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UNITED STATES POLICY TOWARD IRAQ

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BEFORE THE

COMMITTEE ON INTERNATIONAL RELATIONS HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTH CONGRESS

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UNITED STATES POLICY TOWARD IRAQ

THURSDAY, MAY 15, 2003

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The Committee met, pursuant to call, at 10:36 a.m. in Room 2172, Rayburn House Office Building, Hon. Henry Hyde (Chairman of the Committee) presiding.

Chairman HYDE. The Committee will come to order.

Today the Committee on International Relations meets in open session to receive testimony from key Administration officials on United States policy toward Iraq. I will introduce Mr. Feith, Mr. Larson, and Ms. Chamberlin more fully just before I call on them to speak.

It would not be proper to begin a hearing on this topic without saluting the men and women of our Armed Forces who executed Operation Iraqi Freedom with inspiring valor, with admirable effectiveness and with more care to minimize non-combatant death and injury than has ever been seen before in modern history.

The forces in the field and their commanders bore the main burden, but many others made critical contributions, including those who provide relief for non-combatants, such as USAID, its partners, and the U.N. Food Program. Simultaneous efforts to avoid war, if at all possible, while also laying the groundwork for the execution of the President's plan—a most difficult combination of tasks—were carried on ably, primarily by the Department of State. I do not share in the denigration of the Department of State and its leadership that is heard in this city all too often.

While we mourn the loss of too many young coalition service members in Operation Iraqi Freedom, Americans throughout government face deadly risks as they serve in the fight against terrorism and tyranny.

On May 9, at the State Department, a plaque was unveiled bearing the name of Larry Foley, a USAID officer murdered in Amman last year by al-Qaeda terrorists. He and scores of others in the foreign affairs community have died abroad in the line of duty over the years.

Consideration of the way forward in Iraq—which I hope will be our focus today—requires an understanding of what has happened in the recent past. It is easy to express disappointment in this or that aspect of the reconstruction process as it has unfolded thus far, but we ought to keep our concerns in perspective.

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The United States does not have a lot of experience in occupying other countries. It is not what we do. We simply do not have a core of colonialists ready to spring into action.

Common sense tells me we should have anticipated the need for forces capable of providing security in urban areas. We should certainly have been able to deploy such forces by now. Perhaps our witnesses can address what advice was given to the military and civilian leadership on the matter of security in cities and what specific decisions were made.

Whatever the difficulties we are now encountering, we appropriately did not allow the fear of the burden of temporary occupation duty deter us from doing what was right for America and right for the world.

While we welcome help, the coalition cannot cede control over the welfare of the Iraqi people land our forces to those who sat cynically on the sidelines—and would have allowed the tyrant to continue his rule. I include in that group of bystanders most of the permanent members of the United Nations Security Council.

The Iraqi people will hold us responsible for their welfare in the coming months, as will the world, and we cannot divest ourselves of that responsibility. In this connection, I hope you would address the record to date of the civil administration—its accomplishments and it failures, the reasons for the changes that are in the process of being made now, and your plans for the future.

I have criticized the lack of transparency of our reconstruction effort and the consequent difficulties faced by the Congress in exercising its constitutional responsibilities. I understand, for example, that the very charter of the Office of Reconstruction and Humanitarian Affairs is still classified as national security information.

During the major combat operations phase, Congress did not intervene too forcefully, even to gain information. Some of the decisions we made will need to be revisited.

To help us get the information we need, today I will be writing the Comptroller General asking that the General Accounting Office monitor the reconstruction effort in detail, concentrating on the efforts to provide security and interim relief to the people of Iraq and on the rebuilding of its economy and political system. The Committee expects the full cooperation of every element of the Executive Branch in the GAO's efforts.

It is important that we take the time in Iraq to do the job right. The Congress should not be rushing you to finish your work by setting artificial deadlines, and we must be in this for the long haul.

There is clearly a public order problem in Iraq. In many places, it is unclear as to who is in charge. People are grabbing authority—and property—for themselves.

Among the other dangers that must be confronted are the influences of Iran and of Wahabism, and of any resurgence of Baathism. It is in Iran's interest—and al-Qaeda's—to foment violence whenever it can and thus get us out of Iraq as quickly as possible. To combat this, the population must be firmly on our side, cooperation at the street level with the coalition.

If the first order of business is security, the second order is the provision of basic human needs. How long will it take for the lights to go back on and for the water to flow freely again, and what are

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your plans to accomplish that? Can we demonstrate to Iraqis that we will not be helping the well-off first?

What will happen when people's hoarded food from the saved Oil for Food rations begins to run out?

What will be the basis of Iraq's economy for the next several years? Do you plan to entrench the Iraqi oil ministry within the Iraqi state, or will you urge either its privatization or its revenues be placed in the hands of the people rather than the hands of the government?

The transition to democracy in a nation such as Iraq, where civil society has perverted for so many years, will take time. I share the President's faith that it can be accomplished.

It is perhaps worth considering how hard a job this will be. To build a democracy in Iraq, for example, means much more than arranging to count the ballots on a one-time basis, handling over power to the winner, and slamming the door shut our way out.

Democracy implies stable institutions that bind a whole people together and respect for everyone's right. It involves a willingness to work things out over time, with the expectation that sometimes you will win and sometimes you will lose.

Often neglected groups—Assyrians, Turkomens, Yazidis—maintain their traditions and deserve to have their interests taken fully into account. And Iraqis in exile worked tirelessly to free their compatriots.

On April 7, Deputy Secretary of State Armitage properly said that the United States should not put a "thumb on the scales" of Iraqi politics. I agree. He made that statement 1 day after the Defense Department, apparently without coordination with the State Department, flew one of the Iraqi exile leaders and 700 American-armed fighters to An Nasiriyah.

That is a pretty heavy "thumb."

I hope you will address the issue of how to include all of the relevant, responsible, and democratic groupings and provide them with a voice commensurate with the support they command in Iraq.

Yours is a tremendous challenge. Despite some bumps in the road, I have ever confidence that individuals with your talents, and the talented people working with you, will make our nation proud, and we want to offer you every possible support.

Let me now recognize Mr. Tom Lantos, the senior Democrat on the Committee, and after I do so, I will introduce the witnesses and ask them to summarize their statements, and then the Members will be recognized under the 5-minute rule.

Mr. Lantos.

Mr. LANTOS. Thank you very much, Mr. Chairman.

I want to express my appreciation for your calling today's important and timely hearing, the first on Iraq since the collapse of Saddam Hussein's regime.

Iraq's transformation from a police state to a free society is the focus of international attention, and rightly, the focus of our Committee's attention as well.

In Iraq, the United States and our allies have much to be proud of. Our fighting men and women fought with honor, valor, and

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skill, perfectly executing a bold plan to destroy the Iraqi regime. In so doing, they proved the doomsayers wrong.

As Professor Elliot Cohen of Johns Hopkins argued in the *Financial Times* earlier this week, dire predictions of Arab uprisings, political paralysis, domestic division, humanitarian catastrophe, urban quagmires, and countless other nightmare scenarios never materialized. The prophets of doom have been summarily discredited.

Having won this spectacular military victory, we now face the challenge of rebuilding a peaceful, prosperous, democratic Iraq. Some argue that winning the peace will be far more difficult than winning the war. I could not disagree more. Although the fighting was brief and the casualties few, the risks were great and the sacrifices of our Armed Forces were enormous. Our military made the war in Iraq look easy, but it was not.

Nevertheless, our work is not done, and we must tackle the post-war challenge we face with the same creativity, intelligence, and commitment as we did the war itself.

Although we should not expect Iraq to become a Jeffersonian democracy overnight, we should expect from our leadership a clear and comprehensive strategy for addressing the pressing political, economic and humanitarian challenges we now face in Iraq, including preserving crucial evidence of the countless atrocities of the Baathist regime.

My most pressing concern in this regard, Mr. Chairman, is the troubling security situation in Iraq. Security is the sine qua non of democratic reconstruction. Without it, there is no rule of law, no safety of property, no prospect for commerce. With it, we can begin taking concrete steps toward building a prosperous, politically stable Iraq.

Our painful experience in post-war Afghanistan highlights the paramount importance of creating a secure environment for freedom to flourish. These concerns lead me to believe we must have more military boots on the ground if we are to secure and rebuild Iraq. These need not be nor should they be the boots of the American military. The United States is not an occupying force, but a liberating one, and we must ensure that perceptions reflect that reality. They should be the boots of a broad-based international security force and NATO should be at its core.

I have long advocated, Mr. Chairman, that the combined forces of our Atlantic Alliance should be deployed to Iraq to carry out the critical stabilizing and peacekeeping missions there. Deploying NATO would increase the number of countries with a direct stake in the success of nation-building in Iraq. It would ease the burden on the current coalition, and most important, it would provide more security for the Iraqi people.

Today, Mr. Chairman, I have introduced H.R. 2112, legislation calling for the deployment of NATO peacekeeping forces to Iraq, and I urge all of my colleagues to support it.

As we secure Iraq, we must redouble our reconstruction efforts. Soon I and a number of my colleagues plan to unveil legislation authorizing humanitarian relief, economic reconstruction and security assistance to Iraq. Our bill will seek to restore Iraq's cultural heritage, remedy the environmental destruction caused by Saddam Hus-

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sein's regime, and ensure accountability for human rights atrocities and crimes against humanity.

The road ahead in Iraq will be challenging, but no more so than the road we trod in the aftermath of the Second World War. It took months to bring security to allied-controlled Europe, and in France, just to take one example, an estimated 30,000 people were killed in post-war revenge killings.

Thanks to the bravery and skill of our soldiers, sailors, airmen and marines, we have an opportunity to bring the benefits of good government for the people, by the people, and of the people to a land that is a cradle of civilization and one of the most important nations in the Middle East. It would be a tragedy if we were to allow that opportunity to slip away.

Thank you, Mr. Chairman.

Chairman HYDE. Thank you, Mr. Lantos.

Without objection, any opening statements that the Members may have may be made a part of the record at this time.

I will now introduce our witnesses. Our first witness today is the Honorable Douglas Feith, who is Under Secretary of Defense for Policy at the U.S. Department of Defense, where he has responsibilities for the formulation of defense planning, guidance policy, Department of Defense relations with foreign countries, and the Department's role in U.S. Government interagency policy making.

Appointed by the President in July 2001, Mr. Feith was for 15 years the managing attorney at the law firm of Feith and Zell. Previous to this, he had extensive Federal Government services as Deputy Assistant Secretary of Defense for negotiations policy, and special counsel to the Assistant Secretary of Defense. He has also served on the National Security Council as Middle East specialist; extensively published in writings on international law.

Mr. Feith holds J.D. from the Georgetown University Law Center, and an A.B. from Harvard College, both earned magna cum laude.

We welcome you here today, Mr. Secretary.

As our second witness, we once again welcome back to our Committee the Honorable Alan Larson, who is Under Secretary of State for Economic Business and Agricultural Affairs at the Department of State.

Ambassador Larson advises the Secretary of State on the international economic policy and leads the work of the State Department on issues ranging from trade and aviation to bilateral relations with America's economic partners. He is a career public servant who has served at a high level in the Department in a number of endeavors involving the economic and business affairs, and international energy, energy policy and resources.

He has represented the United States overseas in Jamaica, Zaire, and Sierre Leone.

Ambassador Larson has a Ph.D. in economics from the University of Iowa, and has attended the Johns Hopkins School of Advanced International Studies.

We again welcome our third witness, the Honorable Wendy Chamberlin, who now serves as Assistant Administrator of the Bureau of Asia and the Near East at USAID.

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Ambassador Chamberlin, who has appeared before our Committee numerous times throughout her service, has served as principal Deputy Assistant Secretary in the Bureau for International Narcotics and Law Enforcement at the Department of State. She has also served as United States Ambassador to the Republic if Pakistan, and to the Lao People's Democratic Republic. She has been Director for Counter-Terrorism at the National Security Council, and principal Deputy Assistant Secretary in the International Narcotics and Law Enforcement Programs Bureau.

A former teacher, Ambassador Chamberlin is fluent in Lao and French, and holds a B.S. from Northwestern University and a Master's Degree in Education from Boston University.

We welcome you again today, Ambassador.

Finally, our fourth witness, who will not make a statement but will be here to answer questions, is Lieutenant General Norton Schwartz, Director of Operations of the Joint Staff in Washington. He serves as Principal Assistant to the Chairman of the Joint Chiefs of Staff, and assists the Chairman in his duties as the principal military and anti-terrorism and force protection advisor to the Secretary of Defense and the President.

General Schwartz is responsible for coordinating continuous global contingency and operational plans. He leads staff supervision and cognizance over the war on terrorism and joint operational matters, planning and execution of conventional, nuclear reconnaissance and electronic warfare operations, communications countermeasures, counterproliferation, and counterterrorism operations, military support of drug interdiction, operation of the National Military Command Center and the readiness of the Armed Forces.

General Schwartz was graduated from the U.S. Air Force Academy and is an Alumnus of the National War College, a member of the Council on Foreign Relations and a fellow of the Massachusetts Institute of Technology, Seminar 11.

He has been Commander of the Alaskan Command, the North American Aerospace Defense Command Region and the 11th Air Force.

We appreciate your appearing and making yourself available, General.

If you will begin, Secretary Feith, with a summary of your statement. We hope, not overly optimistically, that you can hold it down to about 5 minutes, giving us a summary, give or take, and we then will have time for questioning by the Members.

Under Secretary Feith.

STATEMENT OF THE HONORABLE DOUGLAS J. FEITH, UNDER SECRETARY FOR POLICY, U.S. DEPARTMENT OF DEFENSE

Mr. FEITH. I am pleased to have this opportunity to talk with you about the work of the Defense Department and the United States Government, to put a free Iraq on its feet headed toward stable democratic government.

Combat operations to liberate Iraq moved speedily from their start to the fall of Baghdad was a period of 3 weeks. Less than 5 weeks have elapsed since Baghdad fell. Stability operations are underway through Iraq. Much work remains to be done before the coalition's military victory can be confirmed as a strategic victory.

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As President Bush has announced, major combat operations in Iraq have ended. The coalition continues to encounter attacks from scattered small elements that remain loyal to the former regime. Coalition forces are proceeding with so-called sensitive site exploitation, working their way down a list of hundreds of locations that may contain material or information relating to chemical, biological or nuclear weapons.

Our forces are rounding up, more or less daily, regime leadership figures on our most wanted list, and are collecting information on the Saddam Hussein's regime's ties to terrorist activity.

Meanwhile, the coalition has the responsibility for the time being to administer Iraq for the benefit of the Iraqi people. The coalition is providing humanitarian relief, organizing basic services, working to establish security, and creating the conditions for the liberated Iraqis to organize a new government for themselves.

Before entering more deeply in the post-war issues, I would like to spend a moment on the war itself. As Secretary Rumsfeld has said, military commanders and historians will study this war with care for many years. I think they will find much in the planning and execution that was innovative, courageous, and successful. A few noteworthy points.

Coalition forces began the ground war before the major air campaign. This gave us a degree of tactical surprise under circumstances in which strategic surprise was clearly impossible. Our forces demonstrated flexibility. They were able to adjust to bad news. For example, General Franks rerouted the Fourth Infantry Division after the Turkish Parliament refused to allow it to stage from Turkey.,

We used special operations forces to forestall particularly worrisome Iraqi option, such as missile attacks on Israel and sabotage of the southern oil fields.

Our forces advanced rapidly into Baghdad to take advantage of, indeed to accelerate, the quick-paced collapse of Saddam's regime. And we used time-sensitive intelligence to attack high-valued targets virtually instantly.

All in all, General Franks and his team developed a plan that was careful and detailed with scope for daring adjustment and improvisation. It was a plan that reflected the essence of our new defense strategy, the acknowledgement that our intelligence is always and inevitably imperfect, that the future is uncertain, and that we must plan to be surprised.

General Franks' plan allowed coalition forces to exploit opportunities rapidly as they presented themselves. I expect that historians will long debate the extent to which the plan helped us avoid many of the horribles that we foresaw with concern; for example, large-scale refugee flows across Iraq's border, and Iraqi use of chemical and biological weapons.

Whatever the historians' conclusions on these difficult questions of cause and effect, however, we can be confident they will judge the thought and action of General Franks and of the central command as a favorable reflection on the brains, skill and character of the U.S. Armed Forces.

Now that major combat operations in Iraq are over, our policy goals remain:

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First, to continue to demonstrate as both the Chairman and Mr. Lantos has said, that the United States and its coalition partners aspire to liberate the Iraqis, not to occupy or control them or their economic resources?

Secondly, eliminate Iraq's weapons of mass destruction;

Third, eliminate Iraq's terrorist infrastructure;

Fourth, safeguard the country's territorial integrity;

And fifth, reconstruct the economic and political systems, putting Iraq on a path to become a prosperous and free country.

We are pursuing these goals with a two-part determination: A commitment to stay and a commitment to leave. That is, a commitment to stay as long as required to achieve these objectives. We didn't take military action in Iraq just to leave a mess behind for the Iraqi people to clean up without our lending a hand. But the United States and our coalition partners have a commitment to leave as soon as possible for Iraq belongs to the Iraqi people.

We are encouraging contributions and participation from around the world, from coalition partners, nongovernmental organizations, the U.N. and other international organizations and others. We aim to transfer as much authority as possible as soon as possible to the Iraqis themselves, but the United States will not try to foist burdens onto those who are not in a position to carry them.

Mr. Chairman, you raised questions about the organization of the coalition provisional authority and the Office of Reconstruction and Humanitarian Affairs.

When General Franks declared Iraqi's liberation, as commander of coalition forces he announced the creation of the Coalition Provisional Authority. The CPA serves in effect as a government pending the Iraqi peoples' creation of a new government.

General Franks was initially the head of the CPA. Last week President Bush named Ambassador L. Paul Bremer to be his envoy to Iraq and put him in charge of all civilian United States personnel in Iraq, including the Office of Reconstruction and Humanitarian Affairs, which is known by the acronym ORHA.

On Tuesday, May 13, Secretary Rumsfeld appointed Mr. Bremer as the head of the CPA, with the title of administrator. It is distressing to see news reports to the effect that Mr. Bremer's appointment reflects dissatisfaction with the work of J. Garner, the Director of ORHA. These reports are false.

Starting in late January, Jay Garner created ORHA from scratch, staffed it from a dozen or so offices of the United States Government, from our coalition partners, and from the private sector, and got it deployed first to Kuwait and then within weeks to Baghdad.

He had ORHA manage the distribution of humanitarian assistance and began the process of building the new Iraq both physically and politically.

The job was immense. The conditions difficult in the extreme. The time short, and the achievements, as I shall discuss in some detail, have been substantial. Jay Garner has done superb work and deserves admiration and gratitude.

Now, on the issue of the Chairman raised about the General Accounting Office involvement in ORHA, we will welcome that. In fact, I believe that maybe a week or so ago the Office of Recon-

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struction and Humanitarian Assistance invited the General Accounting Office to send people to the theater to work in ORHA.

Apparently, we had a similar thought to your own, Mr. Chairman, that it will be useful and important to provide the Congress with that visibility into ORHA's operations.

Now I would like to turn for a moment to the work that the Coalition Provisional Authority has just begun as Iraq emerges from its long period of tyranny.

Humanitarian problems exist primarily in the areas of electricity and water supply, but the overall situation is not desperate. The war caused much less damage than many expected. The major problems derived from the sad state of the prewar infrastructure and from post-war violence by Baathists and ordinary criminals.

The coalition has managed to advert the humanitarian crisis through a combination of unprecedented interagency planning and preparation and the skill of our combat forces. In recent press remarks, the President of the International Committee of the Red Cross just back from Iraq confirmed that there is not now a humanitarian crisis in Iraq.

Its useful to put our recovery efforts in Iraq in perspective. Iraq is a country that had been run into the ground by decades of systematic oppression and misrule. Even before the war, only 60 percent of Iraqis had reliable access to safe drinking water; 70 percent of sewage treatment plants were in urgent need of repair; 23 percent of children under five suffered from malnutrition. Iraq's electrical power system, which is critical to its water system, was operating at half of its capacity.

Eighty percent of 25,000 schools were in poor condition with an average of one book per six students. Sixty percent of the population is wholly dependent on the U.N. Oil-for-Food Program for subsistence.

Now, I will quickly review the current situation. Security, as Representative Lantos said, is the sine qua non for relief and recovery efforts. It is the coalition's highest priority. There has already been progress, as over half of Iraq's provinces, including Baghdad, have been declared permissive. Throughout Iraq the coalition is screening and paying local police officers and often participating in joint patrols to address security concerns.

There is no food crisis in Iraq. The water system in Baghdad is operating at 60 percent of prewar levels, and efforts continue to improve on this. The electrical power system throughout Iraq was dilapidated and unreliable before the war. The north and south have more reliable electric service now than before the war, and in Baghdad progress is being made every day.

There is no health crisis in Iraq. Coalition partners initially provided support through field hospitals. We are now moving toward an adopt a hospital approach. ORHA is working to reestablish the ministry of health, and there is active cooperation on health issues among ORHA, the World Health Organization, and the reemerging Iraqi ministry of health.

There have been no widespread human rights abuses since the war. There have been some property disputes and forced evictions in the north. There is an international fact-finding team in the re-

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gion to investigate this issue and develop a process for property dispute resolution.

Ultimately strategic success in Iraq requires that we lay the political groundwork for a free and representative government that will establish the rule of law and respect the rights of the members of all of Iraq's ethnic and religious groups.

Although many feared that without a strongman, Iraq would tend to disintegrate. We have not seen any such tendency.

Some Irani influence groups have called for a theocracy on the Teheran model, but it appears that popular support for clerical rule is narrow, even among the Shi'a population.

In restarting Iraqi government operations, we face the question of the extent to which we should keep in power former officials who know how to run the administrative machinery. Our policy, however, is de-Baathication; that is, the disestablishment of the Baath party, the elimination of its structures, and the remove of its high-ranking members from positions of authority in Iraq.

We are working toward the establishment of an Iraqi interim authority which will assume increasingly responsibility for the administration of the country. Over time it is to take control of an increasing number of administrative functions, but its most important responsibility will be to design the process for creating a new Iraqi government, for example, by setting up local elections, drafting a new constitution and new laws.

Now, on the subject of weapons of mass destruction, we have found evidence of the weapons of mass destruction programs of the Iraqi regime, but we have a long way to go before we can gain a complete understanding of them.

Of the roughly 600 weapons of mass destruction sites we currently know about, we have only searched about 20 percent. We are learning about new sites every day. I am confident that we will eventually be able to piece together a fairly complete account of Iraq's WMD programs, but the process will take months and perhaps years.

As for oil, the United States and its coalition partners faced the necessity of repairing Iraq's oil infrastructure. The United States is committed to ensuring that Iraq's oil resources remain under national control with the proceeds made available to support Iraqis in all parts of the country.

Iraqi oil operations are being run by an interim management team headed by Thamir Ghadban. Other Iraqis are assisting Mr. Ghadban, including Phillip Carroll, a former American oil executive, and Fadhil Othman, the former head of Iraq's state oil marketing organization. They are the chairman and vice chairman of an advisory team that will be filled out soon with other Iraq and non-Iraq experts.

The main oil problem that we are facing now is different from what we feared before the war. Then we anticipated destruction of Iraq's energy facilities and a long-time loss of Iraq's oil production. But coalition forces ceased key Iraqi petroleum and gas facilities in the south at the war's outset and prevented Saddam's regime, the Saddam regime from destroying them.

Some oil wells were set on fire and we found substantial explosives in the southern oil facilities that Saddam's forces did not

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manage to use. We also captured the oil fields in the north largely in tact.

