

SPECIAL PRESENTATION

**“AMERICA IN THE WORLD: FORGING A NEW VISION
FOR FOREIGN POLICY AND INTERNATIONAL
SECURITY.”**

“AMERICA AND THE MIDDLE EAST”

MODERATED BY:

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FEATURED PANELISTS:

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TO ISRAEL AND EGYPT**

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MS. HELENE COOPER: Hi. We're ready to start our next panel. This is on America and the Middle East. We're here today with a very distinguished group of people to talk about what the United States has done, what it has not done and what it should be doing in this very critical region.

We have with us Dr. Daniel Kurtzer, who is a lecturer and professor in Middle Eastern policy studies at Princeton University's Woodrow Wilson School. From 2001 to 2005, he served as the United States ambassador to Israel. He was also the United States ambassador to Egypt.

Ellen Laipson is the president and CEO of the Henry L. Stimson Center, which she joined in 2002 after many years of government service. Key positions included vice chairman of the National Intelligence Council, and special assistant to the United States Permanent Representative to the United Nations. She has a specialty in South Asia issues. She was director of the Near East and South Asian Affairs for the National Security Council and national intelligence officer for Near and South Asia from 1990 to 1993.

Daniel Levy is a senior fellow and director of the Middle East Initiative at the New America Foundation. During the Ehud Barak government he worked on the Israeli prime minister office as a special advisor and head of the Jerusalem Affairs Unit. He also worked as the senior policy advisor to former Israeli minister of justice, Yossi Beilin. He was a member of the official Israeli delegation to the Taba negotiations with the Palestinians in January of 2001, and he previously served on the negotiating team to the Oslo B agreement. He was the lead Israeli delegate to drafting the Geneva Initiative.

So welcome, and I'm really looking forward to this panel. I thought it would be a good idea to begin with the Israeli-Palestinian issue, because in the words Condoleezza Rice's now former counselor Philip Zelikow, some sort of resolution or movement on the Arab-Israeli issue is the sine qua non for any cooperation from the Arab countries on with the rest of the issues which – the challenges that the United States faces in the Middle East.

That may or many not be a stretch, but I thought it would be a good way for us to sort of begin our discussion today, which is why I'm headed toward Daniel Levy. I see you looking at me. I was having lunch a couple of months ago with a Palestinian official who said something that I found really interesting. He said that with the Israeli-Palestinian issue, everybody knows what the solution is. The problem is nobody can figure out how to get there. Now, you worked on the Geneva Initiative, which many people believe sort of forms the contours of what the resolution to this issue is. Why is it that we can't get there, and what should the United States be doing to get us to that point?

MR. DANIEL LEVY: First, let me thank you for the introduction, Helene, and you'll not be surprised to know that I don't disagree with you. The worst kept secret is that we do know the solutions, and not only do we know the solutions, but when you poll Israelis and Palestinians on the content of the Geneva Initiative or on the content of the Clinton parameters that were proposed in December of 2000, which really tells you what

a two-state solution would look like – when you poll Israelis and Palestinians, you have a majority who support those solutions. But I have to be honest with you. It is a majority that is there more in resignation. You do not have today a zeal, a passion to go to that two-state solution because trust has broken down so dramatically.

MS. COOPER: Can I interrupt you one second before you go on? Can you just tell what that solution is, just sort of the five – because it's not rocket science.

MR. LEVY: No, no. Do it standing on one hand while balancing something. (Laughter.) Territory, it's based on the '67 lines. In all the negotiations the Palestinians recognized that there would be modifications to the '67 line to incorporate the majority of settlers, not all the settlements, but those closer to the green line, those most populated. Israel would do a land swap to compensate for that land. Jerusalem, what's Palestinian is Palestinian, the Palestinian neighborhoods would be part of the Palestinian state, the Israeli neighborhoods part of the Israeli capital, including those over the green line – again, part of the land swap – control of each side's respective holy sites, but with guarantees for free access. On the refugee question, a recognition that there would not be a return of Palestinian refugees to sovereign Israel, but Palestinian refugees would have choices and the unlimited option of returning to the Palestinian state, an important rehabilitation and compensation package, including Israeli compensation, security arrangement that would deliver Israel's needs without infringing on the viability or real sovereignty of the Palestinian state. That's kind of it.

MS. COOPER: I'd like to ask the other two panelists. Do you guys sort of agree that that's basically it? (Laughter.)

MR. LEVY: And then we can wrap up (inaudible).

MS. COOPER: Then we can wrap up, and like let's move on to Iraq.

MR. DANIEL KURTZER: Helene, I think you want us to get to an early lunch – (laughter) – because I think you'll find broad agreement here that the general parameters of the solution are known and are largely agreed upon by the majorities in both the Israeli and the Palestinian societies.

Even more so today, there's also been a major conceptual shift within the Arab world. In 2002, with the Arab initiative, which was now reaffirmed at the Riyadh Arab Summit just a couple of months ago, the conflict in the eyes of Arab League members is no longer over the legitimacy or existence of the state of Israel. It's over what to do about the occupation of territory since 1967, and this is a cosmic shift of proportions that should warrant great attention among diplomats and statespeople at this time. So I think Daniel's right, that the parameters are known.

Certainly there would need to be negotiations over each of those elements. These are broad categories of possible solutions, but the parties themselves would have to work out the details. And you know have an environment which, although it looks pretty nasty on the ground, is actually in some respects more favorable given the degree to which

Israelis and Palestinians can create a peace process within the context of broader Arab support.

MS. ELLEN LAIPSON: Let me if I could give a slightly different view. I think there are powerful forces in the region. They may be minority forces in terms of numbers, but there are powerful forces in the region that don't think the two-state solution is the only logical and desirable outcome. I think we have to be honest that the rise of political Islam, the rise of Ahmadinejad in Iran and even the ideology within the Hamas political party raise serious philosophical questions, at least for some parts of the populations that are affected, that what they don't want is a two-state solution; what they want is a one-state solution. They want a single political entity from the Mediterranean to the Jordan, and that might be a democratic state in which Jews and Muslims and Christians would all have their vote, but it would not necessarily be in the formula that we're talking about, which is the sovereign state of Israel and a new sovereign entity called Palestine.

