

Exhibit 7

June 2010 Panetta Interview



'This Week' Transcript: Panetta

Jake Tapper Interviews CIA Director Leon Panetta

June 27, 2010 —

ABC News "This Week" Jake Tapper interviews CIA Director Leon Panetta Sunday, June 27, 2010

TAPPER: Good morning and welcome to "This Week."

This morning of this week, exclusive. CIA Director Leon Panetta. His first network news interview.

Top questions on the threats facing the U.S., and whether the CIA is up to the task.

(BEGIN VIDEO CLIP)

PANETTA: And what keeps me awake at night--

(END VIDEO CLIP)

TAPPER: The latest on Al Qaida, the hunt for Osama bin Laden, Iran, North Korea, global hotspots in an increasingly dangerous world, and the threat of homegrown terrorists.

(BEGIN VIDEO CLIP)

PANETTA: We are being aggressive at going after this threat.

(END VIDEO CLIP)

TAPPER: CIA Director Leon Panetta only on "This Week."

Then, the McChrystal mess.

(BEGIN VIDEO CLIP)

PRESIDENT BARACK OBAMA: I welcome debate among my team, but I won't tolerate division.

(END VIDEO CLIP)

TAPPER: The change in command in Afghanistan raises new questions about the president's strategy to win the war. That and the rest of the week's politics on our roundtable with George Will, author Robin Wright of the U.S. Institute of Peace, David Sanger of the New York Times, and the Washington Post's Rajiv Chandrasekaran.

And as always, the Sunday Funnies.

(BEGIN VIDEO CLIP)

DAVID LETTERMAN, TALK SHOW HOST: It took President Obama 45 minutes to make a decision to pick a new Afghanistan commander, 45 minutes. It took him six months to pick a dog for the White House.

(END VIDEO CLIP)

TAPPER: Good morning. When the president takes a look at the world, he's confronted with threats literally all over the map. In Afghanistan, U.S. and international forces struggle to make headway against the Taliban. Iran moves ahead with a nuclear program in defiance of international condemnation. North Korea becomes even more unpredictable as it prepares for a new supreme leader. New terror threats from Pakistan, Yemen, Somalia. No one knows these threats better than the president's director of the Central Intelligence Agency, Leon Panetta. He's been in the job for 16 months, and he's here with me this morning, his first network news interview. Mr. Panetta, welcome.

PANETTA: Nice to be with you, Jake.

TAPPER: Now, this was a momentous week, with President Obama relieving General McChrystal of his command. When this was all going down, you were with General Petraeus at a joint CIA-CENTCOM conference. And I want to ask you about the war in Afghanistan, because this has been the deadliest month for NATO forces in Afghanistan, the second deadliest for U.S. troops, with 52 at least killed this month. Are we winning in Afghanistan, and is the Taliban stronger or weaker than when you started on the job?

PANETTA: I think the president said it best of all, that this is a very tough fight that we are engaged in. There are some serious problems here. We're dealing with a tribal society. We're dealing with a country that has problems with governance, problems with corruption, problems with narcotics trafficking, problems with a Taliban insurgency. And yet, the fundamental purpose, the mission that the president has laid out is that we have to go after Al Qaida. We've got to disrupt and dismantle Al Qaida and their militant allies so they never attack this country again.

Are we making progress? We are making progress. It's harder, it's slower than I think anyone anticipated. But at the same time, we are seeing increasing violence, particularly in Kandahar and in Helmand provinces. Is the strategy the right strategy? We think so, because we're looking at about 100,000 troops being added by the end of August. If you add 50,000 from NATO, you've got 150,000. That's a pretty significant force, combined with the Afghans.

But I think the fundamental key, the key to success or failure is whether the Afghans accept responsibility, are able to deploy an effective army and police force to maintain stability. If they can do that, then I think we're going to be able to achieve the kind of progress and the kind of stability that the president is after.

TAPPER: Have you seen any evidence that they're able to do that?

PANETTA: I think so. I think that what we're seeing even in a place like Marjah, where there's been a lot of attention -- the fact is that if you look at Marjah on the ground, agriculture, commerce is, you know, moving back to some degree of normality. The violence is down from a year ago. There is some progress there.

We're seeing some progress in the fact that there's less deterioration as far as the ability of the Taliban to maintain control. So we're seeing elements of progress, but this is going to be tough. This is not going to be easy, and it is going to demand not only the United States military trying to take on, you know, a difficult Taliban insurgency, but it is going to take the Afghan army and police to be able to accept the responsibility that we pass on to them. That's going to be the key.

TAPPER: It seems as though the Taliban is stronger now than when President Obama took office. Is that fair to say?

