Defining American Priorities in the Middle East

Haleh Esfandiari:
Topic today is defining American priorities in the Middle East. When we decided on this topic, we did not have any idea that we would be facing this current situation in Gaza, but luckily there is going -- a cease fire was announced as of 2:00 p.m. this afternoon. My colleague, Aaron David Miller, who is currently the vice president for new initiatives and a distinguished scholar at the Wilson Center will moderate meeting and will take the questions. We have a number of people on the fourth floor in our overflow, so Aaron will be taking questions both from the overflow and from you here.

You are all familiar with Aaron. You have been coming to our meetings over a number of years, but just let me say that he is the author of the forthcoming book, "Can America Have Another Great President?" We are delighted to have with us a very high-level panel, with speakers who have spoken at the Center before in different capacity. I think we had Marwan when he was ambassador, when he was vice president for studies at the Carnegie Endowment. He was the foreign minister and the deputy prime minister. So you see how far back we go. Ellen Laipson is a very good friend and she is the president and chief executive officer of the Stimson Center, and she's also a member of the President's Intelligence Advisory Board. Robert Malley is the Program Director of Middle East and North Africa at the International Crisis Group in Washington, D.C., and the formal special assistant to President Bill Clinton for Arab-Israeli Affairs. So as I said earlier, Aaron will moderate this meeting. Can I ask you please to close your cell phones and your Blackberrys, and -- because it interferes with the live broadcast that we have. Thank you very much. Aaron.

Aaron David Miller:
Oh well, thank you very much and welcome to all of you. Woody Allen was wrong. He famously said that, "90 percent of life was just showing up," and he was definitely wrong. Ninety percent of success in life is showing up at the right time, and I would argue that the timing for this panel is really quite fortuitous. As if the Middle East needed another headache, another problem, another crisis, in addition to the ones that are currently playing out:

imploding Syria, a very complex Arab Spring, and of course the problem of Iran's desire to acquire a nuclear weapons capacity, all of these are playing out on the watch of a second-term president, only one of 16 in American history. How he deals with all of these things will be interesting and intriguing.

So to help sort out this set of challenges, we have three extraordinary panelists. I have the pleasure of being to say that I've worked with all of them in most of their capacities, and I think this is the point. I mean Woodrow Wilson believed in breaking down the barriers that separated the academy from government, and I think all of these three reflect not only the care and deliberation of the scholar and the analyst, but the worldly experience, both good and for ill, of the world of the practitioner where theory meets reality so to speak, in the wonderful world of government, and it's an honor.

Marwan I worked with on the Arab-Israeli negotiations and committed, dedicated and extremely insightful. Ellen has worked in the intelligence community and has emerged as an exceptional analyst in Washington and throughout the country. Rob Malley, with whom I have a particularly close relationship because we've worked on a particularly naughty problem for many, many years, is really quite remarkable in his capacity to articulate and to analyze matters. And I would be remiss if I did not mention an extraordinary article that he and Hussein Agha published in the New York Review of Books. You must read this. "This Is No Revolution" it's called. Aside from being incredibly prescient, it is one of the most literate -- it's a joy to read. "This Is No Revolution" New York Review of Books. Rob, that was a pretty good plug, don't you think?

[laughter]

Housekeeping, each speaker, beginning with Ellen, will talk for no more than 10 minutes. I will offer a few comments about the Obama administration for three or four minutes. Then I may ask a question or two, and then we'll go to yours. One last point, I urge everyone when they do stand to present, this is not station identification other than mentioning your name and your affiliation. The more questions you can ask and the fewer statements that can be made would be much appreciated and greatly welcomed. So, with that, Ellen.

Ellen Laipson:
Well thanks, Aaron. It's an exciting time to be looking broadly, not just for the immediate moment of the crisis of the week, but let's hope that we're casting our gaze out on really the timeframe of the second Obama administration. My topic, the future of U.S.-Iran relations or will there be changes in U.S. policy towards Iran, I think I could argue is the one of this panel that really has kind of global peace and security consequence. So I'm happy to posit that we can talk about U.S.-Iran policy quite independent of this week's dust up in Gaza. We can certainly all draw the linkages, and speculate, and surmise what was possibly Iran's interest or Iran's role, but I prefer to look at U.S.-Iran policy quite independently of the events of the last few days.

We are between the American presidential election and the Iranian presidential election, and so we have a window where I find myself in the position of thinking that this is a more propitious moment for some shifts, some higher level of energy and diplomacy on both sides. And it won't last forever, and I don't want to sound like I'm overly optimistic, but I do think we are at a moment of opportunity for a number of reasons. One is the recognition that the P5+1 process, as honorable and admirable as it may be, is insufficient to generate a lasting and significant change in Iran's policy. The other is that sanctions have had an effect. Now, not necessarily the direct causal effect of changing the supreme leader's attitude towards his nuclear program, but certainly an effect on the well being of Iranians and the challenge of Iranian decision makers to keep their economy as stable as possible. And that certainly feeds into their approach to engaging with the United States and others.

I believe that President Obama does feel the overhang of Iran, an Iranian problem that is unresolved and always a number of months or perhaps a year or two away from this critical tipping point, when Iran is in disputably a nuclear power. He feels not only on its own merits that the prevention of permitting Iran to become a fully nuclear capable country is a stated goal of his administration, but it clearly also has an overhang on other Middle East issues, and so this is a political moment to try to achieve progress. And I think we are hearing signals from both

Tehran and Washington that would suggest that that's the case.

Now, we always have this problem: Is it signals or is it noise? Are these signals true? Are they intended very much to get us on a different track, and I take the president's words in his press conference on November 14th, I think we should think about them carefully. He said he very much wants to see a diplomatic resolution. There is still a window of time for us to resolve this diplomatically. I will make a push in the coming months to see if we can open a dialogue between Iran, and not just us, but the international community. We are not going to be constrained by diplomatic niceties, and then he also said, "It is not true that there are bilateral talks that are imminent." But let's think about the framing. He has talked about bilateral, not necessarily outside of the framework of the P5+1. That's fine, and he's also talked about this not constrained by diplomatic niceties, which suggests to me a willingness to be flexible and to consider perhaps some nontraditional approaches if need be.

So I do think we are hearing from a number of sources, including the reporting from the Iranian position during the P5+1 talks that the three sessions that took place in calendar year 2012, that focusing on the nuclear talks alone is not adequate for Iran's perception that this process is in fact addressing their legitimate security interests and concerns. The U.S. has been I would say inconsistent over the last five years of whether we're truly interested in talking to Iran about other matters. We tried, as you will recall, to talk to them in Baghdad about Iraq, and I think in the view of Ambassador Ryan Crocker that was a most frustrating and disappointing process. We have occasionally signaled that we want to talk about Afghanistan, which I personally think is a promising area for conversation as the U.S. troops pull out, and there's some conceptual confusion over whether talking to Iran about Syria, or now about Gaza, or about other topics would be a productive and practical thing to do. But I take quite seriously both the Iranian government and the American government's apparent willingness to broaden the agenda, not as an alternative to the nuclear talks, but because it is intrinsically important to do on its own merits, and one can hope would contribute to a more favorable environment for progress in the nuclear talks.

