United States Institute of Peace
Association for Diplomatic Studies and Training
Iraq Experience Project

RODNEY BENT
EXECUTIVE SUMMARY

Interviewed by: Ruth Hansen
Initial interview date: September 14, 2004

Rodney Bent, age 52, is a budget and finance specialist. He holds a Master's in International Relations from the Fletcher School of Law and Diplomacy and an MBA from Cornell University. For 20 years, he was with the Office of Management and Budget (OMB) working in the field of international economic affairs. He is currently a professional staff member on the House Appropriations Committee, working on the Foreign Operations Subcommittee. Mr. Bent served in Baghdad from October 2003 until April 2004 as Director of the Coalition Provisional Authority (CPA) Office of Management and Budget, and as senior adviser to the Ministry of Planning and Development Cooperation (MoPDC).

Bent had two main tasks. The first was to assist with the allocation of the November 2003 $18.4 billion supplemental appropriation for Iraq. He worked on dividing the supplemental into approximately 50 line items amongst 10 sectors.

Bent's second major responsibility was to ready the Iraqi Ministry of Finance to perform the functions of a modern finance ministry in such areas as budget appropriation and implementation, tax policy, financial policy, debt forgiveness, and macroeconomic policy. This included overseeing the creation of a new financial management information system and training for the Iraqis who were to operate it.

Bent found that encouraging and supporting Iraqis to think in a different way an essential ingredient of success. The Iraqis had become accustomed to working with and in a "stove-pipe" bureaucracy where personnel awaited instructions from above before taking action and there was little cross-fertilization of ideas. It was therefore a challenge to overcome the Saddam era legacy of antiquated procedures, stifled initiative, and corruption.

In the development of the MoPDC, CPA and Iraqi officials grappled with complex processes and economic decisions where hard choices needed to be made. This was a daunting task, made more difficult by the lack of well-established ground rules for dialogue in the community. One major clear-cut success was the currency exchange initiative; new currency was substituted for the old dinars bearing the image of Saddam. Despite its success, Bent notes this program received little attention.

The absence of a validated Iraqi governing structure limited the CPA's ability to make decisions on a number of large policy issues. For example, Iraqis did not support some CPA-advocated programs, such as the monetization of the Oil for Food program's "food basket". Iraqis simply seemed to prefer the tangibility of actual items to cash. This and other key decisions, such as tax policy, local taxing authority, and oil revenue management, were thus deferred for later Iraqi action.

Bent notes that the reconstruction effort in Iraq suffered from changing plans, shifting priorities, and lack of clarity about who was in charge.

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Q: Today is September 14th, 2002. This is an interview with Mr. Rodney Bent, being done on behalf of the U.S. Institute of Peace and the Association for Diplomatic Studies and Training as part of the Iraq Experience Project. I am Ruth Hansen.

Would you just state your name and your age, your area of specialty and your work in Iraq, and your educational background?

BENT: Rodney Bent, age 52. Area of specialty is budget and finance. I have a master's degree in international relations from the Fletcher School of Law and Diplomacy. I have a degree in business from Cornell University, an MBA. I worked for a couple years at the U.S. Treasury Department as an international economist. I was an assistant vice president at Bankers Trust in the budget/finance department. I was for 20 years at the Office of Management and Budget (OMB) as a fiscal economist, a branch chief in charge of international economic affairs, and then for five years the deputy associate director for international affairs. In my current job, I'm a professional staff member on the House Appropriations Committee, working on the Foreign Operations Subcommittee.

In Baghdad, at the end, I was the senior adviser for the Ministry of Finance, the director of the CPA (Coalition Provisional Authority) Office of Management and Budget, and senior adviser to the Iraqi Ministry of Planning and Development Cooperation. I arrived in Iraq at the end of October 2003 and I left at the very beginning of April 2004.

Q: OK. Were you offered any particular training for the position in Iraq, for your service there, by Defense Department, State Department?

BENT: No, no training.

Q: OK. And your future plans?

BENT: Here for the foreseeable future.

Q: You mentioned two roles, if I understood correctly, as an adviser to the CPA and as

an adviser to the Iraqi ministry. Let's take the CPA first. Could you describe the structure there and what your responsibilities were?

BENT: I was the head of the budget office. Actually, when I first arrived, I was the co-director, because there was an Australian, Tony McDonald, who was also the co-director. The two of us overlapped for probably 2.5 or three months. But most of the time, Tony was not there. Because of the security situation, the Australian government wouldn't let him in, and it wouldn't let him return. We were actually together in the office probably about three weeks. So it was very little overlap.

In January 2004, Tony left and I became the sole director of the Office of Management and Budget and the senior adviser for the Ministry of Finance.

There were two parts to the job – one part was working within the U.S. government on the allocation of the $18.4 billion supplemental that was signed by President Bush on November 6th. That allocation had probably 10 sector areas and about 50 line items, things like electricity generation, police training facilities, micro-enterprise development, vocational training, water and sewer projects, democracy-building projects, so funding for a huge range of activities across the board.

Part one of the job was getting that funding going, because we had to write a report to Congress, a quarterly report, that laid out in very gory detail what we were doing and how we were doing it and who was going to do it and which agency was going to manage it and what our expectations for the project were.

