

EXECUTIVE SUMMARIES from

# RESTORING THE BALANCE

A MIDDLE EAST STRATEGY FOR THE NEXT PRESIDENT

A PROJECT OF  
THE SABAN CENTER AT BROOKINGS AND THE COUNCIL ON FOREIGN RELATIONS



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## TOWARD A NEW U.S.-MIDDLE EAST STRATEGY

*Restoring the Balance: A Middle East Strategy for the Next President* is the final product of an eighteen month Saban Center at Brookings-Council on Foreign Relations project. This effort involved fifteen of our senior Middle East experts who joined together for the first time to conduct in-depth research, travel to the region, and hold interviews with its leaders in order to develop a series of policy recommendations for President-elect Barack Obama. The teams met on three occasions with a Board of Advisors, a group of former government officials and leaders in the public and private sectors, who critiqued drafts of the papers, but were not asked to endorse the views presented.

The Saban Center at Brookings-Council on Foreign Relations project was launched with the aim of presenting non-partisan policy recommendations during the period between Election Day and the inauguration—the transition period—when policy, not politics would be the focus in Washington. *Restoring the Balance: A Middle East Strategy for the Next President* addresses the six most pressing Middle East challenges for the incoming president: Iran, Iraq, the Arab-Israeli conflict, proliferation, terrorism, and political and economic development. Each of these issues is addressed in policy planning papers that have been brought together in one book. Based on each policy paper's conclusions and recommendations, an overall strategy paper was then drafted.

What follows are the executive summaries from *Restoring the Balance: A Middle East Strategy for the Next President*. Policymakers and members of the media can receive a printed copy of the book by contacting the [Saban Center for Middle East Policy](#) or the [Council on Foreign Relations](#). Printed copies are available for purchase at the [Brookings Institution Press Bookstore](#). Full versions of select chapters are available online at the project's websites:

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# A TIME FOR DIPLOMATIC RENEWAL

## TOWARD A NEW U.S. STRATEGY IN THE MIDDLE EAST

RICHARD N. HAASS • MARTIN INDYK

### EXECUTIVE SUMMARY – CHAPTER 1

THE FORTY-FOURTH PRESIDENT will face a series of critical, complex, and interrelated challenges in the Middle East that will demand his immediate attention: an Iran apparently intent on approaching or crossing the nuclear threshold as quickly as possible; a fragile situation in Iraq that is straining the U.S. military; weak governments in Lebanon and Palestine under challenge from stronger Hezbollah and Hamas militant organizations; a faltering Israeli-Palestinian peace process; and American influence diluted by a severely damaged reputation. The president will need to initiate multiple policies to address all these challenges but will quickly discover that time is working against him.

President Barack Obama will have to reprioritize and reorient U.S. policy toward the Middle East. For the past six years that policy has been dominated by Iraq. This need not, and should not, continue to be the case. The next president can gradually reduce the U.S. troop presence and combat role in Iraq, increasingly shifting responsibility to Iraqi forces. But because the situation is still fragile there, the drawdown should be done carefully and not so quickly or arbitrarily that it risks contributing to the undoing of progress achieved at great cost over the past two years. All this would be consistent with the accord governing U.S. troop presence being negotiated by U.S. and Iraqi officials.

Instability generated by a too rapid withdrawal could distract the next president from the other priority initiatives he will need to take and create opportunities in Iraq for Iran and al Qaeda to exploit. However, a too slow withdrawal would leave American forces tied down in Iraq and unavailable for other priority tasks, including backing his diplomacy vis-à-vis Iran in particular with the credible threat of force. He will need to strike a balance.

In no way should this call for retrenchment in Iraq be interpreted as a recommendation for a more general

American pullback from the region. The greater Middle East will remain vital to the United States for decades to come given its geostrategic location, its energy and financial resources, the U.S. commitment to Israel, and the possibility both for terrorism to emanate from the region and for nuclear materials and weapons to spread there. Reduced American involvement will jeopardize all these interests.

Instead, President Obama's principal focus will need to be on Iran, because the clock is ticking on its nuclear program. He should offer direct official engagement with the Iranian government, without preconditions, along with other incentives to attempt to prevent Iran from developing a capacity to produce substantial amounts of nuclear weapons-grade fuel in a short amount of time. Simultaneously, he will need to concert an international effort to impose harsher sanctions on Iran if it rejects an outcome the United States and others can accept. The objective is simple to describe but will be difficult to achieve: to generate a suspension of Iran's enrichment program before it builds the capacity to enrich enough uranium to provide it with this "breakout" capability.