So while I agree that the political elites that we're talking about and that we're engaging with would accept Daniel's logic, I think we have to recognize that there are powerful forces in the region that will intimidate and inhibit the ability of those elites to just move progressively towards that solution because they have a different idea.

MS. COOPER: That's a really interesting point, which reminds me of something a couple of months ago in Israel talking to some U.S. embassy officials there. They raised that very issue and one of the things that struck that they said that I thought was really interesting was that with the Middle East, one of the things we sort of found out is if you leave things alone, they don't stay the same; they get worse. They don't just stagnate. They go downhill, which in what you're talking about with the rise of political Islam, which sort of begged the question then: shouldn't we hurry to get to that solution because the longer we wait, the more these forces are going to – and I guess that brings us to sort of the central issue of this panel which is what should the United States be doing?

Ambassador Kurtzer?

MR. KURTZER: Well, Helene, I think we need to broaden the lens aperture a little bit and look at what I would think are generally accepted interests that the United States pursues in this region, but I'm not sure we've been very astute in pursuing them the right way now for quite a number of years. In fact, if we held this panel 15 or 20 or 30 years ago, the articulation of those interests would probably be the same. It's to have the safe and secure Israel, to pursue the comprehensive peace settlement. It's to have friendly relations with Arab states. It's to prevent internal and external aggression from destabilizing countries in the region. It's to assure energy supplies flowing from the region. And it's to support the growth of democracies within the region – of freedoms within the region.

And there's been little debate in this country. In fact, that's been a fairly strong bipartisan set of interests that have been pursued irrespective of the political bent of

different administrations. The problem has been not in the articulation of those interests, but how we define the policies that are designed to implement or to achieve those interests, and more particularly, particularly in the last few years, the absence of diplomacy. We have tended now for quite some years to articulate our views, to explore policy options through rhetoric, and then to move from rhetoric directly into threats, sanctions, and even military action. And the hard work of diplomacy, much of what constituted Senator Smith's views on Iran, for example, have largely been ignored in favor of other means of trying to achieve these interests.

And there are simple things to do in these other areas besides the peace process that will change this perception of a lack of love and a lack of trust that Senator Smith talked about. And I would add to that list a perceived lack of competence. A colleague of mine recently visited the region and came back with a strongly held view among many of our Arab friends that we simply don't know what we're doing, and that we don't have a good sense of how to achieve what everybody else believes is in our national interest.

MS. COOPER: Do you agree with that?

MR. KURTZER: A hundred percent. And I think as you go down each of those six areas or interests that the United States has pursued, one can find examples in each one where we have been pursuing policies that seem inimical to our interests. For example, in the quest for democracy or democratization, we have a longstanding tradition in this country – it's not one that was created seven, six and a half years ago – of trying to support the growth of democratic, open societies. But the idea that we can impose democracy out of a barrel of a gun, that we can impose regime change and then change the historical nature of a society overnight – even the idea in some other places in this region in which we have confused elections for democratic culture seems to me to be a misreading of the situation in the Middle East, and one that we can change with a better articulation of policy.

(Applause.)

MS. COOPER: Ellen, how have U.S. interests in the region changed since you were at the NSC?

MS. LAIPSON: Well, I think it's not just U.S. – some U.S. interests are enduring and are durable, I would say, but I thought Dan's remarks made me reflect a little bit on the changing nature of American power, so that before you – we may have enduring interests, we may have policies and strategies that presidents trot out from time to time, that the toolbox has some of the same instruments in it over time, but what we're missing sometimes is a proper understanding of how American power fits into the global picture.

And I think at the end of the Clinton administration, he himself had an appreciation of the kind of shift in the distribution of power across the international system in which the United States still enjoyed preponderance of power and influence through both soft means as well as our economic strength and our military strength, and then an administration came in that took the American preeminence as a kind of value in

and of itself that needed to be sustained, and so that U.S. preeminence became the international system, and so there was a very strong belief that American power was a force for good in the world and that we needed to sort of maintain the gap between our power and everybody else's.

And that was not sustainable for a number of reasons, some of which are things that we ourselves did, but I do think that we have an interesting moment to think about what really is our ability to shape and influence events in the region. So when I think about our interests, I want to kind of reflect on what of our interests do we really have the means to protect and preserve, and where do we have to adjust or calibrate a little bit our expectations of what the region should look like so that it's convenient for us and our interests.

MS. COOPER: Well, wait a second. Where do you see that we have influence?

MS. LAIPSON: I'm trying to get to the point where I think our influence has diminished, and I think our power has contracted, and our power has contracted in part because the region has reacted very negatively to some of the overly ambitious things that we've tried to achieve there, and so I do think that we can line up our interests, but then we have to consider what's our ability to actually preserve and protect those interests, and how do we kind of adjust our ambitions and our expectations accordingly.

I always like to make the distinction between the Arab-Israeli arena in which the instrument of American power and influence is political and diplomatic, versus the Gulf region where we have really a different kind of balance between political and military instruments of power, and where our military presence in the region has generally been a net positive for the region that we have provided by our presence; not by our aggressive use of our military presence but simply by the presence itself – a form of stability for the Gulf region.

Now that we've used our military power, and as Dan rightfully says, people see our shortcomings, they see our weaknesses, they see even our financial constraints, I think that presence doesn't have the same value that it had in the past, and that is a disturbing development that we have to accommodate and take into account.

MS. COOPER: But we're now – we're sort of – and I hesitate to do this because I've done this before, but as Donald Rumsfeld has said, you got to war with the Army you have. We now have the government we have, we have the influence we have, we have the America that we have. What do we do with it now as far as using what little, in your words, influence that we have left in the region?

MS. LAIPSON: Well, I see the administration scrambling to try to get us on somewhat better footing on Iraq, but I think the story in Iraq is that there's an emerging consensus in the American political system that we're not going to achieve victory. We want to avoid the perception of total failure and that we are managing a drawing down of our goals and expectations in our presence in Iraq. I think that may be a two-year process, maybe it's a five-year process. There will be lots of policy wrangling over what

kind of residual presence to leave in Iraq, but I think we are talking about reconfiguring both our presence and our goals in Iraq.