The first report was the most important, because that was the one that served as a congressional notification, if you will, that allowed the projects to go forward. I then spent a fair amount of time arguing with my former colleagues at the Office of Management and Budget to release the funding via an "apportionment". So that was part one of the job, if you will.

Part two of the job was working with the Iraqi Ministry of Finance on the management of Iraqi resources, particularly, the Development Fund for Iraq, which is largely financed by Iraq's oil exports. And since 98 percent of the Iraqi government revenue comes from oil exports, it was hugely important.

BENT: What we were trying to do is to do, typically, after the November 15th agreement, was to ready the Iraqi Ministry of Finance so that it could follow the functions of a modern finance ministry. That would include, foremost, budget appropriation and implementation, but also tax policy, financial policy, debt forgiveness, macroeconomic policy, liberalizing interest rates – a whole variety of things that most modern finance ministries were worried about, which the Iraqi Finance Ministry hadn't dealt with, in many ways.

Q: Could you come back to the role, again, of the U.S. government and the use of the supplemental funding? I'm sure there were lots of discussions as to how the funding should be allotted among those working in different areas. Could you explain some of the issues that you ran into and how you dealt with them?

BENT: Congress was fairly specific in how it said the funding had to be spent. It tracked closely with what the administration had requested. Congress allowed some movement within funds, but not unlimited. Because priorities were always changing as we were out there – security became more and more important, as did the planned transfer of sovereignty, the desire to put more funding into elections and democracy building. So, at the margin, we were moving funds around. Of the 10 sectors, you could take 10 percent from any one sector, and you could give 20 percent to any other sector.

In some cases, like telecommunications or transportation, some of the projects were a little less defined. Some of the justice projects were not quite so well defined. Sometimes the implementers weren't there (in Iraq), as in the case of the witness protection program. So we moved funding around, and the question was how to present to Bremer, to Ambassador Bremer and the CPA hierarchy, what choices were at hand. If you take funding from one place, you want to know what you're giving up someplace else. And if you're going to put the funding in a new place, you want to know what you're getting.

Q: Who did you deal with to solve any problems?

BENT: Usually we'd work with the other senior advisers. There were probably 15 or 20 of us at any given time. We would meet every morning at 7:30 as a group, followed by a second session – a smaller session – with Ambassador Bremer. But usually the issues were ones of implementation. For the military side, if it was training, or the police side, Ministry of Interior. If it was equipping and training the police, what resources did they need and when did they need them? And if there was a roadblock, what was the nature of the roadblock? It was by and large a very collegial group. I was very impressed with the qualifications of most of the other senior advisers. Some of them were older, but that didn't necessarily mean less talented. They were a remarkable group.

Q: You mentioned that, in some cases, funding could be moved elsewhere because implementers were not on hand to use the funding as originally planned. Did that kind of problem arise very often? Did it impede the effort overall?

BENT: Yes, well, it definitely did. You couldn't count on the kind of things that you take for granted back here in the United States. I have spent most of my working life in the budget world. The president will propose a budget. The Congress will, with some modifications, appropriate funds; the president will sign. Then the funding will go to the

various agencies, and people will apportion it. And then you have warrants and the funding gets spent.

But there's a very long train in which people, in multiple stages, touch the transaction. And I think what was really clear out there is that, in a world like Washington, where you have faxes and computers and well-established ways of doing things – people have more or less been doing this for, in one form another, for 50, 75, 100 years. What we were doing in CPA was trying to take a very complex process with a lot of people touching it where you had to schedule meetings, pick up the phone, talk to people [to get through the same process]. In Washington, you have a well-trained staff that understands what we want. There, we didn't have any of that. And I think that it was frustrating because you were closer to it.

You could sort of see whether the police had equipment or were trained, or whether the contractor is working or not, whereas Washington wouldn't. So that made it frustrating. It was frustrating, simply because we wanted to move things more quickly than in a lot of cases we were able to do.

Q: In dealing with these issues, did you have contact with some of the contractors that were carrying out the contracts.

BENT: Yes. To give you an example, at the Ministry of Finance, we were implementing what's called a financial management information system that would have taken the Iraqi budget from – I sort of call it the 1850s, if you will – to probably the 1920s.

To give you the context, the Iraqi Ministry of Finance had been completely looted and burned, so we were working out of a makeshift building. Probably, I'm guessing, three-quarters of the staff were clerks, largely women. There were no computers. There was a computer that sat on the Minister of Finance's desk, but I never saw it turned on in the months I was there. Spreadsheets were done by hand. Everything was paper intensive. A transaction would be approved at each stage. Most of the senior ranks of the Iraqi ministries were pretty well trained. They had people who'd been trained as accountants in England 30 years ago, but a lot of the working style was 30 and 40 years old.

Nothing was done electronically. Everything was done in face-to-face meetings. You had to have a personal rapport with the people you were working with. So that meant that things that might take a phone call and three minutes in the United States would take four meetings and two weeks in Iraq. That was just the way things were.

Q: Before we go further into the Iraqi ministry side of things, you mentioned earlier that to get the apportionment approved by OMB in Washington. What issues were encountered?

