

TRANSCRIPT

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THIS IS A RUSH TRANSCRIPT AND MAY CONTAIN ERRORS. USERS ARE ADVISED TO CONSULT THEIR OWN TAPES OR NOTES OF THE SESSION IF ABSOLUTE VERIFICATION OF WORDING IS NEEDED.

Q: A couple of weeks ago over at the Foreign Press Center, you said there had been an upsurge in attacks in Iraq, violence, but that there had not been an upsurge in "effective" attacks. I believe you said the number of effective attacks had stayed relatively constant at 150 to 200 a month.

I was not aware that there was such a thing as an effective attack and not effective attack and how you measured that. But anyway, if you would take a few minutes and tell us what you meant by that and sort of what the trend is now.

A: Sure. This is as measured by MNFI. They look at attacks as basically any asset by any insurgent under any circumstances to take action, either planting an IED or a single mortar round is an attack, thus you get attack levels that are right now around 700 per month. I'm trying to think of the specific statistics, but those are going up.

We're seeing a slight increase since then in the past several weeks in effective attacks. I don't have the specific statistics, but my impression is that, just as we saw a couple of weeks ago, that they're staying in about the same proportion, so they're climbing up a little bit. Effective attacks are judged by MNFI to be ones that either do do damage or are more professional in nature. Thus they monitor them both.

But the point is attacks are creeping up and this is of concern to us. It's both insurgent attacks, and then you also have these generalized attacks that we attribute to ethnic violence. That's the new factor that is sending many of these attacks up, including attacks by various Shia groups, particularly in the south. Malaki is very troubled by this. This is why he went down to Basrah a

few days ago.

Q: So you attribute the creeping up and violence in Iraq to sort of a new phenomenon, is that what you're saying?

A: Ethnic attacks are not new in Iraq, unfortunately, but since the 22nd of February the attack on the Golden Mosque we have seen a considerable upswing. The upswing peaked in March, it has dropped down a little bit since then but it is contributing to the overall climate of violence and it is something that the Malaki government and we are going to have to get our hands around.

Q: Speaking of Malaki, the Prime Minister, I wondered if you could give us your response to his recent comments about American troops. Maybe I was the only one that was surprised, but I was surprised to hear his criticism of US troops with respect to dealing with Iraqis. What do you make of that?

A: First of all, we don't think that American troops, our coalition troops in general, are generally carrying out rules of engagement or actions that are not in accordance, that they're always in accordance with the military situation. This is monitored very very closely by us, it's monitored very very closely by the media who are out there embedded, and we're very proud of how our troops are doing.

I think when incidents like this come up in a given country it is a general tendency of political leaders in that country to speak out sharply. We have seen this in many many countries around the world, we've seen it in Western Europe, frankly, and a number of countries where when our troops do something that people question, local leaders speak out. That's what Malaki did.

But we talked to him about this and about a lot of other subjects as well. Again, we will stand by our very strong endorsement of our troops.

Q: When you say you talked to him, what did you say? I'm not asking for specifics, but did you express surprise at this? What are you talking about? Or how dare you? Or what did you say?

A: Well, we won't get into the specifics of what we tell him, but obviously we're concerned whenever a foreign leader criticizes our forces, and when these events occur the most important thing is to investigate it. We work with the Iraqis on these investigations, we're working with them now on this investigation. There's a naval team out there that's working this, and I think that we're going to have to wait on this one.

In terms of Malaki's criticisms of us, some of that is typical, as I said, in every country.

Q: Do you think it was mostly for domestic consumption?

A: You'd really have to ask Malaki, but as I said, a general attitude around the world is that if our troops do something that is questioned, leaders speak out about it. It's a defense mechanism.

First of all, there may be in many cases real concern and I'm sure Malaki is concerned about this case as are we. Secondly, there is a constant buzz in Iraq of what our troops did or didn't do, simply because as in any country foreign forces regardless of the mandate, regardless of how important they are to the country, are a factor. I've served in Turkey, I've served in Kuwait, I've served in Germany, I've served in Vietnam and in every case there was a lot of this so I wouldn't make too much out of it, but it is out there.

Q: From the outside, and I know it's easy to criticize which is what we like to do, it looks like the civilian piece of rebuilding Iraq has been undermanned, underfinanced, chaotic, and horribly disorganized. As a result, the effects of pouring billions of dollars into Iraq seemed to have gotten nowhere. What's it like on the inside? Why has this been such a problem and how does it get fixed?

