Thank you, Henry. It's great to be back here, and I would like to begin by leveraging off the excellent last panel. There is, in Washington, a sense that the election, in less than three weeks, will somehow affect Iraq policy. I respectfully disagree.

Iraq policy obviously will affect the election. But what will affect Iraq policy is Iraq, and that is the key starting point, and I must say with the greatest of regret, something I never thought I would ever say in my life: Iraq is much worse than Vietnam. Henry and I first met in Vietnam, a stunning 40 years ago, when he was an adviser to the U.S. government, and we've been through a lot of ups and downs, but I think we both agree that Iraq is more complicated and, arguably, much more consequential than Vietnam.

Now I want to present you not a very good picture of where we are, but I think the only way to move forward and return to our overwhelming core strengths of national character—the economy, the diversity of our people, and strong political leadership—is to be honest about the present situation. And while the world is filled with major problems, like Darfur and AIDS, and the Arab-Israeli question, essentially we face three crises and one emergency right now. That is circuit overload for anyone, and particularly for this administration, whose internal functionings I believe are dysfunctional.

The three crises, of course, are North Korea, Iran, and Afghanistan. The emergency is Iraq. You need look no further than this morning's papers, where a major battle is reported yesterday in the town of Amara, a city of about 250 to 350,000 people, halfway between Baghdad and Basra. And who is this battle between? Two Shiite factions, whose animosity stretches generations back, are having a raging battle in the streets of Amara for control, while the British troops have pulled back and Maliki has sent intermediators there.

Such a situation is almost beyond contemplation. Presumably, the major external influence in this will be the Iranians. After the midterm elections, and regardless of their outcome, President Bush will face the most difficult set of decisions any president has faced since at least Vietnam, and possibly since the Cuban Missile Crisis, and those will concern primarily Iraq. He will have three basic choices. In the simplest terms: stay the course, escalate or disengage.

Now, stay the course is really not a policy or strategy, it's just a slogan, and while it has domestic political value (although declining), it doesn't really mean anything. There is no course to stay. We're on a deteriorating wicket. Everyone has said that, including James Baker and his Baker-Hamilton commission. He said this publicly.

So the president's real options come down to escalation and disengagement. I want to stress that I will use the word "disengagement" instead of "withdrawal" in the next few minutes, in order to stress that there is a difference, an important one, because we have national security interests in the region, and I
think rapid withdrawal, particularly on a fixed timetable, would be a disaster.

Now those choices, ironically, are roughly the same choices which President Johnson faced in '65 and again in '68, and the, Nixon-Kissinger Administration faced in '69.

Johnson escalated in '65, put a cap on the troops in '68, and I was a very junior member of the Johnson White House and the Paris peace talks to Vietnam, so I lived through it, and I watched a group of towering American officials confront the drama. Then finally, in '68, having put a cap on our troop levels at 550,000, LBJ conducted a muddled and confused negotiation in Paris and passed the problem on to his successor. The Nixon administration drew the forces down very slowly, negotiated, and had them down, if my memory's correct, to about 130,000 by the time the negotiations reached their end in 1973. I would also point out, going further back in history, that one other president inherited a war and brought it to an armistice within six months. That was Eisenhower, in 1953.

I mention these historical precedents, because with time running out on the Bush administration, I think it virtually certain, that whoever the next president is, that president will say we're going to have to disengage from Iraq.

As for President Bush, can an embattled wartime president make the choice for disengagement? It's very difficult. If Iraq is as important as George W. Bush keeps saying it is, then he should have sent more troops on day one, and he should still send more troops, if he really means it. There are a couple of problems with that. We don't have the troops. The public won't support it.

We need more troops in Afghanistan too. That is a long-term war that we're going to be in much longer than Iraq, and which we cannot afford to leave because Taliban and al Qaeda will return.

There is no military man who will tell you that X additional troops will definitely turn the tide. They'll just say X military troops are needed tomorrow. Then you're on a slippery slope, which I would call, with all due respect, the McNamara Option. I don't think we ought to revisit that. But if Iraq was as important as President Bush thinks it is, he never has sent enough resources.

This leads to the third option: disengagement. I will propose some specifics in a moment, but I want to make a point here about the way policy should be conducted, as opposed to the way it is conducted, in Washington. The way policy is usually made in Washington is not to reach strategic decisions, but make tactical decisions, day by day, reacting to the press, compromising between factions. There's no coherence.

Henry—and I am going to praise him for once, in public, which will stun him—Henry had a strategic view, as did President Nixon, whether you agree with it or not. This administration is divided, internally, between its three elements. There's the neocons and the concons—the difference between the neocons and the Edmund Burke conservatives, and then there are the traditional pragmatic realists, including a lot of career diplomats and career military, and the war between them does not provide for a strategic sense.

