THE BROOKINGS INSTITUTION

A LONG, HOT SUMMER:

WHAT THE LEBANON AND GAZA CRISES MEAN FOR

U.S. POLICY IN THE MIDDLE EAST

Washington, D.C.
Tuesday, June 5, 2007

Moderator:

CARLOS PASCUAL
Vice President and Director, Foreign Policy Studies
The Brookings Institution

Panelists:

MARTIN S. INDYK
Senior Fellow and Director, Saban Center for Middle East Policy
The Brookings Institution

ROBERT MALLEY
Middle East and North Africa Program
Director, International Crisis Group

HISHAM MILHEM
Washington Bureau Chief,
Al Arabiya

BRUCE RIEDEL
Senior Fellow, Saban Center for Middle East Policy
The Brookings Institution

* * * * *

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

P R O C E E D I N G S

MR. PASCUAL: Good afternoon, and welcome to the Brookings Institution. My name is Carlos Pascual. I'm the vice President and Director of the Foreign Policy Studies Program here.

And it's a pleasure to welcome you to this event for the discussion but, frankly, not a pleasure that we have to host this event in a context where, once again, we see another dynamic of increasing tension and conflict building in the Middle East.

In hosting this event, we are doing it on the 40th anniversary of the Six Day War. As all of you know, it was a war that directly involved, Israel, Egypt and Syria, but involved troops, as well, from Iraq, Saudi Arabia, Kuwait and Algeria. In effect, in engulfed the entire region in a period of warfare and tension.

It was also a war that resulted from miscalculation and mistrust in communication, perhaps more so from those factors than a purposeful intent. But whatever the rationale was, no one car argue that it had a dramatic and long-lasting consequence for the region.

Today many of those dynamics are at play again. President Ahmadinejad is, very much like Nasser, a populist leader. He has used defiance of the West and Israel as a way to build his popular support in Iran and in the wider region. And those attempts to build popular support have

only grown more acute the more destabilized his own domestic situation has been.

The Syrians have been preparing for war, ostensibly because they believe a weak government in Israel will attack them over the summer. On the other side of the border, the Israelis are making their own preparations in response. And in the meantime, on Israel's other border the situation is deteriorating, as we've watched almost daily a state of anarchy and chaos taking over Gaza.

We've all seen today's newspaper, The Washington Post with pictures of Lebanon. And we've seen a weak and paralyzed Lebanese government that, on the one hand, has been battling Al Qaeda-influenced elements in the Palestinian refugee camps in the north and, at the same time, Hezbollah is rebuilding its arsenal and repositioning its forces in the south.

Indeed, what we see is that once again all of these elements of mistrust and miscalculation and miscommunication are at play. And as my colleague Martin Indyk has said, perhaps this time there may even be bad intention.

So to understand this state of play and what can be done about it, we've brought together this panel and this discussion today.

We're very pleased to have with us today first -- and they'll speak in this order -- Bruce Riedel. Bruce is a Senior Fellow in the Saban

Center at Brookings. He had a long distinguished career in the CIA, working on the Middle East and South Asia. He also served the last three Presidents in the National Security Council, becoming the Senior Director for Near East and South Asian Affairs under President Clinton and George W. Bush.

Many of you might have seen the most recent issue of Foreign Affairs, where his article "Al Qaeda Strikes Back" is featured as the lead article in that, and where he focuses on the way in which Al Qaeda has fed on failed and failing states in order to seed and spread its operations around the globe, and in particular in the Middle East.

Bruce will be followed by Hisham Milhem. Hisham is the Washington Bureau Chief for Al Arabiya cable TV news network, and the Washington Correspondent for *An Nahar*, the *New York Times* of Lebanon.

He is a long-time commentator on events in the Levant, and a regular speaker at our briefings because of his knowledge and insights here. We had a chance to share a panel last year as we watched another crisis unfold between Israel and Lebanon.

After Hisham, we'll turn to Rob Malley. Rob and Bruce were both colleagues of mine on the National Security Council staff under President Clinton. Rob is going to speak about Syria and the Palestinians. He is currently the Middle East Director at the International Crisis Group, where he oversees their outstanding reporting on the Middle East.

Rob just recently visited Ramallah and Israel in March, and has just returned from a trip to Jordan and Syria. So we'll be very interested to be able to hear from that.

And then finally we'll turn to Martin Indyk. Martin is the Director of the Saban Center for Middle East Policy here at the Brookings Institution. And Martin will focus on the situation in Israel and what the U.S. might do about heading off war and setting this part of the Middle East back on a more productive course.

I think as most of you know, Martin was twice U.S. Ambassador to Israel. He was Bruce's predecessor at the National Security Council, and he was Assistant Secretary for the Near East Affairs under President Clinton and Madeleine Albright.

So let me turn first then to Bruce, and ask him to lead us off on the conversation.

Bruce?

MR. RIEDEL: Thank you, Carlos. Thank you for that very kind introduction.

As Carlos indicated, the Middle East has a history of long, hot summers, 1967 one of the hottest, last year being one of the hottest, as well.

What I want to talk about today, though, is a new dimension to the problem in the Middle East, and particularly to the problem in the Levant;

a dimension that we have not previously seen, which I think is still in its early days of formation, but which I think, if allowed to go unchecked, will make the long, hot summers we've seen even longer and hotter.

That new dimension we are now witnessing both in Lebanon and in Gaza is the development of Al Qaeda sympathizer movements -- what I would call "aspirant" movements: groups which are sympathetic to the Al Qaeda ideology, which follow its vision of the world, which share its sense of anger at the West, the Crusaders, and at Israel, the Zionists, and which seek to create the nihilistic vision of the region in order to set the stage for the creation of some fantastical caliphate in the future.

These are, in effect, Al Qaeda wannabes, to use an American slang term. They've not yet achieved full membership in the global Al Qaeda organization, but they're aspiring to join that organization. They want to be a future franchise of the organization, much as Al Qaeda in Iraq is a franchise of the global Al Qaeda organization.

Maybe I should spend just a minute or two describing how I see Al Qaeda organized today. Al Qaeda is both an organization and an ideological movement. It operates in real space and in cyberspace. You don't have to choose one or the other. Both exist at the same time.

The traditional Al Qaeda organization, Al Qaeda core, operates in the badlands in Afghanistan and Pakistan: Osama bin Laden, Ayman

Zawahiri, and the same old band that brought us September 11th. From there they have created franchises. There's a franchise in Saudi Arabia. There's a franchise, most spectacularly, in Iraq. New franchises can join the core. They apply to join. There is a prolonged series of negotiations, and then you are announced by Al Qaeda core as having made it.

What I think we are seeing in both Lebanon and Gaza is the beginning of Al Qaeda aspirants. This is still very much the formative stage. The capabilities of these organizations are still at a formative period. It is not clear how capable they will develop. They're certainly not on a part with the more established organizations of the region: Hezbollah, Hamas, Fatah and others.

At this stage, they seem most capable of small-scale acts of terrorism and thuggery. But it's their future stage we should worry about the most.

Another interesting aspect of the development of these new aspirant groups is that they appear to have more contact with the Al Qaeda-in-Iraq franchise at this point than they do with the Al Qaeda core in the Pakistan-Afghan badlands. And that's not a surprise. The Al Qaeda-in-Iraq franchise is much closer, geographically and in many other areas, to the Levant.

More importantly, though, Al Qaeda-in-Iraq, during the term of its development, made a very deliberate decision to create an infrastructure of

support throughout the Arab world, throughout the Middle East, and throughout the Muslim diaspora communities in Europe to support its operations in Iraq -- in effect, a highway for martyrs to come in from the outside, and for those who didn't want to be martyrs, who wanted to return home, but with expertise, for money, for arms and for expertise.

The National Counterterrorism estimated last year that Al Qaeda-in-Iraq's infrastructure outside of Iraq existed in more than 50 countries. And Lebanon, in Gaza, in Jordan and Syria are all among those.

