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Assessing the Aftermath:

The Middle East After the Israel-Hizballah War

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C O N T E N T S

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Panel Discussion:

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P R O C E E D I N G S

MR. POLLACK: Good afternoon, and welcome to Brookings.

Welcome back to Washington for all of those of you who were away for August. For those of you who were not and who were here with us in July, you know that we had a series of different press briefings to talk about the fighting in Lebanon, and we felt now that the smoke has cleared a little bit and we are beginning, just beginning, to get a clearer sense of what happens and what the impact of what happened is, that we would once again bring to the dais here at Brookings a group of distinguished experts to help us get a better sense of what they are seeing in Lebanon, in Israel, and elsewhere in the region, and to help us to think a little bit more about what it is that we ought to be looking for, what the signs of progress may be, and what the signs of a repeat performance might equally be.

I am going to give very brief introductions because our time is short and most of the people are well known to you. Sitting to my farthest left is Nahum Barnea who is a columnist for *Yediot Aharonot*, the leading Israeli daily newspaper, and called by many the smartest man in Israel, at least the smartest journalist in Israel. Nahum is here as a Visiting Fellow, and we are delighted to have him and we are going to ask him to talk a little bit about what is going on in Israel.

Immediately to Nahum's right is our good friend Hisham Milhem. Hisham is a correspondent for *An-Nahar* and *Al-Arabia*, and is the man who we turn to on a regular basis to tell us what is going on in Lebanon and how to make sense of all of the confusing factions there.

To my right is Ambassador Carlos Pascual, the Vice President for Foreign Policy Studies here at Brookings. Ambassador Pascual, as you all know, is someone who has had a long and distinguished career in a whole variety of different facets of American foreign policy. He has at various points in time been Deputy Assistant Administrator for Europe and the Newly Independent States at AID, Special Assistant to the President for Russia, Ukraine and Eastern European Affairs, Ambassador to Ukraine, and finally, he finished up his time at the State Department as Coordinator for Reconstruction and Stabilization. Carlos is going to be departing very soon on a trip with Ashraf Ghani to Lebanon to look at reconstruction there, so we have asked Carlos to join us here to talk a little bit about reconstruction in Lebanon, what is happening, what should happen.

The finally, to my farthest right, is Ambassador Indyk, the Director of the Saban Center for Middle East Policy. Ambassador Indyk, as you all know, did two stints as U.S. Ambassador to Israel. He also served as Assistant Secretary of State for the Near East, and was a Special Assistant to the President for the Near East in the Clinton Administration. We are going to ask Martin the hardest question of all, which is, is there anything that the United States can do to make a silk purse out of the sow's ear that we have been left.

Without any further ado, let me turn to Nahum, and Nahum, if you can start us off by telling us a little bit about how things are playing about in Israel, what is the mood there, and how is it affecting the political process.

MR. BARNEA: Let me start, if I may, by going back to a place called Ras al Bayada which is a Lebanese village overlooking the Mediterranean Sea just

about 7 miles from the Israeli border. In the middle of the war we were sitting in the back yard of a house in Ras al Bayada, about 10 soldiers, reservists, and I tried to interview them about the war. They were full of complaints. They started by telling me how when they opened their kitbags (phonetic) in the military barracks, they found out that a lot of equipment is missing. Then when they entered Lebanon, the orders were not consistent and they changed every few hours. Then there were caught for about 36 hours without water and food, and there was no way to supply them with food because the roads were not secure. So they asked for food from helicopters. The Air Force said that it is too risky to land helicopters in the places where they fought. But then nine of them died out—the Air Force had a reason to lend helicopters in order to evacuate the soldiers who were died out, so they were very bitter.

I said, I have a question. I said, in 1973 the reservists who fought in the Yom Kippur War, when they came back home and were stripped from their uniforms, many of them went to the Prime Minister's office in Jerusalem and protested against the Golda Meir government. At the end, these protests had a lot of influence on the Israeli political system. Golda Meir and Dayan had to resign, and Rabin came to be Prime Minister several months after the war.

Are you going to demonstrate, I said? Do you plan to go to Jerusalem? Nobody raised his hand. Eventually, this unit started the protest movement in Israel, and I found them again on the hill facing the Prime Minister's office in Jerusalem waving signs which say "Olmert," the Prime Minister, "Peres," the Defense Minister, "Halutz," the Chief of Staff, "Have to Resign." So in a way we repeat something which happened in Israel's history, but it is not the same. The impact of the protests of the

soldiers was much weaker than it was in 1973, and I am not sure you will like my explanation for this difference. I believe that the war ended in such a way that the political system in Israel is in such a crisis that the demand for resignation of the government received only very little support. Why? While in 1973 people were more hopeful. People believed that by changing the government they can change the basic rules of the game. Here the war ended in a way that made people very, very desperate. Not in the sense that the survival of Israel was at risk, but in the sense that the feeling was that the defense establishment and the government are in such a mess that they will not respond to any protests and they will not improve because of the protests.

So Israel came out of the war bleeding. It is too early to tell, I was sitting here in a similar briefing at the beginning of the morning when I was on my way to Israel, and what I said was basically wrong. I was too optimistic regarding the Israeli side of the war, and I found out how much trouble we are in only when I went back to Israel. So I do not want to predict what will be the outcome of the current crisis. But I can say that there is a political crisis in Israel which can result in either a dramatic change in the government, a reshuffle, replacement of several ministers, or in a deeper, more profound change in the way Israelis look at their government.

Another front which was considered a failure was the role of the government in solving the problems of the north, of about a million and a half people who had to either go to shelters or leave to the south because of the shelling from Lebanon. We had a kind of New Orleans phenomenon. People expected from the government to be much more responsive, and it was not. Again, people are bitter not only in the north. The feeling in Israel, has an advantage over the United States, if New

Orleans is bleeding, people in Peoria, Illinois, do not necessarily feel it. But if Kayach Monai (phonetic) is bleeding, people in Beer Sheva feel it as if they were inhabitants of Kayach Monai.

So we have some bitterness, and at the same time there is no immediate political mechanism which can change the system dramatically. The Prime Minister managed to avoid a nomination of a Commission of Inquiry headed by the Supreme Court President. In the Israeli tradition, a Commission of Inquiry is not formed in order to inquire, but in order to punish, and the government so far managed to get away with it by nominating a less-important, less-pretentious commission which will probably not dare to deal seriously with the political echelon, with the top echelon of the government.

Ken asked a question to the questions of the war, where the government made mistakes, where it was right and so on, it is an endless discussion in Israel, and I feel that in a way we are over it and we have to look at the future. The problem is that there is nothing on the table now. It is quite clear that the basic idea of the current government to have a merger, realignment, something, a plan which will allow Israel to evacuate unilaterally most of the West Bank in order to stabilize the relations with the Palestinians. This is not relevant anymore. First because it does not solve the most hectic problems Israel has, and also because the government now is so weak that it is hard to see how it can execute such a controversial idea, controversial because the Right in Israel objects to it and will fight against it. So there is nothing on the table.