We're going to leave an Iraq that is not necessarily a friendly state to the United States. It may over time become a feisty democratic or representative system. It could also take a sharp turn back to dictatorship, but I think we will leave a government that is at least for some considerable period of time weak, and yet we're going to say we can't fix it. And so I think it's – for the remaining of the Bush administration, I think it's all about Iraq, and I think Iran looms on the horizon. And Iran is definitely a subject of enormous diplomatic attention, but I still think that the legacy issue for U.S. policy for the next 18 months is more about Iraq than anything else.

MS. COOPER: Daniel, I want to come back to Hamas and Israel, but before we do that, Ambassador, I'd just like to sort of pose this to you then, since we hear so much on the campaign trail right now, we hear so much particularly from Democratic leaders about what we've done wrong. Again, a new president in a year and a half is going to take office and they are probably going to have a lot to deal with. What can we do at this point with what we have left?

MR. KURTZER: I think there are two critical priorities and perhaps, as Senator Smith suggested, an overriding national challenge. The two critical priorities, one Ellen just noted is how do we disengage from Iraq and leave it in as least bad manner as possible. There's not going to be a major success flowing from the Iraq story. The debates – I had the privilege of serving on one of the subgroups of the Baker-Hamilton Commission, and the debates within that commission really dealt with what was the best of a lot of bad alternatives. And so I think the major challenge for the remainder of this administration and the next is going to be, how do you disengage from this incredibly heavy military commitment in a manner that is least bad?

Number two and in parallel with that –

MS. COOPER: How do you do that?

MR. KURTZER: Well, I think – my own view is, as I've written publicly, is to set a timetable – a 12, 18-month timetable, use the concentration of minds that that engenders in the people in the region to get them focused on what's going to happen to them the day after we withdraw. I think it's interesting that we've tried lately to engage some of the regional players, but until they're persuaded that this problem is going to be theirs in some timeframe, be it 12, 18, 24 months, they're still playing the odds that we'll continue to bleed in the meantime. So I think we need to set a timetable for withdrawal and stick to it.

We have to lower our objectives of what can be accomplished during that period. One of those objectives has to be to ensure both the security of the Kurds in the Kurdish region, but also not so much security that Kurdish ambitions begin to grow beyond what's possible. Secondly, it's a better distribution of oil revenues so as to provide some hope for the Sunni community that they will not be disadvantaged in a future Iraq.

I'm not suggesting that this is a great outcome, nor an easy one, but it's an outcome I think that we need to pursue in order to disengage within a reasonably short period of time.

So I was starting to say the second parallel objective has to be a greater degree of engagement in the Arab-Israeli arena. And I'm under no illusions. What Daniel has said and what I've said about the peace process doesn't mean that it's going to be easy, but peace diplomacy has always brought dividends to the United States. We had a period during the Clinton administration of very intensive peace diplomacy that ended up in very significant failure, and so the Clinton administration can be accused of failure, but at the same time, even the Arabs tell us that they appreciated the degree to which the United States tried very intensively to bring about a peaceful outcome in the Middle East.

The third big challenge we face, of course, is what happens in Iran. I'm not persuaded that we've exhausted our diplomatic toolbox at this point. I think some of the diplomacy we've tried has been, in a sense, disengaged or unattached to reality. Iran has some very significant interests at stake, and we tend not to even consider them in a discussion of what we do about Iran. What would we do if we were sitting in Tehran with 150,000 American troops surrounding us? What would we do if the United States kept articulating policy that talked about regime change? So I'm not suggesting soft diplomacy, but I'm suggesting that diplomacy has not yet run its course.

MS. COOPER: I definitely want to come back to Iran, but before we do that, getting back to the Arab-Israeli conflict, Condoleezza Rice says that she intends to spend the next 18 months in office pushing this.

Daniel, is it too late?

MR. LEVY: I don't think it's too late, but I think it's inextricably linked to what my co-panelists have been talking about. Only if you identify the U.S. interest, as I believe the Iraq Study Group identified it, will you see the kind of engagement that I think is required. Now, as people return to this, to the Baker-Hamilton Commission, and say, well, what bits can we pick from here and there in order to improve the situation in Iraq? What I hear very little of is the one-third of that report that's devoted to what they call the external approach, which is building an international consensus.

Now, Dan will be very aware of this. And the argument made in that document which I think has to be the starting point for any transition in policy is not as some have tried to depict it, which is this kind of straw man version that, well, if you resolve the Israeli-Palestinian conflict, then Sunnis and Shias will be singing Kumbaya together in Haifa Street in Baghdad.

MS. COOPER: Steve Weisman, who sits next to me at the office, always has this joke: Sunnis and Shiites are killing each other; blame the Jews.

MR. LEVY: Well, I don't think it is a case of blame the Jews. I think the case of what is going on in the region today is that a failure to connect the dots, just like in kiddies' drawings, produces a very ugly mess on the page. What the Iraq Study Group report claimed is that in order to reestablish American credibility in the region, in order to be in a better position to make asks from America's allies regarding the Iraq situation, and in order to take away such a damned easy rallying cry from extremists, you get reengaged in Israeli-Arab peacemaking because in the absence of the diplomacy, as Ambassador Kurtzer pointed out, the situation doesn't stand still. The situation has deteriorated, so we missed that moment in 2002 when the Arab League presented its initiative. Will we miss it again when the initiative is reiterated in 2007?

In a way Israel has got to yes. Israel has gotten to yes. Next year is our 60th anniversary. The big yes that we wanted to get to was normal, secure relations and recognition throughout the region. That is the offer put out there by the Arab initiative. But sometimes I think once you look at these things in personal terms – sometimes when you've had a really long, good argument, and the other side say, you know what, all right. You kind of say, no, no, no. I want to continue arguing. Just because you've accepted me doesn't mean we stop now, and sometimes you need a friend to come and take you aside and say, hey, you've got to yes. Now, let's translate this into something that could work for you.

But only if one moves away from a framing of the region that says there are a mass of indistinguishable people who are against us for what we are and it has nothing to do with what we do – only if one begins to reframe that and one says that the grievance-driven agenda in the Middle East – if one doesn't recognize that there are grievances, then you strengthen those who are using the grievances and you weaken those who are trying to push back against jihad and against the kind of Salafist form of Takfiri Islam that we see, and –

MS. COOPER: Has Hamas been strengthened in the last two years?

