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NOTE

The Extremist Islamists whom we are fighting are, increasingly, coalescing in practice despite their differences, political and theological. So Iran, though Shia, is now helping train and finance Taleban in Afghanistan and Sunni groups in Iraq, as well as Shia militants. They can meddle in Palestine and Lebanon and are, almost certainly, bankrolling Hamas. Al Qaida, too share their aim of 'humbling' the West and pushing our forces out of Muslim countries. Everywhere in the region at present, we are pinned back. We remain strong. We are not losing. But we are not really able to move forward.

Extremist Islamists, including Iran, have two big things going for them. First, they can rely on the knee jerk anti-Western reflex of much Arab opinion. Second, they have discovered that in the Western media, their terrorism is seen as our failure. If we lose soldiers, or there are spectacular car bombs; or there is disarray in the Middle East through their interference; our public opinion is turned against us not them. They get to define success and therefore are able to bring about failure.

In short, they have a coherent political strategy and are using the rhetoric that Islam is under attack to build support behind it; as well as taking advantage of Extremist Islamists' willingness to carry out terrorism in the name of religion. It is to make life so hard for us, to inculcate in our public opinion a feeling that it is so hopeless, that, with the end of your Presidency, the next leader(s) will just give up and pull back. In this context, the debate in Congress is really quite alarming.

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But the interesting thing is the degree to which Extremist Islamists have a well worked out alignment between their political strategy and their military one.

I believe that our problem is that we don't. You and I both make the speeches and carry on strong but we are lone voices. New politicians are on their way, keen to distance themselves and above all, disoriented by the heavy thud of each day's bad news. People start to think this is a fight we can't win; when in reality it is a fight we have to win.

The problem is that though our troops are amazing and though it is clear the terrorists can't claim victory whilst we continue to hammer them, nonetheless the progress is always fragile in the absence of a big political deal.

For example, in Iraq, we fight on three fronts: the Sunni insurgency; Al Qaida; Iranian-backed Shia militia. I asked our top people the other day: if you took Al Qaida and Iran out of the situation, ie the external extremists, would Iraq be manageable? Undoubtedly, they said. Likewise if the Sunnis were reconciled to the Shia-led Government, then it would become clear what the true drivers of the instability were. But whilst we fight on all three fronts, the Sunni insurgents provide a justification for Shia death squads, and reinforce the Iraqi Government's fears of a Ba'athist return; Al Qaida can claim to be counter-attacking the Shia; and everyone, of course, can blame it on us.

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Meanwhile, Iran continues to argue, quite successfully in Muslim opinion, that it is merely protecting its interests because the US has hostile intent towards it.

There is no sense out there that we have a big political strategy for the region, of which defeating Extremist Islamists in Iraq and elsewhere is a part. The news therefore is dominated simply by television pictures of carnage, which our enemies can deliver any time they want to.

I think we need radically to upgrade our political approach across the region; to change the terms of the debate from whether we can win, to an insistence we have to win; that we cannot afford to lose. We have 18 months left to do it. Otherwise, certainly here, but I suspect in the US too, the next generation of leaders will be desperate to disengage. This would be so dangerous for our countries. It would leave the Middle East, parts of Africa, and further afield, at the mercy of an extremist form of Islam that will believe its determination and persistence has exposed Western feebleness.

In my view, there are three components to such a political strategy:

(1) Reconciliation in Iraq.

The missing part is the politics. Maliki's Government can't succeed and won't survive without it. It needs to be openly negotiated and carried through. I am constantly told that the incremental approach is all that will work. But it hasn't. In some ways, Zal had the right idea; but he was never able to operationalise it. We need a grand Shia-Sunni bargain, with

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the reconcilable parts of the insurgency on board. There are some hopeful signs here, but this has to be brokered at the highest level.

(2) Iran

It is increasingly clear – as the debate over whether to engage at the Iraq Neighbours' Conference showed – that there are differences within the Iranian regime. But the radicals are still on top. We need a far better, more overt strategy with Iran. I have been having internal meetings on this. At one and the same time, we should:

- (a) expose what they are doing in supporting terrorism and toughen up our response eg financial measures, force movements etc; and
- (b) publicly offer a chance to alter the relationship and improve it. At the moment, we sort of say it, but this needs to be done in a big way.

There is a division in their ranks. We have to exploit it. We have to make clear they have a choice and if they continue to be bad, that is not because they have no option.

(3) MEPP

This is going nowhere. Olmert is, understandably, under huge pressure. Abbas is as he always is. I suspect Hamas are still gaining ground. The trouble is: we can't afford this to falter. The read-across to Arab stability and Iranian power is too great. There has to be an agreed framework for progress; and the Palestinian side has to be sorted out. But it will require total immersion and focus to get it moving again.

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The reason why it is so important to tackle these issues altogether is that Iraq has to be bigger than just Iraq. It has to be part of a more profound and wider picture. People have to see it as a frontier in a battle across the region and the world. That is a battle, as you always rightly say, between freedom and extremism, democracy and terror. But we have to get back onto the front foot politically. I am absolutely confident it can be done. Even after I go, which will be soon now, I will help in any way I can. But look at it like a campaign for election. We would, of course, have the organization in place, the fund-raising, the number crunchers. But we would never dream of doing it without a complete political strategy, constantly reinforced and driven through. That's what we need now.

TB

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