It is not clear. Some people say that we should engage with Syria by diplomatic means or maybe by military means, because without Syria, Hizballah cannot

operate. Some people say that we should focus on Iran. Iran seems to be the worst problem we have because of the nuclearization of the country, and also because Iran is the major sponsor of any terrorist organization which threatens Israel. Israel does not know how to engage with Iran at the moment. What politicians tend to do in such a situation is not to do anything, and this is basically what the government of Israel is doing now, and I guess even this brilliant idea will not be enough to allow the government to survive in the long-run. When I talk about the long-run, I talk about a Middle Eastern long-run which means maybe a year or 2 years.

(Laughter.)

MR. POLLACK: That is fine. Thank you, Nahum. Hisham, let me turn to you next and ask you the same question, How are things playing out in Lebanon?

MR. MILHEM: Thank you, Ken. This is the third time we meet here, and I hope this will be the last time. We should stop meeting like this.

(Laughter.)

MR. MILHEM: And hopefully the reason that led us to this series of meetings will be settled and resolved.

It is only natural that after such a devastating war, such a unique, unconventional war, that the Lebanese and the Israelis will pose certain hard questions on themselves and engage in a round of soul-searching, self-criticism, and down right recrimination. This is what we are seeing in Israel, and this is what we are seeing in Lebanon. This is a truly unique conflict because of its, again, strange nature. The strongest conventional military power, i.e., Israel, engaging a non-state actor for the

longest Arab-Israeli conflict, 33 days, a non-state actor that is nonetheless armed with the kind of arsenal that usually we find among states and regular conventional armies.

This is a war fraught with ironies. It is clear that Ehud Olmert entered the war in a relatively strong position domestically. Today he is weaker than he was before the war. It is also true that Fouad Siniora, the Lebanese Prime Minister, did not enter the war, poor soul, it was imposed on him, found himself in a war, at least early on in the conflict found himself in a relatively weak, fragile position, and he found himself today, ironically, again, from the rubble of Beirut, stronger than he was before the war.

I anticipated I think after the first round of discussions here that in Lebanon we will see a great deal of recrimination, a deeper, increased polarization among the various Lebanese communities when the dust settles and the guns fall silent, and we are beginning to see in Lebanon a debate, soul-searching, critical evaluation, and recrimination.

One reason we have not seen bitter recrimination yet is because the Lebanese at this stage, all Lebanese groups, all Lebanese communities, are focusing their raw anger at the party that is continuing to cause immediate pain for them, i.e., Israel, particularly the continuing blockade that the Israelis have imposed on Lebanese harbors and airports. And because also many Lebanese were somewhat disappointed because the deployment of the international forces in the South has been slower than they had anticipated and hoped for before.

Obviously, since politics in Lebanon unfortunately is expressed in communal or through communal groups, it is only natural that the Shi'a community in

Lebanon is now facing mounting criticism, concern, fear, from other communities.

And given what is taking place in Iraq, given the events in Lebanon since the assassination of Hariri, we anticipated that the rift between the Shi'a community and the Sunni community in Lebanon will be more pronounced and more salient now that the guns have fallen silent.

Today we find a Lebanese leader like Walid Jumblatt who is the leader of the Druze community which is one of the smallest communities in Lebanon, but Walid Jumblatt has become the fiercest critic of Hizballah, Syria, Iran, and Lebanon, and what makes Jumblatt and his pronouncements and statements interesting is the fact that he speaks or he articulates the fears, the concerns, and the yearnings of a large number of Lebanese and he says things publicly and explicitly that many Lebanese politicians, many Lebanese religious leaders, do not say publicly for a variety of reasons. In the last 6 years since the Israelis withdrew from South Lebanon after Hizballah put up a strong resistance against the Israeli occupation of South Lebanon, Hizballah's stature became too powerful to be criticized in Lebanon. Hizballah and its supporters in Lebanon, again, keep in mind that the Syrians were in Lebanon until last year, created certain taboos, certain myths, which made it extremely difficult to criticize Hizballah publicly especially from within the Shi'a community.

Obviously, if we look carefully at what Hasan Nasrallah, the leader of Hizballah, has been saying in his frequent television appearances, he is somewhat reminding me of Osama bin Laden, he comes across now through taped interviews or clandestine videotapes, clearly the giddiness, almost the arrogance, that Nasrallah expressed immediately after the capture of the two Israeli soldiers is gone now. I do

not want to say that he is contrite, I do not want to say that he is sorry, people misinterpreted what he said to the new interview, and in fact, the Israelis like Hizballah are misreading Lebanon the way Hizballah misread Israel. But it is clearly we have a leader now of Hizballah who realizes the extent of the incredible damage that the Israelis have visited on Lebanon on general, and particularly on the Shi'a community in South Beirut, and in the South and in the East.

He is very conciliatory now. He is trying to rebuild bridges with the various Lebanese communities. He is concerned that he is going to alienate the Sunnis, and he is very concerned about that particular schism, again, given what is taking place in Iraq and given the views of the strongest Sunni bloc in the Parliament in the country, the Hariri bloc, who have been very critical of Hizballah, albeit not as vehement and not as explicit and not as sharp as Jumblatt's criticism.

Hizballah has sent a number of delegations from its own parliamentarians and political leadership to visit various Lebanese leaders, various Lebanese religious authorities, to placate them, to assure them that there is no special "Shi'a project" that he along with the Iranians and the Syrians are going to impose on the rest of the Lebanese.

He is in fact even saying we welcome criticism, we welcome dialogue even from within the community. But there is a great concern and fear among the Christians of Lebanon, among the Druze of Lebanon, and among the Sunnis of Lebanon that we have a non-state actor in Lebanon that had a veto power before the war. We now know to what extent they were successful in building a state within a state. The degree of discipline that Hizballah fighters showed, swiftness of which

Hizballah's social, political, and economic organizations dealt with the destruction, the removal of the rubble, the distribution of cold Iranian cash, good old American dollars, surprised many people and deepened their fears. And many people are saying to Hizballah and to Nasrallah today, you have weakened the Lebanese government which was already weak when you embarked on your adventure, and now you are weakening further the Lebanese government and the institutions of the Lebanese state when you are distributing funds to people, when you are taking on your own authority to rebuild or to claim that you are not only the protector of the Shi'a community, but you are the provider to the Shi'a community.

Nasrallah realizes this, and one of the reasons he accepted the cease-fire, and he said that publicly and explicitly, is because of his concern that his own power base, that his own community, that his own constituency, the Shi'a community has suffered a great deal physically and in many other ways, and he feels now that he has to allay the concerns of the Shi'a community who also feel that they are now besieged by the other communities who are being looked at with rising suspicion by the other communities.

People are asking questions publicly, such as to what extent Hizballah now is an extension of Iranian influence in Lebanon, or Syrian influence in Lebanon. Where are you taking not only your community by these adventures, where are you taking the whole country with you, and when are you going to ask like an integral Lebanese group and not only an extension of Iran?