So we now face the challenges of success. With oil production at only 125,000 barrels per day out of a prewar production of 2.5 million, there already is a dearth of spare capacity to store crude oil and fuel oil, which is a byproduct of the refining process. Iraq cannot produce much more oil or refine much more gasoline without exceeding the limits of its storage capacity.

This has led to shortages of both gasoline and propane, and we have been forced to import both products into a country that, as you know, is rich in natural gas and petroleum.

The new U.N. resolution, the one that Spain and the United States and Britain have put froward at the Security Council, would relieve this problem. It envisions the resumption of oil exports and provides that the revenues be deposited in a new fund in the Iraqi Central Bank with transparency provided to the world by independent auditors and an international advisory board. The revenues could then be used for the benefit of the Iraqi people at the direction of the Coalition Provisional Authority.

Finally, Mr. Chairman, we have won the war in Iraq and we are committed to winning the peace. The United States is not acting alone. We have worked with the coalition in prosecuting the war, and we have a broad coalition that is contributing to stability operations and reconstruction.

We are working also with the United Nations and various nongovernmental organizations and of paramount importance we are working with Iraqis who are eager to create for themselves a government that will secure their freedom, build democratic institutions, and threaten neither the Iraqi people, their neighbors nor others with tyranny, terrorism, weapons of mass destruction or aggression.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Feith follows:]

PREPARED STATEMENT OF THE HONORABLE DOUGLAS J. FEITH, UNDER SECRETARY FOR POLICY, U.S. DEPARTMENT OF DEFENSE

POST-WAR RECONSTRUCTION

Mr. Chairman and Members of the Committee:

I am pleased to have this opportunity to talk with you about the work of the Defense Department and the U.S. Government to put a free Iraq on its feet and headed toward stable, democratic government.

Combat operations to liberate Iraq moved speedily. From their start to the fall of Baghdad was a period of three weeks. Less than five weeks have elapsed since Baghdad fell. Stability operations are underway throughout Iraq. Much work remains to be done before the coalition's military victory can be confirmed as a strategic victory.

As President Bush has announced, major combat operations in Iraq have ended. The Coalition continues to encounter attacks from scattered, small elements that remain loyal to the former regime. Coalition forces are proceeding with so-called Sensitive Site Exploitation, working their way down a list of hundreds of locations that may contain materiel or information relating to chemical, biological or nuclear weapons. Our forces are rounding up, more or less daily, regime leadership figures on our most-wanted list and are collecting information on the Saddam Hussein regime's ties to terrorist activity.

Meanwhile, the Coalition has the responsibility for the time being to administer Iraq for the benefit of the Iraqi people. The Coalition is providing humanitarian relief, organizing basic services, working to establish security and creating the conditions for the liberated Iraqis to organize a new government for themselves.

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Some Reflections on the War

Before entering more deeply into the post-war issues, I'd like to spend a moment on the war itself. As Secretary Rumsfeld has said, military commanders and historians will study this war with care for many years. I think they will find much in the planning and execution that was innovative, courageous and successful.

Some noteworthy points:

- Coalition forces began the ground war before the major air campaign. This gave us a degree of tactical surprise under circumstances in which strategic surprise was clearly impossible.
- Our forces demonstrated flexibility. They were able to adjust to bad news—for example, General Franks re-routed the Fourth Infantry Division after the Turkish Parliament refused to allow it to stage from Turkey.
- We used special operations forces to forestall particularly worrisome Iraqi options, such as missile attacks on Israel and sabotage of the southern oil fields and oil terminals.
- Our forces advanced rapidly into Baghdad to take advantage of—indeed to accelerate—the quick-paced collapse of Saddam's regime.
- And we used time-sensitive intelligence to attack high-value targets virtually instantly.

All in all, General Franks and his team developed a plan that was careful and detailed with scope for daring, adjustment and improvisation. It was a plan that reflected the essence of our new defense strategy, the acknowledgement that our intelligence is always and inevitably imperfect, that the future is uncertain and that we must plan to be surprised. General Franks' plan allowed coalition forces to exploit opportunities rapidly, as they presented themselves.

I expect that historians will long debate the extent to which the plan helped us avoid many of the "horribles" that we foresaw with concern (for example, large-scale refugee flows across Iraq's borders and Iraqi use of chemical or biological weapons). Whatever the historians' conclusions on these difficult questions of cause and effect, however, we can be confident that they will judge the thought and action of General Franks and of the Central Command as a favorable reflection on the brains, skill and character of the U.S. armed forces.

Post-war Objectives in Iraq

Now that major combat operations in Iraq are over, our policy goals remain:

- First, continue to demonstrate to the Iraqi people and the world that the United States and its coalition partners aspire to liberate the Iraqis and not to occupy or control them or their economic resources.
- Second, eliminate Iraq's chemical and biological weapons, its nuclear program, the related delivery systems, and the related research and production facilities.
- Third, eliminate Iraq's terrorist infrastructure. A key element of U.S. strategy in the global war on terrorism is exploiting the information about terrorist networks that the coalition acquires through our military and law enforcement actions.
- Fourth, safeguard Iraq's territorial unity.
- Fifth, reconstruct the economic and political systems, putting Iraq on a path to become a prosperous and free country. The U.S. and its coalition partners share with many Iraqis the hope that their country will enjoy the rule of law and other institutions of democracy under a broad-based government that represents the various parts of Iraqi society.

We are pursuing these goals with a two-part determination: a commitment to stay and a commitment to leave.

- That is, a *commitment to stay* as long as required to achieve these objectives. We did not take military action in Iraq just to leave a mess behind for the Iraqi people to clean up without our lending a helping hand. That would ill serve the Iraqis, the world and ourselves.
- But the United States and our coalition partners have *a commitment to leave* as soon as possible, for Iraq belongs to the Iraqi people.

When Iraqi officials are in a position to shoulder their country's responsibilities, when they have in place the necessary political and other structures to provide food, security and the other necessities, the coalition will have a strong interest in seeing them run their own affairs. It is our interest to hasten the day when Iraq can be-

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come a proud, independent and respected member of the community of the world's free countries.

We are encouraging contributions and participation from around the world—from coalition partners, non-governmental organizations, the UN and other international organizations and others. We aim to transfer as much authority as possible, as soon as possible, to the Iraqis themselves. But the United States will not try to foist burdens onto those who are not in a position to carry them.

The Coalition Provisional Authority

When he declared Iraq's liberation, General Franks, as Commander of the Coalition Forces, announced the creation of the Coalition Provisional Authority (CPA). The CPA serves, in effect, as a government pending the Iraqi people's creation of a new government. General Franks was initially the head of the CPA.

Last week, the President named Ambassador L. Paul Bremer to be his Envoy to Iraq and put him in charge of all civilian U.S. personnel in Iraq, including the Office of Reconstruction and Humanitarian Affairs (ORHA). On Tuesday, May 13th, Secretary Rumsfeld appointed Mr. Bremer as the head of the CPA, with the title of Administrator.

It is distressing to see news reports to the effect that Mr. Bremer's appointment reflects dissatisfaction with the work of Jay Garner, the director of ORHA. These reports are false. Starting in late January, Jay Garner created ORHA from scratch, staffed it from a dozen or so offices of the US Government, from our coalition partners and from the private sector and got it deployed first to Kuwait and then, within weeks, to Baghdad, had ORHA manage the distribution of humanitarian assistance and began the process of building the new Iraq both physically and politically. The job was immense, the conditions difficult in the extreme, the time short and the achievements, as I shall discuss in some detail, have been substantial. Jay Garner has done superb work and deserves admiration and gratitude.

I would like to help set the record straight here: Secretary Rumsfeld decided in January to ask Jay Garner to organize the post-war planning office in the Pentagon. I made the first call to Jay to ask if he would undertake the assignment. In that call, I explained that the director of that office would build on the various post-war planning efforts that had been underway for months throughout the U.S. government. We conceived of the office as "expeditionary" in nature—the idea was that it would comprise the people who would, in the event of war, deploy to Iraq as soon as possible to form the nucleus of the staff of the coalition's post-conflict administration.

In that first call, I explained to Jay Garner that the director of the post-war planning office might or might not deploy to Iraq and, in any case, the intention was that a senior civilian administrator would be appointed in Iraq after the major combat phase and that the post-war planning office (which became known as ORHA) would report to that administrator. Mr. Bremer's appointment fulfilled that original intention. People unfamiliar with this background have unfortunately misinterpreted events in a way that is unjust to a fine man.

The Challenges Facing the Coalition Provisional Authority: Humanitarian Assistance and Reconstruction

Now I would like to turn to the work the Coalition Provisional Authority has just begun, as Iraq emerges from its long period of tyranny.

Humanitarian problems exist, primarily in the areas of electricity and water supply, but the overall situation is not desperate. The war caused much less damage than many expected—the major problems derive from the sad state of the pre-war infrastructure, and from post-war violence by Baathists and ordinary criminals. The Coalition has managed to avert the humanitarian crisis through a combination of unprecedented interagency planning and preparation and the skill of our combat forces. In recent press remarks, ICRC President Kellenberger, just back from Iraq, confirmed that there is not now a humanitarian crisis in Iraq.

It is useful to put our recovery efforts in Iraq in perspective. Iraq is a country that had been run into the ground by decades of systematic oppression and misrule. Even before the war:

- Only 60% of Iraqis had reliable access to safe drinking water
- 10 of Al Basrah's 21 potable water treatment facilities were not functional.
- 70% of sewage treatment plants were in urgent need of repair and 500,000 metric tons of raw or partially treated sewage was discharged into the Tigris and Euphrates rivers—Iraq's water supply.
- 23% of children under 5 suffered from malnutrition.

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- Iraq's electrical power system (critical to its water system) was operating at half of its capacity.
- 80% of 25,000 schools were in poor condition—with an average of one book per six students.
- 60% of the population is wholly dependent on the UN oil-for-food program for subsistence.

The Coalition and the Office of Reconstruction and Humanitarian Assistance are working to return all sectors of Iraqi life to the pre-war baseline, and then to put Iraq on a trajectory toward sustained improvement.

Security is the *sine qua non* for relief and recovery efforts. It is the Coalition's highest priority. There has already been progress. Over half of Iraq's provinces, including Baghdad, have been declared "permissive." Throughout Iraq, the Coalition is screening and paying local police officers and often participating in joint patrols to address security concerns. We are bringing in international police advisors to do retraining and are reopening courts. We are also working with the Iraqi governmental ministries and local leadership to reestablish a degree of Iraqi oversight and supervision of security.

There is no food crisis in Iraq. This happy fact is to the credit of the US Government, Coalition and international donations and the resumption of the oil-for-food distribution system. The Coalition and ORHA are working with the UN World Food Program to reestablish nationwide food basket distributions. Over one million MT of food is enroute to Iraq and is to arrive in the next month.

The water system in Baghdad is operating at 60% of pre-war levels and efforts continue to improve on this. Much of the rest of Iraq is at or near pre-war conditions. Increasing attention is being paid to sanitation issues in order to prevent disease outbreaks. Serious illness (even cholera) was common before this war.

The electrical power system throughout Iraq was dilapidated and unreliable before the war. Coalition experts have done heroic work getting the system back on line. The North and South have more reliable electric service than before the war; and in Baghdad progress is being made every day. In Baghdad we reached 50% electricity coverage on 24 April and are closing in on repair of the 400KV ring around Baghdad, expected to be complete by 15 May.

There is no health crisis in Iraq. The concern is security of hospital facilities and reestablishment of the Ministry of Health and civil administration. Coalition partners initially provided support through field hospitals; we are now moving toward an 'adopt-a-hospital' approach. ORHA is working to reestablish the Ministry of Health and there is active trilateral cooperation on health issues among ORHA, the World Health Organization and the reemerging Iraqi Ministry of Health.

The Coalition and ORHA are working to identify appropriate persons to reestablish key ministries and providing ministry advisors and logistical support. Over 550,000 civil servants have received emergency payments, this should double by next week. ORHA is researching appropriate salary payments, which will follow in due course.

There have been no widespread human rights abuses since the war. There have been some property disputes and forced evictions in the North. The Coalition and ORHA are addressing this issue with Kurdish leadership, local leadership, and through reverse evictions where appropriate. There is an international fact-finding team in the region to investigate this issue and to develop a process for property dispute resolution. The Coalition and ORHA are also working out policies and procedures regarding mass graves.

In summary, we have averted a humanitarian crisis in Iraq and are now working to improve Iraqi life in all sectors. ORHA has grown into an interagency coalition team. It has accomplished much good, transforming itself, in the midst of a war, from a bright idea into an organization of hundreds of people doing practical work throughout Iraq, with impressive professionalism. Much however, remains to be done.

The Iraqi Political Situation

Ultimately, strategic success in Iraq requires that we lay the political groundwork for a free and representative government that will establish the rule of law and respect the rights of the members of all of Iraq's ethnic and religious groups. Given Iraq's long history of tyranny, one must expect that the political situation will remain volatile for some time and that the first steps toward representative government will be unsteady. But there are grounds for hope.

Although many feared that, without a strongman, Iraq would tend to disintegrate, we have not seen any such tendency. Among all Iraqis—Kurds and Arabs, Sunni and Shi'a, as well as the members of the smaller minorities—there has been an ac-

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ceptance of the idea of a unified Iraq. To head off ethnic conflict in areas where the Saddam Hussein regime had imposed a forced "Arabization," we are preparing to adjudicate property claims in an orderly manner.

Some Iranian-influenced groups have called for a theocracy on the Teheran model. But it appears that popular support for clerical rule is narrow, even among the Shi'a population. The Shi'a tradition does not favor clerical rule—the Khomeini'ites in Iran were innovators in this regard. And their experiment has not produced widespread prosperity, freedom or happiness in Iran. The Iranian model's appeal in Iraq is further reduced by the cultural divide between Persians and Arabs.

In restarting Iraqi government operations, we have faced the question of the extent to which we should keep in power former officials who know how to run the administrative machinery. Some have suggested that we must be willing to deal with the former Baathist power structure to obtain the technical competence needed to keep the wheels of government turning.

We have rejected such advice. Our policy is "De-Baathification"—that is, the disestablishment of the Baath party, the elimination of its structures, and the removal of its high-ranking members from positions of authority in Iraq. This process is now underway, and, as it proceeds, the people of Iraq will be assured that their way forward will not be blocked by the remnants of the Baathist apparatus that tyrannized them for decades.

Iraqi Interim Authority

We are working towards the establishment of an Iraqi Interim Authority, which will assume increasingly great responsibility for the administration of the country. This Interim Authority will draw from all of Iraq's religious and ethnic groups and will provide a way for Iraqis to begin immediately to participate in their country's economic and political reconstruction. We expect the Authority will include not only the members of the Free Iraqi groups that have fought Saddam's rule and the independents among the expatriate community, but will also draw from local leaders who have been working on the creation of a new, free Iraq. As more Iraqis feel free to express their views, more will emerge who can be a part of this leadership.

Over time, the Interim Authority is to take control of an increasing number of administrative functions. But it's most important responsibility will be to design the process for creating a new Iraqi government, for example, by setting up local elections and drafting a new constitution and new laws. This is a process that foreigners cannot direct; it must be a process "owned" by Iraqis. Our task is to create the conditions, including the security conditions, in which they can formulate a process and then pick their leaders freely. An Interim Authority will be a bridge from the initial administration of basic services to an eventual government that represents the Iraqi people.

Elimination of Weapons of Mass Destruction

As noted, coalition forces have operations underway to identify, secure, exploit and dismantle Iraqi WMD capabilities, facilities and stockpiles. This is a huge undertaking and we are in the early stages of this effort.

We have found evidence of the WMD programs, but we have a long way to go before we can gain a complete understanding of them. As we noted in connection with the UN inspection process, there is no way that we can find WMD materials that have been hidden unless those involved in the program tell us where to look.

We have detained many major figures involved in the WMD programs, including Mrs. Ammash (Mrs. Anthrax) from the biological warfare program and Dr. Taha (Dr. Germ) from the chemical warfare program. We are beginning to question them. Daily we round up more individuals who held high positions in Saddam's regime, and we are confident we will find many other key scientists and technical personnel.

Of the roughly 600 WMD sites we currently know about, we have only searched about 20%. And we are learning about new sites every day.

I am confident that we will eventually be able to piece together a fairly complete account of Iraq's WMD programs—but the process will take months and perhaps years.

It is important that we succeed in re-directing some of Iraq's dual-use capability and its scientific and managerial talent to legitimate, civilian activities in a new Iraq.

Clearly, this will not be a mission that falls entirely to the U.S. military forces. Other U.S. government personnel, including those within the DoD, the Department of Energy's laboratory system, and in other government agencies can contribute.

Coalition partners, including many NATO Allies, have nuclear, chemical and biological defense-related capabilities and expertise that are playing a role. So too will the new Iraqi government. It bears stressing: The task of accounting for and elimi-

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nating all nuclear, chemical and biological stockpiles, facilities and infrastructure will take time.

Oil Infrastructure

The United States and its coalition partners face the necessity of repairing Iraq's oil infrastructure. Saddam Hussein's regime allowed the oil infrastructure to decay while building lavish palaces with Iraq's revenue. A great deal of repair work is underway to ensure the safe resumption of operations at oil facilities after war-related stoppage.

The oil sector is Iraq's primary source of funding. The United States is committed to ensuring that Iraq's oil resources remain under national control, with the proceeds made available to support Iraqis in all parts of the country. No one ethnic or religious group will be allowed to claim exclusive rights to any part of the oil resources or infrastructure. In other words, all of Iraq's oil belongs to all the people of Iraq.

Iraqi oil operations are being run by an Interim Management Team headed by Thamir Ghadban, who was a senior Oil Ministry official under the former regime. Other Iraqis are assisting Ghadban. And Ghadban is being advised in his efforts by Phillip Carroll, a former American oil executive, and Fadhil Othman, the former head of Iraq's State Oil Marketing Organization (SOMO), the chairman and vice chairman of an advisory team that will be filled out soon with other Iraqi and non-Iraqi experts. We are helping as we can, but the Iraqis have in the past demonstrated skill in operating their energy infrastructure in the face of adversity, and that record continues up to today.

In fact, the main oil problem we are facing now is different from what we feared before the war. Then, we anticipated destruction of Iraqi's energy facilities and a long-time loss of Iraq's oil production. But coalition force seized key Iraq's petroleum and gas facilities in the south at the war's outset and prevented Saddam's regime from destroying them. Some oil wells were set on fire, and we found substantial explosives in the southern oil facilities that Saddam's forces did not manage to use. We also captured the oil fields in the north largely in tact.

We now face the challenges of success. With oil production at only 125,000 barrels/day, out of a prewar production of 2.5 million barrels/day, there already is a dearth of spare capacity to store crude oil and fuel oil (a byproduct of the refining process). With the current 'constipation' of the system, as it is, Iraq cannot produce much more oil or refine much more gasoline without approaching its maximum limit of storage. This has led to shortages of both gasoline and propane, and we have been forced to import both products into a country that, as you know, is rich in natural gas and petroleum.

The resolution that Britain, Spain and the U.S. have introduced in the UN Security Council would relieve this problem. It envisions the resumption of oil exports, and provides that the revenues be deposited in a new fund in the Iraqi Central Bank, with transparency provided to the world by independent auditors and international advisory board. The revenues could then be used for the benefit of the Iraqi people at the direction of the Coalition Provisional Authority.

Funding of the Reconstruction

The ultimate costs of reconstruction in Iraq are difficult to estimate. As I have said, many of the problems that we face there are the result of 30 years of tyranny, corruption and mismanagement. War damage was relatively small-scale.

There are a number of funding sources to help Iraq. There is $1.7 billion in formerly frozen Iraqi government assets in the US that the U.S Government vested by Presidential order. In addition, about $700 million in state or regime owned cash has so far been seized and brought under U.S. control in accordance with the laws of war. This money is also available to be used for the benefit of the Iraqi people.

Once Iraqi oil exports resume, the proceeds will be available.

Under the terms of the UN Security Council resolution proposed by the U.S., the UK and Spain, assets from two additional sources would be placed in the Iraqi Assistance Fund:

— The proposed resolution calls on other countries to place in the Fund any Iraqi government assets, or assets that have been removed from Iraq by Saddam Hussein or other senior officials of the former regime, held in their countries.

— The proposed resolution also provides that the uncommitted balance in the UN's "Oil For Food" escrow account (amounting to approximately $3 billion) be turned over to the Fund.

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There have been public pledges from the international community of over $1.2 billion. The donations are for the food, health, agriculture, and security sectors. We anticipate additional contributions as well.

Finally, Congress has also appropriated approximately $2.5 billion for reconstruction efforts. There are also additional authorities that we can draw from if needed, such as the Natural Resources Risk Remediation Fund, which can be used for repairing damage to the oil facilities in Iraq.

The Coalition to Win the Peace

We have won the war in Iraq. We are committed to winning the peace.

The United States is not acting alone. We have worked with a coalition in prosecuting the war and we have a broad coalition that is contributing to stability operations and reconstruction. We are working also with the United Nations and various non-governmental organizations. And, of paramount importance, we are working with Iraqis who are eager to create for themselves a government that will secure their freedom, build democratic institutions and threaten neither the Iraqi people, their neighbors or others with tyranny, terrorism, weapons of mass destruction or aggression.

Chairman HYDE. Thank you, Secretary Feith.

Just one parenthetical comment about cooperation with the GAO. We understand one person of the GAO got permission to go for 3 to 4 weeks after he completes a bio-chemical training course, which is 3 weeks. We hope for a more robust cooperation.

Mr. FEITH. We are certainly open to more robust cooperation.

Chairman HYDE. Thank you.

Secretary Larson.

STATEMENT OF THE HONORABLE ALAN P. LARSON, UNDER SECRETARY, OFFICE OF THE UNDER SECRETARY FOR ECONOMIC, BUSINESS AND AGRICULTURAL AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. LARSON. Mr. Chairman, Mr. Lantos, and distinguished Members of the Committee. I would like to begin by thanking the Chairman for his remarks about the men and women in uniform as well as in the foreign services and civil service who serve our country overseas, sometimes in assignments that are difficult and dangerous. Thank you.

I welcome the opportunity to join colleagues from the Department of Defense and USAID to update the Committee on our plans to help the Iraqi people reclaim their country. As President Bush has said, rebuilding Iraq will require a sustained commitment from many nations, including our own. The United States is committed to supporting the establishment of an Iraq united within its borders with a representative government, free of weapons of mass destruction, at peace with its neighbors, and in which the rule of law and human rights are respected.

Only 8 weeks have passed since the commencement of military operations, and there is much good news to report. As indicated, there is no famine, no shortage of food, no refugee crisis. Working closely with the World Food Program the coalition is reestablishing food distribution throughout Iraq.

Getting Iraqis back to work is now a key objective. Emergency payments have been made to over 500,000 Iraqi civil servants to facilitate their return to work. In the vital oral sector initial production is being restored by more than 12,000 workers, and 16,000 people will benefit from a U.S. public works program in Baghdad.

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The long-term transformation of Iraqi's economy will, however, be a big job. Saddam Hussein made Iraqis dependent on the state-run ration system, evicted thousands from their lands, destroyed families and businesses, agricultural production plummeted, vibrant businesses suffocated, and Iraq's oil infrastructure was neglected. A whole generation of Iraqis has been denied the skills necessary to compete in the modern world.

In 1978, Iraq had a GDP per capita greater than that of Hong Kong. Today, it is GDP per capita is ⅛ that of Hong Kong. Economic reform, like political reform, will be a partnership between an emerging Iraqi leadership, the coalition, international organizations, and others. Transparency will be a key factor in reforming Iraq, and in attracting foreign private investment.