Preventive military action, by either the United States or Israel, in the event that this diplomatic initiative fails, appears unattractive given its risks and costs. However, the option should be examined closely, both for what it could accomplish and given the dangers of living with a near or actual Iranian nuclear weapons capability. Because of Israel's vulnerability to an Iranian nuclear first strike, its fuse will necessarily be shorter than America's. And negotiations—as well as stepped-up sanctions—will inevitably take time to work. To increase Israel's tolerance for a more drawn-out diplomatic engagement, President Obama should bolster Israel's deterrent capabilities by providing a nuclear guarantee and an enhanced antiballistic missile defense capability.

A second emphasis should be on promoting peace agreements between Israel and its Arab neighbors, in particular Syria, which is currently allied with Iran and its Hezbollah and Hamas proxies. The Syrian government is in a position to fulfill a peace agreement, and the differences between the parties appear to be bridgeable. Moreover, the potential for a strategic realignment would benefit the effort to weaken Iran's influence in the sensitive core of the region, reduce external support for both Hezbollah and Hamas, and improve prospects for stability in Lebanon. In other words, it would give President Obama strategic leverage on Iran at the same time as he would be offering its leaders a constructive way out of their security dilemma.

President Obama should also make a serious effort from the outset to promote progress between Israel and the Palestinians. Here, though, factors related to timing appear contradictory. There is an urgent need for a diplomatic effort to achieve a final peace agreement based on a two-state solution while it is still feasible. Yet deep divisions within the Palestinian leadership (not to mention divisions within Israel's body politic), and the Palestinian Authority's questionable ability to control territory from which Israel would withdraw, sharply reduce prospects for a sustainable peace agreement no matter what the outside effort. This dilemma does not argue for neglect, which is sure to be malign, but it does call for a devoted effort to create the conditions on the ground for more ambitious diplomacy to succeed.

What these Iranian and Arab-Israeli initiatives have in common is a renewed emphasis on diplomacy as a tool of American foreign policy—certainly more than has been the norm over the past eight years. The United States will want the backing of the world's other powers—Russia, China, and Europe—and the partnership of America's regional allies, including Israel, Egypt, Saudi Arabia, and Turkey. Consulting and concerting with all of these actors will also take time and patience.

Realities on the ground also call for a new approach to the promotion of reform in the region. Authoritarian regimes that are repressive and largely unresponsive to legitimate popular needs have set in motion a dynamic in which opposition has gathered in the mosque. Such polarization needs to be avoided. The answer is not early elections, especially not when parties with militias contest them, but rather a gradual, evolutionary process of democratization that emphasizes the building of civil society, the opening of political space, and the strengthening of independent institutions (including political parties, the media, and the judiciary). The parallel encouragement of a market economy can buttress this effort.

Finally, President Obama should understand that his policy toward the greater Middle East will be severely handicapped as long as the United States remains heavily dependent on the region's hydrocarbons. U.S. consumption is helping to fuel Iran's bid to assert its influence throughout the region; U.S. dependence also leaves this country highly vulnerable to untoward developments within the region, whether it is the ability of Iraq's sects to get along or the ability of the Saudi government to maintain stability. The goal of the United States should be to sustain its involvement in the region but to reduce its vulnerability to it. Energy policy is foreign policy.

Some of these initiatives will take considerable time to ripen and bear fruit (rebuilding Palestinian capabilities, promoting political development in Arab countries, increasing energy security), whereas it may be possible or necessary to realize others relatively early on (assembling a new diplomatic offer to Iran backed by the threat of harsher sanctions, drawing down troops in Iraq, promoting Israeli-Syrian peace). At a minimum President Obama will need to remain conscious of the interrelated nature of regional dynamics and try to synchronize the various branches of his Middle Eastern strategy, buying time when there is no alternative while quickly exploiting opportunities or dealing with necessities when they arise.

