of seeking their vigorous support and participation in the reconstruction effort? What can we not credibly give up?

Ambassador BREMER. Well, I think there are two answers to that. One of them is that I do not think we can relinquish the concept of an orderly turnover of the political authority. That is not directly—the question you asked was reconstruction but I think it is relevant.

That is to say, I believe that we must stay on the path of insisting that there is a constitutional framework followed by democratic elections before there is full sovereignty returned to the Iraqi people. It may be that there will be other countries who will agree with us on that. But I am just saying I think that concept must be protected.

Senator FEINGOLD. But I am asking vis-à-vis the donors.

Ambassador BREMER. Yes.

Senator FEINGOLD. I recognize that is an answer vis-à-vis the Iraqis.

Ambassador BREMER. Yes.

Senator FEINGOLD. But vis-à-vis the donors, what powers that are now being exercised by the United States in your authority would you be unwilling to give in return for help from the other donors?

Ambassador BREMER. Well, I would be unwilling to give to other countries the authority on deciding how to spend the \$20 billion that the taxpayers of America are putting up.

Senator FEINGOLD. Let me ask you a different question. Ambassador Bremer, in July, Deputy Secretary of Defense Wolfowitz suggested that it was difficult to imagine before the war that the criminal gang of sadists and gangsters who have run Iraq for 35 years would continue fighting, fighting what is sometimes called a guerrilla war.

In fact, why we would have anticipated anything else is something of a mystery to me. And then on Monday, in testimony before the Appropriations Committee, you indicated that the administration has been surprised by the influx of terrorists, who now present a threat to Americans on the ground in Iraq. But President Bush told the Nation several weeks ago that “the surest way to avoid attacks on our own people is to engage the enemy where he lives and

plans. We are fighting that enemy in Iraq and Afghanistan today so that we do not meet him again in our own streets, in our cities.”

So which one is it, Ambassador? Did we fail to anticipate these attacks or is this all part of the President’s overall plan to engage the enemy in Iraq? It really cannot be both.

Ambassador BREMER. Well first, analytically, those are two separate things. The question of the former regime loyalists attacking us is not the same as the point I made on Monday about foreign terrorists. They are two different problems. They may start to come together. That is a concern of mine. But in terms of the former regime loyalists, I think what happened was—and again, I am now speaking only from what I have been able to learn because, as Senator Biden pointed out, I was actually not even in government at the time of the war.

But what seems to have happened is that a large number of very bad people in the Fedayeen Saddam, in the Republican Guards, and in the intelligence agency simply faded away. They were not ever militarily defeated. And this is particularly true in the area to the west of Baghdad, north to Tikrit, which is where 80 percent of the attacks against coalition forces are coming. They simply faded away. They did not stand and fight. They did not stay in barracks and surrender. They simply melted back into the landscape.

This, I think, was not foreseen, so I understand, by the planners. And that has been a problem for us. In terms of the terrorists, what has happened, the arrival of the foreign terrorists is a relatively new phenomenon. That is to say, it dates basically back to sort of early July or so, early to mid-July. And what happened there was, the Ansar Islam terrorists, whom we hit in the beginning of the war in the north, those who survived went into Iran. They spent time licking their wounds and reconstituting and started infiltrating back into Iraq, as I mentioned in early to mid-July. And that is a—

Senator FEINGOLD. So essentially, when the President says we have to engage the enemy where he lives, when you are speaking of these people, you are speaking of people who just really recently arrived, that are just living in Iraq now.

Ambassador BREMER. Well, yes. But again, if you want to talk about the terrorists, one has to then make—

Senator FEINGOLD. Yes. I want to understand how a place, that was not obviously the focus of the war against terrorism, somehow became the central focus of the war on terrorism, and who is responsible for making it a hotbed of terrorism?

Ambassador BREMER. Well, the terrorists are, of course.

Senator FEINGOLD. Well, I really question this notion that we advanced our position vis-à-vis the war against terrorism by providing them with an opportunity they apparently did not have before, by your own admission—

Ambassador BREMER. No.

Senator FEINGOLD [continuing]. That these people were not there.

Ambassador BREMER. No. I am sorry.

Senator FEINGOLD. That is what you just indicated.

Ambassador BREMER. I am sorry, Senator.

Senator FEINGOLD. You indicated those terrorists were not there.

Ambassador BREMER. Let me correct the record here. Iraq was a state sponsor of terrorism for 20 years.

Senator FEINGOLD. State sponsor of terrorism?

Ambassador BREMER. It was on the list of state sponsors of terrorism.

Senator FEINGOLD. Right.

Ambassador BREMER. And it was—I mentioned several of the most obvious cases, in terms of Abu Nidal and Abu Abbas. There are, as the Director of the Central Intelligence has testified, clear intelligence connections, clear evidence of intelligence connections between al-Qaeda and Saddam's regime. We did not invent terrorism in Iraq. There was a terrorist regime there before.

Senator FEINGOLD. Mr. Chairman, I'll just conclude by saying this is the same road that the White House went down in the beginning by trying to patch together a few different anecdotes that may or may not have related to somebody, that may or may not have some connection to a group, that may or may not be connected to al-Qaeda. And the President had to actually admit the other day that there was no such connection.

I fear that this same approach is being used here, as well; that yes, there are terrorists around the world, and in each case it should be condemned. But not all terrorists are part of this particular network that attacked our country on September 11. And I do not think it serves the American people to simply lump all this together as if it is one problem and one issue. Because the fact is the group that we need to deal with most is the al-Qaeda organization. And I do not think this policy is necessarily dealing with that.

Ambassador BREMER. But Senator, let me just correct the record on something you said about the President. If I understood what the President said was, he said that there was not a connection between Saddam Hussein and September 11.

Senator FEINGOLD. Right.

Ambassador BREMER. He did not say that there was no connection between terrorism and Saddam.

Senator FEINGOLD. No, I agree with that.

Ambassador BREMER. I just want to correct the record.

Senator FEINGOLD. What I am indicating is that the American people in polling believed, at the time of the invasion of Iraq, that Saddam Hussein was involved in 9/11. So what I am suggesting is, the sloppiness in this regard is unfair to the American people. And I think there was a deliberate attempt to make the American people believe that somehow there was this connection.

Now, maybe the President himself believed that there was this connection at the time. And I am very concerned about the American people having believed that there was some connection and then the President admitting that there was not. What I am suggesting looking forward is let us be sure, when we start talking about terrorism and what is happening, who is coming into Iraq right now, that we are as careful as we can be about identifying who these people are and not making the American people assume that they are exactly the same people who were involved with 9/11.

They may well be. But I think we have to be terribly careful, because the credibility here is getting quite strained.

[The prepared statement of Senator Feingold follows:]

PREPARED STATEMENT OF SENATOR RUSSELL D. FEINGOLD

I thank Chairman Lugar and Senator Biden for calling this hearing today, and Ambassador Bremer, I thank you for being here. I am certainly glad to have an opportunity to engage in a concrete discussion about where we stand in Iraq and where we are going.

Ambassador Bremer, I appreciate the fact that you and your staff and many Iraqis are working very hard on this difficult transition in Iraq. And you are right to point out the gains that have been made thus far. But I must tell you, that based on what has transpired to date, many of my constituents have lost or are losing confidence in our policy. I share a great deal of their skepticism. Now we are being asked to invest tens of billions of additional dollars in a scheme that has not earned our confidence without a clear sense of when the demands on the American people might cease, both in terms of manpower and money. One of the most compelling arguments for this supplemental as a whole—the need to provide critical resources to the young men and women who were called to serve in Iraq—also compels us to insist on clarity and sound, realistic thinking in this reconstruction process.

So it seems to me that rather than just making the case for why reconstruction is important, the administration also needs to tell us what is going to change in terms of our efforts to date, what is going to improve, and how and when that is going to happen. This administration needs to take stock of what is not working, what is alienating potential allies and what is fostering suspicion within the Iraqi population, and then take action to place our policy on a firmer footing. I want more than a status report and more than a sales job. I want to see a responsible way forward that is free of self-delusion and wishful thinking.

The CHAIRMAN. Thank you very much, Senator Feingold.
Senator Allen.

Senator ALLEN. Thank you, Mr. Chairman. Thank you for your insightful leadership and that of Senator Biden and my colleagues.

And I thank you, Ambassador Bremer, and that of your family, also, for your steady, patient leadership in transforming Iraq, which was clearly a state sponsor of terrorism on a variety of fronts, maybe not directly with al-Qaeda all the time.

When I mentioned your family, you think of what he would do, giving a father or mother \$25,000 if their son or daughter would have one of those suicide murders in Israel.

I want to be supportive of the administration's request for Iraq and Afghanistan. And I agree with the concepts and the logic and the sequential steps that you want to take in formulating the sovereignty of Iraq from this dictatorship. And I understand the urgency. That is, there is an urgency for the safety of our troops, indirectly and directly, and also the path to a government, a civil government, in Iraq.

There has been a lot of analogies here, historical analogies; World War I and World War II, the Marshall Plan. We are not following exactly. I do not think we are talking about partitioning Iraq and establishing a French sector, a U.S. sector, British sector, and certainly never make the mistake of giving something to the Soviet Union, since they no longer exist. But we remember how long it took to reunify Germany.

In looking at the \$21 billion—let us say \$20 billion, for Iraq, the different aspects of it, I understand the diplomatic reasons why we cannot get paid back on the oil. Maybe for the police, they cannot put court fees and filing fees and so forth to pay for the judicial system. But when one gets to the issues of \$6 billion for basic electricity service, \$4 billion for water and sanitation services, in our

country, people pay for those. They are bonded. They are paid for by the electricity users and the water users.

The argument is made that these cannot be made into loans. The main argument is because Iraq is saddled with \$200 billion of debt to various countries. Now as we use post-World War II analogies, they were debts clearly that Mussolini's Fascist government in Italy had; certainly Nazi Germany had debts, and Imperial Japan. I do not think any of those debts were paid off.

So when you say that we cannot obligate in some way very favorable interest rates, maybe in an International Monetary Fund or some multinational group providing low interest or no interest loans for some of that water or electricity infrastructure, the argument is that they cannot pay that \$200 billion debt. And it just strikes me if Saddam's dictatorship is compared to Hitler, why in the heck should the Iraqi people be burdened with paying off that \$200 billion debt? And especially since that is used as a reason for the American taxpayers not to potentially be paid off in a country that will have wealth and will eventually establish a much stronger economy in the years to come.

So, could you answer for me or share with us your views, Mr. Ambassador, on why that \$200 billion debt, or any portion of it incurred by Saddam's tyrannical government, ought to be paid off and why there cannot be some way, creatively working together, where Americans and others who may want to pitch in and contribute to some multinational group that provides loans for, say, water and sewer and electricity in Iraq could get paid off over maybe many, many decades?

Ambassador BREMER. Well, thank you, Senator. It is a thoughtful question. It is a question, really, of timing. I think that certainly most Iraqis that I have talked to, the Governing Council, ministers, believe that much of the debt that was incurred and which now lies on their shoulders is odious, was instituted by a tyrannical regime. And they feel very little sympathy with the idea of having to pay it back.

They feel even more strongly about the reparations, which represents about half of this \$200 billion roughly; because the reparations, of course, are owed to neighboring countries that were victims of Saddam's aggression.