But the way to make policy is to reach a strategic decision on your goal and then work towards it. I'm not saying that the administrations I was associated with were so great at this either, but we never faced anything at this level of crisis. But, for example, we slopped around in the Balkans for a long time before we decided to step in, and we never made that decision in places like Rwanda to great cost and tragedy.

Disengagement should be our strategic goal. Now what do I mean by disengagement? First of all, I believe that we should consider redeploying a certain number of forces to Northern Iraq, to separate the Kurds and the Turks fast. The tensions are rising but the area's still safe. Six weeks ago, the Turks were
on the verge of invading Northern Iraq, very close. The administration appointed General Ralston, the former NATO supreme commander, former vice chairman of the JCS, an excellent man. He went to Ankara and got it under control, but nearly 90 percent of the Turkish public wants to go in.

The American troops in that area would serve three purposes. The buffer between a critical NATO ally and a pro-American group that really wants to be a separate nation but can't get there from here. Secondly, an over-the-horizon capability to go back into the rest of Iraq, if and when we leave those parts of it, to go after terrorists and other targets of opportunity. It's much easier to do it on the ground from Kurdistan than it is from, say, Kuwait or Saudi Arabia. You can do it on the ground, you don't have to get international permission, and so on. And third, it allows President Bush and the administration to say we're not pulling out of Iraq, we're just redeploying.

The second part of this is negotiations. It's axiomatic that anything the Iraqi factions themselves agree to is going to be acceptable to the U.S. We have no national strategic interest in who's the minister of interior and who's the minister of finance, and so on. What we care about is stability in the region, and we have to recognize that all options are bad. This is about limiting the damage inside Iraq, trying to prevent the kind of bloodbaths which followed the British withdrawal from the subcontinent in 1947-48, Cambodia in 1975, and Rwanda in 1994, and many others. That should be our first priority—policies which limit the chances of this disaster.

President Bush keeps saying, if we withdraw, that will happen, but the truth is it's happening now. Hundreds of people are being killed every day. The numbers being reported in the papers are clearly low end because they only are Baghdad. And 40 to 60,000 deaths a year, murders, are going on now and that number is going to increase. So we have to do that.

Secondly, we have to deal with regional collateral damage. I've already mentioned Turkey. We also have Syria and the core of the problem in the region, the strategic challenge, which is Iran. Here I would stress that we cannot do the Iran project, containing Iran, dealing with its aggressive support of Hamas and Hezbollah, its disruptive effect on the region.

There is a real risk that the country to the north, Uzbekistan, will explode and be the next Islamic republic, because the choice there is increasingly between an authoritarian communist, Karimov, and a growing Islamic terrorist movement. Yesterday, in the paper, you may have seen that President Nazurbayev of Kazakhstan announced that they're building a fence between Kazakhstan and Uzbekistan. A fence. We'd never do that in our country, right? And so we should limit the collateral damage and focus on Afghanistan.

Now specifically, all of you in this room are familiar with the fact that at least three prominent Americans—Les Gelb, Joe Biden, and somewhat separately, Peter Galbraith—have proposed that we explore more aggressively a loose federal system with greater power to the regions, which they call a Dayton-like solution, because it's roughly what we did in Bosnia.

For reasons unclear to me, everyone in Washington says this is unworkable and it will lead to chaos. But two weeks ago, the Iranian parliament voted, overwhelmingly, to do just that, to give the regions authority to regroup as semiautonomous regions, if three or more provinces wish to regroup, with a very interesting proviso. The parliament said 18-month delay. It seems to me that the administration ought to embrace this, use it as a way to say okay, you want to start negotiating this in 18 months? Fine, let's work on it. The key of course is revenue-sharing of the oil revenue.

If it doesn't work, we lose nothing by trying, and if we don't try something, we're going to go down and down and down, and then the choice will no longer be disengagement, redeployment. It will be simply
withdrawal, under terrible circumstances.

Delay just keeps eroding our options and drives us further and further towards the least desirable of all issues, a withdrawal on a fixed timetable, something which President Clinton unwisely did in Somalia, the Nixon administration was forced to do in Cambodia, and which violates all the things I believe—and in diplomacy, you don't give away your flexibility and leverage by getting caught with fixed timetables. But if they don't make a better effort for disengagement, choices will drive them towards the worst option.

Thank you.

Richard Holbrooke is vice chairman, Perseus LLC, New York, NY; former U.S. ambassador to the United Nations; former U.S. assistant secretary of state for European and Canadian affairs; former U.S. assistant secretary of state for East Asian and Pacific affairs; and former U.S. ambassador to Germany. He is chairman of the Asia Society and the American Academy in Berlin.