# THE EVOLUTION OF IRAQ STRATEGY

STEPHEN BIDDLE • MICHAEL E. O'HANLON • KENNETH M. POLLACK

## EXECUTIVE SUMMARY – CHAPTER 2

OVER THE PAST FIVE YEARS, Iraq has become one of the most divisive and polarizing issues in modern American history. It is now a subject on which Republicans and Democrats tend to disagree fundamentally about the past (the reasons for going to war), the present (the impact of the “surge” in American forces), and the future of American policy (how quickly, and in what way, American forces should leave Iraq). Reflecting this divide, the two presidential candidates staked out starkly opposite positions during the campaign, with much of the public debate more emotional and ideological than substantive.

With the campaign over and a new president entering office, the debate should change to one of substance over politics. Recent trends suggest that the United States may be able to reduce significantly its forces in Iraq fairly soon, premised not on the certainty of defeat, but on the likelihood of some measure of success. The past eighteen to twenty four months have seen a remarkable series of positive developments in Iraq that offer hope that the United States may be able to ensure stability in Iraq while redeploying large numbers of American forces sooner rather than later.

The likelihood of this outcome should not be overstated. Because of the remarkable developments of recent months, it is more than just a long-shot, best-case scenario—but it is hardly a sure thing. Challenges still abound in Iraq, and their nature changes over time even as the overall risk they pose slowly abates. Thus, as a new crop of problems moves to center stage, coping with them will require the United States and its Iraqi allies to make important shifts in strategy and tactics rather than to just stick with approaches that succeeded against problems now receding in importance.

In our judgment, now that the surge is over, any further drawdowns should be gradual until after Iraq gets

through two big rounds of elections of its own—provincial elections to be held perhaps in early 2009, and follow-on national elections. These have the potential either to lock in place important gains or to reopen old wounds. But starting as early as 2010, if current trends continue, President Obama may be able to begin cutting back on U.S. forces in Iraq, possibly halving the total American commitment by late 2010 or 2011, without running excessive risks with the stability of Iraq and the wider Persian Gulf region.

Faster reductions would be ill-advised. But if undertaken nevertheless, it is important that they be balanced. Both combat and support functions from the United States will be necessary for years to come in Iraq; rapid drawdowns that leave an imbalanced residual force without major combat formations would be worse than rapid cuts that preserve significant combat capability.

This approach suggests another difficult year or two ahead for the brave and committed men and women of the U.S. armed forces, especially as the United States likely undertakes to increase forces in Afghanistan modestly in 2009. Although the American military is under considerable strain, most trends in recruiting, reenlistment, and other indicators of morale and resilience are relatively stable. And with the surge over, the worst of the overdeployment problem is beginning to pass. Compared with the alternative of risking defeat in a major war vital to critical American interests, concerns about the health of the military should not therefore, in our judgment, be the main determinant of future strategy.

Our suggested approach is “conditions-based” and somewhat gradual in the time horizon envisioned for reducing American forces in Iraq. But it also foresees the possibility that most (though not all) main American combat forces will come out of Iraq by 2011, and it

further argues that the United States needs to continue to seek ways to gain leverage over Iraqi decisionmakers rather than assure them of an unconditional and open-ended U.S. commitment.

Although this approach matches neither of the divergent strands of American thought prevalent before the election, it thus parallels aspects of both. Similarly, it reflects important elements of Iraqi political reality if not its recent rhetoric. Iraqi prime minister Nouri al-Maliki has partisan incentives to favor rhetoric calling

for rapid U.S. withdrawals, and he may overestimate his own military's ability to perform in the absence of U.S. troops. But his actual ability to secure Iraq without a significant U.S. force has serious limits, and his own commanders' awareness of this may yield an emphasis on aspirational goals for U.S. withdrawals rather than binding commitments. Implementation details always matter in Iraqi politics, and there may be more room for a continuing U.S. presence than there sometimes appears to be in the declaratory stances of Iraqi politicians.

# PATHWAY TO COEXISTENCE: A NEW U.S. POLICY TOWARD IRAN

SUZANNE MALONEY • RAY TAKEYH

## EXECUTIVE SUMMARY – CHAPTER 3

THE NEW AMERICAN PRESIDENT, like each of his five predecessors over the past three decades, will be confronted quickly with the need to address profound U.S. concerns about Iran, including its nuclear ambitions, its involvement in terrorism and regional instability, and its repression of its own citizenry. Thanks to events of recent years, Tehran now has acquired the means to influence all of the region's security dilemmas, and it appears unlikely that any of the Arab world's crises, from the persistent instability in Iraq and Lebanon to security of the Persian Gulf, can be resolved without Iran's acquiescence or assistance.