It is the nuclear issue of course that reaches some threshold of international priority, and I know that one of the points that Aaron wants us to focus on is how do we set priorities among multiple things that are of all of great importance. [tone] So I do think we have to accept that the architecture and the structure of engaging Iran is first and foremost about its noncompliance with its NPT obligations, and that the U.N. and the P5 are involved structurally in that process. But we have I think come to the analytic conclusion that it has not been sufficient and that the Iranians themselves need that wider lens, and I for one was pleased that the president is now talking about that wider lens.

Let me just say a few words about sanctions. I think that there's no question that the sanctions and the success of the Obama administration in persuading many, many other countries to join the sanctions regime have had an economic impact on Iran, but I'm feeling that we're not quite at one of those tipping points like I recall vividly in the mid '90s about sanctions towards Iraq. There was a moment, I was working in New York for Ambassador Albright at the time, when we shifted our position to accepting the concept of the Oil for Food program where, Phoebe [spelled phonetically] and others will remember well, there was an incremental shift in our own thinking about whether our relentless success at sanctions was actually starting to boomerang. Was it starting to turn around so that we no longer had a policy that was seen as credible or desirable in the view of the international community?

I'm not suggesting that we have yet sufficient data to suggest that the humanitarian impact in Iran is catastrophic. I'm not suggesting that. I don't think we have any reason to believe that yet, but I do wonder whether there's just this slow dawning of a realization that our success at sanctions has set a tone of punitiveness in which we never talk about the circumstances in which sanctions could be lifted. And that to engage in a successful diplomatic process with Iran, we have to move away from that side of the ledger, and move a little bit more towards a more flexible notion of sanctions are not intended to be the permanent end state, but sanctions are a means to some other end, and that we have to talk more about that process.

Now, many people are talking about a package deal, and certainly some unnamed officials in the Obama administration before the election were saying, "It's time to think bold." I don't think it's necessarily helpful today for us to try to parse out exactly what a package deal might look like. I would like to let the diplomats do their job, but I do think we all understand roughly what components of the deal might look like that would recognize that Iran has enrichment capacity for both research and domestic energy requirements, that Iran will comply with more intrusive inspections of its facilities, and that on the other side of the ledger there would be some process of easing of sanctions and normalization. But again, timing, sequence, scale, all of those including visa, cultural exchange policies, many, many things are possible. I would leave for the diplomats to parse out the particulars of that, but it think it's not beyond our imagination that we could move in that direction.

On the Iranian side of the ledger, we're all scrambling now to understand their views and maybe Haleh and others can help us understand. History would suggest that we will somehow miss each other's messages, that we won't be in the right mood at the right time, at the same time, and we have a tragic history of missing each other's signals. But I do hear Iranian officials saying that bilateral talks with the United States are not taboo, that we would do it if we believed it was in our interest, and this very strange occurrence this week of the MOIS, the Iranian intelligence service, posting a blog on its website that they prefer a diplomatic solution to a military solution.

So I think that style and tone of how the United States proceeds, if I'm correct, that the administration is in fact truly open to such a process. Can we signal somehow that we can treat Iran with respect with respect to its legitimate national and state interests? Can we acknowledge that it does have legitimate security interests, and its society would like to engage more openly with us? We have to be willing to suspend or modulate the tough talk about pressure and sanctions relentlessly. I believe that the president is signaling that he's open to that, and I would just end with the point of can our bureaucracy and can our political system support him in that endeavor. And can the Iranians themselves respond, or will they over-interpret any U.S. gesture as a sign of our weakness? Will their hubris get in the way, and sort of

persuade them to miss yet another opportunity in the long saga of U.S.-Iran relations? Thanks.

Aaron David Miller:
Ellen, thank you. That was terrific. Rob?

Robert Malley:
When Aaron first asked me to come talk about this and to talk about, he said at the time the Obama administration's policy towards the Israeli-Palestinian conflict, I thought he really was giving me the worst place on the podium, because at the time nobody was thinking about it. So I actually prepared a talk that had not so much to do with it, but as luck has it I will circle back after talking more generally about how I see the challenges in the Middle East for the Obama administration, circle back to the issue that won't ever let us ignore it.

Three points, three themes I want to raise. The first is that the Obama administration, the U.S. faces the same conflicts in the Middle East that have raging for some time, but on a different completely battleground. Everything about the battleground has changed. Outside appearances seem the same, the protagonist, the identity of the protagonist. Their nature has changed, the stakes have changed, the landscape has changed, the degree in which the U.S. has the kind of capacity and influence to make things happen has changed and has declined. And one need not go through their whole list, but just a few things, and many of them have accelerated with the Arab uprisings. But the rise of Islamism, the shift towards the Gulf, the intensification of the Sunni-Shiite, and the Arab-Persian conflict, and as I said the relative decline of the U.S. capacity, not so much that people can do things without the U.S. I think as a spoiler if you will, the U.S. is as effective as ever. It's in its capacity to get parties to do what it wants to do, and in that respect it's not the same landscape as we've had before.

The second point is that the United States is in the Middle East, it's very present in the Middle East. It is not of the Middle East, but by which and I mean -- and that's probably always been the case, but by which I mean that the U.S. now is acting in a context where the protagonist, the actors on the ground, are waging struggles are going about their own business in ways that have nothing to do with what we want. They're involved in struggles whose stakes

we don't share. So we may be party to it, we may be involved in their conflicts, but in fact we don't have much in common with their interests, with their goals, and what they're trying to do.

Again, I think that's often been the case in the past, but in the past we set -- or the United States was able to set the framing, the agenda, whether it was during the Cold War against the Soviet Union or in the fight against terrorism. Now, I think we run the risk of being the tail that others are wagging. And just to give a sample of examples of what I mean by that, and the contradictions in which we're involved in this is what Hussein and I tried to describe in the piece Aaron very kindly plugged for me.

In Iraq we're allied with a regime which is allied with Iran, and which is supporting the Syrians in which we're trying to topple. In Syria, we are engaged with countries like Qatar, like Saudi Arabia, and others in an enterprise for which the end goal that we have bears very little in common with theirs, and the interests that we are pursuing in terms of the kind of regime we may want to see take the place of Assad has little to do with they have in mind, democracy, self-determination of the Syrian people, I would at least suggest is not the priority for the some of the countries that are now backing the Syrian oppositions. So we are engaged with them, but the struggle in which their engaged has a very different sense of direction and purpose than the one we would like.

Our main allies in the region today, whether it's Turkey, or Qatar, or Egypt, the Arab and Turkish allies we have, are allied with Hamas, which is a terrorist organization in the eyes of the U.S. administration that ought to be combated. And one could also add to this, although this again may be something that's less clear but also more a thing of the past as well is that we are allied with Israel in pursuit of many enterprises, when -- the image, the conception that this government has of what a resolution, a disposition of the Israeli-Palestine conflict has again very little to do with ours. So we are part of it. We are in it, but we are not of it. We can't truly control the battles that the actors on the ground are currently waging.