MR. LEVY: Clearly it's been strengthened, and it's been strengthened as a consequence principally of two things. The fact that Fatah was not the most transparent, efficient governing party, we knew already. What we didn't know is that if you don't engage – what we did note – if you don't engage with Fatah – if you say, we will leave Gaza unilaterally, then what does Hamas say? They turn around and say, it's our victory, 10 years of Fatah sitting and negotiating with the Israelis delivered no settlement withdrawal whatsoever and significant settlement expansion. We fought a bloody resistance for three years of Intifada, and suddenly they were running away. Now, it was eminently predictable, but we didn't turn and try and change that equation and work to strengthen Fatah.

Now, I think that train has already left the station. I think as Palestine transitions from being a one-party system into being more than a one-party system, we would be very ill-advised to try and reimpose one-party rule by trying to arm one side in a civil war. The question that I think should be exercising our minds right now when we look at the region is Hamas is there. There are elements with Hamas, I believe, who are flirting

with their own variation of a language that recognizes a two-state solution. If you read interviews with Khaled Mashal and Haniyeh, who both were interviewed and wrote in the *Guardian*, the UK *Guardian* in the last week, you see this reference to the '67 lines all the time.

Now, the alternative to Hamas is very unlikely to be our old secular nationalist friends in Fatah. What you see in Gaza today – literally today, if you leave this room and go on to the internet, you'll see that there is very chilling killing going on in Gaza at the moment, and when you have angry, hungry, young, armed men who have lost their belief in the political system and in the capacity of the political parties to deliver, then the distance from there to al Qaedaism is a very short distance. I think we should be seeing how we can make a Palestinian unity government something that may be able to deliver a peace process because it's not just about Palestine, if I may, in two ways.

It's not just about Palestine because of the spillover effect of the Israeli-Palestinian conflict into the region, into the grievances. When people begin to say, you know what, there are things that we're doing wrong and that are destroying American credibility, but as far as you can get is to say Guantanamo, then you really haven't begun to scratch the surface of trying to understand the grievance driven hostility and a need to change policy. Guantanamo is just scratching the surface.

So on the one hand, it's the spillover effect of that conflict, but the other thing that we need to recognize is this is a much bigger question of whether we say all political Islamists are the same – you're Islamofascist and you're all our enemy – or whether we become cognizant of the fact that there's a very important debate going on in the world of political Islam. And if we dumb down and if we lump them all together, then you get bad policy.

Hamas is in a confrontation with al Qaeda. Does that mean that I have to agree with everything that Hamas does? Does it mean that Hamas is terribly palatable to me? No. But when the first person to attack Hamas after they agreed to run in the election is Ayman al-Zawahiri, the number two in al Qaeda, because he says you're playing the Western game. Democracy is (unintelligible). It's an abomination to Islam, but we lump them all together and somehow we find ourselves saying sentences like Syria, Iran, Hamas, Hezbollah, al Qaeda, and Paul Krugman wrote that it's dumb and people shouldn't be allowed to get away with it.

If I may just finish the thought, it may be – sorry – (laughter) – it may be that the most effective bulwark against al Qaeda is to reach a political accommodation with political Islamists who are not al Qaeda. And I'll let you into a little secret. That's kind of what America is doing in Iraq today. Who are the Sunni Islamists who we're not only trying to build alliances with but is also apparently now arming? Okay, they're a bit Ba'athist, they're a bit tribal, but they are not fundamentally different from the Sunni Muslim brotherhood that you elsewhere in the region.

MS. COOPER: You've raised so many different strains here – (laughter) – I don't know which way to go. But what I find the most interesting, and in some ways the

most alarming, is the strain you raise about the radicalization of the Palestinian national movement and when you talk about not a long distance to go between radicals in Gaza and al Qaeda. I mean, in the past Hamas and al Qaeda have been completely at odds, and they still in a lot of ways are, but when you look at what just happened in Lebanon – for instance, at that camp in Tripoli where you see a lot of that radicalization of this taking hostage of the Palestinian national movement – I mean, when you start talking about a nightmare scenario for the United States in the Middle East, anybody could easily see how it starts right there. Trying to keep this focused, though, on what the United States should be doing, what at this point – how should we be maneuvering this, maneuvering around this?

MR. LEVY: One, I'm not saying that the Americans or even the Israelis should be the first to be talking to Hamas and seeing where one can go with the unity government, but I think they should be encouraging rather than punishing Europeans and others to take that approach.

I don't think we benefit from isolating them, and I don't think they benefit from being cut off from the world. It doesn't help either side organize how they look at the world. So I think rather than trying to preemptively collapse the Palestinian unity government, and it doesn't need much encouragement as we can see right now, I think we should be seeing how this very fragile but perhaps best option that we have can be encouraged and strengthened. And then I think that the language that Secretary Rice has been using in the last six months is a welcome addition, and you're very familiar with it.

Late last year, it was the first time we saw the language of political horizon, of permanent status negotiations. It's January of 2001 when Israelis and Palestinians last tried to negotiate the core issues, I was in those negotiations. It's coming up on seven years. Even in the Bible seven lean years is enough, because if you have the absence of a political horizon, then the descent into hopelessness is a rapid one.

And I think that when Ambassador Kurtzer points out to the importance of the Arab initiative – the Arab initiative is so important in two ways. I think it can minimize the Palestinian capacity to oppose a two-state solution, because I would argue one of the mistakes of the Clinton administration was to fly solo too much, not to bring the regional parties into the game enough, and it also maximizes the benefits for Israel. If you can have recognition, normal relations with the entire Arab world, which is something we didn't have so upfront on the table in 2000, then the very least it's a fantastic marketing tool for any Israeli prime minister who goes down that route.

MS. COOPER: We're going to open this up to questions at some point very soon, because I know a lot of people probably have them, but in the interest of trying to cover as broad a territory as we can, I'd like to go back to Ambassador Kurtzer's raising of the Iran issue since that's such a huge one.

Should we, Ambassador, at this point be getting used to the idea of a nuclear Iran? Has the point passed now that we can do anything to stop it short of strikes, which –

MR. KURTZER: No, absolutely not. And I would subscribe to the notion that we continue to exhaust all the means at our disposal – diplomacy, sanctions, mobilization of international alliances and so forth – to prevent that from happening. I would also step back though, and try to effect some course corrections with respect to both Iran and to the idea of nuclear proliferation.