These are important and difficult questions which are already being discussed. As you may know, the G-7, in its meetings in Evian in June, agreed that there would be a tolling of the debt servicing for a year and a half to allow the international community a year and a half to figure out what to do about Iraqi debt; and we encourage that process.

And I think in the end there should be a substantial reduction in the real value of Iraq's debt. But that process will take, at a minimum, another year and a half. That is the deadline that they have given themselves. And if you look at previous debt rescheduling, you will see that even a year and a half is very optimistic.

We do not have a year and a half, Senator. That is why we have asked for an urgent amount of money to get us through the next year and a half. This \$20 billion is those projects which we think are essential for American security and to allow the Iraqis to get

the kind of economic infrastructure, essential services, security forces they need now.

Senator ALLEN. I understand the urgency, and agree with it. I am not going to pursue the point. I would like to work with you, though, and find out a way if we can make this a loan. Let me follow up on Senator Chafee's point on the elections being next year, which means that they first need to have a constitution. They do not have the concepts that we had as we developed ours, with states having—like Virginia's, the statute of religious freedom. The key to me is individual rights—

Ambassador BREMER. Rights.

Senator ALLEN [continuing]. Regardless of Islamic. People's rights should not be enhanced nor diminished on account of their religious beliefs. Do you see any potential George Masons or James Madisons or Ben Franklins there? And when do you suspect it likely to have a constitutional convention begin, so they can sort through some of these very fundamental human rights issues to hopefully be inculcated as part of their constitution, protecting individual rights, as opposed to religious rights or group rights?

Ambassador BREMER. Well, one of the hopeful signs is that the Iraqi opposition groups, which met before the war in London and met after the war several times in Iraq, and the Governing Council in its initial political statement, all of them endorsed protection of individual rights. And I am optimistic, which is why when Senator Chafee asked the question about a religious theocracy, I am optimistic that they have got this message very clearly, that individual rights must be acknowledged and preserved in whatever constitutional system they come up with.

We will certainly insist on it. It is a fundamental red line for us. Individual rights, women's rights, civil liberties must be recognized.

Now, when will the convention start? I do not know. The preparatory committee, which was the second of the seven steps I have outlined, was appointed and has been asked to report back to the Governing Council on the process by which the conventional conference will be pulled together, been asked to report back by next Tuesday, at which point the Governing Council will have to decide how do we get this conference started and what kind of deadline to give them to write the constitution.

So hopefully, in the next month or so, we should have better visibility into the question that many people are asking, which is what is the timing of this all going to be. I have insisted to the Governing Council that when they convene the conference, they should give them a deadline, get the constitution written by a date fixed. Pick your date, April 1, April 15. Pick a date. But there should be a deadline.

Senator ALLEN. Thank you, Mr. Ambassador.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Allen.

Let me just mention, in terms of business management of the hearing now, the Ambassador must leave promptly at noon for another obligation. And we have four Senators left to speak. There is ample time for them to be heard and for them to ask their questions with maybe a few minutes left over. But I ask everybody to respect the time, so that all Senators can be heard.

Senator Boxer.

Senator BOXER. Thank you so much, Mr. Chairman. And thank you for holding this important hearing.

Senator SARBANES. Mr. Chairman, is it your intention to bring the Ambassador back?

The CHAIRMAN. No, it is not my intention. He is not going to be available again to the committee.

Senator SARBANES. So it is just a one-shot appearance?

The CHAIRMAN. That is correct.

Senator BOXER. Can I ask that you reset that clock? Because I have a lot to say in 5 minutes.

The CHAIRMAN. Yes. We will start again with Senator Boxer.

Senator BOXER. Senator Sarbanes has a good way of getting to the heart of the matter. We have a lot of things to say. So, I will cut to the chase.

I want to back everything you said, Ambassador, about our men and women in uniform. They are brave and courageous. And a lot of them are my constituents. A lot of them who died were my constituents. And I just want to read a little portion of a letter from a mother of a soldier, who is over there now, from Fort Bragg, California.

She writes, "This has been the worst possible nightmare for a mother. There are many days that I completely fall apart and lose control. I can't take it another day. This is killing me. I'm going crazy and at times feel suicidal. This is the worst kind of torture. I can't function. I can't go to work. I can't focus. I can't sleep or eat. I'm a mess. I can't go 10 seconds without thinking about my son. My life is on hold until he returns. Please get our troops replaced ASAP, whatever it takes."

So I think that sense of where are we going, are we making the improvements that we need to make over there is very real with our people.

Now, Mr. Ambassador, your job is to rebuild Iraq. And by the way, thank you for taking this on. And as I told you yesterday, I pray for your safety and for your return home as soon as possible. And my job is a little different than your job. On behalf of my constituents, it is to make this country all it can be.

And I believe we have obligations abroad. That is why I went on this committee. I think we need to do what we can do for others. It is part of my upbringing. I could tell you one thing, though, after we were attacked on our homeland on 9/11, I am ready and willing to be obsessed about getting Osama bin Laden and al-Qaeda.

But I do not think that our obligations in Iraq should turn into an obsession. What we hear about from the President is, and very eloquently, rebuilding Iraqi schools, hospitals, prisons, even building a witness protection program, a long-term military intervention, to quote the President, "as long as it takes." And my people, frankly, are perplexed.

This administration is so focused on this Iraq situation but they will not pay for it. The administration, at the same time, will not fully fund our education bill, "No Child Left Behind." We cannot even build our roads and transit systems. Here is—I sit on this committee, too. Delay of the road bill will cost the states. That is

what happened yesterday, folks. We cannot find the money here to build the roads.

The deficit is soaring. I am sure you know it is going to be \$500 billion. By the way, if you take away the Social Security trust fund, it is \$700 billion. It is dangerously irresponsible. And my people were interested that you were thrilled that the top tax rate in Iraq is 15 percent. And they roll their eyes. They are paying to rebuild Iraq, and their top tax rate is 15 percent, \$87 billion on top of \$70 billion already. And their top tax rate is 15 percent.

So I am telling you, Mr. Ambassador, that my people, Democrats, many Republicans and Independents alike, they want an exit strategy, not 5-year, not a 10-year, not as long as it takes. They want an exit strategy.

Now, in your report to us, you said that 80 percent of the country or thereabouts was secure, 80 percent of the country. I have heard Donald Rumsfeld talk about it is 90 percent of the country. But let us say, you are on the ground there every day, 80 percent.

If 80 percent of the country is safe, why not go to that 80 percent of the country, get in the U.N. peacekeepers under U.S. control in terms of military? Then in the troubled areas, only 20 percent of the country, you say, let us ease the burden on our troops, call in our allies to help us there. And if the price of these two steps is sharing the decisions on contracts in rebuilding Iraq, then I think we ought to do it.

I heard Senator Biden say, on TV awhile ago, that this administration has been acting as if Iraq was a prize. Well, my people do not see it as a prize. They are beginning to see it as a prize for Haliburton. And that is very unfortunate, because they do not want any of our soldiers put in jeopardy for that.

Now, my people feel for the Iraqi people and they want to do their share. But they were told it would be quite a different ending to this war. And who can blame them? Let us quote Ari Fleischer: "While the reconstruction costs remain an issue for the future," he said, this was 2/18/03, "and Iraq, unlike Afghanistan, is a rather wealthy country, Iraq has tremendous resources that belong to the Iraqi people. And there are a variety of means that Iraq has to be able to shoulder much of the burden for their own reconstruction."

Paul Wolfowitz, 3/27/03, "There is a lot of money to pay for this that doesn't have to be taxpayer money. And it starts with the assets of the Iraqi people. We're dealing with a country that can really finance its own reconstruction and relatively soon."

And on 3/27/03, Secretary Rumsfeld, "I don't believe the U.S. has the responsibility for reconstruction, in a sense. Reconstruction funds can come from those various sources I mentioned, frozen assets, oil revenues, a variety of other things, including 'Oil for Food,' which has a substantial number of billions of dollars in it."

So my people at home, they remember these things. These are very charismatic people who spoke to them. You know, Donald Rumsfeld, Ari Fleischer, Wolfowitz; charismatic, lots of attention. They read what they said. And now they are saying to me: Senator, before you give them a blank check, you had better know what you are doing. Because they have been given promises that have not come through.

Yes, a brilliant military campaign. But this administration was wrong on weapons of mass destruction, wrong on what would happen after the war, wrong on what it would cost to rebuild Iraq, wrong on how many troops would be needed, wrong on oil revenues, wrong on how much other countries would contribute. And now my constituents are saying, watch out, given this history and given what we need at home.

So, I know my time is almost over. I have one small question on procurement, because I wrote the amendment with John Warner that said no single—no closed bids here. We want open bids, no sole source contracting. And I notice you made a little subtle change in your testimony. As it was written, you said that “this money will be spent with prudent transparency. Every contract of the \$20 billion for Iraq will be competitively bid.” That is your written statement.

Then you added “at least what I’m in control of.” So I guess that gets the question that Senator Sarbanes was asking. What are you not in control of over the \$20 billion, or can we expect that every contract will be competitively bid for that \$20 billion?

Ambassador BREMER. You can expect that every contract for the \$20 billion will be competitively bid. What I meant was, you are looking at an \$87 billion supplemental, \$66 billion of which I am not responsible for.

Senator BOXER. Well, in closing, let me say again thank you. And I hope you will think about what I mentioned about the 80 percent of the country versus 20 and maybe think a little bit out of the box as to how we can draw down these resources and share the responsibility with others.

Ambassador BREMER. Well, Senator, it is a very good point. And one of the things we are trying to do to answer that is to give the Iraqis, as quickly as we can, more responsibility for their own security. That is why there is \$2 billion in the supplemental to speed up the training of the Iraqi police, so it does not take 6 years, it takes a year and a half, and why there is \$2 billion in here to speed up the training of the Iraqi army, so that it takes 1 year instead of two.

Senator BOXER. That does not answer my—it is OK, it is fine.

The CHAIRMAN. Thank you very much, Senator Boxer.

Senator Brownback.

Senator BROWNBACK. Thank you, Mr. Chairman, for holding the hearing.

Ambassador Bremer, doing a great job; good to see you for the third time this week. You have been very busy testifying in a number of places and in a number of different hearings. And I appreciate your attendance and your candid comments that you are putting forward constantly in these hearings.

I want to direct my comments and questions to you into an area that has been hit already but I want to get maybe a little finer point it, if we could, the issues of religious freedom in the constitution and blasphemy laws, because these are such key issues. And what you are doing is so important to this country, to Iraq, and to an entire region, because you are really—as I have seen the thought process go forward here—and this has been one that has been stewing for some period of time.

In 1998, the Congress passed the Iraq Liberation Act, 1998. The House vote on that was 360 to 38. The Senate passed it by unanimous consent. It called for regime change in Iraq. President Clinton signed that into law.

And what we have been moving forward with and pressing is that here is a terrorist state, as you have noted, been a terrorist state for 20-some years, house terrorists on its soil, had used weapons of mass destruction in two campaigns; one against its own people, one against the Iranians. So, it had that mixture that we did not want to see. But in moving forward, in removing Saddam Hussein, it was not just to get him out of power, it was also to put in and insist on an open society, a democratic, open society that we thought would be a model for the region and would press that open society, democratic society, open society of free markets that would lift the entire region up and be for hope and prosperity for them and on principles that we believe in.