Third point is that President Obama has bequeathed to President Obama a host of unresolved issues. He sort of laid up, set up a situation in which in the first term he

managed a number of questions, but he did not, and they were not in a position, to truly make critical choices, and I think the time now has come. And again, it's been sort of the legacy that Obama has made to himself of these difficult problems in which he has chosen not to choose, and now the moment of truth has come.

I'll start with Iran. I think Ellen really laid it out very well. We've been, in a way, dancing on two floors. One is engagement, trying to reach a resolution of the nuclear and perhaps other flaws, and the other is sanctions and real pressure. To a degree, both are compatible but at some point, there's a degree of choice you have to make. You can't keep saying that these are the toughest sanctions ever imposed on a country, and yet claim that you want to engage in normal relations with it. From the point of view of the entity that is receiving the message, the message of pressure rings much louder than the one of engagement, and the conviction that the Iranians have that we're trying to topple them, true or not, certainly is one that they have legitimate grounds to believe. I think at some point, as Ellen said, we have to shift from what has become sort of the engine driving our policy, which is pressure and sanctions, and our claims of success about them, when in fact they are not really having success in terms of the objective that we have defined, which is to curb the nuclear program and to reach some kind of agreement.

When it comes to Syria, likewise, we are -- at the same simultaneously engaged in a process of diplomacy, we say we support what the U.N. is trying to do, we say we support a process of soft transition, and at the same time we're engaged in a process in alliance with countries like Turkey, and like Qatar, and like Saudi Arabia of militarily -- not that we're engaged militarily but backing those who are seeking the military and abrupt toppling of the regime.

Again, to some extent one can serve the purposes of the other, just like sanctions might serve the purpose of normalization of relations, or an agreement with Iran. Here bolstering the opposition might serve the purpose of reaching a negotiated -- softer transition in Syria, but they are also in real tension. And the countries we are involved with in this effort don't have the objective of implementing the Geneva agreement that Kofi Annan negotiated and that Lakhdar Brahimi is now taking on, which is trying to negotiate with at least part of the regime to

form a government, and again having some kind of modulated, soft-calibrated transition. They're engaged in a process whose logic is you strengthen the opposition so that militarily they can defeat the regime, and at some point U.S. has to choose which side it is more on, the Arab Spring or the Arab Uprisings.

We say we're on the right side of history and then in saying that in, and it's not an expression that I'm a huge fan of, the notion that is conveyed by it is that we support democratic transitions and we're on the side of the people who are rising up. But is that true to the choice we've made? Let's look at what would happen -- what is happening in Bahrain today. On which side of history are we there? On which side of history would we be if what's happening in Jordan escalates, and which side of history would we be if Saudi Arabia were to experience a real uprising, let alone if the Palestinians were to rise up in a non-violent protest movement aimed at ending the occupation? At some point there too we may have to choose, we didn't have all those difficult choices with the exception of Bahrain, in the first term of the Obama administration. I don't think it's a wild guess to say that in the next four years one of these countries with which we entertain much more complex relations will also undergo the kind of uprising that we've seen.

And then finally of course, the Israeli-Palestinian conflict. We say it's a national interest. We say that resolving this conflict is something that is vital to U.S. security and strategic interests, and yet at the same time the policy we're adopting are more and much more in the management mode. At some point you have to choose which one of those are you engaging, particularly if you think as many do, that the next four years may be the last term that a president will be able to say that he could save a two-state solution. Whether that's true or not, that certainly is a possibility.

So just to circle back quickly to the Israeli-Palestinian conflict, and I think in a way -- and to what's happening in Gaza is a microcosm of all I mentioned. The war in Gaza is a war that is a familiar war waged on a completely unfamiliar battleground with Hamas having dropped its alliance with Syria and Iran, and now allied with our own allies in the region, with Egypt being headed by a Muslim brother, which is the parent organization of Hamas, which

is the organization that Israel is combating, and we are -- the Obama administration is in solidarity with Israel's efforts in Gaza.

So again, those contradictions are there. The fact that we may be prisoners of others' agendas, it's not clear what is actually happening between Israel and Gaza, but one of the outcomes in any -- almost certainly -- and Aaron wrote about this I think yesterday or today very vividly, is the strengthening of Hamas as the address of the Palestinian people, and the marginalization of those that we say we want to strengthen and bolster, which is President Abbas and the Palestinian Authority. So, the games that are taking place and the battles that are taking place are taking up the Israeli-Palestinian conflict in a direction very different from the one that we profess to be urging, and finally as I say, the unanswered question: What is our objective between the Israelis and the Palestinians? Is it simply a form of coexistence or is it truly to come back to some kind of permanent status negotiations and agreement?

So for the present, just to offer my thoughts on what I think he can and may be able to do. I have no doubt that he continues to believe personally that it is not just a personal interest but a strategic interest of the United States to resolve this conflict. I believe it. I think that the first experience was a bit of a cold shower. He probably thought that it would be easier. He said so much. He probably thought that it could be done without the kind of expenditure of political capital that will actually take. I think that that has diminished his willingness to jump in the water. I don't think it's diminished his conviction that at some point it has to be done, because of the strategic interest involved in the region writ large.

The question is whether the United States as a whole can adjust its policies in this arena to reflect everything I said before. We cannot -- just as you can't wage yesterday's war, you can't pursue yesterday's peace. If the landscape has changed as much as I've described it, if the protagonists are as different as the ones that we're used to, if our allies that we used to rely on to reach a peace agreement, the Egypt of old, Jordan, Saudi Arabia are either no longer there in terms of what they were, the orientation of before, or having no appetite to do this kind of thing in a much more absorbed by the domestic problems, if other entities, whether it's Turkey, whether

it's Qatar, have grown in influence. If the balance of power among Palestinians is what it is today, we can't simply stick to the recipes of old, which as Aaron knows well, failed even when the circumstances were better, let alone when the ground beneath our feet has moved to such an extent that the Palestinians are not where they used to be, Israeli mindset is not where it once was, and the Arab environment is not as conducive as it had been in the past with the kind of a peace process we had in mind.

So, what we've -- Crisis Group have argued and I've argued for some time is you can't give up on this peace process because -- or on the goal of some kind of an agreement because the cost would be too high. But don't simply jump into it blindfolded, and by remote control, and doing what we used to do in the past on autopilot. Take into account that there are new actors. You may not want to engage with Hamas. I could understand that for political reasons at a minimum, but the countries in the region, Egypt, Qatar, Turkey, the ones that we deal with most today, that have alliances that are very close to Hamas. What kind of opportunity does that offer? There are different actors, whether it is the Islamists, whether it is the settlers and the religious community in Israel, whether it's the diaspora that are going to have to be brought into the mix. There are different issues that have been brought to the fore: Israel's demand for recognition as a Jewish state, the issues of 1948. The U.S. can't give this up, but it can't continue to go about the business as if it simply has to reapply itself more strongly in the way it did before, or it will fail with an even higher cost than it failed in the past.

