

(COMMERCIAL BREAK)

BLITZER: Welcome back to THE SITUATION ROOM. I'm Wolf Blitzer in Washington. Back now to our top story, the war in Iraq. Can democracy prevail with insurgents on the attack, and now a new uproar over an alleged massacre by United States Marines?

Let's turn to our senior political analyst Bill Schneider. He is watching the story for us as well -- Bill.

WILLIAM SCHNEIDER, CNN SENIOR POLITICAL ANALYST: Wolf, the news from Iraq is bad, but also good. What does it add up to?

(BEGIN VIDEOTAPE)

SCHNEIDER: Americans are getting mixed signals from Iraq. Good news, Iraq finally has a new government.

SAMIR AL-SUMAIDAIE, IRAQI AMBASSADOR TO U.S.: I am honored and privileged to serve as the ambassador of a free Iraq after 16 years of isolation.

SCHNEIDER: Bad news, there is still no agreement on key security positions.

BARHAM SALIH, IRAQ DEPUTY PRIME MINISTER: That is a difficult challenge because in this polarized society, there are different views about particularly the issue of security.

SCHNEIDER: Good news?

TONY BLAIR, BRITISH PRIME MINISTER: A Democratic political process has grown.

SCHNEIDER: Bad news, so has the violence, nearly 100 people killed this week including three American soldiers and two CBS News journalists.

MCCAFFREY: I think it's a terribly dangerous place for diplomats and journalists and contractors and Iraqi mothers.

SCHNEIDER: More bad news: allegations of killings of Iraqi civilians by U.S. Marines last November, and a possible cover-up of the incident.

REP. JOHN MURTHA (D), PENNSYLVANIA: We're supposed to be fighting this war for democracy, and yet something like this happens, it sets us back. It's as bad as Abu Ghraib, if not worse.

SCHNEIDER: More bad news: anti-American rioting in Afghanistan.

SAM DEALY, GQ MAGAZINE: It's been a very violent uptick in the insurgency and, you know, pressures are mounting.

SCHNEIDER: Including political pressures. Most Americans want to see U.S. military forces in Iraq decreased, though not immediately withdrawn. Ironically, the good news about Iraq's new government increases pressure for a timetable for U.S. withdrawal, which this month 60 percent of Americans said they favored.

(END VIDEOTAPE)

SCHNEIDER: Americans have to be frustrated. The United States helped liberate Afghanistan from the Taliban and Iraq from Saddam Hussein, and the result is not just democracy but also insurgency and anti-American violence -- Wolf.

BLITZER: Bill Schneider reporting. Thank you, Bill.

And up next, I'll speak live with Congressman John Murtha. He's standing by.

Also, the Pentagon investigating the allegations of a massacre by Marines in Iraq -- how much do the claims of a cover-up hurt America's overall mission in Iraq?

Plus, the president names a new treasury secretary. The economy appears to be doing rather well, so why isn't the president getting a lot of political bounce? I will ask Paul Begala and Torie Clarke -- they're standing by live -- in today's "Strategy Session."

Stay with us. You're in THE SITUATION ROOM.

(COMMERCIAL BREAK)

BLITZER: Welcome back.

Let's talk a little bit more now about the Haditha incident, the alleged massacre by U.S. Marines of Iraqi civilians, the potential fallout.

Joining us, a leading critic of the war in Iraq, Congressman John Murtha, Democrat of Pennsylvania, himself a 37-year veteran of the United States Marine Corps.

You have suggested, Congressman, that there was a cover-up of this incident that actually occurred back in November. Specify what you have learned, what you have been told.

MURTHA: Well, what I worry about, Wolf, is that this happened six months ago.

And nothing -- you heard nothing about it. As a matter of fact, the original story was that an IED killed these 15 people. It became very confusing to the public. "TIME" magazine came out with an article, and they still tried to cover it up.

Now, there were payments made to victims, which aren't made unless we kill them, one way or the other. And, secondly, they knew about it the day afterwards. So, there's no excuse for not having this be more open and know exactly what -- and the longer it goes, the worse it is for us, because it looks like it's the policy of our troops to do something like this.

But the Marine Corps itself told me, there were 24 people killed. There was no other enemy action, except the one explosive device. Now, they are under tremendous pressure, Wolf. You -- you have heard me say this before. They are stressful. They go out every day. They see arms blown off, legs blown off. There's inadequate number of forces.

So, I understand what happened. But you can't excuse it. And the cover-up is inexcusable. So, the chain of command, the chain of command, somebody in the chain of command said, we don't want to talk about this. It's so devastating that we don't want it to be made public.

Well, it's going to be made public at someplace. The Iraqis already knew about it. The Marines knew about it. It was going to come out. And they should have been very open about this from the very start.

BLITZER: Here's what the chairman of the Joints Chiefs, General Peter Pace, himself a Marine, said yesterday on CNN's "AMERICAN MORNING."