But what is really the fascinating part here is not what is taking place in terms of the intercommunal debate or recrimination, if you will, but what is taking

place within the Shi'a community. Clearly, in the last quarter of a century, something occurred to the Shi'a community. Historically and traditionally, the Shi'a community, we used to refer to it as the invisible community. These will be, to quote Frantz Fernon, the wretched of the earth of Lebanon. This is almost a buffoon as they called them in Iran, these are the people who live on the margin of Lebanese society, on the margin of the Lebanese economy, and they were represented by the class of landed gentry in Lebanon, feudal lords, and they were marginalized until the emergence of Moussa Sadr in Lebanon in the late-1960s who really began the process of what we call Shi'a awakening in Lebanon.

But what happened in the last 25 to 30 years also on the social and economic level, which is also fascinating, was the emergence of a middle-class, of a Shi'a middle-class. If you go and visit South Lebanon, you find this anomaly. You find nice homes, sometimes nice villas dotting the beautiful Lebanese in South Lebanon. And yet to get to those nice homes and nice villas, you have to go through treacherous roads. There is no infrastructure whatsoever, bad roads, lack of electricity, but what you see there is the fruits of labor of the Shi'a community many of whom left Lebanon, went to Australia, North America, Latin America, Dearborn, Michigan, you name it, and worked very hard and went back or sent money back to build.

So we have now a rising Shi'a middle-class. Many of these people in this rising middle-class, along with a number of intellectuals, were never comfortable with Hizballah and what Hizballah represented. They, like many of us non-Shi'a in Lebanon, supported Hizballah's fight against the Israelis to kick them out of South Lebanon, but they did not necessarily adopt Hizballah's militancy or Hizballah's social-

political program. There is concern among these Shi'a voices that we do not want Hizballah to turn Beirut into a Tehran on the Mediterranean, we do not want to be ruled by the mullahs, we want to partake in the economic development of Lebanon, and we want to translate our demographic weight, our emerging economic influence and weight, into political gains within the Lebanese society. Immediately after the guns fell silent we have seen the emergence of these voices. I will only name some of them for those of you who follow Lebanese politics. We have academics like Mona Fayed — publishing in my own newspaper in Beirut scathing critiques of Hizballah. We have people like Hany, Abbas Baydoun, and — publishing in my previous newspaper As-Safir, again, critical of Hizballah. You have religious authorities like Ali Amin who is the Mufti of the City of Tyre and is the Mufti of Jabal Amel, and if you know anything about Lebanon and the Shi'a of Lebanon, Jabal Amel was the birth place of Shi'a jurisprudence in Lebanon. In fact, there were a number of Shi'a clerics who left Lebanon in the 16th Century, went to Iran and helped turn Iran from a Sunni state into a Shi'a state. So for the Mufti of Jabal Amel and the City of Tyre to be critical publicly not only of Hizballah, but publicly being critical of Hasan Nasrallah is something interesting.

I do not want to exaggerate this, but what we are seeing today is the beginning of I hope a healthy debate within the Shi'a community and a process whereby people are going to be asking questions of Hasan Nasrallah, What were you thinking when you embarked on this adventure? Where are you leading the community? Why should we be an arena for Iran to fight its war with Israel and the United States? Why

should we be used as a pawn or the Syrian or the Iranian regime? And how come you were not ready for this kind of devastation?

When Nasrallah said had he had known that the Israelis will come back with such ferocity, he would not have ordered the initial operation, people are asking, Didn't you see what happened to Gaza? And now obviously he has been telling us, and he has been contradicting himself numerous times, if you read his long, long interview 2 days ago in As-Safir, it is an incredible interview. Nobody, by the way, asked him, where did you get the cash? But that is another issue. Don't ask about these things in Lebanon.

(Laughter.)

MR. MILHEM: In a sense he is saying, I do not apologize, essentially. We did not make a mistake. And yet at the same time, I did not anticipate that the Israelis would react the way they did react. And by the way, I knew that if they are not going to hit us in July, they were planning to hit us in October. The obvious question is, why didn't you prepare yourself? And how did you know that they were going to hit you in October? What kind of intelligence? And by the way, this interview with the New TV, he quoted Seymour Hersh which is somewhat problematic, and he also quoted Hassanein and Heikel, and I don't know how Hassanein and Heikel can assure the Arabs, as he did publicly, that he knew also from his own sources that the Israelis will not attack Lebanon in October.

To sum up, what is taking place in Lebanon today is not yet a full-fledged soul-searching debate, but the beginning I think of a healthy debate,

particularly that kind of debate that is taking place and shape now within the Shi'a community.

MR. POLLACK: Thank you, Hisham. Carlos, you will be heading to Lebanon soon to look at reconstruction. What are you hoping to find?

MR. PASCUAL: I will be going tomorrow. I will be going together with Ashraf Ghani. Ashraf is a Nonresident Senior Fellow with us here as well. Many of you know he was Minister of Finance in Afghanistan, as well as he had a long career at the World Bank. So the two of us will be specifically looking at issues related to priorities and capabilities. We are not going to intend to even try to conduct a need assessment for Lebanon. There are others who are going to be doing that.

But in particular, what we are going to be doing is talking to the Lebanon government, to donors, to the private sector, to the NGO community, to parliamentarians, and trying to get a sense of where the critical public policy priorities are, and what the capabilities are to act on those priorities. It is that capabilities question that we want to focus attention on because so often in stabilization and reconstruction efforts you can have great plans for what needs to be done, you can have appeals for hundreds of millions and billions of dollars for what is necessary, and then you have the task of translating that and to actually getting something done on the ground and the capacity is not there. What we want to try to do is try to focus attention on that up front and make that a contribution that we as Brookings can make to the broader international debate and discussion on this issue to play a constructive role.

Let me highlight a couple of issues on stabilization and reconstruction that I think are important to keep in mind in that context. The first and most important

is the capacity of the Lebanese government. The international community can play a transitional role here, we can play a facilitating role, but in the end, if the Lebanese government does not have the capacity to secure its own territory and to deliver it to its own people, Israel will be less secure, the Lebanese people will not be secure and they will not have a better future.

If we look at other initiatives throughout the world such as Cyprus and Bosnia where there has been an extensive international presence, those have been the exceptions, and the capacity for the international community to actually sustain an effective presence in a given country is usually limited to a few years. Indeed, what the international community can do is to create a space to have an indigenous capacity for governance, but that international community cannot be a substitute for that capacity. So we have to be asking ourselves at the beginning as we do this, how to strengthen the Lebanese government, all throughout the process can the Lebanese government sustain this process, because if that does not work, Lebanon will fail and Israel will also be less secure.

We need to keep in mind the scale of this initiative. A quarter of the population was displaced, 130,000 homes were either destroyed or damaged, most of the roads and bridges in the South were destroyed or are impassible, electricity was bad before, it is extraordinarily bad now, and that has affected normal live, people's housing, whether they have jobs, whether they go to school, and to any kind of health care. There is a critical, urgent need to return some sense of normalcy to the people of Lebanon.

Let's remember that in Kosovo, tiny Kosovo with 2 million people, they absorbed about \$2 billion in the first 18 months after their conflict. So if we are translating that even just on sheer per capita terms into Kosovo, we easily are at a \$4 billion level. I do not mean that that is going to be the exact need. Some have used the figure of \$3.6 billion. We will find out what the needs assessment actually says. But this is not going to be an insignificant price tag. There is a huge scale of work that needs to be done.