Aaron David Miller:
Very sobering. Marwan.

Marwan Muasher:
Thank you, Aaron. I also thought I would approach this by giving or suggesting advice to the next administration and the president about how to deal with this phenomenon of transformational change that is going on in the Middle East, a phenomenon that the West has called it an Arab Spring. I prefer to call it an Arab Awakening, which hopefully will turn into a spring sometime in the future. But my overall arching argument to start with is that the U.S. needs above all to set realistic expectations. The day, the era when, you know, the Arabs caught cold or the

region caught cold anytime the U.S. needs are drawing to a close. We must understand that this is a domestic process that the U.S. has limited influence on. Its economic power has been shown to have limits after the global financial crisis. Its military powers have been shown to have limits after Iraq, and its political clout has been shown to have limits after its failure so far to bring about a solution to the Arab-Israeli conflict. So the influence of the U.S. in the region is not what it used to be and one needs to understand that fact. That does not mean that the U.S. cannot be helpful, cannot be influential, but we need to understand the limits within which this influence can be pursued.

If I have to give some advice, I would start by saying the U.S. cannot anymore pick winners and losers in the Middle East. It needs to support processes of change, institution building, democratic principles, but it cannot anymore choose individuals, choose who is going to win and who is going to lose. It is a fact today that political Islam is on the rise. There is a battle going on in the Middle East, a battle of ideas that is going to stay with the Middle East for a long time to come. Not everybody is going to come up on top, you know, with the democratic pluralistic culture. Some people will do that, others will not. The U.S. cannot simply choose to talk to some people, particularly the seculars, the liberals, and ignore others. That's not a policy I think that is wise.

The seculars are going to need time, a lot of time, before they offer credible alternatives to either the existing power in the remaining countries that have not undergone transitions or to the Islamists, and this is a process that must be undertaken by the parties themselves. The U.S. cannot be part of the internal political narrative of these countries, and we all have -- when I say we I mean not just the U.S., but people of the region. We have to be patient. This process cannot be judged through a two-year prism. No process in history has resulted in a change from autocracy to democracy overnight, let alone a Middle East that has not seen civil society, strong civil society organizations, strong political party cultures, et cetera. This is not a process that's going to result smoothly, linearly, or quickly in a democratic culture. It must be given time.

The other advice I would say is to recognize that political Islam is not monolithic. We have the Muslim Brotherhood

that has -- you know, that is ruling in part at least in Egypt, Tunisia, and Morocco. It is peaceful in nature. One might disagree with a lot of the views. In my view neither the despots or the democrats of the Arab world. They are people that have evolved, and probably continue to evolve. Their commitment to pluralism is no weaker or stronger than the commitment that secular parties in the Middle East have shown pluralism over the last 60 or 70 years.

So if we want to, you know, hold them to a higher standard, I think that the standard should be that all parties from now own, all forces in the Middle East need to stick to pluralism and democratic principles, and not just to ask this of the Islamists. The Salafis are not -- you know, we should understand the Salafis are not a democratic sort of force in the Arab world. They are -- do advocate -- at least some of them, maybe not all of them -- they do advocate violent means. They are not pluralistic; their programs are clearly and publicly not pluralistic. They believe in a very narrow interpretation of religion and they are trying to impose these views on all of society, and I think that it is the responsibility mainly, not just of the region itself, but also of the Muslim Brotherhood forces to fight the Salafis, to fight these undemocratic forces moving forward. And I do believe that they will not end up on top. I think that it is useful, it is good that the Salafis are out in the open and instead of advocating these views, you know, from below the ground, they are out in the open and people are starting to see how undemocratic and sometimes ridiculous they can be.

My third advice is what I'd say is the need for the U.S. to advocate a tough love policy with the poor and rich monarchies of the Arab world. These are the countries that have not undergone any transition. They all have -- not all, most of them have witnessed protests, but they have not yet undergone the transitions, and the poor monarchies of the Arab world, Jordan and Morocco, they have undergone so many reforms, they have not yet risen up to the level of the seriousness that is needed, if they want to stay ahead of the game and avoid the fate that other countries have seen in the Middle East. But the U.S., while it cannot and should not impose reform from outside, can and should in my view be candid, and at the highest levels with these countries of the need for a serious reform process that would be gradual but that would, you know, redistribute the

power balance in the country in a way that would make these countries avoid the fate that Egypt, Tunisia, and others have seen.

And to the rich Gulf countries, you need a candid policy, I think, on two fronts, one that they cannot stay living in denial. The region is undergoing change, and it is better to try to manage this change. And work through it, rather than to oppose it, because that's not a sustainable policy. There can be no military or financial solution to the crisis in Bahrain, same in Kuwait, unless the Gulf countries recognize this and the need to open up their political systems. And for the U.S. to be candid with them on this, I think that the future might not be very positive for them. And the need for the Gulf countries to also do something to stop the flow of funds to the Salafi groups. You know, the Gulf countries maintain that these funds don't -- are not, you know, channeled through official means. That's beside the point. I think they can and should be able to do more to stop the flow of these funds to Salafi groups.

On Syria, I think that there is a need to break the regional deadlock on Syria by the U.S. You know, for a long time I supported what the U.S. has done on Syria. I understand the domestic reluctance to be involved, and I don't think that the region itself wants direct military involvement in Syria, but I think we also need to recognize that we are facing a situation where the country might cease to exist, the infrastructure of the country might cease to exist soon with all the destruction that is going on . And we are also witnessing a rise in the radicalism, and particularly by radical Islamist groups in the country, and therefore the sooner the Assad regime goes the better. I think everybody understands, not just here but in the region, that the Assad regime has no chance, zero chance of surviving. The question is what kind of Syria is left after that said regime goes, and that is why I think the U.S. needs to be a bit more proactive in working with, for example the Russians on making sure their interests are addressed in Syria. I don't think the Russians are wedded to Bashar Assad. I said they are wedded of course to their interests, working through other regional players like Turkey, Saudis, the Qataris, and others maybe in establishing no-fly zones from Turkey, maybe in providing indirect military assistance, but something to break the regional deadlock.

I don't think that Syria itself can afford, you know, for a long time much of the destruction that it is undertaking, and my last point has to do with peace. Rob covered this well, and I have said it for a while and I will say it again very undiplomatically. It's peace now or never. You know, I understand all the difficulties that the U.S. president will face in trying to bring this to conflict resolution instead of conflict management. I understand that the priority of this issue is not there in terms of other U.S. priorities domestically. I understand that the president is facing a hard-line Israeli government not interested basically in my view in a two-state solution that is viable and a weak Palestinian government that does not have what it takes to come to an arrangement. I understand all this. I also understand that if something drastic is not done today, we will lose this opportunity probably forever. So one has to take between -- to choose between the difficult and the impossible, and I, you know, want to choose the difficult on this issue. I'll stop with that and see what you think.

