

THE BROOKINGS INSTITUTION

SABAN FORUM 2014

STORMY SEAS: THE UNITED STATES AND ISRAEL
IN A TUMULTUOUS MIDDLE EAST

A CONVERSATION WITH FORMER SECRETARY OF STATE
HILLARY RODHAM CLINTON

Washington, D.C.

Friday, December 5, 2014

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**A Conversation with Former Secretary of State Hillary
Rodham Clinton:**

HILLARY RODHAM CLINTON
Former U.S. Secretary of State

HAIM SABAN
Chairman
Saban Forum

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P R O C E E D I N G S

MS. WITTES: Please take your seats, now.
Thank you, gentlemen. Ladies and gentlemen, thank you so much for your patience, and please join me in welcoming to the podium, the President of the Brookings Institution, Ambassador Strobe Talbott.
(Applause)

MR. TALBOTT: Good evening, everyone. And thank you for joining us for the Saban Forum. For 11 years now, Brookings has been proud to partner with Haim and Cheryl Saban, in convening this unique gathering of American and Israeli leaders. The Saban Forum is a premier annual event of the Brookings Center for Middle East Policy, directed by Tammy Wittes, and staffed by a team of top-rate scholars.

The topic for the Forum this year, is Stormy Seas, The United States and Israel in a Tumultuous Middle East. No year, as we all know, is placid in that region. But 2014 has been especially violent, given the brutal rise of the Islamic State, and especially suspenseful, given the narrowing window for

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the fragile, complex and high stakes negotiations with Iran. And there is the peace process, which has faltered despite the heroic efforts of Secretary Kerry and our own Martin Indyk.

So there's plenty for all of us to talk about. To launch a weekend of dialogue, we are going to start with a true one-on-one dialogue between two friends who are also our friends.

One is our Guest of Honor, who embodies American support for Israel, and American leadership in the world, and who has been a familiar face and a wise voice at this Forum in the past. The other is the Forum's name sake, who embodies the Israeli-American connection, who has been instrumental in elevating public debate and strengthening public policy. So please join me in welcoming Hilary Rodham Clinton, and Haim Saban. (Applause)

MR. SABAN: Do you want to say hello to all your friends before we start?

MS. CLINTON: That's what I'm doing. I'm kind of waving at everybody, indeed. Nice to see all

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of you.

MR. SABAN: Before we start, on behalf of Strobe, and Martin and Tamara and the whole team at Brookings, and myself, Cheryl and myself, we'd like to send our condolences to Minister Lieberman on the passing of his mother.

MS. CLINTON: I think we could all join in that, in addition to those whom you have named.

MR. SABAN: Thank you, Hilary. Madam Secretary, we have had 11 forums so far. You've participated, I believe in 9 of the 11, you've traveled to Jerusalem a few times. And I have to share with you that this audience has one very important question on their mind. As a matter of fact the United States has an important question, the whole of the United States, the world has a question on their mind, and I really hope and expect that you would give us a straight answer from this stage. How does it feel to be a grandmother? (Applause)

MS. CLINTON: Well, you know, I was at the Senate for eight years, and I would like to filibuster

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on this question. It feels fabulous. I have to tell you, well, you and I have talked about this with Cheryl and other friends, it is just an extraordinary, wonderful blessing. And so for our first Thanksgiving with Charlotte, it was just beyond words for both Bill and I. And I am feeling particularly grateful that we are now in this new stage of our lives together.

MR. SABAN: Good. Try not to be too busy, save some time for the granddaughter. In the Middle East, outside of bringing Palestinian and Israeli leaders together, it's about bringing communities together. Have we succeeded in our country here, at bringing communities together? Or when we look at Ferguson and what happened in New York, or have we failed?

MS. CLINTON: Well, I think we have made extraordinary progress over the course of our nation's history, and for that I am grateful and proud. But we still have work to do, and it is most obvious when tragic incidence like those we have recently seen occur. And we recognize that at root there is still a

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problem with our being able to put ourselves in each other's places.

To recognize the challenges that our fellow citizens often face, so we have work to do. But I think, you know, our Founders were extraordinarily, psychologically smart, because they talked about us trying to achieve a more perfect union, and that has been the impetus for all of these years as we have taken on big problems, like slavery, like war, like depression, like civil rights, women's rights, like so many of the other difficulties that, as a nation, we've had to face.

And I support the efforts now to do what the President, and the Attorney General have advocated, and that is to work with our law enforcement, work with our justice system, so that everybody believes that they are equal under justice, and that the rule of law applies to all of us, and that will take some retraining, and some additional outreach, not just into our law enforcement and criminal justice systems, because I would argue that by and large, the majority

of people who work in both are honorable, are brave, are very committed to our values.