BENT: I think it's the age-old dilemma [between Washington and the field], do you trust the people in the field when people back in Washington don't really know what the people in the field are doing? I think what I saw was, because of phone calls and e-mails and videoconferencing, it was easier sometimes to talk to someone in Washington than it was to reach a person at the Ministry of Finance in Baghdad.

But, as a result, we generally felt that we had three people working on an issue with CPA and Baghdad, and we had 30 people back in Washington asking questions about what the three people were doing. So there was a lot of second-guessing, a lot of, well, tell us about this, and what about that, and why hasn't this been done?

I think there was the impression that, at least we thought so out there, Washington wanted to look at everything. They wanted to have complete information – if you were working on an oil cap project, they'd want to know, well, who's the contractor, and how's it being done, and when's it going to be finished?

Some of that was appropriate, but some of it I thought was overreaching and down into the weeds. Having been at OMB for a long time, we always got complaints from agencies about micromanagement, so I was familiar with that. But I think that, in my 20-year experience at OMB, this was a level of control and oversight and intervention that I'd never seen before.

Q: Looking to the future, to other possible post-conflict situations, in terms of the budget and funding processes you've just been discussing, are there things that you think could be done differently?

BENT: Yes. Well, a couple. One was, among the staff that I worked with, that I essentially inherited when I was out in Baghdad, none of them had ever worked on budgets before. I had relatively young staff that was completely inexperienced and had no particular training either in the Middle East or on budget matters. I would think, if we're ever in this kind of situation again, that we'd want to draw on some of the professional staff that does exist.

I will say that the treasury departments of both the United Kingdom and Australia sent mid-grade and higher-level real professionals who were first rate. Without them, it would have been a very different picture.

They provided the structure that, frankly, the U.S. didn't have for a while. Now, in February, January/February, people did begin arriving. I would come back to Washington and I'd talk to folks at Treasury and at OMB, and they began sending people out. So the situation changed, but that was essentially six or eight months after we should have had those folks on the ground there.

Q: You mentioned the Australians and the Brits participating, presumably as coalition members. Would you like to offer any further comment on that?

BENT: They were essential. They provided the structure. They had a different perspective sometimes than we did, but because so many of the Iraqis had been trained in England, they felt more comfortable, if you will, with some of the British officials. It was a genuine partnership. I mean, we all worked well together, and they provided a knowledge base that at least the first group of Americans didn't. There were exceptions. I mean, the guy who headed the office before I got there was first rate, just fabulous, but he needed to have a staff..

Q: Was there any problem, as seen from the British or Australian side, in terms of working for Americans?

BENT: No, not really, not on these issues. They were bread and butter issues, how do you move money? How do you make sure that the treasury account, that the Iraqi treasury account in a given city has enough funding to pay the salaries to the police or the teachers or the other government civil servants. That wasn't a particularly contentious issue.

Q: Why don't we move on to the work you did at the Ministry of Finance. You've mentioned the financial management implementation systems. Could give a little more detail in terms of the other areas that you worked in?

BENT: Yes, that was probably the main area. We were trying to finish up the 2003 Iraqi budget – the Iraqi fiscal year is the same as the calendar year -- and to put all of the ministries on a much more sound financial footing, budget footing, if you will. We were working with a highly archaic system, a very different system: no computers, no spreadsheets that we would recognize, everything done by hand, with volumes of backup but all of it at the ministries, in Arabic, without any of the things that we would normally look at. Oh, it's on letterhead, it's not on letterhead, it's been signed by an official but we don't know who the official is. Well, what does that mean?

Another difficulty was that, because for 35 years of the Baathist Party, and maybe even longer in terms of organizational norms, Iraqis were very reluctant to take initiative. They always wanted somebody else to order them or endorse something that they were about to do. As an example, people might agree that we needed to move funding for, say, a cement plant, but for the Iraqis to have done something like that under Saddam might have been impossible. You in fact would be killed, and so therefore they frequently would come in and they'd say, well, we think this is a very good idea. The Ministry of Trade and Industry is all supportive of it, the Ministry of Finance is supportive of it. But it was kind of unspoken, so now we want you to bless it so we can go ahead and make it happen.

So part of the training was capacity building, really – to get people accustomed to making decisions and to help them say, OK, look, have you asked the right questions? Have you got the people who would be concerned? So, for example, if it was a cement plant, cement uses a large amount of electricity. Do in fact you have the electricity supplies necessary for the plant to operate? If you're providing working capital, have you gotten the financial statements from the state-owned enterprise?

Those kinds of questions, so that then people could say, OK, yes, we now agree that it's a good idea, let's make it happen. But that's not something that you're going to do in a month or two months or six months. It's really more a five- and 10-year kind of project. I think the dilemma that CPA was facing perpetually, from November 15th on, was that we were trying to move functions to the Iraqi ministries as best we could, while at the same time trying to make sure that things got done, that salaries were paid, that people were hired, their pensions were paid. We were trying to build up systems like the financial management information systems, so we could begin transferring things, while giving the Iraqis the endorsement, if you will, to take the initiative.

Q: You mentioned capacity building. Was there training going on of the Iraqi staff you were dealing with? Who was doing that?