A: First of all, putting twenty one billion dollars, let me take the security force piece out, putting sixteen billion dollars into construction and capacity building in the middle of a very serious insurgency is not an easy task. It's not a task that we've done in a long time. It's one we basically were developing as we went along with major changes in 2004 and in 2005.

The major change in 2004 was to shift from longer term construction. Basically, the assumption that we were dealing with a post conflict situation into one where when John Negroponte shifted about four or five billion dollars into both a security budget, two billion into security, and hundreds of millions more into fast moving projects such as additional funding support for the elections and \$450 million to get oil production of those exports up. This was a reflection that we were dealing with now a situation in that the reconstruction had to support, if you will, the campaign plan.

In 2005 we further modified this in a variety of steps to go away from the large design, build, basically sector constructors to find more direct delivery with Iraqis and with the PRT concept and it's predecessor the Provincial Reconstruction Development Council concept to get right out into the field. There we were drawing on our experiences in Falujah, Najaf, and Sadr City in 2004 where we had to develop on the ground with the US military approaches that would allow us to do immediate relief and immediate retail level reconstruction in areas that had been damaged, areas that had been fought over.

So this is moving on. We are making a fair amount of progress. Unemployment by our measures dropped from twenty eight to eighteen percent. There is a lot of money flowing into the country.

On a good day when we're able to secure the electricity we get electrical generation levels of between 4,000 and 5,000. We're going to work to get that back up. It was up to almost 5500

megawatts last summer and then it started dropping. It started dropping for two reasons, targeted assaults on the infrastructure and this infrastructure is getting older and older.

A lot of our money and a lot of the Iraqi's effort and money goes into trying to maintain systems that are thirty years old. It's like maintaining a car. You put a lot of money into and at best you get the same level of performance. The country needs a lot more infrastructure funding than we'll be able to give.

The good news is that the Iraqis have in their budget for this year six billion dollars in capital funding mainly for investments in the oil, electricity, and other major sectors. We think that with oil prices and oil exports going the way they are that they will be able to spend most of that money on capital improvements rather than putting it into the regular budget.

I think if you had a ceasefire or an end to the insurgency very quickly you would see the results of the tens of billions of dollars that we and others have put into the country. You see less of that now because of the situation with the insurgency, with the security, and with frankly the effect on the government and its ability to export what we put on the ground because of the cost of term oil and standing up governments and as I said trying to deal with the insurgency, the intimidation, and that kind of thing. It's pretty severe in some areas.

Q: The State Department has about one point six billion dollars in the emergency supplemental that would support the counter-insurgency campaign program. As I understand it, those monies were timed to start spending in June. The supplemental, as I understand it's going to take a while to get [inaudible]. How do you support the counter-insurgency campaign plan without that supplemental money?

A: We're very worried about this. We've already seen some demobilization of some of our human rights and related activities. We got about over one billion dollars in unobligated moneys from the reconstruction fund that was set up in 2003 and several billion more in undisbursed funds and there's a certain amount of flexibility that people can exercise in using that money and shifting it around to cover the most urgent needs. We need that money.

Q: What's the most urgent need?

A: It's hard to prioritize them but I would say money for our provincial reconstruction teams are very high and it's not just the teams we've got out because we also have other teams that are working throughout the country with what we call the Provincial Reconstruction Development Councils. We set them up throughout the country and we're trying to get money to them both to develop their capacity to govern as well as to take their specific projects and to get matching funds from the Iraqis which we do in many cases of matching effort.

Q: The newspapers were filled again this morning with the horrible report of two dozen people

kidnapped. There seems to be a lot of attention to the metric for attacks, less so for kidnapping. I want to get your sense of how severe the kidnapping problem is on the sense of instability and sort of a sense of nothing's getting better. Two, what's being done about it? Three, how damaging is it when some of our closest allies pay ransoms to get their people out and our policy is against it?

A: First of all, this is a severe problem. By the nature of running any military operation you're going to choose your metrics. The metrics we choose include attacks. As I said we differentiate the kinds of attacks. Basically that is the overall down and dirty estimate of how strong the insurgency is at a given time, whether it's growing or staying steady. Both the insurgency and other forms of violence.

In the fall of 2004 we started looking very seriously at what we called intimidation. Intimidation involves kidnappings; it involves generating a sense of insecurity and essentially freedom of movement to do these things among the insurgents. The problem is that there is no good metric to measure that. What we do is measure that indirectly by polls of the population and what they think about security and what they think about their future. We have seen a drop in the level of optimism of the Iraqi population of late, and a greater concern about security which we attribute primarily not to the attacks per se but to the sense of intimidation and such.

