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CAMPAIGN 2012: ARAB AWAKENING

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Welcome and Introduction:

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PROCEEDINGS

MR. WITTES: So I think we're going to get started.

Welcome to the, I believe, the 10th of the Brookings Campaign 2012 events. My name is Benjamin Wittes. I'm a Senior Fellow in Governance Studies and Director of the Campaign 2012 Project.

You know, sometimes when we sat down to sort of imagine the issues that we were going to cover in the Campaign 2012 Project, we had to divide the world up into 12 subjects, and that's necessarily an arbitrary exercise. And sometimes you get one that kind of the candidates don't end up talking about.

And I kind of expected when we put in the Arab Spring and sort of developments in the Middle East that this one of those issues that the candidates just weren't going to be spending a lot of time talking about. And until about two weeks ago that was right, and this event was going to have to start out with, well, the candidates don't seem to be talking about, but it's really important.

And then, you know, sometimes the event just comes to match the subjects that you list, and that's really what's happened here. And it's kind of exploded on to the campaign. So we're going to have a very timely discussion.

I'm just going to say a brief words about sort of overview of

the Campaign 2012 Project for those of you for whom this is the first event that you've been to. We divided the world of the campaign up into 12 subject matters. For each of them, we asked one Brookings scholar to write a main paper kind of outlining with the Obama Administration's record on the subject is, what the critique of the record is from the Republican first candidates and now candidate, and then trying to synthesize the merits of the record, the merits of the critique, into something like a set of recommendations for the next Administration, whether it be a next term of an Obama Administration or first term of a Romney Administration.

And then for each of these, we held an event in which we got all the authors together in an event moderated by a reporter from the POLITICO. And this is now the 10th of these events, and we will have one more, and then a wrap-up event to come.

So I will get out of the way. Let me just introduce the panel. So our main paper for the Arab Spring was written by Shadi Hamid, who is Director of Research for the Saban Center -- I'm sorry, for the Brookings Doha Center, which is part of the Saban Center. And commenting during the response papers was Senior Fellow and Director of the Saban Center, Tamara Wittes. And Raj Desai, who is a non-resident Senior Fellow in Global Economy and Development and on the faculty at Georgetown. And moderating from the POLITICO is defense reporter, Stephanie

Gaskell.

So with that, enjoy. Welcome. And I'll turn it over to you, Stephanie.

MS. GASKELL: Thanks, Ben. Good morning, everybody. Thanks for being here. Like you said, there has definitely been a pivot in this political campaign where the word were "economy," "economy," "economy." And now there is a lot more discussion about foreign policy and which candidate would do what, and especially in the region of the Middle East and other areas as well. But that's our focus today.

The Middle East is, you know, embroiled in these anti-American protests over this film. You guys are all up to date on that. But what I want to talk about first, Shadi, is how far we've come not only from Tahrir Square and the revolution that took place there, but President Obama's speech in Cairo. And I'd like you to just sort of take us from what our hopes and what Obama's plans for the region were when he gave that speech, and sort of how we've gotten to this place now, which just, you know, has gone up and down and up and down. And then we can move on from there.

But I think to set the stage, it would be good to just sort of talk about what Obama's plan and, you know, the tack that he was taking in the region and how we've gotten to this point where there are protests across the region.

MR. HAMID: Yeah, thanks. So let's just start pre-Arab Spring. It's important to know where Obama was when all of this started.

He obviously wanted to distance himself from the Bush Administration and the whole aggressive democracy promotion posture. And one of the priorities in 2009, 2010 before the Arab Spring was to rebuild these damaged relationships, including with some Arab plutocracies, including Egypt. There was a sense that the relationship had become very tense and icy.

So when the Arab Spring came, I would argue that the Obama Administration was not in the right place. It wasn't prepared because it wasn't oriented towards this democracy promotion approach. So I think it's somewhat unrealistic to expect that a bureaucratic structure - - and this goes far, you know, successive Administrations for decades -- were oriented towards supporting a status quo, maintaining the status quo. So when the Arab Spring comes, you can't change U.S. policy overnight and do a 180. And so in some ways it's a structural problem that becomes very difficult to address.

Now going to the Arab Spring, I would argue that the Obama Administration lost a major opportunity. And I was just brushing up on my Marshall Plan numbers. It might not be a fair comparison, but I think it's instructive. Between '48 and '51, the Marshall Plan dispersed \$13.2 billion. In current dollars, that's \$117 billion.

Now I tried to look at the additional aid that we've committed, and, Tammy, you can tell me if I'm getting the numbers a little bit wrong here. But around \$2.2 billion of new aid has been allocated towards the Arab Spring in the past year and a half. So just look at that comparison for a second: \$117 billion versus about, you know, \$2 billion.

So I think that shows that we're not making this the kind of top level priority that it should be. Of course it's not on the same scale of rebuilding Europe, but I do think that the Arab Spring will prove to be a very important moment. And when we look back 10 or 20 years from now, I think we'll see this as pivotal in changing the Arab world.

Now I think that's one problem. There hasn't been the political will and interest to really push hard with more funding. Of course there is a domestic constraint obviously, and Republicans are not very fond of foreign aid, right? But I would make the point that right when the Egyptian protests broke out, the American people were interested. They were excited. There was a sense that something amazing was happening. That was the time to really make the case to the American people that there had to be a real strong commitment. And I don't think that the Obama Administration really made that case and laid out that narrative for the American people. His first major speech on the Arab Awakenings was in May, many months after the first protests first broke out.

So now a year and a half later, in some ways it's too late. You can't come now and make the argument that we need to commit another \$5 billion or something like that. That becomes very difficult to do so late in the game when there is a lot of Arab Spring fatigue in the U.S. certainly.

Now the other point I'd just make is there's a broader question of U.S. credibility in the region. And unfortunately, U.S. favorability ratings in several Arab countries are lower under Obama than they were in the final years of the Bush Administration. Now that's a big discussion of why that might be, but I think that should force us to reflect and try to understand why didn't things turn out better than they did when Obama promised a new beginning for the Arab world in his Cairo speech.

This brings us to the issue of U.S. credibility and leverage. I would say, and whether it's fair or not is a different issue. But there is a widespread perception in the region that the Obama Administration is weak and somewhat feckless and can't really be counted on. And there's a sense, so when you talk to Arab revolutionaries, they'll say the U.S. is still siding with dictators. When you talk to dictators, including Gulf leaders, they'll say that the Obama Administration has naively supported the Arab Spring.

Now for a variety of reasons we've managed to alienate both sides of the Arab divide. Now that's a big problem. And I think in some

sense because Obama has not been clear about his strategy and it's been inconsistent, so we have one policy in Bahrain and the Gulf countries -- Morocco and Jordan, where it's pretty much business as usual. We're just tinkering around the margins, compared to the transitional countries -- Egypt, Tunisia, and Libya, where we have made some positive steps and we have tried to support the transitions to various degrees. So those two different ways of approaching the Arab Spring I think are really worth noting.

And lastly, I'll just say on this issue of weakness, because that's something you hear a lot from Republicans, right, that Obama lacks resolve and so on. I think there is a case to be made that the U.S. has made many threats in the Arab world. So whether it's putting pressure on Netanyahu to halt settlement growth and then backing down, or threatening to freeze aid to Egypt during the NGO crisis of March and then backing down. You can see a pattern of making threats, but not following up.