BENT: Yes, yes, we did. A lot of the training was arranged by the World Bank and the IMF (International Monetary Fund). The World Bank had set up a trust fund. And they were providing resources of about $400 million, I think, to the Ministry of Health, Ministry of Education, I think, maybe a couple of others – a lot of resources. But they didn't want to provide grants unless they had some assurance that the Iraqi staff would have the fiscal skills necessary to manage the funds.

So they were setting up training. IMF was setting up training on tax policy, customs administration and a variety of things after economic policy. And we were encouraging Iraqi civil servants to go. Part of this, and this may seem a little overbearing, was that we wanted to make sure that we really got the right Iraqis to go, meaning not just by seniority, but by talent, by gender, because frankly all of the senior ranks of the Iraqi ministry by and large were men who had, in some sense or another, moved their way up. They viewed it as a perk to be able to go to Amman for a week's worth of training with the IMF.

So they would assign to themselves or their buddies, and we'd say, no, wait a minute. There are two or three talented professionals in the budget shop, and they're more junior and they don't have the 25 years of service that you have. They only have 10 years, but we think they would be appropriate to go. There was no question that we interfered there in some sense to try and get people who might not otherwise have had the chance to go into training sessions in Amman and London and elsewhere.

Q: Was USAID (United States Agency for International Development) involved in the training at all? Or was that strictly IMF?

BENT: Yes. Part of the training was, for example, on the FMIS, the financial management information system, and AID had a contract with BearingPoint to do the system. Part of the system involved training, so in that sense it was involved. They were not, however, involved in some other parts of the training. They were more working, if you will, with their contractors on the governance and other issues that we at the center didn't see.

Q: How would you assess the training by BearingPoint?

BENT: Well, very good. In fact, I thought they brought in really first-class people from Australia, from other parts of the world to do the training. They set up the system that created the servers, the programming, the chart of accounts. They worked with the IMF to make sure it was IMF-worthy. It was quite good, but it was really just getting started. I went to the opening session, the inauguration, if you will, on February 16th at the Ministry of Finance. There were speeches, and the Iraqi Finance Ministry staff showed us what they were going to do, but like a lot of things, it really depended on the rollout to the other ministries in Baghdad and the training of the staff there, and then ministry staff out in the governorates. So it was really just the first stage.

As an indication of the difficulties of working in Baghdad, after the ceremony, when we all went our various ways, the BearingPoint staff was attacked by insurgents on the way home. Their two cars were attacked. Gunmen with AK-47s were firing rounds at them for about two or three minutes. That's the kind of thing that you don't find in other parts of the world.

Q: How was your work affected by the de-Baathification process?

BENT: It's hard to say, because a lot of the de-Baathification process had taken place by the time I'd got there. So I can't judge what I didn't see. I do think – one of the criticisms was that people had moved too quickly in de-Baathification. But, from my perspective, we were really trying to bring the Iraqis and their operating systems into a new way of looking at the world. I'll also have to say, people have treated Baathism as though it were Nazism, and I think that was false.

There were plenty of people who were nominally Baathists, but not really, and there were plenty of people who weren't Baathists who were incompetent and corrupt. So it's not a black or white kind of thing. Some Iraqis came up and said, well, you got rid of people who weren't really that bad, and you kept people who really were quite bad. But I can't judge that.

Q: Could we move on to the Oil for Food program, how it was managed, as well as oil revenue management.

BENT: Yes, there are probably others, like Steve Mann, who would be better to talk with. I would generally say that, from the DFI (Development Fund for Iraq) perspective, it was almost like a checking account. We would look at the oil export revenue being earned, going into the account at the Federal Reserve from the oil, and look at the balances, and then we would do our projections, particularly for 2004. When are we going to need those resources, and what are our expectations about future oil prices, future oil production?

We estimated on the low side – not intentionally, but as oil prices began rising, we clearly were getting extra oil revenues. On the other hand, because of sabotage and the decrepitude of the oil production system, we didn't always get the oil volume and the assured revenue. So a lot of it was kind of offsetting, but I think of late probably there's been more oil revenue other than before. We had projected for all of the ministries, and this was, again, one of these things that it's hard to explain the context and what it means, but we had month-by-month projections for each ministry by salaries, by operating expenses, by capital expenses.

This is something that had never been done under Saddam, and so the goal is to see, well, how good are our projections? Are there people in place, have they really been hired? There were a number of things that we would have done. If CPA had remained in business for another five years, we would have probably set up a payroll system, we would have had a system for direct deposit of paychecks. We would have done a number of things that everybody takes for granted here. There, the Finance Minister didn't even have a checking account. It was just a different world.

Q: Did the Oil for Food Program itself come into your picture at all?

BENT: In two ways. One, clearly, was how the distribution system was managed. There was a very good article in yesterday's "New York Times" about it, which talks about the public distribution of food. It was true that everybody relies on it, and even though some products that are in the basket are not very good, it has sort of been a staple. Every Iraqi eligible has been eligible to receive it. You essentially had a distribution system that was managed by the government with warehouses and distribution agents, all the rest of it. It was a major challenge keeping that going. By the same token, it is a huge subsidy, and because almost all of the food stocks were imported, it was a disincentive for Iraqi farmers.