In looking at that work, it is going to be critical to look at different elements or stages of it, and this is one of the reasons why we want to assess some of the priorities. There are needs for immediate stabilization, for facilitating returns to homes, to addressing health care, to dealing with immediate humanitarian needs. There is also a critical need to looking at some of the historical factors that led to internal tensions within Lebanon and between Lebanon and Israel and in the region. There are issues related to the laws and institutions and infrastructure of a functioning market democracy. There are issues related to civil society and the checks and balances internally within that society.

My point is that as Lebanon goes through this process of rebuilding, it is in a sense redefining and reshaping itself. That means it is going to take Lebanese ownership for those strategies, otherwise it will not succeed, and it will take time. It will not be done overnight, and the international community is going to have to be willing to stick with it and to continue to provide support.

The fourth issue is going to be the speed and availability of resources. The Swedish government should be commended for a Donors Conference which they

held last week. It raised \$940 million. Some people have estimated that the total raised right now is \$1.2 billion. There are lots of figures that have been floating out there, the \$1.2 billion, \$800 million from Saudi Arabia and from Kuwait, another \$1.3 billion which has been provided to support reserves. One of the problems is that no one knows exactly what money is made available, through which mechanisms, and how those mechanisms will work. So it is great to have the resources, but if you cannot translate the resources into a strategy that has impact, it is not going to be effective. So that is one of the things that we hope to be able to discuss with the donors and with the Lebanese government, and to discuss mechanisms to facilitate the disbursements.

The ideal would be to have one trust fund that everybody contributes resources to. It has been tried in the past, and usually many donors actually resisted. The United States has been the biggest at resisting it because we try to control the resources that we have directly. But this is one of the cases, especially with the capacity of the Lebanese private sector, where we need to think creatively about mechanisms to be able to move funds quickly.

We will be looking at the security issues. That is not to say that we are going to be focusing a lot of time on this, but if there is no security, reconstruction will not occur. There should be considerable praise that is given to the ability to start moving troops out to the South. First, to the Lebanese government for moving 15,000 troops into the South. The Europeans, having made the decision to deploy about 7,000 troops, are beginning to move more quickly. By the end of this week, the estimate is that there will be 5,000 international troops combined with the 15,000 Lebanese troops into the South.

It is important to look at how they are working and their capacity to maintain an environment of security. It will be critical to look at the Lebanese Army itself and its capabilities and the capability gaps and how those can be addressed by the international community.

Beyond that, policing is going to be a very important question. If there has been an issue in almost every transitional situation, whether it has been Bosnia, or Kosovo, or East Timor, or Iraq, or other situations throughout the world that we have found, it is that within an environment where there is a limited amount of ability to ensure the rule of law, that crime and organized crime has moved in to fill that void. Very interestingly, in a conference that was pulled together last year by the U.S. Institute for Peace with Special Representatives or Secretaries-General who have worked for the United Nations, every single one of them said that the most difficult issue that they dealt with over time was the inability to yank back from organized crime the definition of that space where you can actually have a rule of law that was meaningful in that society. So that issue should be looked at carefully as well.

Lebanese capacity is potentially a huge asset, but it is an issue that needs to be looked at in the government. The Lebanese private sector is one of the most entrepreneurial in the world. We need to look at how we can mobilize it more effectively. In an op-ed that Martin and I wrote in The New York Times a few weeks ago, one of the things that we suggested was that the international community come forward and say up front that we are willing to provide \$5 billion worth of risk insurance for private-sector activities within Lebanon. If we do that up front, the Lebanese private sector and the banks will come up with more creative deals than we

could possibly do from a think tank, or certainly even governments can do from their perspective.

I have just two other things I will touch on briefly. I think it will be very important to see if there are possibilities for Israel and Lebanon to be able to work constructively together on some issues. In fact, after another event that we had, there were some people in the audience who raised this possibility and asked, what could be done? One of the things that certainly has to happen is to police the border, and if there are ways to in fact have cooperation on that, that is an area that needs to be looked into carefully.

Finally, let me touch on the issue of Hizballah and its role in the South. This has been controversial. Some have written even that perhaps the international community should not even considering providing resources for reconstruction in the South because Hizballah is so active. It is a difficult issue, and let me suggest a lens through which we might look at this, and in particular that lens I think is what is necessary to be done to help the Lebanese people rebuild and give them a sense that there can be a viable and functioning Lebanese state.

The reality is that Hizballah is mobilized and it is active. We have read about it extensively in the papers. It has been reported by the groups who are on the ground. Because of that, if nothing is done by the international community, it is quite clear what will happen. The Lebanese state will be seen as inactive and ineffective, and the international community will reaffirm a decision to essentially surrender the South to Hizballah. It will reinforce the concept of a state within a state, and I do not think that is what anybody wants to do.

The alternative risk is, indeed, to reinforce the perception that by working in the South, that Hizballah delivered. We need to weigh that against what is the alternative perception which is that there could be a view that the international community did not care, that the Lebanese state cannot deliver, and in effect, by doing that, we would end up reinforcing Hizballah. This will not be a simple and easy situation. It is one that will entail a certain degree of risk. But it is one that can be dealt with by working with known NGOs, nongovernmental organizations, trying to work on cooperating on a grassroots level and beyond the initial stages of reconstruction to have projects that involve different aspects and elements of communities where they work together on identifying priorities. As the state becomes more functional, it has begun to identify concepts where it will transfer resources directly to individual personal accounts. There are market mechanisms that can be utilized such as risk insurance that can activate the private sector that can take things away from individual specific groups that are working on the ground that allow the private sector to be more functional.

This process of reconstruction is going to be complicated, it is going to be difficult, and at times it is going to be controversial. It will be messy. There will be allegations of corruption. There will be corruption. We should prepare ourselves for all of that up front. But at the same time, we should recognize that there is a real opportunity right now and that the nature of the peace that can be struck there is going to have a more significant impact on winning stability in Lebanon and in the Middle East than any kind of aggressiveness through war because we have already seen that aggressiveness through war is in fact not going to get us to stability.

MR. POLLACK: Thank you, Carlos. Martin? Is there any silver lining in all of this? Is there anything that the U.S. can take away from this and maybe turn to the larger purpose that Carlos was suggesting?

MR. INDYK: Yes, I think so, actually. Although the United States did not cover itself in glory during this crisis, and the reaction to the U.S. role during the crisis has hampered our ability to make a difference in the aftermath, I think that we find ourselves in a situation now where the understandable focus on reconstruction that Carlos has spoken about, and the understandable focus on implementation of U.N. Security Council Resolution 1701 that the Secretary of State has been working on, and, indeed I think had a considerable achievement today with Israel's announcement of its lifting of the sea and all of the blockade and the Israel troops are likely to be out of there ahead of schedule, that nevertheless there is a need for American leadership for a broader initiative that I think is lacking mostly because we seem to be too focused on these immediate requirements.

To develop this potential we have to start with an assessment of where the opportunity lies. Here is what we have to work with. The first, as Hisham pointed out, is that Hizballah is now on the defensive. Secondly, Syria and Iran are very much under the international spotlight and cannot easily resume their resupply of Hizballah without that coming to the attention of the international community which would be a direct flouting of U.N. Security Council resolutions.