But I think it's also about communities, it's just about our institutions, it's about how we relate to each other as people. And that's just a task we have to constantly be focused and doing better with.

MR. SABAN: Amen. I'd like to ask you a very theoretical question, very, very theoretical, nothing to do with reality. So let's assume you decided to run for President, and let's assume that you got elected, it is the 21st of January 2017, you want into the Oval office. You are familiar with it, so you don't need to get acquainted with the environment, and what is the first thing, what is the first order on that very first day that you tackle?

MS. CLINTON: Well, Haim, it will not surprise you to hear that I have long learned not to answer hypothetical, theoretical questions.

MR. SABAN: Okay, next question then. No. No. I was just joking, please.

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MS. CLINTON: Okay. I'm taking myself out of it, and let's talk about whoever, whoever is our next President in 2017. It's going to be, as it always is, and increasingly so in this complex world that we share, a long list. There's not going to be one thing, because we live in an interdependent, interconnected, networked world where we see so much progress that is occurring around the globe people making their way into prosperity, into middle classes, advances in science and research that are saving and transforming lives. There is a lot to celebrate in the world today.

And yet partly because of this interconnected world of ours, we face new threats and challenges that we have to be prepared to take on. And it will continue to be a priority of whoever the President is, to, in our own country, and then through our own efforts at home, grow our economy, create more jobs with rising incomes, better standards of living, increasing the opportunities for Americans which, in turn, will have a ripple effect throughout the world.

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If the United States economy doesn't serve as the engine for growth and prosperity, it is hard to imagine, at least in the foreseeable future, who else could, and the job numbers today were very good news, we continue to make economic progress, but now we have to work on the challenge of inclusive growth, broadly-shared prosperity.

That economy is at the core, not only of our wellbeing, but it's also at the core of our leadership, because unless the United States remains strong economically, unless we remain committed to our role in the world, then so many of these challenges that we confront, that I try to write about in my book, *Hard Choice*, those are not going to be as readily dealt with because we will be, rightly, concerned about what happens here first, and should be.

So I think as we look into the next couple of years, I anticipate the economy will continue to grow, and I think today was not an outlier. I think there is wind beneath our wings, but we have some

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tough decisions to make here at home, about how we make sure that our economic good news is broadly shared, and then how we, you know, think of our own leadership globally in a way that makes us more secure, helps our friends and allies, like Israel, have as much security and stability as possible. Grow the global economy, and do the work that will sustain American leadership in the 21st Century.

MR. SABAN: You know, you are absolutely right, and I agree with you 100 percent, but if we were to take just foreign policy, what is the one most urgent issue that we are facing?

MS. CLINTON: You know, I think it's very difficult to say there is one, and I'll just -- let me just quickly mention; I think the continuing threat from terrorism, and especially the way we've seen it morph into a more sophisticated delivery system, if you will, in the form of ISIS, but also the wannabes in other parts of the world.

We have to remain vigilant, we have to take the coalition that the President and Secretary Kerry

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has constructed, and make sure it is more than just a rhetorical debating society, but it is a commitment by nations of goodwill, and commitment to deal with the threats that the new brand of more socially-adept, more well organized terrorism, particularly as we see with ISIS holding territory. Trying to establish a state right in the heart of the Middle East, and so that remains a high priority, certainly, I think, we have to deal with.

I think there are a lot of other issues. Russia's aggressiveness, you know, how far Putin is intending to go. Whether he'll be slowed down by his own economic problems at home. The drop in the ruble, the drop in the oil price, I think that will remain a challenge for him. But whether he tries to deal with the challenge or, instead, he just tries to be more nationalistic and more aggressive, is going to have to be addressed, and I don't think we'll be finished with our work in trying to deal with him in two years. I think it's going to be a longer-term effort.

The rise of China, it's such a

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consequential, historic event. We want China's rise to be peaceful. We want China to continue to lift people out of poverty, but we don't want to see aggressive behavior, we don't want to see nationalism coming to the forefront. We don't want to see a war of words with Japan or other neighbors over the South China Sea, or the East China Sea, or any other territorial dispute reach a flashpoint.

So I mean you can go, but those are -- those are areas that I think you have to particularly pay attention to. The Middle East has always, Russia, China and try to do what we can to manage each of those.

MR. SABAN: You mention ISIS, what do you think that we can do differently than what we are doing now? Because they continue gaining territories, and they continue expanding. Is there anything more, or different that we can do?