So I think there is a sense developing now that U.S. threats are no longer credible, or even U.S. pressure. Forget about threats for a second.

MS. GASKELL: Or promises.

MR. HAMID: Promises, too, but certainly U.S. pressure.

There's a sense that if you stand up to the U.S. and you hold your ground,

the U.S. is going to back down. And I think that perception is a dangerous one if we want to accomplish our goals because when we do try to push, we're not getting the response that we're looking for.

MS. GASKELL: Well, that sounds like a bit of a tightrope to walk because I know that one of Obama's goals was to sort of soften our message towards the Middle East. And, you know, I guess Republicans might call it being apologetic or weak. But his idea was to, you know, have a little bit more diplomacy and dignity. You just made so many points; I want to come back to a few of them.

But how do you walk that tightrope? How do you be strong, but not too strong because either way it might not work in your favor?

MS. WITTES: Well, you know, I think that's an important question to ask, and I think we have to look at it in the broader context of U.S.-Middle East policy over the last several years, not only the Arab Spring, but the broader arch of the Obama Administration was trying to achieve.

The primary policy objective set by the Obama Administration with respect to the Middle East during the campaign and upon entering office was to end the war in Iraq, and that was achieved. And it was achieved in the face of a lot of anxiety and concern over whether the United States could sufficiently protect and advance its interests in this region while removing that military presence.

The Obama Administration's answer was a decisive yes, that the preservation and promotion of American interests does not demand boots on the ground in the Middle East ad infinitum. And they've carried that out.

And I actually think that that signal aspect is a really important component of this discussion when you're evaluating the question of how well positioned was the Obama Administration when the Arab Spring took off, and how does it walk the tightrope that you described, because it's hard to prove counterfactuals or evaluate counterfactuals.

But had the United States still been in Iraq seen by not only Iraqis, but the region as a whole, as a military occupier, I think we would've been in a very, very different place in attempting to embrace the change that got under way in December 2010.

That said, you know, I think that there is inevitably a challenge for the U.S., which, as Shadi said, has been a status quo power for more than a generation in the region in coping with dramatic change. And I think there is no foreign policy challenge that's more difficult for a super power than dealing with fundamental political change in one of its allies. And that's what happened in Egypt.

You know, we've seen this over and over, whether it was Chile under Pinochet or the Philippines under Marcos. This is just a really

tough foreign policy challenge for the United States.

Given that, I think that, you know, Obama's signal insight here was one that I think a lot of us, you know, Raj, and I, and others were doing scholarship on in advance of the Arab Spring, which is that the events we saw erupt were the culmination of trends that had been building in the region for years, for a decade or more -- economic trends, demographic trends, changes in the information environment -- that fundamentally altered the relationship between government and citizens.

And so when those protests erupted, there was a sense of inevitability about it and recognizing that and saying, this is not a train that the United States can stop. This is change we're going to have to deal with. That was a crucial moment and a crucial decision, and I think very much the right one.

The biggest challenge, I think, going forward continuing to walk this tight rope, I would highlight two things. Number one is a budgetary question or a monetary question. Not that U.S. policy is judged entirely by our foreign assistance, not that we can use our foreign assistance to achieve all our policy goals on the ground. But Shadi pointed out the disparity of the response given the intensity of American interests invested in this region, the intensity of international security interests invested in this region.

The fact that we haven't been able to mobilize a larger

degree of financial support not only from the U.S., but multilaterally, is troubling. Now of course, we've been in a global economic recession. We're constrained. We're less constrained than some of our international partners. But that is all exacerbated by our political environment, by the fact that we haven't been able to have a normal appropriations process between the legislative and executive branch in years.

So, you know, I was serving in the Administration during the Arab Awakening. We were trying to mobilize assistance for a response. We didn't know when or if we were going to have a budget. It's very hard to mobilize resources when you don't know what the top line figure is going to be. So that's one thing, the relationship between our domestic politics and our foreign policy.

The other thing, though, gets back to the point you started with, which is these protests that we've seen over the last couple of weeks and the anxiety that I think has been provoked by them among many Americans over what does this portend regarding the future of the region, the rise of Islamist movements to power. Does this mean that this is just bad for the U.S.? Look at this backlash.

I think, you know, putting this in a broader context, again for those of us who have been watching this region for a while, the initial victory of Islamist political movements in the wake of authoritarianism was a surprise to no one. It was, to some extent, inexorable. But the

continued victory or prominence of these movements I think is very questionable. And, in fact, what we saw in these protests over the last couple of weeks in many ways was an argument going on among and between different Islamist movements using us and using this video as a kind of political football.

That competition for what's the nature of Arab politics Poland's going to be, how Muslim is it going to be, how Sunni is it going to be, how orthodox is it going to be? Those arguments are going to go on for a long time.

So I think the challenge the U.S. faces going forward, no matter who's elected in November, is trying to build relationships with these countries while they're having that argument, knowing that we are going to continue to be caught in the middle.

MS. GASKELL: Okay. Well, it's one thing to try to compel Congress to do something, you know. We could talk for hours about that. But the next President, how do you make this case to the American people after over a decade of war where, you know, they're not quite sure what the success was or is going to be in either place? And then, you know, you've got these protests. If you're a President of the United States, you have to make that case to the American people. How do you do that? And how do you get them to agree to commit billions of dollars to a region that most Americans don't even understand or even know where

it is?

You know, I want to talk more in depth about the economic solution because I find that very interesting. But how would you even sell that? Let's say that we decided that's the way to go. Let's do a Marshall Plan and send a lot of money. How would you convince the American people to get behind that? What's the argument? Sorry. But what's the argument there?

MR. DESAI: Well, there's a short-term argument and a long-term argument. The short-term argument is that some of these countries, in particular, Egypt, is about to descend into a full-blown economic crisis. They have about three months of reserves left in their central bank. The new authority shows no willingness to devalue the pound, the Egyptian pound. They're talking about a gradual drop. Investors continue to flee from the country. This is a country that is dependent on tourism, foreign aid, remittances. All of those sources of funds have dried up.

You know, if we think things are bad in Egypt now economically, and I really do not want to exaggerate. But I think that if the authorities are forced into an unexpected devaluation, the consequences of that would be even more dramatic. So there's a short-term imperative to stabilize these economies that the U.S. and our partners can assist.

There's also a longer-term rationale, which is that the democratization and stable economies are much more likely to take root in

countries that are enveloped in a series of linkages to international players, including the U.S., the EU, Japan, and so on. And obviously this is not just foreign aid, but trade, investment, capital, educational, social, cultural exchanges. All of those things that in Central Europe and in Eastern Europe, for example, after the Cold War, made the difference between democratic reversals and democratic consolidation.

So that's how I would sell it. It's not going to be an easy task as Tamara and Shadi have both pointed out. We are resource constrained. The initial response from the Deauville Partnership, the G8 Partnership, to create a reform fund was, I think, \$250 million over four years.

Now to put that in context, in the few years before the Arab Spring, the World Bank just in development policy loan was dispersing about \$1 billion to the region every year. So if we spread out \$250 million over four years, we're talking about less than one percent of what the World Bank gave in one type of lending instrument. So it's not a huge amount of money that we've been talking about.