In terms of what we're doing about this, there's the usual mobilization of planning and reports and studies that go on in any government whenever you have an issue like both with us and with the Iraqis.

A few of the steps where Malaki went down to Basrah. He did this on his own because he felt the situation in Basrah was so serious he appointed a five person special council to try to look into this situation. They're going to try to use the army more because the army is much more trusted than the police. That's a general comment that I think has validity throughout the country.

In Baghdad there is a Baghdad security plan that's been briefed to Malaki. We're starting to execute that.

Casey has brought up one of the battalions from the reserve brigade in Kuwait to deal with the Baghdad situation and the scales of justice operation that's been going on for some time now.

In terms of Anbar Province, another area that we're very concerned about, he's moving up two other battalions from the reserve brigade. Rather than having our troop strength and our force level go down, it in fact has climbed back up because of this.

In terms of the paying of ransom, you know our position. You know why we take that position? Because if you pay ransom you're simply going to encourage people to continue doing this and the money is used to fund the insurgency or to fund criminal activities that support the

insurgency directly or indirectly. So we're opposed to it. Other countries have to make their own decisions.

The reason I'm being careful here, other than the fact I'm on the record, is that as a diplomat protection of your own citizens abroad in many respects is the most important task you have. There are much more dramatic tasks, much more interesting tasks that we have in the field of foreign policy and commercial support and such. But protecting one's citizens however you can do that is a charge that any diplomatic service is given not only by the government but by the people and the legislatures of these countries. So when countries go out and do that they do that on the basis of that. We still do not agree with that policy.

Q: One of the criticisms of the pre-invasion plan was a lack of enough worst case scenario planning. So at the moment now looking forward, what kind of thought have you and others put into plan B scenarios? That is if your plan to have the unity government take charge of Iraqi security forces, grow and take the lead, if that doesn't stem the violence and the country continues to deteriorate and begins to splinter?

A: We're a big government and this is an issue that has a lot of attention up and down in the chain of command. The people both intelligence analysts and the people doing the operations obviously look at what is currently being carried out and what the threats to that are and what the alternatives are to that. I can't get into that in detail because it's a problem you have with any military or frankly any business operation.

Just as in the business sector you have a plan B with your marketing approach. But once you're committed to plan A the best way to insure that plan A, regardless of how good it is, will not work is if you stop sending signals that maybe you're not really committed to plan A. Maybe plan A isn't so good and anything else.

The problem is under the best circumstances war, and what we're involved in is a war, it is murky, it's full of risks, it's full of uncertainty. It's always based on one or the other degree on political will of the various contenders which is extremely hard to measure and it's something that at the bureaucratic level we can't even look at in terms of our own situation in America. We can't measure where the American people will be in four or five years on this or any other subject. So therefore, we're very careful in assuring the American people and our allies and frankly our foes that when we have established a plan, established a course of action, we have every intention of carrying it out. We have every intention of carrying this out.

Q: What would be some of the indicators that would cause you to switch to plan B? At what point would you know if things aren't really working with plan A anymore?

A: For example, if the political process had not gone forward, if we had had a collapse of the electoral effort, or if we felt over this long period in developing the government that we weren't

making progress and that there wasn't a proverbial light at the end of the tunnel then maybe people would have looked at how do we adjust the strategy. But we were confident that the Malaki government would stand up a cabinet and we're confident that they'll find a Minister of Interior and Minister of Defense pretty soon. We're going forward on that track.

In terms of the specific military strategy, that's based upon the best assessment of what we can do and importantly what the Iraqis are going to have to do because we don't think in the end we, the international community, can solve a very politically inspired counterinsurgency. We think we can give folks breathing room, we can give folks help, we can give them assistance, and we can encourage them or nudge them to take the right political decisions. But much of this is going to have to be done by them. And thus part of our strategy, although it is a very, very important issue to us, the whole Iraq thing obviously, the top of the agenda, still we look to the Iraqis to take on their share of the responsibility and they have to be helped to do so.

Q: Let's go back to the other allegations of American abuse. How serious was the concern that this would erode whatever progress we had made in winning support from the Iraqi people? There are reports that we were getting more tips on IEDs and other things like that. If they don't trust us any more, and we do become the evil occupiers and the whole thing goes down.