MS. CLINTON: Well, I think we are in for a long struggle, but I think we have, in the last months, put together the pieces of a strategy.

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Starting first and foremost with the removal of Maliki as Prime Minister in Iraq, something that was long overdue. He was, unfortunately, the instigator of a lot of the bad feelings and fears that the Sunnis and the Kurds, and others within Iraq felt and were trying to deal with in their own -- in their own way, with no positive outcome.

I think getting him off the stage has led to a couple of positive changes. One that was just announced, finally, after years of effort, getting an oil deal with the Kurds, being able to get the government in Bagdad to recognize the importance of the Kurds in the North and to permit the re-equipping of the Peshmerga Military Units, so you will see, I think, an even more concerted effort on the part of the Kurds, with respect to ISIS, and joining forces to some extent with Kurds across the border in Syria.

We are still a long way from an Iraqi Army that can defend territory, and take that territory, but we are doing a lot more than we have been doing, and the President asked Retired General John Allen to

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take on that responsibility, and I have the highest regard for him. And he's trying to help undo the damage that Maliki and his cohorts did to the Iraqi Army after we left.

I mean, I think it is fair to say that when, you know, the United States withdrew the time, effort, money, expertise that have been poured into training the Iraqi Army, gave a fighting chance to the Iraqis to defend their territory, and to be in a position to use the army in a positive way to unite the country. And what we saw instead with Maliki, unfortunately, was he purged Sunni Officers, he used sectarian measures to try to make the army almost a personal militia for him instead of a national army. So we have to go back in --

MR. SABAN: It didn't serve him that well, the army?

MS. CLINTON: Well it didn't serve him that well -- it served him well enough, until ISIS posed such a threat, and you could see --

MR. SABAN: He's no longer there.

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MS. CLINTON: Well, but the Iraqi -- the Iraqi Army had been destroyed largely. It was not willing or able to defend to territory. It was a, you know, a shadow of its former self, and it was a very strong incentive for Sunnis either to sit on their hands, or to join with a group like ISIS. You know, the enemy of my enemy kind of thinking.

So I do think, Haim, that what the -- you know, the United States and our partners, Arab and European have done, in the last several months, has laid a stronger foundation for the potential of a unified Iraq, able eventually to take back the territory that has been lost, to drive ISIS out of Iraq, across the border, and as we keep, you know, air pressure on them across the border, to look for ways then to, you know, finally deliver the death blow to them, but this is not going to happen easily or quickly.

MR. SABAN: As you said, it's going to be a long haul. Would you like to take a sip of your tea, while I'm asking the same question -- the next

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question?

MS. CLINTON: Is it hypothetical, or is real?

MR. SABAN: You don't have to, but I thought -- I don't want it to get too cold. Yeah? So, shall we talk about the Israelis and the Palestinians?

MS. CLINTON: Sure.

MR. SABAN: The Oslo Accord was signed about 21 years ago, a Palestinian state was supposed to come be five years after that. Are the Clinton parameters, or some version of it, still relevant? Or, do we need to live in a world where we manage the crisis versus solving it?

MS. CLINTON: Well, I think they remain relevant, and I believe that there is a necessary imperative to continue to try to achieve a resolution between Israel and the Palestinians. The two-state solution which has been the hallmark of not just the Clinton parameters but, you know, the work under President Bush, the work under President Obama, remains an important and, I would argue, essential

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concept to bring people together around.

I'm well aware of everything that's going on right, and the increasing tensions that are existing in the region, in Israel, in the West Bank, to say nothing of the continuing aggressive behavior by Hamas coming out of Gaza. But I am one who believes that the absence of negotiation leaves a vacuum that gets filled by problems, bad actors, threats, other kinds of behavior that is not good for Israel, and not good for the Palestinians.

So I think that -- you know, the efforts that were undertaken in the last several years, you know, when I was Secretary, now with Secretary Kerry, are very much in the interest of Israel and very much in the interest of the Palestinians.

MR. SABAN: I hope it happens, but we'll see. As Secretary of State, what is the one thing you wish you had differently?

MS. CLINTON: Oh, my, goodness.

MR. SABAN: Is there a list, or what?

MS. CLINTON: You know, there were a number

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of things, and I write about a lot of them. You know, I say in the book, one thing that, you know, looking back, I believe that we could have done differently or better, was our reaction to the Iranian unrest following the elections in June of 2009. And we consulted broadly, and a lot of experts on Iran, sources from within Iran, sources in other intelligence Agencies, a long list; the consensus was that it would not be productive or the United States to be vocally supportive of the demonstrations, and really speak out persistently against the abuses of the Iranian Regime.