Listen to this.

(BEGIN VIDEO CLIP, "AMERICAN MORNING")

GENERAL PETER PACE, CHAIRMAN, JOINT CHIEFS OF STAFF: To my recollection, the first we knew about it back here in D.C. was around the 10th of February. And the very next day is when the investigations began. So, from my perspective, as soon as we found out that there were allegations, the investigations began.

(END VIDEO CLIP)

BLITZER: What do you think about that, Congressman?

MURTHA: Well, I will tell you, that's a pretty flat statement there.

It seems to me something as horrendous as this should take a little something in the statement. I mean, you know, this is a terrible event, a tragic event. It affects the troops. It affects our morale. It affects the ability of them to recruit against us.

And just say, well, it is going to start as soon as February, it should -- and even that was too long a period of time. They should have known about it before then, if they didn't know about it. It's a failure of leadership, when they didn't know about it. When other Marines knew about it, when the Iraqis knew about it, when they made payments about it, and they didn't know about it in Washington?

I mean, I think we have to find that out. Senator Warner said he's going to have hearings. And he ought to have hearings, ought to find out who knew what when.

BLITZER: There are some who are already making comparisons between Haditha and My Lai in Vietnam, the massacre in which hundreds of Vietnamese civilians were killed, an incident that you well remember.

Is that a fair comparison, a fair analogy?

MURTHA: Well, I think it's a fair analogy, except for the numbers. There was about 124, I think, in the My Lai incident. And then there was 24 here.

But it's the same thing, overstressed, these troops going out every day. IEDs go off. Some of them have seen 30 IEDs go off without being -- all at once, they're killed or one of their friends is killed. So, the pressure is tremendous.

It's one of those things where we have become the enemy. The Iraq -- there's only 1,000 al Qaeda, as I have said over and over again. There's no progress. Since I made my statement November 17, was two days before this happened, and it's worse today than it was then.

There was 500 incidents in that time a week. And now there's 1,000 incidents a week. So, it has gotten worse during that period of time. And these troops are under tremendous stress. And we ought to redeploy as quickly as we can and let the Iraqis handle this themselves.

BLITZER: What about President Bush? While this investigation continues, what, if anything, should he say about it?

MURTHA: The president should say that anybody that is involved in this, if they are found guilty, ought to be punished severely, because this helps recruit terrorists.

If there's anything that is going to recruit terrorists -- he finally admitted Abu Ghraib was a mistake. He finally admitted he had untrained soldiers there, unsupervised, and undisciplined. And that was a tremendous public-relations problem for the United States.

We started to lose credibility then. We're fighting for the ideals of democracy. We're fighting for the ideals of America. And when something like this happens, and then you try to cover it up, it makes it look like the United States doesn't stand for those.

Wolf, even when he signed the paper on torture and said we're going to make an exception to torture, when both houses -- both chambers passed that -- against torture, that's the kind of stuff that hurts us and unites the -- the Muslims against the United States.

BLITZER: John Murtha is a Democratic congressman from Pennsylvania.

Congressman, thanks very much for joining us.

MURTHA: Good to talk to you, Wolf.

BLITZER: Coming up here in THE SITUATION ROOM, we will have more on the fallout from Haditha.

Paul Begala and Torie Clarke, they are standing by live in today's "Strategy Session."

And, in the next hour, Michael Chertoff tours New Orleans, just days before the start of hurricane season. Our Jeanne Meserve spent some time with him earlier today.

Stay with us.

(COMMERCIAL BREAK)

BLITZER: Welcome back.

Today, in our "Strategy Session," the investigation into the events at Haditha last November creating a huge political outcry, likely to get worse in the days and weeks to come. Why are some charging there was a cover-up? How much will it hurt the U.S. mission in Iraq?

Joining us now, our CNN political analysts, Democratic strategist Paul Begala and former Pentagon spokeswoman Torie Clarke.

Torie, I will start with you.

You worked at the Pentagon. You know the Marines. You just heard Congressman Murtha say there was a cover-up; it goes up the chain of command.

What do you make of this?

TORIE CLARKE, CNN CONTRIBUTOR: With all due respect to the congressman, it is an awful, awful tragedy, but nobody sitting in Washington or in Johnstown, Pennsylvania, has all the facts or has all the details.

It needs to be taken very, very seriously, but we also need to lower the emotional rhetoric here and have the investigation be conducted, have the charges brought forward, if they will, and then have those people, if these crimes were committed, dealt with very, very seriously.

But it's interesting. When you were talking to him about what should the president do, anybody in that chain of command -- and the congressman knows this -- needs to be very careful not to say or do anything that will unduly influence the proceedings.