It's also not surprising that Al Qaeda-in-Iraq would be the point to which these new groups are aspiring most, because Al Qaeda-in-Iraq is now flush with money. According to recent reports which I think are reliable, Al Qaeda-in-Iraq is now getting so much money from wealthy Gulf donors, and from the ransoming of kidnapped Iraqis in Iraq, that it has money to spare. It has more than enough to fund its own operations. It is now sending money home to the Al Qaeda core in Pakistan, and is using its excess money in order to support the development of Al Qaeda in the Levant.

Let me turn to Lebanon just for a minute and talk about Fatah al Islam, which came upon our screens only a few weeks ago. This group appears very much to be a protégée of the Zarqawi Al Qaeda-in-Iraq model. Its leader, Shakir al-Abssi has long been a protégée of Abu Musab Zarqawi.

They worked together in Jordan in the early part of the century, and he has been indicted along with Zarqawi in the murder of the USAID official Foley in Jordan in 2002.

Tripoli and the camps around it are a natural place for this organization to move. Tripoli has a long history of Sunni jihadist activity. It was, for a period in the 1980s, a Sunni jihadist statelet within the Lebanese civil war, and it has been an important staging ground for people moving in the pipeline from the outside into Iraq since the beginning of the war in Iraq. Many assert there is also a Syrian connection. I don't doubt that there probably is one. Hisham will probably have more to say on this, as well as will Rob. But there's no reason for an organization like this, an Al Qaeda aspirant, not to be prepared to take support from anyone who offers it to them.

Most famously, Osama bin Laden, five weeks prior to the U.S. invasion of Iraq, called upon the Iraqi people to begin developing an Al Qaeda in Iraq. And at that time he said, it is permissible to work with the Bathists. We can work with anyone as long as we have a common interest in fighting the Crusaders.

Fatah al Islam's objective in this conflict I think is simple. It's to reignite the Lebanese civil war and to bring about the destruction of the Lebanese state. A failed state is precisely the kind of environment that Al

Qaeda seeks, because that is the environment in which Al Qaeda is most capable of flourishing.

Effective police states in the Middle East know what to do with Al Qaeda. Look at Saudi Arabia, look at Egypt, look at Jordan. It is the failed states where Al Qaeda flourishes so well. Fatah Islam has no interest in a settlement of this conflict. It has an interest only in its boiling over.

Gaza has a longer history Osama bin Laden, Ayman Zawahiri and Abu Musab Zarkawi all were among the strongest supporters of Hamas for many, many years. They saw in Hamas an organization much like their own: a jihadist organization, a Sunni organization, an organization which used all the techniques that they used.

Sheik Yassin, while he was alive, and before September 11th, had some nice things to say about Al Qaeda. He always distanced Hamas from it, but he never denounced Al Qaeda. There was a certain parity of views and of interests. September 11th brought about a much greater distancing by Hamas from Al Qaeda, but some elements of a relationship appear to have continued to go on. We know, for example, that there were operational connections between Hamas and Al Qaeda cells in Sinai in 2005, connections which, when they were uncovered by the Egyptian intelligence service, led to a very dramatic and important riot act reading by Omar Suleiman to the Hamas leadership in Gaza.

Whether any of those connections continue is hard to say. What is clear is that in the last year-and-a-half the Al Qaeda core have become increasingly disappointed with Hamas. Once Hamas decided to enter the political process, and even more, once Hamas agreed to the Mecca agreement with Fatah, Al Qaeda saw that Hamas was drifting from the path of pure jihadism into the dangerous paths of politics and opportunism.

No issue has consumed Al Qaeda's recent statements more than the desertion of Hamas from the global jihadist struggle. Ayman Zawahiri talks about it in every one of his monthly diatribes now. But he does so clearly more in anger than in sorrow, because Hamas is the Al Qaeda franchise Al Qaeda would love to have and hates to see lose.

What seems to be developing now is an alternative. And, again we have the phenomenon of an Al Qaeda aspirant appearing to develop in Gaza. This is the small group that appears to be holding the British Broadcasting Corporation reporter Alan Johnston, and who has demanded, in return for his life, the freeing of an Al Qaeda associate in the United Kingdom, Aby Qatabaand. This group appears to be little more than a collection of thugs brought together by clan loyalties. But that doesn't disqualify you from becoming an Al Qaeda aspirant. Being a thug is, after all, how Abu Musab Zarqawi began his organization path.

And you don't need to differentiate, in the Al Qaeda organization between being a thug and being a believer. You can be both.

Again, this is a small organization. It appears to have its most intense links also with Al Qaeda-in-Iraq. But it has the potential for growth -- especially if the situation in Gaza descends, as Abu Mazan said today it may, into full-scale civil war between Fatah and Hamas. In that situation, a situation of another failed state on the Mediterranean, Al Qaeda would find the opportunity to flourish and grow.

It is in the long term as much a threat to Hamas as it is to anything else. Because the more Hamas moves towards a policy of political participation and acceptance of previous peace agreements, Al Qaeda aspirants will be on the extreme edge saying, "You've given up on the struggle. And they will be seeking to break off dissident elements, most likely in the Hamas military wing, to come over to them.

On the other hand, if Hamas stays firm in support of jihad, these Al Qaeda aspirants will egg it on and encourage more violence.

The bottom line in both cases is we see a phenomenon of development we have not seen in the past. It is still in its early days. But, allowed to fester, it will make the long, hot summers of the past look cool in comparison.

MR. PASCUAL: Bruce, thank you. A stirring and chilling presentation.

And let's move on from that to what else, unfortunately, continues to chill us in the heat here, Hisham.

MR. MILHEM: I always say I don't want to sound like a Cassandra, but in the end I always do. And Bruce, I think, prepared the stage for me.

Since this is the 40th anniversary of the '67 War -- and I know this was not designed, this panel was not designed to coincide with the 5th of June, because when Martin asked me to participate, I said, "You want to do it on June 5th?" And he was surprised.

But, anyway, I think it is appropriate to say that what is taking place in Lebanon is another indication that the 1967 War is not over yet. And it is, in fact, continuing in one form or another.

Even if you look at what's taking place in Lebanon on the surface, it involves a Palestinian camp, although Fatah al Islam's membership is not exclusively Palestinian. In fact, I doubt that the majority of them are Palestinians, although they are led by a Palestinian.

It involves an Islamist movement. I don't know whether you should call it an Islamist movement, because there are a variety of Islamist stripes, movements, in the Arab world. They are mostly, as Bruce would say,

there's a thuggish quality to this group. Definitely we are talking about Islamists, who are benefiting from the overall environment in the Middle East, in which now all sorts of Islamist tendencies are on the ascendancy.

In fact, one of the main results of the '67 War was, on the one hand, the defeat of "secular Arab nationalist movements," be they the Nasserites in Egypt, or the Bath in Syria. The other consequence was the rise of the Islamists, the ascendancy of Islamist movements throughout the region. Islamists did not gain influence throughout the Arab world because of the Iranian revolution in 1979, they began their attempt to inherit the Arab world precisely at the moment of defeat in 1967. And ever since that day, in the last 40 years, the Islamists became the most vocal, powerful political groups in the Arab, from Morocco on the west, to Yemen in the east. And in certain places where central authority is weak, whether it is Yemen, or Lebanon, or in Somalia -- I don't know if you can consider Somalia Arab -- or now in parts of Iraq, just as it is in Waziristan. And anybody who read Bruce's excellent piece in Foreign Affairs about Al Qaeda would know what I'm talking about.

The fighting in Lebanon also involves Syria, directly or indirectly. It's very difficult at this stage to say whether the Syrians are involved in any kind of operational way, but obviously that part of Lebanon was under tight Syrian control for almost 30 years. This is the Tripoli region; this is close to the Akkar region, which is very close and very important

historically to Syria. And the Syrians had very good intelligence about what was taking place in Tripoli itself, as well as within the camps.