The United Nations will play a vital role. To speed the progress toward our goal, we seek urgently a Security Council resolution to do three main things: One, lift the burden of sanctions from the Iraqi people; two, define the vital role the United Nations should play in Iraq; and three, encourage the international community at large to play a constructive role in helping build a free and peaceful Iraq.

The U.N. sanctions on imports and exports of goods are outdated and must be lifted now. They were imposed to contain the threat of a regime that no longer exists.

We also look to the World Bank and the United Nations Development Program to assist, including by preparing an initial needs assessment. We welcome the strong support of other countries who have pledged over $1 billion in support of the Iraqi people.

Iraq's creditors must contribute as well. Significant debt relief will almost certainly be necessary. Iraq's oil sector can make a major contribution to the financing of national reconstruction.

As Mr. Feith indicated, the coalition has identified a senior Iraqi official, Thamir Ghadban, to serve as interim administrator. He will be consulting closely with coalition authorities and international advisory board, but he and his team will make decisions on production, sale and marketing of oil.

During this interim period, the coalition and the interim management team will not engage in new development or act on development contracts signed under the Saddam regime. Decisions related to future development of the sector will be left to a new Iraqi government, one responsible to all Iraqis.

Oil revenue must return to Iraq. Working with Iraqi officials, we will help establish an Iraqi assistance fund in the Central Bank of Iraq. All disbursements will be made with direct Iraqi participation, and the fund will be subject to full transparency by an international advisory board and audited by independent public accountants.

Iraqis will have to transition away from the ration distribution system and centrally planned economy of the past. It will take time to convert this centrally controlled economy to a free market economy.

The President's appointment of Ambassador L. Paul Bremer is an important step in our efforts to rebuild Iraq. The State Department will put its full force into the task of assisting Ambassador Bremer and his team.

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Mr. Chairman, Saddam's regime continually put political favoritism and personal enrichment above the needs of the Iraqi people. That way of doing business is no over. The United States and our coalition partners will put the Iraqi people first. We are confident that a new representative Iraqi authority will do the same.

As we continue this important work, Mr. Chairman, we appreciate the strong interest and the strong support from this Committee and from the Congress.

Thank you.

[The prepared statement of Mr. Larson follows:]

PREPARED STATEMENT OF THE HONORABLE ALAN P. LARSON, UNDER SECRETARY, OFFICE OF THE UNDER SECRETARY FOR ECONOMIC, BUSINESS AND AGRICULTURAL AFFAIRS, U.S. DEPARTMENT OF STATE

Chairman Hyde, Ranking Member Lantos, Members of the Committee, I appreciate the opportunity to appear before you today, on a subject which is of great importance to all of us as we seek to help Iraqis establish the foundations of a government, economy, and society that will never again threaten its own people, the security of the region or the world with weapons of mass destruction or unprovoked aggression.

In January, President Bush established the Office of Reconstruction and Humanitarian Assistance (ORHA) under the authority of the Department of Defense to consolidate and prepare to implement the various plans for post-conflict Iraq that we had generated in the interagency process. Our planning efforts did not prejudge the need for military action—in fact, as we worked on humanitarian relief and reconstruction plans for a conflict scenario, we also vigorously pursued the peaceful disarmament of Iraq through diplomatic means. However, we all know now the decision Saddam took to continue his defiance of the international community, and the results of the coalition's successful military action that ended his reign over the Iraqi people. At the President's direction, the Department of State and other executive branch agencies are providing continued support to ORHA and the Defense Department's efforts on the ground in Iraq. We have done so by providing a number of highly qualified individuals, many with experience in the region and much needed language skills.

On February 26, President Bush outlined a vision of a democratic Iraq, and made clear that the United States would accept its responsibilities to help the Iraqi people get back on their feet after decades of Saddam's tyranny: "Rebuilding Iraq will require a sustained commitment from many nations, including our own." The U.S. is committed to supporting the establishment of an Iraq united within its borders, with a government by, for and of the Iraqi people, free from weapons of mass destruction (WMD) and at peace with its neighbors, in which the rule of law and human rights are respected, and where individuals no longer live in fear of the knock of the secret police at the door. We will stay in Iraq as long as necessary to accomplish our goals, but not a day longer.

We know that political freedom will not emerge in a vacuum; it must be supported by a prosperous, vibrant economy that provides opportunities for all Iraqis and ensures that the wealth of the country is never again wasted on weapons of mass destruction, wars of aggression, or the obscene interests of a few. Iraqis need not be told this, for they know it already. At the April 28 meeting of between 250 and 300 Iraqis in Baghdad, organized to foster discussion among Iraqis on their political future, Shi'a cleric Iyad Jamal Al Din said: "Democracy is a package, and a future democratic Iraq must be based on a free press, a free market, respect for human rights, and separation of powers. These things go together; either accept them all or reject them all." The U.S. is committed to assisting Iraqis accept them all. We are not alone in this effort. Other countries are with us on the ground or have otherwise signaled their commitment to working together with us to help Iraqis rebuild and renew their country.

In recent days, with the unearthing of mass graves and the telling of stories long buried by Saddam's regime, we are just beginning to understand the totality of Saddam's political violence. Similarly, I would like to sketch what I think are the full dimensions of the economic disaster Saddam's regime brought upon the Iraqi people. Then, after some thoughts on a couple of core reconstruction goals viewed from 30,000 feet, I will briefly discuss some of our efforts with the international community and on the ground as we help Iraqis make their future a more prosperous and stable one.

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WHERE WE ARE TODAY

President Bush initiated military operations against Iraq eight weeks ago to the day. In that relatively short period of time, a great deal has already been accomplished, not only militarily. In a seven-month interagency planning process for Iraq relief and reconstruction, the Administration worked very hard to ensure that we did not create an artificial distinction between "humanitarian relief" and "reconstruction" efforts. The transition from relief to reconstruction is a misnomer—reconstruction and post-conflict activities began on day one working hand in hand with humanitarian response.

As a result of the planning and execution of a superb military plan, extensive humanitarian contingency planning and the remarkable efforts of numbers of Iraqis, there was remarkably little *new* damage to Iraq's civilian infrastructure as a result either of coalition military action or the deliberate actions of Saddam's regime on its way out the door.

There is no famine; no shortage of food. Working closely with the World Food Program, the coalition is reestablishing the public distribution system (PDS) throughout Iraq as areas become permissive. The coalition is also using the PDS to deliver needed goods, like liquid propane gas (LPG), and will restart delivery of rations through the system as food arrives and the security situation further stabilizes.

Today, our primary concern remains the establishment of a secure and stable environment, ending the continued looting and the restoration of basic infrastructure. We are providing both military and civilian resources to make this a reality. Ten thousand Iraqi police officers have been put back on the street, and Iraq's Criminal Court resumed legal proceedings last Thursday. A Department of Justice-led international team of senior level criminal justice sector experts is about to begin a program of assistance that will include at the outset a comprehensive assessment of the courts, prosecution, police, and prison systems. The assessment will help a collaborative effort among experts from Iraq, the Departments of Justice and State and other nations to determine the level and kinds of assistance the Iraqi people will need to reconstitute an effective and fair criminal justice system, and to design and implement programs toward that end. We, and the international community, are prepared to send into Iraq as many advisers, technicians, and other specialists as necessary in this endeavor.

Getting Iraqis back to work has also been a key objective. Emergency payments have been approved for over one million Iraqi civil servants to facilitate their return to work, and the coalition has already made those payments to more than 500,000. In the vital oil sector, initial production has been restored by more than 12,000 workers who have returned to work.

There are a number of factors that have been important in achieving our immediate objectives, but I would like to focus briefly on two.

- First, as a result of Congressional action on the President's wartime supplemental request, we are quickly providing needed services through contracts. The work done to restore Um Qasr port, including paying local staff, hiring and importing needed equipment, is just one example; but the improvements to the port will be critical in allowing the continuing flow of food and other needed commodities into Iraq. Ambassador Chamberlin will speak in more detail to this and USAID's other extensive activities in support of Iraqi reconstruction.
- Second, we must also recognize the important contributions of our coalition partners, international organizations and non-governmental organizations. The U.S. has provided over $600 million in humanitarian and reconstruction assistance already, including some $500 million to the United Nations, primarily for the World Food Programme (WFP).

LEGACY OF MISRULE

There is no certain way to predict the total cost of Iraq's reconstruction and, though we expect that Iraq will be able to fund the majority of its reconstruction efforts, there is a clear requirement for international assistance to meet Iraq's urgent, short-term needs. Iraq is a potentially wealthy country, in both human and natural resources, but Saddam's misrule has left a terrible legacy for Iraqis. Under Saddam, the Iraqi economy declined dramatically over the past 25 years. In 1978, Iraq had a per capita Gross Domestic Product (GDP) equivalent to that of New Zealand, and greater than that of Hong Kong and Argentina. In 2002, Iraq's per capita GDP was half that of Argentina, less than a quarter than that of New Zealand, and about one-eighth that of Hong Kong. Over the past 25 years, economies around the world have benefited from innovation and entrepreneurship driven by the market

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and private sector investments; Iraq's economy has sharply contracted and become ever more repressed by the centralized control of the state. Today, Iraq ranks 54th of 90 developing countries in the UN Human and Income Poverty Index, behind such countries as Jordan (ranks 7th), Lebanon (11th), Turkey (19th) and Libya (27th).

Saddam manipulated the oil-for-food program to make vast numbers of Iraqis completely dependent on the state-run ration distribution system, forcibly evicted thousands from their lands, farms and livelihoods, and destroyed families and businesses. Iraq's agricultural production has plummeted; its vibrant business community consigned to either doing business on the terms of the regime or going empty-handed; and its oil resources have been underdeveloped, literally held together by makeshift spare parts and the sheer ingenuity of Iraqi technicians. Saddam's rule turned Iraq's schools from honored centers of education into grotesque places of worship to the Ba'ath party and Saddam himself. A whole generation of Iraqis has been denied the skills necessary to compete in a modern world.

President Bush's determination to address the threat posed by Saddam Hussein's defiance of his disarmament obligations has liberated the Iraqi people from a murderous tyrant and created an opportunity for Iraqis to transform their political and economic landscape. Referring to the political and economic task ahead of Iraqis as "reconstruction" is largely inaccurate; a much more accurate description of the road ahead for Iraq is "rehabilitation, renewal and transformation." But to be lasting and successful, it will have to be a transformation led by Iraqis every step of the way.

MAKING THE TRANSFORMATION WORK (AND STICK)

Economic reform, like political reform will be a partnership between an emerging Iraqi leadership, the coalition, and international organizations. In this regard, we must set some fundamental goals to guide us as we confront the many difficult decisions ahead. Focusing on the immediate and the here-and-now is of critical importance, but to do so at the expense of the vision the President has outlined for Iraq would be unacceptable. Instilling transparency and accountability into the foundation of future Iraqi decision-making is central to our objective of ensuring that an Iraqi Government never again uses its political or economic power against its own people, to launch wars of aggression, or to develop WMD.

Transparency is at the core of our proposed UN Security Council Resolution that I will discuss later, and it stands in stark contrast to economic life under Saddam. The former Iraqi regime exported oil illegally to finance military and WMD procurements and, as we have discovered, hid the wealth of the nation in $100 bills in the walls and floors of its palaces. Contracts were riddled with illicit kickbacks to the government and payments to front companies. The regime was so concerned about the ramifications of public awareness of its economic dealings that it made publishing economic data a crime punishable by death.

As security is restored, and an interim Iraqi authority established, we will assist Iraqis in establishing a unified national budget. My colleague at the Treasury Department, John Taylor, has been working hard on this subject, and has a number of Treasury advisers already in Baghdad. Oil sales in this interim period will be audited by independent international accountants, as will the use of oil proceeds. We will explore with Iraqis different mechanisms to publicize information related to the financial transactions of the state. Today we face a challenge in restoring basic communications within Iraq. However, we know that improvements in connectivity can and must develop quickly to facilitate increasing economic activity. Iraq has been largely shut out of the Internet age—as more Iraqis gain access to the Internet, we will explore ways to use technology to expand the public's access to information.

Transparency in Iraq—in all of its governing institutions—is important to the international community, and it is a key factor in attracting private foreign investment. More importantly, however, transparency for Iraqis will build confidence in the emerging political, economic and judicial systems and establish a precedent and expectations from which future Iraqi governments will have difficulty distancing themselves. Without exaggeration, Iraqis have an opportunity to establish a transparent system that is without parallel in the region, and could serve as a model for other countries rich in natural resources.

Another key component of Iraq's transformation will be the establishment of the legal and social framework for a market-based economy. We will not need to teach the Iraqis anything about entrepreneurship. As a report in the Washington Post last week noted, with Saddam's regime out of the way, Iraqis have been quick to establish booming businesses in once-banned goods like satellite dishes. Individuals with satellite telephones have been renting them out by the minute on street corners.

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The international community, and particularly the expertise in the international financial institutions, will play an important role in helping Iraqis establish the ground rules for this new economy. After years of a planned, statist economy, we will now help Iraqis plan for the day when their economy is driven by the free choices of families and businesses, not the dictates of a corrupt elite. We have had discussions with officials and others from Central and Eastern European states, who led their economies through similar transitions over the past decade. These leaders and officials have a keen interest in sharing "lessons learned" with Iraqis as they move forward.

Involving experts from other countries that have gone through sweeping economic and political transformations will help underline a key point: economic freedoms and political freedoms are mutually reinforcing. Free markets require individuals to make rational informed choices, to think critically, and to act independently within the rule of law and the rules of the marketplace. At the same time, unless there is a system of justice, and unless people feel they have a stake in the country and its system, there cannot be a lasting or prosperous free market.

In his speech at the University of South Carolina last week, President Bush outlined an ambitious plan of economic reform in the Middle East, and a commitment to strengthen our economic ties to the region. "By replacing corruption and self-dealing, with free markets and fair laws," the President said, "the people of the Middle East will grow in prosperity and freedom."

SEEKING SECURITY COUNCIL ACTION TO LIFT SANCTIONS; ENGAGING THE INTERNATIONAL COMMUNITY

In the Atlantic Summit Declaration of March 16, President Bush, Prime Minister Blair and Prime Minister Aznar made clear they valued the assistance of the international community in meeting the "solemn obligation to help the Iraqi people build a new Iraq." President Bush subsequently reaffirmed this approach in his meeting at Hillsborough with Prime Minister Blair, where they called for the UN to play a "vital role" in post-Saddam Iraq.

A critical step moving forward is swift Security Council approval of the resolution introduced on May 9 by the United States, the UK, and Spain. Passage of the resolution will demonstrate clearly to Iraqis that the restrictions of the past are behind them, and that the international community will assist their efforts to reclaim their country, not punish them for the crimes of the fallen regime. Saddam treated the Iraqi people as pawns in his decades-long rule of tyranny; the international community must now come together to demonstrate that the needs of the Iraqi people come first as we move to address critical issues in a pragmatic way. Our resolution does just that.

Our proposal is designed to do three things: lift the burden of sanctions from the Iraqi people; define the vital role the UN should play in Iraq; and encourage the international community to play a constructive role in helping to build a free and peaceful Iraq. I would like to quickly sketch our vision and the importance of the first two objectives, and then address in more detail the third, where I have focused considerable energy along with my colleagues from the Departments of Treasury and Defense.

Our resolution lifts the economic sanctions that currently limit the freedom of Iraqis to benefit from participation in the global economy. UN economic sanctions on imports and exports of goods are outdated; they were imposed to contain the threat of a regime that no longer exists. They no longer serve a useful function. In fact, we know that it is the actions of individuals and businesses—operating in a transparent, just, and open system—that will set the course for Iraq's future, and establish the economic environment for a prosperous and optimistic life for all Iraqis. Continued imposition of economic sanctions only hinders Iraq's recovery.

Our resolution also fulfills President Bush's commitment to seek a vital UN role in all aspects of Iraq's reconstruction, through the appointment of a Special Coordinator. The Special Coordinator will coordinate participation by the UN and other international agencies in humanitarian assistance and economic reconstruction, and assist in the development of a representative government. The Coordinator will also support international efforts to contribute to civil administration, to promote legal and judicial reform and human rights, and to help rebuild the civilian police force. There is a tremendous amount of work to be done, and UN expertise will be instrumental. As a practical matter, the Coordinator will serve as a principal point of contact for the UN and UN agencies in working with the Coalition and the Iraqi people.

In addition, our proposal encourages the international community to support Iraq's political and economic transformation. The resolution calls on the UN Special Coordinator and the international community to support the Iraqi people in their

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effort to establish a representative government based on the rule of law that affords equal rights to the people of Iraq without regard to ethnicity, religion, or gender. It also encourages the international community to support the Iraqi people in building a free, prosperous and secure Iraq, including by responding to UN funding appeals and providing resources for reconstruction and rehabilitation of Iraq's infrastructure. It welcomes the assistance of international financial institutions to the people of Iraq, and mandates the seizure and return of assets stolen by Saddam and his regime to Iraq.

We already are engaged in active consultations with countries around the world, stressing the need for governments, the UN and international financial institutions such as the World Bank and the International Monetary Fund to bring their assets and experience to bear in helping Iraqis rebuild their country. Many hands will be needed to make this effort a success. Although we are still in the initial stages of building this global effort, the response to date is heartening. I and others in the State Department have met with numerous foreign ministers, economic and finance ministers, foreign assistance officials, ambassadors and special representatives to talk about how we can best help the Iraqi people. There is intense interest in an international event to build donor support for Iraq, although we are still early in the process. And there appears to be strong interest in supplying the contributions—financial as well as in kind—that will be needed. A number of countries have indicated to us the importance of UN Security Council action to facilitate post-conflict contributions beyond immediate humanitarian relief assistance.

CHALLENGES AND OPPORTUNITIES "DOWN THE ROAD" IN IRAQ

As the new Iraqi leadership moves forward to build a better future for all the citizens of Iraq, there are a number of areas that pose both important challenges and present real opportunities.

Iraq's abundant natural resources, particularly its oil wealth, were misused by the previous regime as a political and economic tool of regime power, internationally and within Iraq. In addition to using oil income for wars, weapons of mass destruction and their own personal comforts, Saddam and his regime created a sizeable level of debt which will need to be managed. A new Iraqi regime will face the challenge of developing Iraq's abundant natural wealth for the benefit of all Iraqis.

Following the conflict, it has been talented Iraqi technicians, engineers and ministry officials, supported by the Corps of Engineers and U.S. funded contractors, who have quickly restored oil production capability for domestic use and are steadily increasing production. Future management of this sector will be a key factor in the success of the emerging and future Iraqi political and economic leadership.

It is Iraqis that control the day-to-day decisions in the Iraqi oil sector. That is true today, and will be true for the future. The coalition has identified a senior Iraqi oil sector officer, Thamir Abbas Ghadhban, to serve as interim administrator of the oil sector. He will consult closely with both the coalition authorities and an international advisory board, but he and his team will make decisions on production, sale and marketing of oil. During this interim period, the Coalition and the Interim Management Team will not engage in new development or act on development contracts signed under the Saddam regime. Decisions related to future development of the sector, including the establishment of new export routes, will be left for a new Iraqi government, elected by and responsible to all Iraqis.

And oil revenues must return to Iraq. Working with Iraqi officials, we will help establish an Iraqi Assistance Fund in the Central Bank of Iraq. All disbursements will be made with direct Iraqi participation, and the fund will be subject to full transactional transparency by the international advisory board and audited by independent public accountants. Funds in this account will be used to meet the humanitarian needs of the Iraqi people, for the economic reconstruction and repair of Iraq's infrastructure, for the continued disarmament of Iraq, and for the costs of indigenous civilian administration, and for other purposes benefiting the people of Iraq.

It is vitally important now that Iraqis be allowed to sell oil and use the proceeds to fund their humanitarian and reconstruction needs. Outdated provisions relating to the sale of oil and restricting the flow of funds to the Iraqi people need to be abolished. In the interim period, transactions related to oil will be audited by independent public accountants, who will report their findings to an international advisory board that will include representatives from the UN, World Bank, and IMF. To ensure that the Iraqi people are not penalized because of Saddam and can receive the benefits of their national patrimony, oil sales should continue to be immunized against attachment by international creditors or others with claims against the former regime.

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Another challenge for Iraqis is to transition from the ration distribution system. This system provides all Iraqis a basic food basket every month, but it has decimated local agricultural production and the market for food products. It will take time to convert this centrally controlled economy to a free market. During the transition, we will support food distribution through a public distribution system. We also need to help Iraqis develop a social safety net to help those who are truly needy. But we will work with the emerging Iraqi political and economic leadership to lay the foundation for a system in which the market—not the bureaucrat—determines the prices and supplies of basic commodities.

STATE DEPARTMENT ON THE GROUND IN IRAQ

Creating a stable environment means ensuring that Saddam's entire ruling infrastructure and security apparatus is dismantled and disarmed, including irregulars and paramilitary forces, locating and securing WMD, and eliminating any residual terrorist infrastructure. The situation on the ground in Iraq remains highly unstable. We, along with our coalition partners, have created the Coalition Provisional Authority, which includes ORHA, to exercise powers of government temporarily in Iraq, including to provide security, allow the delivery of humanitarian aid, and eliminate WMD.

The President's appointment of Ambassador L. Paul Bremer is an important step in our efforts to rebuild Iraq. Ambassador Bremer will report directly to Secretary Rumsfeld, and will oversee all U.S. assistance programs in Iraq, including ORHA. There are currently dozens of State Department employees working with ORHA, from a wide range of bureaus. Deputy Assistant Secretary of State Ryan Crocker continues to support efforts to establish a new political dialogue and has supported ORHA's and Presidential Envoy Zalmay Khalilzad's efforts in the two regional political conferences that have started the process of establishing an inclusive, representative Iraqi Interim Authority.

In addition, the State Department's Bureaus of Near Eastern Affairs (NEA), International Narcotics and Law Enforcement Affairs (INL), Economic and Business Affairs (EB) and Democracy, Human Rights and Labor (DRL) have been actively involved with ORHA for some time in a wide range of efforts, including supporting Iraqi efforts in the reconstruction of the criminal justice sector, the development of a prosperous, market-based economy, the establishment of democratic processes and protection of human rights. In all of these areas, and many more, the Department of State works closely with other federal agencies in support of our overall objectives in Iraq.

Along with USAID, the State Department's Bureau of Population, Refugees, and Migration (PRM) is heavily involved in assisting UN, other international organization, and NGO humanitarian efforts on behalf of the Iraqi people. Prior to the conflict, PRM supported contingency planning and prepositioning for refugees, internally displaced persons (IDPs) and other conflict victims through contributions to the UN High Commissioner for Refugees (UNHCR), the International Committee of the Red Cross (ICRC), the International Federation of Red Cross and Red Crescent Societies (IFRC) and the International Organization for Migration (IOM). PRM has also circulated guidelines for individual NGO proposals, and will seek to fund a number of NGO programs that fill gaps in the efforts of the UN and other international organizations, particularly in the area of refugee returns.

The stakes are high. The men and women of the United States Armed Forces, and those of our coalition allies, performed magnificently and bravely in protecting America from a grave threat and liberating a people. Now it is necessary to establish the foundation of a prosperous Iraq, built around transparent and open political and economic systems, and governed by the rule of law so that we can ensure that Iraq never again poses such a threat to the civilized world. Iraqis have an opportunity to unleash a force for good in the region—inspiring political reforms, invigorating markets and stimulating growth.

Saddam's regime continually put political favoritism and personal enrichment above the needs of the Iraqi people. That way of doing business is now over. The U.S. and our coalition partners will put the Iraqi people first. We are confident that a new, representative Iraqi authority will do the same.