One of the foundational principles is religious freedom for us. And I want to focus us on that, because we have insisted that there not be a separate Kurdish State to irritate the Turks. We have insisted that the Sunni minority participate in a Shiite majority country. I think we also need to insist that there is not a state religion, that there is religious freedom, that it is not declared that there is a certain religion that is the religion of Iraq, as a foundational principle in the constitutional discussions.

I think that is important for us. I think it is important for the people in the region. And I want to cite to you a Washington Post article that, Mr. Chairman, I am going to ask it and a Wall Street Journal article be included in the record.

The CHAIRMAN. It will be included.

Senator BROWNBACK. Thank you, Mr. Chairman.

I just want to read from this. It was in the Post. This one is dated June 25, an article written by a gentleman in Pakistan. And he says this, "There is a tendency to view the Muslim population as a monolith with a uniform agenda and little dissent. This outlook on Islam has prompted a slew of articles with titles like 'Why Do They Hate Us?' But in Pakistan, many Islamic radicals hold equal and sometimes more animosity toward dissenting Muslims, particularly Shiites, than toward Westerners." And then he goes on.

I believe it is going to be imperative for us, as the constitution is developed, that we insist upon religious freedom in that constitution, no blasphemy laws, because those are used in a very pernicious way in a number of countries to—even if you declare there is religious freedom, yet you will backdoor use the blasphemy law to enforce a religious regimen, and that we state in the constitution, it be in the constitution, that it is not in the constitution that Islam is the religion of the state.

I would like your particular thoughts on this, because I think this is foundational to what we are dealing with, particularly as we want to press for a model democracy and open society in this region.

Ambassador BREMER. Well, as I said earlier, in answer to Senator Allen's question and Senator Chafee's question, we have stressed the importance of individual liberties as a foundational

view that we think has to be reflected in the constitution. And that includes religious freedom.

I am optimistic that we will succeed in that. I am not certain what they will actually say about the role of Islam. Because, first of all, as I said to Senator Chafee, we have not even got this convention convened yet. I do not even know who is going to be there.

Now, we will certainly make clear our views on the importance of religious freedom and, on the broader point that Senator Allen made, really individual rights, women's rights and so forth, which are—I think religious freedom is one element of an even broader point that the Senator pointed out. And we will certainly make that clear.

Senator BROWNBACk. What about on blasphemy laws?

Ambassador BREMER. Well, I made a note of that. That is a good point, sir. And I will add that to my list.

Senator BROWNBACk. It is used often—

Ambassador BREMER. Yes, that is a good point.

Senator BROWNBACk [continuing]. And in a very ugly way.

What about the statement that, and some apparently are saying this, that it will be in the constitution that Islam is the religion of the state?

Ambassador BREMER. Well, again, I cannot make any further conjectures because I just do not know how it is going to come out. I understand your view and I will certainly make it known.

Senator BROWNBACk. Well, we have been very aggressive on the issue of a separate Kurdish State.

Ambassador BREMER. Correct.

Senator BROWNBACk. And have said no separate Kurdish State, primarily I presume, because the Turks have said, look, we do not want this, and this is kind of our basic for us staying with you. And we agreed with that. I think we should be equally as firm on these issues; they are foundational and I do not hear that coming from you.

Ambassador BREMER. Well, I have spoken on both of these subjects at great length, including the Kurds. The reason for not encouraging a Kurdish State is not because the Turks do not want it, it is because it is not in our interest.

Senator BROWNBACk. Is this in our interest, to not have—I mean, that we had explicitly have in there that there be religious freedoms?

Ambassador BREMER. It is in our interest, yes; absolutely.

Senator BROWNBACk. OK. So, that is foundational for us in pushing the constitution?

Ambassador BREMER. Yes. Well, I would put it in the broader context of individual liberties. There is no question.

Senator BROWNBACk. That the issue of religious freedoms will be guaranteed in that constitution.

Ambassador BREMER. I will make the point, Senator. But the Iraqis are writing this constitution, not me.

Senator BROWNBACk. I understand. They are also—

Ambassador BREMER. All I can do is make the point. And I certainly will. I got the message.

Senator BROWNBACK. If you could. And I think you are doing a great job. I want to make sure that on such a key issue, we are clear on it.

Thank you, Mr. Chairman.

[The news articles Senator Brownback referred to follow:]

[From The Washington Post, Editorial Section, June 25, 2003]

RADICAL MUSLIMS KILLING MUSLIMS

(By Zahir Janmohamed)

When Pakistan was created, its founder, Mohammed Au Jinnah, famously declared, "You are free, free to go to your temples, you are free to go to your mosques or to any other places of worship in this state of Pakistan. You may belong to any religion or caste or creed—that has nothing to do with the business of the state." Fifty-six years later, I wonder what Jinnah would tell my family and countless others who lost loved ones because of rising religious intolerance in Pakistan. On April 2, 2000, my uncle, Sibtain Dossa, a doctor, was gunned down at his medical clinic by Islamic radicals seeking to cleanse Pakistan of its minority Shiite Muslims.

Over the past few years, extremist Islamic groups in Pakistan have mounted a unilateral terror campaign. But Americans and Christians have not been the only victims. Women, secular advocates and even Muslims—Ahmadis, dissenting Sunni Muslims and Shiite Muslims—have also come under attack.

Recently two gunmen on motorcycles opened fire on a truck full of policemen, killing 11 and wounding nine in the Pakistani town of Quetta, near the Afghan border. Nearly all the victims belonged to the minority sect of Shia Islam. The attack on Shiites was the third in Quetta in less than two weeks. Speaking of the attack, Rahmat Ullah, a Pakistani senior police official, accurately noted, "It was sectarian terrorism."

The gruesome cycle of violence against Pakistan's minority citizens could not have occurred without the complicity of the Pakistani government. Consider the example of Azam Tariq, a religious cleric and former leader of the radical, Saudi Arabia-inspired Sipah-i-Sahaba. In an interview with the BBC in 1995, Tariq openly praised the Taliban and endorsed attacks on Shiites in Pakistan. Instead being brought to justice, Tariq was rewarded. Today he is a member of Pakistan's National Assembly.

There is a tendency to view the Muslim population as a monolith, with a uniform agenda and little dissent. This outlook on Islam has prompted a slew of articles with titles like "Why Do They Hate Us."

But in Pakistan, many Islamic radicals hold equal (and sometimes more) animosity toward dissenting Muslims (particularly Shiites) than toward westerners. The Sipah-i-Sahaba have even killed many of their own Sunni clerics, because the clerics rejected their divisive agenda. Often, implementing a skewed understanding of Islamic sharia (religious law)—and not hatred of the West—is their prime motivation.

If the United States wishes to gain credibility in Pakistan, it should pressure Pakistan to protect all of its residents who stand threatened by the rise of Islamic radicalism in Pakistan—not just westerners and Christians.

As Muslims lobby the United States to treat its religious minorities with respect, Muslims themselves have averted their gaze while minority groups—particularly Ahmadi and Shiite Muslims—are butchered by their "fellow" Muslims. Indeed, much of the Muslim world looked away when Saddam Hussein was executing Shiites in Iraq and ignored the Taliban's mass beheading of Shiites in Afghanistan.

This does not absolve Shiite Muslims of guilt. Many Shiite clerics have irresponsibly inflamed sectarian tension by denouncing beloved Sunni icons or, worse, endorsing retaliation. But a Muslim group that condemns violence when Islamic radicals kill Christians, then remains silent when Islamic radicals kill Shiite Muslims, is not a human rights group but a PR firm.

Pakistan can curtail the rise of sectarian violence and prevent the spread of extremist Islam by doing three things: punish (instead of reward) those who commit unprovoked acts of aggression against innocents of other faiths; block Saudi Arabia from flooding Pakistani schools with textbooks that preach draconian interpretations of Islam; and restore civil society in urban centers so that extremist groups cannot exploit Pakistan's woes to promote their divisive agendas.

My last memory of my uncle was sitting with him in the sprawling garden next to the tomb of Jinnah in Karachi. I asked if Pakistanis—particularly Pakistani Shiites—still respected Jinnah.

“We do,” he told me. “Because at least Jinnah tried to create an open Islamic country where all could flourish.”

That seems to summarize the history of Pakistan: It has always tried but never achieved Jinnah’s goal.

Zahir Janmohamed is writing a book about the rise of religious violence in South Asia.

[From The Wall Street Journal]

AFGHANISTAN’S ISLAMIC REACTION—THE TALIBAN ARE GONE, BUT
FUNDAMENTALISTS TRY TO REASSERT POWER

(By Philip Shishkin, Staff Reporter)

KABUL, AFGHANISTAN.—Hounded by police and threats of imprisonment, Ali Reza Payam has fled his home and shuttered his office. He is hiding somewhere in this crowded city, unreachable even by some of his friends.

Mr. Payam is on the run because of a newspaper article he wrote in June. “The time for religious dictatorship is over,” he wrote in *Aftab*, a Kabul weekly that translates as Sun. “People are no longer ready to accept that religious leaders have a divine position and are permitted to rule as they want.”

Despite all the Western influences that have come to Afghanistan since the fall of the Taliban, such ideas still risk censure and punishment. Islamist judges and politicians are trying to reassert their power less than two years after the nation emerged from a harsh religious dictatorship. While a return to the excesses of the past is highly unlikely, hard-line Islamists are intent on reining in a society they think has become too freewheeling, pitting Islamic reactionaries against the nascent forces of liberalization.

The outcome of this power struggle—which will play out as Afghans try to devise a new constitution this year—will have consequences not just for Afghanistan but also for the West, which wants to prevent a revival of the extremist threat that once emanated from this Central Asian country. The struggle will also inform a debate that has long vexed the broader Islamic world: how to find a balance between individual freedom and religious conservatism.

“For so many years, we had a culture of the gun,” says Abdul Hamid Mobariz, Afghanistan’s deputy minister for information and culture. “Now we are developing a culture of the pen. But we need some time.”

In her office watched over by a guard with a Kalashnikov assault rifle, Sima Samar, now head of the country’s Independent Human Rights Commission, says Islamic activists have become “more powerful than they were last year.” Ms. Samar has felt their influence first-hand. A year ago, when she was Afghanistan’s vice president and its first minister of women’s affairs, Afghanistan’s conservative Supreme Court deemed her unfit for those posts after she said during a trip to Canada that she didn’t believe in the Taliban version of Sharia law, the Islamic legal code. Local Islamists compared Ms. Samar to Salman Rushdie, whose novel “The Satanic Verses” prompted Iranian clerics in 1989 to sentence him to death in absentia for blasphemy.

“I was disappointed that nobody said anything,” says Ms. Samar, whose current position carries no real power. “This isn’t democracy.”

Afghanistan’s high court is a bastion of religious conservatism. In a dilapidated concrete headquarters in central Kabul where Afghans come to resolve mundane legal matters ranging from property disputes to land claims, the justices also attempt to regulate cultural life. Presiding over the court is Chief Justice Hadi Shinwari, an octogenarian Sharia scholar who was educated in Pakistani religious schools. Mr. Shinwari, who declined to be interviewed for this article, is a close political ally of Abdul Rasul Sajaaf, a former warlord and a Saudi-backed leader of an Islamic party.