So the response has been pretty scant, and I accept that this sales pitch is going to be difficult. But it seems to me quite important.

MS. GASKELL: When you describe it that way, most people would understand. But, you know, especially in a new cycle where it's a blip, you know. I mean, literally it's a blip now. I don't understand how you

would be able to convince the American people to spend all of this money on a region that's far away when we've got our own economic problems here.

And I just see that as like the number one obstacle towards creating some kind of, you know, vision for the region where you could lay it out and say this is, you know, what we're going to do, these are what our goals are.

Shadi, I wanted to talk to you a little bit about that vision because you wrote about that. Each country in the region is different, and our response has been different to each, you know, uprising, or unrest, or overthrow. Can you talk a little bit about whether that's the right approach is to, you know, keep your options open as events unfold, or should we be laying out some sort of maybe doctrine or, as you called it, a coherent vision? What should that vision be, and how do you apply it when there are so many intricacies to each government?

MR. HAMID: Yeah. So I think the best way to describe the current Obama approach is this kind of boutique case-by-case strategy, which actually no one would disagree with. I wouldn't come here and say that we should treat every country the same. That's a straw man. No one is really arguing that. But you can have a boutique case-by-case strategy within the framework of a broader strategic vision.

But I feel like what's happening is the response is very ad

hoc and reactive. We're not being proactive. Let me just give one example: Jordan, a country that no one really seems to care about, but is actually extremely important for U.S. interests. It's the second largest per capita recipient of U.S. aid. It's one of two countries with a peace treaty with Israel. And it is going through a very difficult phase: increasing discontent, increasing attacks on the royal family, continuous protests. Jordan is a powder keg, a potential powder keg.

Now we can of course wait until things go downhill and then decide to react, right? Or we could try to think ahead and see what we can do to help the Jordanians move along the path of reform and to incentivize that movement towards greater democracy and reform. And that would be with, you know, a combination of carrots and sticks of incentivizing aid.

And what I argue in the paper is that any additional economic assistance should not be given carte blanche. It should be tied to explicit benchmarks on political reform. If countries want additional aid, they have to meet these expectations. And that's where the idea of a multilateral reform endowment comes where I say that, you know, we have to have a big pot of money. The U.S. needs to work with its partners, and then to say here is money that we're willing to use to support reform in the region. And again, the benchmarks are critical. So I think that's one way to have a more proactive approach.

Let's talk about the Gulf. Saudi Arabia isn't the most stable country in the world, and it's even more important than Jordan. Again, do we want to wait until Saudi Arabia destabilizes to do something about it? I don't think so. And obviously Saudi Arabia is a very delicate situation. There's not going to be democratic elections overnight, so of course you have to have a tailored response. But I do think we have to have a serious conversation in Washington about how we can start putting maybe at first gentle pressure, figuring out how we can push that case with them and perhaps tie that to other security interests.

MS. WITTES: Could I piggyback on what Shadi just said? I think that the boutique approach or the case-by-case approach, which the Administration has articulated again and again, you know, that that's what they're doing, made sense when events were really unpredictable, where patterns weren't clear, and indeed where a lot of key American partners were not really sure where they stood or how they wanted to orient themselves. But it's been nearly two years now, and we can see some broader trends emerging in the region that the U.S. now needs to adapt its policy in response to.

I think one of the things that has happened over the course of the last two years is that the U.S. has come increasingly to rely on its Gulf Arab partners in its response to political change in other Arab countries. But those same Gulf Arab partners are themselves deeply

skeptical of reform. They believe reform is destabilizing, whereas the United States believes that the status quo is destabilizing and reform is necessary for stability over the long term.

And so those Gulf actors are engaging in those other parts of the region, Syria in particular, in ways that are somewhat congruent with our interests, but somewhat divergent from our interests.

Now in the context where we're anticipating the potential of confrontation with Iran over its nuclear program, clearly America's partnerships with our Gulf Arab allies are really, really important. And clearly those states are important to the stability of the region, the stability of the global economy because of their energy production and so on.

And yet the core disparity between America's understanding of what's taking place in terms of political change in the Arab world and their understanding between what we're trying to do -- build up Tunisia, Egypt, Libya as stable, successful, strong states in the region. And the Arab partners desire not to see them go over a cliff, but not necessarily to see them take off as regional powers either. This divergence is something we're going to have to reckon with.

MS. GASKELL: Well, you said that there were some trends among all of them. Can you talk about what unifies?

MS. WITTES: Sure. I mean, you know, initially in Tunisia, in Egypt, and initially in Bahrain and Yemen as well, we saw peaceful

protests. And in Syria the movement began as a nonviolent protest movement. But beginning with some violence in Yemen and then really in Libya with Gadhafi's violent response, the dynamic between government and citizens shifted. At first citizens were ahead of the curve, pushing nonviolence, and governments were on their back. Ben Ali and Mubarak left without shooting.

And then the dynamic changed. It became --

MS. GASKELL: Is that a key moment that we are not making taking full advantage of? Is that one moment in time where --

MS. GASKELL: Look, we can't control how those leaders are going to respond to a challenge from within their own country. We could try to use our leverage, and we did try to use our leverage, and in some cases successfully. But once Gadhafi made the decision and, you know, went on TV and said I'm going to go alley to alley and hunt you down, that wasn't something we were going to be able to leverage. Bashar al-Assad clearly has made a decision that this is an existential battle. There is not a nonviolent solution in Syria available to us.

And so I think that that change in reality, that change in the dynamic, forced the United States to get behind armed opposition in Libya, and now more and more sliding the slope in Syria. And that has implications for the way we're perceived. It also has implications for the clarity of our message of what we're there to do. And I think it's very

challenging, particularly to an Obama Administration that said it wants to get out of military engagement in the region.

MS. GASKELL: I'd like to ask you all what you think the greater vision for the region should be. You know, if you would like to see the next President stand up and say, okay, I want to lay this out in very clear, simple terms. These are our goals in the region. Now whether you boutique those goals, you know, as needed. But what should be the broader message, not to the American people, not to the people of the region.

MR. HAMID: The American people.

MS. GASKELL: Yeah, to the American people. What do you tell them what our goals are?

MR. HAMID: Yeah. Well, I think one thing is we can't just make an argument about interests. There has to be, for lack of a better way of putting it, a broader ideological appeal. And we have to kind of tap into our founding values as a country. And I think Americans generally are open to that kind of argument even if they're generally skeptical about the Middle East.

I don't think we've told that story. These are people that are fighting for their freedom in revolutions that are in some ways similar to our own. So I think that's an important part of it. So there has to be that political will and political leadership behind it.

Now there is a difficult question when it comes to military intervention, and Tammy alluded to this. And I think Syria is going to be one of the biggest challenges that the next President faces. And we're going to have to ask ourselves, you know -- I mean, there's a bigger debate in Washington about how much the U.S. matters in the Arab world, and also more broadly enough, in other regions. Are we a diminishing power, or can we still act decisively and really have a major impact in these countries?