Now, these elements of Fatah al Islam did not parachute from the sky, did not land on the beaches coming from Cyprus. They came through the Syrian borders. Definitely Shaker Absy and some of his lieutenants came from Syria. Whether there was an agreement with Shaker Absy, who was in jail at one time in Syria with the civil authority or not, it remains to be seen. Obviously, in terms of materiel, support, men -- they definitely came from Syria.

I think the Syrians have a very convenient pipeline of people where they would send people, jihadists, to Iraq, and now they are sending them in Lebanon. What we have now is a smaller phenomenon in the Arab world, similar to the so-called "Afghan Arabs," who left Afghanistan after the defeat of the Soviet Union and went to their countries to mobilize and to fight, and to continue the jihad, if you will -- whether the jihad against the West, or the jihad against what they term as corrupt governments. And, unfortunately, when they talk about corrupt governments, they are mostly correct.

Now, let me say a few words about the Islamists in Lebanon. Obviously, when you talk about Islamist groups in Lebanon everybody things of Hezbollah. Hezbollah is a kind of unique case. We talked about it in the past. Hezbollah probably is -- not "probably," is the most important organized,

disciplined political group in Lebanon. It's a political party. It has its own military wing. Call it a militia, call it whatever. And it is led by a very charismatic leader. And it has grassroots support. And it has what they term as "strategic" -- quote-unquote -- relationship with Syria and with Iran, two important countries, definitely Iran now. Iran's influence in the region is benefiting Hezbollah in immeasurable ways.

The other Islamists in Lebanon are of the Sunni tribes. And as Bruce said correctly, Northern Lebanon, the area of Tripoli, the second largest city in Lebanon, and some of the pockets around Tripoli, like Sira Deni and others, were fertile ground for the evolution of a Sunni Talafidi group that was very active during the civil wars and, in fact, some of the offsprings of those people who are now in their early 90s are potential or active members in some of these Salafi jihadist movements that flourished around Tripoli.

In fact, it was in the year 1999, or the year 2000, I don't remember correctly, where the Lebanese all of a sudden discovered that that Rose Battalions are small Sunni Salafi group, was very active in those areas. By the way, those areas, the Lebanese government, the central government in Lebanon, had practically very little control there. They were under Syrian control. The Lebanese state, per se, did not exist there in terms of institutions and services and social, education -- you name it. And Sira Deni, in particular,

is a place where if you read some of the dispatches written by some Lebanese journalists, it's a totally alienated, youthful population that lives in those areas.

The camps in Nahr al-Bared and the adjacent areas are essentially autonomous islands where radical clerics find receptive ears, and where these youth are being told that the only way you redeem yourselves is to involve yourselves in the jihad against the West, against the corrupt government in Beirut. And, hence, the ascendancy of these movements in the north.

In fact, when I read about these groups, the Islamists groups, the Sunni camp, if you will, I mean, as a Lebanon, and I'm someone who keeps up -- I try, at least -- I'm surprised by some of these names. I mean, you have Osbat al-Ansar, the League of the Partisans, we have Ansar Allah, Partisans of God. We have al-Haraka Islamia ul Mujahidin, the Islamist Jihadi Movement. Then you have Jund-al-Sham, the Soldiers of Sham. Sham is the old Arabic word that describes what is today Syria, Lebanon and Jordan. This is the old Arabic word for Ash Shamal, which is the northern part of the Arabian Peninsula at that time.

And we know very little, the Lebanese states know very little about what was taking place in those Palestinian camps, and in those areas that were not under the direct control of the Lebanese like Sira Deni and Lebit Teban and all these areas in the north.

And here you have an extremely strange situation, where you have at least 12 camps where the Lebanon state is not present physically. And in those camps you have these movements flourishing, and the Lebanese government is unable to control these camps without risking an all-out Lebanese-Palestinian war. What was taking place in Nahr al-Bared was a brazen challenge to the central government in Lebanon. There is the view that this government in Beirut is brittle, is weak, is under strain, it's under pressure -- and it is. The Lebanese, Lebanese society, Lebanese is still reeling from the catastrophic effects of last summer's war between Hezbollah and Israel, where the Israelis visited Lebanon with a tremendous amount of destruction.

You are still reeling -- the Lebanese government is still reeling -- from the effects of that war, and from the political challenge that was mounted against the government by Hezbollah and their allies, supported and encouraged and pushed and armed, probably, by the Syrians.

So the view is that a group like Fatah al Islam and others can mount a serious challenge to the authority of the Lebanese government of Fouad Siniora was facing a very dire situation. They, I mean the prime minister and the government, were in the position where if they don't respond to this challenge in an effective way -- even if it required the use of violence, the use of force -- that the government will fall; that Lebanon will be on its way to become a failed state. And Bruce referred to that.

Hence, the political decision, the political decision was made by the government, that this challenge will be met by force. And it was left for the army to decide the tactical moves as to how to deal decisively with this group. There would be no room for negotiations with these groups. These are not political groups with any kind of legitimate grievances.

Yes, it's true that these camps and the surrounding areas are pockets of poverty, deprivation and hopelessness. But definitely Fatah al Islam is not waging a war for social justice on behalf of those people. They are involved in some sort of a crazy jihad, and the Lebanese, being weak as it is, decided this time to respond to the challenge and to decisively deal with this issue.

The challenge was for the government to nip this thing in the bud, without incurring Palestinian civilian casualties. Because if you have Palestinian civilian casualties on a massive scale, this will force Palestinian communities in the other camps, in the name of Palestinian solidarity, in the name of supporting their brethren, to rise up, or at least to create tension with the Lebanese army. And we've seen attempts at this in the last few days in Ein el-Hilweh, which is the largest camp -- Palestinian camp -- in Lebanon. And there were attempts, quick attempts, to contain this challenge in the south because the Lebanese army, being a small army, barely 60,000 -- they have 15,000 men who were deployed last year, if you remember, after the war in the

south. So the Lebanese army cannot deal with two or three fronts, fighting in the north in Nahr al-Bared or in Ein el-Hilweh in the south.

So the trick was to respond to this challenge without making it look like a war between the Lebanese state or the Lebanese people and the Palestinians, given the bitter history of the Lebanese-Palestinian relationships.

Keep in mind that the Palestinians in Lebanon, who came to Lebanon, were driven out because of the war in 1948. Some of them came after 1967. Later on, with the demise of the PLO in Jordan came in 1969 and 1970 to Lebanon. The Palestinians in Lebanon are a very unique, tragic experience.

It was in Lebanon where the Palestinians were literally massacred, first in 1976 in Tel-el-Zataar, at the hands of a Lebanese group, supported by Syria at that time; later on in 1982 in Sabra and Shatila camps by Lebanese groups, supported this time by the Israelis.

So the Palestinians had their worst nightmare in Lebanon. But also the Palestinians had their first moment of self-rule ever in Lebanon, between 1970 and 1982. Lebanon -- half of Beirut was essentially under the control of the PLO, and half of south Lebanon, if not even more, was under the direct control of the PLO. This created a tremendous, complex, multifaceted relationship between the Palestinians and the Lebanese state. And the relationship has always remained bitter and brittle and combustible.

And luckily, the prime minister of Lebanon was completely aware of the pitfalls and the dangers. And that's why he tried immediately to work politically with the Abbas government -- Mahmud Abbas in Ramallah -- trying to mobilize Abbas's supporters within the Palestinian camps to deal with this phenomenon. Because also these groups were chafing at the rise of Fatah al Islam. In fact, if anybody read accounts in the Lebanese press about what was taking place in Nahr al-Bared, before this -- I remember one reference by an astute journalist who said that Fatah al Islam came to Nahr al-Bared and turned things upside down.

So what happened was not a coincidence. I mean, it was something waiting -- it's an explosion waiting to happen. Whether they robbed a bank and ended up with $1,500 or $15,000, whatever, that's really beside the point. This was waiting to happen.