PANETTA: I think the Taliban obviously is engaged in greater violence right now. They're doing more on IED's. They're going after our troops. There's no question about that. In some ways, they are stronger, but in some ways, they are weaker as well.

I think the fact that we are disrupting Al Qaida's operations in the tribal areas of the Pakistan, I think the fact that we are targeting Taliban leadership -- you saw what happened yesterday with one of the leaders who was dressed as a woman being taken down -- we are engaged in operations with the military that is going after Taliban leadership. I think all of that has weakened them at the same time.

So in some areas, you know, with regards to some of the directed violence, they seem to be stronger, but the fact is, we are undermining their leadership, and that I think is moving in the right direction.

TAPPER: How many Al Qaida do you think are in Afghanistan?

PANETTA: I think the estimate on the number of Al Qaida is actually relatively small. I think at most, we're looking at maybe 50 to 100, maybe less. It's in that vicinity. There's no question that the main location of Al Qaida is in tribal areas of Pakistan.

TAPPER: Largely lost in the trash talking in the Rolling Stone magazine were some concerns about the war. The chief of operations for General McChrystal told the magazine that the end game in Afghanistan is, quote, "not going to look like a win, smell like a win or taste like a win. This is going to end in an argument."

What does winning in Afghanistan look like?

PANETTA: Winning in Afghanistan is having a country that is stable enough to ensure that there is no safe haven for Al Qaida or for a militant Taliban that welcomes Al Qaida. That's really the measure of success for the United States. Our purpose, our whole mission there is to make sure that Al Qaida never finds another safe haven from which to attack this country. That's the fundamental goal of why the United States is there. And the measure of success for us is do you have an Afghanistan that is stable enough to make sure that never happens.

TAPPER: What's the latest thinking on where Osama bin Laden is, what kind of health he's in and how much control or contact he has with Al Qaida?

PANETTA: He is, as is obvious, in very deep hiding. He's in an area of the -- the tribal areas in Pakistan that is very difficult. The terrain is probably the most difficult in the world.

TAPPER: Can you be more specific? Is it in Waziristan or--

PANETTA: All I can tell you is that it's in the tribal areas. That's all we know, that he's located in that vicinity. The terrain is very difficult. He obviously has tremendous security around him.

But having said that, the more we continue to disrupt Al Qaida's operations, and we are engaged in the most aggressive operations in the history of the CIA in that part of the world, and the result is that we are disrupting their leadership. We've taken down more than half of their Taliban leadership, of their Al Qaida leadership. We just took down number three in their leadership a few weeks ago. We continue to disrupt them. We continue to impact on their command-and-control. We continue to impact on their ability to plan attacks in this country. If we keep that pressure on, we think ultimately we can flush out bin Laden and Zawahiri and get after them.

TAPPER: When was the last time we had good intelligence on bin Laden's location?

PANETTA: It's been a while. I think it almost goes back, you know, to the early 2000s, that, you know, in terms of actually when he was moving from Afghanistan to Pakistan, that we had the last precise information about where he might be located. Since then, it's been very difficult to get any intelligence on his exact location.

TAPPER: We're in a new phase now of the war, in which the threat can come from within, the so-called homegrown terrorists or the lone wolf terrorists. I'm talking about Faisal Shahzad, the would-be Times Square bomber; Umar Farouk Abdulmutallab, the failed Christmas Day bomber; Lieutenant (sic) Nidal Hasan, the Fort Hood shooter. What do these incidents and the apparent increased occurrences of these types of attacks say about the nature of the threat we face?

PANETTA: I think what's happened is that the more we put pressure on the Al Qaida leadership in the tribal areas in Pakistan -- and I would say that as a result of our operations, that the Taliban leadership is probably at its weakest point since 9/11 and their escape from Afghanistan into Pakistan. Having said that, they clearly are continuing to plan, continuing to try to attack this country, and they are using other ways to do it.

TAPPER: Al Qaida you're talking about.

PANETTA: That's correct. They are continuing to do that, and they're using other ways to do it, which are in some ways more difficult to try to track. One is the individual who has no record of terrorism. That was true for the Detroit bomber in some ways. It was true for others.

They're using somebody who doesn't have a record in terrorism, it's tougher to track them. If they're using people who are already here, who are in hiding and suddenly decide to come out and do an attack, that's another potential threat that they're engaged in. The third is the individual who decides to self-radicalize. Hasan did that in the Fort Hood shootings. Those are the kinds of threats that we see and we're getting intelligence that shows that's the kind of stream of threats that we face, much more difficult to track. At the same time, I think we're doing a good job of moving against those threats. We've stopped some attacks, we continue to work the intelligence in all of these areas. But that area, those kinds of threats represent I think the most serious threat to the United States right now.