There was – and I don't mean this in a critical way -- but there was very much a welfare state attitude: we (Iraqis) have an enormous amount of oil wealth, and that oil wealth

should provide us with essentially free electricity, essentially free gasoline, which was only about eight cents a gallon, and free food. And by the way, we want to do these other things, like set up universities and public schools and all the rest of it.

I think the long-term challenge for the Iraqis is how do you use the oil wealth responsibly to really develop in the richness of society, so it's not people just taking handouts from the state. But that's a cultural choice for the Iraqis to make.

Q: Was there discussion of the notion of Iraqis receiving dividends of some kind from the oil revenues? .

BENT: Tom Foley and the private sector group were exploring the option of setting up an oil trust fund. It had a variety of permutations, but there were references to what Norway had done, what Alaska had done, I think what the Dutch have done as well. The theory was very straightforward. You treat the oil as a trust fund, you give each citizen, if you will, a dividend check, and then they're free to go out and have individual consumer choice. And they will make, perhaps, different choices than what the government would make on their behalf.

But this was a concept that was utterly alien to the Iraqis. From the government revenue standpoint, it would have required setting up – since 98 percent of the government revenue came from oil -- a tax policy and a tax implementation system, which would have taken years. There was no collection of income tax. There was no VAT (value-added tax), there was no sales tax. There was a highly limited customs collection, but subject to the usual corruption that customs collection can be subject to.

So, if you set up the oil trust fund, internally, you also have to set up a new Iraqi taxing authority, if you will, and an implementation system. As anybody who's seen what the IRS and other institutions in the Gulf countries have gone through, it's no easy task to do. My own view was that this was really a choice that the Iraqis would have to make, but they were clearly not ready for making that choice now. It might be 10 or 15 years from now that you'd see the wisdom or the benefits of getting it. But it was clearly not something that CPA could impose in a three-, six-, or nine-month timeframe.

Q: Was there a unified view about this within CPA?

BENT: No. Tom and others, I think, argued the conceptual merits. To put it in a nutshell, nobody disagreed with the conceptual merits, it was just how would you persuade the Iraqis, and how would you create the other institutions that would be necessary to do it?

My own view was that it was a choice that the Iraqis should make after they had gotten some other rudiments of their society and political system functioning.

Q: You mentioned tax policy as something you worked on..

BENT: There were two parts of that. Number one, what's the right policy, how do you encourage meaningful activity? There is a lot of press comment back here about a flat tax and conservative economists imposing it on Iraq. In some senses, I think that was really misplaced, because most of the taxes were not being collected. You had really a zero tax environment.

The real issue was not just tax policy and what the top tax rate was on individuals, but how do you set up the taxing system, and how do you get tax implementation. How do you get income tax forms and collection agents and verification? You're dealing in a cash-based society, so the things that we use, W-2 forms and financial disclosure statements, simply weren't there. I think that there were more fundamental issues that needed to be dealt with there. And you have to have the discussion about tax policy and whether a VAT makes sense and whether an income tax makes sense, or a lower cap on it, and so on.

Those are not simple choices to make, and they're not simple choices to make in communities that have well-established ground rules for conducting a dialog. Here you have an Iraqi Governing Council and an interim Iraqi government, and who's speaking for whom, here? As I say, I thought those were choices that you had to start the discussion on. That was, I think, valid. You had to give people an appreciation that there was a different way of looking at these issues, but it was really for a decision by the Iraqis and only Iraqis down the road.

Q: Were you involved in assistance coordination, either by the Iraqis or by the CPA? Was that a part of your ministry's function?

BENT: Yes. One of my other hats was the senior adviser to the Ministry of Planning and Development Cooperation. There was a very talented minister in charge of it. He was an expatriate who'd returned to Iraq. I would say the ministry's organic psyche was really back in the 1960s, with central planning and a sense of priority to the state. There were talented, hardworking people. But we would ask them about their projects, and how they got input on these projects. And they would dust off things that would include Russian locomotives, and you'd say, OK, well, wait a minute, where'd this come from? "Oh, this is a plan that we had eight years ago."

Getting them to think in a different way was important. The Iraqi Finance Ministry, unlike finance ministries in more developed countries that do the entirety of the budget, really just did the operating part of the budget. The Ministry of Planning was supposed to be responsible for the capital budget, for the design and planning for power plants, for instance. But integrating those two, so that for example, if you build a power plant,

you've got enough resources to do that, but where does the fuel for the power plant come from? Is it treated crude, is it diesel, is it natural gas? These are all decisions that, in the "stove-piped" Iraqi way of operating previously, were very difficult to string together.

But that change was happening. I think that, the more exposure Iraqis have to the international community, the more that will come about in some way.

Q: You've mentioned the many new ideas being discussed and the long-term issues that needed to be addressed by the Iraqis in the future. In terms of presenting the new approaches to them, how would you describe their receptivity? It all seems monumental.

BENT: Yes, and I've only touched on some of them. I mentioned the monetization of the food basket, getting rid of oil and gas subsidies, metering for electricity, getting rid of state-owned enterprises. There were three groups of state enterprises: those that had enough resources and enough capital to make a go of it, those that were marginal, and those that clearly would never make a go.