The Obama administration may be tempted to take the easy way out by offering merely new rhetoric and modest refinements to the carrot-and-stick approach that has failed its five predecessors. This would be a mistake. Today, to deal effectively with a rising Iran, the United States must embark on a far deeper reevaluation of its strategy and launch a comprehensive diplomatic initiative to attempt to engage its most enduring Middle Eastern foe.

After a consideration of the range of possible policy options, including regime change, military strikes, containment, and engagement, this chapter outlines a model of engagement that acknowledges Iran's influence while seeking to constrain and redirect it. Specifically, this approach calls for

- Implementing multitrack, delinked negotiations on each of the most critical issues at stake: the restoration of diplomatic relationships, the nuclear issue, security in the Persian Gulf and Iraq, and broader regional issues.
- Appointing a special coordinator for Iran policy, situated within the Department of State, who would coordinate the diplomatic effort.
- Normalizing low-level diplomatic relations so that the U.S. government can gain familiarity with

Iranian officials and achieve a better understanding of Iranian political dynamics. American officials are currently forbidden from direct contact with their Iranian counterparts, a stipulation that further degrades the already limited capacity of the U.S. government to interpret Iran.

- Treating the Iranian state as a unitary actor rather than endeavoring to play its contending factions against one another. Iran's internal partisan skirmishes often appear ripe for creative diplomacy, but any new approach to Iran must be grounded in the recognition that no movement on the core issues of interest to the United States will be possible without the approval of Iran's supreme leader.
- Identifying effective mediators who can serve to build bridges between the administration and the inner circles of the supreme leader and the president of Iran.
- Revamping the recently established U.S. democracy initiative to mitigate the perception of American interference by focusing on programs that encourage people-to-people exchanges.
- Understanding that the process of engaging Iran will be protracted, arduous, and subject to shifts in Iran's internal dynamics and regional context. To achieve and maintain momentum, the incoming administration will have to seize openings, manage crises, and navigate carefully through both the American domestic debate as well as the interests and concerns of U.S. allies.

The proposal calls for swift early steps by the Obama administration to exploit the brief but crucial window of opportunity during the "honeymoon" of a new presidency and before Iran's own presidential jockeying for elections in June 2009 is in full swing.

The new paradigm of relations does not preclude tension or even conflict. In considering cases of Iran's repaired relationships with other adversaries, it is clear that rapprochement was not a magic cure-all. For the Islamic Republic, rapprochement may best be understood as a way station between conflict and normal relations. However, a new framework of relations can

demonstrate to Tehran that responsibility and restraint offer greater benefits to it than does radicalism. President Obama must appreciate that for the foreseeable future, Iran will remain a problem to be managed. We believe the approach detailed in the chapter provides the best option for dealing with the complexities and contradictions Iran will pose for the United States.

# MANAGING NUCLEAR PROLIFERATION IN THE MIDDLE EAST

BRUCE RIEDEL • GARY SAMORE

## EXECUTIVE SUMMARY – CHAPTER 4

CURRENT U.S. EFFORTS to stop Iran's nuclear program have failed. Fortunately, however, because of technical limits, Iran appears to be two to three years away from building an enrichment facility capable of producing sufficient weapons-grade uranium quickly enough to support a credible nuclear weapons option. As a consequence, the Obama administration will likely have some breathing space to develop a new diplomatic approach to prevent Iran from acquiring a nuclear weapons capability. Part of this new approach should involve direct and unconditional talks between the United States and Iran on a range of bilateral issues, as well as formal nuclear negotiations between Iran and the EU-3 plus 3 (France, Germany, and the United Kingdom, plus China, Russia, and the United States). To make these negotiations effective, the new administration should seek agreement among the EU-3 plus 3 to support stronger political and economic sanctions if Iran rejects an offer to resolve the nuclear issue and improve bilateral relations with the United States. Faced with more attractive inducements and the prospect of more serious sanctions, the Iranian regime might be persuaded to limit its nuclear activities below the threshold of a nuclear breakout capability.