And the reason for that was because it seemed -- well it didn't seem, it was indigenous, it did spring up from the Iranian people. The concern was that we would look as though we were directing it or supporting it, and giving an excuse. Not just for the Iranian Government but for people who might be on the sidelines worried about the outcome to go -- to move away from the movement.

And looking back at that now, I wish we'd --

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I wish we had spoken out more, but it would have been against the advice of our a majority of the people with whom we consulted. And obviously, for me, the work that we did around the world to try to bring people together, whether it was the Israelis, or Palestinians, or after the revolutions in Arab countries. They were fraught with difficult, hard choices, and trying to decide exactly what to do in unchartered territory.

You know, in retrospect, you know, you could say, well, maybe we could have done that, maybe we could have done that, but I think, again, we were feeling our way forward trying to do the best we could under circumstances that were not within our control, that were rapidly changing, that had been predicted, but nobody thought that they would happen as they did, in Egypt and elsewhere.

And then of course, you know, I deeply regret the loss of life of any member of our State Department family, whether it's an aide worker in Iraq, or an aide worker in Afghanistan, or foreign

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service officers in Libya; you know, that's always something you think, okay, what more, what more, what more could we have done?

MR. SABAN: So you mentioned -- speaking of Iran you mentioned that we could have spoken more. Well, speaking more would have alienated the Government, but how would it -- would it have helped the people who rise against?

MS. CLINTON: Well, you never know. You know, you never know what you might say that could give heart to people, could encourage them, could get some off the fence they are sitting on and possibly take action. You just, you never know. And that's why -- you know, if these were easy choices, we could do them via computer. You know, if they didn't require any kind of judgment, and in that case, you know, we went with the -- sort of the expert consensus, but it was just a fraught time.

And we tried to do what we could sort of below the radar the radar screen to help the demonstrators. I mean, one thing that we did, was

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they were communicating, you know, very much by Twitter, and we learned that Twitter was going to go down for a long, planned rebooting, that had nothing to do with Iran, it was just an internal technology issue. And we basically called and said, don't shut down this weekend, because we wanted people who were in the streets to be able to talk with each other.

So we did a number of things. Overtly, covertly to try to provide some support and encouragement, to give heart to people who were rising up against the, obviously, rigged illegitimate elections. But you know, I can't sit here today and say if we had done something it would have had some impact. At the same time, remember we were working extremely hard to put together and international coalition to impose international sanctions.

You know, we had unilateral sanctions that the United States had adopted. I mean, I voted for them when I was in the Senate, and we were committed to that pathway, but it wasn't enough. Unless we could get sanctions through the Security Council,

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sanctions from the European Union, and create an environment in which other countries would feel compelled to abide by those sanctions, we were never going to be able to put the kind of economic pressure on the regime.

And the turmoil following the elections actually aided us to a certain extent in making the case for getting those sanctions. And so, a lot of 2009, and the first part of 2010, I spent my time trying to convince other countries to impose these tough sanctions, and then we had to convince them to enforce them. So it was a two-part effort.

MR. SABAN: Are those sanctions disintegrating in your view?

MS. CLINTON: You know, there have always been -- there's always been leakage. There's always been, you know, holes in them, but they have surprising, and largely held, and they have held in part because we had a two-part strategy. The sanctions were not --

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MS. CLINTON: -- to have sanctions. They were try to force Iran to the negotiating table, and I think the economic pressures and the conditions within Iran was one of the big reasons that we were able to start these negotiations over their nuclear program. So the sanctions have held up until now, the extension of the agreement until June, I think will most likely be a period during which the sanctions will hold.

There is nibbling around the edges, there are people who are trying to position in the event there is a deal, there isn't a deal, but my assessment is that the sanctions, the international sanctions have -- had the effect that we hope for on Iran, and then actually --

MR. SABAN: But clearly they came to the negotiating table.

MS. CLINTON: They did.

MR. SABAN: I mean, so the sanctions did work?

MS. CLINTON: They did.

MR. SABAN: The concern is obviously that we

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have shown, some people like to say, too many carrots and not enough sticks.

MS. CLINTON: Well, I don't agree with that. I guess my view on where we are, my bottom line is a deal that verifiably closes all of Iran's pathways to a nuclear weapon, and the key there is verifiably and all, including covert efforts. That is what is at the center of this negotiation and I think one might say, remarkably, our partners have not jumped ship, they have stayed in the negotiation, and there has been both, as everybody now knows, a process with the so-called P5+1, and there has been a bilateral process between the United States and Iran, and they converged, as they were intended to.

