A VIEW FROM BAGHDAD

Address by

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Well, it's an honor to be here. It was certainly an honor to be in Baghdad. I had never had the opportunity of serving with as dedicated and committed a group of both military and civilians and from something like 18 countries represented in CPA and something like 30 plus in the military force.

My direct responsibility was for security in the traditional external sense of the military and the intelligence services, but there were obvious links to the police and the other internal security and law enforcement elements, and even more important to the political efforts.

I want to begin by emphasizing that the stakes are very, very high in Iraq. If we are successful, it means that there will be an Iraq that offers a decent government to its people, that it would be a model for the region and perhaps most important, that instead of being a source of conflict and trouble, would be a source of stability and constructive pressures. Conversely, a failure there would risk a civil war, another authoritarian regime and a huge setback to the interests not just of the countries in the coalition, but of the whole world.

Whatever you thought of the war, and I have to say that I personally – no one is ever in favor of the war, but I believe that the war was justified. But whatever you thought of it, the stakes in Iraq today are something that unites free peoples everywhere.

To summarize, a great deal has been accomplished in just six months. For comparison, it is interesting to go back and look at the press in the United States for the winter of 1945-46 when the Saturday Evening Post had a story, which said "How We Botched the Occupation of Germany." And the infant mortality rate in Berlin in the winter of 1945-46 was something like 92 percent. People forget that.

We look back on the occupation of Germany and Japan rightly as huge successes. People forget that success in those countries took a long time and mercifully, in those cases, we did not have an active opposition, a fighting opposition, from the Nazis and the Japanese militarists, and that is in a sense the situation we face in Iraq.

I think the situation is not nearly as grave as the media portray it, but it is certainly not satisfactory and there is much more to do and the challenges are very serious. The CPA strategy is to work on four different, but related fronts. First, and arguably most important, to establish security. Second, to provide the essential basic services to the population. Third, to build the economy and finally, to help set up a democratic government.

As I said, my principal responsibility was in the security area. The security problem is compounded by the complex nature of the threats. Numerically and operationally most serious are what the Pentagon, for lack of a better term, calls the former FRLs, Former Regime Loyalists. In some ways, I think they have given themselves a better name, which is the Return Party, which is the name of one of their front organizations. That is they are the people who are dedicated to the proposition that Saddam Hussein or one of his cronies should come back to power. There are probably not more than a few thousand of these Returnists. General Abizaid recently said that his estimate is that there are about 5,000. It's important to make the point that that's 5,000 out of a Baath Party of more than a million and a half. We sometimes called them ex-Baathists, but it's a tiny minority. It is the people who did very well out of the old regime.
They have the advantages of strong personal links, nothing to lose, access to lots of money. We confiscated whole 18-wheelers full of currency – something like $1 billion – and there is no reason to believe we got all that they were trying to take out of the country. They have weapons, considerable experience, they are driven by a belief in the possibility of returning to power based on the fact that Saddam came back once when he was in jail in the '70s and in his mind came back in 1991 after the defeat in the first Gulf War, and they have absolute ruthlessness.

On the other hand, they have real weaknesses, the most important, I think, is that it is a huge misnomer to call this an insurgency, much less a resistance, because of the lack of public support in the Iraqi population. What support the Former Regime Loyalists have is based on fear and intimidation. And even, I think, the term guerrilla is appropriate only as a description of the tactics as to which it is fair, and not the political character of the struggle.

These people, I think, are responsible for most of the individual military style attacks, the ambushes, the mortars, the VBIEDs. Strobe Talbott at breakfast told me I have to stop talking in acronyms, but VBIED is a "vehicle-borne, improvised explosive device" or, otherwise, car bomb. They are also, since they have no scruples about anything, quite prepared to work with other groups either overtly or covertly with whom they have no ideological affinity.

Second, and probably responsible for most of the spectacular suicide attacks are various terrorist groups with some base in the country, mostly with some vague connection to a radical Islamic Sunni agenda. The Iraqis tend to call them Wahhabists, which is less a matter of a real relationship to the Saudi sect than a general Iraqi term of contempt for Saudis in general and for radical Sunnis in particular. The outfit called Ansar Al Islam is probably the most powerful of these.

They have somewhat different tactics. I think we can assume most of the suicide bombings that are not done by other terrorist groups are done by them rather than by the Returnists. They have a somewhat different support base from the Returnists in a very conservative Sunni elite that is not necessarily pro Saddam, but very scared.