Aaron David Miller:
Marwan, thank you, and you know the first question might be how to reconcile Rob's transformed environment with Marwan's determination to break through it regardless of the cost, and maybe that would be the first question somebody could ask, or I would --

[laughter]

-- but I just want to make two or three comments. I want to leave at least 30 minutes for your questions. The president is very much on my mind and I've been looking at the arc and trajectory of Barack Obama's decision making and attitudes on this issue, the Middle East. You know, he came into office very much a transformational figure at a critically, potentially transformative time, and on issues like engaging America's adversaries, particularly Iran, his speech in Cairo, and the Arab-Israeli conflict came out very bold and very dramatic, a reality that intruded on so many levels particularly in the Israeli-Palestinian issue, and what was almost inevitable and inexorable then occurred. The transformer became not even the transactor. The transformer essentially didn't know how to deal with a strategy for any of these issues, and I'm not being overly critical here because I think the issues that he confronted

were mind bogglingly complex, but Barack Obama morphed essentially by 2010 into a less reckless, less ideological, and in some respects much more effective version of his predecessor, doubling down in Afghanistan, retreating on the Israeli-Palestinian issue, and picking up a war against Al Qaeda which particularly with predator drones. New York Times reported several weeks ago that 3,000 Arabs and Muslims have now been killed in the Predator drone program, and they pointed out that symbolically this now surpasses the numbers of Americans killed in 9/11. Now, I'm reporting here. There is no moral to this story, or at least I'm not trying to draw one, but it does show a wartime president, three wars actually, the war he owns, Afghanistan, George W. Bush's war in Iraq, and the war against Al Qaeda and its contractors.

So the real question is it seems to me, two-term president, 16 in American history, 13 actually served their terms out. What will his approach and strategy be towards this region? The answer is we don't know and I wouldn't want to prejudge through my own prejudice, prejudge, prejudice, what he might do. The pull of legacy is intense. Rob and I have seen that both in an American president. Reality imposes itself. A president's prerogatives, his own willfulness and determination, Barack Obama and health care, could defy odds and logic. There are constraints however, and I will only mention three of them without editorializing.

Number one is the problem of fixing America's broken house. Let's be clear, Barack Obama has been the extracator from foreign adventures and encumbrances abroad, not the initiator of new ones, and we face in this country an extraordinarily complicated agenda. I summarized them. I called them the five deadly Ds: debt, dysfunctional politics, deficit, decaying infrastructure, dependence on hydrocarbons. These are all slow bleeds that could ultimately destroy the very foundation of American power, and he's going to have to deal with these issues, particularly in December.

Second is the nature of the problems that he confronts, which I think Rob laid out eloquently. These are not problems in my judgment, and Marwan's comments I think only reinforced it. These are problems without neatly packaged solutions. They are problems essentially that have a series of outcomes. This is the real conundrum that we face and in diplomacy, if a problem doesn't have a

solution, then guess what. What emerges is the other P word: process. If the process is credible with Iran, Syrian transition, and the Israeli-Palestinian conflict, it can actually be productive, but if it's not credible and the American peace processes have for a long time now not been credible, it makes the situation arguably worse.

I'll conclude with one observation on the current issue Israel-Gaza. There was a time in a parallel universe, a galaxy far, far away that you could have imagined, and I only know this because -- and I'm not comparing it too strictly, but in '96 America faced an interesting question, a flare up on the Lebanese border between Israel and Hezbollah. Now, I was part of that and actually had a relatively happy ending. Warren Christopher was set and guess what? There was a negotiation indirect between Israel and Hezbollah with Syria the repository of the confidences and assurances which ended a very bitter and bloody confrontation across the Lebanese border.

Well, you have today not a strictly analogous situation, but you have today another bloody conflict between Israel and Hamas, and this time the repository is not Syria, but it's Egypt and maybe Turkey, and you have a secretary of state today and tomorrow who is going to plunge into this. And the interesting question, and I am not going to prejudge this, is whether or not this becomes -- is there even a conception that this would lead to an intensive bid of diplomacy that might last. In the Christopher case it took weeks. We worked for weeks to produce this. I'm not arguing for this, I don't know whether it's even possible. I've lost touch with all of that, that world, but it's an interesting thought experiment because it reflects directly on what's changed both in Washington and in the regional landscape that we now confront. So with that, we have 30 minutes for questions, and I'm going to forgo mine, and I just would ask that you identify yourself and ask a question. Do we have a microphone? Yeah, we do. I'm sorry. Over here, if you can speak loudly enough.

Male Speaker:
[unintelligible] with Al Mayadeen network, based in Beirut, Lebanon. I have a question regarding the crisis now in Gaza to the three panelists. Do you think or do you believe that the United States did know about the escalation that was instigated by the Israeli government, because there was some kind of brokered cease fire prior to

the killing of the Hamas military leader, and that led to the ongoing fighting. If the answer was no, then my question would be to what extent then the internal dynamics of the region and the regional powers are the ones who are going to conduct American foreign policy, or guide American foreign policy, not the Obama administration.

Aaron David Miller:
Does anybody want to take that one briefly, quickly? Rob.

Robert Malley:
As in all of these cases, we don't know what the U.S. -- I think it's conceivable that the U.S. knew. There was an Israeli official who was here right before, so it's conceivable that the U.S. was alerted. There also is -- and again, in all of these cases you hear disputed accounts of what happened, the Egyptians and the Hamas or Egyptians are saying that there was a brokered ceasefire that was then violated by Israel, and actually Israel said that it never had reached, made those commitments. But you know, frankly I think that this was -- and you know we've discussed this in the past -- this was a confrontation that was waiting for its moment, unfortunately. And it was waiting for its moment, it was going to happen at some point because what happened in 2008 was it was resolved with a Band-Aid that never addressed the issues that had led to it in the first place, whether it's the situation in Gaza vis-à-vis Israel's experience over the rockets from Gaza or Gaza's experience of being besieged and not being able to enjoy a normal life. It would be -- it's the most likely outcome this time that we're going to see the same thing. A solution that simply postpones the problem and kicks the can down the road, but that would be yet another instance of not learning the lessons of the past.

Aaron David Miller:
Yes, Marwan, you want to add?

Marwan Muasher:
Yeah, I also have no way of knowing whether the U.S. knew or not. That's not the question in my view. The question is that what is happening in Gaza today is a sign of things to come. You know, the region has changed. With the Arab awakening, you're going -- you started to see countries that have been counted upon in the past to, you know, interfere and bring a solution to crises like this are now siding on the side of not just the Palestinians, but Hamas

in particular. Countries like Syria -- like Egypt and Turkey and in fact what has this also done is that it has left the Palestinian Authority weakened and undermined. So gone are the times when crises could be contained in the way they could by relying on traditional supporters of the U.S. in the region. Another argument for why this cannot be postponed any longer. I mean the longer this question is postponed, the worse it is for Israel, in my view.