And here the Syrian goal should not be ignored at all. The Syrian regime is bent on either reestablishing their hegemony in Lebanon by whatever means possible. And given Syria's modus operandi in Lebanon over the last 30 years, where they excelled in the art of using Lebanese proxies or Palestinian proxies, one can see clearly Syria's hands in the campaign of intimidation and assassination and terror that began with the attempt on the minister Marwan Hamadi and, of course, reached its worst stage when former Prime Minister Rafik Hariri was killed, along with 22 others. And then we had

that long series of assassinations and bombings which killed, among others, two of my closest friends and colleagues, Samir Qasir and Gibran Tueni.

So in the last few weeks, what you've see since the beginning of the fighting in Nahr al-Bared, we had a mini-war in northern Lebanon. We had a series of bombings in the center, in Beirut and its environs -- four bombings in less than three weeks. Then you had the Ein el-Hilweh tension between the Lebanese army and some Palestinian radical Islamist groups. And then you had the overall fear that we might see something similar to what happened last year between Hezbollah and the Israelis.

The Syrians are essentially trying to undermine the Lebanese government. They did their best to prevent the Lebanese constitutional -- the political institutions of Lebanon and the legal institutions of Lebanon to ratify the agreement between Lebanon and the United Nations to establish a tribunal to try the killers of Hariri and others.

And they failed. The Lebanon government went to the United Nations Security Council. They ended up with a resolution under Chapter VII. The Syrians essentially said, "We are not going to deal with the tribunal," and they are using their political allies and their henchmen in Lebanon to terrorize the Lebanese government, to undermine the Lebanese economy. And they have perfect allies in Hezbollah and Amal and the movement of Michel Aoun.

The Syrian role in Syrian role in northern Lebanon cannot be ignored. There is no way that I would be convinced that the Syrians did not know what was taking place in the camp and in the areas around Tripoli when they had tight control for more than 30 years.

And one should keep in mind what the Syrians did with Iraq. On the one hand, they were of two minds about Iraq. They allowed Al Qaeda types, and the jihadists and the Salafists and all these nuts who came from all over the Arab world, and the Muslim world, to end up fighting the Americans in Iraq, trying to do to the Americans what they did to the Russians and the Soviets in Afghanistan in the 1980s. At the same time, the Syrians were aware and concerned that if things get out of hand completely in Iraq, and you have total collapse of the Iraqi state and a full-fledged civil war, then they would be hurt, obviously.

But they've always had two minds about this. Always funneled support and allowed these men and materials to move across the border to Iraq, hoping that they can bleed the Americans in a long, protracted war of attrition so that the Americans will be bogged down in Iraq and forget about Damascus.

And they are doing the same thing in Lebanon. In Lebanon it's easier, because 80, 90 percent of our land borders are with Syria. For 30 years the Syrians used Lebanese groups and Palestinian groups like marionettes, playing them one off against the other. And they excelled in this game. At

one time, Hafez al Assad, who was a brilliant tactician -- brilliant tactician, who could write the sequel to Machiavelli's *Prince*. He's not like his son, absolutely petulant and even dumb. But Hafez al Assad had his own Maronites at own point, had his own Druz, had his own Sunnis, had his own Shiia, had his own Palestinians. And they had a tremendous influence in Lebanon.

And that's why I do believe that they are involved in the north, not in a cell and an operational way, but they are benefiting tremendously from that brazen challenge that Fatah al Islam is presenting the Lebanese at this stage.

MR. PASCUAL: Hisham, thank you. You've helped us really sort of make this connection of internal instability, the connections with outside actors, and then tracing that back to Syria, which Rob, is a good transition to your presentation. And if you could pick up on that also and inject into that insights from your most recent trip.

MR. MALLEY: Sure. Thanks, Carlos. Thanks to the Brookings Institution.

Following my friends Bruce and Hisham, it's hard to top them in terms of pessimism.

(Laughter)

But let me at least give it a try -- and take a step back.

Since the question is whether the summer is going to be long and hot, let me list a non-exhaustive series of possible flashpoints that could occur in the foreseeable future.

Israel may decide that it needs to go full-scale to war against the Hamas in Gaza, either because Hamas is accumulating too many weapons or, God forbid, because one of Hamas' or Palestinian rockets hits a school and you have a large number of casualties.

The Hamas may decide that it wants to escalate its war against Israel because it finds itself cornered on the domestic Palestinian scene and sees no other way out.

Number three, Israel may decide that it needs to attack Hezbollah again, either because of weapons transfers or because they need to have round two of a fight that the Israelis feel they did not win last summer.

Hezbollah may feel a similar compulsion against Israel, given the domestic situation.

In Lebanon, we have Israel that might feel the need to attack Syria. Syria may feel the need to attack Israel.

There may be a Palestinian civil war. You may have Lebanese civil war. Or you may have what Hisham was just talking about, which is an extension of the camp wars to the rest of Lebanon.

I haven't spoken, because it's not part of this discussion, about Turkey and Kurdistan. We haven't spoken about the U.S. or Israel versus Iran.

And the list goes on and on.

So that gives you a sense, not that any one of these is preordained. I fact, I would argue that not one of these is probable. But for those who know statistics, even if it's a low probability for each, you add them up and you see that you're going to have to avoid mistakes, miscalculations on all of these fronts to make sure that we're not going to have another confrontation this summer.

And if you just look back a year ago at this time, if we'd had this session, I don't know how many of us would have predicted that Hezbollah and Israel would have been at war for 34 days. So added to these are the known-unknowns, or the unknown-knowns — I never know which way it goes -- of other possible contingencies that may occur.

Let me focus on Syria and Gaza as two possible flashpoints. I think I'll talk about it mainly from the viewpoint of the Syrian and the Palestinians. I'll leave to Martin a discussion of how Israel may read events.

And, again, in both cases I think the likelihood of full-scale confrontation is not that high. But the problem in both cases is that we have a situation without common reference points, without a structure -- whether it be

a peace process or something else. And so you have actors, entities, movements whose default mode is violence if you don't leave them another realistic way out.

As Carlos just said, I just came back from Syria. And it's quite striking, having been to Israel and Syria recently, the Israelis seem convinced that the Syrians are preparing for war this summer, and the Syrians seem convinced that the Israelis are preparing for war this summer. I think neither one of those is true. But, again, it gives you a sense of how little understanding there is on both sides.

From a Syrian perspective, the notion that I hear sometimes in Israel that Syria is thinking this summer of launching an attack in order to do what Anwar Sadat did in 1973 -- in other words, to recover international attention, get people to take care of Syria's interests and to understand that you have to basically meet some of its needs -- seems completely fanciful. I've not met a single Syrian, in or out of government, who believes for a second that this regime is going to risk everything -- because it would be risking everything -- for the sake of a confrontation with Israel which they cannot win.

Now, some people make the analogy to Hezbollah, which did have a means of fighting Israel even though they were disproportionately weaker. They had no way of confronting Israel militarily in fact. But because they are a militia, or a guerilla movement, or however you want to call it, they

could sustain far more casualties and losses than Israel could. That's not the case of Syria.

Syria, because it's a state, because it's a regime with institutions, could not do what Hezbollah did to Israel. So I think that hypothesis, which unfortunately some people in Israel may take seriously, is not a credible one.

But there's another hypothesis which has to do more with how Syria has behaved in the past. And Hisham has already given us a preview of it.

Syria right now is in what I would call a very ambivalent, paradoxical situation. On the one hand, the regime feels supremely confident. As they look at the broad march of history over the last few years, everything the United States has threatened Syria with is a thing of the past. Iraq is a failure, Lebanon, they think, is on the verge of becoming a failure for the U.S. Palestine will be one very shortly. The notion that the United States could come on and try to foment some form of regime change in Damascus is viewed today as pure fantasy because the United States is so bogged down in Iraq.

So from that perspective, the Syrians feel very vindicated. What Syrian leaders have been telling me for the past three, four years all came to pass, in fact: the quagmire in Iraq and the stalemate of the peace process. So they don't feel threatened in that way.