And then there are external terrorist groups, Al-Qaeda being the leading one, who find Iraq a congenial environment both because of the general disorder and easy access across porous borders, and also because of some support from elements in the population.

All of these groups take advantage of the porous borders, so that even the strictly indigenous Saddamists, or in another term that I kind of like, Saddamites, use foreign countries as sanctuaries and as operational and training and financial bases.

And also very important are the ordinary criminals, and also various internal score-settling movements. Ordinary crime is what most rank and file Iraqis mean when they talk about security. It's almost inevitable that there would be a rise in crime in the aftermath of the collapse of the old system for keeping order, and it has all been exacerbated by Saddam Hussein's general jail delivery a year ago when he let something like 100,000 people out of prison. Some were probably political prisoners, although many of them where murdered before the amnesty, but a very large number were simple criminals. At one period of time earlier this year, something like a third of all the people the police arrested were among those who had been released a year before.

And then some of the problems arise from normal popular discontent. In Basrah, where the British are always telling us they have found this wonderful way to work peacefully, there are frequent riots and so on, they tend to be the sort of thing that causes riots in any country, electricity being out for awhile, or people not getting paid, that sort of thing.

The first point on the security situation is that Iraq is not a country in chaos. This is not Mogadishu. This is not even Beirut. You go out at night. The streets are full of people. The traffic problems are incredible, exacerbated by the fact that gas costs a nickel a gallon. The shops are full of goods. The stores have plate glass windows. They close up at night. You know, they lock them up and they have a guard maybe, but the shopkeepers have enough confidence to have glass windows in their stores.

The risks to ordinary Iraqis are low. The crimes rates are higher than they are in Washington or New York, but they are probably not that different from Karachi or Cairo.
Moreover, it remains very much true that the attacks on coalition forces and the problems are mostly concentrated in an area, which is roughly called the Sunni Triangle, which could be said to run from Mosul in the north to Ar-Ramadi or Fallujah and Al-Anbar Province in the west to somewhere just south of Baghdad. You look at a scatter diagram of where the incidents are and they are almost all concentrated in that area. And even in Baghdad, they are concentrated in two or three neighborhoods.

That said, the situation is clearly not right and not indefinitely sustainable. There has been an increasing level of attacks from 10 or so a day in May or June when I arrived to 30 or more in the recent period. Most of them are various kinds of mines and command detonated bombs, ambushes, standoff shootings and mortars and RPGs.

But we also have to face the fact that the enemy is learning just as we are. There is better coordination. There are more complex attacks. For example, a favorite tactic is to set off an IED, stop the convoy and then ambush the people who get out of the vehicles to try to help those who have been injured in the initial attack. There also have been a series of attacks on aircraft, shelling of high visibility coalition targets, and there have been some coordinated well planned terrorist attacks, most notably the simultaneous attack on five Baghdad police stations a couple of weeks ago.

There has also been, as you know, a series of probably suicide attacks first on the Jordanian embassy, then on the United Nations office, then the murder of Hakim, the murder, which was not a suicide attack, of Governing Council member Madame Hashemi, the recent attack on the Carbinieri in the south.

In this country, understandably, the principal attention is on the casualties to American forces, but I believe that the highest vulnerability is not attacks on the coalition military or even on the coalition civilians, but on the NGOs, on the international organizations, and particularly on the Iraqis who cooperate with the coalition.

Broadly, all of these threat groups share a common goal of trying to make the place too dangerous for outsiders and too fearful for Iraqis and, therefore, hope to force a premature withdrawal when they would take advantage of the vacuum.

Now, there are many fronts to our response. Central to all of it is better intelligence. This is not mostly a technical problem, but a human problem or human intelligence problem. We have to face the fact that the Saddam clique is a very tough target. It's more like the mafia than any other organization that we have ever dealt with. They have internally very good counterintelligence to detect penetrators and disloyal people. They have a close-knit group who have worked together to exploit the country for years and years and, therefore, they are a very difficult intelligence target. We need not only better collection, but better analysis.

This has been a high priority. We have set up a fusion center to provide all, to combine all the resources to develop Iraqi efforts. We have made some real progress, especially in getting cooperation from ordinary Iraqis. Things like the attack on the police stations had begun to convince many Iraqis that this is not simply a conflict between the Former Regime Loyalists and the terrorists and the coalition, but also an attack on their own livelihood and their own friends.