Deputy Chief Justice Ahmad Manawi says the greatest threat to Afghan society comes from exiles returning after years abroad, some of them assuming government positions. “These are the people who provoke Afghans to change their beliefs, to be like Westerners,” says Judge Manawi, who fought the Taliban with the opposition Northern Alliance and is now considered as influential as his boss, Mr. Shinwari.

Under the 1964 constitution, which was provisionally restored after the fall of the Taliban, secular law trumps Sharia. Currently there is no death sentence in Afghanistan, but Mr. Shinwari and other judges support restoration of the Islamic legal code, known for such harsh punishments as amputations, stonings and public executions. A constitutional assembly is expected to clarify the extent to which Islamic

principles and laws should influence legislation and individual freedom in Afghanistan.

The contrast between religious conservatism, a deeply rooted feature of Afghan society, and the recent proliferation of liberal influences are palpable in Kabul. In a city where many women still wear the burka, a tentlike garment required for all women by the Taliban's virtue squads, the ministry of women's affairs, with help from foreign donors, just opened a beauty school where Afghan women are taught how to apply makeup and style hair.

The Islamic reaction is exemplified by a temporary ban on cable television in Kabul, which the high court saw as a conduit for morally reprehensible programming, mostly in the form of Western movies. At the Star Cable Network's small office, manager Mustafa Saiedy says police officers showed up in January, instructing him to pull the plug on the company's 1,500 customers. For three months, Kabul had no cable.

Spurred by the court action, the Ministry of Culture came up with a list of 65 channels that would be permissible to watch, including the British Broadcasting Corp., Cable News Network, National Geographic, the Discovery Channel, and certain sports and movie channels. Omitted from the list were previous Star offerings Home Box Office and other Western movie channels. Mr. Saiedy accepts the censorship, saying before the ban customers complained about lurid fare. "We're trying to broadcast things to educate people," he says.

Adds Mr. Mobariz, the deputy culture minister: "We live in a Muslim country. We don't want sex films shown to children. We don't accept channels against Islam."

At times, the Supreme Court's attempts at ethical enforcement seem like trying to block an avalanche with a fence. While the court went after Kabul's cable operators, which have fewer than 10,000 subscribers, it has done nothing to restrict satellite television in an Afghan capital full of satellite dishes.

But Mr. Manawi, the deputy chief justice, is intent on finding Mr. Payam. The judges say his article is blasphemous because it questions the validity of Islam. Mr. Payam and a colleague were briefly arrested after the story appeared in June. President Hamid Karzai—who is trying to walk a fine line between Islamic fundamentalism and the forces of democracy—said at the time that the article offended the beliefs of the Afghan people.

A few days later, while authorities tried to determine their legal status, the journalists were released from jail—and promptly vanished, much to the disappointment of Mr. Manawi. The United Nations, which is helping protect Mr. Payam, declined to make him available for an interview.

Mr. Manawi wants to question the journalists to see whether they still believe what they wrote and whether anyone put them up to it. Mr. Manawi wouldn't say what kind of punishment he thinks they deserve.

The CHAIRMAN. Thank you very much, Senator Brownback.

Senator CORZINE.

Senator CORZINE. Thank you, Mr. Chairman. And to you and Senator Biden, I am grateful you are having this hearing. And I am also grateful for the service that Ambassador Bremer and the folks who are carrying out our policies on the ground are doing. And like others, I convey my well wishes and support for them.

I was interested in reading the testimony. You said we have a definite plan with milestones and dates. Have those milestones and dates been shared with those of us that are being asked to lay down the appropriations?

Ambassador BREMER. Yes. Although I have to say this particular plan is, as you can understand, under constant revision, because we are in a rather fluid situation over there but they have been, yes.

Senator CORZINE. When was this done?

Ambassador BREMER. On July 23.

Senator CORZINE. And was that given to the committee? Have we had discussions of that here among us?

Ambassador BREMER. I do not know if the committee has had discussions. It went to every Member of Congress, both Houses.

Senator CORZINE. I am unaware of that. I guess I am not—my staff and I must not be transparent.

Ambassador BREMER. I would also have to say that since it is now 2 months old, it is out of date. It has been updated; it is updated, basically, every month, because the situation changes. But the strategy is the same.

Senator CORZINE. We have—

Senator SARBANES. It did not have datelines in it, though, in fairness to Senator Corzine.

Ambassador BREMER. Excuse me?

Senator SARBANES. Did it?

Ambassador BREMER. Yes, it did.

Senator CORZINE. As opposed to dates.

Ambassador BREMER. It had—it had 60-, 90-, 120-, and 360-day benchmarks across a whole series of issues in the four major areas of our plan.

Senator BIDEN. Which were not met.

Ambassador BREMER. Excuse me?

Senator BIDEN. Which were not met; right?

Ambassador BREMER. Well, a lot of them have been met—I mean, some of them have not been met. That is true of any plan. But we do have—I mean, the plan is there.

Senator CORZINE. Was there any discussion with Congress when this plan was put together and the dates and milestones? Was a basis of consensus sought on a bipartisan basis? By the way, we use the Marshall Plan as an example. It took a year, multiple reviews through appropriations committees, authorizing committees, that went on for a very extended period of time. As I say, I guess I am just an uninformed Senator. I was not aware this was made available to us to study.

Most of my colleagues have been asking for dates and milestones in conjunction with this. So I am curious whether we feel like this was a transparent process and one that was fully vetted here at home, let alone with our international allies.

Ambassador BREMER. Well, Senator, I know there has been some confusion here. And all I can tell you is it was presented to the Congress July 23 when I was here. I outlined it publicly that same day in a speech that was covered by the national press, television and radio and the newspapers, before the National Press Club. There was nothing secret—

Senator CORZINE. Dates and milestones?

Ambassador BREMER. There was nothing secret about the plan.

Senator CORZINE. Turning to the question of the oil reserves, is not one of the reasons that we want internationalization of this process, the outreach, is so that we can deal with this debt issue, so that we, therefore, might turn to the kind of financing arrangements that I think Senator Allen was referring to? There are whole extensive concepts, the securitization available with regard to oil reserves that have been used in other venues at other times and other places. Is that one of the major elements of discussion that is going on with allies?

Ambassador BREMER. The discussion—you mean on debt? Not yet, that I am aware of. Now the debt discussion, as I mentioned, was essentially given a deadline at the Evian summit of trying to

figure out what to do about Iraq's debt by the end of 2004. And all of the debt servicing was tolled until that date.

Those discussions are conducted by the Department of the Treasury and by Secretary Snow. I know he was planning to have discussions with some of his colleagues in Dubai over the weekend at the IMF/World Bank meetings. I have not had a chance to talk to the Secretary in the intervening 48 hours. So, I do not know what happened there. If you want to get the latest, it is probably best to talk to the Treasury Department on that.

Senator CORZINE. Could you relate to us where you think the greatest concentrations of this debt are held?

Ambassador BREMER. Well, again, there are two categories. There is the governmental debt, where the main creditors are, if I remember correctly, France, Germany, Japan, and Russia. And there are the reparations, which is, strictly speaking, not debt but reparations, where the main demanders are the regional countries who are victims of Saddam's aggression, Kuwait, Saudi Arabia, and so forth, Gulf States.

Senator CORZINE. So, the people that you were mentioning are the ones that we have the most negotiations to do, to deal with, in resolving the debt problems, so that we can get to other potential solutions and use of reserves.

Ambassador BREMER. Yes.

Senator CORZINE. I would hope that we would understand that the burden of \$87 billion and all subsequent requests that are talked about, again not dealt with in specific, go to the American people. There are other alternatives that I think it is very hard, particularly in light of some of the arguments that we have heard from people in the administration before, about the availability of these resources. It is very hard for the American people to understand why their schools are not being dealt with versus the others.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Corzine.

We have two Senators remaining. I think we are going to be able to accommodate both before noon, with your cooperation, sir.

Senator Sununu.

Senator SUNUNU. Thank you, Mr. Chairman.

I appreciate the time. And I apologize if I am talking a little bit fast. Maybe we can get a little bit more in if we do that.

My staff is very good. I do not know if they are better than anybody else's staff but I certainly have a copy of the July 21 plan and want to talk about that a little bit, in terms of the milestones and some of the dates that are here, try to get our hands around what has been done and what still needs to be done, where we have been successful and maybe not so successful.

You mentioned the foreign investment law for foreign ownership. One of the first milestones in the financial market structure section is a central bank law. Are those one and the same or is the central bank law distinct? And the timetable for getting the central bank law done was September. Has that been done?

Ambassador BREMER. Yes. I signed it into law a week ago.

Senator SUNUNU. What assurances does the international community have, or do we hope to have, that the new government will

consistently and fairly enforce these new laws for foreign ownership, for capital investment, and for capital flow?

Ambassador BREMER. Well, that is a very good question, Senator. You will see, I think somewhere else in there, the need to get a body of commercial law in place. We need to have a decent bankruptcy law, which does not exist. We need to have a competition law, which also does not exist. Those are the three elements that we are working on now.

I am hoping that we will be able to get those three building blocks for commerce in place in the next couple of months.

Senator SUNUNU. The timetable for power capacity, one of the things that I saw in my visit there, the damage to the electricity infrastructure and the slow pace of reconstruction. It is my understanding that the goal is to have 4,400 megawatts on line by September 30. Yesterday's power production was, I want to say, 3,780 megawatts.

Now, I notice—I will give you a little credit here. In your plan it says generating capacity of 4,000 megawatts by October 3. And you appear to actually have raised your goal to September 30. Are you going to meet that goal of 4,400 megawatts?

Ambassador BREMER. Well, I hope we will. Actually, the number you gave of 3,780 was the day before yesterday. Yesterday we had a little failure in one of the power plants. And we were at 3,650 yesterday. But we will get to 4,400. I think we will get there by September 30, but that is next Tuesday. So we are going to have to really press, which we are doing.

Senator SUNUNU. The end of the year goal, according to this, is 5,000 megawatts?

Ambassador BREMER. Yes. I think we will—

Senator SUNUNU. Is that also within reach?

Ambassador BREMER. Yes, it is. The important, the really important role there, Senator—goal is to get back to demand. And demand is about 6,000 megawatts, we think. And we hope to get there by next summer.

Senator SUNUNU. And the kinds of problems that you have been having, I mean, I have read about condenser leaks. I think the accident you described is an air gas problem. They had an explosion in one of the generators?

Ambassador BREMER. Right.

Senator SUNUNU. Are they just those kinds of functional problems or are there any logistical hurdles in the contractor administering this kind of a construction?

Ambassador BREMER. No. The problem we have in power is essentially the problem of spectacular under-investment in the power industry for 35 years. They are working with equipment that in many cases is 20 or even 30 years beyond its useful life. And so we have boilers exploding. We have breakdowns in pipes. We have, every day, a long list of problems; and we have to fix them.

Senator SUNUNU. One of the other areas, milestones, on essential services is to distribute, give out, the mobile cellular licenses, again by the end of September. Has that been achieved?

Ambassador BREMER. No, but it is not the end of September yet. It will be achieved within the next 10 days.

Senator SUNUNU. You are on track to completing that work, as well?

Ambassador BREMER. Yes, we are. On the mobile, yes.