Chairman HYDE. Thank you, Secretary Larson.
Ambassador Chamberlin.

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STATEMENT OF THE HONORABLE WENDY J. CHAMBERLIN, ASSISTANT ADMINISTRATOR, BUREAU FOR ASIA AND THE NEAR EAST, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Ms. CHAMBERLIN. Mr. Chairman, Mr. Lantos, and distinguished Members of the Committee. Thank you very much for this opportunity to testify today on behalf of United States policy toward Iraq. I will make every endeavor to keep my remarks below 5 minutes, and as we go along I will try to screen even further because I would like to eliminate some of the redundancies that were built in. My colleagues have already made some very important points, and I do not need to say them again.

They have very articulately outlined the objectives of the United States in Iraq. The two critical objectives that shape our policy toward Iraq that USAID is suited to support: One, delivering immediate humanitarian relief and reconstruction assistance; and two, helping the Iraqi people to create the conditions for a rapid transition to a representative self-government that does not threaten its neighbors and is committed to the territorial integrity of Iraq.

With the President's official announcement on May 1 that combat operations in Iraq had ended, and the United States Government's construction phase began, Mr. Chairman, that was only 13 days ago, and in the last 13 days USAID's reconstruction effort began, only began in full force. I am happy to report to you today some of the major, or the important first steps that we have already achieved just in the last 2 weeks. I think they have helped to create the conditions that both my colleagues have already reported to you today.

The basic point is we met the President's request, and that was to be ready on day one to launch an immediate reconstruction operation with the United States that this was going to be a humanitarian as well as a reconstruction crisis, and that the two should be addressed simultaneously.

Very brief remarks on what we have done. On humanitarian, USAID's Office for Foreign Disaster Assistance, OFDA, stockpiled emergency relief supplies, including water tanks, hygiene kits, health kits, plastic sheeting and blankets. These were distributed through our partners in the very early days, even during the combat period, and this has helped eliminate the humanitarian crisis.

On the food issue, my colleagues have reported there is no food disaster. This is in part a result of some of the very good and thorough contingency planning done on an interagency basis, but certainly with AID's Office for Food. That humanitarian food shortages were diverted. We have food sufficiently coming in the pipeline to take care of needs before the distribution system is up and running, as Mr. Larson mentioned to you.

The Office of Transition Initiatives, OIT in AID is very, very active. It continues to be today. This is the organization within AID that delivers small grants. It is quick, it is active, it addresses immediate needs in communities. It meets the needs of the people. It goes to villages, it goes to towns, it listens to what the people need, and it responds immediately.

Some of the things that they are doing just to illustrate, in the very poorest slums of Baghdad the local leaders there asked as a

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first priority some help in garbage collection. OIT has responded to that need. ORHA has asked for help in reequipping some of the looted ministries. So as ORHA tries to get the ministries up and running as quickly as possible with those Iraqi officials that are still there working with us, OIT is able to fund emergency ministry in a box equipment.

Even before the reconstruction period began 13 days ago, the OIT was able to work in Umm Qasr on rebuilding a school, and working with the people in the town, getting the town hall up and running again.

Another area that AID anticipated, and Congressman Lantos, thank you very much for your remarks on the human rights abuses that always accompany these post-war situations. We had anticipated that as well. At the direction of Administrator Natzios, AID established an abuse prevention unit. It had six members. They are folks that are trained in recognizing and taking the very first steps necessary when they encounter human rights abuses, retribution, and ethnic violence.

They have been active. They are traveling all over the country. This abuse prevention unit has trained hundreds of civil affairs officers in protection principles. Before the deployment to the Gulf, they developed and distributed a field guide on preventing and mitigating abuses. They have helped create a protection information network and advised ORHA on projects to address violence in communities.

The unit has already investigated mass graves, looked into property issues, and investigated human rights abuses in Kirkuk and Basrah. Security remains, however, the single biggest obstacle to rapid reconstruction aid.

Let me very briefly, because I know we are all very anxious to get to the question and answer period, point out just one or two things that we have done in each one of the sectors that AID is working on in the reconstruction area.

We are working primarily on physical infrastructure, on education; health and other social services; thirdly, on the economy; and fourthly, on local government.

In order to implement this reconstruction assistance, AID has enlisted the extensive expertise that is available to us in the American private sector. We have awarded eight contracts to date in order to pull upon that expertise that is in the private sector and surge it out into Iraq.

No government agency could maintain on its government roles the kind of talent that we have found available in the private sector, representing, quite frankly, hundreds of years of experience, which we have been able to deploy to the field.

In the area of restoring the economically critical infrastructure, from day one of the post-war period USAID's private partner, Bechtel, deployed experts to the region. In seaports, we have been very active to restore as quickly as possible the Umm Qasr port. This is vitally important to get humanitarian supplies into the country. Many of those supplies have been impeded because of the silting of the port. Bechtel, with its subcontractor, Great Lakes from Chicago, is currently dredging the port.

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Yesterday I am told, and again today, it is going to pull out as much mud as could fill this entire room. Bechtel sea divers are diving in those muddy waters to remove some of the obstacles, sunken ships, et cetera, that impede ships bringing in humanitarian supplies, and the United States military and the British military have removed over 200 unexploded objects from that channel to clear the channel as rapidly as possible. We are working with our partner, Stevedoring Services of America there.

With regard to the airports, USAID was tasked to manage the rehabilitation of the Baghdad, Basrah and Mosul international airports, and to reestablish management of those airports with the Iraqi personnel.

In the past 2 weeks, our partner, SkyLink, has completed the evaluation of Basrah International Airport. International flights are coming in, supplies are arriving which are very much needed.

Our early assessment has found that the basic infrastructure is in good condition, and it appears to be well constructed, but years of neglect have run down some of the technical components, the power supply is erratic, and the equipment that is needed for international standards for air traffic control is not there. Much work remains to be done.

Our contractors will complete the evaluation of the Baghdad International Airport by May 30.

With regard to one of the critical infrastructure needs, power and electricity, as my colleagues pointed out, it is very, very important for the quick recovery of Iraq that the power grids be reestablished, that clean water and sanitation be reestablished to the people. Both of these systems had been degraded from neglect from the Saddam regime over the last, particularly the last 10 years, but 20 years as well. Our Bechtel contractors are working on reestablishing to a working level hospitals, waste water facilities, and other infrastructure.

In the 2 weeks of the post-war period, our experts report that there is excess power in the north and the south. The electricity needs are primarily in the center, in Baghdad and in the center, and what we have discovered is there is a disruption in the connection between the north and the south and the center.

Bechtel is working with the Corps of Engineers and Iraqi engineers now to get that linkage back up and running as soon as possible.

With regard to health, education and social services, the initial evaluations, as my colleagues have pointed out, is that health services have been disrupted. There are gaps, major gaps in equipment and medicines. It is spotty largely because of the looting.

Our challenge with our partners, WHO, UNICEF, and APT Associates is to reestablish an equal distribution of medicines, and we are in the process of doing that. But we have been able to avert the potential of a cholera epidemic largely through WHO's effective intervention in establishing a system for notification on the spread of diseases.

We have been able to treat outbreaks, serious outbreaks of diarrhea among children through our assistance to UNICEF and their distribution of chlorine tablets. Two hundred thousand packets have been rushed to the region in the last few days.

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On education, our immediate concern is to get kids back into school, get them off the streets. We see this as a stability effort. Societies begin to stabilize when kids are in school. We are trying to do that as quickly as possible through a number of our contracts.

Bechtel is working in the south with our local governance contractor to identify 700 schools, to improve the physical condition of the schools. We are, through our partner, Creative Associates, and the UNICEF, providing schools in a box, and students in a box; in other words, kits of paper, pencils, chalkboards, so that kids can get right back to school and continue their education.

Our secondary objective is to open up the next session of school on October 1 with a temporary set of materials for the kids to study that takes out some of the more offensive Baathists and Saddam references until a permanent curriculum can be developed by the Iraqi people.

We are following the lead of the Department of State and Treasury on economic issues, but we will stand ready to support them as they have requested. The same is true in agriculture and the environment.

With regard to improving the efficiency and accountability of government, we have drawn on the expertise again of the private sector and have been able to mobilize hundreds of years of experience of those who have worked in the region, specifically in the Middle East region, and in other overseas environments in the area of local governance.

Our experts have already contacted 16 of the 18 governances. They have met with local leaders. They have asked them what their immediate needs are, and they are beginning the process of reestablishing grass roots organization in the communities.

In sum, security remains an obstacle, but we are working with ORHA and the United States military very closely on those two issues. We are cognizant of the importance of involving Iraqi experts as much as possible, and have found them to be very willing, very courageous partners.

Finally, Mr. Chairman, I would like to join in Al Larson's personal thanks to you for noting the contribution of the Department of State and USAID, particularly in your mention of Larry Foley, a cherished colleague who lost his life to terrorism in Jordan most recently.

I would like to share my own personal view, but also that of USAID, in proud thanks to those servicemen who have also made great sacrifices for their country and for the liberation of Iraq. And I would like to mention one third set of heros who are sometimes overlooked, and that is the American private sector. With the loss of lives in Saudi Arabia a few days ago, with the loss of the two DoD contractors in Kuwait City right before combat operations began, we are reminded that the American private sector also plays a role overseas in the furtherance of United States foreign policy objectives. We have already 100 private sector partners in Iraq as we speak. They face the dangers that we face, sometimes with less protections. And so I would just like to say how proud we are of their contribution as well.

Thank you, Mr. Chairman.

[The prepared statement of Ms. Chamberlin follows:]

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PREPARED STATEMENT OF THE HONORABLE WENDY J. CHAMBERLIN, ASSISTANT ADMINISTRATOR, BUREAU FOR ASIA AND THE NEAR EAST, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. Chairman, thank you for the opportunity to testify today on U.S. policy toward Iraq. As has been discussed in the testimonies of Undersecretaries Feith and Larson, the United States has clear objectives in Iraq, including the elimination of weapons of mass destruction, driving out terrorists sheltered in Iraq, and securing Iraqi's oil fields and natural resources for the Iraqi people. There are two other critical objectives that shape our policy toward Iraq that USAID is suited to support: 1) delivering immediate humanitarian relief and reconstruction assistance and 2) helping the Iraqi people to create the conditions for a rapid transition to a representative self-government that does not threaten its neighbors and is committed to the territorial integrity of Iraq.

With the President's official announcement on May 1 that combat operations in Iraq had ended, the U.S. Government's reconstruction phase began. Today, the President, the Congress and U.S. taxpayer can be proud of the United States' significant contributions to improving the lives of millions of Iraqis by removing the oppressive regime of Saddam Hussein.

As you are aware, contingency planning for reconstruction began months ago. USAID participated in an interagency working group to examine appropriate responses to different disarmament scenarios in Iraq. USAID developed contingency plans for a simultaneous reconstruction and humanitarian relief effort. This is an unprecedented undertaking. We want to ensure that Iraqis' basic needs are not only met, but that they see tangible improvements in their lives and communities very quickly, given the years of oppression and neglect they have suffered. I would like to share with you actions we have taken to date and intend to soon implement.

HUMANITARIAN RELIEF

USAID's Office of Foreign Disaster Assistance (OFDA) stockpiled emergency relief supplies including water tanks, hygiene kits, health kits, plastic sheeting, and blankets. OFDA funded international agencies to coordinate their programs and preposition relief supplies. This included support to the World Food Program (WFP) for food distribution and UNICEF for water, sanitation, and health. OFDA also funded six U.S. NGOs (CARE, International Medical Corps (IMC), International Refugee Committee (IRC), Mercy Corps, Save the Children, and World Vision) to allow them to work with us on a humanitarian response. As a result of the preplanning USAID and partners are now responding rapidly and flexibly to the Iraqi people's humanitarian needs as they are identified.

The DART, staffed at more than 60 persons, the majority of whom are now deployed in Iraq, is the largest such team outside of search and rescue efforts in U.S. history. Teams based in Baghdad, Basrah, and Arbil are traveling throughout the country as security conditions permit to identify immediate humanitarian needs and mobilize urgent aid.

For example, OFDA mobilized CARE in Ar Rutbah; Save the Children in Basrah; and Mercy Corps in Arbil to address urgent repairs to water and sanitation facilities caused by war, ethnic conflict and looting. OFDA supports urgent health care aid deliveries by CARE in Baghdad; Save the Children in Mosul; IMC in Basrah, Al Nasiriyah, Maysan, and Wasit; and World Vision in Ar Rutbah. Health and hygiene kits, blankets, water containers, and plastic sheeting that OFDA pre-positioned prior to the war have been distributed to vulnerable populations in Baghdad, Basrah, Nasiriyah, Samawah, Umm Qasr, and Arbil. Through these timely humanitarian interventions, USAID is providing clean water and restocking medicines looted from hospitals.

Food

The entire Iraqi population, 25.5 million people, continues to be at least partially dependent on food rations. Of these, 16 million people rely entirely on basic food staples provided through the Public Distribution System (PDS). Before the war, the PDS was managed by the Ministry of Trade (MOT), using food procured via the U.N. Oil-for-Food (OFF) program. At the onset of the war, the WFP issued an appeal for 1.6 million metric tons of food for Iraq. Currently they are acting as the intermediary until the MOT is again able to assume its distribution and management role. WFP plans to expand its operation to include six full months of implementing the PDS food distribution with a 2.4 million metric ton requirement. The U.S. is the largest contributor to this effort.

USAID's Office of Food for Peace (FFP) is providing the WFP commodities through the Bill Emerson Humanitarian Trust and through P.L. 480 Title II emer-

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gency food assistance, to be distributed to Iraqis requiring food assistance. The total amount of U.S.-produced food already in the region or en route amounts to nearly 300,000 metric tons. USAID provided funds to WFP to purchase commodities in the region, which will put a grand total of over 600,000 metric tons of food into the pipeline. The local procurement was necessary to address Iraq's immediate food needs during the first months of distribution when the OFF pipeline was disrupted. Title II commodities coming directly from the U.S. could not have reached Iraq in time to be of immediate assistance.

USAID staff in Iraq and the region are working with WFP and the Ministry of Trade to re-establish the PDS system, as this is the most efficient means to ensure that the nutritional needs of the Iraq people are met.

TRANSITION INITIATIVES

USAID's Office of Transition Initiatives (OTI) has funded small grants in various communities in permissive areas of Iraq. These quick action grants are to provide flexible and immediate assistance to meet urgent community needs; to repair community confidence by encouraging local cooperation in the distribution of these small grants; to work across ethnic groups in grass roots projects; to increase citizen participation in decision-making, and to rapidly respond to small infrastructure repair. For example, at the request of legitimate local leaders in the poorest area of Baghdad, OTI funded garbage collection. OTI is supporting immediate provision of office supplies to government Ministries that were badly looted and damaged. In the south of Iraq, OTI awarded grants, based on community priorities, to establish a functional office for a town council, rehabilitate a secondary school, and increase sports and recreational activities for youth.

Abuse Prevention Units

Political and ethnic retribution, property confiscation and other human rights abuses immediately following hostilities aggravate suffering and retard reconstruction. In anticipation of such abuse, USAID established Abuse Prevention Units to identify, track, and report acts of retribution, and help coordinate the U.S. Government response to prevent or mitigate such acts. Today, USAID Protection Officers operate throughout Iraq to pass relevant information about alleged incidents and potential flashpoints to ORHA, other civilian agencies, and Coalition forces. In the regions where they operate, the Unit is the point of contact on these matters with the International Committee of the Red Cross (ICRC), United Nations agencies, and NGOs. In addition, the Abuse Prevention Unit develops public information campaigns to promote tolerance, justice, and respect for the rule of law. It trained hundreds of Civil Affairs Officers in protection principles before their deployment to the Gulf; developed and distributed a field guide on preventing and mitigating abuses; helped create a protection information network; and advised ORHA on projects to address violence in communities. The Unit has investigated mass graves, looked into property issues, and investigated human rights issues in Kirkuk, the Basrah region, Karbala and Najaf.

RECONSTRUCTION

USAID is actively delivering reconstruction assistance in four primary sectors: 1) physical infrastructure; 2) education, health, and other social services; 3) economy; and 4) local government. In order to implement this ambitious program, USAID has enlisted the extensive expertise of the American private sector through the award of eight contracts to date. We tapped the expertise of United Nation Agencies already working in Iraq through grants to UNICEF and WHO. Grants to NGOs should be announced within the next couple of weeks. While USAID is meeting immediate reconstruction requirements, we are also conducting on-the-ground determinations of needs in our primary sectors that will guide future reconstruction activities.

Restoring Economically-Critical Infrastructure

Prior to the war, USAID developed contingency plans to address on an urgent basis damage to physical infrastructure caused by war related incidents including looting and years of neglect by the Saddam regime. Early targets for immediate repair are critical electric power systems, potable water and wastewater treatment facilities. From day one of the post war period, USAID's private sector partner Bechtel, deployed experts to simultaneously develop a prioritized work plan and begin urgent work. Security remains the single biggest obstacle to rapid reconstruction. Stability is not possible if schools are not open and health care is not provided.

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Seaport

A major USAID priority is the port of Umm Qasr, which is the country's primary deep-water port of entry for humanitarian relief and reconstruction assistance, including food. Our goals for August are to ensure that three berths are functional, 50,000 ton ships can unload, and ships can be unloaded in five days rather than the present 14. USAID is well on its way to meeting that goal. One of Bechtel's first jobs was to engage the Great Lakes company from Chicago to dredge the port of Umm Qasr of accumulated silt. The dredge produced mud equal to three football fields, one story deep, yesterday and is actually producing this amount everyday. Bechtel divers are also going beneath the surface to determine how to remove shipwrecks that block berths so that humanitarian ships can dock unimpeded. In addition, USAID's private sector experts are currently making immediate repairs to silos and associated equipment to permit imports of 60,000 MT bulk grain at a time. In the weeks leading up to the beginning of the reconstruction period, U.S. and British military personnel removed 200 unexploded objects from the channel. In collaboration with WFP, approximately 1,500 tons of supplies are being offloaded each day. Our private sector partner, Stevedoring Services of America (SSA), will assume full operation of the port from the British coalition forces by May 23. SSA will direct the local work force, manage the offloading of humanitarian shipments, storage and movement of supplies needed throughout the country.

Airports

USAID was tasked to manage the rehabilitation of Baghdad, Basrah and Mosul airports and reestablish management with Iraqi personnel. Efficient airport functioning is urgently needed to assure flow of humanitarian and reconstruction supplies and to facilitate economic prosperity. The Basrah airport, for example, had no scheduled service since 1991. To bring the country back into the community of nations, this isolation has to cease. In the past two weeks USAID's private sector partner, SkyLinkUSA, has completed its evaluation of Basrah International Airport. Findings indicate that the basic infrastructure is in good condition and appears to be well-constructed. However, technology components and the power supply are in quite poor condition and will require substantial work before the airport can return to international standards and support significant humanitarian shipments. Further work is required to develop airport air traffic control and management needs. An evaluation of Baghdad International Airport should be completed by May 30.

Infrastructure Reconstruction

USAID anticipated the critical importance of power and electricity to security needs in Iraq as well as to the proper functioning of hospitals, wastewater facilities, and other infrastructure. Quite simply, economic reactivation depends on available electricity. USAID's goal in its contingency plans was, by August, to establish a reliable supply of electricity to 40 percent of previously serviced populations in permissive security areas. This goal is being met. The power situation is both encouraging and challenging. Two weeks into the reconstruction effort, our experts report an excess power in the north and south regions. In fact, residential customers in both the north and south have more electric service today than they have had since 1991. In Basrah, Iraq's second largest city, continuous 24-hour electric service has returned for the first time in 12 years.

The bad news is that Baghdad still experiences shortages for a variety of reasons. Baghdad is unable to import excess electricity from the north or south on its trunk line, the 400 KV transmission system. USAID's private sector partner Bechtel, is developing a solution to fix this inability. At the same time we are currently funding through our contracts essential repairs to power plants and substations in the Baghdad and Basra regions. Although we are very early in the process, we can already report progress.

Another obstacle to full power generation is the dependence on crude oil for the production of fuel for the power plants. Most Iraqi power plants are run on natural gas, diesel, and bunker oil. With UN Sanctions still in place, Iraq is not able to produce enough refined oil products, such as diesel and residual oil, to provide the necessary fuel for power stations. This shortage of refined product, along with decreased production of natural gas from Iraq's gas fields, has reduced electric production by approximately 700 MW.

Another critical infrastructure project USAID and Bechtel are currently working on is the bridge near Mosul that is vital for humanitarian assistance and fuel transportation.

We recognize that significant work is still required. We continue to work intensely to restore high-voltage electrical power lines in southern Iraq that will eventually supply power to Baghdad and elsewhere; and our engineers are rapidly surveying

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water and waste water treatment facilities; roads and bridges; railroad infrastructure; irrigation systems; and local government buildings for potential repair.

Support Essential Education, Health, and other Social Services

USAID's second primary objective is to support essential social services, especially health and education.

Health

Since 1991, almost one-third of all children in the south and center of Iraq have suffered from malnutrition, and the child mortality rate doubled from the decade before. Diarrhea and acute respiratory infections accounted for 70 percent of childhood deaths. This was aggravated by inadequate potable water supply and sanitary services and a high incidence of low birth weight infants and low exclusive breastfeeding rates. In addition, government investment in managerial and technical expertise of staff and maintenance of health infrastructure was poor.

Initial evaluations of the health sector today show that health services have been disrupted and equipment, medicines, and supplies have been looted from some health facilities and warehouses. No major outbreaks of communicable diseases have been reported so far, but the potential exists since the public health system and immunization programs have been disrupted. While there appear to be adequate donated and pre-positioned medical supplies in Iraq for urgent health requirements, medicines for some chronic diseases, e.g., diabetes and heart disease, are in short supply. The key challenge for assistance providers is the distribution of these medicines throughout the country in light of current security concerns.

USAID's objectives are to meet urgent health needs as well as to normalize health services rapidly. As a complement to the relief efforts undertaken by OFDA and State/PRM, USAID is also supporting UNICEF and WHO as well as the American private sector expertise provided by Abt Associates, in an effort to address health sector requirements. USAID funded UNICEF to purchase a 100-day supply of chlorine for treating water in southern Iraq, thus helping to prevent outbreaks of communicable diseases. UNICEF has also provided medicines that help prevent visceral leishmaniasis, and its water team is sending an average of 50 tankers per day of clean water to Iraq from Kuwait. To treat children with diarrhea, UNICEF has delivered oral re-hydration salts. An extra 200,000 packets are being rushed to the region to deal the possibility of cholera.

WHO staff in the field have set up a surveillance system to monitor cholera outbreaks. They are currently conducting a survey of diarrhea cases in other hospitals, and have established an outbreak committee that is implementing control measures using pre-positioned supplies.

We recognize that these interventions need to be maintained to ensure that a humanitarian crisis continues to be averted.

Education

The quality of education in Iraq has decreased significantly over the years, with Iraq going from one of the best educational systems in the Arab world to a much less capable one. Insufficient resources have gone into maintaining and repairing school buildings, updating and printing textbooks, purchasing and distributing school equipment and supplies, training teachers, and maintaining and upgrading the skills of school administrators. Added to these challenges has been the looting of educational facilities.

Pre-conflict statistics indicate primary enrollment was only approximately 76.3 percent and 20–33 percent for secondary school. Twice as many girls are not attending school as boys. Nearly 2 million children and adolescents have dropped out of school, and there are limited opportunities to re-integrate them into formal schooling or help them acquire life skills. Those who stay through secondary school often lack sufficient skills for the labor market. Compounding this is a shortage of buildings and teachers. Approximately 35 percent of all schools are on double or triple shifts, and many children only receive three hours of instruction per day.