And the Obama Administration will often say it's not about us, it's about them. That's certainly true. These are indigenous movements. But I would say, you know, Syria really shows that the U.S. is absolutely indispensable. Everyone is waiting around not willing to act because they're waiting to see what the U.S. will do. The Turks are not going to go in. The Gulf countries are not going to do a lot more unless they get a clear signal from the U.S. that the U.S. is behind a greater military involvement, whether that's through arming and training the opposition, a no fly zone, whatever else the list of possibilities are there.

So, in fact, I would say Syria, Libya, Yemen are three countries where international factors were decisive, so the U.S. still very much matters. And when we talk about even Egypt and Tunisia, the U.S. and its allies will play a very important role in stabilizing these economies, as Raj said. So I think, you know, one takeaway there is, you know, there

is a real role to play for the U.S. and for its allies.

MR. DESAI: I think there are a couple of patterns. There's obviously a split between the Gulf monarchies and --

MS. GASKELL: I'm sorry?

MR. DESAI: I'm sorry, between the Gulf monarchies and the republic Arab states. And on the cusp, I guess, are these monarchies that may or may not become constitutional monarchies, such as Morocco and Jordan, that the Gulf states are trying to keep in their fold by, for example, inviting them to join the Gulf Cooperation Council, by providing them with assistance that they may not be getting from international agencies and other donors.

The other pattern is that it has become clear now -- there has been quite a bit of polling done in the Arab Spring countries. It has become quite clear what the citizens themselves want, at least what they say they want. So there are two sales things. There's two sales pitches. One is, of course, to American citizens regarding American policy in the region. The other is towards the populations in these countries.

And what we see in terms of what they want from democracy, what they consider the most important characteristic of democracy. It's not elections. As much as we would like it to be, it's not elections. It's not the right to criticize. It's not religious freedom. It's not other forms of civil rights. It is, for lack of a better term, low income

inequality or more equality of economic opportunity and for service delivery, for proper delivery, effective, reliable delivery of public goods and services. Those are the two things that vast majorities in Tunisia, Egypt, and Yemen at least, as well as Jordan, want, or this is the most important -- according to the respondents -- the most important characteristic of democracy.

So it seems to me that if the economies fail to deliver on these two issues -- on improving equality of opportunity, especially for youth, and improving the functioning of the public sector -- that there is a very big chance of democratic reversal very soon.

We can think about those countries, especially Egypt and Tunisia, let's say, as there are insiders, regime insiders, and/or country insiders that tend to be formal sector employees who, generally speaking, are employed in the public sector, and everyone else who is in the informal sector and everyone under the age of 30. Those people have not gotten all the goodies that the others have gotten, you know, in terms of guaranteed employment contracts, housing subsidies, food subsidies, fuel subsidies. All of that stuff has been reduced for youth and for people in the informal sector.

Now the traditional approach to most donors has been to fund the public sector, fund civil service salaries, fund salaries of the military, you know, more government spending, which tends to go to the

group of insiders that have power. And I think that the United States, and the EU, and other donors should really clearly, a little bit more innovatively focus on how to provide resources to the group that has been excluded. And that may involve dealing with non-governmental partners, which is not something that the Deauville Partnership has focused on yet, for example, and other forms of assistance.

MS. GASKELL: That's a great point.

MS. WITTES: Yeah. I think it's a very important point, the Deauville Partnership's \$250 million over four years. In some ways I think they agree with your theory of the case, but their implementation thus far is lacking. This money is meant to go to technical assistance to government so that they can get better at encouraging the private sector. Well, that's not going to be a job creation mechanism. And the kind of money that's necessary to really kick start the private sector, it's not necessarily donor money. Some of it is investor money, and it does have to do with the regulatory climate and so on. But there is a lot more to do than provide technical assistance to the public sector.

And it's biting that bullet, it's what it takes to build public/private partnerships, to work with NGOs who are doing training. These are things that donor governments are not fully comfortable with.

One other point I wanted to make about messaging going back to these riots over the last couple of weeks, the United States has

been emphasizing freedom of speech and the importance of respect for religion. But I think in some ways there's more than can be done on the messaging side, because we've talked about freedom of speech as something that is deeply rooted in American culture. It's a cherished democratic value, and it's something that we think democratic societies need to embrace. For a lot of people who are offended by this video, that's kind of tough to swallow.

The other part of this, though, is that respect for religious tolerance and religious pluralism and mutual respect amongst religions is also deeply rooted in American history, in American culture, and in our democratic values. Who came to the New World? People fleeing religious persecution. And that's always been part of our story as well.

I think it can help to ameliorate some of the perceived gap between, you know, American values and the values of other parts of the world when we remind ourselves and them that those sorts of things are also part of our story.

MR. HAMID: This is, I think, a really important point because it gets to, I think, some of the disillusion here in the U.S. with the direction of the Arab Spring.

You know, I do think in some ways there is a clash of values. And democracy and liberalism don't necessarily go hand-in-hand, and what we may be seeing now is the development of illiberal democracies.

MS. WITTES: Although the American argument would be that if you want democracy to succeed over time, liberalism must go along with it.

MS. GASKELL: We've heard this argument. We've heard this in Iraq and Afghanistan as well where, you know, you can't expect our kind of democracy. I mean, you know, I feel like that's sort of the same argument we're making here.

MR. HAMID: Yeah. I mean, just to give an example on something that's very dear to most Americans, gender equality, women's rights. According to an April 2011 YouGov poll, only 18 percent of Egyptians said they support a female president. And there's many other examples like that that we can go through. High levels of support for the Hudud punishments, cutting off the hands of thieves, and stoning adulterers.

Now maybe people are saying something to pollsters that they don't actually believe because they feel under pressure. I mean, that's a bigger discussion about whether polling is reliable in the Middle East or not. But we are talking about religiously conservative cultures. And what does democracy mean? It means that leaders have to be responsive to popular sentiment. So if popular sentiment is very pro-religion or if popular sentiment is very anti-American, then leaders are going to have to take that into account as they formulate their decisions.

So that's going to be a recurring tension and really a problem for the U.S. going forward, and we saw that most starkly in the protests the other week. And what I think a lot of people were asking, why can't these elected leaders take a stronger stand against these protests, some of which became violent? And part of the answer to that is they felt they had to appeal to two completely different audiences: the international community, which wanted to hear one thing, but also their domestic constituency, including far right Salafi groups that are becoming more powerful. And they want to see leaders who are defending Islam and really taking a strong stand against America in that regard.

MS. GASKELL: Yeah, that really is kind of an interesting paradox there where, you know, you've created this democracy that is beholden to its constituents, and you have to listen to your constituents.

Let's talk about the candidates again, and we can just go down the line. But can you just talk a little bit about what a second term Obama presidency means for the region, and what a Romney presidency would mean, both in the way that they would act and also how countries in the Middle East, would they prefer one or the other, or are they afraid of one more than the other? And just take a full approach to that question. But President Obama, term two, President Romney, term one. Crystal ball.

MS. WITTES: Well, maybe I'll start. I think that a number of

the dilemmas that we've laid out for U.S. policy are the same regardless of who wins. American interests in the region are the same. They're quite consistent before and after the Arab Spring. And so either one of these gentleman is going to have to resolve these dilemmas.

I actually expect that there wouldn't be huge differences in terms of their approach to the transition countries or to the broader issue of the Arab Awakening.

