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July, 2008

Dear Mom and Margot,

I have just taken off from Baghdad (successfully) after five days traveling throughout Iraq. I met with senior Iraqi officials, farmers, shop keepers, managers of state owned businesses, provincial officials, American advisors and senior army personnel. I just spent two hours with General Petraeus. Barak will be here next week and I suspect that my briefing was a dry run for his visit. I don't know what Barak's impressions will be, but here are mine. I would caution that 5 days does not make me an expert. Since that never stopped me before, here are some of my thoughts:

1. The US Military. The men and women of the American armed forces are very, very impressive. Any organization, private or public craves for what these guys have. There is a notion that we are soft and will run when the going gets tough. Certainly a democracy has the question of political will, but in terms of our army, to the contrary, like the Roman Centurions, these guys are professionals. They are focused, they are engaged and they are deadly serious about their mission. Interestingly, the army may have a better handle on the politics of Iraq than the State Department. The army is in the streets all day, everyday. They are interacting with Iraqis at all levels. What was also quite interesting was that while the soldiers are young, virile and well armed, as they interact with Iraqis, they are respectful, many have learned some local vocabulary and mannerisms that make the locals more comfortable as our men go by. It makes you proud to walk in their midst when you think of the maturity and finesse that it takes to be 25 years old, carrying weapons and equipment that make you near invincible and at the same time retaining your humility and respect for others. These guys are awesome.

2. Context. What we are doing is as important as it gets. This isn't only about Iraq and Saddam; this is about regional (and perhaps global) stability and prosperity. There isn't anyone we met in Iraq today who doesn't get that. I don't know if we will be successful, but within Iraq, Iraqis and Americans alike have a common view of the stakes. On the 4th of July General Petraeus officiated at the largest single re enlistment in history. 1200 men and women took the oath as they reenlisted for another tour. As one of them said to me, "I am here because my work in Iraq is probably the most important thing that I will do in my life". These are the people closest to the situation and they believe that what they are doing is important. Let's look at the situation from the perspective of global prosperity and regional peace. Prosperity and peace are two sides of the same coin.

3. Prosperity. Saudi Arabia pumps about 10mm barrels per day of oil. Iraq is said to be currently pumping about 2.5mm barrels of oil per day. Iraq is second only to Saudi Arabia in the size of its proven oil reserves so they have the potential to materially change the supply of oil in the world. (They are also estimated to have the 10<sup>th</sup> largest reserves of natural gas in the world). If in 5 years (or maybe its longer) Iraq could increase its oil production by 4 mm barrels per day, this would materially alter the pricing of oil worldwide. It would also materially alter the leverage that Saudi Arabia and Russia currently have in the world of energy. That would change the geopolitical map. With oil at \$140 per barrel, emerging economies are going to have a hard time emerging and developed economies are going to suffer material change. Prosperity gives hope for rich and poor alike, and hope is one of the preconditions for peace and stability. Were Iraq to be able to increase its oil production, it could affect the world's economic prospects.

4. Peace. Let's review the region. Saudi Arabia is currently a critical player to regional stability because of their vast reserves of oil and money. The sustainability of their governance system is a source of constant speculation. The country has not modernized, has massive unemployment amongst its youth and is a source of fundamentalism in the region. Were Saudi Arabia to become chaotic or fall into hostile hands, this could destabilize the global economy. This is an issue we ignore at our peril. Iran is a major player in the region. It is ruled by a theocracy, it is developing nuclear weapons (and the ability to deliver those weapons). In the view of some knowledgeable Arabs, if Iran gets the bomb, they will use it offensively. Iran scares the crap out of everyone in the region and if you want to understand the neighborhood, ask one of the neighbors. Next, Syria is ruled by a brutal dictator. Lebanon is always on the brink of civil war and Egypt has profound demographic challenges. If we head east, Pakistan is arguably the Mother of all Problems. So what is Iraq about? Assume that Iraq developed a reasonably stable system of governance. Petraeus calls it Iraqocracy. Not our version democracy, but some version of democracy. I recognize this is a big assumption and it may prove to be the faulty major premise of the strategy. However, were such a governance model established, this could have profound ramifications for the region. Were the surrounding populations to see a country where its people were improving their standard of living, where minorities don't rule, but have a voice and where there is some form of accountability on the part of government officials, those populations may well say "why not me". The US would no longer have to be the policeman. Indigenous populations become the indigenous cops and we could play a supporting role. So, for example, there are those who feel that without regime change, Iran could well trigger a nuclear war. Currently the regional players who believe this turn to the US and say "fix it". The ugly truth is that we can't fix it. Only the Iranians can fix it and a stable and prosperous Iraq could well provide the role model. If you apply similar analysis to other surrounding countries (e.g. Saudi Arabia), you can see that a stable Iraq could be a game changer for the surrounding countries. I would also point out that a successful Iraq means that