Our objective is to get as many children as possible in the classroom by the start of the new school year on October 1 and keep those children in school by improving the academic quality and services in the classroom. By August, we hope to have classroom materials for 2.1 million children distributed and a sufficient number of teachers trained. We have funded UNICEF and our American private sector partner, Creative Associates, to help us achieve these objectives. Through a timely "back to school" campaign, many students returned to school on May 3. UNICEF has already delivered 1,500 kits, benefiting 120,000 students, to Baghdad during the month of May. Additional school kits are being procured by Creative Associates for one million students and 28,000 teachers. Renovation of a targeted 700 schools near Basrah has already begun.

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USAID is laying a solid foundation to ensure that schools are open and classrooms are filled by the start of the new school year; however, significant additional work is still required in this sector if Iraq is able to provide education of a quality level required for economic reintegration into the world community. In addition to ensuring the necessary rehabilitation of school facilities and the delivery of appropriate equipment, material, and supplies, USAID is prepared to support Iraqi experts to help the Ministry of Education undertake necessary reforms and ensure that there are sufficient numbers of qualified teachers in the classroom.

Expanding Economic Opportunities

USAID is working closely with the U.S. Treasury, which has the lead on these issues, to help build Iraqi Ministry of Finance expertise in macro-economic policy analysis, budget planning, and inter-governmental fiscal relations. Support will also address tax policy reform and administration, including customs administration and the establishment of transparent and accountable fiscal systems. At ORHA and Treasury request, USAID will provide technical expertise to the Central Bank so it can issue and manage domestic currency, undertake bank supervision and licensing, and promote a competitive financial system through proper regulatory procedures.

To establish a market-friendly legal and regulatory environment, USAID will help strengthen property rights-related legislation, corporate and contract law, and the appropriate framework for competition law. We will work with the Ministries of Finance and Trade to develop policies that foster robust trade. In promoting private participation in the economy, USAID activities will extend credit to small and micro businesses through local lending institutions and a micro-credit lending facility.

USAID assistance will help farmers, rural enterprises and the government use modern agricultural technology to attract investment and enhance profitability and competitiveness. The program will support the development of policies, laws and regulations needed to establish a market-based food distribution system. USAID will also address improved management of soil and water resources.

Improving Efficiency and Accountability of Government

Iraq comprises 18 governorates in a country the size of California, with 75% of the population living in urban centers. Over the past decade, Iraq has had two radically different governance structures in place: the autonomous Kurdish government in the North and a highly centralized territory comprising the rest of the country. In the latter, all senior leadership, from governors to mayors to sub-district officers, were appointed for the purpose of maintaining security and controlling the population. The central government, in allocating resources to local governments, favored certain regions over others, resulting in uneven development across the country. In addition, corruption is rampant at all levels. Municipal councils have been in existence in administrative subdivisions but they served more as a means by which to gain greater support for the Ba'ath Party and ensure loyalty to the regime. Furthermore, women have played very limited roles in government leadership positions.

Given the past and the severe constraints on freedom of assembly and freedom of expression, Iraqi citizens lack the foundation for civic engagement. There are very few civil society organizations that effectively represent citizens' interests and are in a position to advocate or work with government to meet the needs of the populace. Nonetheless, a fairly functional bureaucracy exists that, if directed by appropriate technocrats, can contribute significantly to the reconstruction of the country.

USAID has enlisted the expertise of private sector partner, Research Triangle Institute, to facilitate and support Iraqi-led efforts to restore local administrative structures and processes. Already, USAID's local governance teams have visited 12 of the 18 governorates—from cities in the south of Iraq, to Baghdad, and as far north as Al Hilla—consulting and coordinating with city officials and association members on participatory governance structures, accountability of public officials, and transparency requirements in official actions. Currently, a team is actively exploring appropriate models for increasing citizen input into a Baghdad municipal council. USAID is coordinating its assistance closely with elements of coalition forces to undertake important local development projects, such as repairing a school, orphanage, maternity hospital and government facility in An Nasiriyah.

Implementation Factors

Security

It is important to emphasize that USAID can only deliver assistance effectively in areas where security is sufficient to permit assistance workers to operate. The United States is actively working to ensure that the security environment is such that aid can be delivered effectively.

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Resources

The generosity of the U.S. Congress and taxpayer has allowed USAID to undertake critical assistance to date. The President's $2.45 billion supplemental budget for Iraq provides sufficient resources to bring Iraqi infrastructure and systems into working order before Iraqis' own revenue from its oil industry are available to fund government services.

Iraqi Participation

In the past two short weeks, Iraqis have been fully involved in our implementation efforts, and USAID's reconstruction objectives cannot be achieved without their full participation and leadership. It is also critical that Iraqis receive compensation for their work. Many dedicated Iraqi people are returning to their jobs and making a significant contribution to the reconstruction of their communities. We are already seeing emerging leadership.

Partnerships

The United States Government could not achieve its objectives without the efforts of the private sector, NGOs, and international community. We are actively working with other donors to identify priority needs for assistance. Other donors have generously provided support for Iraq, particularly with respect to humanitarian relief efforts. We will continue to engage other donors to meet the significant reconstruction requirements in Iraq.

In closing, I would like to join the millions of American people who are proud of the contributions and sacrifices our dedicated serviceman have made in the liberation of Iraq. I would like to also note that as we enter the reconstruction period, America is served by a second set of heroes. They are the courageous individuals from the private sector and non-governmental community who are the backbone of our "war for peace". They risk their lives daily to support USAID efforts in Iraq, Afghanistan and other insecure areas. The bombings earlier this week in Riyadh and the death of two Department of Defense contractors in Kuwait prior to the war demonstrate the inherent risks of this work and the vital importance of continuing it.

Chairman HYDE. Thank you, Ambassador Chamberlin.

We will now begin questioning, and I gently urge the Members to confine their questions to 5 minutes because we want to get as far along as we can and get as many Members as possible to ask questions.

Mr. Lantos.

Mr. LANTOS. Thank you very much, Mr. Chairman. I want to identify myself with your very thoughtful and powerful opening statement.

Many of my colleagues will be asking questions with respect to your testimony, and I want to commend all three of you on excellent testimony.

I would like to broaden our vision a bit because clearly this spectacular military victory in Iraq has reshaped the power realities of the whole Middle East, and I would like to ask some specific questions with respect to Syria.

As you know, a couple of weeks ago I had a long visit with the President of Syria, Mr. Assad, and I pointed out to him, which is obvious, that this is a new Middle East. Syria is now surrounded by four countries friendly to the United States: Turkey, Jordan, Israel and what will be a friendly government in Baghdad.

I pointed out to him that his own and his country's horrendous behavior during the war and in the weeks and months leading up to the war was just abominable. They encouraged 5,300 Syrians, so-called volunteers, to go fight with Saddam Hussein. They transferred military equipment during the war to Saddam Hussein. Secretary Rumsfeld mentioned night vision goggles, but there were plenty of others.

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And I told Mr. Assad that he will have to dramatically change his course. He will have to close down the terrorist organization headquarters in Damascus. He will have to cease supplying Hasballah both directly and by acting as a conduit for Iran. He will have to withdraw 17,000 Syrian troops from Lebanon. He will have to withdraw 5,000 Syrian military intelligence agents that permeate Lebanese society. He will have to cease anti-American, and anti-Israel propaganda on Syrian mass media. And he will have to start a new chapter in Syria's conduct.

Now, my understanding is that a few days after my visit the Secretary of State basically gave Mr. Assad the same menu. My concern is, given Syria's historic pattern of avoidance and evasion, what kind of time lines has the State Department set for this Baathist dictatorship to shape up. We crushed one Baathist dictatorship, and it is our earnest hope that the new regime in Syria, the new Assad regime will see the handwriting on the wall and will change its course of action of its own free will.

This will not happen unless tight deadlines and demands are put upon the regime in Damascus. And I would like to ask first Secretary Larson and then Secretary Feith, and perhaps General Schwartz to comment on what I have said.

Mr. LARSON. Thank you, Mr. Lantos. I think that your comments in fact could be extended even more broadly in the sense that this is a moment of change in crossroads across the Middle East, and it is a moment where it will be very important that countries seize the opportunity that is now out there to make a change for the better. That is the real theme of the President's speech recently that focused on things like knowledge and education, prosperity, but also freedom and justice.

Now, with the case of the specific country of Syria, as you indicated Secretary Powell traveled there to deliver a very explicit message, focusing on the importance for them to recognize that they were at a crossroads, that they needed to make a change in their approach to a whole range of issues, including most importantly or most notably support for terrorism.

We are watching very, very carefully to see if they have taken heed of the Secretary's message to them.

Mr. LANTOS. Just this past weekend, if I may interrupt you for a moment, just this past weekend *The Washington Post* published an interview with the Syrian President, which indicates a total lack of comprehension both of Secretary Powell's message and my own message a week earlier.

We are getting the same double talk and non-dealing with the issues that we have gotten for years.

Mr. LARSON. Well, we are watching both what they say, but also what they do, and they know that they are going to be accountable for their actions, and that we will not view favorably double talk and evasiveness. It is very clear what needs to be done, and I do think they understand it, even if their rhetoric sometimes doesn't really suggest that they do.

Chairman HYDE. Mr. Bereuter.

Mr. BEREUTER. Thank you, Mr. Chairman. Thanks to all of you for your testimony. Ambassador Chamberlin, General Schwartz—

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nice to run into you again in another important capacity for our country.

Secretary Larson, I have one basic question for you, but a few sub-questions within it. We have heard stories about the financial institution, Bank Nationale de Paris, which later became BNP, that was chosen by the United Nations to administer the Oil for Food Program.

One story is that Iraq insisted on BNP. The other is that the bank was chosen in competition on a price and quality basis. Which story is accurate? That is the first sub-question.

In any case, it apparently has been an extremely profitable arrangement for the bank. Can you assure us that there is no way that Iraq could have manipulated the banking transactions to extract even extra profits from the Oil for Food Program, even as they seem to have manipulated some of the other transactions? Have audits been performed which will assure us that the interest of the U.N. were fully protected? And will this Committee have access to those audits?

My guess is that there is a scandalous relationship there that ought to be brought to light and terminated.

Mr. LARSON. The answer to the first part of your question is that the process of choosing this institution was on a competitive basis. But I will say quickly that I share concerns about how the Oil for Food Program is operated, and it is one of the reasons why it is important for this whole regime to end quickly.

The basic point now is that it is important to end sanctions, to end the regime that was organizing both the export of oil and the use of the revenues.

I think there should be review of how this program has operated. There is a lot that could be learned from it. The purpose was important. The purpose was to deny Saddam Hussein access to revenue that could be used to finance weapons of mass destruction. But it was a command and control type of system, and those are very, very hard to operate effectively.

Mr. BEREUTER. I understand the objective, of course, and support it. The question is, of course, were there improper relationships between the bank and Iraq? Did they pursue their purposes legitimately, and in the best interest of the United Nations' program?

And my question yet is, are audits in process? Will we have access to those audits?

Mr. LARSON. At this stage what we are doing is examining the outstanding contracts under the Oil for Food Program, because we have a very immediate issue about how to prioritize those, and how to see which of those ought to be implemented before the program is phased out.

I do not have an answer for you today on the specifics about whether audits are planned. I share your view that it should be looked into so that we could inform ourselves about whether systems of this type really can be expected——

Mr. BEREUTER. We will not let this one go.

Ambassador Chamberlin, I may have missed it, but I did not hear in your comments or see in the written testimony any information about bringing up the telecommunications capacity within the country. Is anything underway in that respect?

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Ms. CHAMBERLIN. This was decided earlier in interagency committee established to do contingency plan that this would not be an AID lead. However, we certainly stand ready to support any telecommunications policy that ORHA may develop, and they do have a committee, a joint telecommunications committee established in Baghdad at ORHA that is developing a policy in conjunction with Ambassador David Gross at the State Department.

We have a number of different contracting mechanisms that we could rely on to support any requests that might come out of this joint group.

Mr. BEREUTER. Thank you, Ambassador Chamberlin. Thank you, Mr. Chairman.

Chairman HYDE. Mr. Crowley.

Mr. CROWLEY. Thank you, Mr. Chairman.

Secretary Larson, let me go back to the Oil for Food Program for just a moment. It is my understanding that after the establishment, after the 1991 Gulf War, a portion of the monies derived from the fund were set aside to pay reparations to Kuwait and other countries who were affected by Iraq's invasion during the 1991 campaign.

Now that the Administration, in my understanding, is looking to have an Iraqi interim government, civilian government, how will those reparations be paid without putting undue stress on the new Iraqi government?

Mr. LARSON. The proposal that the United States and its partners has put forward in New York would suggest that 95 percent of the revenues from oil should go into a development fund that would be used for the rehabilitation and reconstruction of Iraq, and 5 percent into compensation fund of the type that you were talking about, which is a rather significant reduction from the amounts that were going into the compensation fund under the earlier Oil for Food Program.

Mr. CROWLEY. How much was it again?

Mr. LARSON. Five percent.

Mr. CROWLEY. Do you believe that is enough in order to cover the costs?

Mr. LARSON. We think it is a good compromise between two important goals: One, making sure that the maximum amount of revenue possible is available to finance the reconstruction of Iraq, but at the same time make sure that there are funds available for individuals, including private individuals, who suffered greatly from Saddam Hussein's invasion of Kuwait in 1990.

Mr. CROWLEY. Thank you. I yield back.

Chairman HYDE. Mr. Royce.

Mr. ROYCE. Thank you, Mr. Chairman.

The U.S. military has now discovered two of these trailers equipped with chemical vats and with compressors, and these are believed to be mobile biological weapons laboratories. I wanted to ask you a question in terms of what kinds of weapons do we think could have been produced in these labs, and what kind of damage could they do.

Mr. FEITH. Mr. Chairman, if I may before getting to that question, it occurs to me that I do not think that I requested on my own

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behalf or on behalf of my colleagues that the full statements that we had, written statements be admitted to the record.

Chairman HYDE. I have just been given a note by a very efficient staff reminding me that I failed to say without objection your full statements of all the witnesses here will be made a part of the record.

Mr. FEITH. Appreciate that, Mr. Chairman.

Chairman HYDE. Thank you for bringing it to my attention.

Mr. FEITH. Thank you.

Regarding the vehicles that we are looking at, I will ask General Schwartz to elaborate, but what I would say is we are still examining those vehicles, and we want to be very careful about jumping to any conclusions.

It is true that they look like the kinds of vehicles about which we had intelligence and about which Secretary Powell made fairly extensive remarks before the U.N. Security Council when he was discussing the information that we had about the Iraqi regime's biological weapons program.

We have not concluded anything definitively though. We did have information that Iraq had decided as a means of evading the scrutiny of the international weapons inspectors, that it had decided to put its biological weapons production capability on wheels. This was part of an overall effort that the Iraqi government made to design all of its weapons of mass destruction production capabilities so that they could escape the view of weapons inspectors.

We had received information specifically about the configuration of biological weapons mobile labs, and it is true that what we have found so far is similar to the information that we had received some years ago.

Mr. ROYCE. The photo I saw that was put forward by our Secretary of State before the National Security Council at the United Nations looked identical to the photo I recently saw of the interior of one of these two trailers.

Mr. FEITH. Yes, you are quite right, sir. There are clear similarities, but again I want to make it clear that we are being careful not to say more than we know, and no definitive conclusions have been reached.

I do not know if General Schwartz wants to add.

General SCHWARTZ. Sir, all I would add is that one of the vehicles is in Baghdad being exploited as we speak. The other one in the north of Iraq in Mosul, and as the Secretary suggested that exploitation continues and it will be an intrusive effort to discover whether there are in fact any agent residue, whether there is any agent residue remaining on those vehicles.

At the moment the inspection we have done to date has not produced any definitive evidence.

Mr. ROYCE. The other question I want to ask relates to the reports coming out of Iraq on various documents that were recovered from Iraqi ministries and from Baathist party headquarters, and in that the National Public Radio and other reports say that Iraqi intelligence had infiltrated Al-Jazeera. We are hearing this news, and the news of mass graves where many are believed to be buried.

I was going to ask you what these discoveries tell us about some of the activities that the regime was participating in, if any anal-

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ysis has been made at this point. The information is just breaking on these mass graves right now.

General SCHWARTZ. Sir, the analysis continues. We do have teams who are expert at exploiting documents as well as the chem-bio which we talked about earlier, and as you indicated we have identified in a rough order of magnitude 30 locations of potential mass graves. The most recent one was about six miles northeast of Al Hila, south of Baghdad where perhaps up to 3,000 casualties were buried.

It does not appear, however, that those that were buried were either American or Kuwaiti. They appear to be Iraqis. Some were still in uniform.

Chairman HYDE. Mr. Schiff.

Mr. SCHIFF. Thank you, Mr. Chairman.

I would like to pose a question to the two under secretaries, and I want to preface it by saying that I recognize the task in post-war Iraq is extraordinarily complex and difficult. Nonetheless, there have been some serious questions raised in press accounts since the military combat operations concluded. And given that Members of Congress thus far are not permitted to go to Iraq to have a first-hand impression, we are very reliant on press reports among other sources of information.

But collectively over the last few weeks the press has reported that General Garner's administration was to isolate it from the Iraqi people; that we have used Baathists in relatively high positions against the objections of the local population; the Shiites are far better organized than we anticipated; that we failed to take quick enough or adequate steps to prevent looting; that there are far longer gas lines than previously in Iraq; that the sniping of United States soldiers is affecting the morale of United States soldiers; that there are inadequate troop levels to maintain security; that there is a problem with sewage and possible cholera; and the sum total impression from these press accounts is that while the war plan was very well planned and executed, the peace plan was either not as well developed or not as well executed.

I wonder if you can respond to those issues that have been raised. Maybe tell us which of those criticisms you think are valid, which are invalid, and for those that are valid what steps you are taking to address them.

Mr. FEITH. Representative Schiff, the work that has been done on reconstruction and humanitarian relief has produced some successes. Not everything wrong in the country has been fixed in the several weeks that have elapsed since the fall of Baghdad.

We reviewed in our opening statements a number of the achievements and a number of the problems that we are continuing to address. You highlighted some of the problems. The issue of ORHA and its isolation, for example. It is true that when the Office of Reconstruction and Humanitarian Assistance moved from Kuwait to Baghdad for the first several days, there were serious communications problems. I mean, it was isolated as a result of various communications problems in the country and for that matter even connected back here. The communications issues have been addressed and things are getting better.

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Regarding the use of Baathists, we do not have excellent information about all of the party lists. We have databases but they are not perfect. There is a vetting processing underway for people with whom we are working in different capacities in different ministries and in different local governments.

Part of the vetting process, as Secretary Rumsfeld has pointed out, is when you do not know terribly much about an individual and you put that individual forward in some capacity or another, you find out when a hue and cry is raised by colleagues that this is a bad person that you have just put in that position. You learn that this is a bad person, and then you remove them, and that is part of the trial and error process of vetting in a country of tens of millions of people where, as I said, our information about many of the individuals is less than perfect.

As I noted in my opening remarks, our policy is clear on the subject, however. Our policy is de-Baathification, and it includes the removal of Baath party leaders from public positions. And when you talk about the Baath party, the Baath party has somewhere between a million and two million members in the country, and we are not taking the position that anybody merely because he was a member of the Baath party has to have some disability attached to him or some punishment.

But we are focusing on the leadership group in the neighborhood of 20 to 30 thousand people, and saying that those people should not be working on the Iraqi public payroll.

Mr. SCHIFF. Well, may I interrupt for a quick question on the issue of the sniping at U.S. soldiers. This seems to present a particular challenge in terms of not being removed from the people of Iraq, but nonetheless not exposing our troops to excessive risk when you have soldiers who are shot at point blank range at intersections.

How are we going to deal with that problem? And would not our soldiers be more secure as part of a NATO force that looks less like the U.S. occupying force and more like an international force.

General SCHWARTZ. Sir, I think, first of all, let me make clear I have not traveled to Iraq, but the Chairman just returned last night, and it was his clear impression as expressed this morning that the morale is quite good notwithstanding the reports that we may have seen here in the states.

Secondly, there is risk out there. There are criminal elements and there are recidivist elements that remain in certain areas. But it is important to make the point, sir, that while you have anecdotes of hostilities toward Americans, that the north is relatively calm, the west is calm, and the south is generally calm, so that the troublesome areas are in the center, in Baghdad in particular, and I am not minimizing that.

But the way to control the problem is to be aggressive and to get out and patrol, and to pick up those who are potential liabilities, and we are doing that.

Mr. SCHIFF. Would not the use of——

Chairman HYDE. The gentleman's time as expired.

There is a vote pending, and the Chair will recess the Committee for a reasonable period after the vote to give Members a chance to

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get back. But please come back so that we can conclude the hearing. It is an important hearing.

The Committee stands in recess till after the vote.

[Recess.]

Mr. LEACH [presiding]. The Committee will come back to order, and the Chair will recognize himself for 5 minutes.

I would like to direct a question to Under Secretary Larson if I could. As you know, sir, for, oh, several decades there has been an idea that has been meted about in international affairs of whether or not we should have a bankruptcy code for nation states analogous to that for individuals and companies.

As we look at the rocky situation, the dilemma is rather clear cut with a country saddled with what may be 80 to 120 billion dollars in debt, and to the degree that the country is obligated to debt that was largely built up to fund the irrational war machine as well as irrational or corrupt personal funds, the question becomes how is this treated, and clearly the United States' leadership is going to be singular on this subject. Whether it is going to be telling, I do not know.

But I am wondering what is the exact position of the State Department, and where is the United States Government headed on this issue?

Mr. LARSON. Thank you, Mr. Leach. It is a very important question.

As you said, the range of estimates of Iraq's external debt is on the order of 80 to 120 billion, and it is characteristic, unfortunately, of these sorts of situations; that the range is so large at this stage we do not have the precise detail that we need, and the first order of business is to get a better understanding of that.

As a matter of policy, we do not believe that the Iraqi people should have to shoulder the burden of fully servicing a debt that was created by the past regime. We believe that for the time being it would be unreasonable for creditors to be expecting payments from Iraq for this debt.

Over time there will need to be an international discussion about how to organize a systematic approach to this issue. Often those discussions take place in an informal creditors group called the Paris Club. One of the features of the Paris Club arrangements with respect to Russia as a creditor is that there has been a practice establishes as result of Russia's past loans to countries denominated in rubles for Russia to immediately offer a significant share of debt reduction up front. And it may well be that the Paris Club for this and other reasons would be an advantageous forum in which to discuss the full treatment of Iraq's debt.

While the issue needs to be analyzed further in terms of Iraq's capacity to pay and the nature of these debts, it is my firm expectation that very, very substantial debt relief will need to be extended and should be extended to Iraq, and we are in the midst of discussions within the Administration, but also with other creditors on that subject.

Mr. LEACH. I have one follow-on question to you, Ambassador Chamberlin. The image and the descriptions that America is seeing of events, and frankly, the rhetoric and descriptions the Administration has presented today are reasonable.

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On the other hand, there is a question, what is the full picture. And I am reminded as a college student in vogue in the 1960s was a quartet of books by Laurence Durell called *The Alexandria Quartet*, and it was four books of which the same story was repeated four times from the perspective of four different participants, and it ends up it is four totally different stories.

And I am told that in the much of the Moslem world the imagery of Iraq is much like the West Bank, which is a very different imagery than the imagery here in the United States.

And so the question I have is, as you put these pieces together and you look at the different assessments and different judgments and different images that are out there, how is the United States public diplomacy proceeding at this point in time?