Because I, you know, was involved in making the decision to send the first team to Oman to begin talking about whether or not we could talk. And, you know, just as Churchill famously said, "Better to jaw-jaw, than war-war," we had to explore as carefully and thoroughly as possible, whether there was such a verifiable deal that could be adopted. I remain

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strongly of the view that no deal is better than a bad deal. I'm also absolutely convinced that the nuclear weapon negotiations is not the only problem that we have Iran, it may be the most important and in many ways the most urgent.

But Iran's sponsorship of terrorism, Iran's support for Assad, and the havoc that that has wreaked, Iran's obvious support for Hezbollah and the destabilization in part because of the spillover from Syria. The continuing pressure on providing arms to Hamas and so much else that it engages in, in the region that causes great concern to Israel, to our Arab partners in the Gulf. You know, that's all part of the ongoing challenge that Iran poses, but with respect to the nuclear weapon negotiation, I think that we made the correct decision to get the sanctions imposed internationally.

Get our partners to the table, begin the negotiation, be willing to enter into the interim agreement which has so far as we know stopped their nuclear program to be absolutely clear about the kind

of intrusive constant inspections that would be required to reach the threshold of verifiability that we would seek. And to be very clear in any deal, about what the consequences would be of any violation by Iran, and that would include as we say, keeping all options on the table.

How this is constructed, if indeed it can be achieved, we'll have to have those kinds of requirements embedded in it, but I think it's a very important effort to continue to pursue and to try to see if we can reach an agreement that is in line with our requirements.

MR. SABAN: Let's hope that indeed we reach an agreement that none of our allies in the region are going to feel threatened, because then all hell will break loose.

MS. CLINTON: Well, I mean, that is one of our biggest concerns. I mean, we have to intensify our cooperation with our partners, and obviously most particularly with Israel. You know, I think if you look at the close cooperation, forget about the press

coverage, and the back and forth. If you look at the close cooperation, and what this administration and the Congress of this last six years, has done, with respect to Israel security, it's quite extraordinary.

The funding of Iron Dome, the funding of other military needs and equipment, the continuing strategic consultations that we've been consistently engaged in with Israel. You know, is hard to measure what administration did X and who did Y, but nobody can argue with the commitment of this administration to Israel's security. And that has to continue, it has to deepen, regardless of the political back and forth, which, you know, we are both, too --

MR. SABAN: What's the heck going on with the political back and forth, Hilary?

MS. CLINTON: Well, you know, we are two raucous democracies and, you know, I have some experience in that, so you do get carried away from time to time. But similarly with our friends in the Gulf, we have to have an intensely serious ongoing consultation with them too. I started something

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called the Gulf Cooperation Council, U.S. Strategic Dialogue. We need a forum where we bring them altogether. Now that's not easy because they have their own differences with each other.

But when it comes to Iran, when it comes to Iran's intentions vis-à-vis them, when it comes to terrorism and other threats to their stability, they need us, we need them we hope we can continue to have a -- not only a good dialogue, but a lot of positive outcomes from our cooperation that will make them safer, will make the region safer, and pave the way for more cooperation, strategically, between Israel and the Arab States.

MR. SABAN: Well speaking of Israel and the Arab States, is there enough of an alignment of interests; do you think. between Israel and some Arab States, primarily the Gulf States? And is that a path that maybe helps promote Israeli-Palestinian peace, kind of an overall deal? Do you have a view on this?

MS. CLINTON: Well, I think that there are lot of converging interest, and I just, you know,

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mention a couple of them; Iran, terrorism, instability and the like. And I know that there has to be a lot of work done to create cooperation around those converging interests, but that's something that I think is very much in Israel's interest and in the Gulf Nations' interest. Now right now, you know, the Gulf and others in the region are very fixated on Syria, Assad, ISIS, other immediate matters, but they remain obsessed, understandably so with Iran's intentions.

And I think that is the particular point of convergence. The Arab Peace Initiative which held out a lot of promise back when it was first introduced, you know, basically was a form of a deal, that if there were progress on the Palestinian Front, there would be actions taken by the Arab nations.

MR. SABAN: But isn't that a chicken and the egg?

MS. CLINTON: It is.

MR. SABAN: In other words --

MS. CLINTON: Yeah. I agree. And now I

think it's -- you know, with so much happening in the region, so many serious threats coming from every direction. I know the President just as for a big increase in aid to Jordan, because Jordan is on the front lines of so much of what's happening. Not only the refugee flow from Syria, but they are cooperating with us, and the coalition against ISIS. They remain one of the bulwarks for cooperation on Israeli Security.