they have developed a viable army that can defend their borders and police any internal insurgency. Such an army would reestablish a regional balance of power and that is a necessary condition for regional peace. There are huge leaps of faith in the above strategy and undoubtedly many slips between the concept and the execution. It would be a terrible mistake to underestimate the challenges to this vision, but the Middle East is such a dangerous place that some would suggest that we need a game changing strategy. We cannot beat terrorism with our army. We must have a strategy that addresses the root causes and empowers the indigenous populations to beat terrorism. I would also caution that this strategy, while academically fascinating runs the risk of destabilizing neighboring regimes and the consequences of this are unpredictable.

5. Turning Point?. It is always dangerous to predict history when you are in the middle of it, but let me paint the possibility that we are at a turning point in Iraq. The concept is that history will view the Battle of Basra (late March/ April, 2008) as a turning point. In the Battle of Basra, the Prime Minister, without any serious prior consultation with the US, sent Iraqi troops into Basra. (n.b. the British have had responsibility for security in Basra. By all accounts - American and Iraqi - they have done a less than adequate job. This is a widely held view and because the insurgents are as strong as our weakest link, there is general unhappiness with the British military) Anyhow, the Iraqi troops go into Basra and they initially faltered. No one had properly estimated the enormity of the problem that militias, Iranian-backed special groups and criminal elements constituted for Basra. Maliki (the PM) not only sent in troops, he enlisted the help of local elements, in particular tribal members, As the effort falters, Maliki (a Shia) calls for more troops from Anbar Province (a Sunni province) and they join the battle and, with some US assistance, they turn the tide. In the Battle of Basra, the Iraqi Army, for the first time took the lead in engaging the insurgents. The Iraqi army, initially faltered, adjusted both their tactics and the composition of their forces and then prevailed. This does not mean that Basra is a safe place; it does mean that the Iraqi army defined a goal, set their tactics, changed their force composition and achieved their goal. The initial mistakes make it all the more impressive because it means they adjusted for the conditions on the ground, executed the necessary changes and saw it through. The Americans then came in and provided support, but this was a victory for the Iraqi army and the Iraqi people in many ways. It was the Iraqi's elected leader who took on insurgents of his own Shia faith. This was viewed as an indicator that the government was a government for all Iraqis, not just for the Shia Iraqis. This was a victory for the Iraqi people because it demonstrated that their newly formed army can and will fight and that they can do so in a professional and effective manner. This was a victory for the Iraqi people because everyone knows that the Iranians are behind what is going on and the Iraqis took on the agents of the Iranians. This was a victory because for the first time it began to give Iraqis a sense of pride and national identity. In summary, it gave the Iraqis hope.

6. Regional Implications and Challenges. The performance of the Iraqi military and the Iraqi PM at the Battle of Basra and in subsequent successful operations throughout Iraq should have been a big deal regionally, yet it is not being applauded by a lot of our friends in the region. For Saudi Arabia, the notion of a successful Shia democracy next door is not good news. They are Sunni and have a Shia minority (the inverse of Iraq's demographics). The Shia in Saudi are saying two things. First, Sistani (the Iraqi Shia religious leader who endorsed democratic elections) did more for the Shia than all of Iran's guns, missiles and talk. Second, if Iraq can give a voice to their Sunni minority, why can't Saudi do the same for their Shia minority? None of this is good for the Saudi royals. They have displayed their unhappiness by not sending an Ambassador to Iraq. Add Syria and several of the other regional players to the list of unhappy campers if the Iraq initiative is successful. Add to this the possibility that Iraq pumps an incremental 4mm barrels per day of oil and you can see why the Saudi's are not necessarily big fans of a successful Iraq. Then there is Iran. An existential threat to Israel and profoundly challenging to the region. A successful Iraq could foment regime change in Iran as it would put a Shia led democracy in their back yard. A successful Iraq would create a major competitor at the OPEC table. A successful Iraq would give an American ally a 1400 mile border with Iran. Our dependence on Saudi Arabia and the threat of an unstable Iran are both core challenges to global stability. This is what Iraq is about. As shorthand, if you think of Iraq as being about Saudi Arabia and Iran, that is a useful window into the broader strategic implications of Iraq.