They do feel threatened in other ways. They feel threatened by developments in Iraq, that's for sure. And I think they see the development of sectarian war in Iraq as bleeding into Syria. But they also feel threatened, of course, by the international tribunal -- an existential matter, a matter of life or death for the regime, which fears that this is an instrument to destabilize the regime, and therefore is prepared to go to great lengths to either prevent it or to bring down the house if it's going to happen anyway.

And we know, because this is the Syrian modus operandi, that they will fight on other people's terrain, be it Lebanon, be it Palestine. And so the more they're cornered, the more they feel like this tribunal is coming and they don't have a way out; that, in fact, there is this goal to try to destabilize them, the more I fear others are going to pay the price. And those who pay the price -- I think Hisham knows generally who they tend to be.

And that is for me the real risk of the current dynamics of the way in which the tribunal, our relationship with Syria, our relationship with Lebanon are playing out, which is that the Syrian regime -- and it is less and less a regime and more and more a family -- may feel that its vital interests are at stake and therefore will react by taking the fight to a place where others will pay the price. But it, nonetheless, feels that at some point it could gain some benefit.

Now turning to Gaza.

There, too, I think there's a general fallacy in the notion that the dispute would emerge perhaps because Hamas has a desire to eliminate Israel. The main differences between Fatah and Hamas today -- the operative differences -- are ideological, having to do with what resort to violence or recognition of Israel.

If you go to Palestine, if you speak to people in the West Bank, or to Gaza, to members of Hamas, leaders of Hamas, leaders or members of Fatah, those issues never come up. That's not what the fight is about. It's not what the fight is about today, because it's completely irrelevant. There's no peace process so how could they be fighting about recognizing Israel. There's no genuine perspective that any of these issues will become relevant.

Right now the fight is pure and simple a power struggle between two organizations, one that used to be hegemonic and still aspires to be so, and the other that has just won elections and believes that, as a result, it should control full power in the Palestinian territories. So it's a fight over the distribution of power, security, money -- and control of the PLO. And that's what this is about.

And so let's not look for other issues right now that may be defining the struggle. We may like one point of view more than we like the other. But that's not what's driving the fight among militants, among leaders, or anything else.

And what happened since Mecca could have been predicated before Mecca. Mecca was simply a band-aid that was put on the differences between Hamas and Fatah. Again, the political differences between them never really featured in the discussions in Mecca. It was about: can we find some kind of palliative to the conflict over the distribution of power in the West Bank and Gaza. And the answer that was found was a national unity government, but which papered over all the differences that, in fact, had been dividing them: who's going to control the security forces? Is Hamas going to enter the PLO? Who's going to have actual authority over the Palestinian Authority -- ill-named Palestinian Authority?

Those issues were not debated, were not really resolved. And the hope among Fatah and Hamas leaders who I spoke to seemed to be: well, we're going to have a breather; peace for a few weeks, perhaps a few months, during which we're going to try to see whether we -- at least those leaders on both sides who wanted an agreement -- see whether we could reach some kind of accommodation.

Of course that didn't happen. Nothing since Mecca has happened in a way that would satisfy those members of Hamas who made that compromise, concession, whatever you want to call it, of joining a national unity government -- nothing that happened met their needs. They still don't have diplomatic recognition, they still don't have money. They see money,

weapons and diplomatic support going to their opponents. And they hear among Fatah leaders the notion that there's going to be early elections, there might be a referendum -- something to curtail and shorten the life span of this government.

So within Hamas -- and, again, we've had discussions with them throughout, but just as recently as last week -- the notion has been building in an organization that, as Bruce has already suggested, the decision to get into politics, to get into electoral politics, did not go without controversy. This is not a divided movement like Fatah, but it's not a unanimous movement. There were tensions within it. The decision was made. And today, the leadership that made that decision has to confront people who told them from day one: "You're making a mistake. What have you to show for a year and more in power? We have nothing that you've said." And, in fact -- and Hamas leaders are quite, in private they can be quite open about this -- they're facing discontent on the Palestinian street, among people who are telling them: "You've brought us nothing. There's more lawlessness, there's more crime, there's more civil strife between Palestinians. We're no closer to anything with Israel. What have you brought us?"

And so they're facing discontent from their rank-and-file. They're facing discontent from average Palestinians. What's their answer? What's their way out? Again, the default mode for Hamas is violence, all the

more so -- and this is a point Bruce emphasized, which I think is critical, and which Hamas leaders for the first time are now mentioning seriously -- they feel threatened by Al Qaeda-type, jihadist-type movements who have a foothold within Hamas itself. Because some members of Hamas, as I said, have never been satisfied with the decision to go into politics.

So they face that threat from their radical side. They see no opening on the other. They see the international community basically telling them: unless you do an ideological conversion -- which they're not going to do to begin with, but they're less likely to do so given the threat from the jihadist rival -- they're not about to do that conversion, so they see no way out. And the easiest way out for them, of course, is to go back to the mode they're most comfortable with, which is to confront Israel and to confront them with every means that they know.

They're not there yet. I don't think Hamas has yet made the decision that they've given up on the political route, that they're going back to what they call a Third Intifada. But I think that the constituency within Hamas that believes that is growing, and the leadership in Hamas has to take that view into account.

I think we may have one more change. It will be a series of cease-fires, I'm quite confident, between Hamas and Fatah. If it doesn't work and if, in fact, they see on the other side that Fatah is continuing to build, that

the international community is continuing to arm them in the hope that they will not allow Hamas to govern much longer, if they don't get any of the dividends of governance that was their quid pro quo for entering the elections, then I think the risk of a collapse of the Palestinian government and a resumption of full-scale hostilities with Israel will rise.

And that message is very clear when you speak to Hamas leaders. They don't hide it as much as they used to.

So in both cases, Israel is not the main instigator. I mean, Israel has done many other things that may be fueling the conflict, but in these specific instances Israel is not the main topic. They will end up being, indirectly, the main target, because it's the easiest target. And as I said, whether it's for the Syrians or for Hamas, if they feel cornered, if they feel that they have -- if they're not offered, as they see it, a realistic way out that doesn't betray their fundamental interests, that doesn't cross their red lines, they will take the fight to the adversary that no one within their immediate neighborhood, their immediate surroundings, is going to fault them for doing.

Now, we haven't spoken much about U.S. policy, and let me just say a few words. Because I think this brings us directly to where I think U.S. responsibility is in the past and for the future.

One could argue, as I have in the past, about the wisdom of U.S. policies in the region, in terms of the basic substantive goals. But whether you

agree with it or not, there's been one thing missing from the outside -- at least for the past several years -- which is realistic objectives for the parties upon whom we're putting pressure.

The Syrians, as they see it, are being told: "Either you surrender, you accept the tribunal, you get out of Lebanon, you surrender, basically, you basic needs, or we're going after you." Hamas is being told, either you make these improbable ideological conversions, which we may think make sense but they will not do because that would be suicide for them, or we're going to shorten your time in office, and we're going to mount an international effort to get rid of you.

In neither case are the objectives that we have set for them objectives that they can meet. Now, that doesn't mean that we should say: well, we're going to agree to anything they want. But it means let's have a strategy that we think can work, objectives that we think are going to be tough for them to meet, but possible for them to meet.

And the main test of whether a policy is succeeding is whether, in fact, it is succeeding. And let's look at what's happened to Syria. Syria is now closer to the behavior we want them to take in Lebanon or in Palestine. The regime is not any closer to collapsing. It's not any closer to accepting the international tribunal. Hamas is no closer to accepting international demands. It's not weakening to the point that it's about to give in to Fatah. There's no

peace process. Fatah itself is not behaving in a way that one could say has been laudatory.