We get lots of walk-ins, lots of incidents in which an ordinary Iraqi will come up to a soldier or a policeman and say you ought to look on the other side of that fence, there is something there you want to look at, and we'll find a bomb. Moreover, to some degree, the increasing sophistication and coordination presents some targets for intelligence that would not exist with a wholly localized and disjointed effort.

The second element is a robust military response. It has always been wrong to imagine that the coalition military forces have been passive, holed up in their camps. The Combined Joint Task Force does thousands of patrols every day, scores of raids aimed at known targets, and with better intelligence we're able to strike out, preempt and disrupt, and some of that has been done in the last few days.

The problem, of course, is that the key remains intelligence. Precision weapons require precision intelligence and while a robust application of overwhelming force is itself a way of convincing the population of our steadfastness and our power, which is a very important element of the effort, it has to be aimed at valid targets. Otherwise, we just cause civilian casualties, which are militarily ineffective and politically and psychologically very counterproductive.
The third element, and one which I was very much involved in, was getting Iraqis into assuming the first line burden of security. It is, after all, their country. They are the best equipped in the long run to deal with the security problem. And various different kinds of security forces are being developed. These range from professional, highly trained, well-equipped police and military forces at the one end of the spectrum to people who are simply guards with a few days training sufficient for that limited role.

There is $5 billion in the supplemental to support this effort, and we need and hope for the support of other countries to help with training and equipment and other kinds of support.

Just very briefly as to some specifics. We're going to train a new army, which will be something like 35,000 or 40,000 by a year from now. Its primary mission will be external defense, but it will, like the coalition military forces today, contribute to meeting the internal threat.

Police is a special problem. In any properly run society, it is the police who maintain order. It is the police who deal not simply with ordinary criminals, but up to a pretty high threshold who deal with threats to internal security. So far we have had to rely on the old police who sometimes have done all right and sometimes have done extraordinarily badly. The plan is to train 25,000 new recruits with an intensive program then to be followed by mentoring by international police trainers inside the country.

Particularly in these professional high enforcers, leadership is critical. The issue is not just purging those who are loyal to the old regime and who are somehow involved personally in human rights abuses, but transforming into a whole new ethos of integrity, discipline and leadership. For the police in particular, the question of corruption and passivity is a major problem.

Then there will be the Iraqi Civil Defense Corp, which will be linked very closely to the coalition military, various specialized security units, border guards, specialized police projection for the oil and electricity infrastructure, which is spread out all over the country, and then the so-called Facilities Protection Service, which are the routine day-to-day guards at buildings and other facilities.

We're already seeing some improvements in combating ordinary crime. Police statistics are always questionable, I suppose, but the reported murder rate in Baghdad and other major crimes is down 35 to 40 percent from what it was in the summer, and that should have an effect on the Iraqi population.

Clearly, there is a lot more to do. The ideal of building a professional, non-corrupt, law abiding police force is something which, to put it mildly, has not been universally achieved even in countries which don't have anything like Iraq's challenges. And we have to beware of the problem of putting too much confidence in people who don't have the training and equipment necessary to do the job.

If security is the first element, the second one is essential services. It's important to make the point that the challenge is not, for the most part, repairing war damage. With a few exceptions, notably in the communication sector, there was very little collateral damage from coalition military operations. What we are up against rather is 30 plus years of neglect and of favoritism to Baghdad and to the Baath Party elites.

The task of getting basic services working properly is made much more difficult by continued sabotage, especially of things like power lines and fuel pipelines, but also of the people who work in the system and then also crime. Bizarrely enough, people knock down the electric power lines not so far as we can see particularly for political reasons, but to steal the copper. We have had various efforts to deal with that, and we have actually done a lot better lately.

The key areas are electricity, fuel, water, but also things like medical services, education, the irrigation system and so on. I won't go through all the details. Electricity is now back to pre-war levels. Oil production is up to well ahead what we thought we would be able to do at this point, well over two million barrels a day. We're making progress on product for domestic consumption – gasoline, liquid petroleum, LPG, which is used for cooking, kerosene, which in spite of the heat of the summer is important for heating in the winter, diesel, which is critical not simply for the transportation system but also because diesel fuel is the premiere fuel for the generators which are the backup for the electrical system.