7. Iraq Post Invasion. We made historic mistakes that probably set us back 3 years. Mistake #1 demobilizing the army with no substitute livelihood for those hundreds of thousand of men. So now you have the most trained, armed and able Iraqi men fully emasculated. Mistake #2 de-baathification. The Baath Party was the ruling party of Saddam. Anyone who was a party member was prevented from getting a meaningful job in the government. The problem is that Iraqi society was split into three parts: army, Baath Party members and those with nothing. In order to have anything (e.g. a car or property or a middle class job) you had to join the Baath Party. Our de-baathification program went far too deep. It included normal working men. So now we emasculate those men as well. Mistake #3 our military tactics were too limited. They focused on hunting down the bad guys and did not do enough to engage the local population and enlist them in the effort. We would clear a neighborhood and then hold it for a limited time. But ultimately, we would leave, return to base and the bad guys would return to the neighborhood and terrorize any locals who helped us. Petraeus came in and implemented the tactic of "clear, hold and build" which had been developed by a colleague in 2006. Petraeus is serious about doing 3/3rds of the "clear, hold and build" strategy and it has now become official doctrine for our counter-insurgency tactics. We now go into a neighborhood, clear it, move our troops into the neighborhood (no going back to the base at the airport) and then invest reconstruction money into the neighborhood to build infrastructure and jobs. The result is that we now have people in the neighborhoods calling

anonymously and identifying bad guys to our military. They are now engaged in defeating the bad guys. These new tactics adopted by Petraeus in the Surge, plus our working with the Iraqi government and Iraqi people to play a more active role in the security of their country are what got us to where we are this summer. This is potentially a game changer. Some statistics (according to Admiral Fallon and supported by Gen. Petraeus) are interesting. The number of incidents of violence nationwide in Iraq is less than a tenth of what we were experiencing in the Spring of 2007. The casualty rate among American troops is the lowest in more than four years and continues to improve. Ethnic and sectarian violence among the Iraqi population has declined dramatically. When you look at the raw data, even the current numbers are too big, but the trend is clear. A dose of reality comes with statistics relating to the amount of arms caches found and cleared. They are currently running at 3-4 times the rate seen prior to the Surge. This is not because we have gotten better at finding arms caches. These are no longer Saddam's arms caches. The increased arms caches being found are as a result of Iran's reaction to our Surge. They initiated their own surge in response to ours. Theirs was the increased delivery of arms and training to the insurgents in Iraq. If anyone has any doubt about the context for Iraq, this statistic is very revealing.

8. The Experience. Once our invitation was in hand, I pushed the envelope of our itinerary both because I had some specific interests and because I wanted to be able to escape the Dept of Defense bubble. We went outside the wire in Basra and drove for 30 minutes to a fertilizer plant. I was told that five months ago (before the Battle of Basra) it is almost 100% certain that we would have been attacked on this route. We were in armored SUVs, we wore body armour and helmets we had 15 shooters to protect three of us and we had military GPS tracking us. We went to Babylon. We went by Blackhawk helicopters with machine gunners on either side of the chopper. We wore body armour and helmets and had several shooters in each chopper. We were met on the ground by the US general in charge of the region and boarded 6 MRAPs (go to Google for this one). We had about 20 shooters for the day. We visited the ruins of Babylon and we met with the governor and his economic development council. . We then went to a small farm and interviewed the farmer. He raised dates. Saddam's people came along 10 years ago and removed his thousand best trees to plant at a palace that Saddam built on top of the ruins of Babylon. Here, I should comment that one of Saddam's crimes against humanity is what he did at the ruins of Babylon, the cradle of western civilization. He virtually paved over the ruins in order to create some strange personal playground for he and his friends. In Baghdad we had dinner at the house of an opposition MP. She is an architect who lived for many years in England. She came back a month after the invasion and, even in the face of serious threats to her life, she hasn't left. She had the previous Prime Minister, Alawi, over and we talked of kings and cabbages. I asked her if 50 years ago the Shia and the Sunni knew they were supposed to hate each other. She laughed and described the religious affiliations of her extended family. They run the gamut from Sunni to Shia to

Christian. We traveled outside of the Green Zone, into the so called Red Zone on several occasions. We went into the Palestine hotel (Red Zone of Baghdad) and had tea with the deputy general manager. We went into a convenience shop and bought cokes and stopped for bread in the store next door. The market was interesting because the predominant items were refrigerators, air conditioners and generators. This is new and suggests that people who can afford these things are now staying in Iraq instead of fleeing. We stopped in the district where nightlife used to thrive. More recently it was the launching pad for Al Qaeda's rockets into the Green Zone. We walked in the park. We found a guy working on a Friday. He explained that he was building a fish restaurant and was happy to show us what he was doing. He then invited us to lunch (we had to decline), but was clearly engaged and optimistic that he can make money in his new restaurant. Baghdad is now a walled city. Huge concrete security walls have been erected throughout Baghdad. It makes for a weird experience because you cannot see any cityscape. It is like living in a series of tunnels. These walls have been critical to our success in securing neighborhoods, but they must come down in order to give a sense of normalcy to the people of Baghdad.