So none of the objectives that the United States has set for itself over the last several years are we any closer to the end goal. I think that's why we need to rethink it, and think about giving options, giving ways out, to entities and movements -- states and movements -- whose objectives and whose identity and whose philosophy we may disagree with, but who have great spoiling power, and a spoiling power that today the United States simply is not in a position to control.

MR. PASCUAL: Thank you.

Martin, so we come back to you and we have Hamas, as Rob has just said, in default mode of violence and going back to confronting Israel. We have a Lebanon, both in the north and in the south, to use Hisham's words, bitter, brittle and combustible.

We have Syria circling to defend itself, and at the same time reaching out, in particular in northern Lebanon. And as Bruce laid out, you have non-state actors developing franchises of Al Qaeda all throughout the region.

So bring us back to Israel. Where do we go?

MR. INDYK: Right. Well, thank you, Carlos.

What we have, really, is a situation where a slide to war and emergence of bad guys' setting the agenda is a result of a fundamental weakness of leadership on the part of the governments and states involved. And that's true in Israel today as much as it's true amongst Israel's neighbors.

The Prime Minister, Ehud Olmert, is in a struggle for his own political survival. He has an approval rating within the margin of error. He has survived, barely, the report of the Commission of Inquiry into his conduct during the Lebanon war, but that's an interim report. And the second report hangs like a sword of Damocles over him. That report is set to come out in August, but it may slip by a couple of months.

The chief of staff of the Israeli Defense Forces has already resigned over the conduct of the war in Lebanon. The Defense Minister has said that he will move on to another portfolio in the next couple of weeks.

And so as a consequence, when the Labor Party elects its new leader in the coming days, Ehud Olmert will be the only one of that triumvirate that fought the war in Lebanon last summer that survives. He can hang on for a while only because nobody in the Knesset and the members of Knesset or the political parties wants a new election for the time being. The Israel law of coalition government survival says that governments normally survive for two years of their four-year terms. After that, things fall apart.

Olmert's only passed the one-year milestone of his government, and therefore he still has some life left in him. But the clock is ticking on his prime ministership. Some describe him as a dead-man-walking.

For him this struggle for survival now can, I think, really only come from one direction, and that direction is not a new war. In the case of Syria, as Robert said, the Israelis believe that the Syrian president, after a recent trip to Iran, has ordered his generals to prepare for war. And you don't need to rely on intelligence for this, because the rhetoric coming out of Damascus just about every day suggests that.

Now, the Syrians say that they're preparing for war because they expect an Israeli attack. But the Israelis see these preparations for war, arming with new weapons systems, major exercises, reinforcement of Syrian positions adjacent to the Golan Heights, and they feel that this is the drums of war beating again.

How does Olmert respond to this? For sure by making sure this time the Israeli army will be ready. But on the other hand sending constant messages to Syria through anybody who's going to Damascus. The most recent public official was Nancy Pelosi, who took a message from Olmert to Bashar Al-Assad saying, "We have no intentions of going to war with you."

Those messages of non-belligerent intentions are now shifting to a message of desire for peace with Syria. The Israeli cabinet tomorrow will

discuss for the first time the terms for what appears to be some kind of peace overture to the Syrians. And this has been, I believe, conveyed through third parties as well.

Similarly, Olmert is hesitant to go into Gaza. He's exercised a considerable amount of restraint in the face of a barrage of Kassam rockets falling on Israeli civilian towns and kibbutzim in southern Israel. And that's partly because of last year's experience, partly because the army is warning that Hamas is prepared for just such a major onslaught into Gaza, partly because that would involve the army in street-to-street fighting in the major cities of Gaza as well as the refugee camps, and partly because there's that lingering question which never has any answer -- good answer -- for the Israelis, which is: once you've gone in, how the hell do you get out again. After all, Israel withdrew unilaterally from Gaza because it didn't want to be there. If it's sucked back into it, who is it going to get out in favor of?

And, finally, with the army concerned about Syrian intentions, they don't want to be bogged down in a war in Gaza if there's going to be a war in the north with Syria and Hezbollah. So I don't think that Olmert is going to find his political salvation -- or is looking to find his political salvation -- through war.

Can he achieve it through the alternative, which is peacemaking? Here, part of the calculation will depend on who wins the

Labor Party leadership contest which is taking place between Ehud Barak and Ami Ayalon, and in the next few days we know the result of that.

If Barak wins, then Olmert will have a partner that he can lean on. He can draw on Barak's credibility as the most decorated of Israel's war heroes -- he's a former chief-of-staff, former head of military intelligence, former minister of defense -- to bolster Olmert's own very weak credentials. Barak in that way will become the strong man of the government.

But unfortunately we don't have any idea what it is that Barak will want to do. He has run is campaign for the leadership of the Labor Party on a policy of complete silence about what he things should be done about Israel's war and peace dilemmas. Instead, he's been riding on the coattails of his experience.

If we look to the Barak of recent times, he was a great proponent of unilateralism. But unilateralism has been discredited by the experiences of the last year or so.

If we look to the Barak of olden days, when Bruce and Rob and I dealt with him in the year 2000, he was a Syria-firster. He believed the best way for Israel to resolve its dilemmas was to make with Syria. And therefore he may push Olmert in that direction.

We will have to see.

The alternative to the idea of engaging the Syrians in a peace initiative, an idea that has drawn a lot of currency in Israel today -- and partly because the national security establishment is pushing the government to engage with the Syrians in peace negotiations -- the alternative to that is peace with the Palestinians.

Olmert has a mandate from the Israeli people to withdraw from the West Bank. That's what he ran his election campaign. But originally it was to be unilateral withdraw, and he doesn't have a mandate to do it unilaterally because of the experience over the last year. And he lacks a credible and responsible Palestinian partner, for all the reasons that Rob has outlined.

So he looks increasingly to the Arab states. He's embraced the Arab League Initiative. He's ready to engage with them on that basis, and at least willing to test whether they can be the custodians of Palestinian commitments that the Palestinians themselves could not, or would not, live up to in any putative peace process given the current situation there.

But on this front it seems that King Abdullah in Saudi Arabia, and President Mubarak of Egypt essentially have decided to put this initiative out there, but to wait for the next president of the United States before they do anything serious about it.

So what we have is a situation in which I think that the prime minister of Israel would like to embark on some kind of peace process for his own political salvation, but he doesn't have any really good options out there, or the strength to move ahead.

Normally, weakness of the parties can be compensated for, in part at least, by the strength of the United States with its influence on the parties. But of course our own president's credibility has been badly damaged, and he only has a year or so before he becomes a lame duck. And therefore it's a big question mark as to what the United States can actually achieve, given the fairly dismal circumstances that we have all painted here.

Nevertheless, none of this is deterring the Secretary of State. And she has now convinced the President that he should make a major speech on the issue of the Arab-Israeli conflict on June 24th, this month, which will be the fifth anniversary of his two-state-vision speech, in which he put the United States on record as supporting an independent, viable, democratic Palestinian state living alongside a secure Israel.

What would he do in such a speech? Well, it can't exactly be a progress report.

(Laughter)

Because if it was, it would have to conclude the following: that progress has been all in the wrong direction. What we've got at the moment

emerging in Gaza is a failed terrorist state ruled by Hamas; and in the West Bank, a statelet that's emerging under the tutelage of Jordan as Israel (sic) that's essentially controlled by Fatah. That's a two-state solution, if you like --

(Laughter)

-- but it's not the one that the President or anybody else had in mind five years ago.

So the speech will have to do something else, something that Rob and I have been arguing for some time would be worthwhile doing -- is to lay out the American vision of a political horizon. After all, the Arab states have done that in their Arab League initiative.

And it might just help the parties focus on moving in a more positive direction if the President were to lay out, in broad terms, the kinds of principles that he's already begun to lay out in various different ways. He's talked about ending the occupation that began in '67, about a two-state solution, about Palestinian refugees' finding their home in the state of Palestine rather than the state of Israel. And so he could add something about Jerusalem, and something about territorial compensation, and he's have a general package that comes pretty close to -- dare I say the words -- the Clinton parameters.