There was a lot of early on talk about how we were going to privatize, monetize the food basket, have a currency exchange. Those were all plans that were developed a little bit with the context of Eastern Europe in mind. It was a bit in the context of can you tell us what people did in five or 10 years, and can we do it in, say, two or three? I think after November 15th, when it became clear it was going to be eight months, not two or three years, that people stepped back.

When we had the currency exchange, taking away the old Saddam dinars and producing new ones, it was very successful, except nobody really talks about it. That was from mid-October to mid-January. During that period, banks were clearly going to be integrated, so we said let's not impose the elimination of the food basket, or as we called it, the monetization of the food basket, let's wait and see how that works. And we did follow them up. It was clear the Iraqis didn't want the monetization of the food basket. They liked the tangibility of soap and tea and sugar and spices and flour and all that good stuff, and they didn't want to get cash.

So although the economists can make any number good arguments about why cash is better, it's an individual choice. We were acutely aware that you couldn't impose that on the Iraqis if they didn't want it, so we backed off. Likewise, privatization of the state-owned enterprises. We knew that it was very tricky: which ones, where, how did we decide who would be the winners and losers?

Some of the people who wanted to keep the enterprises going, I think, were very frustrated. There were a couple of civil affairs officers who, working with a particular ministry, said, look, I think this cement factory is great. We need it for reconstruction and all the rest of it, why can't I get money to do it? And we would say, well, yes, you

should get funding, but what would you do, and how do we get the Iraqi Minister of Finance to stand behind it officially?

Some of that was just happening. We did several transactions from the review board. We're geared exactly at that. I think that, if CPA had been around a second year, it would have all gone more smoothly, because we'd have gone through all the bumps and all the questions.

Q: You mentioned at least one Iraqi expatriate who came back to work in the ministry. Were there others, and how did you find they were received? How did they do?

BENT: There were certainly others, a very mixed bag. The one I mentioned was sort of the second-tier Iraqi official. There was – maybe resentment is too strong a tone -- but a sense that maybe the outsider didn't appreciate all of the difficulties and all of the changes. I think that it would have worked itself out. There were clearly some of the members of the Governing Council who were parachuted in. I think there was a sense of, well, where do these guys come from, and what do they want? But it wasn't all bad to have new ideas and new thoughts being interjected by people who did have some experience elsewhere.

Q: You mentioned in passing the role of civil affairs officers. Any war stories, lessons learned to pass on?

BENT: Well, not so much war stories. I think, among lessons learned, is that you had groups of people who were essentially brought in who really, in some cases, took up the cause of their ministries with great enthusiasm, sometimes a little bit to the discomfiture of the American military – why is that colonel being so aggressive on behalf of that ministry?

It's a hugely difficult task. You're working with the Ministry of Housing and the Ministry of Electricity or the ministry of fill-in-the-blank. You have to establish rapport with the Iraqi civil servants. You have to set up an agenda. You have to carry out what the CPA or the other coalition authorities wanted done. You had to make things happen, and that's very difficult to do, even in the best of circumstances. It'd be a little bit like, by way of a parallel, a British Army colonel coming into the Department of Homeland Security. Maybe because you speak the same language and have some parallel systems, you could make some suggestions.

But what if he didn't speak the language? What if your experience was completely different? You can imagine the difficulties. I think the civil affairs officers really did a hell of a job, given the constraints. But there were certainly too few of them. I doubt that any of them had the right background of having worked in a similar institution back in the U.S. You're not going to take a real estate lawyer from Texas and put him into a

Ministry of Housing and have him … [succeed]; that was kind of the connections that were made, but it wasn't nearly enough.

Q: Comments on interagency cooperation overall?

BENT: I said there was a difference out there and back here in Washington. Out there, everybody was pretty much living in the same area, working the same hours, working and eating in the mess halls. There was a great sense of community and camaraderie. There was a sense of shared mission. You wanted people to succeed, so whether it was electricity or governance or oil, we might have disagreements at the margin about the speed or timing or something, but your goal was to get stuff done. That, I think, was different from what we saw back here, where the State Department I think was miffed at the Defense Department. They were forever talking about, well, when would the professionals take over, or admit AID was [the professionals].

In some sense, that wasn't apparent out there, but it did affect us, because there would be disputes about funding. Things were slowed down because people would say, well, we're not sure we want to do this, so let's reconsider, and then they would take two or three months to reconsider it. Meanwhile, out there, we're trying to get stuff done.

I could make a number of suggestions about how if we'd had another year, and you learn from the mistakes that we made about what to do, but I think that many of the lessons are back here in Washington about how not to do things. Who's in charge? Is it the Defense Department, is it the NSC (National Security Council) deputies? Once you've agreed on a path, do you stick with the path? Or at each stage, do you have to have people come back and say, well, no, we changed our mind, so-and-so's thinking that this week maybe we ought to do a little more of that?

That meant that we had a lot of stutter-steps. If we were working on electricity, then people said, well, maybe the Iraqis should pay for that plant, so we're not going to approve the contracts being signed. Well, OK. Then you'd go to the Iraqis and they'd say, well, yes, we're willing to do it, but how do we know it's been fair and open competition? Well, but we went through it.