So I think that what you've seen in the campaigns is an effort to create differentiation more on tone than on substance, and to sort of use the Middle East as a focal point for making a broader critique about -- on Romney's part, a broader critique about Obama and what he's done for America and the world, this decline as an argument and so on. And on the Obama Administration side, to say, you know, we have some achievements in Iraq and Afghanistan, and we've shifted our policy away from a sort of more militarized. The same arguments that the Obama Administration was making when it first ran for office. So again, I think it's more tone than substance.

Actually I think the two Middle East policy issues where you might see significant differences are neither of them directly tied to the Arab Awakening. One is Iran and the other is the Middle East peace process.

I think that, you know, Romney, these are two of the issues

where he's actually sent fairly clear signals on foreign policy. A lot of foreign policy issues he's critiqued Obama, but kind of hedged on what he would do. But on those two, he's been pretty clear by including in this video from the fundraiser in Florida that came out last week saying on the peace process, I don't think there's anything to do. We're going to kick that can down the road, which, to be fair, a lot of presidential candidates have thought. But it's a problem that tends to land on your doorstep. And on Iran, to try and say he'd take a very assertive approach.

MR. HAMID: Yeah. I would say there's a very interesting tension within the Republican Party. You have one faction that's more in line with neoconservative ideas that still does believe in democracy promotion abroad. I mean, not always in terms of implementation, but at least from a theoretical perspective, really do believe that.

You have another side of the Republican Party, the more Tea Party influence part, that thinks that we threw Mubarak under the bus, we should've stuck by our allies, we shouldn't have gotten so involved in the Arab Spring. And that's an argument that Michelle Bachmann and others have made.

So how do you really square the circle with those different narratives? And even within the neocon strain, there is a real tension there, too. So neoconservatives support democracy, right? But what happens with democratic governance in the Middle East? They tend to be

Islamist. Islamists tend to win free and fair elections.

But neoconservatives don't feel comfortable with Islamists coming to power for a variety of strategic reasons. They feel that Islamists are a threat often to American interests in the region, particularly as it relates to Israel. And unfortunately, Israeli security has become increasingly a partisan issue where Republicans are using that against Democrats.

So I think that tension is a very difficult one for the Republicans to resolve. I don't know how they would do it.

MR. DESAI: So I was at a conference in Stockholm in June sponsored by the Swedish International Development Agency. And there were Egyptians, Egyptian scholars, and experts who know quite a lot more on the Muslim Brotherhood than I certainly. And they were essentially saying that the Muslim Brotherhood is a party that is pro-business and socially conservative. Sound familiar?

So Romney and the Muslim Brotherhood should be natural allies, except for a few minor details, right? I mean, I think that putting the rhetorical devices aside, both Administrations would have to confront certain realities. I think if you just look at the language and speeches, it's possible that a Romney presidency would prioritize support for procedural democracy a little bit more than the Obama Administration's support for party building activities and that kind of thing.

But eventually I think both would have to confront certain realities on the ground both economically as well as the potential for a political crisis a result of economic problems.

MS. GASKELL: And do you see any changes in a second term Obama Administration, even a nuance or something?

MR. DESAI: Well, I have hopes, but I'm not sure what --

MS. GASKELL: Would you like to share your hopes?

MR. DESAI: Well, my hopes are that they will stop looking at government as their main counterpart and think about a much broader set of constituencies in those countries, so that they can actually do things like provide or mobilize. Look, this is not 1947. This is not even 1992 where the U.S. was able to mobilize a vastly greater amount of resources. The U.S. has to work in partnership with lots of other actors that are out there, public official and private. And frankly, the groups on the ground are also much more diverse.

And in a simple thing like educational reform, which I think would do much more to, you know, change the mindset and to sort of create a positive outlook on the future of youth and deal with certain problems of gender and equity and so on. Education, you know, our approach has been focused on governments and public sector education.

Now if you look at this in this region, in the Middle East, education is one of the worst performing sectors globally, and it's not for

the lack of resources. These countries put in more resources as a percentage of GDP than Japan does to education. But, you know, from primary through university, it is one of the worst performing, most under-performing educational sectors. You can look at the list of top 500 universities, and depending on the list, between zero and four are from the Middle East, and usually two of them have the word "American" in it, right?

You know, trying to think about creative ways to do that would require moving beyond this kind of government-to-government partnership, and I'm hoping the Obama Administration will do that.

MS. WITTES: You know, maybe I'll one more aspiration for a second Obama term.

MS. GASKELL: Yes.

MS. WITTES: Going back to, you know, the question we started out with, the road traveled between the Cairo speech in June of 2009 and today, I think one of the things in the Cairo speech that holds up really well was the emphasis there on moving beyond government-to-government partnerships. The President talked a lot about the need for broader engagement, reaching out to more groups in society, doing more with young people, science and educational partnerships, and so on.

A lot of the implementation was slower or small, but I think, you know, it would be wonderful to see in a second term Obama Administration a return to that core insight. I think one of the challenges of

the past two years has been because of our U.S. interests in the region and the urgency of many of them, a tendency to figure out, okay, who's our new dance partner? Who can we work with? Who's taken over the government? Okay, let's go spend a lot of time with them and build that relationship.

But we actually need to go back to that core Cairo speech insight, as Raj said, that we need to engage broadly, not only for the reasons Raj described, which I agree with fully, but also to hedge our bets because this is very volatile, and we don't know who's going to end up in charge. So the broader our relationships can be with political actors, social forces in these countries, the better off we will be.

MR. HAMID: The other thing I'd add, too, and Tammy mentioned, the two issues where Republicans and Democrats would really disagree is on Iran and the Middle East peace process.

You know, it's interesting that Israel/Palestine doesn't come up as much maybe it once did. And even, I guess, the phrase "Middle East peace process" is by now an oxymoron anyway. But, you know, I think we have to, I think, confront the reality that no matter what we do, if we don't properly and seriously address Israel/Palestine, there's always going to be a fundamental distrust in the region.

Anti-American sentiment is not going to change one way or the other that much if there isn't a good faith effort to resolve that. And

that puts in a very difficult situation because I personally have zero hope that this is going to be resolved any time soon. There's just not the political will, whether it's here or elsewhere, to really address this. And we just can't deny the fact that anti-American sentiment is so closely linked to perceived U.S. support of Israel.

And the other thing, too, is we shouldn't even separate Israel/Palestine from the Arab Awakening because they are interlinked. Increasingly, the West Bank and Gaza are having their own internal protests. They may have their own Arab Awakening. So they are part of this broader movement, and obviously it's a very different context.

But I think it's sometimes more helpful to look at things in a more holistic way, even Iran. Let's say there is an Israeli or U.S. strike against Iran's nuclear, you know --

MS. GASKELL: Arsenal?

MR. HAMID: Arsenal, yeah. That would have, in my view, a very negative impact on the Arab transitions elsewhere. I mean, just imagine the kind of protests you would see probably in front of U.S. embassies again, anger towards the United States for, you know, supposedly supporting a strike against Israel. That's going to be a mess. And we have to think it's not just about Iran. It's not just about Gulf security. It's about how that affects our broader interests in Egypt, Tunisia, Libya, and so on.

MS. GASKELL: All right. On that note, we're going to open things up for questions. So if anybody has questions for the panelists. You right there. Yeah, go ahead in the front row. We'll do this side first and then you. Yeah.