(Laughter)

In itself, just putting that out there in a speech doesn't make a lot of sense on its own. But it does make sense in the context of what I understand the Secretary of State is trying to put together in terms of a process, which would be a meeting between the quartet -- that's the United States, the EU, Russians and the United Nations, the Arab follow-on committee from the Arab League initiative, which includes not only Egypt and Jordan and the Palestinians and Saudi Arabia, but also Syria -- and the Prime Minister of Israel -- to bring all of those together in a meeting in which the topic would be each side's vision of a final status agreement. Might just be possible to pull off.

And in that context, a speech which laid out the American vision might actually make some sense.

Can it work? It really depends on whether all of these weak actors, seeing the threat of the chaos and extremism and Islamic fundamentalism that threatens all of them, whether they can together prop each other up in a way that leads them to be able to head off in a different, more positive direction than the one that now looks like it's looming on the horizon for this summer.

Thank you.

MR. PASCUAL: Thank you. Quite an extraordinary set of views and analysis put on the table.

Let me just inject two questions, and then turn to the audience for their questions.

The first one to Bruce and Hisham. And I'd like to focus on Lebanon for a second, because in this picture of failed states in the region, Lebanon has been struggling against it, has been at the brink.

And so here we have a situation in the north, you have one Al Qaeda franchise wannabe, as you presented it, Bruce. You have Hezbollah down in the south, ideological enemies, presumably. How do those two play off of one another? And is that something that is potentially a stabilizing factor, that there's a difference there? Or is there a government in the middle that is going to get crushed in the midst of it.

What's your perspective?

MR. RIEDEL: Well, from my perspective, the Al Qaeda aspirants and Hezbollah are very much enemies. They may share the objective of jihad, but with very different end-games in mind.

One also has to bear in mind that Al Qaeda is a quintessentially Wahhabiist movement. And at its core is a deep hatred of Shiism. And it's very hard for them to get over that. I don't think they can get over that.

For them, Shiias are not just another part of the faith that's broken away, it's a part of the faith which has broken away and which are

almost lesser human beings. If you look at the rhetoric they use about Shiias, it's extremely, almost racist in character.

In that sense, if there is a perception among Lebanese that these Al Qaeda aspirants, perhaps backed by Syria, are now threatening the applecart for everyone, it could force some degree of consensus building. But I think that would require a degree of intercommunal communication and interest-sharing which I don't think has been a hallmark of the Lebanese political scene for a long, long time.

And it's conceivable, but it would require a change in the manner of Lebanese politics which would be quite extraordinary if we were to see it happen.

MR. PASCUAL: So the political incentives could be right, but the prospects of actually using those political incentives in a positive way are extremely low because of the politics.

MR. RIEDEL: I think to put it another context, putting the dots together to come up with the right answer would require probably a different political group of dots.

MR. PASCUAL: And, Hisham, just building on that, a piece of this that just is perplexing from the outside but maybe is never perplexing in the context of the Middle East, is: the Syrian role where, on the one hand, a

backer of Hezbollah, a backer of Fatah al Islam, or at least aware of it and, as you were suggesting, probably more than a passive observer.

How do you put these pieces together?

MR. MILHEM: First, let me agree with Bruce about power. Some of these Wahhabis and Salafis look at the Shiia; to them they are heretics, apostates. In their twisted world view, the Jews and the Christians fare better than the Shiia.

As far as the Syrians are concerned, their relationship with Hezbollah is different than their relationship with the smaller groups in Lebanon, be they Lebanese groups or some of these Sunni Salafists.

With Hezbollah it's more or less a relationship born in the context of Syria and Iran's relationship, too, and the fact that some of the leaders of the Alawi sect in Syria feel probably closer -- I don't want to use the word "theologically," but religiously maybe to the Shiia than they do to the Sunnis. And the hardline Sunnis always regarded the Alawis as almost a heretical group. In fact, Hafez al Assad, decades ago, asked Imam Musa al Sadr, the most important Shiia leader in Lebanon at that time, to "certify" -- quote-unquote -- that the Alawis of Syria belong to the (inaudible) Shiia; that is, they are part of the mainstream Shiia Islam.

So the relationship between Syria -- and, again, Bashar al Assad is much, much weaker than his father. Hafez Assad, if you observe how he

dealt with Islamist, whether they're Shiia or Sunnis, he almost kept them at arm's length. He had a healthy disrespect for Islamist movements. He used them when he could, but he fought them, and he slaughtered them, as we've seen, in Hama.

So his son is weaker. Hafez Assad never invited the leader of Hezbollah to embrace him in front of everybody, in Damascus, while Bashar did that. In fact, Bashar is in awe of Nasrallah and not the other way around.

So the relationship between Syria and Hezbollah should be seen in the context of the relationship between Syria, Iran and Hezbollah. And Hezbollah represents, or claims to represent, a plurality of Lebanese, the Shiia community.

With Fatah al Islam, and other groups, Osbat al-Ansar and others, it's a tactical relationship and they use them. But really, there's nothing close to what you might call a strategic relationship.

Now, one word about why Hezbollah initially Hassan Nasrallah said to the Lebanon state: there's a red line. Don't go into the camps. And then he fell silent. And maybe he realized that there is a lot of support for the Lebanese government, including from his ally, Michel Aoun, supporting the army and going into the camps and get rid of Fatah al Islam.

But there is a problem also for Hezbollah. Because if the Lebanese government succeeds in containing the situation in the Nahr al-

Bared, and getting rid of Fatah al Islam, this will enhance the very government that Hassan Nasrallah and his Syrian friends and his Lebanese allies are trying to undermine.

So they are of two minds about this, but they cannot challenge the Lebanese state as long as you don't have really massive Palestinian civilian casualties, and as long as there is some sort of a broad Lebanese support for what the army is doing in the north.

MR. PASCUAL: And just quickly, Martin and Rob -- Martin, you've presented, in effect, this falling house of cards, where the best-case scenario is that the cards realize that they're going to fall so they prop up against one another.

(Laughter)

And so the vision keeping there is an America that is widely hated throughout the Middle East -- every country.

Is an American role of a vision able to keep this falling house of cards actually up? Or is it counterproductive?

MR. INDYK: Well, I really think it's essential to try. And I give the Secretary of State full credit for doing so. Because for so long this administration considered that it was just a mistake to pay any attention to the Palestinian issue in particular. And now she's paying a lot of attention to it.

And in doing so, it may just be possible that the United States still is a super power, it still has the ability to influence the environment to the extent that she gets all of these leaders -- and what we're talking about here is not just the Israeli leadership and the Palestinian leadership of Mahmud Abbas and the Lebanese leadership, but also the Egyptians, Jordanians and the Saudis, who are deeply concerned, not so much about the prospect of a war breaking out, but the prospect of Iranian and Shiia dominance over what they consider to be the Sunni Arab world. And therefore, they too have an interest in seeing this process move in a more positive direction.

So even though it looks like a stretch, I would say it's at least worth a try, because the alternative -- we know what the alternative is. The alternative is what Bruce has painted. It's a very dark future.

And it's not just that we'd like to see a better future, but the responsible leaders in the region I think understand what's at stake here. So if the United States is willing to throw a life-line, even though it's not a very strong one, we might just see them all grab it.

MR. PASCUAL: Rob? Reaction on that?

MR. MALLEY: I'll put it this way: when Bruce and Martin and I were working in the year '99 and 2000, I think we used to say, "With Clinton, Assad, Arafat and Barak we had the alignment of the bright stars."

I think today, with Olmert, Abu Mazan, Bush and Bashar, we may have the alignment of falling stars. And the notion is that perhaps the weakness of each one could actually produce something, because everyone needs -- Olmert needs a peace process, the President needs an accomplishment, Abu Mazan needs some argument to show that his way works and Hamas' doesn't, and Bashar perhaps needs some kind of renewed legitimacy for a regime that may be losing some.