If this new diplomatic effort fails to stop Iran from achieving completion of a nuclear breakout capability (that is, the ability to produce significant amounts of weapons-grade uranium), the United States will face a difficult choice: It could accept Iran as a nuclear-capable state with a breakout option and try to build firebreaks to prevent Iran from actually producing such material (and building nuclear weapons). If that fails, the United States could attempt to contain and deter a nuclear-armed Iran, while seeking to discourage oth-

ers in the region from developing nuclear weapons. Or the United States could decide to attack Iran's nuclear facilities in an attempt to damage and set back Iran's breakout capability. But that choice has uncertain prospects for success and very high likelihood of wider conflict and instability. Complicating this dilemma is Israel, which faces a perceived existential threat and could decide to take matters into its own hands even before the United States has decided that the course of diplomacy has been exhausted. Neither an American nor an Israeli military option is likely to produce sufficient gain to be worth the potential costs, but, paradoxically, without a credible military threat, Iran is much less likely to make nuclear concessions that meet U.S. requirements. Therefore, the Obama administration will want Iran to believe that it is prepared to use force if Iran rejects a diplomatic solution.

To prepare for dealing with these difficult choices—and mitigating the downsides of whatever decision is taken—the Obama administration will need early on to begin a quiet discussion with countries, especially Israel and the Arab Gulf states, which will be most directly affected by a nuclear-armed Iran. Iran is already a dangerous adversary and a nuclear-capable or -armed Iran would be more dangerous. If Iran acquires nuclear weapons, it is likely to behave like other nuclear weapons states, trying to intimidate its foes, but not recklessly using its weapons, nor giving them to terrorists, if faced with a credible threat of retaliation by the United States. While a nuclear Iran will prompt a regional nuclear arms race—indeed it already has begun—none of the Arab states has a capability to develop an indigenous weapons program for at least a decade.<sup>1</sup> American diplomacy will have an opportunity to shape

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<sup>1</sup> For example, see the International Institute of Strategic Studies report, *Nuclear Programmes in the Middle East: In the Shadow of Iran* (London: 2008), which comes to the same conclusion.

the regional reaction to a nuclear Iran but will also be constrained by the universal perception of inconsistency in its handling of the Israeli nuclear arsenal. If diplomacy or force fails to prevent Iran from acquiring

nuclear weapons, a declared U.S. nuclear umbrella for the region or parts of it should be a key mechanism for deterring Iran, reassuring Israel, and incorporating our other allies into an effective regional balance.

# ADDRESSING THE ARAB-ISRAELI CONFLICT

STEVEN A. COOK • SHIBLEY TELHAMI

## EXECUTIVE SUMMARY – CHAPTER 5

AFTER SEVEN YEARS ON the back burner of American foreign policy, Arab-Israeli peacemaking needs to become a priority for the new president. Recent trends in Israel and the Palestinian territories have created a situation in which the option of a two-state solution may soon no longer be possible. Failure to forge an agreement will present serious complications for other American policies in the Middle East because the Arab-Israeli conflict remains central not only to Israel and its neighbors but also to the way most Arabs view the United States. Failure will also inevitably pose new strategic and moral challenges for American foreign policy. The need for active and sustained American peace diplomacy is therefore urgent.

The Obama administration's agenda in the Middle East will be crowded: the Iraq war, Iran's nuclear program, the war on al Qaeda, and the supply and cost of energy. These immediate issues make it harder to emphasize Arab-Israeli peacemaking since many of the costs of ignoring it are not directly visible (such as the impact on Arab public opinion) or are long term, such as the consequences of the collapse of the two-state solution. While Arab-Israeli diplomacy should be an important goal of the new administration, it can succeed only as part of a regional initiative that frames the Arab-Israeli issue in the context of other American priorities.

Because the way an administration frames its foreign policy objectives is highly consequential for the direction and effectiveness of any particular initiative, very early in the administration, the president should announce a multitrack "framework for security and peace in the Middle East" that connects the Arab-Israeli conflict to the regional and global agenda.

Resolving this conflict is an important American interest. This is not to suggest that settling the Arab-Israeli