TAPPER: All three of those individuals were tied in some way to an American cleric who is now supposedly in Yemen, Anwar al-Awlaki. He has said to be on an assassination list by President Obama. Is that true and does being an American afford him any protection that any other terrorist might not enjoy?

PANETTA: Awlaki is a terrorist who has declared war on the United States. Everything he's doing now is to try to encourage others to attack this country, there's a whole stream of intelligence that goes back to Awlaki and his continuous urging of others to attack this country in some way. You can track

Awlaki to the Detroit bomber. We can track him to other attacks in this country that have been urged by Awlaki or that have been influenced by Awlaki. Awlaki is a terrorist and yes, he's a U.S. citizen, but he is first and foremost a terrorist and we're going to treat him like a terrorist. We don't have an assassination list, but I can tell you this. We have a terrorist list and he's on it.

TAPPER: "The New York Times" reported this week that Pakistani officials say they can deliver the network of Sirajuddin Haqqani, an ally of Al Qaida, who runs a major part of the insurgency into Afghanistan into a power sharing arrangement. In addition, Afghan officials say the Pakistanis are pushing various other proxies with Pakistani General Kayani personally offering to broker a deal with the Taliban leadership. Do you believe Pakistan will be able to push the Haqqani network into peace negotiations?

PANETTA: You know, I read all the same stories, we get intelligence along those lines, but the bottom line is that we really have not seen any firm intelligence that there's a real interest among the Taliban, the militant allies of Al Qaida, Al Qaida itself, the Haqqanis, TTP, other militant groups. We have seen no evidence that they are truly interested in reconciliation, where they would surrender their arms, where they would denounce Al Qaida, where they would really try to become part of that society. We've seen no evidence of that and very frankly, my view is that with regards to reconciliation, unless they're convinced that the United States is going to win and that they're going to be defeated, I think it's very difficult to proceed with a reconciliation that's going to be meaningful.

TAPPER: I know you can't discuss certain classified operations or even acknowledge them, but even since you've been here today, we've heard about another drone strike in Pakistan and there's been much criticism of the predator drone program, of the CIA. The United Nations official Phil Alston earlier this month said quote, "In a situation in which there is no disclosure of who has been killed for what reason and whether innocent civilians have died, the legal principle of international accountability is by definition comprehensibly violated." Will you give us your personal assurance that everything the CIA is doing in Pakistan is compliant with U.S. and international law?

PANETTA: There is no question that we are abiding by international law and the law of war. Look, the United States of America on 9/11 was attacked by Al Qaida. They killed 3,000 innocent men and women in this country. We have a duty, we have a responsibility, to defend this country so that Al Qaida never conducts that kind of attack again. Does that make some of the Al Qaida and their supporters uncomfortable? Does it make them angry? Yes, it probably does. But that means that we're doing our job. We have a responsibility to defend this country and that's what we're doing. And anyone who suggests that somehow we're employing other tactics here that somehow violate international law are dead wrong. What we're doing is defending this country. That's what our operations are all about.

TAPPER: I'd like to move on to Iran, just because that consumes a lot of your time as director of the CIA. Do you think these latest sanctions will dissuade the Iranians from trying to enrich uranium?

PANETTA: I think the sanctions will have some impact. You know, the fact that we had Russia and China agree to that, that there is at least strong international opinion that Iran is on the wrong track, that's important. Those sanctions will have some impact. The sanctions that were passed by the Congress this last week will have some additional impact. It could help weaken the regime. It could create some serious economic problems. Will it deter them from their ambitions with regards to nuclear capability? Probably not.

TAPPER: The 2007 national intelligence estimate said all of Iran's work on nuclear weapons ended in 2003. You don't still believe that, do you?

PANETTA: I think they continue to develop their know-how. They continue to develop their nuclear capability.

TAPPER: Including weaponization?

PANETTA: I think they continue to work on designs in that area. There is a continuing debate right now as to whether or not they ought to proceed with the bomb. But they clearly are developing their nuclear capability, and that raises concerns. It raises concerns about, you know, just exactly what are their intentions, and where they intend to go. I mean, we think they have enough low-enriched uranium right now for two weapons. They do have to enrich it, fully, in order to get there. And we would estimate that if they made that decision, it would probably take a year to get there, probably another year to develop the kind of weapon delivery system in order to make that viable.

But having said that, you know, the president and the international community has said to Iran, you've got to wake up, you've got to join the family of nations, you've got to abide by international law. That's in the best interests of Iran. It's in the best interests of the Iranian people.