9. Final Thoughts: What is going on in Iraq has great potential, but also holds great risks. The potential is for the creation of a stable Arab country whose population is able to hold its leaders accountable and whose leaders will need to focus on creating prosperity and hope for their people. Further, that path could bring Iraq into the big leagues (along with Saudi Arabia, Kuwait, Abu Dhabi, Russia etc.) in terms of energy production. All of that could be a game changer in terms of global geopolitics. There are huge risks attendant to this strategy. One can paint a myriad of dangerous scenarios. In addition to failing to pacify Iraq, one could envision our strategy resulting in the destabilization of Saudi Arabia, Iran, Syria and others. From a risk / reward scenario, the strategy seems to be one of high risks, but attendant very high rewards should it succeed. Today, that risk / reward calculus is certainly much more attractive than it was in 2002 when the decision was made to go into Iraq. Real and tangible progress can finally be documented. There is a sense that we have turned the corner and that this could be a big win. This sense is only a few months old so no one is banking on it at this point. At the same time, it is my impression that the American public is lagging in their perception of the situation and the incredible improvements that have taken place since the beginning of this year. There have been material gains in three areas: i) The neighborhood. People now want to get rid of the insurgents and Al Qaeda. They see their interests in building a stable Iraq and they are increasingly supporting our mission. If the people continue to buy into the program of a stable democratic Iraq, we have accomplished a lot. ii) The Iraqi army. It is beginning to coalesce into a functioning force; and iii) The governance system. With three elections under its belt, it is beginning to feel like a national government. An important Sunni party just agreed to join the government. This furthers the evolution of a new governance system for Iraq. All of this is embryonic and fragile. Some of it is

only weeks old, none of it more than months old. At the same time all of it is fundamental to a successful Iraq. Putting aside the costs to the US, we need a withdrawal plan in order to make the strategy work. We need a withdrawal plan in order to allow Iraq to stand on its own. That is the end game of the strategy. The art will be to devise a withdrawal plan whose timing and structure is driven by the strategy and not by US or Iraqi politics. Over a reasonable period of time (1-2 years), the Iraqi army should be able to stand on its own with respect to domestic terrorism and insurgency. In that time frame, however, they will not have developed the capabilities (air power, intelligence systems etc.) to secure themselves against a conventional war with Iran. Our withdrawal will need to be tailored to those realities. In the Fall there will be provincial elections. Watch not only for voter turn out, but watch for whether the results are along sectarian lines or do people begin to vote for the individuals they prefer. Does block voting erode in favor of traditional issues like the voter's pocket book. Next year there will be national elections. We met with the opposition and they are acting like an opposition party. They are identifying the weaknesses of the incumbents and they are publicizing those weaknesses. Watch out for Iran. They are the serious bad actors in the neighborhood. This is the one topic that all Arab countries can agree upon. Finally, I am told that Washington consensus is that it will take another 10 years to produce a stable Iraq. I am more optimistic, but I would use as my threshold a "reasonably stable" Iraq. External forces (Iran, Saudi Arabia, US policy etc.) will play a major role in this timing. In my view, Iraq is no longer principally about ridding Iraq of Al Qaeda and insurgents. It is more three dimensional than that. It is about stability in an important and dangerous region, it is about prosperity, peace and hope. It is about a strategy that is aimed at these challenges.

10. Postscript - Afghanistan. Afghanistan is important, but Iraq is critical. I say this for several reasons. First, Afghanistan is not likely to produce a governance model that others can follow. It has never had widespread, true national identity. Look at its terrain. Its social structure is built around that terrain. Second, even if we are successful, Afghanistan will never be a meaningful economic force in the world. Third, in their neighborhood, Pakistan is the real danger. This is a big time danger, but a pacified Afghanistan will not have the same profound consequences as a pacified Iraq in terms of producing positive change in surrounding countries. It is true that if we lose Afghanistan, that would impair regional stability, but our primary focus in Afghanistan is to deny it as a base for the Taliban. I don't want to diminish the importance of that. At the same time, we don't need it for such things as a role model for governance or energy production on a world scale or a military force that is meaningful in terms of regional balance of power. Iraq is ground zero for the future of the Middle East and the Middle East, in many ways, is ground zero for global stability, prosperity and hope.

Love,  
Tom