conflict can resolve all the other challenges Washington confronts in the region. Nevertheless, it is a mistake to underestimate the importance of the conflict, even beyond its psychological role in the political identity of most Arabs: it is certainly central to Israel, the Palestinians, Syria, and Lebanon. It remains important to both Jordan and Egypt, the only two Arab states at peace with Israel, who could be drawn further into the conflict if the two-state solution collapses. The conflict remains the prism through which many Arabs view the United States and the source of much of the Arab public's anger with American foreign policy. It is a primary source of militancy, and it is a source of influence for Iran in the Arab world. Pro-American governments in the region face internal public pressures whenever the conflict escalates. While Arab authoritarians have withstood this pressure through repression and co-optation, the gap between publics and governments in the region is wide. This has been a constant source of empowerment for militant groups posing threats to the regional order and to American interests. The American commitment to Israel and American interests in the Arab world ensure that when conflict escalates, the United States is affected or drawn into the conflict. As the United States seeks to end the Iraq war while minimizing its detrimental consequences, regional cooperation in that effort becomes more likely when the Arab-Israeli conflict is reduced. Arab-Israeli peace could change the regional environment for American foreign policy, open new alliance options, and turn public opinion against al Qaeda, much of whose support appears to be based on the logic of the "enemy of my enemy" rather than on an embrace of its agenda.

In designing a broad framework for security and peace in the Middle East, the new administration should learn from the failures and successes of previous American diplomatic efforts. Of particular note are the lessons

drawn in a recent report by a study group of the United States Institute of Peace (of which one of us was a member).<sup>2</sup> Specifically, the Obama administration should undertake a number of steps on the Arab-Israeli front:

- Begin by recognizing that an effective diplomatic initiative aimed at a lasting peace cannot be attained so long as the Palestinians are organizationally divided and without an enforced cease-fire with Israel. These divisions could become even wider if Palestinian presidential elections are not held in January 2009 and Hamas (the Islamic Resistance Movement) no longer recognizes the legitimacy of the presidency. Thus, American diplomacy must begin with the twin aims of encouraging an effective cease-fire and supporting a Palestinian unity government. A unity government negotiating with Israel is not sustainable so long as Hamas carries out violent attacks against its Palestinian competitors and Israel. A central feature of Washington's diplomacy must be to work with its regional allies to induce Hamas into an effective cease-fire coupled with sustained regional efforts to limit the flow of arms into the Palestinian territories.
- Recognize that Hamas's power stems from genuine support among a significant segment of the Palestinian public and that Hamas will likely remain a spoiler as long as it is outside of Palestinian governing institutions. Although there is no guarantee that the organization will play a more constructive role within a national unity government, Washington should support conciliation between Fatah and Hamas as a way to diminish the Islamists' incentive to undermine negotiations, forcing Hamas to either accept a peace agreement that addresses Palestinian rights or lose the support of the Palestinian public. The aim should be less to "reform" Hamas than to put in place political arrangements that are conducive to successful negotiations and that limit Hamas's incentives to be a spoiler.
- Encourage Egypt, Saudi Arabia, and other Arab actors to pressure Hamas to police the cease-fire agreement with Israel and to convince the Hamas leadership to accept the April 2002 Arab League Peace Initiative, especially as Israeli leaders

are voicing renewed interest in that plan. In this context, the United States should be willing to drop its insistence that Hamas accept the Quartet's criteria—recognition of Israel, renunciation of armed struggle, and adherence to previous Israel-Palestinian Authority agreements.

- Recognize that no one can predict election outcomes in Palestine, as the Bush administration discovered, that elections are unlikely to resolve the current Palestinian divisions, and that they cannot be a substitute for efforts of political reconciliation, although such elections should be supported.
- Hold Israel to its commitment to freeze new construction of Jewish settlements in the West Bank and in the Jerusalem area. Critically, this freeze should halt the construction of new communities, outposts, and "thickening" of existing settlements, which often entails expropriation of additional Palestinian land. In addition, Washington must urge Israel to allow Palestinians greater freedom of movement throughout the West Bank. In Gaza, provided the cease-fire between Israel and Hamas holds, the Israelis must permit a greater flow of goods in and out of the territory.
- Appoint a special peace envoy to pursue actively a final-status agreement between Israel and the Palestinians, while coordinating with other tracks of negotiations. A special envoy, however, cannot be a substitute for the direct involvement of the president or the secretary of state, who must be engaged to sustain an effective diplomatic effort.
- Put forth American ideas on final status in the Palestinian-Israeli track at the appropriate moment. To keep the hope of a two-state solution alive, this should be done sooner rather than later.
- Work to bolster and train Palestinian forces to police effectively the West Bank and lay the ground for capable unified Palestinian security forces after an agreement is reached.
- Support Turkish mediation in the Syrian-Israeli negotiations and become more actively engaged in these negotiations as both sides have indicated a strong desire for an American role. The United States should also return its ambassador to Damascus.