Senator SUNUNU. Terrific. Devolving power. This has been brought up by a number of Senators here. What responsibilities and day-to-day decisionmaking authority has already been given to ministry-level positions, and which ministries, obviously? And over the next 90 days, let us work within this 90-day, end-of-year time-frame, what key decisionmaking or ministries will take over day-to-day responsibilities themselves?

Ambassador BREMER. Well, the ministries have really got full responsibility and have had it since they were appointed on two major things. They set ministry policy and they set the ministry budget. And over the next 90 days, assuming we get the supplemental, the major responsibility they are going to have is working with us to implement the major projects in the supplemental that fall to their respective ministries.

Senator SUNUNU. But it would seem to me that some ministries are going to be further in front of the curve—

Ambassador BREMER. Yes.

Senator SUNUNU [continuing]. Than others. And I guess where is the most movement, most progress, going to be made in the next 90 days, what areas of the government?

Ambassador BREMER. Well, it is hard to say. We will just let them go as fast as they can. I mean, some of the ministries are going to be better organized. Some of them have bigger problems. Some of them are going to have a lot more money. The one that really matters most is the Ministry of Finance. And we are working very closely with the Minister; he will be the key. And we expect him to continue to assume more and more authority.

Senator SUNUNU. And what will be the last areas of power that are relinquished by the CPA?

Ambassador BREMER. Well, I think the last one to be relinquished fully will be the Ministry of Finance and the Ministry of Interior, the things affecting the overall budget and the overall security situation. But we will see how that develops over the months ahead.

Senator SUNUNU. Are the proposals for the oil trust fund finalized? Also one of the early milestones for the economy.

Ambassador BREMER. We have proposals. We have not yet had a chance to have a full discussion with the Governing Council and the relevant ministries. I have had a preliminary discussion with the new Minister of Oil. I called on him 10 days ago. He is enthusiastic about establishing a trust. And we will work with him in the next few months on that.

Senator SUNUNU. You are at 1.9 million barrels a day.

Ambassador BREMER. It was 1.7 yesterday, 1.9 the day before yesterday.

Senator SUNUNU. And what is the end-of-the-year goal?

Ambassador BREMER. Well, I think we are going to get above two million. And we are hoping to get back to the maximum, three million, the plan says by next October. Maybe we can beat that.

Senator SUNUNU. Is the process for selling that oil, collecting the revenues from that oil, and utilizing the revenues from that oil, is

that process completed? Is it going to change substantively over the next 6 months, or is what is in place today what we are going to move forward with over the next year or so?

Ambassador BREMER. Well, no. They have a very efficient sales and marketing company, which is very good at this. They know how to sell oil and collect the revenues. The things that will hopefully happen is we will export a higher percent than we are now exporting.

Senator SUNUNU. Any concerns about the transparency of that process?

Ambassador BREMER. Well, there are obviously concerns about avoiding corruption in any of the ministries there. It was a corrupt regime. And we have to continue to work and are working with ministers on that. Yes, there are concerns. Sure.

Senator SUNUNU. Have there been specific instances—

Ambassador BREMER. No. There are no—no.

Senator SUNUNU [continuing]. Of corruption that we need to be aware of or concerned of or—

Ambassador BREMER. No. We are going to use standard American accounting and auditing procedures for all of the moneys that are being appropriated. And we are going to watch it very closely.

Senator SUNUNU. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Sununu.

Senator Voinovich.

Senator VOINOVICH. Mr. Bremer, thank you for your efforts and service to our country. And I have been impressed with your leadership, steady demeanor, and willingness to engage Congress on the supplement request. While I believe it is important that we continue our efforts and follow through in our efforts to promote a free democratic and stable Iraq—and I think it is really important that we emphasize regularly to the American people that this is an opportunity that we have, and we cannot miss this chance to stabilize that area. It is important to us. It is important to our children. It is important to our grandchildren. And I think more of that has to be done so the American people understand how important our involvement is there to our future.

I remain convinced, and so do a lot of others, that involvement in the international community is crucial to our long-term success. And we are very pleased that the President has gone to the United Nations.

You have made it clear that the costs involved in rebuilding are going to be huge, upwards to \$70 billion for infrastructure alone. I think you are well aware of the fact that we have massive deficits here in this country. We have growing infrastructure needs and a lot of things. And we have to explain back to our folks in our respective States just what we are doing here.

And many of us have talked to Mr. Wolfowitz and others about the possibility of a loan, in terms of the \$21 billion. The response that we received back is that—that would put you in a very difficult position, that Iraq owes the people that you already mentioned, and the Arab countries, that we are going to be trying to get them to discount those loans, work with the Paris Club to bring them down, as we have in other instances.

Some make the argument that if we are going to rebuild the oil infrastructure, that ultimately we ought to get paid back for that. I mean, there is a certain amount of logic that says if we put money into rebuilding their infrastructure so they can produce the number of barrels that they should be producing, that there should be a return. The answer I get back on that one is, well, that just plays in the hands of the people who say we are there because of oil interests.

All I can say to you is that you may get through this period now with us, but I think there is going to have to be some language connected with any further request coming before this body in terms of infrastructure of some participation by our friends, the French and the Japanese, the Russians and others, the Arab countries. We have rid them of their nemesis; they should be very grateful to us.

These loans that they have to Iraq ought to be waived and some logic brought to this and some common sense of participation. And we want some assurances that is going to be the case, that this is not just going to be Uncle Sugar's, you know, full responsibility.

And I am a little bit skeptical about some of the—you know, you are going to have your donor's conference. Well, I have followed southeast Europe. And I might say to you, you know, we bombed Serbia and destroyed. And, you know, we were supposed to help there. And we said, well, that is not our job, it is the stability pact. But if you go back—and I am going to get the numbers for you—the stability pact has not come up with the money that they said they were going to put into southeast Europe.

So the point I am making is, what are you going to do to try and allay some of our concerns and bring some common sense to this, so that we can explain to the American people that this just is not going to be our load alone, and that the rest of the world, who is going to benefit from a stabilized Iraq and that part of the world and moving forward with maybe dealing with Israel and Palestine, should be paying part of this?

Ambassador BREMER. Look, Senator, I completely understand. As I said in my statement, the idea of having some kind of a loan or some kind of a payback is obviously an appealing point. The problem is we do have a major debt overhang that has to be dealt with.

I think in terms of other countries there is the donor's conference. And there are on the order of \$2.5 billion of frozen assets that belong to Iraq that are in other countries, that we are trying to get those countries to send back to Iraq. They belong to the Iraqis.

You may recall here in the United States we had \$1.7 billion in frozen assets here in the country, which has now been returned to Iraq, and which is part of our ongoing budget. And we are going to try to work with the international financial institutions, particularly the World Bank and the IMF, to come forward as well, as they have traditionally often been able to do in countries in distress, like Iraq.

The paradox, and it is a difficult paradox, is Iraq is a rich country but it is temporarily poor. And we have got to help them get across the next 12 to 18 months to a point where their oil revenues will then begin to be able to cover, and more than cover, as I mentioned to Senator Sarbanes, the costs of running their government.

By the year 2005, we believe that the Iraqi revenues should exceed their expenses on the order of \$4 billion to \$5 billion a year. And that money then can be used to cover some of the gap that we are not going to be able to and not intending to cover, the \$70 billion that the World Bank says they need. The Iraqi people will need to start putting money into that rate construction themselves as soon as they can.

Senator VOINOVICH. Well, I would certainly like for you and other folks that are involved in this to think about some kind of language that we can insert as part of this appropriation that lays out some of the things that you are going to be doing between now and then, and calls upon some of our friends to waive their loans, and to participate, and so forth. So that the next time you come back to us, that we are going to see some other people doing their fair share in terms of Iraq.

Ambassador BREMER. I understand.

The CHAIRMAN. Thank you very much, Senator Voinovich.

Thank you, Ambassador, for your testimony.

Senator SARBANES. Mr. Chairman, can we prevail on Ambassador Bremer to stay for a little while longer? Some of us have, you know, two or three more questions we want to put to him. I do not know when another opportunity is going to present itself.

The CHAIRMAN. Mr. Ambassador, you hear the dilemma. If you—

Senator BIDEN. How about another 10 minutes, please?

The CHAIRMAN. Can we carve out 10 minutes? And would that be satisfactory to the Senators?

Ambassador BREMER. I am expected by another body at noon. I can give you 10 minutes, I guess, but—

Senator SARBANES. All right.

The CHAIRMAN. Please, if you will.

Ambassador BREMER. I understand your desire to ask the questions. And I want to be respectful of that.

Senator BIDEN. My questions basically can be yes, no. You indicated that one of the reasons why you would not want to have the international community in charge of the operation in Iraq right now is you would not be giving our \$20 billion to someone else in terms of how to spend it. Why is not the rest of the world asking the same question? Why would we expect the rest of the world to give "you," meaning us, you know, \$10 billion, \$20 billion, \$30 billion in the process?

Ambassador BREMER. We are not. The donors conference will give birth to a fund that will be managed not by me but by the World Bank. And that has been clear to everybody.

Senator BIDEN. OK. Second question is: What is your primary concern, beyond the \$20 billion, about whether or not you would report to the U.N. directly and be double-hatted? In other words, we have done this many times before, you would be the American running the operation, a U.N. operation, in Iraq. What is your major concern about that arrangement?

Ambassador BREMER. I do not have a considered view on that, Senator. I just do not know enough about how that has worked in the past. And I think this is, as I said earlier to Senator Hagel, this

is a discussion that is undoubtedly going to be taking place in New York over the next week or so, as they look at the resolution.

Senator BIDEN. And the last point I will make is not a question. Assume we meet the targets of having a \$5 billion surplus beyond the needs of the Iraqis in terms of oil exports revenues. That is still going to leave Iraq somewhere between \$25 billion and \$50 billion short.

Ambassador BREMER. Yes but, Senator, one thing to bear in mind, the World Bank assessment of the \$60 billion is that they think is a 4- to 5-year building program. So it is not as if they have to do \$60 billion in the next 12 months.

Senator BIDEN. No, no. I understand. But my point is, if it is over 4 or 5 years, 5 years, if it is \$50 billion, that is 10 bucks a year—

Ambassador BREMER. Right.

Senator BIDEN [continuing]. They are going to come up \$5 billion short a year. I mean, that is a—

Ambassador BREMER. Well, one of the realities the Iraqis have got to face is they are going to have to put a lot of money into their oil fields to develop a better revenue stream.

Senator BIDEN. Are other countries able to bid for contracts to reconstruct the oil fields? Can a French company come in and make a bid, an open bid?

Ambassador BREMER. Yes.

Senator BIDEN. Can a German company do that?

Ambassador BREMER. Sure. That is a matter for the Iraqi Oil Minister to decide.

The CHAIRMAN. Senator Sarbanes.

Senator SARBANES. Thank you, Mr. Chairman.

And Mr. Ambassador, we appreciate your staying on with us here briefly.

I want to address the economic laws you just signed, to which you made reference. Now, these laws allow foreigners to own up to 100 percent of Iraqi industry with the exception of those industries dealing with natural resources, like oil. Correct?

Ambassador BREMER. That is right.