A: First of all, Haditha is a serious issue and we have to get to the bottom of it. If crimes were committed we have to, just like in Abu Graib, follow it in whichever direction it takes us. It certainly is a subject for discussion in government circles in Baghdad as we mentioned a minute ago. The Prime Minister spoke out about it.

In terms of losing faith of the population I think the population, it's done, in terms of its relationship to the US military it's done on an almost street by street neighborhood thing, certainly by battalion commanders and company commanders and the relationship they have with the folks they're dealing with every day. If people trust American forces, if they see American forces out on the street, if American forces are considered to be neutral in some of this ethnic violence which they are, for example, in Baghdad. In fact we've seen an upsurge in support for American forces among Sunni Arabs since February. Then I think whatever the outcome of Haditha people won't use that as their yard stick for measuring whether you deal with the American side.

What I'm trying to do is I'm trying to be very careful. I do not want to play down the Haditha incident while emphasizing that we haven't gotten to the bottom of it yet. But I do think in terms of how individual American forces relate to individual Iraqis in towns, cities, and villages out there, I think other factors are more important. It's basically how 99 percent of the Americans behave, and we know 99 percent of the Americans behave very, very well all the time.

Q: Is it something that the insurgents can exploit?

A: To some degree. The problem is the insurgents have been exploiting both inside and outside of Iraq all kinds of wild tales, true and false, about America for a long time.

To put this in context, I would consider this at this point nothing like Abu Graib. Abu Graib had a huge impact particularly outside of Iraq--the photos and the various reports. I think this will not have the same impact in terms of insurgents turning the population against us or turning opinion in the Arab world against us. But that's something that has to be evaluated day by day. There's more attention being focused in the Arab media and in Iraq to this issue now than there was a week ago so we have to wait and see to some degree. It also depends on how the story turns out.

Q: Mr. Ambassador the US has had an effort going since the beginning to develop American style, democratic institutions in Iraq. What is Malaki's view of that? Has he indicated that he shares our view of that and what is the direction of American funding for those programs developing political parties, and the free press, minority rights and so forth?

A: I would be cautious about the American style. I think our policy has been supported by the UN and by our coalition partners and by the region, to bring pluralistic democratic institutions to Iraq for obvious reasons including non-democratic, non-pluralistic government solutions in Iraq not only were bad for the Iraqis to say the very least, but they were extremely bad for the security of the region which is why we're there in the first place.

American style, I would be a little bit more careful. I think the President and others have spoke out repeatedly that, and Secretary Rumsfeld many times, I've heard him say this will be an Iraqi style democracy not an American style democracy. They're absolutely correct.

Part of the problem is in fact when we do have a very large assistance program, when we do turn to thousands of Americans to execute it, the default position is to come up with institutions to some degree that if they're going to be new, that look like American institutions. For example, the inspectors general in all of the Iraqi ministries which are actually doing a pretty good job if you read the article I think in the New York Times over the weekend about the oil sector smuggling. This is all being uncovered by inspector generals which were typically an American institution that we worked with the Iraqis under the CPA period to put in place.

The Iraqis that I know, and I've worked with many of them very extensively, do believe in pluralistic democratic solutions because they understand the alternative very well. I do not think they are going to choose a system that will necessarily mirror America. We start off with the [fontal] institutions of Iraq, are classic Napoleonic, French, Third World, cabinet, parliamentary systems with a judiciary that is independent, does not use juries, that has prosecutors. When you get to that level it is a very, very different political system, even formally. How they execute it will be flavored by how this is done in the Middle East. That's okay. I served into predominately Muslim population countries that had functioning democracies--Albania and Turkey--before I went to Iraq. Their institutions look very different then ours. We put a great deal of effort and

energy into supporting them. In some respects they look like ours, and in some respects they didn't.

In terms of the money we're putting in, we are putting an awful lot of money into democracy programs. We shift emphasis from time to time. One year we will be funding some of the key NGOs more because there will be elections, and there's election preparations. Other years we shift money. We put more into rule of law, for example, in the 2006 supplemental and the 2007 budget because we thought that was a key area. We will continue funding to the tune of many hundreds of millions of dollars, governance institutions, democracy, human rights, and rule of law programs.

Q: Coming to Malaki's judgment on all of this, is he on our wavelength about this?

A: I think he's on a wavelength, I think that he believes in the democratic parliamentary system.

Q: Has he indicated your stuff, your developed political parties and he doesn't like that?