You lose weeks and weeks and weeks on that kind of a debate. I think my lesson learned from all of this is that, once you've got a plan and the people back in Washington have endorsed that plan, and they should take whatever time – and that includes Congress, too -- then the people who are supposed to carry out that plan ought to be given leeway to do it without what I saw as a fair amount of second guessing, saying that's not our priority, but don't do anything while we debate it back here in Washington.

Q: How were those priorities set? Obviously, there was some difference of approach between CPA out there and agencies back in Washington.

BENT: Well, at least for the U.S. supplemental – and again, I'm not talking about the operational stuff, military or other matters -- but the supplemental was, I think, sent by the president to the Congress and it was sent I think in early September 2003. Basically the legislative branch had a couple of months to chew it over. The executive branch really put it together from August until November, and then in January, when we essentially got it, there were some changes, but they were at the margins, now we're ready to move out. Nonetheless, two months after that, people were still saying, well, we're not sure we want to do water projects or electricity projects. I think that was frankly a function of the issues back in Washington, not out in Baghdad.

One issue we didn't cover yet is the Planning Ministry in the sense of development and cooperation. One of the things that I discovered, as lots of people did: The Iraqi ministries, particularly in terms of their dealings with outsiders, were very much in a situation where the Ministry of Health would talk to the health department, or the health group at the World Bank, so how so you get people integrating more? Not in the sense of management, but more coordination so that people would know what was being done by others.

For example, the Ministry of Health has a crying need for trained nurses, and what if you're going to train nurses? Well, OK, but is there the budget to pay them? Is the Planning Ministry involved? Have they gone through the question of which clinics are going to be built, or primary or secondary hospitals?

It was that kind of coordination that really didn't come so easily. I thought that, particularly when we would go off to Abu Dhabi or some of the international conferences, we were very keen to have the Iraqis take the first steps and do the learning. Then we were trying to stay very much on the sidelines, but still pointing out other ways that maybe you get more effect with the same amount of effort.

There was a lot of coaching, I guess I would say, not in the negative sense of our pulling the strings, but in the positive sense -- if this is what you're doing, maybe you want to consider presenting this information. Here's what the donors are looking for. Here's what they'd like to see by way of clients, this is the kind of coordination you might want to do, or before you go off to the ministerial-level meeting, here's the kind of staff work needed. Here are the conversations you ought to have.

Q: And did the Iraqis pick up on this?

BENT: They did. I remember that, I think it was in late February, there was a conference in Abu Dhabi. We had a meeting of the Iraqi delegation; there were probably 20 people, and everybody congratulated themselves on a very successful meeting. Then there was a wrap-up of the two or three things that next time around they may want to

consider. One was more inter-ministerial meetings ahead of time, so it didn't sound as though the Ministry of Trade was saying something that was a little bit at odds with what the Ministry of Planning was talking about.

More sharing of information. There was kind of an aversion to sharing information, simply because information is control. If you shared it with somebody else, who knew what they would do with it. But you need to do that, particularly where you've got finance commitments being made. It will get even more problematic when Iraq is able to borrow from private lenders or international institutions. You don't want to have the Ministry of Finance not knowing what the Ministry of Health or Education is doing. Those kind of connections need to be made in a more robust way.

Q: You've mentioned a couple of times the fact that the ministries needed to coordinate with the field, with people outside of Baghdad. What issues arose?

BENT: Well, a couple. One, Iraq is highly centralized, so the ministry of X tended to tell each of the governorates what the staff should be doing. It wasn't uniform. I mean, every ministry was maybe a little bit different. But what you could really see is the question, how do you devolve some decisions like educational decisions to local groups? And so a large part, and this is where they played a bigger role, was trying to get local government councils, governorate councils, city councils, municipal councils, stood up and functioning, and what leeway did they have, and what should they do?

I think particularly for Iraq, where there are such divisions among the various communities, it will be important to sort out what the role of central government and the role of local governments are. You clearly want to have, from our point of view, decentralization, devolution of power and responsibility. But then that takes you to another question. If 98 percent of the federal revenue comes from oil revenue, well, how do you distribute that? Do you allow local communities taxing authority? How do they tax, and how does that mesh with changes to the federal tax structure, if you will?

These are big issues and not something that you can impose from the outside, or that are going to be decided in the absence of a validated Iraqi governing structure. So I think that there were limitations, frankly, on what CPA could do or what any outside group can do.

But I think that those are choices that as they come down will be made. One of the drawbacks of local control of police, for example, is that maybe cronyism and corruption will take hold, because the local police from a region would say, "I can take a certain amount of that from X and Y". But if you're bringing in outsiders, they may not know the community, they may not be accepted. So there are kind of pros and cons to all of these concepts, and it's not nearly as simple as a great local community and getting them empowered. Have them build budgets and administrative support, but to do what?

Q: You mentioned that USAID was involved in that de-centralization program. How would you assess those efforts?

BENT: Because of the security situation, I would say it was really tough. I went to Tikrit and I talked with, I think it was Research Triangle doing some of it. But as you take it out to the communities, it's very hard.