TAPPER: The administration has continually said that Iran has run into technical troubles in their nuclear program. Is that because the Iranians are bad at what they do, or because the U.S. and other countries are helping them be bad at what they do, by sabotaging in some instances their program?

PANETTA: Well, I can't speak to obviously intelligence operations, and I won't. It's enough to say that clearly, they have had problems. There are problems with regards to their ability to develop enrichment, and I think we continue to urge them to engage in peaceful use of nuclear power. If they did that, they wouldn't have these concerns, they wouldn't have these problems. The international community would be working with them rather than having them work on their own.

TAPPER: How likely do you think it is that Israel strikes Iran's nuclear facilities within the next two years?

PANETTA: I think, you know, Israel obviously is very concerned, as is the entire world, about what's happening in Iran. And they in particular because they're in that region in the world, have a particular concern about their security. At the same time, I think, you know, on an intelligence basis, we continue to share intelligence as to what exactly is Iran's capacity. I think they feel more strongly that Iran has already made the decision to proceed with the bomb. But at the same time, I think they know that sanctions will have an impact, they know that if we continue to push Iran from a diplomatic point of view, that we can have some impact, and I think they're willing to give us the room to be able to try to change Iran diplomatically and culturally and politically as opposed to changing them militarily.

TAPPER: There was a big announcement over the weekend. South Korea and the U.S. agreed to delay the transfer of wartime operational control to Seoul for three years because of the belligerence of North Korea. Kim Jong-il appears to be setting the stage for succession, including what many experts believe that torpedo attack in March on a South Korean warship. They believe that this is all setting the stage for the succession of his son, Kim Jong-un. Is that how you read all this and the sinking of the warship?

PANETTA: There is a lot to be said for that. I think our intelligence shows that at the present time, there is a process of succession going on. As a matter of fact, I think the--

TAPPER: Was the warship attack part of that?

PANETTA: I think that could have been part of it, in order to establish credibility for his son. That's what went on when he took power. His son is very young. His son is very untested. His son is loyal to his father and to North Korea, but his son does not have the kind of credibility with the military, because nobody really knows what he's going to be like.

So I think, you know, part of the provocations that are going on, part of the skirmishes that are going on are in part related to trying to establish credibility for the son. And that makes it a dangerous period.

Will it result in military confrontation? I don't think so. For 40 years, we've been going through these kinds of provocations and skirmishes with a rogue regime. In the end, they always back away from the brink and I think they'll do that now.

TAPPER: The CIA recently entered into a new \$100 million contract with Blackwater, now called Xe Services for Security in Afghanistan. Blackwater guards allegedly opened fire in a city square in Baghdad in 2007, killing 17 unarmed civilians and since then, the firm has been fighting off prosecution and civil suits. Earlier this year, a federal grand jury indicted five Blackwater officials on 15 counts of conspiracy weapons and obstruction of justice charges. Here's Congresswoman Jan Schakowsky, a Democrat from Illinois, who's a member of the House Intelligence Committee.

(BEGIN VIDEO CLIP)

REP. JAN SCHAKOWSKY (D), ILLINOIS: I'm just mystified why any branch of the government would decide to hire Blackwater, such a repeat offender. We're talking about murder, a company with a horrible reputation, that really jeopardizes our mission in so many different ways.

(END VIDEO CLIP)

TAPPER: What's your response?

PANETTA: Since I've become director, I've asked us to -- asked our agency to review every contract we have had with Blackwater and whatever their new name is, Xe now. And to ensure that first and foremost, that we have no contract in which they are engaged in any CIA operations. We're doing our own operations. That's important, that we not contract that out to anybody. But at the same time, I have to tell you that in the war zone, we continue to have needs for security. You've got a lot of forward bases. We've got a lot of attacks on some of these bases. We've got to have security. Unfortunately, there are a few companies that provide that kind of security. The State Department relies on them, we rely on them to a certain extent.

So we bid out some of those contracts. They provided a bid that was underbid everyone else by about \$26 million. And a panel that we had said that they can do the job, that they have shaped up their act. So their really was not much choice but to accept that contract. But having said that, I will tell you that I continue to be very conscious about any of those contracts and we're reviewing all of the bids that we have with that company.

TAPPER: This month, Attorney General Eric Holder announced that Assistant United States Attorney John Durham is close to completing a preliminary review of whether or not there's evidence that CIA agents or contractors violated the law when they used brutal methods, some call it torture, to interrogate terrorist detainees. Do you oppose this investigation? Are your officers -- your current officers, concerned about their legal jeopardy in the future under a future administration and what kind of guarantees can you give them?