Ms. CHAMBERLIN. Congressman Leach, I think that is a very good question, and it is certainly critical for the interests of the United States that we handle the public diplomacy correctly.

We have actually deployed some of our very best experts in this area. Margaret Tuttweiler is out there. She had been Ambassador to Morocco, and she left and went straight out to Baghdad. We need to be able to tell the story in a positive way, but truthful way.

The AID has some of our best public diplomacy folks out there, but we are mindful that we do not want to gloss it. We do not want to spin it. But we do have a story to tell. And if we as the United States are there doing positive, constructive things in the interest of the Iraqi people, that is a good story, and it is the story itself that ought to be the basis of our public diplomacy.

You know, as I tried to point out in my opening remarks, we are only in day 13 of the reconstruction period. We have not been able to get out as widely as we would like to, as widely as we will in the next few weeks and months to do those assessments, to begin to put the whole picture together. We do not in AID have a whole picture quite yet as to what our reconstruction efforts will likely be.

But as that is happening we will begin to tell our story of real, real projects that we are able to deliver to the Iraqi people.

Mr. LEACH. Well, I appreciate that.

Ms. CHAMBERLIN. I hope that gets to your question. I am not sure.

Mr. LEACH. Well, I think it was more rhetorical than it otherwise might be.

Mr. Wexler.

Mr. WEXLER. Thank you, Mr. Chairman.

If I could, I would like to continue the discussion I was generous or kind enough to have with Secretary Feith and General Schwartz on the side here in a more formal fashion.

I was in Turkey the day after General Gardner declared Kirkuk to be a Kurdish city. As everyone knows, that created an earthquake of uncertainty in Turkey and undoubtedly in other parts of the region, and in part it is a segue to my question to both Secretary Feith and Secretary Larson, and I ask it in a nonconfrontational way, purely in an informational fashion.

And that is, my experience, I suspect maybe others on the Committee have had it as well, as I travel in that region I am often asked the question, what are the Department of State's responsibilities in Iraq, and what are the Pentagon's responsibility or the De-

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fense Department's responsibilities in Iraq? Who is the lead agency? Who is making the calls? Where is the policy being created?

With respect to Turkey in that same light, last week Secretary Wolfowitz enunciated a policy which, in fairness to him, and I read his interview twice, was more complete than what was reported. But the essence of it I think could be said that according to Secretary Wolfowitz the status of our relationship with Turkey was that Turkey made a grave mistake, that Turkey must acknowledge that mistake, and apologize to the United States, and then we can move on.

Secretary Grossman and others in the State Department, I believe it will be fair to say in an after-interview to Secretary Wolfowitz's, categorized our relationship or the status of it, I think, a bit differently by saying that there was grave disappointment in the United States by Turkey's decision to deny our ground forces, but that there were commonalities of interest and that Turkey was still an important ally of the United States.

While on our side of the equation of that relationship we may say, well, that is just nuance, the difference between the two. But on the other side of that relationship, for certain, they view it as two very different policies, particularly when it is combined with their perspective that they have been unable to participate. I understand that their perspective may not reflect a decision of all government, but from their perspective they have been unwilling to participate in the peacekeeping effort in Iraq even though they are willing to do so, and view, possibly incorrectly so, that as being a reflection of the Department of Defense's policy of essentially waiting for Turkey to apologize.

So in that light I would like to ask two questions if I may. What are the Department of Defense and what are the Department of State's responsibilities in Iraq? And what is our current policy and the status of our relationship with Turkey?

Mr. FEITH. Mr. Wexler, the answer to the first question about the role of the different departments in Iraq, the Coalition Provisional Authority head right now is Mr. Bremer. As I mentioned a few days ago, he was appointed the head of the Coalition Provisional Authority. He is the President's envoy in Iraq and he has responsibility for all of the United States personnel in the country other than the Armed Forces. The Armed Forces in the country are in the chain of command under General Franks.

Both Mr. Bremer and General Franks report directly to Secretary Rumsfeld.

The efforts that we are making in Iraq are being made by United States personnel in the country from numerous agencies of the United States Government, the Department of State in AID, and the Commerce Department, and all kinds of other offices of the United States Government are represented in the country; but they all, all of those offices work for Mr. Bremer, who reports to Secretary Rumsfeld. So I think that is the answer to the first part of your question.

Now on the issue of Turkey, I am glad you raise that because it gives me an opportunity to correct the record on what I understand to be a serious misplaying in Turkey of what Mr. Wolfowitz said.

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It is my understanding that Mr. Wolfowitz did not ask for an apology from Turkey. His remarks were played, interpreted in Turkey as demanding an apology. That, as I understand it, is not at all what Mr. Wolfowitz said or intended.

The views that you just quoted from Mark Grossman are shared by the Defense Department. Turkey is an important ally. It is a country that has been a faithful ally of the United States for a very long time. And there was deep disappointment in their failure to cooperate and to allow the 4th Infantry Division to go through Turkey into Iraq. It was a surprise that we did not get the cooperation from Turkey that we hoped.

Now, even though we did not get the full cooperation that we hoped, we did get a degree of cooperation from Turkey, which was important. And we have a longstanding, multi-faceted, and complex relationship with Turkey, of which this recent disappointment is a part. But the disappointment does not blind us to the importance of Turkey, the value of Turkey, and our long and very close and cooperative history.

So we have to maintain lots of thoughts in our head simultaneously when we are dealing with Turkey, and they are not always pointing in the same direction because it is a complex relationship. There are things that we are happy about and there are things that we are unhappy about. We were deeply unhappy with respect to the 4th Infantry Division, but Turkey is still an important ally.

Mr. LEACH. The time of the gentleman has expired, and I frankly would have cut you off earlier, but that was an important full explanation.

Mr. Tancredo.

Mr. TANCREDO. Thank you, Mr. Chairman.

My question actually is really kind of an extension, I think, of the one ably put to you earlier by Mr. Leach, and that is dealing with the issue of debt.

Yesterday we had a joint Subcommittee hearing at which we discussed the problems we were confronting in the threat reduction area, especially in Russia, and under Nunn-Luger. And it was a consensus of the panel that the major stumbling block was dealing with the issue of the financial gain that could be realized by Russia and maybe our reluctance to provide it; and that if we were to be just a little bit more forthcoming in that area, we would get a lot more cooperation from Russia. It was not an issue of government policy or change in the position of the government, it was really just an issue of money.

And so it naturally begs the question as to what extent, and thinking about your answer to Mr. Leach, if we can be as much of a player in that arena as you have described, then would it not be to our benefit to think about using that aspect of the debt issue with Iraq and Russia to also leverage other issues, like their cooperation in Nunn-Luger?

Mr. LARSON. In the issue of threat reduction for Russia, the Administration did and has investigated very carefully a variety of incentives for getting better cooperation from Russia, but also stronger participation from other countries in helping finance threat reduction.

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We have found that, although the Russians initially spoke about this issue in the context of some type of debt action, as their economic position improved and their ability to honor their debts became very, very solid, this became a lesser priority for them.

So we have continued to pursue international cooperation on threat reduction, including through a global partnership that sometimes is described as 10 plus 10 over 10, to finance and support threat reduction. And while we had been willing to entertain action on debt as a part of this, it has not proved, in our judgment, to be necessary or the most effective way to go.

In the case of Iraq, as I said in response to Mr. Leach, I firmly believe that very, very deep debt relief is going to be both necessary but also an appropriate part of the response of the international community. We are going to need to have discussions. It is going to have to be worked through, and I think it is something that will be best accomplished through the efforts of an Iraqi regime because it would be one way that the Iraqi regime would show an important "deliverable" for its own people.

Mr. TANCREDO. But I guess perhaps I did not make my question clear enough. I am really looking as to what extent we think we could encourage the Iraqis to live up to their debt agreement with Russia; not forgive it, just the other way around.

You know, could we encourage them to accept some part of it in exchange for some greater flexibility from Russia in threat reduction?

Mr. LARSON. Well, again, it is my judgment that Russia's economic situation has developed to such an extent that this has become a less important issue for them. I think we have to focus very much on the task of making sure that a new Iraqi government representing the hopes of Iraqis to recover from this 25 years of mismanagement is not made more difficult by obligations to foreign parties.

Mr. TANCREDO. I understand. Okay. So in a way you would disagree with the panel that we had yesterday, although I cannot remember all of them, they are mostly NGOs, that were saying essentially that it is really a money issue with Russia. That is why they do not. You would disagree with that?

Mr. LARSON. Yes.

Mr. TANCREDO. Good. Thank you very much.

Mr. LEACH. Mr. Brown.

Mr. BROWN. I thank the Chairman.

I have some comments, a series of facts before I ask Ambassador Chamberlin a question.

Vice President Chaney was the CEO of Haliburten from 1995 to 2000. Under this leadership as CEO, Haliburten and its French, that would be French as in French fries, its French subsidiary had over $73 million in contracts with Saddam Hussein's Iraq as recently as the year 2000.

Mr. Chaney oversaw Haliburton's acquisition of Dresser Industries that with Ingersoll-Rand created two subsidiaries, Dresser-Rand and Ingersoll-Dresser that sold sewage treatment pumps, spare parts for oil facilities, and pipeline equipment to Baghdad through French affiliates from 1997 and 2000, the same France

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that the Vice President and the President criticize and have continued to batter, if you will.

On March 8, the Haliburton subsidiary, Kellog, Brown & Root, received an Iraqi oil field reconstruction contract without a competitive bidding process. It did not matter, and I do not take away the qualifications of Haliburton or Kellog, Brown & Root. They are reputable companies. But it did not matter though if other companies were capable of doing a job, they were never asked.

By early April, Kellog, Brown & Root had already been paid 30 or 50.3 million dollars. On May 8, 2003, the *Post* reported that Kellog, Brown & Root would be paid an additional $24 million to get Iraq's oil facilities working and distribute fuel.

This was the fifth project ordered by the U.S. Army Corps under the sole-source, noncompetitive contract. It will likely be 5 to 9 months before a new contract is awarded through bidding. The Army Corps has stated it expects Haliburton will receive less than $600 million. The contract, however, has a cap for as much as $7 billion.

According to the *Wall Street Journal*, a friendly Administration newspaper if there ever was one, Haliburton's first quarter profit nearly doubled this year despite declining revenue in the energy service sector. Net income was $43 million, 10 cents a share, a 95 percent increase over last year. Haliburton said,

> "The rise in government services revenue stems from initial activity related to the U.S. ware in Iraq."

On April 18, in a restricted bidding process, Bechtel, the Bechtel Corporation received a contract worth up to $680 million. Reagan Secretary of State George Schultz is on Bechtel's Board of Directors. Its Chief Executive sits in the President's export council.

I find these facts disturbing. American knows these facts. The Arab street knows these facts. Our allies and our former allies know these facts.

My question for Ambassador Chamberlin is, how do we as a country, how does the United States maintain its credibility in Iraq among Iraqis, in the Arab world among your allies, how can a United States supported regime have credibility as the U.N. has offered little or no role, and as United States companies, particularly Bechtel and Haliburton, with very close ties to the President, very close ties to the Vice President, and those companies continue to make millions, how can we maintain our credibility?

Ms. CHAMBERLIN. Thank you very much, Mr. Congressman.

With regard to the Haliburton contract, I am going to have to defer to my colleague, Doug Feith. That was not an AID contract. That was a DoD contract.

With regard to the contracting for our capital infrastructure, which Bechtel did win, that was a competitive process; that was an limited competitive process. In other words, it was not full and open. Let me explain why it was a limited, limited to eight companies that were invited to bid on that.

We faced two constraints at the beginning of this process. One was the requirement that we be ready on day one to provide assistance to the Iraqi people, day one of the reconstruction period. The other constraint was that——

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Mr. BROWN. Let me understand—with the 5-minute limit—I would add to that, excuse me, Ambassador Chamberlin, that we knew this war was going to end and whenever day one ended up being we should have been anticipating day one as this President planned for months and months to launch an attack on Iraq.

Ms. CHAMBERLIN. That is right, and I was just going to explain the second constraint. That second constraint is that we could not begin too early in a full and open bidding process or we would, in effect, undermine Secretary Powell's efforts at the U.N. and the President's efforts to avoid war, because that was our policy up until about January of this year. We hoped very much to put enough pressure on Saddam Hussein that he would step down, that he would do what he needed to do on disarmament, that we could avoid war.

We did not want to take any measures that would undercut those efforts. So we were in a very delicate position. How do you conduct a full and open competition that takes in AID's experience as long as 6 months, because we do it strictly according to the Federal Acquisition Regulations, 6 months, maybe more in this case because the documents that would have to be reviewed would be a stack that thick, but be prepared on day one to go into the environment that had great trust in our American military would make it a very short war.

The answer was to make that a limited competition based on some very precise qualifications. The companies that were invited to join had to be companies that had an open and transparent accounting system, had to have experience in the region, had to have the capability of deploying personnel on short notice, and the depth to do the job.

There were only a few companies, frankly, in the world that met those qualifications. In the end, Haliburton was not one of them. It was not our selectee that was, and I will defer to Mr. Feith to answer the Haliburton part of this question, but I learned, as did Administrator Natzios, that Bechtel was selected by the senior level procurement officers in our procurement office because that is a blind process within AID on the day that they announced the winner of the bid.

I think that this was a very tough competitive bid. It is one that we are proud of. It delivered on time. It delivered a good company. That good company is delivering real improvements on the ground for the Iraqi people, and that the American people can be very proud of that, and I will defer now to Under Secretary Feith.

Mr. LEACH. The time of the gentleman has expired, but this is an important question. I think Secretary Feith should respond.

Mr. FEITH. The contract with Brown & Root, which is a subsidiary of Haliburton, as I understand the situation the contract that they were operating under was to help with oil fires, because we had substantial intelligence that Saddam was planning to blow up the oil wells in Iraq in the event of war, so a contract was used to give Brown & Root the task to put contingency plans in place to put those fires out.

It is my understanding that the contract with Brown & Root was in fact competed, and they were already in place as the contractor for what is called the Logistics Civil Augmentation Program with

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the Army. That was a contract let competitively, and then it was under that contract, as I understand it, that they were given the task to do the contingency planning to put the fires out.

As I mentioned in my opening statement, one of the results of our having achieved tactical surprise was that only a few of the oil wells were blown, but it was useful that Brown & Root was in place because it was asked to perform fire-fighting, respond to oil spills, assess damage, provide life support facilities and services to contractor and government employees working on the project, and my understanding is that the work was successful.

Mr. LEACH. I thank the gentleman, and I think for the record it ought to be stressed that the Vice President of the United States sold his interest in any private company upon becoming Vice President.

Mr. Houghton.

Mr. HOUGHTON. Thank you, Mr. Chairman.

I have three questions, so one to Mr. Feith, one to Mr. Larson and one to Ms. Chamberlin.

I did not understand your answer about Turkey, Mr. Feith. Are you going to require an apology or not?

Secondly, Mr. Larson, you know, there are many economic development programs going on in Iraq, and I did not know what happened with the telecommunications part of that.

And thirdly, as far as Ms. Chamberlin is concerned, you know, we have been through reorganizing countries that have been defeated many times. I mean, I am old enough to know World War II. And there are people available, such as Paul Mitza, and I am sure from other wars. Are you tapping those experiences?

So let us start with Dr. Feith.

Mr. FEITH. Representative Houghton, we are not asking for an apology, and I was trying to make clear that Secretary Wolfowitz did not ask for an apology even though he was reported in the Turkish press as having done so.

Mr. HOUGHTON. Thank you.

Mr. LARSON. On telecommunications, I think this is one of the areas where we will wish to get assessments both from Ambassador Bremer and ORHA, as well as World Bank assessment team about what the next step should be.

Like other infrastructure sectors in Iraq, this has been neglected over the years. There are genuine questions about whether they should try to rebuild the system they have or leapfrog into a new, more modern technology, for example, wireless, and we think those decisions are ones that would require further assessment before we start spending significant amounts of money.

Mr. HOUGHTON. But we are not getting tangled up in our scabbers between the military and the State Department on this, are we?

Mr. LARSON. No. Absolutely not, sir. This is just a question of making sure that again Ambassador Bremer and the team on the ground can assess needs that may be supplemented by some help from outside. It is purely a technical question.

Mr. HOUGHTON. Good.

Ms. CHAMBERLIN. Congressman Houghton, I share with you a deep respect for Paul Natzios and his work, his life's work.

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We consulted with those experts in the private sector to a very limited extent. In fact, AID's role in this is somewhat limited. DoD, Jay Garner and ORHA have the responsibility for reconstruction with a capital "R", and for some of the larger issues of how you nation build and you go in a post-war environment.

The AID plays a smaller role within this whole effort. I call that reconstruction with a small "r". We are looking at rebuilding, what it takes to rebuild the infrastructure, the education system, the health system, et cetera.

But the grand thoughts would not fall within our purview. We did, however, reach out even for reconstruction with a small "r" in a number of sector conferences that we sponsored in the month of November and December. We reached out to the university community, the NGO community, U.N. agencies, to anybody that had any kind of a knowledge of what was actually happening, what was the situation in Iraq at that time.

Getting information, establishing those baselines, forced to make our contingency planning difficult. We were all under OFAC and U.N. sanctions. People could not get in there to do that ground truthing so easily. So we did reach out.

Mr. HOUGHTON. Could I just interrupt? It is not only what you do but who you do it with, and the sorting out of the good guys and the bad guys is very difficult, but it has been done before.

Do you think that process is going along?

Ms. CHAMBERLIN. The vetting process, sir?

Mr. HOUGHTON. Yes.

Ms. CHAMBERLIN. Yes.

Mr. HOUGHTON. With individuals now, not the programs.

Ms. CHAMBERLIN. Yes, sir. We look to ORHA for that, and ORHA does have that ongoing effort on the ground. I am not that familiar with it, but I do know that it was recognized as a problem before we went in, and that that vetting process is occurring; yes, sir.

Mr. HOUGHTON. Fine. Thanks very much.

Thanks, Mr. Chairman.

Mr. LEACH. Mr. Delahunt.

Mr. DELAHUNT. Yes, thank you, Mr. Chairman.

Secretary Feith, we read different estimates of the cost of reconstruction to the American taxpayers. What is the current estimate by the Administration in terms of the cost to the American taxpayers for the reconstruction of Iraq?

Mr. FEITH. There is no total estimate for the whole government for the whole range of things that is——

Mr. DELAHUNT. So it is not even—there is no estimate. Is there a range?

Mr. FEITH. I am not aware that anybody has pulled together all of the threads.

Mr. DELAHUNT. Well, I would hope that they would pull the threads together. And if you could get that information to me in writing, I would appreciate that.

Mr. FEITH. No, the issue is——

Mr. DELAHUNT. You have answered my question.

Mr. FEITH [continuing]. Depends on a lot of events.

Mr. DELAHUNT. You have answered my question.

Mr. FEITH. Okay.

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Mr. DELAHUNT. But I would like to receive something in writing, Mr. Secretary, and I would like to share it with my colleagues.

I think it was General Shinseki that estimated some 200,000 troops would be necessary to secure stability in Iraq. What is the current estimate from the Department of Defense, and for how long would they be required?

Mr. FEITH. These kinds of questions have been an issue for some weeks, and we continually being asked, and we obviously are not quite getting through on a key point, which is there are so many things, so many different aspects of reconstruction and security. Each aspect depends on events, and it depends on things that we do not know about and we cannot know about; for example, how smoothly is the transition to an Iraqi interim authority going to take place; how quickly are the Iraqis going to be——

Mr. DELAHUNT. I respect that, Mr. Secretary. At the same time I would hope that the Department would be prepared to provide a range in terms of a worst and best case scenario. I think we have a right to have that information.

Mr. FEITH. Well, sir——

Mr. DELAHUNT. Let me ask you another question.

Do you have an estimate in terms of when an election in Iraq may occur?

Mr. FEITH. We are very early in the process of——

Mr. DELAHUNT. Do you have an estimate, Mr. Secretary? The time is limited.

Mr. FEITH. No, we do not——

Mr. DELAHUNT. Then thank you. I appreciate your answers.

You indicated that there appears to be narrow popular support for a theocracy similar to the one in Iran. Do we have polling data to support your thesis or is this just an opinion through intelligence?

Mr. FEITH. It is an opinion that comes from intelligence, that comes from diplomatic reporting, it comes from the——

Mr. DELAHUNT. But there is no polling data I take it?

Mr. FEITH. I do not know whether there——

Mr. DELAHUNT. Okay, let me——

Mr. FEITH. I do not have off the top of my head——

Mr. DELAHUNT. Let me ask you this question.

Mr. FEITH [continuing]. Whether there is polling data on that.

Mr. DELAHUNT. Let me pose you a hypothetical question. If we have a free and fair election, and if there should be as a result of that election a leadership that does not necessarily feel warmly toward the United States, are we unconditionally willing to accept that particular leadership, presuming again free and fair elections?

Mr. FEITH. We are going to be working with Iraqis to get a government organized, and part of that is going to be organizing a constitution and a bill of rights——

Mr. DELAHUNT. You are not responding to my question.

Mr. FEITH [continuing]. And election. I mean, you are welcome to answer your own questions but if you want me to answer your question——

Mr. DELAHUNT. I do not want to—I am asking you——

Mr. FEITH [continuing]. You ought to give me——

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Mr. DELAHUNT [continuing]. The question. And the question I dare say is susceptible to a yes or a no.

Mr. FEITH. I do not believe it is susceptible to a yes or no.

Mr. DELAHUNT. Okay, I will accept that. Then I guess that is all I have.

I would say that I do note and concur with others who have indicated that from press accounts there is a substantial disparity between press accounts and the rather optimistic version that you provided us here today. I hope you are correct. At the same time I would also note for the record, and I understand it has been a limited number of time, and you stressed that, Mr. Secretary, and I think we have to acknowledge that.

At the same time it has been about a year and a half in Afghanistan, and President Karzai only has control maybe of Kabul, and we still have warlords all over that particular country, and I dare say that reconstruction in Afghanistan is a mess at this point.

With that, I will yield back.

Mr. LEACH. The time of the gentleman has expired.

Mr. Weller.

Mr. WELLER. Thank you, Mr. Chairman. I appreciate the panel's participation at today's hearing. This is an important hearing.

In the last several weeks we have seen some very disturbing images in the global media.

Chairman HYDE. Mr. Weller, I am over here. Would you mind yielding to me, and I will ask unanimous consent to get you additional time.

Mr. WELLER. I would be happy to yield, Mr. Chairman.

Chairman HYDE. I just want to, before my good friend, Mr. Delahunt leaves, he asked questions, and did not seem to give too much opportunity for an answer, such as how long are we going to stay there. I think a more relevant question is how long do we have to wait for the Red Sox to win a pendant. [Laughter.]

I mean, who knows? Who knows?

Mr. DELAHUNT. Only the Gods know that one, Mr. Hyde.

Chairman HYDE. Well, I mean——

Mr. DELAHUNT. We are hoping some time in this century, however. [Laughter.]

Chairman HYDE. And I join you in that hope. On the question of free and fair elections, I think it would be a horrendous mistake for us to invest the blood and treasure we have in getting rid of Saddam Hussein, and then making the same mistake we made in Afghanistan; leaving the scene.

Yes, we want free and fair elections, but there ought to be some basic fundamental commitments to principles, such as the rule of law, such as tolerance for other religions, so we do not win a war and lose the peace.

And how long will that take? You have got a country with ethnic divisions, religious divisions, political divisions, all kinds of problems. And to make one nation out of that, it will be a miracle if it ever happens. It is worth trying, and we have some worthy people trying it. But I would not get hustled into a time line on something as esoteric and dianthus as when we are going to have a democracy in Iraq, but it is worth trying.