So we have to pay a lot of attention to the entire region. And I think that when you look at the chicken and the egg issue, that's why you can't give up on any of these channels, you have to keep working them all the time. You can't say, well, you know, let's just throw up our hands and walk away from negotiations between the Israelis and the Palestinians because you do leave a vacuum.

Or, you know, let's just forget trying to figure out ways for the Israelis and the Arab States to work together. You know, Israel is back into a working relationship on security with Egypt, that is

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very much in each of their interests. So you have to keep pushing all of these rocks up the hill at the same time.

MR. SABAN: I hope that you we can keep you coming to the Forum, and the next time I interview you, we'll all be talking about peace that came to the region. I'm not holding my hopes high, but we still have to hope.

In closing I'd like to propose a game of words with you. It's a -- you'll have fun with it, you'll have fun. I'll mention the name or a noun, and you have to answer in one or two words. Can we do that?

MS. CLINTON: I don't know. We'll see.

MR. SABAN: Let's start with an easy one, Bill Clinton.

MS. CLINTON: Fabulous.

MR. SABAN: I agree. Shimon Peres?

MS. CLINTON: Wonderful. Both of those happen to be true.

MR. SABAN: Charlotte? Charlotte, that's

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her granddaughter. Charlotte?

MS. CLINTON: Oh, over the moon.

MR. SABAN: Over the moon. Women's rights?

MS. CLINTON: Essential.

MR. SABAN: Writing books?

MS. CLINTON: What?

MR. SABAN: Writing books?

MS. CLINTON: Writing books, hard.

MR. SABAN: Oh. Okay. Love?

MS. CLINTON: Inescapable.

MR. SABAN: And to end on as sweet note,

dessert?

MS. CLINTON: Dessert?

MR. SABAN: Dessert.

MS. CLINTON: Dessert?

MR. SABAN: Dessert.

MS. CLINTON: Oh, gosh.

MR. SABAN: What are we going to serve after

dinner?

MS. CLINTON: Trouble, trouble.

MR. SABAN: Trouble. Okay. Thank you, very

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much, Madam Secretary. That was fabulous (Applause). We are going to open it to a couple of questions and not too many, please. Peter Marr, please? Wait for the microphone, please. And introduce yourself.

QUESTIONER: Peter Marr, Israel. I'd like to ask you about two countries that could be very important building blocks for a new, more stable Middle East, Turkey and Egypt. Turkey is a NATO member, could have been very important in rebuilding a stable Middle East, but has not really behaved as would be expected. If you just look at the games they play between Kurds and ISIS, it's one illustration of the policy that's not always desirable. And Egypt were the contradiction, let's say American values and American interest, it's very poignant. What would you with regard to both Turkey and Egypt?

MS. CLINTON: Well, I think, Ambassador, that the two countries that you ask about are about two of the biggest and the biggest opportunities. With respect to Turkey, I think Turkey is facing an extraordinary period where they are trying to sort out

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how to deal with their internal contradictions, and their external threats as they see them. And I see no alternative but for the United States, and other likeminded countries, to do everything we can to work with, to stay with to try to influence how Turkey makes those decisions.

There's nothing easy about that. They have a Kurdish population as you well know, that they were on the path to try to resolve decades-long internal conflict. They now are worried about the Kurdish fighters on their borders with Syria, that has upended a lot of their calculations, and it s difficult to get them to focus on ISIS until they have some sense of how they are going to handle what they view as a prior challenge from the Kurds.

I understand that. I think it's -- I think it's something that they need to resolve, and get about the business of resolving, and I think we have to do more, and I would love to see the relationship that Turkey and Israel used to have, slowly knit back together if that's possible. So, I think both the

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United States, other members of NATO, other partners in the region; we can't get discouraged or frustrated with some of the difficulties, that Turkey is dealing with. Instead we've got to double down and try to work with them, and that means even through periods where they say and do things, that I -- you know, and I think many of us are not happy about.

They are too strategically located, they are too big, they can be a force for positive change, or a source of continuing difficulties, so let's try to work toward the former. Egypt is, as you say, an example of the kind of difficult, hard choices that we faced following the revolution and the overthrow of Mubarak. And I went to Egypt shortly after Mubarak fell, and I went to Tahrir Square and then I met with a large group of young people who had been at the forefront of the revolution.

And they were incredibly relieved and feeling quite validated that their efforts had led to the overthrow of Mubarak. So when I asked them, so what do you do next? Are you going to form a

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political party? Are you going to run people for office in these elections you have demanded? Oh, no, they said, we don't do politics. And I said, well, in a democracy, if that's what you want, you've got to do politics.