Senator SARBANES. Now, I want to read you a couple of comments in addressing this. One, Jeffrey Sachs, the economist, said that with regard to these new Iraqi investment laws, and I am now quoting him, "I've seen privatizations close up in all the continents of the developing world. And privatization can be important. But it can be terribly abused and misused, as it was in Russia. There would be very little safeguard against the incredible wheeling and dealing that would occur, including wheeling and dealing, by the way, by U.S. interests. And there are no safeguards at the moment that would prevent that."

The Financial Times just a couple of days ago carried a story in which they said, "A member of the Iraqi businessmen's union in Baghdad told the BBC Arabic Service the proposed reforms would destroy the role of the Iraqi industrialist, as Iraqi business groups could not compete in privatization tenders."

And I am concerned about the political ramifications of this economic policy. You know, we might as well be candid. There is a strong perception in the Middle East that the United States went into Iraq to exploit it economically, at least on the part of some ele-

ments. This is a perception left over, of course, from the colonial period. And, you know, there are some who perceive us as part of a new imperialism.

How do you reconcile this need for foreign investment, which, of course, would move the economy, with this strong and negative political perception?

Ambassador BREMER. Let me make two comments. First of all, the foreign direct investment law does not address privatization. Privatization is not on the table at this point. So both Mr. Sachs and the Financial Times, or whoever they are quoting, have not read it. We are not talking about privatizing, for example, the power company, the electrical company, the cement companies. We are not talking about selling, at this time, any of the State-owned enterprises, of which there are 192.

That question will be quite appropriately, as Jeffrey Sachs points out, a matter that needs to be done very carefully over time, in coordination with the Iraqi Governing Council. I have specialists who are looking at that now. We have begun discussions with Iraqi ministries. I would expect that we will get to privatization probably not before the second quarter of next year. And we are very sensitive to the need to avoid the kind of thing that he refers to, particularly in Russia.

Senator SARBANES. Well, does the law that you signed allow foreigners to own 100 percent of Iraqi industry?

Ambassador BREMER. Yes, it does. But the State-owned enterprises are not for sale. And they will not be for sale until we put into place a privatization agency to guard against exactly what Dr. Sachs is talking about. And I do not anticipate having that in place and having the political agreement from the Governing Council in place much before the second quarter next year.

So, he is absolutely right in his assessment but it is not, at present, a question of privatization.

Senator SARBANES. Well, the New York Times on June 23 carried a story, "Overseer in Iraq Vows to Sell Off Government-owned Companies."

Ambassador BREMER. Right.

Senator SARBANES. The article notes that you "vowed today," June 22, "to dismantle that country's State-run economy by selling off government-owned companies and writing new laws to encourage foreign investment."

Ambassador BREMER. Correct.

Senator SARBANES. Now, where does the 100 percent ownership figure in all of that?

Ambassador BREMER. Senator, the Iraqi economy is dominated by 192 State-owned companies. They are not today for sale. There are other companies in Iraq that are semi-private. There are some private companies. If somebody wants to come in and buy those and if the seller wants to sell it, they are now free to buy them. That is what that law says.

There is no privatization program in place yet. We are still working on it for exactly the reasons that Dr. Sachs says. It is extremely sensitive. It is politically volatile, as you pointed out. And we do not want to repeat the mistakes that were made in Russia. So, it is going to take us time.

Senator SARBANES. All right. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Sarbanes.

Thank you again, Ambassador.

The committee will recess until 2:30, when we will again reassemble to talk about Iraq. We thank all Senators and the Ambassador.

Senator BIDEN. Thank you, Mr. Ambassador.

Ambassador BREMER. Thank you.

The CHAIRMAN. Thank you.

[Whereupon, at 12:10 p.m., the committee adjourned, to reconvene at 2:30 p.m. the same day.]

RESPONSES TO ADDITIONAL QUESTIONS SUBMITTED FOR THE RECORD

RESPONSES OF HON. L. PAUL BREMER, III, ADMINISTRATOR, COALITION PROVISIONAL AUTHORITY, TO ADDITIONAL QUESTIONS FOR THE RECORD SUBMITTED BY SENATOR RICHARD G. LUGAR

SUPPLEMENTAL REQUEST FOR IRAQ

Question 1. What steps are you taking that will ensure that the reconstruction efforts build an Iraqi capacity to carry on/maintain reforms after the U.S. and CPA are gone?

Answer. The first step to ensure that reforms have permanence is to provide an inclusive process wherein the Iraqi people participate in developing plans and programs for the reconstruction of Iraq. This is being accomplished through the functioning of the Iraqi Ministries, which are working closely with the Coalition Provisional Authority. Through close cooperation with the Iraqi Ministries, we are fostering pride and ownership in the restoration projects, in addition to utilizing the knowledge and experience of the Iraqi people. Secondly, a secure and stable environment plays an essential role in the reconstruction effort. We are in the process of a recruitment and training program to enhance Iraqi security forces in five areas: 1) police officers, 2) border police, 3) civil defense forces, 4) facilities protection services and 5) the New Iraqi Army. For reforms to endure, Iraqis must feel safe and secure from terrorists, criminals and Ba'ath party loyalists. Also, the Iraqi people must feel that theft borders are secure, without external threats, allowing for a peaceful existence with neighboring countries. Finally, the Iraqi people must freely elect their leadership under a fair and democratic process set forth in a constitution that they will draft and ratify. Ownership and participation in the creation of a democratic state will be a key to lasting reforms. It is the combination of all of these initiatives, reconstruction, security and participative democracy that will anchor reforms into the future.

Question 2. How will laws or authorities you implement now—such as the ones you mentioned about taxes and foreign ownership—remain in place after CPA leaves?

Answers. The Coalition Provisional Authority (CPA) works closely with the Governing Council, the interim Iraqi Ministers and private Iraqi citizens to develop regulations and orders that reflect Iraqi views regarding economic reform and other matters. This collaborative process, therefore, will result in actions by a future internationally recognized representative Iraqi government to preserve many of the provisions of CPA orders or to enact such provisions through the Iraqi law-making process.

In addition, the drafters of the new Iraqi constitution may incorporate into that instrument certain fundamental concepts from CPA regulations and orders, as appropriate.

The future Iraqi government's assumption of responsibilities from the CPA, as contemplated by U.N. Security Council Resolution 1483, will naturally require a process of transition. We have placed great emphasis on ensuring that the CPA's regulations and orders implement political and economic decisions shaped by Iraq's interim leaders, and supported by the people of Iraq.

Question 3. It would be foolish to believe that Iraq will have turned the corners in every sector in 12 months. What will protect the Iraqis in the long term and ensure Iraq remains “free” upon our departure?

Answer. We are providing the Iraqi people with the tools to take over their own security, and we are establishing basic living standards so that violent extremists cannot capitalize on poverty and despair. In so doing, we will create an environment for private investment that will allow Iraq to move toward economic independence and support its own security and essential service needs in the future. All the while, we are working toward the orderly transition to Iraqi self-government. In the past five months, we have made steady progress on all fronts.

Question 4. Is your plan based on a long-term strategy and does it address gaps between your desired endstate for Iraq and the realities of how far Iraq can go in such a short period?

Answer. Our goal is a secure, peaceful, democratic Iraq that will stand against terrorism in the region and no longer threaten the United States or other countries. In the past five months we have made steady progress toward our objectives. Despite occasional acts of sabotage, essential services are being restored, security is improving, the infrastructure for a sound economy is being put in place, and political transformation is underway.

The Coalition’s strategy for achieving these goals consists of several parts. We will provide a secure environment by taking direct action against the terrorist groups and individuals who are attempting to undermine progress, and restoring urgent and essential services to the country. We will seek an expanded contribution by the international community. And we will seek to accelerate the orderly restoration of full sovereignty to the Iraqi people. These elements of our strategy are mutually reinforcing: a secure environment is a prerequisite to restoring services, expanding international cooperation and creating the conditions for democracy.

Question 5. What will the impact be on the CPA program plans and budget for Iraq reconstruction if the \$20 billion requested is tied to a loan guarantee, or any other form of aid besides grant assistance?

Answer. There is no capacity today for Iraq to repay loans for its reconstruction. The economy and infrastructure of Iraq were decimated from wars and years of neglect under Saddam’s regime. Billions of dollars of debt were accumulated to finance the palaces and programs of Saddam Hussein. Billions of new dollars are needed to restore vital services and to provide security for Iraq. Structuring our assistance as loans with little hope of repayment will increase the difficulty of creating a self-sustaining, democratic, and stable Iraq. Lending money for this restoration will also create distrust among the Iraqi people over the intention of America’s occupation. Additional reasons why the funds requested are as a grant, not a loan, include:

- A loan limits the ability of the supplemental to prioritize items according to the United States national interest rather than Iraqi national interest. For example, while building up the new Iraqi army and other security spending is clearly in the United States national interest, the Governing Council may not afford it the same priority.
- While Iraq has a high level of natural resources in absolute terms, these are spread across 27 million people. So, perhaps contrary to public perception, oil alone will not take Iraq to GDP per capita levels comparable to some of the smaller Gulf States (where about the same amount of oil exports are spread across far fewer people).
- The \$20 billion Supplemental request is already sending a message to other countries to donate resources. Providing it as a loan almost entirely dissipates this message.
- France, Germany and Russia hold much of the Hussein-era debt. If the USG provides loans instead of grants, it will completely undercut U.S. diplomatic efforts to have Iraqi debt forgiven or rescheduled, leaving Iraq mired in “red ink.” Creditor nations will ask: “Why should we forgive our debt to Iraq, if the USG is piling on its own?” They will not forgive/renege their debt if it results in the United States getting repaid.
- With the ever-changing security environment in Iraq, Ambassador Bremer needs maximum flexibility to assign funds where they are most urgently needed. Conditions and restrictions placed on loans could needlessly complicate Ambassador Bremer’s task which in turn could have the effect of keeping U.S. troops in Iraq longer.
- In the long run, the U.S. stands to gain a great deal of moral capital for depositing the tyrannical Saddam Hussein and then paying to create a democratic and

prosperous Iraqi state. Such moral capital would be diminished, if not undercut entirely, if the U.S. forced Iraq to pay the U.S. back for its work. Providing loans instead of grants would lend credence to the view that the USG is an occupier, not a liberator, and that the USG is placing Iraq in further debt just to enrich U.S. firms.

RESPONSES OF HON. L. PAUL BREMER, III, ADMINISTRATOR, COALITION PROVISIONAL AUTHORITY, TO ADDITIONAL QUESTIONS FOR THE RECORD SUBMITTED BY SENATOR JOSEPH R. BIDEN, JR.

SUPPLEMENTAL REQUEST FOR IRAQ

Question 1. I am concerned that your plans include no provision for the participation of free trade unions in the reconstruction of economic and political institutions in Iraq. No market democracy in the world today functions without institutions to represent the interests of working men and women, in the economy, in political life, and in civil society. Please explain why you have made no provision for free trade unions as part of the economic reforms enumerated in your reconstruction plans.

Question 2. Free trade unions played a historical role in the transformation of Poland from a Communist state, an example much praised by the Reagan administration at the time. Please explain what you would do to build on that example: to promote the development of free trade unions as part of the economic and political reconstruction of Iraq. How would you take advantage of the resources available through the ILO, the ICF TU, the AFL-CIO international programs, the Department of Labor's international programs, and other entities with experience in this area?