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<sup>2</sup> Daniel C. Kurtzer and Scott B. Lasensky, with William B. Quandt, Steven L. Spiegel, and Shibley Z. Telhami, *Negotiating Arab-Israeli Peace: American Leadership in the Middle East* (Washington: U.S. Institute of Peace Press, 2008).

- Encourage the continuation of a Lebanese national unity government and its participation in negotiations with Israel.
- Activate two new multilateral tracks: one addressing regional economic cooperation, especially in a postpeace environment, the other addressing regional security cooperation.
- Develop a plan for the deployment of international forces in the West Bank and Gaza once a peace

agreement is in place; these forces will be essential in the implementation phase for building a unified Palestinian police force and beginning the effective separation of Israelis and Palestinians. Their deployment must commence immediately following an agreement to help coordinate the peaceful withdrawal of Israeli forces.

# ECONOMIC AND POLITICAL DEVELOPMENT IN THE MIDDLE EAST

## MANAGING CHANGE, BUILDING A NEW KIND OF PARTNERSHIP

ISOBEL COLEMAN • TAMARA COFMAN WITTES

### EXECUTIVE SUMMARY – CHAPTER 6

U.S.-ARAB STRATEGIC COOPERATION in coming years will be crucial to confronting common regional challenges, but to be effective it will need to overcome the tensions of the past eight years. These tensions arose not merely from differences between the United States and its major regional Arab partners over the war in Iraq, U.S. counterterrorism policies, American neglect of the Arab-Israeli conflict, and its approach to Iran, but also from the Bush administration's start-and-stop attempts to encourage democracy. Bush's Freedom Agenda produced slim gains, while creating cynicism about American interest in democracy among regional activists, as well as tensions with Arab leaders. In the face of heightened public resentment of the United States in the region, U.S.-Arab strategic cooperation now faces greater scrutiny, and its underlying logic is less compelling and clear—to the publics both here and in the region and to some policymakers—than in the past. U.S. relations with Egypt, rooted in cooperation on Arab-Israeli peacemaking for over thirty years, have suffered as the peace process has faltered and domestic governance and human rights issues in Egypt have become a more prominent bone of contention. U.S.-Saudi relations have improved in recent years after the deep strains imposed by 9/11 and differences over the priority given to the Palestinian issue, but in the minds of many on both sides, the issues that divide outweigh those that bind.

As tempting as it may be, President Obama cannot simply set aside concerns over democracy and development in favor of securing other interests. The challenges of domestic reform are increasingly the primary focus of many regional actors. They are a major topic of public and private conversation both in countries that are modernizing and prospering, and in those that are not. Demands for improved government and economic performance are pressed by international lenders and

investors, as well as by local elites and hungry or angry publics. These heightened demands for reform are conditioning the environment within which the United States must operate to secure its interests in the Middle East in coming years.

The United States no longer faces a choice between supporting democratization and economic liberalization or protecting a mythic status quo. The region is already in the midst of transition. America has a clear stake in helping its key Arab partners, notably Egypt and Saudi Arabia, achieve smooth transitions on several levels:

- from closely controlled economies to ones that are open to vibrant local and global competition;
- from political systems that force their citizens to choose between supporting autocratic regimes and joining (illiberal and often autocratic) Islamist movements to a more diverse and open political marketplace; and
- from an aging political leadership to a new generation that may—or may not—prove more enlightened.

Disengagement from the domestic problems of the Arab world is a tempting policy option for the new U.S. president. However, with heavy investments and interests throughout the region, the United States cannot afford to walk away from its role in shaping the region's future.

America's long-term interests are still best served by encouraging its authoritarian allies to move along a path of liberalizing political and economic reforms. The United States should use its economic and political leverage to help build a more stable and prosperous Middle East that gives a vast and rising young generation hope for the future and reason to resist

the dark visions purveyed by regional radicals. Only through more open and transparent political and economic systems will the region be able to accommodate the demands of its unprecedented youth bulge; only through expanding participation in politics will Arab leaders be able to develop their political legitimacy with this new generation and build public support for key policies, including both painful economic reforms and strategic cooperation with the United States.