UNIDENTIFIED SPEAKER: Thank you very much for having us. I really appreciate the input. My name is Dorgan (phonetic 55:14.0). I'm here with the PLO delegation (phonetic 55:15), and I am just curious. President Morsi in his recent *New York Times* interview, he kind of stressed, or rather, alluded to the fact that the Camp David Accords would mean Egypt and Israel have not been fulfilled due to the lack of commitment on the stipulation it has in Palestine as far as that treaty goes.

Where does that place the American vision -- I guess to you, Tammy -- and in the broader framework as far as foreign policy goes in the region and with the tensions that we're seeing with the PA and rumors about it potentially collapsing sooner or later without any further assistance or attention? Thanks.

MS. WITTES: Thanks. Well, you know, I don't think it was at all surprising, especially given what Shadi just said, to hear President Morsi address the Israeli/Palestinian issue in this interview or to signal that it would be an important theme for Egypt in its relationship with the United States. Egypt is a crucial partner in Middle East peace, and it has been since the 1970s. And the United States wants Egypt to remain an

important actor in the Middle East peace process.

The specific interpretation of the Camp David Accords and its provisions for Palestinian self-rule, I'm not going to get into. That can become a very arcane discussion very quickly. But I think what was fundamental in his remark is that the aspirations expressed in that document have not been fulfilled. And as a signatory to it, Egypt feels responsible for that, and the U.S. as a sponsor of that process should be responsible for it as well.

That said, I think the underlying obstacles today to progress in Middle East peace are rooted in changes in Israeli society and politics and changes in Palestinian society and politics that make it very hard to see leaders emerging on either side that feel the imperative or that feel like they have the mandate to make the kinds of concessions and negotiations that would be necessary to achieve a final settlement.

I hate to be so pessimistic. I don't think that this is something the United States alone can change. That said, both those societies and their political systems are deeply shaped by what's taking place around the region. Israel right now feels intense anxiety about regional developments, about the security of its peace with Egypt and Jordan, as well as about Iran. And so that affects Israeli politics and what kinds of leaders Israelis are willing to vote for.

On the Palestinian side, the fracture between the West Bank

and Gaza, the intense mistrust between Fatah and Hamas, the concerns among many in the West Bank over corruption and rights abuses by the Palestinian authority, the lack of transparent, accountable responsive governance that Raj was talking about. All of these are barriers to the emergence of a Palestinian leadership that is strong enough and interested in making peace.

So those are problems that are going to have to be worked over time. As I said before, I don't think it's something that the next U.S. Administration can say, oh, long-term problem, put it on the backburner because it's very volatile, because we're seeing public sentiment bubble up in ways that could be extremely destabilizing.

So I think that the next U.S. President needs to work both sides of that problem. I just don't think we should expect or try to achieve a new negotiating process in the very near term.

MS. GASKELL: And you guys all set? Okay. Next question? Well, I said I'd go on this side. We'll stay on this side, and then we'll go over there. Go ahead, sir.

MR. CHANDLER: Gerald Chandler. Could you all rank what you see as U.S. interests in the Middle East? I'm saying rank them. Is it more important to combat terrorism, or to have a stable world economic policy, or support Israel, or develop democracy, or add anything you want to that list.

MS. WITTES: That is a good and challenging question. Do you want to take first --

MR. HAMID: You can start.

MS. WITTES: Oh, okay. The director of the Center goes.

MS. GASKELL: You have to answer it in the form of a question. "What is..."

MS. WITTES: What is. Look, I think the watch word for the United States and the Middle East for decades has been stability because stability has been the prerequisite for our ability to pursue all those other things that you listed.

But I would say for the United States as a global power, for the United States given its alliance relationships, and given its investment in the institutions of global governance and the global economy that we helped to establish, probably our primary interest has to remain the stability of the world economy which is dependent on the free flow of energy out of the Persian Gulf, largely out of the Persian Gulf. That has a whole lot of cascading effect on our interests in the region.

Along with that, yes, there are still actors in the Arab world, particularly Al-Qaeda in the Arabian Peninsula, who are determined to continue trying to attack the American homeland and American interests abroad. And so, yes, countering terrorism has to remain a core top priority U.S. national security interest.

How we go about pursuing that interest has changed a lot over the last three years, and I think will continue to evolve. So even though it ranks extremely highly on our priority list, it may not have as many implications when you're reliant on drone strikes, for example, as it has -- implications for our regional policy as it has when you're engaged in operations on the ground, just to give you a small taste.

MR. HAMID: And to add, I mean, I think answering that question is very much dependent on perception. If you talk to U.S. policymakers, they'll have their own perception of how to rank U.S. interests. My perception is actually probably quite different. So it really depends what each individual person or bureaucratic elements sees as more important. That differs depending on where you are in the U.S. government.

But I do think more generally Tammy is right. Stability is and was the ultimate objective. But it's interesting how I think we went about pursuing stability in absolutely the wrong way for many decades. And I think our U.S. policy was based on a fundamentally misguided assumption that the way to get to stability was through supporting pro-status quo autocratic regimes. And we've had to pay the price for that miscalculation, and we'll probably pay for it for many years.

And it's not as if this was a secret. I mean, I think all three of us, well before the Arab Spring, were saying -- I think even Condi Rice

and Bush themselves -- the status quo is untenable. That was the mantra in many places. And a lot of people kept on saying it, but we couldn't change it. There were some efforts in 2004 and 2005 to the Bush Administration's credit that couldn't follow up and keep that going and reverse course. And I think we lost a real opportunity.

MR. DESAI: I think 40 years of economic stagnation, punctuated by oil price volatility, which has not delivered broad-based growth, and I think that has been in large part responsible for, and has not allowed these countries to take advantage of globalization.

I think that is responsible for a lot of the appeals of extremism and a lot of the political consequences that we see now. And I would say undoing that, reshaping that, should be our priority.

MS. WITTES: I just have one more thing, if I may, without trying your patience, but I think it's important to raise. It's not an issue for this election campaign or for the next four years, but it is a long-term issue for the United States and the world, which is the change in global energy markets, the fact that we have these new sources of gas and oil coming online in North America and other parts of the globe is going to change the equation. I don't know how radically, but it will at least shift in some ways the equation in which right now Persian Gulf energy supplies are the center of the global market.

And that could have profound impacts over time for how

much the United States or the American public in particular is willing to invest in guaranteeing the security of the Middle East.

MS. GASKELL: Okay. Some more questions on this side, in the front here. Oh, I'm sorry, this young gentleman behind you.

MR. SAWYER: Hi, I'm Felix Sawyer (phonetic - 1:04:16), and I'm with the Foundation for Middle East Peace. Thanks so much for the really enlightening presentation that you've given.

I want to unpack the question or comment that you made at the end of the presentation. Given that so many Arabs are mistrustful of U.S. intentions because of our support for Israel, because of what they see as meddling in the region, whatever -- and I think this is the main difference maybe your analogy between the Marshall Plan and today, is that the people in Western Europe in 1947 weren't nearly as mistrustful as many Arabs are today.

You said you first saw some problems emerging because of that, like a nationalist backlash, you know, more protests at embassies. And you also said that you don't foresee much progress on the Arab/Israeli issue. How then would you address problems like that if they do emerge?