PANETTA: Well look, CIA is an agency that has to collect intelligence, do operations. We have to take risks and it's important that we take risks and that we know that we have the support of the government and we have the support of the American people in what we're doing. With regards to this investigation, I know the reasons the attorney general decided to proceed. I didn't agree with them, but he decided to proceed. We're cooperating with him in that investigation. I've had discussions with the attorney general. He assures me that this investigation will be expedited and I think in the end, it will turn out to be OK. What I've told my people is please focus on the mission we have. Let me worry about Washington and those issues. And I think that's -- they have and I think frankly the morale at the CIA is higher than it's ever been.

TAPPER: We only have a few minutes left, but I want to ask, you're now privy to information about some of the ugliest, toughest tactics carried out by intelligence agencies with the purpose of defending our nation, stuff that probably as a member of Congress or OMB director of White House chief of staff, you suspected, but didn't actually know for a fact. How rough is it, and does any of it ever make it difficult for you to sleep at night or run to do an extra confession?

PANETTA: Well, I didn't realize that I would be making decisions, many decisions about life and death as I do now. And I don't take those decisions lightly. Those are difficult decisions. But at the same time, I have to tell you that the most rewarding part of this job -- I mean, we had a tragedy where we lost seven of our officers and it was tragic. But at the same time, it also provided a great deal of inspiration because the quality of people that work at the CIA are very dedicated and very committed to trying to help save this country and protect this country. They're not Republicans, they're not Democrats, they're just good Americans trying to do their job and that, I think, is the most rewarding part of being director of the CIA.

TAPPER: What's the flip side? Sleepless nights?

PANETTA: The flip side is you have to spend an awful lot of time worried about what the hell is going to go on over there and that keeps me up at night.

TAPPER: What -- this is my last question for you because we only have about a minute left -- what terrorist threat are we as a nation not paying enough attention to?

Or forget terrorist threat, what threat are we not paying enough attention to?

PANETTA: I think the one I worry about is, again, the proliferation of nuclear weapons and the fact that one of those weapons could fall into the hands of a terrorist. I think that's one concern. And there is a lot of the stuff out there, and you worry about just exactly where it's located and who's getting their hands on it.

The other is the whole area of cyber security. We are now in a world in which cyber warfare is very real. It could threaten our grid system. It could threaten our financial system. It could paralyze this country, and I think that's an area we have to pay a lot more attention to.

TAPPER: All right, Director Leon Panetta, thank you so much for coming here today. Really appreciate it.

TAPPER: Scenes from the McChrystal mess, one of many topics for our roundtable with George Will; from The Washington Post Rajiv Chandrasekaran; from the New York Times, David Sanger, and from the U.S. Institute of Peace, Robin Wright.

Thanks so much for joining us.

Normally, I would just go into the McChrystal thing, but Panetta does so few interviews, I do want to go around and just get your take on what you found most interesting.

George, I'll start with you.

WILL: Well, four things. First of all, he repeated the fact that we are in Afghanistan to prevent it from becoming a sovereignty vacuum into which Al Qaida could flow. He said there may be as few as 50 Al Qaida there now, which means we're there to prevent Afghanistan from becoming Yemen and Somalia, which raises the question of what we'll do about them.

Second, the president said our job, on December 1st, is to break the momentum of the Taliban. And Mr. Panetta did not really say we'd done that.

Third, the point of breaking the momentum of the Taliban was to encourage reconciliation so we can get out on -- begin to get out in July 2011. And Mr. Panetta did not suggest there was much evidence of reconciliation, which brings us to the...

TAPPER: Quite the opposite, actually.

WILL: Right, which brings us to the fourth consideration. The argument since the McChrystal debacle is the meaning of the July 2011 deadline. And it evidently has not much meaning.

TAPPER: Rajiv?

CHANDRASEKARAN: That point on reconciliation was a fundamental admission. Reconciliation is a key tenet of the Obama administration's Afghanistan strategy: apply pressure so you'll get those guys to the negotiating table; come up with a deal. We've been pushing the Karzai government for a big peace jirga. Moving forward on that front, Director Panetta sees no sign that any of those key insurgent groups are really ready to come to the table, negotiate meaningfully. That's a big red flag here.

TAPPER: David, you, like everyone else here, knows a lot of stuff about a lot of stuff. But you're, maybe, most expert on Iran. Did he say anything about Iran you thought was interesting?

SANGER: You know, Jake, I saw three things, I thought that he said that was notable. The first was that he believed that the Iranians are still working on the designs for nuclear weapons. Now, that is clearly in contravention to what was in the 2007 NIE, which was the last national intelligence estimate that was put together in the Bush administration.