Thirdly, the Lebanese government is exerting its authority, as Hisham pointed out again. I was particularly struck by a statement by the Defense Minister, the weak Defense Minister of a weak government controlling a weak Army, but

nevertheless prepared to stand up and say that anybody that fires a rocket into Israel will be treated as a traitor and we will act decisively.

But beyond that are the repeated statements of the Lebanese Prime Minister Fouad Siniora, his repeated references to his interest in returning to the Israel-Lebanon Armistice Agreement of 1949. Nobody is paying any attention to this, but it is striking how it is a constant refrain of his from day one of this war, and I think we need to understand why he is doing this. He has made very clear that Lebanon cannot enter into a peace agreement with Israel. Its government is simply too weak to do that. But what he is offering instead is a way of dealing directly with Israel that is legitimized by return to the last time that Israel had an agreement with Lebanon, and that was in 1949 with the Armistice Agreement. The Armistice Agreement provided for the establishment of a Joint Armistice Commission headed by a U.N. representative with two Israeli military representatives, and two Lebanese representatives. One of the functions was to police the border, and the second function was to ensure that no irregular forces could disrupt the Armistice Agreement. So what I think that Siniora is saying here is we can deal with Israel via this mechanism, and no Lebanese can criticize us for doing so.

The advantage of the Israel-Lebanon Armistice Agreement, a revamped one, an updated one, is that it could also provide a vehicle for establishing a Joint Border Demarcation Committee which would then provide a mechanism for dealing with the issue of Shebaa Farms, which for those of you who follow this in its arcane details is the one little strip of land that Hizballah is contesting. It is actually Syrian territory according to the United Nations, so Israel did not give it up when it withdrew

from Lebanon in 2000, but the Lebanese claim that it is Lebanese, and Hizballah is saying that they need their arms independent of the Lebanese government to fight for the return of the Shebaa Farms. Consistent with Carlos's principle that everything should be done to strengthen the Lebanese government in this situation, the Joint Border Demarcation Committee can be a way for the Lebanese government to be the one that resolves the Shebaa Farms issue, and I believe that the Israeli government would be prepared to give it up, provided it were demilitarized, and that would enable the Lebanese government to turn around to Nasrallah and say you do not have a reason to retain your arms independent of the government and the Army because we have resolved this issue. But Siniora's initiative in this regard should be seen as part of a wider phenomenon that I think the United States needs to take note of in terms of developing its own initiative.

What is that? It is that Sunni Arab leaders have been feeling threatened for some time before this crisis by what they refer to publicly as a Shiite arc that they see stretching from Iran, across Iraq where the Shiite government is now in control there, to Alawite ruled Syria, an Alawite minority government which is aligned with the Shi'as in Iran, and, of course, to Hizballah in Lebanon. The two King Abdullahs, in Saudi Arabia and Jordan, and President Mubarak in Egypt, have been warning about this concern for some time. That is why they were critical of Hizballah in the early days of this crisis. It was driven home to some of us here in Washington by a leading member of the Egyptian regime who came here in the first week of the crisis, and he said you have to understand that it is unacceptable to use that Iran should become the arbiter of Arab interests, and they see this. They see Iran building its sphere of

influence in Iraq, they see it using its relationship with Hizballah and Syria to dominate Lebanese politics, they see it using its relations with the Palestine Islamic Jihad which is a wholly owned subsidiary of the Iranian intelligence services, and Hizballah, and the external wing of Hamas run by Challad Nashal in Damascus which is dependent on Tehran. They see all of these forces being used to veto any progress on the Palestinian front. And they see Iran acquiring nuclear weapons to reinforce its claim to regional dominance.

The Lebanon conflict for them highlighted this danger in stark relief, and the danger for them is not so much that Shi'as are going to take over the Sunni Arab world, it is that the message coming from Hizballah and from Ahmadinejad is that our way works better than their way. Their way is with negotiations with Israel, peace agreements with Israel, and recognition of Israel. Our way is what we call resistance, what they call resistance, what we in America call violence and terrorism. And Hizballah and Iran point to the use of force, violence and terror, to get Israel to withdraw from Lebanon unilaterally without any negotiations, any recognition or any conditions in May 2000. And they point to Israel's unilateral withdrawal from Gaza last year without any agreements, concessions, or recognition as proof positive that their way works. Precisely as this is happening, you see the breakdown of the peace process, the failure of the efforts to achieve any progress in the negotiating process and in the peace process between Israel and the Palestinians and Israel and any of its Arab neighbors.

That in the context of this Lebanese conflict is particularly threatening to the Sunni Arab leaders because Hizballah and Iran are now able to appeal over their

heads to their own people where Nasrallah is now a hero. There may be questions about him in Lebanon, but he is a hero in the Arab street. And Ahmadinejad is a hero because he is standing up to the United States and Israel, even though those nuclear weapons will be much more threatening to these Arab states than to Israel.

So they have a problem. The Sunni Arab leaders know that they cannot afford to go back to war with Israel. That will be the end of their regimes, but increasingly they fear that that is where Iran and Hizballah want to drag them. They have only one answer, and that is to reinvigorate the peace process. Look at the Emir of Qatar now representing the Arab world in the United Nations. He went immediately to Lebanon and he praised the great victory of Hizballah, but he said we have to use this victory to achieve peace, but that is not what Hizballah has in mind at all. The Sunni Arab leaders are now trying to work together to come up with a new peace initiative, but they seem to be at a loss as to how to proceed.

The same phenomenon we can see when we narrow the focus down to the Palestinian leadership. Abu Mazen, like Arafat before him, has long complained about the way the Iranians and Hizballah are interfering in Palestinian affairs. But now, Ismael Hania, the leader of Hamas inside Gaza, and the head of the Palestinian Authority, the Prime Minister of the Palestinian Authority now, has reason to be concerned. The Palestinian kidnapping operation that provoked this whole crisis was carried out behind his back by the Iranian-influenced Khaled Meshal in Damascus. And while the Israeli-Lebanese conflict has been raging, we see Hania engaging with Abu Mazen in a discussion about forming a national unity government. For what purpose? To find a way to break the political —

(tape interruption)

MR. INDYK: (In progress) — to reengage with Israel in some kind of political process in which Abu Mazen would represent the Palestinian Authority.

Here there is an interesting parallel with the Israel-Lebanon Armistice Agreement idea that Siniora is pushing. Internal Hamas does not want to recognize Israel, but is offering a *Hudna*, an equivalent of an armistice agreement, or more exactly, the equivalent of a disengagement agreement, and is talking about it lasting for 40 years which is almost as long as the disengagement agreement has lasted between Israel and Syria. So we have a situation where the internal Hamas may be willing to enter into an understanding with Abu Mazen who himself is climbing down from his insistence on a final status agreement, and he is now looking seriously at the option in phase two of the Roadmap which provides for a state with provisional borders in the West Bank. All of that could fit quite nicely with the aftermath in Israel. As Nahum has pointed out, unilateralism is dead for this government that was elected on that mandate, but the real mandate of the Israeli government was to get out of the West Bank, was to end the occupation of the West Bank, and the lesson of the Gaza and Lebanon withdrawal that I think will eventually emerge out of this big internal argument in Israel is that withdrawal is not the mistake, the mistake is to withdraw unilaterally and leave a vacuum there that is filled by terrorists, that the withdrawal has to be taken in favor of a capable and responsible government that is going to take control of the territory. And if you do not have a capable and responsible government, if you have a responsible government that needs some capability, then the lesson from Lebanon which we already see the Israelis implementing is that you bring in an

international force to back it up. That is a big change in attitude in Israel, one that I believe could be applied to an interim agreement between Israel and the Palestinians providing for a state with provisional borders in the West Bank with international intervention to back up the capability of the Palestinian government in controlling that territory.