And they looked at me, like I was a relic from some ancient civilization that have ended up in Cairo. And I said, look, there are two organized forces in Egypt so far as I can tell. The Muslim Brotherhood and the Army, if you don't form a political alternative one of those will win. And indeed what happened is they won in succession. And we are back to the status quo ante almost, and I would argue.

So, it was hard to navigate through the competing interests and the values, and we were blamed as some of you remember, by all sides. We were not sufficiently supportive of the revolution because we were clinging to Mubarak, we jettisoning Mubarak and turning our backs on our long-term partners. We were upending the relationship that we had, and it never

got any better. No matter what we did we were criticized for.

And I think it is now, again, time to reboot the relationship, get back to trying to work where we can, and do whatever is possible to work with the current leadership to not make the same mistakes. I mean, they are a partner, they are an important partner for us on counterterrorism, and they will be increasingly so, because they will face more internal dissent and violence. They are an essential partner in the Sinai, they are absolutely critical to Israel's security on that border, all of that is true, but we hope that they will pay more attention to fixing their economy, giving the Egyptian people more opportunities.

Trying to extend literacy particularly among women, a lot of the work that needs to be done, if they are going to create as more stable society going forward. So, I think again, it's not easy and there's a lot of problems in the U.S. trying to help, but we need to do what we can.

MR. SABAN: Yanique Levi?

QUESTIONER: Madam Secretary, thank you for talking to us. In your book, in *Hard Choices*, you called Benjamin Netanyahu a complicated man. And I wonder how much where we are right now, vis-à-vis the relationship between the U.S. and Israel, and vis-à-vis the relationship between Israelis and the Palestinians. How much of it, your opinion, is due to Benjamin Netanyahu, his decisions, his persona and his policies, and how much would be different if the Prime Minister of Israel and the President of the United States would simply get along better?

And also, in your book you go into very candid details about the days after the 2008 election. And I know that you said, in answer to Haim's question, that you don't answer theoretical and hypothetical. But the dilemma is not hypothetical, nor is -- what I guess is the pro and con list that you have. And would you be so kind as to share with us what's in the protocol and what's in the con column, regarding our Presidential run, the answer?

MS. CLINTON: Well, I'll be happy to answer the first question. You know, think about the last few years and the rapidity of change in the region and everything that all of us were dealing with. I happen to believe that the relationship between the United States and Israel is solid, and will remain solid, and it will be part of, you know, our foreign policy, and our domestic concerns, our values, our ideals, you know, forever.

That doesn't mean we have to agree on everything. That doesn't mean that not only our leaders, but people in our country who care deeply about Israel, just like Israelis who care deeply about the United States, are going to agree with us, on everything we do, and we on everything they do. That to me, is the mark of mature relationship and a deep abiding friendship. So are there differences between leaders? Absolutely.

I think it would be -- it would be, you know, foolish to try to pretend otherwise. But I think that what's important is the continuing

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institutional support that the United States has given and will continue to give Israel regardless of leadership. The military and security support, and you know, I think a lot of the -- you know, the reports of the attitudes, and the like.

And maybe because we live in an instantaneous world where everybody has an opinion and everybody can say it. You know, I've dealt with a lot of different leaders, obviously I've seen my husband deal with a lot of different leaders. Israeli leaders, as well as other, and at times there are going to be differences. And I don't think it's personal.

I think it is a different perspective about, sometimes what we think is best for our friends, may not be what our friends is best for them. And when we say that, I don't believe that's disrespectful, or rupturing the relationship, I think that's an honest relationship, that's the kind of friends I want. I want people who are going to say that to me, and I want to be able to say it back. So I think that's a

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broader and more accurate way to look at the relationship right now.

MR. SABAN: We have time for two more questions. So, one, Martin?

QUESTIONER: Madam, Secretary, thank you very much for gracing us with your presence and sharing your wisdom again this year. You referred to the anxiety of the Gulf Arab States, about Iran, and that has certainly been heightened lately by the sense that they are surrounded by Iran's dominance in Beirut, in Damascus, in Bagdad, and now in Sana'a in Yemen.

Given the negotiations with Iran and their anxiety about that as well, and as you've said the sheer anxiety with Israel, is it time for you resurrect that idea that you raised, and then six years in the Presidential Campaign? Of some kind of regional security arrangement, that would provide them with an umbrella of conventional nuclear that would give them some greater sense of reassurance, in this a very anxious time for all of them?

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MS. CLINTON: Well, Martin, I think, you know, it's one of the reasons why I wanted to form the Gulf Cooperation Council to begin a much more regular, in-depth discussion about security issues, because you are right, I did call for a -- I think I said, a security umbrella, that would include the Gulf States. Obviously it would require them to have a non-aggression pact towards Israel, if they were to be part of the security umbrella.