My understanding for example of the foundation stones of the Nonproliferation Treaty is that it involved three critical elements. One was to prevent – stop other countries from developing nuclear weapons capability, but there were two other very important factors. One was to enhance the ability of countries to obtain nuclear technology for peaceful uses, and third was for the nuclear countries themselves to begin a process of denuclearization over a long period of time.

Now, we've paid a lot of attention to element number one, which is to try to stop other countries from going nuclear. We've paid much less attention to element number two, which is to enhance the ability of spreading nuclear technology for peaceful uses. And there's very little that's been done over the years to roll back the nuclear issue. So I think even as we pursue a very strong policy vis-à-vis Iran and to try to stop Iran from acquiring nuclear weapons capabilities, we ought to be working with other nuclear states within the context of the NPT, strengthen that treaty, and make sure that all elements of it work.

I also – and this would be a segue to Ellen – would subscribe to some of the ideas she laid out in her thinking on some security reform elements for the United States. I think there are issues that we need to deal with, particularly in the Gulf, that will not only impact on U.S.-Iranian relations, but in a larger sense also on whether or not the U.S. continues to be the sole source of security for the Gulf. I was at a conference recently in Doha in which Chinese and Indian officials made very clear that they want to buy as much oil and gas as they can, but they want no responsibility for security in the Gulf. And I don't know why that happens. I don't know why Gulf States are being let off the hook in terms of providing more of their own security.

So I think there are things that we need to do – reviving Arms Control and Regional Security talks that started after the Madrid conference, but that were allowed to languish. I think there are a number of things we can do even as we try to contain Iran diplomatically to shore up our ability to ensure security in the events that Iran does go nuclear.

MS. COOPER: But getting back to the whole idea of containing Iran and stopping Iran from getting a nuclear weapon, and I'd like to have Ellen address this as well. Mohammed ElBaradei said last month basically that he thinks that they've already acquired the knowledge and it's just a matter of time now, but if the whole point of the diplomacy was to stop them from acquiring knowledge, there's definitely a school of thought out there that says that point has passed. We're continuing on with the diplomatic channel anyway. Are we sort of just going on at this with blinders on? How do we – you can't – I'm sure you're not arguing that denuclearizing the United States and the rest of the – is the way to stop Iran from –

MS. LAIPSON: Do you want me to –

MS. COOPER: I'd love to address that to both of you, but I'd like the ambassador to answer that first.

MR. KURTZER: Oh, sure. Of course I'm not arguing that we unilaterally denuclearize. What I am arguing is that we look at our policy towards Iran's nuclear program in a context that's larger than simply Iran. We do all the things we have to do to try to stop Iran. We try to shore up sanctions, we try to build more allies in the pursuit of an enforceable sanctions regime, we deal with our Western European allies with respect to both their overtrade, but also questionable trade, in other words, we do all the things we need to do as we're pursuing diplomacy. What I'm suggesting, though, is that if you treat this issue in isolation, you're only waiting for the next potential nuclear state to emerge, and then you'll have the same problem over and over and over again.

And so I would stand back, take a hard look at the NPT and take a hard look at Gulf security and see whether or not, even as we are trying to stop the Iranian program, we fix other aspects of our policies to achieve interests that are longer standing than simply dealing with the particular Iranian threat.

MS. COOPER: I guess the point I'm trying to get at gets back to the initial question of should we just get used to the idea and start adapting to a nuclear Iran, because we're pursuing the diplomatic path and it's not working. They're getting closer and closer, and if they have not already achieved this knowledge, they're about to. And yet we're still continuing the diplomatic path, so I guess that gets to the point of – at some point, they're going to get it. Do we need to start adapting to the idea of how do we live with a nuclear armed Iran?

MR. KURTZER: I'm not sure that I would be as confident in the inevitability thesis that you're laying out. Now, I don't have access any longer to the intelligence and I don't pretend to have inside information, but I do know that – I think it was in 1962 – President Kennedy warned of the proliferation of nuclear weapons to 40 or more states by the end of the 20th century, and it didn't happen. And it didn't happen because of concerted American leadership to stop it.

Now, I don't know how far along Iran is, I'm not sure they are even approaching the corner, let alone turning that corner. I don't dispute that Mohammed ElBaradei is worried about the number of centrifuges that are now at work, but we do know the Iranians have had very significant trouble making that program work. So, again, I don't know whether we have six months, a year, or five years, but we have some time to push that program back. And I don't accept the inevitability thesis whatsoever.

MS. COOPER: Ellen?

MS. LAIPSON: I think our government has to be able to do more than one thing vis-à-vis Iran at the same time. I do think that we should be planning in sober and

discrete settings to think about what are the consequences, is the behavior of other states in the region likely to change, how does it affect the immediate American interest like the safety of U.S. troops and safety of the civilians that are in the region, our economic interests, et cetera. So I think that it's only prudent and responsible that our government do some contingency planning in the event that diplomacy doesn't work.

But I quite agree with Dan that we should not spook ourselves, and here is where we sometimes get literally rattled by our own rhetoric, that we've created a drama by our saturation with information about – we've created a drama that makes us feel helpless in a way, and I think that we're not there yet, and we shouldn't indulge in a sense of pessimism or inevitability, but I think that – I want to sort of raise two issues with respect to Iran.

One is I think for 30 years we have sent signals to the Iranians that we are profoundly uncomfortable with the legitimacy of the revolution. We've on rare occasions said, we're not questioning the revolution, you have demonstrated that you're a legitimate government in the eyes of your people, even though that's debatable. But we have consistently sent a signal that we don't accept the current regime in Iran, and that this has contributed to the thinking of security, responsible officials in Iran. And so I think that we repeatedly fail to imagine what's the security predicament that the Iranians are trying to fix.

Now, they may totally incorrectly and inappropriately think that nuclear weapons will somehow bring them more security, but you can't take that away from them – that they feel isolated, they feel besieged, they feel that they are hostile actors in the world positioned against them.