He said -- he was more specific on the timeline. He said it would take them a year to enrich what they currently had in the way of nuclear fuel into bomb fuel and then another year to turn it into a weapon.

So that gives you a pretty good sense where the U.S. believes, you know, is the outline of how far they could let the Iranians go.

And, finally, he said that there was a division with the Israelis on the question of whether the Iranians have determined that they should go ahead with a weapons program with the U.S. believing that there's been no decision made and the Israelis believing that, in fact, the Iranian leadership does want to move ahead with a weapon. I thought all three of those were pretty newsy.

TAPPER: Robin?

WRIGHT: Yes, I -- they took the best headlines already.

(LAUGHTER)

But it's clear that one of the things that's been most interesting in this town is the expected national intelligence estimate on Iran and it's been delayed over and over and over. And he basically gave us an outline of what is going to contain and the concern that we're going to reverse what was the controversial NIE under the Bush administration, that Iran wasn't working on weaponization and now the U.S. believes it is. And of course that then escalates the timetable, how much time do we have to try to get the Iranians to come to talk to us, to engage with the international community. And this is going to, I think, play into the questions of what do we do next since there's every indication, as he said, that the sanctions alone are not going to be enough to convince them to either give up their enrichment program or to come back in the negotiating table.

TAPPER: Interesting. Well let's move on to the big news of the week which is obviously President Obama's dismissal of General Stanley McChrystal. George, do you think the president did the right thing?

WILL: Life is full of close calls, this is not one of them. He did the right thing and he did it with the right way, with the right words and an agreeable parsimony of words saying this is just not behavior acceptable at the senior levels of our military. And then he picked the only man around who could fill the leadership vacuum in Petraeus. But this again raises the question of you're sending Petraeus into a situation with this deadline. One of the reasons of setting the July deadline was to concentrate the mysterious mind of Hamid Karzai on what, reconciliation. But having the deadline makes the incentive for the Taliban to reconcile minimal.

TAPPER: And in fact, here's Senator Lindsey Graham talking about that this week.

(BEGIN VIDEO CLIP)

SEN. LINDSEY GRAHAM (R), SOUTH CAROLINA: I would argue that when the Taliban sends around leaflets quoting members of the administration and suggesting to people in Afghanistan after July, the Americans are going to leave you, that the enemy is seizing upon this inconsistency and uncertainty.

(END VIDEO CLIP)

TAPPER: David, can we do this on this timetable? The timetable is July 2011, U.S. troops will begin to withdraw, according the Vice President Biden, a lot of troops. According to other members of the administration, maybe not so much. But is this timeline even feasible?

SANGER: It strikes me from listening to what we have heard this past week and the underlying debate that was taking place before General McChrystal was dismissed that the general's timeline and the politicians' time lines are very different. President Obama has got a big reason to want to begin to withdraw, even if it's a small withdrawal, by next summer.

There's an election that follows here in a few months after that. But at the same time, anybody who has done counterinsurgency work in the military tells you the same thing which is counterinsurgency is taking a decade or more. That was the British experience in Malaysia. It's been the experience in many other countries.

And certainly if you look at what Director Panetta said today about how the Taliban are not yet facing any incentive to reach reconciliation, it tells you that it would take a much longer time. And I think that's the fundamental issue. You know, the president said he doesn't mind dissent, he can't stand division. Firing General McChrystal I think only submerged the dissent. It is going to come back when this review takes place in December of the overall policy.

TAPPER: Robin?

WRIGHT: Absolutely. And I think that one of the challenges is it's not when they do the review in December, they have to look at what can they accomplish in the remaining six months and the fact is, this is Afghanistan, this is not Iraq. This is a place where you don't have a middle class. You don't have a lot of literacy even among the army and the police you're trying to recruit. The tribal structure, we relied in Iraq on the tribes to be the ones we could recruit to turn against al Qaeda. In Afghanistan, they have been decimated first by the decade-long war with the Soviet Union by the war lords and the civil war afterwards, and by the Taliban. And so you don't have the kind of network that you can turn in your favor to help lure, either defeat the Taliban or lure the Taliban in. And so the obstacles we face with just a year left in the cycle are truly daunting. And it's very hard to see how we can be very successful.

TAPPER: Rajiv, you just returned from Afghanistan. You were there a couple of weeks ago. And in fact, you were in Marjah.

CHANDRASEKARAN: Yes.

TAPPER: What did you see?