A colleague of mine, Fern Holland, was killed in early March. I personally think that it's difficult for an outside group of contractors, American, Western, whoever, to come in and try and help local Iraqi governing institutions, if you will, at whatever level to see things. I think it would be better for the Iraqis to see for themselves in other places what can be done. Whether that means that they go and look at municipal structures in Italy or Spain, that I think is probably better than putting an American in sort of a fortified zone in a city in the Sunni Triangle and hoping that they're going to have some impact.

They will have some impact, but it's fabulously expensive and dangerous to do, and I don't know how you manage the impact.

There are hundreds of thousands of Iraqis who live abroad; I think there are something like 500,000 who live in Amman alone. I think the real agent of change will be those Iraqis who have seen a different way of doing things than the way in Iraq. They'll switch. We haven't talked about this, but there's an information explosion going on there. The newspapers were opening up, satellite TV dishes everywhere, people were traveling.

I think some of this change will come, not naturally, but as they see different ways of operating and managing resources.

Q: You mentioned the trip you made to Tikrit. Did you have other opportunities to travel outside of Baghdad?.

BENT: I did. I went to Arbil and Sulaymaniyah. I would have liked to have done more, frankly. If I go back, I'd certainly want to go down Basrah and see other parts of Iraq as well.

Q: And how did you find the conditions overall in Baghdad and elsewhere in terms of travel?

BENT: It got more and more restrictive. There would be weeks where we would be closed down in the Green Zone and couldn't go out. And sometimes the ministers didn't want to go traveling. Or they would seek opportunities to go traveling abroad, so there wasn't any point in going to the ministries, because the people we were dealing with weren't there. That was my experience. But I hope that's a unique situation.

Q: You mentioned in passing a moment ago the question of corruption. Did it have an impact on your work?

BENT: It's a cash-based society, a government operated by cash, not by checks or financial methods. So it goes everywhere, and Saddam would foster corruption. People tended to believe that, if you wanted to get something done, you needed to pay people off. So there was clearly corruption in all of the ministries, big and little. People would talk about ghost workers. But corruption is one of these things, some of it is sort of a cultural thing.

I mean, when we give tips to a waiter, is that corruption, or is he just doing his job? There, people would feel, for example, that in the ministries they would hire their relatives to work there. They'd say, well, that's nepotism. On the other hand, it was also hiring somebody who you knew would do what you wanted them to do. And in a society in which you could be killed for making somebody unhappy, it was kind of important to have as your number two somebody who you trusted implicitly.

So you did what you could do. We set up inspectors-general, we set up the convention on public integrity. We tried to be as transparent in all of our dealings as we possibly could. We would talk about future systems, about the payroll systems, get rid of the ghost workers. But, inherently, these were all choices that the Iraqis were going to have to make. We're not going to go into a society that has been twisted, if you will, for 35 years by Baathism and by Saddam and [fix it] in six months.

I'll give you an example, concerning garbage truck drivers in Baghdad. Because of just, frankly, a simple arithmetic mistake, there hadn't been enough money in the budget to pay their salaries, so they were going to the neighborhoods that could get groups of people together to pay their salaries. That meant poor neighborhoods were not being served.

So, about two weeks before we left, the CPA officials for this in and outside Baghdad came and said, hey, we just discovered this problem, can we find money for it? We said, oh, of course. But it's that kind of thing -- you try and fix it as you go along, and the second we learned about it, we did fix it.

Now, did that mean that the garbage truck drivers weren't still doing the same thing? But at least we were paying them a salary, so they weren't forced to be corrupt. Or meter readers. There are electricity meters, and individuals go out to read them. Here in the U.S., they go out, they read the meter, they send you a bill, and you pay the bill by a check. It's all computerized, and somebody's got a record. There, the reader goes to the home and says, OK, I'd like $3. Well, how do you know that that meter reader is going to turn it in? And a lot of the meter readers were attacked. So it's different; there are many

problems to be fixed.

Q: As we finish, were there other lessons learned, or things that you would recommend be done differently in a similar situation?

BENT: I think preparation. It's preparation, preparation, preparation before people go. I wouldn't so much put stress on things like language, although it would be useful to have in this case. For example, when I was there, I asked the State Department, do you have Arabic books so at least I could practice on them in whatever spare time I had. Oh sure. I never got one.

That's a small thing, but that should have been done. I think that the more you know about the situation, the better. If there had been more overlap with people. I arrived and I had luckily a week of overlap with my predecessor, and did the same thing with my successor, but that was unusual. Overlap should have been built in much more. I think the recruiting of the kinds of skills should have been much more disciplined and organized. If we're going to have a budget office, let's get budget people instead of finding bright, young, hardworking people who've never worked in budgets. That's a small example, but multiply it 50 or 100 times and you get a sense of the situation.

Q: In terms of cultural sensitivity training, would that have been helpful to you?

BENT: Not that much. I've lived in the Middle East before, so I was sort of aware of some things. In Ankara, Turkey, and when I was very young. People could pick that up relatively quickly – the idea that age and seniority are worth a great deal, being respectful. Frankly, it wouldn't take much to alleviate the worst rudeness or social crimes that people would commit, but I don't think that's major. Maybe a three-hour lecture of what to do and what not to do.

[END OF INTERVIEW]