Aaron, you asked the question of, you know, whether the Obama administration is going to do things differently or not and rightly suggested all the reasons why it cannot do what it needs to do on the -- on the Arab-Israeli conflict. And I agree with them. I don't -- I am not suggesting that the U.S. is going to change. In fact, if I have to bet any money on it, I would say the U.S. is not going in its second term to do anything that is vastly different on the Arab-Israeli conflict than it did in the first term. But I say what I said to make the point, which is that we can no longer kid ourselves, fool ourselves into thinking that, you know, sometime in the future, we're going to find some circumstances that would make peace possible. I just don't think we will. And I think that we're going to go from bad to worse as far as a two-state solution is concerned and as far as bringing about a resolution to the Arab-Israeli conflict. If we are waiting for a better time, it is not going to come. And that is why I make the points I'm making.

Aaron David Miller:
Right, and you opened the door. I would only add this. If you wanted to take this crisis beyond another Band-Aid, to use Rob's approach, you basically have to do four things: you'd have to close the tunnels down and get the Egyptians to basically own blocking the importation of component parts for high trajectory weapons. Two, closing the tunnels you have to open up Gaza, and create a semblance of economic normalcy for a million and a half people who cannot breathe. Three, you'd have to figure out what to do about the Palestinian humpty dumpty, what I call the problem of the Palestinian Noah's Ark, that there are basically two of everything. Two security services, two polities, two presidents, two constitutions, two visions of what constitute where Palestine is and what it's going to become. And finally, you'd have to test the proposition that you have in Israel. A government that is both willing and able to negotiate an endgame.

Now, Marwan, I would only suggest that two of these pieces, the recreation of the Palestinian National Movement; one gun, one authority, one negotiating position, and the internal politics of the government of Israel require a nuanced approach that I would argue. Now, I'm not a declinist and I love America and I have great faith in our capacity. I'm not sure that it is -- that this isn't beyond at least the capacity of the current administration to manage such a thing. Now, maybe I'm wrong and maybe, Marwan, it's worth trying, all right? It may be worth trying. I'm not -- I'm out of this fight. I'm not going to -- I don't want to prolong it, but maybe it is worth a try. Okay, so why don't we -- I know we're going to get back into this.

[laughter]

I know we're going to get back into this.

Marwan Muasher:
I just -- I don't want to be standing here, me or anybody else, three years from now and talking to you about the two-state solution. I don't want to do that anymore because we need to face the facts. And I understand very well the difficulty of arriving at the solution, not through negotiations. I still maintain a package can be put on the table with some negotiations behind the scenes. But we need to face the facts that we're going to face long, long era of no solution. And if we think if Gaza is bad, what happened in Gaza is bad today, let's wait and see what will happen in a year's time.

Aaron David Miller:
We'll circle back. Yes?

Aaron Sebag:
Yes, good afternoon. My question is for Marwan.

Aaron David Miller:
Can you identify yourself?

Aaron Sebag:
Aaron Sebag [spelled phonetically], New York News. I'm curious to hear your assessment of how you feel King Abdullah has responded to the current subsidy protests that are taking place in Jordan and the potential fallout of

them? And, just kind of on a more broader theme, if in a worst-case scenario, King Abdullah is forced to abdicate his throne, what impact does that have on Palestinian sense of sovereignty and a viable two-state solution?

Marwan Muasher:
The subsidy -- the economy crisis in Jordan is real. I mean Jordan today faces a budget deficit of about $4 billion, which is nothing here, but to Jordan is a big deal.

[laughter]

It is also, you know, witnessing this when there is no more the kind of Gulf money that used to come to the country as before. The Saudis have not paid a penny for more than one year and even if they do it will not be enough to cover the big deficit. So Jordan does face a serious economic problem. And, you know, I totally sympathize with the government, which really did not have any real alternatives but to raise prices. The alternative would have been far worse, you know, depletion of reserves and maybe the devaluation of the dinar.

But I want to draw a comparison between what Jordan faced today and what Jordan faced in '88, when it also faced a severe economy crisis when the reserves also went to zero. And the country's -- King Hussein's then was by opening up the political space by calling for new elections, by bringing everybody into the fold, and by electing a parliament that people saw as genuine and represented. And I think that's what the country needs to do today. It cannot go through an economic crisis of this sort and keep the political space closed. We're going to see an election in January in which the main opposition groups have already boycotted the elections and so any new parliament is not going to be seen, in my view, as representative, and I worry because of this. I don't think Jordan is at the point where the king will abdicate his throne. I think the monarchy in the country is still a needed institution by the different groups of the county.

So far if you take aside the calls of very, very few individuals even, not groups, most of the calls have been for serious changes within the regime, rather than calling for regime change. And in my view the solution to the present crisis, economic crisis, has to be not just

economic because there is no economic solution in the short term, it has to be political. And it has to result in opening up the system in the same way that Jordan did 20 years ago successfully.

Aaron David Miller:
Actually, why don't we take a question from -- we have a good many people in one of the overflow rooms. Ellen, I would -- this one is for you, I think.

Ellen Laipson:
Okay.

Aaron David Miller:
It doesn't say Ellen Laipson on it, but it's for you. In what way could the U.S. and the EU deal with Turkey in a way that would make the Turks more responsive and more willing to support some of American and European objectives, with respect to Iran and the Arab-Israeli issue?

Ellen Laipson:
Well, I think the United States perceives that Turkey is already very much engaged in a largely constructive way at talking through the region's problems. Turkey, of course, has some yearning based on its own rising power and economic strength in the region to do it alone. I don't think Turkey always wants to be the junior partner of the United States or the EU. Turkey does have some capacity to be a leader in its own right. You know I think there have been frictions over Turkey trying to both manage its relationship with Iran and participate in sanctions, not unlike the friction we occasionally have with the Saudis vis-à-vis the Iran policy because the countries that are immediate neighbors of Iran also have to coexist. They want to associate to the degree they can with more punitive policies toward Iran, but they also have more normal political and economic interaction with Iran.

So I think there have been frictions, but I don't see it as a dramatic gap between what the Turks want in the region and what we want. I think there is an interesting evolution where Turkey was feeling more confident about its ability to be a kind of problem solver in the region and I think Syria has been a big, sobering, reality check for the Turks, where the Turks, you know, basically were backing -- you know, thought they could persuade Assad to reform,

found themselves, I think, floundering a bit. But I don't see us having a huge gap over Syria, the Turks because they are now home to both defectors and to refugees would like to see a more activist EU and American policy to relieve some of the burden on themselves, but I don't think substantively we have any, you know, huge differences over the long-term outcomes in Syria.

Aaron David Miller:
Yes, the gentleman.

Jose Chavez:
Jose Chavez [spelled phonetically] from Webster University. I have actually two questions about Iran and nuclear policy. Ms. Laipson, you kind of interpreted the last interview -- press conference by President Obama and I saw also something that press conference, which I thought is different than the past, since it's by him is that all along, at least for the recent months, he's been talking about nuclear bomb or nuclear weapon specifically mentioning that as something that Iran cannot get. But in that press conference, he went beyond that and he said nuclear capability. So I want to know how do you interpret that that is if that's the same issue -- is the same position that he used to hold or is it something new or a signal or a change of course?