My point is, and I could go into a lot more detail on this but we do not have time, that there is an opportunity that derives from the emerging common interest between Lebanon, the Palestinian Authority, Egypt, Jordan, Saudi Arabia, and Israel, to prevent Iran from dominating the region. For Israel, ironically, it represents a full-circle return to the days of Yitzhak Rabin when he was Prime Minister and argued to his public that it was necessary to make peace with Yasser Arafat and the Sunni Arab neighbors of Israel in order better to confront the Iranian threat.

The problem with all of this is the weakness of all of these potential partners to an American initiative. We just have to list them to understand that. You heard from Nahum about the weakness of the Israeli government now. We know about the weakness of the Lebanese government. Mubarak is essentially on his last legs. The Jordanians do not have the influence. And the Saudis have never been a prime mover in the peace process. And, of course, we have a weak government in Washington to boot laboring under the albatross of Iraq, low approval ratings, and likely loss of control of the House, if not the Senate as well.

Nevertheless, whether it is this administration or the next, I think that there is a potential for an American initiative that focuses not on comprehensive peace as many others have argued, but, rather, on interim arrangements, an armistice

agreement between Israel and Lebanon, an interim agreement between Israel and the Palestinian Authority, and getting Egypt, Saudi Arabia, and Jordan to back that up, and in the context of the overall goal of a comprehensive peace, it can lay the foundations for the beginnings not just of a peace process, but a tacit alliance of America's friends in the Arab world and friends in Israel of which the Palestinian and Lebanese interim agreements can form the cement. Thank you.

MR. POLLACK: Thank you, Martin. We would like to take some questions. I have already seen a number of different hands, so I am going to ask you to please identify yourselves when I call on you, and please keep your questions short, with no speeches, just questions.

MR. DANZIGER: Rafi Danziger from AIPAC. My question is addressed to Hisham. I think one of the big issues that will decide whether things work out or not is whether there will be a resupply of Hizballah through the Syrian border. Martin said that it is going to now be more difficult for Iran and Syria to resume those supplies because of international attention and scrutiny. At the same time, as you know, the Syrians made threats already against the Lebanese government and told them if you bring in the international force to the border then there are going to be consequences for you. Immediately the Lebanese government said we are not going to bring them in. So do you think the Lebanese Army on the border will be in a position to actually prevent the resupply of Hizballah should Syria and Iran decide nonetheless to defy the international community and to try to resupply Hizballah?

MR. MILHEM: I think the Lebanese Army can do it. The Lebanese Army may need some logistical support, communications or whatever from the

international community and from the expanded UNIFIL in Lebanon. I think the real issue is the political will rather than the logistics and the availability of Lebanese Army units. I think while the border is porous like all the borders in the Middle East, and there are many people on both sides of the border who make a living out of smuggling and there has always been, to quote Adam Smith, an invisible economic hand between Lebanon and Syria, an underground economy or whatever, but it can be done and it should be done.

The problem is, I know this does not sit well with a lot of Lebanese; last year there was a very famous or infamous incident. Again, given the strange nature of the Lebanese political beast, so to speak, you have at the helm a President who is beholden to the Syrians. He is in power because the Syrians extended his term by fiat, and you had a Speaker of the Parliament who has always been close to the Syrians, and in recent years under the Hizballah, Nabih Berri. Then you had some in the officer corps of the Lebanese Army — when the Syrians had the final stay in Lebanon.

I don't want to question the credibility of the armed forces of Lebanon, but last year there was an incident that was telling in and of itself. After the Syrian withdrawal from Lebanon, a shipment of rockets from Iran came to Lebanon via Syria. The Syrians gave it to the Lebanese Army, the Commander of the Lebanese Army consulted the President of the country who was extremely independent, as you can tell, and he said give it to Hizballah. All of this happened without the knowledge of the Prime Minister, who was livid. The Israelis protested, the Americans protested, and Siniora promised that this will never happen again. And I do believe Siniora. I rarely say something nice about Lebanese politicians, but this man really emerged as a

statesman as much as one can emerge in this Byzantine-like structure and political system that we have in Lebanon. But I think the Israelis are not helping their case. They are not helping the Lebanese by that stupid blockade they have imposed and by their maximalist demands.

But I think the Lebanese Army should be given a chance. I think more and more Lebanese are going to be outraged if the Syrians and the Iranians continue to re-supply Hizballah. In fact now publicly, many Lebanese are saying to Nasrallah, you launched 4,000 missiles, and Nasrallah in his interviews, by the way, is claiming that they launched more than 4,000. These are essentially antique missiles with the exception of a few. And if you take 4,000 rockets and missiles, how many civilians were killed in Israel? Thirty-eight or forty. Most of Israel's losses were in terms of soldiers who were on Lebanese soil in close combat with Hizballah's fighters. So many people are saying where is the deterrence? Your vaunted deterrence against the Israelis did not work. The beauty of deterrence is that you wave it, but you don't use it. So it is going to be extremely difficult for the Syrians and the Iranians to rearm Hizballah. It is not impossible, but I think the Lebanese Army and the Lebanese Prime Minister should be given a chance.

MR. PHELPS: Tim Phelps from Newsday. What are the military lessons of this war? Is this not the first Arab-Israeli war that the Israelis have not clearly won, whether or not they lost it?

MR. POLLACK: Nahum, do you want it?

MR. BARNEA: The first lesson of this war is that wars are not necessarily a zero-sum gain. It can happen that both sides lose a war, and this is what

happened here. I do not mean only Lebanon and Israel, but even Hizballah as we heard from Hisham has more problems in the aftermath of the war than before. So this is the first lesson.

I am not sure I can follow your statement, because it depends how you define a war. It is true that Israel was proclaimed a winner in the 1948 war and in the 1967 war. I believe that Israel was defeated in the 1997 war because we were left with occupied territories which we do not know how to use, but this is an historic perspective.

From a military point of view, it was a great victory. The Yom Kippur War started with a defeat and ended with something which can be called a victory not because of military reasons, but because the military's relative achievements of the war put to use the peace process with Egypt and the agreement with Syria which survived decades of Middle Eastern realities, which is good.