On the education front, all the universities and virtually all the schools are open. On the health front, all but a handful of the hospitals have reopened, 90 percent of the clinics. The irrigation system is being repaired after years of neglect. Roads are being built. The railroad system is being restored.
Telecoms are reviving. And this is beginning to show results and popular recognition that life is actually getting better, but it's still very vulnerable to breakdowns. It's an ancient, inadequate system, so that what would be the kind of breakdown which would normally simply be absorbed tends to cascade and produce major failures. And there is sabotage.

Again, in this area of basic services, there is a huge U.S. investment impending, something like $15 billion and the money coming out of the Madrid Conference will add to that. The need is greater, probably $60 billion in total. A good deal of that has already been pledged from the international community, and Iraqi resources will begin to come online as oil exports reach the levels where you can generate surplus over the running costs of the government.

There are obviously severe management challenges. The simplest example, my own project, was to build the beginning of an Iraqi army, which involved creating a force one and a half times the size of the Australian army in one year, and the Australian army is a serious army. The effort to do things quickly is not easy.

Third is the economy more generally. Iraq is a very rich country not simply in terms of oil. It has water, fertile land, an educated and a resourceful population, but it is temporarily poor as a result of decades of misrule and mismanagement, a Stalinist state-dominated economy further distorted by the isolation that resulted from sanctions and overinvestment in the military.

There are three phases to Ambassador Bremer's economic strategy. The first is to maintain consumer spending and basic income levels by paying lots of people who are not really working, by continuing to buy up agricultural products, by continuing the Oil for Food Program, which he eventually hopes to monetize, that feeds 60 percent of the population and cannot simply be terminated or monetized quickly.

The effect is positive; the retail economy is thriving. There is no mass starvation, but there is very, very high unemployment and underemployment and we have to address that. That is the second phase, which is emergency job creation, building roads, cleaning up the irrigation system, that sort of thing. The emphasis in contracting is giving jobs to Iraqis. For example, in the army effort, except for the actual training itself, all of the contracting for food, for repairing the facilities and the like went to Iraqi firms. And Bechtel, which has one of the big reconstruction contracts, for example, has more than 100 Iraqi subcontractors and has created 50,000 jobs under its umbrella contract in the oil area.

But the most fundamental issue is to begin to move to a market economy. As was true in central and eastern Europe, this is a tough challenge. You can't simply go from a Stalinist system with lots of subsidies and nonviable state owned enterprises to a kind of Milton Friedman utopia overnight, and if you do it, you get real problems politically. But we have to get started on it.

There is a foreign investment law that is one of the most liberal in the world. This, it's important to emphasize, is not a privatization law. It is a law which allows foreigners to invest in the country, not to acquire Iraqi assets.

There is an independent central bank, which has been set up.

The currency exchange has gone extremely smoothly. It's a huge effort, simply the physical mass of moving something like 2,200 tons of new currency and 9,000 tons of old currency, because the old currency depended on a 250 dinar note so there are more old than new bills, even though the exchange is one-to-one for the old Saddam dinars. Iraq is almost entirely a cash – that is a currency – economy and Bremer used to say it's like trying to run an economy on quarters. Forty percent of the old currency has already been exchanged, and the exchange process has been a way of building up the banking sector since the exchanges have been through the banks.

Foreign banks have begun to be allowed to operate.
There is an active program of small and micro lending.
There is a trade credit system.

But there are big challenges ahead of which the most fundamental is dealing with the subsidies and the nonviable state-owned enterprises and a kind of a culture of corruption. Critical to this will be establishing a legal system that is responsive to the needs of a commercial economy that can exist in a world competition. And it is certainly true that there will be very limited investment maybe even in
terms of contracting until the security situation improves.

Well, that brings us to the fourth area, which is the political and governmental front. The goal is to transfer authority steadily as Iraqis are able to assume responsibility and move as quickly as possible to transfer full formal sovereignty to an Iraqi government. There has been some real progress. First and probably most important, although in some ways controversial, the old Baathist top leadership has been removed. This has only affected about 40,000 people out of more than a million and a half Baath Party members, but it still has meant, basically, a transformation of the entire top leadership, of the ministries, the state-owned enterprises and so on.

And, indeed, there was a sense in the population outside the Sunni elite that has been most affected that CPA, far from being too rigid in its de-Baathification policies, has been too liberal. But this de-Baathification process has been essential not just because of the involvement of the previous regime in abuses, but because of their total incapacity to deal with the changes that are going to have to be made.

Local councils have been set up in most major cities and regions, usually not by popular election, at least not entirely by popular election, but by a kind of system of consultation and indirect elections, but they do represent the communities and often are quite remarkable amalgams of different ethnic groups, different religions and different political views.