A: No, no. If you're thinking of the situation in other Arab countries in the past week, I would say no.

Q: I'd just like you to be specific about whether he's made judgments on the direction of our control efforts in these areas.

A: I think this group of Iraqis has grown up over the past three years in a political process that has been strongly influenced by the presence of UN, American, British, and other international advisors, international NGOs, or human rights democracy, election monitors, and that sort of thing. I think they're used to it and I think they're comfortable with it. I think to one or another degree they do believe in it. I think above all they do understand that we, the international community, strongly think this is the way to go in Iraq.

Q: Just in terms of the overall level of funding this coming year versus this past year, up or down?

A: It depends once again. I knew this question would come up which is why I have my various charts. I have one that spells out where we're going to be in 2006 and 2007. Again, on our political track we'll be spending for ministerial capacity development if we get all of our money, \$25 million from the [earth], \$125 million from the FY06 supplemental, and in 2007 \$25 million. That's basically to work with the ministries to develop their capacity.

In terms of pure democracy programs for 2006 we have \$56 million that goes predominantly to NDI and IRA. Then for the 2006 supplemental we have \$10 million that's going for support for the council representatives. Then in 2007 we're asking for \$63.27 million and that's split out into

continuing national endowment for democracy programs--NDI, IRA, and a few others. Then various other funds administered by various other US government entities.

The rule of our program, I always have to be careful on this because it includes some construction of prisons which people say is not really human rights but that's going to be, we repositioned \$53 million in the [earth]. We've got a \$107 million, but that's mainly for prison construction in the 2006 supplemental, but the 2007 request is \$254 million so we're putting a lot of money into rule of law, and this is in consultation with General Casey and the US military in terms of what their folks in the field are seeing as a major deficiency in the political system in terms of what troop units and civil affairs units are reporting back. And the rule of law issue is very important.

Q: Ambassador, on the PRTs could you update us a little on how those are standing up, and as the number of PRTs expands presumably, who will be providing security? There was a discussion between DOD and State about how it will actually be managed.

A: We've got five that have stood up in Anbar, Baghdad, Hilla, Kirkuk, and Mosul. We're recruiting people and having good success in recruiting people for other PRTs as well. We are constantly looking at whether we should put more people or less into these things and our conclusion once again that works with the military is that we need to put more people into them. The Secretary is looking at what sorts of people to put in but the basic feeling is that we need more folks who are doing economic work as well as PR reconstruction. And we need more people to do rule of law. As I said, rule of law is such a big priority. We're also looking at agricultural experts in some of these as well. So it's an expanding program.

In terms of security we basically work this in, after much back and forth some of which bled into the media, we're basically doing this on a case by case, given a location, given what we're putting on the table, if it looks this is a reasonable thing that will be supporting the military forces, our conclusion is that we'll get security support from the military. But in some cases we provide the security. As I said, it's very much a case by case. There is no overarching agreement one way or the other.

Q: When you say in some cases we provide the security--

A: We, State Department.

Q: Is there a role for private security companies?

A: That's what I mean. In our case it's private security. When DOD provides security, while they could use private security and we've seen this. For example the Corps of Engineers has private security folks with them. But in terms of supporting us, so far it's been US military tactical units.

Q: So a combination?

A: Yes, a combination. In some cases it's combination and some cases it's purely the military. I don't know of any cases right now where it's entirely--Even in Hilla I think we have some military security. Before we only had State Department there.

Q: I wanted to follow up on the PRTs. There was a lot of a fanfare last year when these were announced. You indicated in your earlier remarks that there seems to be a bit of a shortfall in funding for them. Is that the case? Is that one of the reasons why they're being held up or is it staffing problems?

Also in the last few weeks in the weekly State Department reports, I've noticed that there is being quite a lot of money that's been deobligated. Also, I think it's in one of the electricity projects, I think \$20-odd million was taken back from a company that was already paid out that money. I just wondered if there is a--

A: Yes, a \$21 billion dollar program, particularly when you're coming to the end of it, you just see a lot of this. There's a lot of turbulence as programs are descoped. You find that you've paid people too much.

Also, in answer to a question earlier, I said that at the end of a program when you're running low of money you're desperate to keep good operations going, and the controllers and the accountants are going to be very active shifting money around. That's just normal.