Answer. Although Iraq ratified the ILO Convention pertaining to Child Labor as late as 2001, it has not been a voting member since 1992. However, a Ministry of Labor and Social Affairs delegation will travel to Geneva in November to participate in the Governing Body Plenary of the ILO to reaffirm their commitment to again becoming a fully participating member of the organization. From 1951 to 2001, Iraq ratified 15 ILO conventions, including seven of the eight core conventions. The ILO typically provides assistance to states in implementing their ratifications; we expect that assistance will be provided to Iraq through the ILO's Infocus Program on Crises Response and Reconstruction. Logically, we anticipate that Iraq's renewed participation in the ILO, and the resulting assistance it will receive, will influence the manner in which Iraq modernizes its labor laws. We also expect that independent trade unions will participate in the development of new, progressive labor legislation. Recently, a Deputy Minister of the Ministry of Labor and Social Affairs was assigned a portfolio that includes liaison with the free trade unions emerging in the country.

Question 3. Security concerns have at times slowed down spending on infrastructure projects. What capacity do we have now to begin spending this money? To what extent must the security situation improve before infrastructure rehabilitation can proceed?

Answer. While security has been a major concern since the end of major conflict, reconstruction and work on the infrastructure have proceeded. Contracts with companies such as Bechtel, Fluor Corporation, Perini, and BHEL have been in place and repair/rehabilitation work is ongoing. It is true that some companies, such as BHEL from India, require Coalition troops at their job sites as a condition of work. BHEL is performing work at the Baiji Gas Power Plant and we have accommodated them with support from the military. In other instances, such as in transmission line repair, security remains a concern due to the remoteness of work locations. These concerns were overcome by requiring the contractor to provide security, usually local Iraqi security guards, along the transmission lines being repaired.

The electricity sector is a good example of how security has been provided while reconstruction work proceeded. Shortly after major combat operations ended, there was a large amount of damage done to the transmission network due to looting and, in some cases, sabotage. Repair crews were dispatched by the Ministry of Electricity to effect repairs, but often they were threatened with violence by armed individuals. In June 2003, the Ministry of Electricity (then Commission of Electricity) reestablished the Electric Power System Security (EPSS) force in conjunction with the Coalition's Facility Protection Service (FPS) initiative. The mission of the EPSS is to provide fixed-site and transmission line security for the Ministry of Electricity. The force grew from 1,000 personnel in July to 2,240 by September, and although constrained by a lack of equipment and weapons, they immediately provided 24-hour

protection to over 200 sites throughout Iraq. By mid-September, the number of attacks subsided, and it is important to note that in no circumstance was a repair crew injured or killed while repairing transmission lines, nor was an electrical site attacked or damaged.

If Iraqi reconstruction projects are to succeed in the long term, the threats to the infrastructure need to be neutralized. Resources will be allocated to provide the Iraqi security services and judicial system with the capability to locate, apprehend and successfully prosecute the criminals who attempt to disrupt the infrastructure.

Question 4. The plan calls for two new prisons to be built at the cost of \$400 million. Could you provide an explanation as to why these prisons cannot be built for less than \$50,000 a bed? What will the prisons recurring costs be and how will they be paid? Could you explain further the rationale to build the prisons in such a manner as to "reduce staffing costs" given low labor costs and a dire need for jobs?

Answer. The \$50,000-per-bed estimate was derived by prisons experts. In the United States, maximum-security prisons cost approximately \$100,000 per bed. According to guidance from the CPA Ministry of Housing and Construction, building to Iraqi standards, using Iraqi labor costs approximately one-half to two-thirds as much as a comparable project built to U.S. standards using American labor. We made the most conservative possible estimate of cost.

It was not possible to estimate the cost-per-bed based on past Iraqi practice. First, almost all records of any description were intentionally destroyed. Second, no Iraqi-built facility remotely approached even minimal international standards. Unconscionable overcrowding, rundown facilities, filth, and disease-infected buildings were the standard.

Recurring costs in the United States are approximately \$23,000 per bed per annum. About 65% of that expense (\$14,950) is labor. Labor costs are roughly one-third as much in Iraq as in the U.S. The reduced labor costs yield an annual recurring cost of \$13,033.33 per bed per year ($\$14,950/3 = \4983.33 , added to the residual \$8050 for non-labor costs), or \$104,266,640 per year. That expense may be reduced by the lesser cost of food and utilities than in the United States. After the facilities open, these funds will be paid from the annual Iraqi budget.

The reduced staffing costs are a fortunate by-product of built-in security features that reduce danger from human error or neglect, such as a physical design that leaves no area of the perimeter concealed from guard-tower view. These features will reduce the chances for criminals to escape. The maximum-security prisons will still depend far more heavily on human labor than would a comparable facility in the United States. To the extent that staff can be economized at these facilities, more personnel will be freed to perform critical work in other facilities.

Question 5. There is a provision to provide English training for 20,000 Iraqis at a cost of \$30 million, \$20 million of which is dedicated to salaries. Could you provide more information on the salary structure of the program? Do you intend to hire Iraqis or English native-speakers as teachers?

Answer. The intention is to hire teaching staff qualified in teaching English as a foreign language. Assuming an 8-hour day for instructors, the average cost per instructor is \$40,000 over a six-month period.

Class size: 20.

Number of participants: 20,000.

Number of classes: 1,000 (20,000/20).

Class length: 4 hours/day, 6 months.

Number of instructors needed: 500 (1,000/2).

Salary cost (6 months): \$20 million.

Estimated average salary costs: \$40,000 per instructor for a 6-month period.

Question 6. The plan calls for the creation of 22 Employment Centers to offer "aptitude and ability testing, job counseling, job search assistance and referrals to employment and training opportunities" at a cost of \$8 million. Could you provide more details as to what productive role these centers can provide in an economy which the United Nations has estimated to have a 60% unemployment rate? How will these centers create jobs? Will there be jobs to refer people to?

Answer. On September 16, the first of the planned 22 employment centers in Iraq opened in Baghdad. Since then, the Baghdad Employment Center has received over 8,000 applications from jobless Iraqis. On some days, as many as 1,000 people have visited the center to complete applications for possible employment. To accommodate this growing number, we are making immediate efforts to provide this new labor exchange system with as many job orders as we can.

From experience in other post-conflict economies, we anticipate that entrepreneurial efforts and small businesses emerging unseen within the Iraqi economy to take advantage of the infusion of donor investments. We hope to solicit job orders from these as well as larger enterprises through an effort that has four thrusts:

(1) In the near future, we shall offer on-the-job training contracts to enterprises in Baghdad that find it difficult to hire workers having specific kinds of skills.

(2) We are contacting international contractors to estimate their job demand and encourage them to list job vacancies with the Job Center.

(3) We are also hiring a cadre of Iraqi job developers who will canvas sectors of the city contacting businesses of all sizes to gather estimates of job demand and solicit job orders.

(4) We intend to capitalize on Iraq's talented work force by advertising the availability of applicants with advanced degrees in publications that reach commercial interests, international contractors and investors. Those who have submitted applications to the Baghdad Employment Center appear very qualified. While less than 20 percent of those on the employment center's register lack high school diplomas, 37 percent have completed high school and another 26 percent have baccalaureate or advanced degrees. From our experience, such a degree of collective academic achievement is not typically found on a register of unemployed applicants.

Developing job opportunities is a high priority for the CPA. We recognize that credibility for the new Ministry of Labor and Social affairs and appreciation for the Coalition's assistance will increase when Iraqis have evidence that the emerging employment centers provide job opportunities.

Question 7. The "Catch-Up Business Training" provision calls for developing "a cadre of businesspeople and entrepreneurs in business fundamentals and concepts" at a course of \$10,000 per pupil for a 4 week course. Could you provide more details as to how these figures were arrived at? Given that \$20 million—the cost of the program could put thousands of Iraqis to work on public works projects, could you explain how these programs will help create the maximum number of Iraqi jobs?

Answer. Iraqi business managers have no training or experience managing businesses in free markets, nor do they have any exposure to international accounting standards, capital markets, or foreign trade. There is currently no faculty in Iraq qualified to teach these skills. The "Catch-Up Business Training" program will require bringing to Iraq, faculty from the U.S. and possibly elsewhere. The cost estimate assumes a 10 to 1 student/teacher ratio, a per teacher cost of \$1500 per day including travel expenses, accommodations, and incidentals. An additional cost of \$250 per day, per student for travel, accommodations and incidentals is required. The remainder is dedicated to program overhead, i.e. curriculum development and program management. By training more highly skilled business managers, the "Catch-Up Business Training" will create jobs through higher quality business management, thereby achieving higher growth rates and increased demand for jobs.

Question 8. The Witness Protection Program calls for 100 families to be relocated at a cost of \$1 million per family. Given Iraq's economic conditions, these figures seem high. Could you provide more information as to how these figures were derived and how the CPA intends to relocate families? Broadly speaking, where and in what conditions will relocated families live?

Answer. The figures were derived from costs encountered in pricing witness protection and relocation costs in Kosovo, including consultations with the International Criminal Tribunal for Yugoslavia, and from costs associated with United States practice. One reason for the high cost is the robust and constant security that is necessary to protect anyone who cooperates in making a new and free Iraq from terrorist elements. The terrorists have already conducted bombings at the U.N., two police academies, and the Baghdad Hotel, and have assassinated a Governing Council member, a Spanish diplomat, a Sheikh, and a translator working in courts to coordinate with the Coalition. A second reason for the high cost is that because Iraq is smaller than the United States, with networks of terrorists and organized criminals, relocation abroad will often be required. Relocated families will live in conditions comparable to those of similar families in the country where relocation occurs. Relocations will also be made within Iraq. Experience over the past decade in the former Soviet Union, Eastern Europe, and Colombia confirms that justice cannot triumph over violence without credible witness security. One lapse would be fatal not only to the witness but to the crime- and terrorism-fighting endeavor. Moreover, revenge killings based on family or tribal loyalties are an unfortunate but common-

place phenomenon. Finally, families in Iraq are large. It is common for a family to have more than six children; and extended families often live together, expanding the number of kin susceptible to vengeful retaliation.

Question 9. The budget request includes \$150 million to begin a new “state of the art” children’s hospital in Basra that will cost \$500 to \$700 million. I’m told that there were some objections on your staff to this project and developmental experts I have consulted do not believe this is the most efficient way to improve pediatric care with the available resources. Given that under your plan 200 hospitals can be rehabilitated and 900 clinics reequipped for \$393 million, can you please explain how this \$150 million project will help Iraq provide health-care to the largest number of Iraqis in the most efficient manner possible? What will be the recurring costs of the project on a year-to-year basis?

Answer. The Basra area was among the most neglected under the former regime. Shi’ites in this area were particularly persecuted. Healthcare needs and health infrastructure were neglected for years. The Basra Children’s Hospital, with state of the art care, would send a strong signal to all of Iraq that the U.S. is committed to assisting the Iraqis provide quality healthcare services regardless of geographic origin, ethnicity, or religion.

This facility is part of an overall effort to restore and enhance Iraq’s healthcare infrastructure to meet current and future needs. This effort includes, where appropriate, new construction, rehabilitation of existing facilities, and an aggressive community based maternal-child health program.