Regarding this war, I can elaborate on it, but if we take seriously the lessons of this Lebanon war, we can come to the conclusion that Western-style democracies cannot fight guerrilla wars. The reason it is so difficult to fight guerrilla wars starts from the fact that if you face not a regular army, but an organization which has only a few soldiers or fighters but a lot of equipment spread over vast land, over very, very wide territory and prepared for action. When I walked in Lebanon, it was very clear, you could see a Katyusha or an antimissile launcher or rockets stored in orchards put in a way they are ready for us, and what the Hizballah members have done was only to operate the timers. We found out, for example, Katyushas were launched at 4:23, 5:23, 6:23. Why? Because it was easier for the operator to set the timer. He

did not have to remember at what time what Katyusha will be launched because he followed a pattern.

It is very difficult militarily. It is even more difficult of us, because of the media, and Israel is different from the United States in the sense that we do not ignore funerals. We show funerals. On the TV screen we have like you have here, every time you have breaking news you have a snake, a kind of narrow ticker which reports the news. So every name of a civilian or a soldier who was killed during the day is repeatedly broadcast through the media. The impression was that thousands of people, Israeli people died in the war.

You did not ask it, but let me make a comment on another issue which accompanied this war. There were several debates in the Israeli Cabinet and all of them were published at the time. One of the debates which I believe was not published extensively in the West was the debate over the bombing of Lebanon. What the Israeli Chief of Staff and the Israeli Commander of the Air Force demanded was to hit Beirut seriously, and the idea was that by doing it, Israel will force Siniora to act in a stronger way, more forceful way, toward Hizballah. Olmert rejected this idea under American pressure. The Americans were very blunt regarding the destruction of infrastructure and of parts of Lebanon which are not populated by the Shi'a population.

The result is still under debate. The people I mentioned still believe that we could win the war if we destroyed power stations, bridges, government buildings in Lebanon. The irony is, and the impression in the world was that Israel is really destroying Beirut which is not true. Even according to Lebanese numbers, the number of casualties was 1,000?

MR. POLLACK: More, no. Almost 1,300.

MR. BARNEA: Almost 1,300. This is not exactly what you expect from a war. I am not trying to say that it is something that should be taken lightly, but the fact is that when you have this kind of vast bombing, the number of artillery shells launched into Lebanon, shot into Lebanon, was 130,000. I guess 99 percent of them hit the ground with no damage at all because it is a vast number. It cost Israel \$130 million, only the artillery.

So you have a Gulliver, the original superpower by the name Israel, who is fighting an organization, a well-trained guerrilla organization with a lot of ammunition but not many soldiers, and it fails because somehow we did not find a way to wage this kind of war.

MR. PASCUAL: May I say one thing? I think it is worth pointing out that this issue is not unique, and I think this is what of what you are getting at, to Israel and Lebanon and the situation in the Middle East. We can go back to Russia and Chechnya and the way that Grozny was essentially leveled and destroyed in 1999 and 2000, and there was a resistance that in fact continued.

We can see in Afghanistan now that the Taliban is actually resurging once again and there are more than 20,000 NATO troops there. In Iraq there are 125,000 American troops, and the capacity to contend with the insurgency is obviously limited. So when you have insurgent movements that have different objectives, and when you have non-state actors with different objectives, the idea of what you are trying to achieve and how you define victory is, frankly, different, and your capacity to

disrupt is different. And if you have credibility with the local people and can in fact imbed yourself with the local people, that makes it even more complicated as well.

What you are pointing at is the nature of war and the security challenges that we are facing today internationally are very, very different. It is not the traditional state-to-state war, but an environment where there are these kinds of non-state actors. The challenges are much harder. The ability to intervene is much more difficult. The ability for the international community to play an effective role is much more difficult.

Take the situation in Darfur where every country except the government of Sudan has acknowledged it is at least some form of an atrocity, and even with a Security Council resolution, the capacity to amount an international mission to actually stop the violence there has been absolutely limited.

So it is something that needs to be put on the international agenda in a very clear way because it is one of the major security challenges that we face right now, and we do not have very effective tools to deal with it.

MR. POLLACK: Since Carlos raised it, let me, Tim, just make one little dent in it as well, as the military analyst on the panel.

One of the most interesting things is the point that Carlos is making which is the Israelis once again tried to employ convention forces using a conventional strategy to try to take down an unconventional enemy. That never works. What I think is one of the most interesting questions that historians will have to answer is why the Israelis did it, especially given the fact that they could not do it from 1982 to 2000 in Lebanon while they were there fighting this exact same foe, and watching us continually smack our own hand with a hammer in Iraq again and again and again, and

I think that is one of the great questions out there, why the IDF, which is one of the best militaries at learning lessons that has ever existed, thought that it could do better using the same approach than it had done in the recent past or that the great superpower was doing at the same time.

MR. MILHEM: What about the intangibles? You talk about wars in terms of guns and whatever, but what about the intangible things? For instance, the inability of the Israelis or the Americans in Iraq to sacrifice and to endure pain? They could not take Bint Jbeil because they lost eight soldiers. In the scheme of things, eight soldiers is what, even for a country even of 5 million people?

On the other hands, the Israelis fought their wars in the past preceded by their reputation and the conception of invincibility. They remind me of the famed Janissaries of the early era of the Ottoman Empire. When those people used to walk to battle preceded by frightening music, the army on the other side would run.

There is a perception in the last decisive victory the Israelis achieved was in I think 1967, and each war has become more and more difficult. We are fighting people who are willing to act like the Samurai. Death? I welcome it. When Nasrallah keeps telling his own people day after day after day "we life death more than you love life, here you have something intangible," and these people are willing to pay the price, and they paid the price and they endured pain. This is the example of Iran during the kind of nihilistic war that they fought against the Israelis when they used to send these young *pasdarans*, wave after wave after wave after wave.

The Iraqis. I'm sorry. So it was this psychological intangible factor that you have to take into consideration.

MR. POLLACK: Let's get one more question.

MR. JASHAN: Khalil Jashan, Pepperdine University. Earlier in the panel we heard Hisham and Nahum talk about essentially a stalemate between Israel and Hizballah in this case, strategically, militarily, and politically, and they talked about the fallout from that stalemate. It seems to me that Hizballah is left basically with two or three options. One is to rebuild it state within a state which is still I think a possibility. It could take a page from the Shi'a in Iraq which is use international intervention to take over politically by saying one man one vote, we will drop all armed struggle and we want to turn into a 100-percent political movement, and I am sure since everybody now all of a sudden wants to support democracy in Lebanon, they probably could ride that wave all the way to the Presidency. The third option is what Hashim referred to, that they will succumb to the pressure internally within Lebanon to become essentially a purely Lebanese political movement.

The question for you, Hisham, is in what you described as the Byzantine or archaic political system in Lebanon, which choice would that allow for Hizballah? The second part of the question is to Martin, what scares me is really the American role, and you focused mostly on the regional. I am afraid that if the focus from Washington is on the plan you are suggesting, that Lebanon would be swept under the rug until the next battle. What should the U.S. do with regard to Lebanon right now, particularly with shepherding Hizballah into some more constructive role since it was not destroyed in this conflict? And Hisham said earlier when politicians do not know what they are doing, they do nothing. That might apply to Israeli politicians, but that does not seem to apply to Washington.

(Laughter.)

MR. JASHAN: What would you advise Washington to do?

MR. POLLACK: Thank you.