In terms of the PRTs, when you talk about money in a PRT you're talking about two things. The first thing is funding that they will have to work with the Iraqis. There are several sources. One is part of the [SERP] funds are coordinated with the PRTs and that program is continuing. We put a fair amount of money, about \$150 million, into the predecessor program funding the PRDCs in 2005.

Then we have a large amount of funding in the 2006 supplemental for the PRTs and for the PRDCs. It's about four different programs. Some done by USAID. Some done by the Corps of Engineers, but it amounts to about \$600 million. I can give you the specific figure. We asked for in the supplemental roughly \$690 million dollars for various programs. Some of them are country wide for every PRT with Baghdad getting a little bit more, for every provincial reconstruction council.

Then there is a ten cities program that USAID is carrying out with our PRTs and with the provincial council. If we get that money I think we'll be pretty well funded. Our intention is over the near future, depending upon the conflict, to probably continue this.

Q: Do you think this is the magic bullet that you were looking for because last year there were

builders being incredibly important in turning things around? Have you seen any results so far?

A: We've seen a lot of local action. I don't think if you go back and look at my statements on the record or off the record, I've never seen a silver bullet. I think we're very hopeful that this is another step in the getting in control of the insurgency and basically draining the swamp of those folks who are attacking us, attacking the Iraqi government, and attacking their fellow citizens.

I think that good governance is critically important to what we're trying to do there. Good governance begins with international support. International support has to come with money.

The second source of money that I mentioned is money to actually stand these things up. Including the security and other things in that isn't a problem.

Q: Sort of the same issues, undermanning. The military calls it boots on the ground, I'd like to ask you about [inaudible] on the ground, I guess. [Laughter].

How many people do you have now? You said you had good success on recruiting the people. How many people do you have literally on the ground now? How many did you have two or three months ago? Is there some sense of a lack of urgency by the civilian agencies in the US? Or lack of performance? There are a lot of critics who say the military uniforms could use a lot of wingtip help and they're not getting it.

A: The military talks to us about that all the time. The military would like to see thousands of civilians throughout the country rather like what they saw in Bosnia and Kosovo.

The problem is, as somebody who's been operating in that environment, is that would require tens of thousands of folks, securing them. That's a very big issue because that would either be billions of dollars and huge numbers of PSDs running around the country, and that's already a political and security problem including deconflicting with US military forces; or it would require a lot of troops.

In terms of moving folks outside of the green zone in Baghdad, we have a full battalion of US military doing that mission along with several hundred PSDs. Now obviously, everybody does a few other missions but the primary mission of both of those elements is to move 100-plus ministerial advisors, various political officers and economic officers, and those kinds of folks out into the red zone. So to have thousands of civilians running around the country, like I said we did in other areas, in that environment would require a tremendous security presence. The point is, do we need that many people?

I'm skeptical that you need thousands of people because it raises the question of who's running the country. I understand the military's desire for that because they're doing many of these things. They have civil affairs teams, basically thousand man and woman brigades. They have each

battalion staff devotes a lot of time to going out and meeting with the local mayors and sheikhs and that kind of thing. They think we should be out there doing much of that job. In a perfect world we would, but again we don't have that number of people. We have in the whole State Department we have maybe 2500 political officers, and that's to cover the world.

Now for specific functions you can go out and hire oil experts and other things, but whether you can find enough people to do a massive number of PRTs. I don't think so.

Now we have out in the field including eight contractors about 100 people in our field sites now. That's gone up somewhat since we started the PRTs, and we will expand it further. How quickly we expand it depends on whether the need is there, whether we can have the logistics, whether we can have the support, and whether we and the military are comfortable for our people running around in a given area. There is a difference between, on this and almost all subjects, the view of a battalion commander and the view of a three or four star general.

Q: Fair enough.

In the latest DoD Iraqi progress report, that's probably not the proper title, but it talks about how 14 of the 18 provinces are, they don't say peaceful, but they focus on the four that are a problem. Have you all deployed people in those areas? Are those areas still too tough even for the kind of resources you would put in there?

A: No. First of all, right now the four toughest provinces are Diala, which basically has gone down hill while Ninevah, where Mosul is, has gone up hill significantly in the past few months, Sahladean to the northwest of Baghdad, Baghdad, and of course Anbar. We have a team in Baghdad. We have a team in Anbar. We have a team in Mosul. We have a team in Kirkuk. We have people in Bacubah and in Tikrit. It's not at PRT but we have State Department, political officers on the ground with the military, and we have the provincial reconstruction teams. So we got people out where the violence is the worst. The only other place where you see some violence, although it's not really insurgent violence, is in Basrah. We have about 400 people in Basrah.