And you know, we, during the time I was there explored a lot of different approaches. We never formally offered such a potential package, but we looked at how we could try to create a more effective security environment, and it takes a lot of time and effort, and it needs to be a priority, because, for example, without naming names, you know, where you place certain radar is dependent upon geography, but countries wanted to be dependent upon their interests and needs.

So when you say, as I said, but if you look at this map, the radar should be here, they say, no,

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we want it here. We say, but that doesn't help us do what we are trying to do. So there's a lot of work, and it would -- it would go back to the Ambassador's question, and your question, there is no substitute for consistent diplomacy in the face of persistent problems.

And on the security umbrella it think it is an idea, in whatever form it could take, worth being resurrected because of what you described. If you look at the circle around the Gulf, there are more Iranian outposts now than there were. And a lot of that is because the countries themselves take Yemen, take the Houthis in the North? The countries themselves can't figure out how to defend themselves.

And you know, we have tried. We continue to offer aid and assistance there. The Lebanese situation is so destabilized with hundreds of thousands of refugees, with Hezbollah being basically apart of Assad's army against the rebels. And the inability of various parts of the Lebanese leadership to have a united front to protect their own country.

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I mean we can't do that for them, nor can anybody else.

So a lot of this is weakness that Iran takes advantage of and, you know, in this world you can be mad at somebody taking advantage of you, but at the end of the day that's your fault, that you haven't figured out how to defend yourself, and how to fend off external interest. And how to treat your people in a way, that they will not look outside your borders. And, you know, that is part of what what's been going on, as you know, and the Iranians have been incredibly focused on exploiting any opening.

And I think that we have to do what we can to try to bolster the sense of security, that the Gulf has going forward in order to deal with the constellation of threats that Iran poses.

MR. SABAN: Amos Yadlin?

MR. YADLIN: Thank you, Madam Secretary, for your insights and wisdom. One of the good news of the last two months is dropping in the price of oil, basically to \$70 a barrel, may be below. This affect

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the whole international system. Mostly, concern in some bad guys' quarters; In Iran, in Russia. How do you see the international community dealing with the hope in oil price, and is it affecting the idea of rebalancing to the Pacific, or some other issues that move, people think, to Asia, that you were part of the idea in the beginning of the Obama Administration?

Thank you.

MS. CLINTON: Well you are absolutely right, that the increase in supply on the international market and the decrease in price, has the potential to dramatically reshape strategic and economic relationships. I believe that we don't yet know however, how this will play out. It appears that the drop in oil prices is having an increasing effect of pressure in Iran which may, on the margins at least, give us more of an opportunity to get to the kind of deal that I was talking about.

We certainly believe that the decrease in price is having an impact in side Russia, and some of the decisions that Putin is going to have to make.

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And with the increase in production in the United States it is predominantly a good-news story, however, the cost of extracting oil and gas in the United States is more expensive than it is, getting it out of the ground in Saudi Arabia, and other producers.

So some think that our good friends in the Gulf are driving down, and keeping the price down, in order to begin the process of limiting production in the United States, so that they don't have the U.S. surpassing production levels in the Gulf. And they don't have the U.S. able to use oil and gas to a great extent as a tool of our diplomacy and our economic engagement.

So I think it's too soon to tell, but it certainly is a dramatic factor that we have to be constantly watching. Now, having a low price and so much production does help us in this way. China and India, in particular, other countries as well, we are getting antsier with the sanctions against Iran in the last -- some months ago, than they are right now, because there's enough supply at the price that the

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Saudis forced OPEC to accept. And it may go even lower.

And so I think that we just have to be smart about this. It's one of the areas that I emphasized in my time in the State Department was energy diplomacy. And I want to thank the Former Senator, Dick Lugar, who was really the driver behind talking to me, as I was preparing to become Secretary of State, to try to coalesce our energy diplomacy in, you know, one place with much more, you know, attention and resources behind it, and we did so. And it makes a big difference, because we have to see energy not just as a commodity, not just affecting the economy, but as a tool in our diplomatic arsenal.

So, too soon to tell. I think it's having a big effect in our hemisphere on Venezuela, they are having a lot of internal stress. So there's going to be many, many moves in the next year, if the price stays down and it has the impact internally, and externally that it's predicted to have.

MR. SABAN: Thank you very much, Madam

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Secretary. Thank you, for your insightful comments,
and inspiring words. And I'll see you next year on
that stage, I hope. Thank you (Applause)

* * * * *

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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