MR. HISHAM: Briefly, if Hizballah insists on restructuring in a radical way the Lebanese political system to make it become one man one vote, essentially to deal with democracy in terms of demography only, they will be facing stiff resistance from every Lebanese community, from the Druze, from the Sunnis, and from the Christians. This will not happen without bloodshed. So this is not really an option.

What they could do is to try to translate their growing political clout and economic clout to have a better representation in the government and the bureaucracy and political and economic in the South and Eastern Lebanon where the majority of the Shi'a live. To rebuild the state within a state, there will be resistance. There will be different forms of resistance, and it is not going to be easy as some people think.

So we are left with the third option to allow for this debate to evolve, to get moderate Shi'a to speak and to engage in politics outside the framework of Hizballah. There is a monopoly on the decision-making process. Hizballah in the last few years became essentially the sole representative of the Shi'a community and acting and living as if there is such a thing called the Islamic Republic of Hizballah in Southern Beirut and in the South and in the East. This is not going to sit well with, as I said, that strata of the Shi'a, the professionals, the rising middle-class who would like to, as I said, partake in Lebanese development and the Lebanese economy and Lebanese political life.

Obviously, a lot will depend on developments and dynamics in Syria and in Iran and in the region, but I still think that there is an opportunity here to help Lebanon through that difficult transition where you will have a debate within Hizballah and mounting political pressure, the Lebanese willing to disarm Hizballah by force, and to make it extremely difficult for Nasrallah to come back to political life while maintaining his state within a state. This is not going to fly, and I think the Arab states should step up to the plate, so to speak, and stop complaining in a sectarian way about the Shi'a's presence and play real politics.

MR. INDYK: Just to add to what Hisham says about Hizballah's options, I thought that the most dangerous option politically was one in which Hizballah would try to bring down the government with its Aounist allies and force a new election in which it might help with its Christian allies to actually take control of the government, and that that would do away with the Cedar Revolution and that they would have the opportunity on the backs of this victory to do that.

You will notice that Aoun has been pushing for early elections, but it does not seem to be going anywhere, and that is I think because of the irony that Hisham pointed to, which is that actually the Lebanese government has emerged stronger than one could have expected out of this and Hizballah is more on the defensive. So I think that kind of scenario for Hizballah to in effect take control of the government is out the window, at least for the time being, and the ideas that Hisham talks about become more viable.

What I was saying, Khalil, was not to ignore Lebanon, but to make Lebanon one leg of this whole initiative which starts with strengthening the Lebanese

government as Carlos has argued for in the context of reconstruction, but empowering it to be able to turn to Hizballah and say the reason you are retaining your status as a state within a state is because of what? Because of Shebaa Farms? We have a way to solve Shebaa Farms. We are going to take care of that. Because of the prisoners? We are going to take care of the prisoners. And we are going to rob you of the legitimacy that you claim for retaining your arms, and the vehicle for doing that is the Israel-Lebanon Armistice Agreement, and updated Israel-Lebanon Armistice Agreement. That is what Siniora is shouting to the world I can do and nobody is saying no within the Lebanese context, and that gives Israel not the peace agreement that it would like to have but no longer believes is possible, but an interim arrangement, a form of dealing directly with the Lebanese government via the Joint Armistice Commission that enables it to stabilize its border with Lebanon and enables Lebanon to have the advantage of a stable border with Israel and the resolution of these issues that Hizballah has been using in effect to destabilize the country and undermine the government.

So that is the first thing that I think needs to be done. Instead of just focusing on what bridge needs to be rebuilt, the Bush Administration needs to be also focusing on developing this idea of an updated Israel-Lebanon Armistice Agreement. But to take advantage of the broader trends in the region, we also need to move on the Palestinian front not with a final agreement, but with an interim agreement which, as I was arguing, I also believe is more feasible today than it was before this latest Israeli-Lebanese conflict.

MR. POLLACK: Thank you, Martin. Carlos, would you like to add anything to that?

MR. PASCUAL: I would just reinforce what Martin has said by the experience throughout the region and elsewhere in the world which is that in a period of reconstruction and even with international forces, what it does is it gives you time to build the local capacity of a political understanding which is viable. In the context of Lebanon and Israel, the political understanding which is viable is inevitably both domestic and across the border with Israel, and one has to look at what can be achieved. In a separate session that we had had, you used the term "one needs to find what the achievable peace is and keeping building on the achievable peace to eventually get to a comprehensive peace." Here, the next stage of that achievable peace is one that gives some viability to the Lebanese government, reinforces its strength internally, and puts it in a position where it can assume the capacity to negotiate with others across its borders, and particularly with Israel. And I think Martin has laid out a very creative idea to do it, and I hope that the Bush Administration and others internationally pay attention to it, because the international forces that are there can only sustain this for a short period of time. Short might be months, it might be a year, but it is not a permanent solution. There needs to be a way to transition to something else which has a political foundation, and this is a very interesting idea to explore.

MR. POLLACK: Thank you, Carlos. Nahum, is there anything you would like to add?

MR. BARNEA: I will try to answer your question. You asked why Israel went into Lebanon knowing what kind of mud we have in Lebanon. The answer is, we blew it. It was very interesting, because the IDF and the Inner Cabinet which anonymously chose the most far-reaching scenario, the most far-reaching plan to

invade and to attack Lebanon looked at all the scenarios and they knew all the dangers and all the risks. At the same time, there was an undertone. There was the feeling that in 48 hours, maybe 72 hours, Hizballah will be broken. Something will happen, the backbone of Hizballah will break. They believed that the bombing of the Southern compound in Beirut, the Hizballah compound in Beirut, will kill the top echelon of Hizballah including Nasrallah, and then Hizballah fighters in the South will surrender or run away and the war will be over.

They were wrong. They were completely wrong. The bombing of the compound did not produce this kind of result, and also the fighters of Hizballah in the South operated independently from the headquarters in Beirut so they could go on bombing and shelling Israel without instructions from the headquarters.

Israel had four opportunities to get out. The one was on the third day of the war, and many wise people in Israel suggested that after 3 days, Israel should proclaim victory, the famous American idea, and go out. The opportunity was not used because of various reasons, the Qana affair, the bombing of a building in Qana, which resulted in the killing of I believe about 20 people.

MR. HISHAM: Twenty-eight.

MR. BARNEA: Yes, but at the beginning the idea or the suspicion was many more were killed there.

MR. HISHAM: Sixty.

MR. BARNEA: And destroyed Condoleezza Rice's plan to have a cease-fire. It was really hours before an agreement on a cease-fire was reached and Israel had an exit, and then the war continued.

Take into account that France and the United States not only at certain phases pushed Israel to continue its military operations, but wanted Israel to attack Syria as well, something which Israel did not do.

Let me make another very short comment. In a way, the American administration faced in this war a win-win situation. If Israel won this war, won decisively, it was a victory in the global war against terrorism. If Israel ended with this kind of lousy tie or whatever you call it, Bush is not the only loser in the region. He has a partner by all the victorious ideas, the Israeli Army has the same difficulties that Bush has in Iraq, so it is not so bad for the Bush Administration at the end.

MR. POLLACK: Thank you, Nahum. On that note, thank you all very much.

(Applause.)

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