The second question is about -- you know, I'd like to ask Mr. Miller and the whole panel and Ms. Laipson too. We used to hear a few months ago about the deadline and the red lines and things like that, basically, encouraged by the Israelis and those are gone now for some times. But now there is something emerging out, at least by some commentators and scholars and that is the year 2013. I see it as like a new version of a new deadline. Would you say that you've seen any significance in that that, you know, by end of the next year everything should be either, you know, settled with Iran or we go to the military option? Or do you see that it's, you know, it's just one of those casual use of the year as a deadline? Thank you.

Ellen Laipson:
Okay. I do think parsing all these different shades of grey from total de-nuclearization to stopping Iran at -- only at the mark where they would be a fully, capable nuclear weapons country is confusing and I don't -- and I do think when U.S. officials use a slightly different

formulation, we're all tempted a bit to over-interpret. My -- we used to say with Pakistan that our goal was total rollback of their nuclear program. We started in the Iranian debate, the Iranian sole process saying, you know, to literally stop any nuclear capabilities. That is no longer what we're talking about. That's no longer an achievable goal by a long shot.

So I think the debate goes on inside the administration of how to parse that, you know, what's the true red line for the United States as opposed to the red line for Israel or for other neighbors, immediate neighbors of Iran? And I think it's possible that at some point we would accept something that what the Iranians say we've already picked the Japan option, which is we want to demonstrate that we have the technical capability, but we do not have a policy of assembling or deploying full weapons systems. And that we would give assurances to the international community that that is in fact our position. Whether the President used slightly more casual language than he intended to that day, I don't know, but I do think that you're on -- that these shades of grey are still being debated in parsed within the administration.

And as for timelines let's remember that it's not military action, you know, there's a whole range of tools that are being used to slow down and interrupt, if you will, Iran on a fast track to full nuclear military capabilities. And so it sounds implausible, but we really don't know what the -- the deadline does keep shifting, it literally keeps shifting because the Iranians themselves face technical setbacks and their own timelines are not always transparent to us or to the IAEA inspectors. So I personally don't like the idea of saying it has to be done by August of a particular year or not. There will always be external variables that slightly change the dynamics of this.

Robert Malley:
I want -- can I add on that? I think the reason why people are now focused on 2013, maybe early 2014 is because of the way -- as they look at sort of where they believe is the trend of progress of the Iranian nuclear program and what people are assume are U.S. deadline -- not deadline, but what's its threshold of acceptability. I think from a U.S. perspective, and it differs from Israel's, the U.S. can't accept, or the Obama administration says it can't accept a situation in which Iran is capable of crossing the nuclear

threshold either secretly, i.e. undetected, or so quickly that the U.S. wouldn't be able to react, or in a fortified compound that the U.S. wouldn't be able to attack. And the assumption of some people is that will happen sometime in the next 12 to 18 months. So that's the logical answer and in fact, as Ellen said, either because of mishaps on the part of the Iranians or maybe because they deliberately don't want to come too close to our threshold, that won't happen in the next year, year and a half.

But then there's the political, psychological dimension, which is if this next attempt by President Obama to engage with Iran, if it fails, if you don't reach an agreement between now and the summer, I think it's going to become more and more difficult to sustain, as Aaron said, a process which people don't think is going to yield anything, even if Iran is not really approaching the threshold, and that's where I think the pressures will grow from domestically, but also from Israel for the U.S. to do something. And in that sense I do think that Prime Minister Netanyahu, people may say that he has mismanaged this file, to some degree he has, but he's achieved a considerable, I think, victory vis-à-vis the U.S. in that this is now the number one national security issue. One could argue whether it should be, but it has become. The U.S. has clearly put containment off the table. One could've argued whether that was the right strategic choice, whether there should have been a broader deliberation about that. And third, and this is what we spoke about earlier, the Israeli-Palestine conflict is very much on the back burner.

Aaron David Miller:
Yes, right here?

Steven Shore:
My name is Steven Shore [spelled phonetically]. In terms of the risk of asking anyone to put yourselves into the minds of Iran's leadership, which of -- to me, of the two basic strategies is it that they intend to go nuclear regardless of -- and pretend otherwise regardless of the consequences or is this an elegant bargaining chip; and if the latter, what exactly would they be willing to bargain away their nuclear program for?

Aaron David Miller:
I mean it's the unanswerable question and it depends, I

suspect, on your assessment. You know had the shah not been overthrown by Khomeini, Iran would've been a nuclear power by now, in large part because Iran, whether under the mullahs or the shah is a state driven by a profound sense of insecurity on one hand and a profound sense of entitlement on the other. And states like that, or close to that, North Korea, Pakistan, India, I guess even the argument could be made to some degree, Israel. The four powers in the world today, outside of the five permanent members of the Security Council, that actually have deliverable nuclear weapons are all driven to an extent, certainly by profound insecurity. And the notion, which is elevated to a level of one of the Ten Commandments in this town, that the way to really get at Iran is by getting rid of Assad.

[laughter]

It's an arguable proposition, but it also generates the paradoxical implication that the more threatened -- if Assad falls, the sense of encirclement and besiege quality of Iran's neighborhood, I would argue, simple man that I am, is going to accelerate Iran's quest for a weapon, not make them more reasonable. And this is one of these calculations that I think that is simply impossible to unpack or unwind and yet it's obviously critical to the whole discussion of what to do.

Ellen Laipson:
And I think the dilemma for the outside world is do we have the talent or the skill to persuade Iran's leaders that actually the acquisition of nuclear weapons will make them less secure because there's -- I'm sure there are strategic thinkers inside Iran, including Western-educated ones, that would make exactly the argument that Aaron is making that if you look at world experience in the second half of the 20th century, that having nuclear weapons is a status symbol of -- and it is literally a deterrent that countries are less likely to attack you if you've already crossed that threshold.

But I think for reasons that will maybe take a very long time to understand, the supreme leader seems to signal, from time to time, to his own audience that they can stop short of full weaponization. So I think this fatwa, which people love to make fun of saying, "Oh, fatwa's don't really matter and you can change your mind. You can issue

another fatwa." I thought it was pretty interesting that he was explaining to the Iranian public that, you know, that making an Islamic argument against full weaponization. So they're struggling to figure out, are we more secure with or without? Have we so taunted the international community that we'll actually do more harm to ourselves? So is he looking for a way out? Is he looking for stopping somewhere short of full weaponization and would we be able to take that as an acceptable outcome?

Robert Malley:
I agree with Ellen's assessment about the fact that I don't think the Iranian leadership has made a determination yet. I think there's no indication that it has. But in terms of convincing Iran that having a nuclear weapon will make them less safe, I think they just have to think of three things and you could see where their answer would be. North Korea, Iraq, Libya, and then you reach your own conclusion.