Where I am disappointed or find fault with our own policy capacity is we keep walking away from the issue of how could we make the Iranians change the logic of their own security calculation? How could we help the Iranians say, actually, we're not as insecure as we thought we were. We will survive as a country. Our territorial integrity is not going to be challenged by the great powers. We will survive, and maybe we can scale back a little bit what our own military planners have told us we need. We have never tried to dismantle the logic of sort of paranoia, vulnerability, and insecurity that the Iranians live in, because we feel that we're the ones who are insecure and vulnerable and that we're somehow going to be the victims or our friends in the region are going to be the victims of the Iran's nuclear program.

So I feel that we have – we should be able to do better at thinking strategically about all the security repercussions of what Iran is up to. Some people are saying, hey, we still don't know for sure whether this is a weapons program. Personally, I'm assuming it is a weapons program. I don't see any reason to believe that they don't believe that they have a legitimate security reason to go and find a deterrent, to find something that will prevent the rest of the world from acting hostilely to them.

So I think that we've got a problem on how we think about acceptable political outcomes vis-à-vis Iran. We are confused in our own minds about whether the goal is in

fact regime change or whether what we want is responsible behavior on the part of this Iranian government. I think that the logic of diplomacy that we're engaged in with the Russians, the Chinese, the Europeans, the IAEA suggests that if Iran can comply, if its behavior can conform with a set of internationally determined rules, that we can live with that government.

And yet we are simultaneously sending signals, including based on the very, very scary behavior of the Iranians these days in which we live – that we can never live with this government – that this government is too strange. It's too dangerous. It's too unusual. It has – it marches to a different drummer. It has a different set of values. And so I think that we have not resolved those two strands of thinking and that the Iranians themselves are always scratching their heads – “What do you think America really want from us? Will we ever be able to comply with their expectations?” And I'm not sure we've given them sufficient incentives to either believe that they can recalculate their own security interests and that they will ever be accepted as a responsible actor.

MS. COOPER: Daniel, can we reason with a regime that says Israel should be wiped off this face of a map?

MR. LEVY: Well, I mean – I think first of all it's important – and I'm not suggesting you were going there, Ellen, but here it's very difficult to blame America for ratcheting up the rhetoric. I mean, I think the rhetoric has been ratcheted up by the Iranian side and by the comments of Ahmadinejad. I think the two flaws in the approach are – first of all, are we in a diplomatic process? I think one of the weaknesses of the approach is to limit the dialogue with Iran narrowly to the Iraq issue and to condition a wider dialogue with Iran. Not, by the way, because I think one can deal with Ahmadinejad. And here – I mean, I do think that we're not going very far.

But there are two ways of looking at regime change. One is Chalabiesque and the other is – (laughter) – the other is to say there are checks and balances within the existing Iranian system that we tend not to be very familiar with. And there are what I would call kind of imperfect conservatives – in parenthesis, I can't see how this administration could have a problem with imperfect conservatives. (Laughter.) But there would be imperfect conservatives who are the other part of the power structure in Iran.

And I think if one chose a willingness to be more aggressive in diplomatic engagement rather than conditioning it, then that may strengthen those forces within the system against Ahmadinejad and his supporters in the Revolutionary Guard, et cetera. By the way, if they were to come back into power – if you were to have the Rafsanjani-like administration in Iran, it doesn't mean that overnight the nuclear file gets very easy to deal with. It will still require a lot of heavy lifting to deal with that.

The other flaw, I think, in the current approach is that I don't – we're not using enough diplomacy in building the cordon sanitaire around Iran. And this – for me, I always go back to the Israeli prime minister of 15 years ago, to Yitzhak Rabin, who was assassinated. When Yitzhak Rabin explained even then why he had broken all the taboos and negotiated with the PLO, he said, “You have to understand that the strategic threat on

the horizon in the region is Iran. And if we can remove the conflict with the Palestinians from the equation, then Ahmadinejad – obviously it was not Ahmadinejad – then Iran won't be able to wave the Palestinian flag and make Israel the obvious target and win support in the Muslim and Arab World by speaking above the heads of their leaders.”

And what Rabin said with amazing foresight 15 years ago, I think applies probably even more so today. Because when the secretary of state goes to the region, she says – I mean this isn't verbatim – kind of help us on Iraq, Iraq, Iraq. Help us on Iran, Iran, Iran. And they say, “Give us some cover on Israel-Palestine.” And that's something you're not seeing. By the way, you're also not trying to take Syria out of the Iranian orbit and put that on the other side of the cordon sanitaire.

MS. COOPER: You've beautifully brought us back full circle.

Any questions? Wow. (Laughter.) Fifteen minutes. Okay. Let's start here.

Q: All right. Hello.

MS. COOPER: Can you please state who you are?

Q: Yes, Creighton Jones with EIR. My question is something that has emerged of late is this new scandal involving some of our friends – Dick Cheney, Tony Blair, Prince Bandar – the British Aerospace scandal that includes about \$2 billion going into Rigg's Bank account for Bandar. Now, do you think that this scandal is going to blow up in our face and further erode our credibility in the Middle East, one? And two: do you hold the same view as Mr. LaRouche that only the removal of Dick Cheney from office can avoid war with the Iran immediately?

MS. COOPER: Let's see. Which one of you do I think should take that? (Laughter.) Ellen? (Laughter.)

MS. LAIPSON: I think Prince Bandar has been getting remunerated for his role as an intermediary in lots of industrial – military-industrial transactions for many years. I'm not sure that we're going to learn that there's something significantly different this time around. I think it's something that's already popped up in the British press over the years and has not always led to any conclusion or he's not ever been subjected to legal penalties as far as I know. Sure, I mean, there's an enduring issue of how we engage with very wealthy oil producing counties when it comes to our economic relationships and how the royals pick one company over another and why they pick a British company or an American company or a French company.

And I think it's totally appropriate that those transactions be scrutinized and that there be as much accountability and appropriate – but I don't know the facts of the Yamama case in great depth. I don't know whether the latest revelations are adding anything new. This story's been around for 10, 15 years as far as I know, so I don't expect that it's going to add much to the current environment.

MS. COOPER: And, Ambassador, the second part of the question, what is to be done about our vice president? (Laughter.)

MR. KURTZER: Can't I answer the first part of the question? (Laughter.) Please. Now look, people have their views on individuals within the administration and I don't think it's appropriate for us to be speculating. I'm not saying that as a former diplomat. This is an issue that's very different from what we're trying to look at here today.

