Senator Lugar, thank you for calling this important and timely hearing. We are lucky to have an extremely distinguished panel today. Tony Cordesman is no stranger to this Committee. We owe him a debt of gratitude for his guidance over the past couple of years. All of our witnesses are eminently qualified to speak about the security and political challenges we face in Iraq.

Sunday’s elections were a significant step forward and a tribute to the courage of the Iraqi people – and to the courage of our soldiers and civilians in Iraq. The images of children dancing in the streets and the elderly walking miles to polling stations – despite the danger – were incredibly moving.

Given the trauma of the past two years -- to say nothing of the past three decades -- it is encouraging to have some good news coming out of Iraq.

But one election does not a democracy make. The challenges in Iraq remain formidable.

Whether history looks back on Sunday as a transformational event in Iraq will depend on what the Iraqis do – and what we do – over the next several months.

It seems to me we have several very important challenges.

First, we need to prevent a civil war and promote power sharing. The insurgents were dealt a blow on Sunday, but many Sunni stayed away or were scared away from the polls.

They risk feeling even more alienated and, as a result, increasing their support for the insurgency. In my judgment, we must use our influence to work the Sunnis into the constitution-writing process, which will define minority rights and protections.

Second, we need to build Iraqi capacity. While the transitional government will probably, for the first time, have political legitimacy in the eyes of most Iraqis, the fact remains that almost two years since the fall of the Saddam Hussein regime, it will still lack real governing capacity.
The Iraqi government is no more capable today then it was on Saturday of providing law and order, defeating the insurgents or delivering basic services like electricity and water.

Even much of the capital city remains out of the interim government’s control. It is especially critical that we train Iraqi security forces to operate independently and effectively.

Third, we need to show reconstruction results. Eighteen months after the Bush Administration made an “urgent” request for reconstruction funds of Marshall-Plan proportions, only 15% of the $18.4 billion has been spent.

At current rates, these funds will not be spent for more than seven years. Success or failure in Iraq will emerge in far less time. Meanwhile, some 40 percent of Iraqis are unemployed and Iraq generates less electricity now than it did before the war.

In my judgment, we should move away from massive projects that are costly, slow, susceptible to terrorism, and require expensive international contractors…

And move towards grassroots projects that take into account the security situation and focus on jobs and providing benefits to ordinary Iraqis.

Fourth, we need to finally make Iraq the world’s problem, not just our own. Two weeks ago, Secretary of State Rice told this committee “the time for diplomacy is now.” The proof will be in the administration’s efforts – and success – in getting more help to train Iraq’s security forces and build its infrastructure.

Our allies must respond. They claim to be concerned about the plight of the Iraqi people. Now is their chance to prove it.

Fifth, we must articulate, more forcefully than we have until now, that it really is our intention to leave the future of Iraq in Iraqi hands. Iraqi mistrust of American intentions is one of the prime movers of the insurgency.

It is worth reiterating clearly and repeatedly that we have no designs on Iraqi oil, that we have no plans for permanent military presence in Iraq, and that our armed forces remain only at the request of the transitional government.

Sixth, we must support our military. Our troops in Iraq must be equipped and trained for their mission and their rotation schedule must not degrade readiness or diminish retention.

Finally, the time for straight talk with the American people is long overdue. I hope President Bush will use his State of the Union not only to celebrate the success of Iraq’s elections, but to level with the American people about the hard road ahead and to lay out a strategy for success.
We will soon be asked to vote on another $80 billion for Iraq. How will it be used to achieve results in Iraq? What are the challenges ahead? How long will it take to give Iraq the capacity to govern itself and maintain security? How long will American forces be asked to remain in Iraq? How much more will it cost?

The President owes the American people answers to those questions if he is to sustain their support in Iraq.

I hope our witnesses will address these and any other critical challenges they believe we must meet if we are to succeed in Iraq.