Q: The Ambassador is going to be leaving right at nine. We've got four more questions, so let's keep your questions short. Rebecca, you're next.

Q: Mr. Ambassador, earlier you said that you're really waiting for the Iraqis to take their share of responsibility. What's the level of frustration that they're not able to do more?

A: I want to be careful because I think we have to--Waiting and frustration implies criticism and I didn't want to say that we've done everything right but these Iraqis just aren't worthy of that. That is exactly what we shouldn't say or do. This is really tough for them.

These people are out there without security everyday in the red zone traveling to and from. We know them. We work with them. These folks are incredibly brave and they believe very much in a different kind of Iraq than the one under Saddam Hussein. They deserve credit for this. This is just a very very difficult thing to pull together.

A democratic system, while they believe in it in principle, is something that takes a lot of training and a lot of experience to work well. It requires compromise, sharing of views, and personal relationships. You have three major ethnic religious groups there that have to come together. They have different views of the future. They have different views of neighbors. There is a great deal of distrust. There is a legacy of violence. All of these things have to be overcome. So I don't want to say gee, we're doing all these things for the Iraqis and when are they going to do their share.

Everyday the Iraqis do a tremendous amount for their country. They need to do more. That is an accurate statement. That sounds like a criticism. It's not. What they're doing now is more than almost any American or Westerner could imagine doing. But they will still have to do more because of the burdens and the difficulties of the country.

Q: Right, but answering Sally you said there just weren't the people to get thousands of US folks to help with these things. Do the Iraqis expect that because they aren't able to do more because of all these very worthy and legitimate issues that affect their transition? Is there a frustration back the other way at the US reluctance to get all those thousands of extra people in to help?

A: What my experiences have been over 30 years roughly in this business is whenever America or any other country is dealing in an intimate situation with another country there are going to be, like in any very close human relationship, accusations and feelings that the other side should be doing more or should be doing something differently. There's a fair amount of that on both sides. I think there is a tremendous amount of respect mutually. I do not think the Iraqis feel they need a lot more advice like to the tune of thousands of Americans or Europeans or UN people running around. What they need is, and I think they realize this, a willingness to make hard political decisions. We can't really help them through advisors. We can help them through somebody like say Zal Halizad or the UN ambassador Khazi who speak with the weight of the United States, or the UK, or the UN, and who can point out to them the various options or alternatives and the risks to them. Then they have to take these decisions.

I think there are a number of political decisions that they're going to have to take on issues like de-Ba'athification, on the constitution, on oil, on how they relate to the people who are shooting at them. That is apart from the al-Qaida and others. What to do about Muqtada al Sadr. These are all political decisions that are very, very heavy. What to do about Iran and Iranian influence. These aren't things American advisory teams and the Ministry of Cultural Affairs can help.

Q: I think you work on Iran issues too. I wonder where things stand on talks with Iran about Iraq.

They've been held up until the new government is formed. It's my understanding that they resumed or they've gotten underway or are about to.

A: They never really got underway. We have a position of principle that we'd like to talk to the Iranians using Zal Halizad on security concerns that we have about Iranian activities in Iraq, specifically the IED issue and a few others.

The Iranians have been all over the map on this recently. They came out and said there's no need to talk and such. I think we just have to wait and see. I suspect that this may be tied up in their own minds with the larger issue of how they're going to react to the international communities' latest de marche on WMD.

Q: When do expect a response on that?

A: As the Secretary says, certainly not within months, so within weeks.

Q: Have you gotten any inkling of what that response may be?

A: We've all gotten 100 different contradictory inklings from news reports and statements. I think they're going to see the position of the international community today and their going to decide on it.

Q: Mr. Ambassador, you mentioned in the talk about the PRTs and security and the need to deconflict private military security people with the military. Who does that and how well is it working?

A: Ultimately it's done by the military but there are a huge number of activities and commands and special movement control units that track these folks with these electronic devices and coordination every day. You're basically talking about three, four major elements. The Iraqi military and security forces and that's a very difficult group to track; our own military; US government PSDs and PSDs working for contractors, running convoys and doing all kinds of things.

As I said there's a major military headquarters in the green zone in Baghdad that coordinates a lot of that stuff. I went over there and I was horrified to see what wasn't involved in that. More things were put into it because we did have a couple of incidents where convoys were hit without a lot of immediate reaction and people knowing who was out there.