What Ellen stressed correctly is, number one, the persistence and time-honored tradition of corruption all over the world. But I think what also needs to be added to that is the fact that over the past 15 or 20 years within the WTO there've also been efforts to build accountability and transparency and other checks and balances within the international trading system.

So if this, in fact, proves to be as serious as the initial reports in the British press suggest, I hope it gives emphasis to renewed efforts within the WTO and other fora to try to build safety mechanisms to not prevent things like that in the future – it's going to exist as long as money is traded globally – but to try to fix abuses where we can find them.

MS. COOPER: Straight back there – the woman in the black sweater.

Q: Hi, I'm Rebecca Hormel (ph). I mostly come from the campaign side of things and I'm really distressed that Islamofascism seems to be becoming a red meat Republican rallying cry more and more. And how are Democrats and how are progressives supposed to fight this on the campaign trail? It seems to be really, really hard. Thank you.

MS. COOPER: Are you guys going to make me have to call on you again? (Laughter.)

MR. LEVY: In one sentence, all I'd say – and I'm not a campaign strategist – all I'd say is I can't see it being very wise trying to magnify and expand the extent of who your adversary is, rather than trying to say, "Wait a minute. We've got a problem with X and X is a relatively small number – percentage of people who genuinely will not accept us. They're a genuine adversary and they genuinely have to be dealt with." If we can build alliances with the other X percent, and I think that X percent is 90 percent plus.

Q: (Off mike.)

MR. LEVY: No. (Laughter.)

MR. KURTZER: Look, the other aspect of this – and perhaps in this room mentioning the name Charles Krauthammer is not going to be popular, but he had an interesting idea the other day which is to say that the debate that is stimulated by our election process, which is now more extended than it was in the past, is very healthy for

our society. So red meat this or red meat that, the fact is that we should be engaged in a national debate about what our interests are, how to align our policies with those interests, what priorities we should pursue. And that's the job of politics and, thank God, we're doing that right now.

MS. LAIPSON: I personally wish we could talk a lot less about religion when we are talking about politics, but I accept that it's a global trend and that our own candidates are having entire debates just on the question of faith. So we're not going to be able to make religion somehow be – we're not going to be able to segregate it.

But I think it's so deep in American tradition to be tolerant – religiously tolerant and that I think, in general, our public figures do understand the extreme sensitivity of not generalizing the Muslim experience and that we have Muslim-American citizens of – and that we have to – we just need to think before we speak when it comes to this and of discourse of who else is listening and how might it affect them, including, as Dan said, exacerbating the antagonisms towards the United States, which doesn't help anybody, but we have to think about it in terms of our own society as well.

MS. COOPER: We have a question right here.

Q: Thank you. I'll address this to the panel. In your discussion regarding Israel and the Palestinian conflict, I didn't hear anyone talk about the current breakdown in the political leadership in Israel with the prime minister, the scandals, and yet an increase in the economy and businesses. What impact will the elections in Israel and who will run have on any – what impact will it have on the United States working to resolve some of the Middle East conflicts? And who will be elected and how will things work out with Israel? The political system in Israel is breaking down. Where the business – and there was an article in the *Post* about that the other day. Thank you.

MR. LEVY: I think your last point is very, very well taken. Yes, one could focus on the scandals of the individuals holding high office today, that they're being accused of, and Israel is also still in the aftershock of the summer war last year in Lebanon. But I think there's a dysfunctionality in our system that is increasingly being exposed and that is separate from the particular personalities involved at any given moment. I'm not convinced that Prime Minister Olmert is dead – is a goner – put a fork in me, I'm done. I think that he could come through this summer and rehabilitate himself. I'm also not at all convinced that Olmert cannot take us through to a diplomatic process.

If we go to elections, it really will be a function of who competes with what will be apparently a Likud Party headed by Benjamin Netanyahu. Today, right now, the Israeli Labor Party is electing a new leader. We don't know what will be the future of the Kadima Party. But what I would say is the structural background against which those politicians will have to operate largely remains the same. And for all the "oh, my God" that sometimes a company's thoughts of Netanyahu returning to power as prime minister – he met with Yasser Arafat, he did a deal over Hebron, he sent an emissary to speak to the Syrians. So my sense is that Israel is in a place – and when Ariel Sharon talked about occupation, really the cat was well and truly out of the bag.

Israel is in a place today where it recognizes, painful as that is, that something's got to give. And the main thing that's got to give is the continued Israeli presence in the Palestinian territories. Now, just because it recognizes it doesn't mean there's great relish to do it. Everyone understands that this would be unpleasant and painful. And all I can say, again, is often when one wants to do something – when one knows one has to do something, but it's an unpleasant and painful thing, you need an external impetus. Now, going back to the Iraq Study Group report, I'll just quote one line to you: "America does its ally Israel no favors by not being involved in solving the Arab-Israeli conflict."

MR. KURTZER: I would add one other aspect here. And it may be unfair given the fact that I spent a career, in a sense, learning Israeli politics. I sent my kids to school on the back of my knowledge of Israeli politics. (Laughter.) Frankly, I think in the 60th year of Israel independence it's about time we stopped trying to be experts on what happens in Israel. When I was ambassador and there were election campaign in Israel, I insisted that we send in a message a week to give Washington the broad contours of what was happening but not every ox that was being gored or every rumor or every politician into the other politician's pants.

So I think the reality is that Prime Minister Olmert is having political troubles. There are political troubles all over the Middle East and in most other parts of the world as well. As a country, we have to deal with the leadership that's in office. We shouldn't attune our policies in order to strengthen a particular politician in another democratic country. And I think we also ought to pay attention to Israeli politics once a week rather than every hour. (Laughter.)

MS. COOPER: We have time for maybe one or two more questions. Right here. The gentleman.

Q: Yes. Thank you. Dwayne (sp) Davis, a political science grad student at GMU. I want to connect a couple of thoughts that Helene and Ellen had. Ellen, you talked about security being a major motivation for the nuclear program and I'm assuming that you mean physical security – freedom from attack. And, Helene, you talked about inevitability of the nuclear program proceeding to its logical conclusion. I would like to ask the panel if there are other underlying motivations for Iran to pursue its program, particularly in the triangle of rationales for a nuclear program, there's also the international prestige theory.