There are military lawyers from coast to coast who are giving that very, very strong advice. So, as much as some people might want to say, boy, we think some really terrible things have happened here, we have got to get to the bottom of it, they are very, very controlled about what they can and cannot say. BLITZER: Congressman Marty Meehan, a Democrat of Massachusetts, said this. He said, "Something like this" -- the incident in Haditha -- "just fuels the insurgency and makes it impossible for the United States to ever win this militarily."

What do you think?

PAUL BEGALA, CNN POLITICAL ANALYST: Well, it certainly is a boon for the insurgency.

And I thought Jack Murtha was very persuasive about that in his interview with you. I don't think that he was telling the president to prejudge this. And we will go back and look at the tape or the transcript.

It seemed to me, he said, the president needs to say, if anyone is later found to have been guilty here, he or perhaps even she could -- will be punished severely. The striking thing here is that what we know about this is very little. But all that I know about it, I know from Jack Murtha.

That does suggest that the administration -- understandably, governments don't like to put out tragic news, or bad news, or news of bad acts that happen in wartime. But we ought to be learning about this from somebody. And it's -- thank God that Jack Murtha at least...

BLITZER: Well...

(CROSSTALK)

BEGALA: ... is coming out...

(CROSSTALK)

BLITZER: ... we actually learned about it from "TIME" magazine, which broke the story, and -- several weeks ago. And they did an outstanding job of bringing this to everyone's attention.

(CROSSTALK)

BEGALA: But Murtha -- for viewers who don't know Jack Murtha -- I have known him for 20 years -- he's probably the most respected, even revered, congressman by the military.

These guys -- he was a Marine for 37 years, as you pointed out. He's a colonel. They love him. And he loves the Corps. And, so, this is really coming from the heart, from a -- from a real American patriot. And I think that's the way the military ought to be handling...

(CROSSTALK)

BLITZER: It goes without saying, though, that, yes, there may have been some bad apples. But there are 130,000, 140,000 U.S. troops, or whatever, in Iraq. And almost all of them do obey the rules of warfare, don't get involved in this.

The question to you though, Torie, is, is the war creating this kind of situation, where an alleged atrocity like this may be taking place, because it beats down, on a day-by-day basis, these troops who go into these kinds of situations?

CLARKE: Well, if the only thing they see and hear on -- on the airwaves and coming back to them from the United States is emotional rhetoric like we have been hearing today.

And I just think this is a time for members of Congress and others to be very, very responsible and say, yes, it sounds very serious. It sounds awful. Let's get to the bottom of it. But let's not add fuel to the fire, when we don't have all the facts. We will. People can wait a few days, a few weeks. We will have the facts and we can act accordingly. But it does not help to add fuel to the fire.

BEGALA: OK. I think -- I don't know. I didn't even finish the Boy Scouts, OK? So, I am speaking from pristine ignorance, but it won't stop me.

It seems to me, though, that those Marines are less stressed out by what a politician says in an interview with Wolf Blitzer than they are by what Jack Murtha told us, 30 IED attacks that some of these guys had seen.

There was one report that these Marines were on already their third combat tour. Now, what are we doing to overstress the guys? It was -- I think Congressman Murtha was right -- a failure of leadership. And I hope this isn't like Abu Ghraib, where one little PFC from West Virginia and a reservist one-star take the fall, and the Rumsfelds, Wolfowitzes, Tommy Franks of the world go on and prosper.

CLARKE: But it's just -- it is factually incorrect and also, I think, somewhat irresponsible to make judgments about all the Marines or everyone in the United States forces serving in Iraq or Afghanistan based on what a few Marines may have done.

The reality is, as you said, Wolf, the overwhelming majority of the people there are performing...

BEGALA: Right.

CLARKE: ... under the same tough circumstances and doing very, very well.

BLITZER: Very quickly, let me shift gears. A good decision to replace John Snow with Henry Paulson, the chairman of Goldman Sachs?

BEGALA: Great decision. In fact, I wore my green tie today, because he's as green as Al Gore, a great champion of being tough on climate change.

He's going to have a huge fight. I think we now have two camps. I think we have the new camp, which is Bolten, Tony Snow, Joel Kaplan, the new deputy chief of staff, and now Hank Paulson squaring off against the old guard of Cheney, Rumsfeld, Rice, and Rove.

BLITZER: Very quickly, Torie.

CLARKE: Paul Begala is the one many times on this show has said the president ought to bring in lots of new people. This guy is getting praise from the left to the right politically. He's getting a lot of strong support from the business community.

And what everyone says is, he's a very, very serious fellow, would not have taken the job unless he thought he was going to be a real player.

BLITZER: Let's hope he does a good job for all of us.

(CROSSTALK)

BLITZER: Thanks very much.

CLARKE: Thank you.

BLITZER: Torie and Paul are part of the best political team on television -- CNN, America's campaign headquarters.

Coming up, hurricane season starting in only two days -- is the federal government prepared? The Coast Guard commandant, Thad Allen,