This is the kind of thing in any war. There is a certain fog of war. You're constantly working down in the trenches to get coordination lashed up.

Q: Are all Iranian issues freestanding, one-time pulses that we do it and then it's done and you

walk away? Or are there things that require continuity that at some point have to be handed off to the Iranian government to be continued? If there's anything that requires continuity, how close are we to having an account interlocutor with whom you can even begin to talk about where the funding stream is to continue?

A: Most of our programs, in fact we're now in the phase supported by the special inspector general who's raised exactly this point of transitioning programs. For example, we've got hundreds of millions of dollars in the 2006 sup and in the 2007 program for O&M on these programs as part of the transition because that's the first thing that happens. You turn over state of the art equipment to folks who are used to stuff that's thirty years old and they can't run it. So we're going to transition this to them.

This is a major element of all of our contracting at this point on the economic side.

Q: Are we back in Iraq?

Q: I'm sorry, yes, we're back in Iraq.

A: We're back in Iraq. We don't have any program--[Laughter].

It's a huge effort. I can't say it's going to be successful in every case, but we're certainly aware of it and we're putting a lot of resources into it. The Iraqis are very aware of it.

In many of these ministries they do have competent people. In fact, again, one of our biggest problems isn't the technical competence of Iraqi ministries, in some cases they're way above the average in the developing world, but it's to insure that political ministers don't throw out everybody who's quote, a Ba'athist or who is a Shia or who's--That's a political decision. It doesn't require 20 advisors. It requires one phone call. Sometimes it works. Sometimes it doesn't.

We're very, very concerned about sustaining these programs. And we do have good Iraqis who can pick it up. There's no doubt about that. It's just insuring that they're protected.

Q: Ambassador, once the administration decides to do so, this one or another, what do you think it will take to do, to effectively disengage coalition forces from Iraq?

A: That's an interesting question. I think that the way we see it, we have set up a series of conditions to transfer first battle space to the Iraqi army. That's well underway. Then, with more political input provinces to the Iraqi Minister of Interior. That isn't as far developed because it involves political evaluations on the capability of the local officials. And the police as you all know are a far less ready and less capable and less reliable force than the army.

We do have very specific detailed plans that we've worked out with the Iraqis for doing this for

graduating provinces and graduating battle space. As we do that, we see American forces and other coalition will be more consolidated and they'll have new missions. Training the Iraqi forces, supporting and securing PRTs and other international community relief and reconstruction and political efforts will be more where they'll be going. This is going to take a great deal of time.

As many of you know, there was a withdrawal from 17 to 15 brigades. There was a lot of media reporting that there would be further withdrawals. As we've seen, we're back up to the functional equivalent of 16 brigades. I think that this is very conditions based. I think we can trust the President on that. If he needs more troops or if he needs to keep the troops there, if we're not ready to graduate forces we won't graduate forces.

Q: Do we have time for one more quick one?

A: Sure.

Q: Who arranges Iraq policy now? I ask that not ironically at all but early on there were all the stories that the Pentagon elbowed the State Department out of the way. You now have a very strong ambassador in Iraq. What are the communications among and between Rumsfeld, Rice, and the President? Where's the center of gravity?

A: The center of gravity is in two places. It's in the White House beginning with the President with the very active support of the Vice President and Hadley, and with Secretary of State Rice and Secretary Rumsfeld playing a very important role, a daily role in the case of Rice and from what I've seen of Rumsfeld from a great deal of contact with him and his case as well. It's coordinated in Washington through the NSC and the White House and in the field with Halizad and Casey, who as it was before with Negroponte and me, meet every morning and go over this.

I think that the policy process is lashed up. I don't think that they're in--I think that the lack of reporting and exposés of how people are yelling at each other and such indicates the truth that folks are going at this in a very sober, collegial way.

Occasionally there are disputes that make it into it but if the biggest dispute that we found out is whether we'll have a couple hundred soldiers or a couple hundred PSDs securing PRTs, then you can see the level of the disagreement. This is a hard slog and we're going to be in it for a while as the Iraqis develop their own capabilities.

But I think that there is a fair amount of agreement on what we should do. There's a process in place when you have these little issues that come up I'll look at them and make a course correction if you need it. I don't spend a lot of time fighting with other bureaucracies. We get along pretty well.

Now that may not be a good thing necessarily but it certainly is the way things are, and it's more pleasant for me.

Q: We're out of time.

A: Thank you very much.

END TEXT