MR. HAMID: Yeah. So here's the problem. It's a bit of a vicious cycle. People don't like the U.S. or U.S. policy in the Middle East, so they distrust us. So that makes us maybe less willing to intervene

because there's a sense that they don't want us to intervene. But if we're not doing more to support democracy, that reinforces the perception that we don't support democracy and we haven't for many decades. So it's this never-ending cycle where kind of everything feeds into each other, and it's hard to break it.

Now what I would say is there is a very interesting, but sometimes hard to define, undercurrent of, I wouldn't say pro-Americanism, but I think there's a kind of love-hate schizophrenia in the Arab world towards the U.S. So for example, in Libya, and Syria, and actually in other places as well, protestors and rebels in their time of need, they didn't look east. They didn't look to Russia and China. They looked to the U.S. and the West.

I remember in March 2011, before the United States made its switch on Libya, Libyan rebels were literally begging for the U.S. to get involved, saying why isn't the U.S. doing more to support democracy in Libya and elsewhere. The same thing in Syria. The Syrian protestors and rebels have been very clear about what they want. They want foreign military intervention, which the SNC endorsed many months ago, the FSA has also endorsed and so on.

So even though there's a distrust, people still look to the U.S., I don't know for moral leadership is the right word, but some kind of leadership. So that really provides an opportunity for the U.S. There still

is that desire.

MS. WITTES: I mean, I think Shadi got something really, really important there. And I think it only underscores that while, yes, there are a lot of proximate causes you can point to as roots of anti-American sentiment in the region, whether it's U.S. policy on Israel, or the Iraq war, or what have you.

But there's also an element that is sort of inherent to the nature of the relationship between a global super power with a lot of interests in the region, that's deeply engaged in the region, that is the biggest economic and cultural force in the world. So that for people living in the Arab world, America is just a pervasive presence. It's on their television. It's in their movies. It's the, you know, cereal they can buy at the supermarket. And all of that engenders a certain degree of resentment that I think goes well beyond policy differences and, you know, is very, very difficult to ameliorate.

But the flip side of that, as Shadi said, is the sense that the United States is indispensable to what happens in the region, and that creates a lot of opportunities, yes, but opportunities that we have to use carefully.

MS. GASKELL: Raj, you talked about a little bit about the young people versus the old people. Is there some sense that, you know, we should be, you know, focusing on the youth in these countries and

trying to bridge a lot of those divides that they just both spoke about?

MR. DESAI: I think that's correct. The youth have disproportionately borne the brunt of previous economic adjustment. I mean, we forget that during the kind of heyday of structural adjustment in the late 1980s, this region was affected by that, affected by debt problems, and affected by economic recession. Oil prices declined in the 1980s, and that affected not just the oil producers, but the oil importers because all the oil importers in the Gulf -- I mean, sorry, in other parts of the Middle East at the time had hundreds of thousands of guest workers working in the oil fields of the Gulf. So that the collapse in oil prices affected the entire region in a very similar way.

And the region had to embark on a series of structural adjustments that was strongly supported by the U.S. and by the, you know, the Washington consensus that focused on cutting spending, cutting debt, bringing debt to a more sustainable footing. And a lot of those pressures -- first of all, most of that reform was incomplete, and most of that fell on the youth.

So it's not that lifetime employment contracts were done away with. They were done away with for people under the age of 30. It's not that housing subsidies and other types of fuel subsidies were eliminated. They were eliminated for people under the age of 30.

So for a very long time, the youth of the region have borne

this cost. And these memories have not disappeared. The memories that the U.S. supported a lot of that reform in that era in some sense has given the terms like, "privatization," and "structural adjustment" very bad connotations.

MS. GASKELL: Yeah, that's an interesting point. You right here in front of me.

MR. DEED: Les Deed, National Defense University Foundation. The last effort we made to encourage democratic initiatives in Egypt did not go well with the arrest of all of our NEB people. The Brotherhood is not U.S. friendly by nature, and with good cause. How do you recommend we interface with the social elements within the country in this environment effectively?

MS. WITTES: Do you want to start?

MR. HAMID: Okay. Yeah. So the Muslim Brotherhood and other Islamist parties are certainly anti-American to various degrees, depending on the country. But they're also very pragmatic. And the Brotherhood in Egypt now is putting the economic first. They realize that they have to improve the economy; otherwise, their tenure is going to be very difficult, and people are going to become disillusioned, and so on.

So that's why actually one of the most powerful men in the Muslim Brotherhood said a couple of months ago, for example, that the Brotherhood seeks a strategic partnership with the U.S. So it's interesting

that the anti-Americanism go hand in hand with a pragmatic desire to build that relationship because they know that the U.S. is going to be absolutely fundamental to Egypt's economic recovery, whether they like it or not.

They have no choice but to come to that conclusion.

I mean, as for the NGO crisis that you alluded to, that gets to a broader point of how it's very difficult for us to work in the U.S. now because of the high degree of xenophobia and anti-Americanism, which is not just about the Brotherhood. It's pervasive throughout. Actually, you know, the last time I was in Egypt, one of the big narratives that I heard from liberal friends and others was that the Brotherhood had a secret deal with the U.S.. The Brotherhood and the U.S. were in bed together, and liberals were actually sounding more anti-American and saying look at the Brotherhood, they're selling out to the U.S.

So everyone is using the U.S. as a punching bag to gain political advantage. And that leads to an environment, which makes it very difficult for us to work obviously.

MS. WITTES: This is an issue that I spent a huge amount of time on when I was in the Administration because I was responsible for our democracy and human rights policy in the Middle East. And I think the best answer, given the context that Shadi just described, is to really work from the bottom up.

One of the things that we worked hard to do in the initial

years of the Administration was to shift the democracy support policy from one that was primarily top down, as Raj said, focused on procedural aspects of democracy, like elections and parliaments, and try to work more bottom up with indigenous organizations on reform agendas or the change agendas that they had developed.

And I think that there's a huge network of indigenous civil society activities and NGOs all across the Arab world that are far more networked now than they were even a few years ago. Who has agendas for their countries, whether those countries are in transition and are fighting for provisions of the constitution, or whether they're in countries that are still politically and economically stagnated and they're up against the wall.

Supporting those people on the work they're trying to do I think is in the long run far more effective and sustainable than trying to do it ourselves from the outside. There's always a role for government-to-government dialogue and even pressure in this regard. You have to work both. But the bottom-up stuff is important.

And I would argue, you know, having lived this that those indigenous actors are still very, very interested in external support and external solidarity and in relationships with the United States and other external funders.

MS. GASKELL: Did you want to add anything?

MR. DESAI: I'd just add very quickly. I think one of those groups would be, for example, small-medium business associations in the region, which historically have had a very small voice. But these are the groups of people -- this is the merchant class that does not owe its wealth to hand-outs from the government or cronyism from the state. And the stronger the voice for that group of people, I think the much more moderate will groups like some of the more extremist parties become once they face credible challenges, once they face groups that have a much stronger voice and have independent sources of wealth.

MS. GASKELL: Okay. In the back of the room, anyone over there? Yeah, you, sir. Go ahead.