Aaron David Miller:
We have time for two more questions, one from the overflow room and one which I will ask now. Do both Syria and Iran have a stake in keeping the Israeli-Gaza crisis burning?

Robert Malley:
Yes.

[laughter]

Aaron David Miller:
I respect your economy of language, Rob.

[laughter]

Now, we can have time for two questions.

[laughter]

Melissa?

Female Speaker:
Melissa [inaudible] resources. I'd like to go back to Gaza too at our own risk here. I've been thinking about, you know, the strategic landscape is shifting in the region. What we're -- and these new emerging players we're looking at Egypt and Turkey coordinating in a whole new kind of way of policy. We'll also Tunisia coming in and we're seeing

the Muslim brotherhood, so to speak, I don't want to over play this, but the concept that we can work together and create a new reality and they have vested interest as it is their neighborhood. So I'm wondering with this current round, hopefully coming to an end, that the outcome is going to be one of the end of the policy, Israeli policy and supported by the international community of containment or strangulation of Gaza, and to see Gaza break out as, you know, really the all-but-in-name Palestinian state. And what then does the U.S. do about that since we don't seem to have the capacity to influence the key players on the ground that that's a bad idea and how do we shape it?

Robert Malley:
I think your question is absolutely right, I mean, I think if you look again, I'm not saying this was the deliberate -- that Israel did this deliberately or not or whether anyone was planning it this way, but I think the trends are more towards -- first of all, again as Aaron wrote today, Hamas emerging as more of the central Palestinian address. It's the one that is making things happen. It's the one that's actually negotiating indirectly, but on things that matter with Israel for the last several years. It's the one that everyone is coming to see, you know in two weeks President Abbas will be at the U.N.. Let's see if that gets half as much, a tenth as much attention as what's happening in Gaza today.

I mean the real -- you know, like, one of the casualties, all the obviously the people who've lost their lives, but the other political casualty is the Palestine Authority and President Abbas, who's really been marginalized and looks irrelevant to what's happening. And, I think, the likely outcome over time will be that Gaza will emerge as being, if you want to call it the siege where the conditions will be normalized. There will be much freer access to Egypt and it will be more anchored towards Egypt, the other Islamist, you know, the Islamist partner. I think that's where things are trending and you could add at some point that the West Bank may trend towards Jordan. I don't want to get too much into that, but that could be sort of the next, the next step.

It brings me to sort of the point Marwan was making, which is, you know, we may wait, but we'll wait -- if the administration decides to intervene, but in a few years, it may intervene at the time where the entire dynamic of the

conflict has shifted towards something very different because what Hamas is talking about is not a permanent settlement. I suspect that the Muslim Brotherhood in Egypt is not particularly interested in a permanent settlement in which we'd have to make recognition and conditions on and concessions on Jerusalem in particular. They're talking about long-term coexistence, a long-term truce. And maybe that's something that the U.S. is going to have to learn to live with that the outcome is now one of coexistence and a truce. It would be ironic though that this would happen precisely around the time that the U.S. finally came onboard with a two-state solution. It's not that old, the U.S. conversion to the notion of Palestinian state, but finally when the U.S. and all of its Western partners has come to that conclusion, it's going to see it slip away.

Aaron David Miller:
Fascinating to ponder. You've been very patient. This will be the last question.

Jim Smith:
Aaron, I'm Jim Smith; I'm the U.S. Ambassador to Saudi Arabia and I want to thank the panel for great insights. I'd like the panel to talk a little bit about governance because one of the trends that we've seen over the last couple of years is that because of the ubiquitousness of information, it's fundamentally changing population's view of what they expect from their governments. It's created the opportunity for populist reactions instituted in governments a need that they need to be more responsive and arguably has changed the social contract that has existed for a very, very long time. Within Islamic government -- governance we've had since 1979 a debate between the Tehran model and the Riyadh model and now you've got in Cairo a hybrid model that perhaps threatens both of them. So I would be curious your insights and governance, particularly Islamic governance and how that's going to play out.

Aaron David Miller:
Islamic governance, I'll defer to my fellow panelists, I'll just make one point. I think we have to be aware that there's a trend in place here that, to me, is problematic, and that is between 1970 and now, the trend in the Arab world was toward state centralization, even though it was a false promise of false stability under authoritarians. What I see now is a very disturbing trend toward decentralization. In Lebanon it's been underway for some

time, in Iraq for sure, and Palestine, it is becoming the poster child for decentralization, Libya and Syria. And the question really becomes: Can you have effective governance without a deep state? And this is a hugely important problem. The kingdoms don't face it yet, or may not, I don't know and Egypt of course doesn't, Tunisia, Algeria. But this is one element of effective governance, you need a coherent, cohesive state which has some relationship, legitimate hopefully, toward the people it aspires to govern. Marwan?

Marwan Muasher:
Look, I mean, I think you pose an extremely important question and I think that social contacts have to be redrawn in the Arab world with almost every government in the region. The old model in most of the Arab world was that of the rentier state. The state provides favors to a layer, small or big, in return for loyalty. It's not a productive form of, you know, production. It's not a merit-based form of production. It's a loyalty based on favors. That model can no longer operate, certainly not in poor monarchies and certainly, I think, although rich monarchies have sometime, but not infinite time.

It's interesting to see the reaction, for example, that we saw in Jordan to the rise of, you know, the government's actions to lift subsidies. When the Islamic opposition was asked, "Well they raised it in Egypt. They raised prices in Egypt. Why do you accept this? Why didn't you, you know, not say anything about the government in Egypt and you say it about the government in Jordan?" And the answer was simple, and I think expected by all of you, "In Egypt it's an elected government." In other words: no more. It's not that people don't accept realities. It is a reality that, you know, oil prices have increased to the level where the government just simply cannot keep on subsidizing it. But the difference is from now on the ability of governments in the Arab world to take decisions, if they're not unpopular decisions, if they're not elected, is shrinking.

And in my view, I mean, that might be one of the positive side effects of economic crisis in the region. It is forcing government, hopefully to reconsider social contracts with their people. It's something, once again, I mentioned that King Hussein attempted to do 20 years ago and succeeded for a short period of time in doing so before

other factors kicked in. I'm not willing to concede that you're going to see Islamic governance necessarily in the region. I don't know the answer to that. Yes, if you look at the situation today, you have the rise of political Islam largely having been -- having benefitted from a closed political system where the only two options were either an unaccountable government or an Islamic opposition. Naturally, they have had, you know, an unfair advantage and they will continue to have that advantage for some time to come before, you know, third forces have the ability to organize and become a credible force.

But that battle for ideas that did not exist in the Arab world since independence is today starting. It's not going to be decided overnight and it's not going to always result in, like I said, democratic societies. But at least today there's a chance for some governments to make it and hopefully lead the way to others whereas none existed before.

Aaron David Miller:
Thank you very much. And please join me in thanking our panelists.

[applause]

[end of transcript]