So Helene, are – taking up on Helene's point – is it inevitable that Iran is going to ascend in the region of which their nuclear program is an element of or does the panel reason that that's not inevitable. But if it is inevitable, what policies should the United States pursue?

MS. COOPER: I think the best thing about being moderator is that I can punt this one to Ellen. (Laughter.)

MS. LAIPSON: I think Iran clearly sees itself as a rising power. And you're right to point out that there may be some very intangible reasons why at least part of the elite in Iran thinks that a nuclear program is a sign of respectability, that it's what modern countries do and if you have the capacity in terms of technology, you do it. I think we shouldn't also rule out that there's at least, at the horizon, an energy requirement for nuclear energy, which obviously could lead to a very differently configured program than what the Iranian seem to be doing.

So there may be – you are right to suggest that maybe this is a multifaceted policy choice on their part. And I think the responsibility of the international community is to see if you can break apart the different motivations and put the weapons requirement into a different box and see if you can lock that closet and perhaps still allow the Iranians to demonstrate that they could achieve the level of technology that they think is a sign of modernity and get the energy benefit of an internationally supervised program. I think that is a plausible outcome that would not be the worst of all the outcomes that are available to us.

MS. COOPER: We have time for one more question. Right there – the lady.

Q: My name is (unintelligible). I'm from the National Endowment for Democracy. I wanted to just ask Ellen to elaborate on the statement that you made about the need for U.S. policymakers to recalibrate expectations and capabilities.

And as we look at sort of the spectrum of problems that we're experiencing in the Middle East, none of them originate with the Bush administration's policies, obviously, but I think it's fair to say that they've been pretty exacerbated to a point where your approach or the statement that you made is – I think we need to bear in mind – I mean, we have failed – it's not just a failed Iraq, we have a deadlock with Iran, 2 million Iraqi refugees in Syria, and an isolated Syria. We have increased sectarian strife in the region, a failed Palestinian-Israeli conflict. I mean, the list goes on and on, and it's across the region. So what would be a reasonable recalibration of our expectations and our capabilities?

And then secondly: do you see any leadership on the horizon that has sort of the capability to make such a big shift, which I think it would require? I'd appreciate any and all comments, but I was pointing to Ellen.

MS. LAIPSON: I'm not sure we have time to sort of develop this fully, because I think it deserves some attention. But really my point was a corollary of what Dan just said about Israeli politics that we have to – we are such a big country and we have such amazing access to information that we sometimes behave as if we own everybody else's problems or that we know the solution even if they haven't figured it out yet. I personally am troubled at the way in which we're talking about the Iraqi government and sort of setting their tasks for them, even though I understand that we are trying to – it's part of the psychology of disengaging, but in the short run we are, I think, doing some harm to the evolution of their own political culture.

So we've got to stop sort of saying, "Maliki, here's your 'to do' list for this week and we're going to come and score you." I personally think that it's not creating political maturity on their part. I appreciated the senator's comment that in a way we are in this "dependencia" cycle where they can't feel autonomous until they are autonomous. And as long as we're there, there's this dependency psychology, and so that is a problem.

I think I do hear candidates and people in high office talking about the need for humility and the need for sort of a greater sense of realism in how much we get to set the agenda for other countries. And that we should – in our promotion of the civic virtues that we believe in, we should set the bar at – make sure the process is fair and then we've just got to kind of be silent when we may not always love the outcome. We have to let – in this age of globalization, culture still matters, people are divided into countries, and different countries have different dynamics and different personalities.

So I think it's happening in some ways naturally that we realize that Iraq has been a very humbling experience for the American political system. And I hope we'll digest the lessons and not let the pendulum swing too far in the other direction either.

MR. KURTZER: I have a high estimation of our voters and I'd like to see candidates spend a lot more time telling us that the answer is not "yes" or "no." Very often it's 51 percent "yes" and 49 percent "no." So it's the calibration – as Ellen was suggesting – the calibration of much of our policy that we've been talking about for much of this morning. Will the United States still have security interests in the Middle East that will require the deployment of American forces and American power? The answer is sure. But do those interests require us to be the sole guarantor of Middle East security? The answer is not. And how do you then mix and match this in a way?

Earlier, for example, I suggested that we ought to engage the Chinese and the Indians and the other purchasers of Middle East energy and see what they're going to contribute to the security of the energy resources that they require. It doesn't mean that we walk away, but it means that there's a burden sharing. How do we encourage Gulf States, themselves, to finally do what every administration has talked about for the last 40 years, which is take more responsibility for their own security?

Why did we abandon, in the mid-1990s, a very promising effort to integrate the Middle East in security terms? We had an arms control and regional security dialogue and we let it founder. Israel remains in EUCOM and the rest of that region is in CENTCOM. These are anachronistic parts of our policy that need to be looked at, not in the sense of seeing a pendulum swing totally in one direction or the other, but finding the right calibration of the policy in terms of our interests.

MR. LEVY: All I would very briefly add is that of course in the absence of that diplomatic leadership, there's not a vacuum. What you see today for instance is given the situation in Iraq – and we've all become experts on the geography – Anbar is on the Jordanian border. It's a hop, skip, and a jump away from Israel. And you have the proliferation of al Qaeda forces, whether that being Jordan or the Egyptian Sinai, Lebanon, or perhaps even in Gaza.

But for me, I would really stress that that isn't an encouragement towards isolationism. I think what we lack is the kind of engagement and leadership that traditionally, accurately I think, saw resolving the Israeli-Arab conflict has being a shared American interest, Israeli interest, and an interest of moderates in the region.

And just following on from what Dan said, it's not always black and white. I mean, take an issue like Hamas, which is neither fish nor fowl. It's not al Qaeda, but it's not the kind of moderate, repeat the mantra of two states, et cetera, folks that we're used to dealing with. Now, grey apparently is not a color that people see too clearly in this town, but the Middle East is awash and grey and one's going to have to start discerning in looking at how to deal with the grey.

MS. COOPER: Thank you, Daniel. (Applause.)

MR. SPENCER BOYER (?): Thank you, Helene, and all the panelists for that fascinating discussion. We're going to begin our luncheon service now. I ask you all to please exit through these doors here and you'll be directed to our food service. And we'll begin in about half hour with our keynote speaker, Dr. Brzezinski. Thank you.

(END)