Question 10. Ahmad al-Barak, a member of the Governing Council, was quoted in the New York Times as saying that if they were in control of spending the money, with CPA supervision, that in some cases the savings could be factor of 10. “Where they spend \$1 billion, we would spend \$100 million,” he said. What is your reaction to Mr. al-Barak’s assessment? At the present, what level of control of the spending, if any, is appropriate for the Governing Council?

Answer. The Governing Council has oversight of current spending of Iraqi funds through the budgeting process. Just recently, after close consultation with the CPA and its own ministers, it approved the 2004 budget of \$13.5 billion dollars. It must be noted that the Coalition has completed thousands of projects in the past six months, many of which have been carried out by Iraqis. In fact as of September 30, 103 of 140 contracts awarded by Bechtel have gone to Iraqi companies. We will continue to work with the Governing Council to ensure all possible cost-saving measures are taken into consideration.

Question 11. In your testimony, you noted that “security is the first and indispensable element of the President’s plan.” Yet although the request outlines almost \$51 billion for securing transmission lines, only \$50 million, less than 1%, is dedicated to securing the electrical infrastructure and no details are given. \$60 million would be dedicated to providing security for the oil infrastructure. A critical component of the Iraqi resistance to the CPA is attacks on “soft” targets. Attacks on oil pipelines can cost millions of dollars a day, while attacks on the energy infrastructure seriously undermine our efforts to win the hearts and minds campaign. Could you please provide some more detail on how these requests will adequately guard Iraq’s fragile oil and energy infrastructure and contribute to a more stable Iraq? What is the capacity of the existing Electricity Commission Power Police?

Answer. We anticipate that the energy infrastructure will need security during and after reconstruction. Both the oil and electricity ministries have implemented increased security through the use of their security forces, as well as contractor support. For example, we currently have 2240 electricity security force personnel fully outfitted and in place. We will be increasing that number to 4000 in the near future. We will augment these forces through the use of contractors and aerial surveillance of the entire transmission line. We have also contracted with tribes near the lines to provide additional security. We believe the energy infrastructure will be adequately covered with the security programs funded in the supplemental request.

RESPONSE OF HON. L. PAUL BREMER, III, ADMINISTRATOR, COALITION PROVISIONAL AUTHORITY, TO AN ADDITIONAL QUESTION FOR THE RECORD SUBMITTED BY SENATOR GEORGE ALLEN

SUPPLEMENTAL REQUEST FOR IRAQ

Question 1. Do you intend for the wireless work to be done by American firms?

Answer. The tender approach used, as previously reported to Congress, ensured a fair and level competitive basis. The intent of the tender was to be as technology neutral as possible and to insure CPA received submissions, to include from U.S. firms, which were compliant with meeting the telecommunication requirements for Iraq. Since the submission of bids closed on 21 August, a team of experts drawn from Iraq, the U.S. and the UK has analysed and compared proposals. A majority of that team was made up of Iraqis; a panel consisting of two Iraqis and two CPA officials made the final recommendation. 35 companies submitted a total of over 100 bids for the three licenses offered. The Iraqi Ministry of Communications assessed the bids against a list of criteria prepared before the bids were received. The criteria were designed to ensure an objective and fair assessment of the merits and failings of each bid. On 6 October the Iraqi Ministry of Communications announced its selection of three consortia to provide initial wireless service in Iraq. While an American firm did not win one of the bids, one of the winners already announced that an American company would be one of its primary equipment suppliers; other American companies may also sub-contract to the winning companies.

RESPONSES OF HON. L. PAUL BREMER, III, ADMINISTRATOR, COALITION PROVISIONAL AUTHORITY, TO ADDITIONAL QUESTIONS FOR THE RECORD SUBMITTED BY SENATOR JOHN F. KERRY

Question 1. In testimony earlier this week before the Senate Appropriations Committee, you were asked if this was the last supplemental request that the Congress will be asked to approve for Iraq or if you expect to be back asking for more next year. And you responded to the effect that you don't anticipate coming back for another supplemental "of this magnitude." What magnitude do you anticipate?

Answer. The administration has said that it expects this to be the only FY 2004 supplemental for Iraq and Afghanistan. On September 7, 2003 the White House issued a statement that said, "We believe our plan will obviate the need for future requests, and certainly for requests of this magnitude. Future Iraq-related requirements we would hope to address as part of our regular foreign operations annual request."

Question 2. The World Bank, as you know, estimates that reconstruction in Iraq will cost \$65 to \$70 billion over the next four to five years. The President, in this supplemental, is asking for about \$20 billion, and you have said that it is for emergency needs. You and others in the administration have stated that you hope the international community will cover the remaining needs through pledges at the upcoming donor conference in October. What happens if they don't? Does the administration have a game plan for that contingency?

Answer. The administration continues to expect that needed funding above the \$20 billion will come from the international community and Iraq's own resources. The \$20 billion the President requested is not intended to cover all of Iraq's needs. The bulk of the funds for Iraq's reconstruction will come from Iraqis—from oil revenues, recovered assets, international trade and direct foreign investment, as well as from contributions we've already received and hope to receive from the international community.

Question 3. Mr. Ambassador, in his speech yesterday at the United Nations, the President made the point that as a young democracy, Iraq needs support. He said: "And all nations of good will should step forward and provide that support." However, the President offered very little to those nations who want the United Nations to play a larger, more clearly defined role in Iraq's reconstruction and governance.

What is the objection to putting these processes under the authority of the United Nations?

Wouldn't this significantly increase the prospects of getting other countries to provide the \$40-\$50 billion additional resources that Iraq will need, beyond the \$20 billion the President is asking the American people to provide?

Is it really fair to put the American people in a position where they may have to foot the entire bill for rebuilding the country because the administration refuses to compromise?

Answer. More than 60 countries are already contributing to Iraq's future, and the coalition of nations now in Iraq is acting under international law and United Nations Security Council Resolutions. Over thirty countries are providing military forces, and the British and the Poles are leading two multinational divisions. Coali-

tion forces other than the United States have increased from 14,000 to 21,000 since May, and U.S. troop levels have fallen by 12,000.

As of September 30, 2003, international pledges and contributions to the humanitarian and reconstruction effort in Iraq totaled nearly \$1.5 billion. Since then, both Spain and Japan have announced significant financial assistance. A major international donors' conference is currently underway in Madrid, Spain with the goal of garnering additional contributions.

The United Nations can contribute greatly to the cause of Iraqi independence—indeed, the UN is already carrying out vital and effective work in Iraq. We worked with other Security Council members and unanimously passed a new UN Security Council resolution (UNSCR 1511) that strengthens the UN's role in Iraq.

Question 4. Ambassador Bremer, the interim Governing Council has already assumed some degree of authority in that they are making appointments, passing laws with your signature, and spending money. Do Iraqis see the Governing Council as legitimate and what has the CPA done to enhance that legitimacy? If they do, why cannot sovereignty be transferred to them as an interim government just as we did with the Karzai administration in Afghanistan?

Answer. Broadly speaking, the Iraqi people do see the Governing Council as a legitimate interim body. A recent Gallup poll showed that 87% of Iraqis gave positive ratings for the Iraqi Governing Council. The Council's legitimacy will continue to grow on a daily basis. Already, they have begun passing laws, sending delegations to advance Iraq's interests around the world, planning the upcoming constitutional process, and assuming responsibility for governing their country. On September 1, the Council appointed 25 interim ministers to lead each of Iraq's 25 ministries. The ministers are directly responsible to the Council, and will quickly assume responsibility of the day-to-day operations of the Iraqi government. We intend to hand over increasing authorities to the Council and its ministers as quickly as possible.

The Iraqi people's growing confidence in the Governing Council is a hopeful sign for the future of Iraqi self-government. But the people also understand the importance of moving carefully—but quickly—to the restoration of sovereignty to Iraq. They understand that a fully sovereign government should take power as soon as free elections can be held and that these elections should take place under the framework of a new constitution. Moving to restore sovereignty too quickly risks upsetting the deliberate progress we have already begun to undertake. Political parties in Iraq need time to establish themselves and build constituencies. The various ethnic and religious groups inside the country need time to work together and build confidence that a future Iraq will protect the rights of all citizens. Iraqis realize, too, that the Coalition military needs to be able to operate throughout the country, rooting out terrorists and remnants of the previous regime.

In short, the Coalition has an important role to play in structuring a constitutional process that preserves Iraq's territorial integrity, builds democratic institutions, and guarantees religious freedom. We intend to pursue these goals by providing a secure and supportive framework for discussion throughout Iraq as the constitutional process takes hold. At the same time, we will continue to devolve power and authority to Iraq's interim leaders. In this way, we will proceed as quickly as possible to establishing an elected Iraqi government that is fully sovereign, and fully legitimate, under a new and fully democratic permanent Iraqi constitution.

Question 5. What do you think we need to do to improve the security environment in Iraq? Are more troops needed?

Answer. From the perspective of someone who lives in Baghdad, the security environment is improving. The most salient evidence of this is the thriving commercial environment, which could not exist in an atmosphere of crisis.

The security situation will be improved by two programs already in train: First, by Coalition forces aggressively pursuing the bitter-enders and other foreign and domestic terrorists. This program shows results every day in arrests, discovery of weapons caches and direct encounters. Second, by the patient hiring, training and deployment of Iraqis in the security services—the New Iraqi Army, the Border and Customs Police, the Facilities Protection Service, the Iraqi Civil Defense Corps and the Iraqi Police Service. Over the next two years, we expect to bring sufficient numbers of Iraqis under arms in specific security disciplines to significantly diminish reliance on Coalition forces to maintain security.

While we welcome additional allied contributions to Coalition forces, I believe that our aggressive pursuit of terrorists and the steady, planned increase in Iraqi security forces obviates any need for additional U.S. troops.

Question 6. What level of training are the new Iraqi police, border guard's, civil defense and military receiving? How many fully trained people in each of these cat-

egories will you have by the end of next September? When will you be able to fully turn over the security functions to Iraqis?

Answer. Each Iraqi security service is receiving training appropriate to its functions. For instance, the Iraqi Police Service currently consists of a majority of rehired former Iraqi policemen. These individuals have basic policing skills that need to be reinforced and supplemented with additional training in democratic police techniques, skills development, crime fighting and respect for law. By late November, a police training facility in Jordan will begin providing Iraqi trainees with an eight-week course designed and managed by the Justice and State Departments. Subsequently, IPS will receive on-the-job training and advice from U.S. and international civilian police advisors/mentors (CivPol) in stations around the country.

The New Iraqi Army (NIA), Iraqi Civil Defense Corps (ICDC), Border and Customs Police (BCP) and Facilities Protection Service (FPS) all are receiving comparable training appropriate to their security functions. These organizations already have taken over specific security functions or are working in conjunction with Coalition forces to improve security. All security functions will be turned over to Iraqi forces when they are fully trained and functioning.

Currently planned force levels for which supplemental funding is now being sought, with target dates for those plans to be executed are:

NIA:—27 Light Infantry Battalions by end of 2004 (approx. 40,000 personnel, including command, support and specialized elements).

ICDC:—18 Battalions by early 2004 (more than 15,000 personnel).

BP:—More than 20,000 by September 2004.

FPS:—Approx. 20,000 with a goal to expand in 2004.

IPS:—Approx. 70,000 trained, and in service, including 25-30,000 graduates of international training course, by 2005.