Building a sustainable and effective policy to encourage Arab political and economic development will require a more honest balancing of America's strategic priorities. The mismatch between the Bush administration's lofty freedom and democracy rhetoric and the roller-coaster inconsistency of its actions has seriously eroded U.S. credibility. In particular, the Bush administration's conflation of democracy with elections produced illiberal results and undermined support for the deeper social and cultural changes and institution building that underpin real democratic progress. It is important for President Obama to stake out clearly the values America stands

for and will actively encourage and to make a case for democratic reform that speaks to the needs and aspirations of Arab citizens. But he must also acknowledge that political evolution takes time, and that the United States, while retaining significant influence over many of the region's authoritarian rulers, cannot dictate terms to them. Moreover, any American role in encouraging liberal change in the Middle East must acknowledge the inevitable tensions between promoting reform and securing other strategic goals. America's role is to provide a framework that incentivizes reform for local leaders and to support efforts by local reformers, while placing democracy and development into the context of broader U.S.-Arab strategic cooperation.

It is also time to institute in-depth reviews of U.S. relations with Saudi Arabia and Egypt, in order to place American policy on political and economic reform in a coherent context that anticipates and resolves necessary trade-offs between reform and other strategic goals. This process must take place before the soon-expected leadership transitions in Egypt and Saudi Arabia.

# COUNTERTERRORISM AND U.S. POLICY TOWARD THE MIDDLE EAST

DANIEL BYMAN • STEVEN SIMON

## EXECUTIVE SUMMARY – CHAPTER 7

PRESIDENT OBAMA should make counterterrorism an integral part of his approach to the Middle East but not the only driver of his regional policy. Terrorist attacks can derail, at times dramatically, an administration's regional objectives and in extreme circumstances can cause tremendous loss of innocent life and reduced public confidence in government.<sup>3</sup> The radicalization that underpins terrorism stemming from the Middle East will make it harder for the new administration to pursue political reform in the region and to enlist regional governments in cooperative endeavors. In addition to these threats to U.S. regional interests, a successful attack carried out on U.S. soil or against American civilians abroad could lead to a significant loss of life and may create domestic political pressures for actions that would be difficult to resist even though this might prove counterproductive. Counterterrorism, therefore, should be seen as a significant policy concern but weighed among many interests. Moreover, counterterrorism does not occur in a vacuum: for it to succeed, other U.S. interests must also advance.

The Obama administration can reduce the threat posed by terrorism by implementing the following policies:

*Strengthen local capacities to counter violent extremism.* Terrorism is best fought by governments in the region, but the United States can play a key role in bolstering their intelligence, police, financial, and other capabilities.

*Help local states apply best practices for deradicalization.* Regional states, particularly Saudi

Arabia, have tried to develop effective means to fight radicalization and stop the rise of militancy. However, regional programs are of uneven quality and some are in their early stages. The United States should encourage use of the most successful methods.

*Avoid, to the extent possible, reinforcing perceptions that the United States is at war with Islam.* Although it is difficult for the United States to send a consistent message, a presidential priority should be to make clear that the U.S. struggle is focused on a relatively small group of violent radicals out of touch with the mainstream of their religion.

*Help ensure that Iraqi refugee camps in Jordan and Syria do not become sources of militancy.* Refugee aid programs and greater government capacity are necessary to reduce the risk that the 2 million Iraqi refugees could over time support violence back in Iraq and become a source of unrest in their host countries.

*If a decision is made to pull out from Iraq, retain U.S. military and intelligence capacity in the country that is sufficient to disrupt al Qaeda activities.* Al Qaeda of Iraq (AQI) is down but not out, and if there is a U.S. drawdown, the president needs to ensure that the capacity remains to operate effectively against AQI.

*Continue to fund the Sunni Awakening in Iraq and press the government of Iraq to bring as many Sunni*

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<sup>3</sup> Dramatic terrorist attacks by militant groups have seriously undermined the reconstitution of Iraq, drove a wedge between the United States and Pakistan, destabilized Afghanistan, complicated U.S.-Saudi relations, and reduced the possibility of an Israeli-Palestinian accord. In Europe, terrorism stemming from the Middle East killed 191 people in Madrid in March 2004 and triggered the fall of Spain's pro-American government.

*volunteers into the security forces as possible so that members do not restore ties to al Qaeda.*

*Counter Hamas and Hezbollah by working with regional allies to strengthen their security-related institutions rather than by directly challenging these deeply rooted movements.*

*Recognize the danger of failed or failing states in the region as incubators of and magnets for terrorist groups. U.S. programs designed to strengthen law enforcement, the judiciary, the police and security services, and other institutions of governance in such states must be augmented.*