CHANDRASEKARAN: A long, hard slog there. Contrary to the initial messaging out of the Pentagon and the White House that Marjah was turning successful very quickly, what I saw was the start of what is going to be a month's long effort to try to stabilize it. And what they had hoped -- General McChrystal and Petraeus hopes for is that Marjah would be exhibit A in demonstration momentum, showing that the strategy is working. TAPPER: It's a relatively small town, 60,000 or so.

CHANDRASEKARAN: And it really should be a fairly self-contained fight. And it is, but it's not moving as quickly as they want. Now, the White House I don't think was under illusions that counterinsurgency wouldn't take a long time in Afghanistan. I think what they were hoping for was that in this narrow window, the 18 months between President Obama's decision to commit those 30,000 additional troops and next summer, that they would get enough momentum that it would compel the insurgents to sue for peace. It would get the Afghan government to get off the fence and move more quickly, to be able to field more Afghan security forces. That U.S. civilians would get out there and start to engage in helpful reconstruction efforts.

What we're now seeing is that all of that is taking much longer than anybody anticipated. Really raising the question, what can you accomplish by the summer of 2011?

Now, you know, I think President Obama, he managed to escape any short-term political peril in naming General Petraeus to succeed General McChrystal, something with broad bipartisan support here in this town this week. But I think this comes with a potential longer-term political cost, Jake, because he's now putting out in Kabul the godfather of counter-insurgency, the guy who wrote the Army field manual on this. So that at the end of this year, when the White House has a strategy review, and next spring as they start to debate what will the pace of that drawdown be, he's going to have -- General -- having Petraeus there is a much more formidable advocate for delaying this drawdown or really attenuating it compared to what McChrystal would have been.

TAPPER: George?

WILL: And when I saw the godfather of counter-insurgency in Tampa about two months ago, it was clear to me that he read the crucial paragraph in the president's December 1st speech about the withdrawal deadline. The phrase "conditions-based withdrawal" is making the deadline all loophole and no deadline. That is to say, you can stay as long as you need. We just hope the conditions will be good then, and that hope is not a policy.

WRIGHT: One of the things that's so important is the fact that, as David pointed out, there are different -- the division that was represented in the McChrystal firing is still there. And it's going to play out over the next year, because the political timeline is what the White House is thinking about. The military is thinking about do they want to be seen to replicate the Soviet experience? After a decade, they still haven't managed to succeed. And here they are, the mightiest military in the world, fighting alongside the mightiest military alliance in the world, against a ragtag militia that has no air power, has no satellite intelligence, has no tanks, and the United States can't defeat that. What kind of image does that leave at a time when the United States leaves, it is not only superior moral power but the superior military power in the world?

TAPPER: David?

SANGER: You know, Rajiv is exactly right that putting General Petraeus in place bolsters the argument for continuing a counter-insurgency. But if you listen to what Director Panetta said today, all of the other evidence that we have that the application of more troops, at least so far, has not quieted the Taliban.

It also bolsters Vice President Biden's case, that in fact applying more troops is not necessarily going to turn this around. And that's why I think we're headed for a much bigger collision later in the year on the strategy.

WILL: And the collision is going to be between the president and his base. The president, going into the 2010 elections, looking forward to 2012, hoped for three things. Rapid creation of jobs, the health care bill becoming more popular after it was signed. Neither has happened. And third, radical improvement in Afghanistan. The biggest number haunting the White House has to be enthusiasm deficit between Republicans eager to vote and Democrats tepid about this. And Afghanistan is going to do nothing to energize his base.

CHANDRASEKARAN: Not only not energize his base, it's won him no Republican support. The most concerning quote uttered by General McChrystal is not anything in those Rolling Stone

interviews, nothing about the vice president, about Holbrooke. The most alarming thing for Washington that he said recently was in Europe, a couple of weeks ago, when he acknowledged that it's going to take far more time to convince the Afghans that international forces are there to protect them. That's a fundamental prerequisite to counter-insurgency.

TAPPER: In Kandahar. And he said that the Kandahar operation was going to be delayed because of that.

CHANDRASEKARAN: If you've got these guys who don't want us to be helping them out, helping to protect them, how do you do this?

TAPPER: Right now, President Obama is in Toronto, and I want to move on to the G-20 conference, because there's been a big debate there between President Obama and many in Europe about stimulus versus austerity. Spending more money to help the economy versus focusing on debt. Here's Treasury Secretary Tim Geithner.

(BEGIN VIDEO CLIP)

TREASURY SECRETARY TIMOTHY F. GEITHNER: There's another mistake governments, some governments have made over time, which is to, in a sense, step back too quickly. What we want to do is continue to emphasize that we're going to avoid that mistake, by making sure we recognize that, you know, it's only been a year since the world economy stopped collapsing.