UNIDENTIFIED SPEAKER: Earlier Professor Desai made a distinction between what the Arab population in the Middle East is looking for from democracy, which you said was income, security, equal opportunity, and a delivery of services, versus what, you know, we perceive democracy to be, which is elections and process.

And I was thinking that, you know, bridging that gap between results and process is a difficult argument to make, especially given the fact that in Western democracies, income and equality is itself a very pressing issue. How would the panel address that? How does that play in this dynamic overall?

MS. GASKELL: So you're saying if we have problems doing

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it, how can we do it there?

UNIDENTIFIED SPEAKER: Right, exactly.

MR. DESAI: I actually have no insights on how to do it. I just think that it is interesting that the preference is not for the machinery, what we think of as the machinery of democracy, but it's a result in terms of economics.

Look, I think that the fundamental issue of providing at least equality of opportunity is certainly something that we need to move towards, not just in the Middle East of course. But the idea that creating the machinery of democracy -- first of all, whether we can do it from the outside, whether external actors can have a role to play in making sure that the machinery of democratic government works well, I'm probably a little bit more skeptical than some of my colleagues on the panel are.

I do think that if the economy has failed to deliver in terms of job opportunities and in terms of making sure the services run on time, that there's likely to be quite a lot of backlash, not just towards the regime, but towards the perceived supporters of those regimes, as happened last time.

MR. HAMID: Well, Raj is arguing that -- and he's right -- that economic problems undermine the political stability and democratic progress. But you can also look at it the other way, that unique political stability and accountable government to really make progress on various

economic indicators. And that was actually one of the reasons that the IMF was reticent to move towards offering Egypt a loan because it had a very unstable, unaccountable government when the military was still in charge.

And I think there's a broader academic argument, and it's actually one of the biggest academic arguments of the last five decades. But I think overall, there is some degree of consensus that over time democracies perform better on the economic indicators that we care about.

So if we're looking long-term, we can't expect that if these countries stay autocratic that they're going to be able to deliver the kind of sustainable economic growth that we want them to.

MS. WITTES: I think there's also maybe a micro argument that you could make. I mean, think about it from the perspective of a young unemployed person in Egypt who, because they're unemployed, they're still living with their parents. They can't get married. And they're sort of stuck in permanent adolescence, if you will.

For them, economic opportunities and just economic opportunity, it is reaching adulthood. It's reaching autonomy as an individual. And for them, that really is about being judged on what they know and what they can do and not who their uncle is, or whether their father once said something critical about the guy who's now president.

And so there's really I think a quite direct connection between the core of democracy, which is equality of citizenship, okay -- equal status and equal voice -- and equality of economic opportunity.

MS. GASKELL: Or even a voice.

MS. WITTES: Yes.

MS. GASKELL: Yeah. I think that's an interesting way to look at democracy, because you've talked about it in terms of being able to elect someone or having a free election. But I think if you put it in terms the way that you just did, I think that that's probably more the type of democracy that could succeed.

In the back of the room, the gentleman -- sir. Yeah.

MR. MEYER: Kent Meyer, Court Rule Docs (phonetic - 1:20:36). Last year while NATO was bombing Libya, I saw hundreds of thousands of Libyans demonstrate support of their government. What do you suppose those folks are up to today?

MS. WITTES: Well, I think that's a very good question. Libya is still a very unstable place. There are elements in the country who either for tribal reasons or for other reasons supported Gadhafi up until the end who are still looking for opportunities to undermine the stability of the transitional government, and to demonstrate that the change was for the worse, not for the better.

I think those elements exist to some degree in all of the

transition countries, people who had a stake in the status quo ante, and who are looking to just make life difficult for those who are now in power. This is not unique to Libya. This is something we see in transitional environments all the time.

And, you know, if you think back to the U.S. experience in Iraq, which of course we were much more heavily involved and much more heavily invested, Saddam was in hiding, but he had a network of supporters who were engaged in a sort of mini-insurgency of their own against our efforts there long before the civil war in Iraq got under way. So I think that's just par for the course.

MR. MEYER: Didn't the Libya prime minister or someone at that level initially say that the attack on the consulate, safe house, residence, whatever it was in Benghazi was done by the Gadhafi supporters?

MS. WITTES: I think we just don't know yet.

UNIDENTIFIED SPEAKER: I'm saying he said that.

MS. WITTES: I don't know.

MR. HAMID: Just to add one thing. Libya is a very interesting case because it's really the only pro-American Arab country in terms of popular sentiment. So the polling that's come out recently shows very high favorability ratings for the U.S. and obviously also France. It kind of reminded me of this quote last year where a Libyan rebel said that

he was going to slaughter the sheep for Sarkozy. And that you don't hear that anywhere else.

So I think the interesting takeaway there for me is that when the U.S. does do the right thing, there is a positive response. Sentiment towards the U.S. is not static. It can change, and it has changed in Libya.

MS. GASKELL: Should we do one more question?

Sir, you right there with the glasses. Well, I guess you're both wearing glasses.

MR. FAHEEM: Hi. My name is Arsalan Faheem. I am with a consulting firm called DAI. My question is for Mr. Desai. You spoke about how a poll showed that a majority of people look towards the state for the delivery of basic services in the Middle East, and that's an important priority. But then later you talked about education and how U.S. foreign assistance, in fact, multilateral assistance, should move away from a focus on state delivery of services and look at multi-stakeholder partnerships.

Do you think that these other sort of more innovative, multi-stakeholder partnerships can reach with the scale that is required in the Middle East, because, you know, while we can get things to work on a smaller scale, it's very difficult to rescale.

And it just made me think of Turkey and Mustafa Kemal Atatürk for coming to power there. One of the first things that he did was

to reform the state education system. And he did it well enough for it to -- I mean, it's not the best in the world, but it works.

MR. DESAI: I think that question is very important, and I do think that there is capability in the kind of education reforms that people much wiser and much more knowledgeable than I have been talking about, for example, focusing on technical and vocational education for example. There's a big gap between people who do not go to college, finish university, and people who do in terms of income potential. On top of that, there is, I think, a consensus that the universities are not providing the kinds of skills that youth need to compete in global marketplaces.

One of the issues is how do you bring the private sector into creating that kind of system of vocational training that would be needed to provide relevant skills? So I think that there is a huge amount of opportunity for this to expand.

The reason that it seems to me that there is a need to focus on this, because we're talking about especially changing a mindset over a decade or so. Right now, the latest Gallup-Arab Youth Poll, as has shown previously, shows that in no Arab country do people under the age of 30 prefer to work for the private sector relative to the public sector. Except for Lebanon, the public sector is even more important than self-employment, which is a big part of door efforts promoting self-employment in these countries.

And I think changing that is going to take time, but it has to focus on the educational system.

MS. GASKELL: All right. We're going to wrap this up. I'm going to just go down the line if you guys want to make any closing remarks, wrap everything up.

MR. DESAI: I'm happy to have that be my closing.

MS. GASKELL: That was it? Okay. That was a good closing remark.

MS. WITTES: Yeah. I'll just say these were all really fantastic, penetrating questions. So thank you.

MS. GASKELL: And good answers.

MR. HAMID: Yeah. Thank you, too.

MS. GASKELL: That's it? Okay. Have a good evening.
Thank you, guys.

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