New ministers have been appointed who are actually very well qualified and, increasingly, they are running their own departments and are responsible for devising and administering budgets.

And there is a Governing Council, which is broadly representative of the country.

For the longer term, the original plan was to try to have the Governing Council adopt a system for writing a new constitution and then move to a constitutional convention followed by a popular referendum on the constitution, and then elections with sovereignty being handed over, and the occupation formally terminated, to an elected government based on a written constitution.

The problem has been that the Governing Council for reasons, some of which are the Governing Council's fault and some not at all the Governing Council's fault, is finding it very difficult to move this process forward and, as I'm sure you have read, that the United States is in the process of trying to figure out ways to move more rapidly.

There are various options. One is to speed up the constitutional timetable, some of it by fiat, some of it simply by putting pressure on the Governing Council. Another would be to immediately move to set up some kind of a provisional government. Its advantage would be the end of formal occupation status. My own sense is that what makes the problem of legitimacy in Iraq difficult is not the formalities. It's the fact that you have got 150,000 foreign troops and a big foreign administration.

And the most fundamental problem is that there is no Mandela. There is not even a Karzai that is a national figure who would be immediately recognized.

I gather from the newspapers that what we're looking at now is some kind of a compromise, which would transfer sovereignty to a provisional government based on an expanded Governing Council with an executive body, probably with some kind of a basic law in place, a kind of proto constitution, that would then be committed to move toward a constitution and early elections.

I want to save not only some time for questions, but I also want to say just briefly about the international role. First of all, and I don't think people in this country and certainly not outside appreciate it, that the Coalition Provisional Authority is a remarkably international effort, not just that there are a lot of countries represented, but it's a really integrated staff. I had the dubious privilege of sitting on the committee that had to vote on budget propositions, and when I couldn't go a Czech voted for me. He voted an American vote, because he voted for me. My chief intelligence officer was British and his chief deputy was Estonian. My deputy was Spanish. The man who worked as Peter McPherson's deputy in the economic area, was an Englishman, who, sadly, was very badly injured in the attack on the Al-Rashid Hotel.

So the idea that the United States is unwilling to share responsibility for making decisions in the CPA is simply wrong. Indeed, I think it is fair to say that the coalition countries have an economic and political influence over decisions, which is, with great respect, out of all proportion to the objective size of their actual military or financial contributions. And we certainly would welcome more international
contributions and, as I said, I think regardless of people's or countries' views on the war, a successful reconstruction both economic and political is very much in the international interest.

But the question of internationalization, I think, is largely an issue of American opinion or European opinion or international opinion, not of Iraqi opinion. The crucial political task is to establish an authority, which has legitimacy inside Iraq and the intricacies of the international structure of the CPA or whatever it is, I think have remarkably little impact on that. But the priority in terms of political power is to find a way to transfer authority legitimately to Iraqis and to execute the various infrastructure and security improvements. Whatever may be true in most countries, I think it is fair to say that the United Nations is not significantly more popular in Iraq than it is in the United States.

As to prognosis. Remember, first of all, a lot of the things that we expected a year ago have not gone wrong. There is no massive hunger. There is no massive flow of refugees. There is no significant civil strife. Indeed, even things which would have been perfectly understandable like kind of massive score settling for the terrible atrocities of the Saddam regime haven't happened. This is a winnable struggle.

The Iraq people do not want Saddam Hussein back and that's our principal enemy. Not even the Sunnis. The polling data, as well as talking to people, make clear that Iraqis recognize that the coalition needs to stay for security to improve. What they want, as indeed Americans want, is assurance that the coalition has a strategy to improve security and transfer responsibility and then end its role in the direct government and the direct maintenance of security in the country, not necessarily our military presence, which could be established on a bilateral basis.

I think the key requirement is resolve. Our enemy's goals are political. They are not military and it is to destroy confidence in reform, in the competence of the coalition and the Iraqis who cooperate with them, to destroy the patience of the Americans and other international publics and to literally terrorize the Iraqi population into accepting an unacceptable outcome. A quick exit as a goal is unrealistic and is likely to strengthen the enemy's progress and paradoxically, in fact, to delay success rather than speed it up. And I believe departure without success would come at a terrible cost.

I'm going to go back to where I began, which is it is an honor to have served with the people that I served with, and it has been a great privilege.