(END VIDEO CLIP)

TAPPER: Rajiv, what does this debate mean for the president's agenda?

CHANDRASEKARAN: Well what this debate that played out over the weekend in Toronto means is that the president now faces opposition not just among Republicans on Capitol Hill to additional stimulus activity but he's facing it from his European allies who are also concerned about growing government debt. Certainly the fallout from the Greek debt crisis reverberating around continental Europe. The Germans, the British are all very concerned about this and the president, Secretary Geithner, wanted to get out of Toronto, they really haven't gotten in terms of a commitment among the G-8 allies to do more of the second round of stimulus sending.

TAPPER: David, you know, you and I have been on these trips. The president really likes the G-20 more than he likes the G-8. He kind of thinks the G-8 is an anachronism.

SANGER: He does because the G-8 is filled, by and large, with older economies, Europe, Canada, Japan, all of whom are deeply in debt at this point, none of which feel that they can afford this kind of stimulus. And so when he brings in the G-20 for all the difficulties of managing a group that large, and the G-20 could barely come to an agreement on when to break for lunch, there -- the one advantage they bring is that there are big, growing economies there -- China, Brazil, India, and these are countries I think that the president feels over time he can manage to help stimulate the world economy in a way that he'll never get out of the old G-7.

WILL: And in the G-8, Germany lives large. And Germany and the United States have different national memories. The great economic trauma of the United States is the deflationary episode of the 1930s, the Depression. For Germany, the national memory is the inflation of the 1920s that destroyed the republic and brought on Hitler. Furthermore, the Europeans are not in that big mood to be lectured by us. They say, where did this crisis start? Oh, that's right, it was in the United States. Whose central

bank kept interest rates at a bubble producing low for too long? Whose social policy encouraged an unreasonably high home ownership in the United States? And by the way, whose stimulus has by its own criterion, failed?

TAPPER: Now Robin, one of the things that the White House says is look at the growth rates. Germany, less than 1 percent. Europe, as a whole, about 1 percent. The U.S., 2.7 percent. How can they lecture us or disagree with us when our way is winning?

WRIGHT: Well, look, I think the stakes in Canada are really that two years ago, or the last two years, you have seen the international community respond, or the major economies respond as one voice. They've followed the same kind of pattern. For now, they're beginning to differ. And the danger is recovery is a lot about psychology. And if there's a sense of uncertainty, there's a danger that people don't know which way things are going to go. And the U.S. keeps arguing, look, if you don't keep stimulus, you're not likely to generate whether it's new jobs or and if you retrench too far, then that affects the sense of recovery, that you have to cut back, and that hurts the economies across the board. So there's real danger that the uncertainty generated out of Canada is going to begin to play against that sense -- the kind of momentum they've created.

SANGER: And the president's also in the position in Canada of saying, don't do as I do, do as I say. I mean, just the day before he left, Congress could not come to an agreement on a very small extension of unemployment benefits, the most basic stimulus effort that the president tried to push.

TAPPER: 1.2 million Americans are going to lose their unemployment benefit extensions -- or unemployment benefits this week.

SANGER: That's right. So there's a fundamental stimulus action and the president had to go up and tell the Europeans they weren't doing enough for stimulus. TAPPER: George, why can't they pass this unemployment extension? I don't understand. The Republicans say spending cuts should pay for this, the Democrats know it's emergency spending. It seems like this is something where there could be a compromise.

WILL: Well, partly because they believe that when you subsidize something, you get more of it. And we're subsidizing unemployment, that is the long-term unemployment, those unemployed more than six months, is it at an all-time high and they do not think it's stimulative because what stimulates is the consumer and savers' sense of permanent income. And everyone knows that unemployment benefits are not permanent income.

TAPPER: Rajiv, I'm going to let you have the last word, we only have a minute left.

CHANDRASEKARAN: Both sides in this town have an incentive to let this drag out longer. The Republicans certainly playing to their base don't want to be seen as adding to the debt issues in a midterm election year. The Democrats I think are trying to sort of push the Republicans and trying to make them look like the party that's denying 1.2 million people an extension of these benefits.

And so, this is going to play out for several more weeks, and both sides are going to try to use it for their -- unfortunately, for their political gain, as we head toward the November midterms.

TAPPER: All right. Well, the roundtable will continue in the green room on abcnews.com. Hopefully they'll talk about Wall Street reform. We didn't get a chance to talk about that today. And at

abcnews.com, you can also later find our fact checks of our newsmakers, courtesy of the Pulitzer Prize-winning Politifact.

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