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I thank you for letting me interfere. Thank you, Mr. Weller. And I ask unanimous consent that Mr. Weller get an additional 3 minutes.

Mr. LEACH [presiding]. Without objection Mr. Weller's time of 5 minutes will commence dianthusly now. [Laughter.]

Mr. WELLER. Reclaiming my time.

Chairman HYDE. I have been waiting to use that word.

Mr. WELLER. Thank you, Mr. Chairman. I was more than happy to yield to my friend from Illinois.

Returning to the question I have, and I would really like to direct my question to Ambassador Chamberlin. You know, we have been exposed over the last several weeks to some pretty shocking and heartbreaking images, as well as information regarding the meticulous records of Saddam Hussein's torture bureaucracy, the mass graves that are being uncovered almost daily, the heartbreaking images of relatives and families searching for the remains of their victims, and terrible, terrible images that reenforce the brutality of Saddam's regime and the brutality he imposed upon his people over the last several decades.

But we have also had information that suggests that while Saddam Hussein was claiming that the United Nations sanctions that were imposed in Iraq were to blame for the high child mortality rate, the 13 percent child mortality rate in Iraq, that while he suggested that it was the U.N. sanctions to blame, that there is evidence to suggest that Saddam actually withheld basic services to his own people. Electricity was turned off after the first Persian Gulf War, never restored in certain villages that had a history of not supporting Saddam and his party, as well as where water systems would break down, and of course, services never be restored, creating terrible health conditions for children.

I guess my questions are, as we look at these services that we consider to be basic in our communities here in the United States and much of the developed world, is it true that we have seen evidence to this effect that he has withheld services and restoration of services as part of his policies?

But what are we doing to restore electricity? What are we doing to restore basic clean water in communities? And then have you set priorities in determining what we need to do first?

Ms. CHAMBERLIN. Yes, sir, thank you very much for that question. That is very much on our minds.

Very early on in our contingency planning we received some of these very same reports. We found them shocking as well. Some of our NGO partners actually came to us and told us that Saddam Hussein, whenever he wanted some negative publicity for the sanctions, would turn off the clean water and turn on the dirty water into the Shi'a, largely Shi'a slums, and it would produce, of course, a resulting deaths of small children. Shocking.

From the very beginning of our process we have made it a priority to gather information to see whether that was true or not.

As you say, it is very early in the process. We are beginning to see that this may very well be true. For example, in the south, in Basrah, largely populated by Shi'a and the Shi'a slums, they never had running water and clean water in a major portion of the city.

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Certainly, certainly it would be a priority for our Bechtel contract to provide clean water and sanitation to the entire city.

In Avriel, in the north, our early assessments by our private sector partners and experts have discovered that yes, there is a water and sanitation system, but the pipes have been so corroded over time through lack of repair that they are filled with asbestos, which is in the drinking system. Fecal matter is also in the drinking system as the pipes are corroded. That requires repair, repair beyond the conditions that existed before the war or even in 1991. We are really looking back much earlier.

We are taking these considerations into account, and we will try to prioritize our projects to deliver aid to the poorest people of Iraq, the people that have been denied by a rather repressive regime.

Thank you very much for that question.

Mr. WELLER. Well, as a follow up to that question because I do believe this is important, these are basic human services that you are working through AID to provide. And it is difficult when you are asked a question of what is your time table, because these are not normal circumstances, this is not Jolliet, Illinois, in the district that I represent. This is Iraq, and of course an area that is still sometimes unstable.

But what do you anticipate it will take, you know, the amount of time to actually restore water, for example, to some of these cities that have been denied water as a basic service, clean water?

Ms. CHAMBERLIN. The answer to that is that I really do not know. Our assessment will begin to answer that question as we get into them.

The Congress in its generosity provided $2.4 billion worth of humanitarian and reconstruction appropriated assistance. Frankly, that is probably just the beginning of what will be needed. But then the American taxpayer need not pay the whole bill. But we are prepared to begin that process until which time Iraqi revenue sources can come on line and they can begin to assume the reconstruction of their own country. That supplemental, that 2.4 supplemental was a 1-year supplemental, so we are planning at this point is to push our contractors and do the work quickly, turn over working systems to the Iraqi people, the working ministries, reestablish Iraqi experts to run their own country.

Now, does this mean AID will work itself out of a role in 1 year? I think not. But I think by then we will have, in my own view, we will have an Embassy. We will be a part of that Embassy in a very reduced effort, probably on the scale that we are in other countries around the world.

Mr. WELLER. A quick and final question is, when it comes to providing clean water, how are we currently providing that for these communities? Are we providing bottled water? What are we doing to provide water today?

Ms. CHAMBERLIN. Some of our early baseline research revealed that in the south, particularly, major portions of the population had been dependent upon imported bottle water even before the war. We set into place various contracts, a theater logistic contract, for example, which continued to assure the continuation of trucked in bottled water, which we did.

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We had an early grant to UNICEF to provide small potable and sanitation restoration in smaller cities. We asked UNICEF, and they have delivered to work on water systems such as providing the chlorine tablets, to make those serviceable as quickly as possible, and we have directed our Bechtel contract now to focus first on water and then on electricity.

Mr. LEACH. The time of the gentleman has expired.

Mr. WELLER. Thank you, Mr. Chairman.

Mr. LEACH. Ms. Watson.

Ms. WATSON. I do not know, Mr. Chairman, if we are going to have a chance to—if I will have a chance to make my statement and get responses since we have a vote being called.

Are you planning to——

Mr. LEACH. The gentlelady has her full 5 minutes.

Ms. WATSON. Okay. Thank you, Mr. Chairman, and I think this hearing is critical.

What I am saying now I have learned from the press. If I am wrong, would any of the panelists please stop me?

But weeks after the cessation of major hostilities Iraq still remains a very unstable and unsafe place. Critical infrastructure is in a state of ruin. Humanitarian assistance remains sporadic. International aid organizations are loathe to return to Iraq. Looters continue to operate freely in many parts of the country, so much so that the U.S. military has now been given instructions to shoot them on sight. Saddam is still hiding out with plenty of loot, and a general state of lawlessness grips the country.

I understand that the next months and years of United States involvement in Iraq are critical to our nation's credibility in the Middle East as well as throughout the world, and I cannot complete my statement.

What troubles me is, did we not know in choosing to go into Iraq that we would have a lot to do after the hostilities to rebuild a nation in a democratic form? And did we not know that we would have to stay there because there is going to be competitions between the various religious and ethnic groups for control? And if we leave, are we going to go back to the chaos that we are in now?

Was it not anticipated that it would cost us billions of dollars and that we were going to have to stay?

We cannot just get in there, create what we did, and then leave. And from what I can see on TV not everyone is joyous that we have come in to liberate them, because what we left in our path is chaos. They want to go back to some normalcy even if it was oppressive.

And let me just end by saying this. I am reading an article on the fall of the House of Saud. It appears to me from this article, and I think it was in the Atlantic Monthly, that our enemies were here and Saudi Arabia, and they control the largest oil field on the globe. But we chose to go to Iraq.

So can you respond to me, why you are telling us about what was before we went in as if you did not know what our obligation is going to have to be, and some reality about the cost to the taxpayers?

Mr. FEITH. Representative Watson, the security situation in the country is uneven. There are places that are more chaotic, and in Baghdad we continue to have security problems. There continues

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to be looting and other violence. Baathist elements and ordinary criminal elements are operating there.

The security situation in much of the rest of the country is substantially better, and we have fewer incidents, there is a greater degree of not only security from the point of view of our armed forces, but even the Iraqi people feel more secure. There are a number of places where police are coming back to work under arrangements that we are making where we are vetting them, and making sure that we are eliminating the Baathist leadership elements, but preserving the ordinary cop on the beat. And so security is improving in various places, but it does remain a problem in different quarters.

I am glad you gave me an opportunity to comment on the press stories about orders being given to shoot looters on sight. It is not true, and it is just flatly not true, and so I am glad to have a chance to correct that point.

As for your question of did we anticipate that there were going to be serious problems and a serious workload for the United States and our coalition partners in the aftermath of the war, the answer is yes, we did anticipate it. A great deal of planning was done. As a result of that planning much of the situation is a lot better than it would have been had we not anticipated it and done the planning.

And as we have reviewed earlier, there is no medical crisis in the country. There is no food crisis in the country. Hospitals are getting back working. There are terrible problems in all of those areas, including electricity, water, other basic services, but those problems by and large are problems that existed before the war.

Now, we are coming in, and a number of areas have actually managed to improve the situation, for example, with respect to electricity in both the north and the south. We have improved the situation beyond where it was before the war, and we are also in the process of repairing damage done during the war.

One final point, if I may, you asked about costs, and something that I think is very important for Members of Congress to know is how we in the Administration are thinking about the costs of all the post-war work. There are a number of pots of money as it were that is available for this work, and those pots of money include the $1.7 billion of frozen assets that were in the United States that the President of the United States has now vested, and we are going to be using for the benefit of the people of Iraq.

There are hundreds of millions of dollars of frozen assets abroad that we hope to get contributed for the reconstruction of Iraq. One element of the U.N. Security Council Resolution that the United States and the U.K. and Spain have put forward is to urge countries that have those assets to put them into the Iraq assistance fund that we hope to be created very soon.

There is also about $700 million of money that we have found in Iraq, cash that we have found in Iraq that is going to be used for the benefit of the people of Iraq, and there is $13 billion on the U.N. Oil for Food escrow account, 3 billion of which is unallocated. Our proposed U.N. resolution would have that pour over into this new Iraqi assistance fund, and the other 10 billion, which is part of the Oil for Food Program, and we hope to be working with the

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Secretary General who is administering that fund, will be spent for the benefit of the people of Iraq.

There are also contributions that we are soliciting and having some success in getting from other countries. We right now have over $1.2 billion.

Ms. WATSON. Would you yield for a minute?

Mr. LEACH. Excuse me?

Mr. FEITH. I am sorry?

Ms. WATSON. Would you yield for a minute.

Mr. FEITH. And I could—one final sentence if I may, and that is the U.S. taxpayer is the payer of last resort.

Ms. WATSON. So you will not be coming back with another request for additional funds because you have identified sources coming from their own oil producing profits to address the issue?

Mr. LEACH. The Chair would like to intercede at this point. The time of the gentlelady has expired. Our problem is we have about 5 to 6 minutes of a vote on the Floor, and I have a query for the panel.

There are three or four Members that have not asked questions at this point in time. You have been here 3 hours. The Committee is appreciative. Can you sustain another ½ hour to 45 minutes? So two Members will stay.

All right then, it is the Chair's discretion that we will recess at this point pending the vote. We will return for the Members that have not asked questions, and Mr. Feith and General Schwartz are excused with appreciation. We thank you very much for your comments today.

Mr. FEITH. Thank you.

General SCHWARTZ. Thank you, Mr. Chairman.

Mr. LEACH. Secretary Larson and Ambassador Chamberlin, we will return.

The Committee is in recess.

[Recess.]

Mr. LEACH. The Committee will come to order, and Mr. Payne is recognized.

Mr. PAYNE. Thank you very much, Mr. Chairman. I appreciate the two survivors hanging in there. Sorry that I had a markup in another Committee and missed most of the testimony. However, I do have a fundamental question or two.

I would like to know your reaction to today's *Washington Post* front page article that states that the French Government believes it is a victim of an organized campaign of disinformation by the Bush Administration.

You may know that this unprecedented letter was signed by the French Ambassador, Jean David Lavetti, and it is something I do not know if we can recall. Allies are people that are supposed to be on the same page of justice in the world and so forth. To have such a strongly worded letter, I mean it goes into specifics that the French have been accused of selling spare parts where they verified that is not true. It talks about a number of parts for airplanes and helicopters.

But I think the strongest complaint was that the Administration said on May 9 that passports were being issued by the French government to Iraqis to go to Europe.

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Now, I do recall that the Administration said there was going to be a department of disinformation, and then I guess it did not go over too big, and they decided to abolish it or at least not announce that there is a policy of sending out disinformation. I could never figure it out when it was announced, boldly announced. I do not know if you were involved in the announcement or not, but it did not seem to make too much sense to me.

And then with these allegations here, I wonder will there be a response? Do you feel there is any validity to this reaction that the French government has just recently sent out?

Mr. LARSON. Thank you, Mr. Payne.

I think it has been very clear that the Administration was very disappointed about our differences with France over the Security Council resolution, and we were particularly disappointed about the sense that the French government was actively organizing opposition to our position in the Security Council.

At the same time we see France as an ally and a friend. The President will be going to France next month for this year's G–8 Summit. I met yesterday afternoon with the French trade representative. We try to have a very candid dialogue with the French government. We try to have that largely privately, because that generally is the way to be most productive.

We have raised concerns about reports of boycotts of American products in France. They have raised concerns with us about the perception of American consumers perhaps walking away from French products. But I think the important thing is that while there has been very, very serious disappointment with our differences over that issue, we are moving forward and working together.

I myself returned just a couple of nights ago from 4 days in France, where we were working very hard on these G–8 preparations. I have not had a chance, but I know about the letter or the message from Ambassador Lavetti. I think this is one of those issues that will soon be forgotten, frankly.

Mr. PAYNE. Okay. I am glad to hear that because I think it was totally wrong in the first place. It is good to try to have people support your position, and I wish that the world would have rallied behind diplomatic support that Saddam Hussein should somehow leave office. I was one that was supporting diplomatic means; but it was a swift victory, a swift sword went through, and it is over and it is good, and I am happy that it is over.

However, I do think that you talk about boycotts of Americans. We should not do revisionary or revised history. The boycott business came out from us. I was on Fox News a couple of Sundays ago, and they said, well, do you not think we should boycott all French things, and I think we should boycott it.

Well, first of all, we had better take a look at the euro as opposed to the dollar, as the dollar is sinking and the euro is going up. We need to take a look at it. What do you boycott? Airbus, which is a consortium, they are selling more airbuses than we are selling Boeing. I had to look at what it is going to be 10 years from now.

A lot of times you may wish for something and get it, and find out that it comes back to bite you in the back side because it could be a two-way street, unfortunately. I was really kind of taken back

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at the lack of diplomacy during the past couple of years, as a matter of fact calling the President of North Korea "Pygmy" by the President. Absolutely absurd. I mean that makes no sense at all.

As a matter of fact, it is something that is only Africans, it is an African tribe, not a North Korean-Asian thing. The guy is short but he is not a Pygmy.

And so, you know, this wild west sort of Pentagon running attitude can really come back, I think, to haunt us. As we move forward, we are going to have to deal with bio-chemical terrorism. We are going to need the cooperation of everyone in the world to defeat the al-Qaeda people, the al-Qaeda cells. They are the evil doers. They are the ones we need to concentrate on. You cannot do it in isolation. You cannot build a wall around this country.

Really quickly as—well, my time ran out. I will observe the red—okay, thank you. I yield back.

Mr. LEACH. Mr. Faleomavaega.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman.

I want to follow up also the concerns that my good friend from New Jersey has expressed earlier about our relationship with France.

It is my understanding, and correct me if I am wrong, that it seems to me that France is a democratic country, and that President Chirac was just simply reflecting the wishes of the people of France. It is my understanding that 94 percent of the people of France were against waging war against Saddam Hussein. Some 6 million Moslems live in France, and it seems to me that we should respect the right of any democratically elected leader expressing that consensus.

What President Chirac did was perfectly within his right as the leader of a sovereign nation, and as a democracy we should have honored and respected that wish even though it may not have been according to our desires. And I think there have been some real concerns about the strong arm tactics that some of our own leaders have taken to make sure that some of these countries comply with our wishes, even though it may be against the wishes of those people who think otherwise.

The concern over a very misleading statement made by Former Speaker Gingrich, accusing the State Department of total failure in our diplomatic negotiations with the government of Turkey, when in fact it was Under Secretary Wolfowitz who was conducting those negotiations, which failed. And so we have got some real serious problems of communications.

We have accomplished our goal in defeating Saddam Hussein and his ruthless rule over the people of Iraq. No one questions the ruthlessness of Saddam Hussein as a vicious and cruel dictator. We knew about this for years, even before the 1991 Desert Storm operation under President Bush, Senior. It is my understanding that during the 10-year war period between Iraq and Iran our nation contributed some $5 billion or more in support of Saddam Hussein, because in layman's terms we hated the Ayatollah Khomeini more because of the clergy and the people of Iran who ousted the Shah of Iran, whom we supported as a matter of our foreign policy.

In my humble opinion, it seems to me that Saddam Hussein and the Shah of Iran were in the same category as ruthless dictators,

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with atrocities committed against the peoples of Iran as well as in Iraq, and in my humble opinion Iraq is not the issue here.

The question in my mind is our foreign policy toward the Middle East as well as other regions of the world, and my basic question to you, Mr. Secretary, is, is our overall foreign policy now to democratize the Middle East? If so, is our government in all fairness to Saddam Hussein and other rulers in the Middle East, is our government now to put pressures on the current rulers of Syria, Jordan, Saudi Arabia, Quatar, and others to change their ways and start setting up democratic forms of government?

I do not think I am being hypothetical about this question that I have. And Secretary Feith mentioned something about policy. I have some very serious concerns about this issue. Bad policy equals dead soldiers. Dead soldiers mean tremendous pain and suffering among the thousands of families whose sons and daughters were in harms way and who died as a result of war.

In my mind, Vietnam appears to be our guidepost and mentor to tell us how good or how bad our policies were during that terrible period in our nation's history.

The Administration has informed the Congress that there was clear and convincing evidence that Saddam Hussein may very well likely have in his possession weapons of mass destruction, chemical-biological, but more seriously nuclear weapons, and that our nation's security was seriously at risk, and therefore we needed to wage war against Iraq.

Secretary Feith said earlier about the current search that our government is conducting now on whether or not there are in fact nuclear weapons out there. As I understand his comments earlier, it may take months or years before we could verify whether or not there were weapons of mass destruction, especially nuclear weapons in Saddam Hussein's possession.

I am very concerned about this, and I would like to request to submit for the record and to my office United Nations reports on the number or the quantity of chemical-biological materials that were in fact destroyed under the auspices of U.N. inspectors during that 10-year period. I understand most of those nuclear and biological-chemicals were destroyed during that period of inspections, and I think the American media made very little notice of this to the American people.

I also would like to submit respectfully a United Nations official report. I believe that was put out by the IAEA's findings that they could not find weapons, like nuclear weapons in possession of Saddam Hussein. I think it is important that we need to have this for the record.

I am concerned, to the extent, Mr. Secretary, that all this predates, I guess, to the time that we waged war against Iraq, the President specifically citing the axis of evil, Iraq, Iran and North Korea. It seems to me that I would like to ask you if we have applied some standard of measurement in saying, okay, these are the three countries that measure this dictatorial rule, developments of nuclear weapons, or in fact they are in possession of nuclear weapons, and if in fact they are transferring nuclear technology.

But I think the third element that concerns me is when there is clear and imminent danger to the security of our own nation lead-

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ing to the next very serious question of preemption. My understanding of preemption is that it is a rule among nations whereby——

Mr. LEACH. Would the gentleman yield for a second?

Mr. FALEOMAVAEGA. Oh, I am sorry.

Mr. LEACH. We are several minutes over. Could you briefly summarize?

Mr. FALEOMAVAEGA. Yes, Mr. Chairman, and I apologize for my lengthy statement, but I just wanted to ask Secretary Larson what is our basic policy now. Are we to democratize the Middle East based on what we have done to Saddam Hussein?

Mr. LARSON. Thank you. I will be very brief in response.

First of all, with respect to your comments about France and allies, our focus today and moving forward is getting the Security Council to act on the resolution we put forward to lift sanctions and to really prepare the way for the international community to help the Iraqi people reclaim their country.

On the broader policy in the Middle East, the President made a very important speech where he laid out a set of opportunities that we were prepared to work with Middle Eastern countries on, opportunities to help their citizens really benefit from education and knowledge, from opportunities to participate more effectively in trade and investment, and opportunities to build societies that generate freedom and justice.

Now, we are going to explore with partners in this part of the world the extent to which this is an approach that they want to work with us on. I think there will be a very positive reaction to it. The Secretary of State and Ambassador Zelic will have an opportunity to explore some of these issues next month when they visit Jordan together.

Mr. LEACH. Thank you. Mr. Tancredo.

Mr. TANCREDO. Considering the fact that there is a brand new set of challenges to the police force, to the security forces in Iraq today that did not exist prior to the war, specifically dealing with global terrorism, illicit drugs and art theft and the like, do you think that what we have committed so far in terms of providing local United States police to aid in the effort of the Iraqi people to reestablish some degree of security in the cities, do you think that is enough essentially?

Do you believe that these new threats would require us to expand our role and perhaps even expand the number and the nature of our support to include FBI, DEA and Customs officials?

Mr. LARSON. We are looking at this challenge, Mr. Tancredo, in two phases. The first phase is doing everything we can to get the police function operating effectively right away, and we have thousands of Iraqi police that are doing joint patrols with our military now. We are working with other countries, like Poland and Spain and Italy, to get more forces on the ground that can help provide security and safety for the people of Iraq.

There is a second phase that also is very important, and that is the training and the professionalization of the police force. We are very conscious of the fact that under Saddam Hussein the police were not a professional group. They were a group that was part of a regime of terror.

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We have to go through and weed out people who were part of that Baathist party regime. We are going to have to work with other countries, and we have solicited requests from over 50 countries in the world to be a part of a process of providing training and assistance so that over time we can produce a more professional Iraqi police force.

Mr. TANCREDO. So right now we do not have plans, and you would not suggest that we actually use our own DEA, I mean, FBI, DEA and Customs officials for that purpose?

Mr. LARSON. I apologize for not directly responding. I have every expectation that people from our own police and Customs and FBI agencies can be very, very helpful, particularly in that training period that comes in the second phase, which begins now but will obviously take longer to unfold.

Mr. TANCREDO. Thank you. I have no other questions, Mr. Chairman.

Mr. LEACH. Mr. Bell.

Mr. BELL. Thank you, Mr. Chairman, and my thanks to both of you for staying.

I am concerned about the current impasse surrounding the issue of readmitting inspectors from the International Atomic Energy Agency to Iraq. My concern does not stem from the need for the IAEA to assist coalition forces in searching for covert weapons of mass destruction site as much as it does from the need for the organization to account for the almost 4,000 pounds of partially enriched uranium and smaller quantities of cesium and cobalt which the agency was responsible for cataloguing and securing prior to the initiation of military action.

The site where these materials were secured by the IAEA, the Tuwaitha nuclear research facility, has been the target of mass looting according to reports. If the materials have in fact been stolen, the consequences could be dire.

The stolen enriched uranium could be quite valuable to a country looking to jump start their nuclear weapons programs. For instance, there are many concerned that Iran is pursuing nuclear weapons. These materials could definitely give that country a leg up in developing weapons grade materials.

The cesium and cobalt stored at the site are highly valued prizes on the black market. They are very dangerous and could quite easily be used to produce a radiological dispersal device, also known as a dirty bomb.

According to news reports, looting at Tuwaitha was allowed to continue despite the presence of U.S. forces. *The Washington Post* has just written on April 3rd Army Lieutenant Colonel Charles Allison and a survey team reached Tuwaitha and was immediately told to evaluate all U.S. personnel, including troops providing security at the parameter.

The Washington Post quotes Colonel Allison as saying,

> "Whoever gave that order better check his retirement plan because if we leave this place open somebody is going to lose their job."

So my question, have we stopped the looting at Tuwaitha? Has any of the uranium, cesium or cobalt stolen from the site been re-

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covered? And finally, if the IAEA is not going to account for how much of the material is missing, then who is and when?

Mr. LARSON. Thank you, Mr. Bell.

I am going to have to only address part of your question.

Mr. BELL. Thank you.

Mr. LARSON. Because I am not really the competent representative in this——

Mr. BELL. I feared that.

Mr. LARSON [continuing]. With Secretary Feith. But the part I can answer is that the coalition has taken over the responsibility of finding and dismantling and accounting for any weapons of mass destruction that we can identify, and we believe that is our responsibility.

In terms of your important specific questions, I just am not the person in a position to give you a good answer.

Mr. BELL. Mr. Chairman, can those be submitted to Mr. Feith——

Mr. LEACH. Why do we not——

Mr. BELL [continuing]. For a written response?

Mr. LEACH [continuing]. Be a little broader. The Committee would like to have any written questions as well as verbalized that have not been answered responded to by the relevant departments in a reasonably dispatchful way. And I hope you have no objection to having written questions and queries present to you, and so that will be the understanding.

Are the representatives from the Department of Defense here? We will communicate to the Department that this is a very important question.

Mr. BELL. Thank you, Mr. Chairman.

Mr. LEACH. And I think that does deserve to be responded to. In fact, it is a monumentally important question.

Mr. BELL. Well, thank you, and we will just get a response in writing. Thank you.

Mr. LEACH. At this point out of equity between the parties, I would recognize Mr. Payne for 3½ minutes.

Mr. PAYNE. Thank you very much, Mr. Chairman. You are a very just person, and it is a pleasure to serve with you.

Ambassador Chamberlin, there is talk about education, restructuring of education, and I imagine that is a pretty monumental task. Now there are some who feel that education in particular was funded to the Saudis, and I am not so sure that it was there in Iraq and in other places that were poor had sort of a very religious, sort of cleric involvement.

Now, if there is going to be education, there are others concerned that we really do not go totally the other way, to discredit sort of local customs, et cetera, and so how do you intend to structure a curriculum? Are you going to use local people? Will it be what we feel they ought to learn? Is it going to build on what the current system is?

I think there is concern because there are some that say, well, maybe there is going to be a sort of a retraining or a setting in of national goals as happened say in some countries where fascism came in.

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How do you see that? It is a tremendous task you have. Could you explain a little bit of it to me?

Ms. CHAMBERLIN. Thank you very much, Congressman Payne.

This is a very important and very delicate question and one that we have devoted considerable attention to. We are aware of its sensitivity. We have no intention of imposing a curriculum on the Iraqi people without their full participation. In fact, it has to come from them. Therefore, we intend to do it in two steps.

We also have no intention of maintaining or supporting or promoting in any way the current curriculum, which we find offensive in many ways. Some of it is good, some of it is very bad.

So we are in a delicate period. What we are thinking of now is an interim solution which would have temporary materials available as soon as October 1 when the new semester opens, so that the schools can reopen and begin their work again prior to the time that an ministery of education could be up and running and fully staffed, which could start preparing for a long-term curriculum based on full Iraqi participation and content.

For development of that interim curriculum, we do not intend to do it ourselves. We really cannot. We will do it in connection with Iraqi officials who we are working with now. Some of them have been employed as part of our Creative Associates contract. Some of them we are bringing into the process through UNESCO, which has been active in education in Iraq for some time. And we are in active discussions with other regional governments, Jordan, Oman, Egypt, who we would hope would be able to help us as well.

But these are sensitive issues and I am glad you raised them.

Mr. LEACH. Are you finished with this question?

Ms. CHAMBERLIN. Could I——

Mr. LEACH. At this point let me ask both of you if you would care to make any concluding or modifying comments about anything that has been said, and let me make it very clear.

The Committee has a bill before it by Mr. Lantos on the subject of NATO, and I wonder if Mr. Larson might want to comment briefly on that. Ambassador Chamberlin, I know there is a date issue you might want to comment on and several other possible issues.

So first let me turn to Secretary Larson.

Mr. LARSON. Thank you, Mr. Chairman. A number of Members over the course of the hearing have talked about a very important issue of resources, and so I did want to highlight my expectation that there will be very strong support for the international community for the work that lies ahead.

The U.N. has already done a flash appeal on humanitarian assistance that generated over a billion dollars worth of pledges from outside of the United States. We have secured the agreement of the boards of both the World Bank and the IMF that they will be involved in this process. And in the case of the bank, that it will participate with UNDP in a needs assessment that will begin as soon as possible.

We have been in very active consultations with other countries, and my judgment is, based on those consultations, that there will be very strong support for the rebuilding and reconstruction process that lies ahead.

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Finally, with respect to the bill that Mr. Lantos has introduced, I did want to say that we believe that a properly structured NATO role would be very beneficial, very much in the interests of the United States, and we would be very pleased to work with Mr. Lantos and the Congress on that particular piece of legislation.

Mr. LEACH. Thank you.

Ambassador Chamberlin.

Ms. CHAMBERLIN. Thank you, Mr. Chairman.

I would like to correct two misstatements of mine for the record. One, my staff reminds me that we were never in the business of bringing into Iraq bottled water. In fact, as a point of clarification, in order to get drinking water to populations that did not have, it we were bringing water in in tankers with spigots, and they would come with their own bottles. Minor point but worth making that correction.

And secondly, I do not want to leave the impression in something that I may have said earlier, that we had a policy of commencement of the war as early as January. It was still very much under discussion at that time.

Thank you.

Mr. LEACH. Well, thank you very much, and let me thank you both for your testimony and service, and I appreciate your forbearance in extending extra time, particularly to the minority party. And so I thank you both.

And the Committee is adjourned.

[Whereupon, at 3:21 p.m., the Committee was adjourned.]

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APPENDIX

MATERIAL SUBMITTED FOR THE HEARING RECORD

PREPARED STATEMENT OF THE HONORABLE DONALD M. PAYNE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

IRAQ: A ROADMAP FOR RENEWAL

Thank you, Mr. Chairman.

Under Secretary Larson, Under Secretary Feith, Assistant Administrator Chamberlin, Lt. General Schwartz; Fellow Members of the House of Representatives; Ladies and gentlemen;

I would like to thank you all for participating today in this important hearing, as we discuss the policy of the United States toward Iraq. Today, Iraq has the unique opportunity to renew itself, to recreate itself as a successful state that uses its natural and human resources wisely to build a better future marked by civil liberties and an open economy.

We, together with other states, can facilitate this process. In the end, however, for meaningful change to take place it must come from within—it must be an Iraqi society for Iraqi citizens.

How can we best catalyze this process? I posit that we can best do so by ensuring that the process is indigenous, not exogenous, and that it honestly reflects the needs and aspirations of the Iraqi people.

Anything less than that will incur the enmity of the nation, and leave it a weakened state.

Some might argue that it is in the interests of the United States for Iraq to be a "weak state."

I completely disagree with such a callous, short-sighted attitude. Indeed, it is in our interests for Iraq to succeed, for Iraq needs to stand tall in its tough, troubled neighborhood.

I would like to lay out the parameters of the process, a multi-sectoral plan, that I propose take place in Iraq, not just by the United States, but also by the UK and the United Nations.

I. SECURITY

In terms of security, Iraq needs to restore basic police services to provide the stability that forms the foundation for its recovery.

I believe that the United States, the UK, and the UN should play a key role in this area—by providing peacekeeping troops and police forces.

As progress is made, peacekeeping can give way to increased emphasis on police forces, particularly in terms of training local forces as they are developed.

Civil order will be an important early objective in Iraq; progress in other areas will be predicated on Iraq's ability to provide a secure environment for political and economic development.

Of related concern, we must ensure that progress in Iraq is not undermined by outside forces—such as by Iran or Syria.

Continued surveillance and monitoring will thus be of paramount importance.

II. POLITICAL

Politically, the United States, the UK, and the UN need to continue working with Iraqi leaders of all stripes.

Through a protracted period of meeting and conferring with a broad spectrum of Iraqi society, we can facilitate the restoration of a transitional government that can administer the basic public services that Iraqi residents require.

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It is important that we ensure such a process be inclusive, drawing in participation from all ethnic, cultural, religious, and other groupings, rather than falling to the danger of dealing only with a small, English-speaking, Western-oriented, urban elites.

After all, we seek to promote an enduring process, not a "quick fix" that will soon fall apart, leaving the nation of Iraq even more dispirited.

In working to establish democratic governance, our priority should be to work to foster a climate of respect for civil liberties and human rights.

Rule of law is important to establish confidence in a renewed Iraq.

A reliable, predictable system of governance will do much to restore faith in Iraq and to provide the necessary foundation for international organizations, non-governmental organizations, and development partners to work there.

Another area we must address is that of civil society development. One of our priorities must be to facilitate the development of non-governmental actors such as academia, labor, human rights organizations, the media, social and cultural groups, and others to re-knit the social fabric of Iraq.

Doing so will help to anchor a broadly-based, participative democracy in Iraq.

III. ECONOMIC

Economically, our first priority must be to organize and expedite humanitarian assistance to Iraq.

Given the many years of deprivation imposed by the regime of Saddam Hussein, the people of Iraq have many unmet needs.

Targeting the most vulnerable—women, children, the disabled, and the elderly—we must work with UK and UN partners to provide nutritious food, clean drinking water, and basic medical care to Iraq as quickly as possible.

We, together with the UK and the UN, can play an important role in coordinating the flow of relief supplies and services, and in making sure that there are no gaps in essential goods.

Another first step must be to ensure the restoration of public utilities—water and electricity.

Following the re-establishment of these basic public services, we need to focus our attention on putting Iraq's natural and human resources back to work for the benefit of the Iraqi people.

The revenues of Iraq's oil exports should be held in a trust fund for Iraq's future.

Having the world's second largest known petroleum reserves, Iraq has rich resources that should be put to work to rebuild the nation's infrastructure.

It is essential that we not shirk from the responsibility to see that Iraq's oil wealth is not deviated or squandered, as these are the legitimate legacy of the people of Iraq.

One other key area we must address is that of Iraq's human capital.

We, together with the UK and the UN as partners, need to encourage the marshaling of Iraq's human resources.

Iraq has, or had, many well trained technicians and professionals.

We can assist Iraq's reconstruction and rebuilding by calling them to the service of their country and helping Iraq to restore its own bank of human capital.

In conclusion, a coherent, cohesive, and comprehensive plan informed by Iraqi perspectives is the key to assisting Iraq in its become a strong, dependable partner in the Middle East.

Let us have the courage and insight to chose the right path as we work with Iraq to plan its future.

It may be a long and hard road, but the end result will well be worth it.

It is rare that we have the opportunity to assist a nation as it renews itself.

Let us work together in a positive spirit to assist Iraq in fulfilling its political and economic potential by fostering a "road map for renewal."

Thank you.

PREPARED STATEMENT OF THE HONORABLE JOSEPH R. PITTS, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF PENNSYLVANIA

Chairman Hyde, I would like to thank you for convening this hearing today on the reconstruction of post-Saddam Iraq.

In the past month, the U.S.-led Coalition of the Willing—made up of some 46 countries—has liberated a nation that has suffered under the brutal dictatorship of Saddam Hussein for over two decades. Stories of torture, rape, and murder continue to come out of Iraq, even as mass graves containing thousands of bodies testify to these atrocities.

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And on May 7, Stephen Cambone, undersecretary of defense for intelligence, reported that a tractor-trailer found in northern Iraq is in fact a mobile biological laboratory that could be used to make deadly germ weapons.

In the aftermath of the fall of Saddam Hussein's regime on April 9, the United States now faces a number of difficult issues as we pursue the political and economic reconstruction of Iraq.

Congress has already passed the FY2003 Emergency Supplemental Appropriations Act, which included $78.49 billion for ongoing military operations in Iraq, post-war occupation, reconstruction and relief in Iraq, international assistance to countries contributing to the war in Iraq or the global war on terrorism, the cost of the continued U.S. presence in Afghanistan, and additional homeland security.

We now turn our attention to restoring law and order in Baghdad; providing basic services, such as electricity, water, sanitation, and medical care to the Iraqi people; and setting up an interim government to put Iraq on the path to democracy.

The Administration faces other difficult issues, including the composition of the interim government; the role of the United Nations in rebuilding efforts and the possibility of U.N. weapons inspectors returning to Iraq; the lifting of sanctions and the end of the Oil-for-Food program; and the length of time U.S. troops will remain in Iraq.

I look forward to hearing from the Administration witnesses on these topics, the potential cost of reconstruction efforts, and the future of U.S. foreign policy and military presence in the Persian Gulf region.

Thank you. I yield back my time.

Prepared Statement of the Honorable Nick Smith, a Representative in Congress from the State of Michigan

Mr. Chairman, I'd like to thank you for scheduling this hearing today to answer the questions and address the concerns that are on all of our minds. Before hostilities with Iraq commenced, we understood the risks and challenges of taking decisive action. We also understood that these challenges would go beyond military hostilities to include a more complicated effort to restore stability and create a foundation for future Iraqi prosperity. Now that hostilities have ceased and efforts to restore order are 3, nearing 4, weeks old, I want to commend the Chairman's perfect timing in calling for this briefing. Likewise, I want to thank our distinguished witnesses for coming here today to give their accounts and receive our questions and comments.

Mr. Chairman, when 296 members of this House voted last October to authorize the President to remove Saddam Hussein, with force if necessary, we understood the risks of combat were great, but victory was assured. In basically 3 and a half weeks of fighting, our military forces not only met our expectations but actually exceeded them greatly by moving faster and farther than in any previous campaign—all while minimizing civilian casualties and damage to civil infrastructure.

As we now undertake the rebuilding of Iraq and the healing of its wounds, we are again aware of the many risks and challenges that await us. Also like before, our resolve must remain firm and our commitment must be unwavering. We have heard discouraging media reports of looters, protesting Iraqis, and the absence of basic services (but the rebuilding effort is only 3 ° weeks old!). We have heard the warnings of pundits and naysayers warning us to get out before the role of "liberator" is eclipsed by that of "occupier". But leaving business undone will only create new problems for the future.

I support the President's efforts to convince the United Nations and member countries to release Iraq from the grip of punitive sanctions. Four hundred and nine Members of Congress voted with me on Tuesday to send this same message. I support the President's decision to send new leadership to Iraq to set a more aggressive tone for rebuilding and stabilization efforts. Dear distinguished witnesses, not everything we read and hear about in Iraq is encouraging, but as long as this Nation and its leaders on this committee, in this Congress, and in this administration recognize the risks and commit to our goals, a brighter future for Iraq, the region, and our country will result.

It was only through bold and decisive action that the U.S. and the coalition of the willing ended the rule of a murderous tyrant. Likewise, it will only be through continued boldness and decisive action that prosperity will be restored and a new pillar of stability and democracy will be introduced to the Middle East.

Thank you, Mr. Chairman, and I yield back the balance of my time.

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PREPARED STATEMENT OF THE HONORABLE DIANE E. WATSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. Chairman, the timing of this hearing—U.S. Policy Towards Iraq—is critical. Weeks after the cessation of major hostilities, Iraq still remains a very unstable and unsafe place. Critical infrastructure is in a state of ruin. Humanitarian assistance remains sporadic. International aid organizations are loathe to return to Iraq. Looters continue to operate freely in parts of the country, so much so that yesterday it was reported in the press that the U.S. military has now been given instructions to shoot them on site. Saddam Hussein is still hiding out. And a general state of lawlessness grips the country.

The next months and years of U.S. involvement in Iraq are critical to our nation's credibility in the Middle East as well as throughout the world. The United States has fought the war unilaterally (with the exception of military support from a few allies), and now it appears that it wants to establish the peace unilaterally. I am not, however, convinced that such a strategy will sustain our nation in winning the peace. I believe the United States should be willing to share efforts, as well as the burden, to rebuild Iraq, which will lead to greater international support and legitimacy for our actions in that country.

Now the U.S. may be involved in yet another dust up at the U.N. Security council over whether to extend the oil-for-food program in Iraq, which expires in early June. Despite many solid arguments to retain the program—including deflecting international criticism that the U.S. invaded Iraq to control its oil—there are strong rumblings within the Administration that the U.S. should close the program down. It is my hope that the Administration carefully considers its options so that again it is not perceived as pursuing unilateralist policies, which will undermine our nation's longer term interests and goals in the Middle East.

If Iraq is to succeed as a free, productive, and democratic nation, it is imperative that the effort to rebuild Iraq be open, cooperative, and international. It will require a multilateral commitment of resources and talent. It will also require the involvement of the United Nations and the concurrence of other nations, including France, Germany and Russia.

It is my hope that the Administration moves quickly to involve other governments and international organizations in the post-conflict transition and reconstruction process. Such a move will unburden the load on the U.S. military and civilian personnel and help diminish the impression that the United States seeks hegemony in Iraq.

I look forward to the testimony and hope the ensuing dialog will address my concerns.

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QUESTIONS SUBMITTED FOR THE RECORD TO THE DEPARTMENT OF STATE BY THE HONORABLE DONALD M. PAYNE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY AND THE HONORABLE MARK GREEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN, AND THE RESPONSES

Questions for the Record Submitted to
Under Secretary Alan P. Larson by
Rep. Donald Payne (#1)
House Committee on International Relations
May 15, 2003

Question:

Internationally, there is a lot of pent-up goodwill on behalf of the Iraqi people. What efforts are currently being made to coordinate the flow of humanitarian assistance, to effect its distribution, and to ensure that there are no major gaps in necessary goods or services?

Answer:

U.S. Government humanitarian assistance is coordinated with other donors at both the field level and in Washington to avoid overlaps and ensure the most effective use of humanitarian resources. In addition, all USAID partners are required to coordinate their activities with other agencies providing humanitarian assistance.

Even before the fighting stopped, the State Department, working closely with colleagues from Defense, Treasury, and USAID, launched a series of quiet consultations with countries that shared our interest in meeting humanitarian needs and in helping Iraq rebuild. These consultations provided an initial, effective mechanism for coordination of needs and assistance among some major donors until the Coalition Provisional Authority (CPA) was able to establish a mechanism to do so.

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The CPA's Council for International Cooperation (CIC) in Baghdad is now charged with supporting, facilitating, and encouraging participation by the international community in relief, recovery, and development efforts in Iraq. The CIC works closely with the CPA's Program Review Board to identify priority projects and gaps in funding.

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Questions for the Record Submitted to
Under Secretary Alan P. Larson
Rep. Donald Payne (#2)
House Committee on International Relations
May 15, 2003

Question:

Security remains a key issue in Iraq today. What is being done to re-establish Iraq's police forces and to train police officers to restore civil stability?

Answer:

Currently there is a U.S. Department of Justice-led team of approximately forty international police, justice, and prison experts in Iraq conducting a needs assessment of the entire criminal justice sector. With respect to police, we are working to quickly begin programs to train, equip and re-establish Iraqi police forces, including addressing the possibility of recruiting new recruits to replace officers who have left or have been vetted out due to their previous affiliation with Saddam's Ba'ath party. Our goal is to re-employ as many of the police personnel that operated before OIF as possible, but at the same time screening to exclude those involved in repression or human rights violations. New training programs established for Iraqi police forces will emphasize modern police goals and methods regarding protecting the safety, security and human rights of all Iraqi people.

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Questions for the Record Submitted to
Under Secretary Alan P. Larson
Rep. Donald Payne (#3)
House Committee on International Relations
May 15, 2003

Question:

That Iraq has a broad-based, representative government is essential to its long-term political development and the fostering of civil liberties. What measures are being taken to ensure that the nation's leadership is inclusive, i.e., that it involves representation of various social, cultural, ethnic, and religious elements?

Answer:

We are committed to ensuring the formation of a new representative Iraqi government based on the rule of law that affords equal rights and justice to all Iraqi citizens without regard to ethnicity, religion, or gender. We will also work to ensure that the Iraqi government will continue to respect these rights when the coalition completes its mission and leaves Iraq.

The Coalition Provisional Authority is currently working, through a process of active and broad consultations, to help Iraqis establish local and national political bodies that involve all segments of Iraqi society in their country's governance. We will similarly ensure the involvement of all segments of society in the drafting of a new Iraqi constitution. The ratification process and election of a future Iraqi Government will be free and fair to all Iraqi groups.

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Question for the Record Submitted to
Under Secretary Alan P. Larson
Rep. Donald Payne (#4)
House Committee on International Relations
May 15, 2003

Question:

What efforts is the U.S. Government making to ensure that possible mass burial sites are protected and that evidence of human rights abuses is preserved for future use?

Answer:

The U.S. Government, acting through the Coalition Provisional Authority, is implementing a strategy regarding mass grave sites in Iraq that will assist both in the identification of missing persons and the preservation of evidence of atrocities committed by the regime of Saddam Hussein for the purpose of future prosecutions. The strategy began with public awareness efforts to explain to Iraqis the necessities of preserving the sites and conducting an orderly exhumation to enable identification of the missing and gather evidence of regime atrocities. The CPA is coordinating humanitarian assistance to assist aggrieved families at some sites with digging, identification, documentation and emotional support, and military assistance to ensure the security of other sites for evidentiary purposes. A second aspect of the strategy involves coordinating the work of international forensic teams to conduct site assessments and exhumations of

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selected sites. Sites that contain evidence corroborating a main period of atrocity or a specific crime under the former regime will be prioritized for full exhumation beginning in the fall. CPA is also seeking to create a centralized evidence repository to ensure the systematic storage, documentation and preservation of evidence, including mortal remains. Plans are being developed for an Iraqi Committee on Missing Persons to collect records of missing Iraqis, compile a national database for the purposes of identification and ensure that documentation is centralized and preserved for use in future prosecutions.

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Questions for the Record Submitted to
Under Secretary Alan P. Larson by
Rep. Mark Green (#1)
House Committee on International Relations
May 15, 2003

Question:

Since the liberation of Iraq, I have heard from an increasing number of businesses and individuals in Wisconsin asking for my advice on how they can become involved in the Iraq reconstruction effort and this new Iraqi market. Many Wisconsin companies, and I would guess companies across America, want to find out how they can provide their products and services to Iraqis and U.S. Government agencies who are working to rebuild Iraq.

My staff has been in contact with each of your departments and has received a wide variety of answers from your people over the past several weeks, ranging from "go to this web site," to "you need to talk to so and so," to "that's being handled by another agency," to "that's all being run through Bechtel."

Can you give me some idea of which of these answers is correct, and let me know where I should be sending people who come to me asking for help in getting their businesses involved in this reconstruction effort? A specific, central contact person would be helpful.

Answer:

USAID is presently administering over $1.1 billion in contracts and grants for reconstruction in Iraq.

Unfortunately, we are no longer making direct procurements, although the prime contractors and grantees continue to solicit subcontractors and suppliers through a process of advertisement for full and open competition.

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Due to the large volume of businesses and individuals who are eager to serve in Iraq, USAID refers procurement inquiries to the Iraq page of our web site. The page highlights the Agency's activities in Iraq and provides information regarding its private sector, nongovernmental organization and United Nations implementing partners. Interested firms are encouraged to contact the implementing partners directly.

It will be useful for prospective subcontractors and suppliers to review the Iraq web pages located at http://www.usaid.gov/iraq where they will find up-to-date information that will help them tailor their offers to the needs on the ground. In addition, information specific to employment and company opportunities through subcontracts can be found at http://www.usaid.gov/iraq/form/employment.html. Lastly, companies and individuals can monitor USAID business opportunities at the Fedbizopps website at http://www.fedbizopps.com for information on upcoming USAID procurements worldwide. Another source of useful information, as well as a full listing of current subcontracts, is available from the Department of Commerce at http://www.export.gov/iraq.

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