The problem I see -- and, like Martin, I think it's certainly better to see the Secretary of State trying to do something which the administration has not tried to do over the last several years. My fear is, number one, the situation has become so fragmented and so difficult to put together that it's going to take a huge effort. And, secondly, you can't do it anymore piecemeal.

I mean, I'm convinced today that you cannot have a peace process that succeeds if the Palestinians are fighting one another. In other words, you cannot exclude Hamas. And you can't have a peace process with the Palestinians if the Syrians are actively trying to undermine it.

So the Administration is going to have to be even more ambitious than it would have had to be four or five years ago, when we were calling for it to engage, because we're weaker, the spoilers are stronger, and the abilities to disrupt the peace process have just multiplied.

MR. PASCUAL: Thank you.

Let's start over here, please.

SPEAKER: Martin and Rob, perhaps Bruce as well, I think could probably answer this question as well as anybody, if not better.

And that is that we got very close to a Syrian-Israeli peace agreement. Various memoirs have been written as to why that didn't happen. But the fact is, this is really government by some miracle could make a decision to have a peace process with Syria.

Unless it was being very Machiavellian, wouldn't make that decision unless it was prepared to offer what Hafez al Assad senior wanted all of -- right up to the June 4, '67, line which he defined as the northeast quadrant of the Sea of Galilee. Meanwhile, Hafez al Assad never wanted to make peace just for peace sake. He wanted a different relationship with the United States. He wanted a new relationship.

So Bashar was seen, would have to get everything that his father demanded, and then somehow the Israelis and Bashar would have to get this administration to agree to call off the tribunal and take a whole different tack towards Syria.

Would you comment on how likely any of that is to happen?

MR. INDYK: Well, I think the first part of the equation is actually quite clear. It's very interesting to see. As the idea of negotiating with Syria has come back onto the Israeli political agenda in the last few

months, but particularly in the last few weeks, everybody understands what the price is. Exactly what you've said.

I mean, they talk about full withdrawal from the Golan, rather than getting to the '67 lines. But everybody says that -- the argument now is "What are we going to get in return?" What is Israel going to get in return?

Because as Olmert himself said: we know what the price is, but how are we going to get a Syria that's allied with Iran and with Hamas headquarters in Damascus, supporting Hezbollah? You know? Because it that's the deal, we're not interested.

So the assumption that the deal involves full withdrawal seems to have been accepted across the Israeli body politic. Now, of course, the politics will be different if anything gets underway. But I think the Israelis have come a long way -- I mean, the story of 40 years since the June '67 war is that a strong majority of Israelis have come to understand that holding onto occupied territory, whether it means the West Bank or the Golan Heights, is not going to bring Israel peace.

On the other side, however, the deal is very different. When we were engaged in the negotiation with Hafez al Assad and Rabin, and then with Barak, the deal involved a recognition of Syrian hegemony over Lebanon. That was the deal. The Syrians were to disarm Hezbollah. They had 15,000 troops in Lebanon. Nobody -- nobody -- was demanding that they withdraw.

And the assumption was that what would follow a Syrian peace deal would be a Lebanese peace deal under Syrian hegemony.

Well, that obviously cannot be the deal today. There has to be a Lebanon carve-out. Syria is no longer in Lebanon, and it would be a complete betrayal of the Lebanese, which it would not have been in those days. But today, when the Lebanese have stood up and demanded that the Syrians leave, the idea that the Israelis and the Americans would bring them in through the back door of the peace process.

So Lebanon has to be off the table, and that includes the tribunal. So if Syria, out of a peace deal with Syria, not just the Golan but Lebanon as well, there ain't gonna be a deal. And that's just the reality.

MR. PASCUAL: And by the "tribunal off the table," you mean that it has to continue.

MR. INDYK: Yes. Absolutely.

MR. PASCUAL: Okay. In the back?

SPEAKER: I'm (inaudible), with Congressional Quarterly magazine.

Speaking of Clinton parameters, I'm (inaudible) because Senator Clinton keeps talking about dispatching her husband to be a roving ambassador.

I wonder -- and for each of you who cares to answer -- do that think that's a prospect that (inaudible) an effect on the region?

MR. PASCUAL: Rob, do you want to take that?

MR. MALLEY: Well, I mean, a few things would have to happen to get there --

(Laughter.)

-- but I think he'd be about as good a special envoy as we've had, probably better. So I think -- again, I don't know. The question was asked of all the candidates, and I think they all redoubled their loyalty and their praise of the President. So I think he could play an effective role.

Can I come back to (inaudible) question just one second, on the question of the deal.

I think one of the fears if Syria and Israel negotiate is it could be that both just want the process -- I mean, for Syria to get off the hook, and for Israel, for Olmert, to say, "I have something going." So I'm not quite so sure that if they resume the negotiations you get an agreement.

I also am a little more skeptical than Martin seems to be that the politics in Israel would work. I think what I'm hearing from Israelis is the notion of withdrawing from the Golan is extremely difficult and has become much more difficult.

MR. INDYK: I agree with that.

MR. MALLEY: Okay.

MR. INDYK: I just think that there's a general recognition that a deal would require full withdrawal.

MR. MALLEY: Right. Okay. That's why perhaps it's more process-oriented.

Now on the question of what Syria would want to get, Lebanon and the tribunal. I agree with Martin. Today the equation is different. The message to the Syrians has to be clear that, not that Lebanon's off the table, that they have to turn a page in their relationship with Lebanon; that they have to normalize their relationships with Lebanon, which means normal diplomatic relations, finalizing the border, giving information on the disappeared -- many Lebanese disappear. I mean, that has to be part of it.

And as for the tribunal, yes it's going to continue. But my argument is: if the Syrians perceive that the tribunal is there to destabilize the regime, to get at the higher echelons of the regime and get rid of them, then we could decide that. But we're not going to get anywhere. Because there's no way the Syrian regime will accept that.

I think the tribunal needs to be used to send the message to the Syrians that they have to pay a price in terms of the relationship with Lebanon. The tribunal is a political instrument, as most of these international tribunals are. Let's use it, as we will use other things, to get the Syrians to change their

relationship with Lebanon. But that should not be at the exclusion of a genuine peace process with Israel.

MR. PASCUAL: Let me take two other questions.

Right there?

SPEAKER: Yes, just following up on that: if you get a civil war going in Lebanon, don't you do the same deal you all did in 1990, which was to sell Lebanon out to the Syrians?

MR. PASCUAL: And let me take one other question. Over there?

SPEAKER: Pam Nawazzir (inaudible) Group.

MR. PASCUAL: Can't hear you.

SPEAKER: Is that okay now?

MR. PASCUAL: Can you just speak up a little bit? Sorry.

SPEAKER: My question to Hisham Milhem. You made a statement saying that --

MR. MILHEM: We can barely hear you.

SPEAKER: My question is --

MR. MILHEM: Belt it out.

SPEAKER: My question is to Hisham Milhem. You made a statement that the current situation in the Middle East now is a continuation of the '67 war?

My question to you is: in the '67 war, the Arab states ostensibly launched the war against Israel to liberate Palestine. The situation now in Iraq and Lebanon has nothing to do with Israel. So why would you make the statement the situation now is a continuation of the '67 war, versus a consequence of the '67 war?

MR. PASCUAL: Do you want to start with that?

MR. MILHEM: I heard half of it. But, if you had a resolution of the Palestinian problem, you would not have Palestinian camps in Lebanon that are outside the control of the Lebanon government. I mean, if you had a peace between Israel and Syria, you would not have Syrians meddle, necessarily, in the same way they do meddle in Lebanon.

If you had a peace between Israel and the Arabs, you do not necessarily have militant Islam the way we have it today. So in that sense it's a continuation of the conflict.

Now, obviously, the Arab-Israel conflict a very central issue for the people of the Levant or Near East, whatever you want to call it. But obviously I don't necessarily subscribe to the notion that if you resolve that problem you resolve all the problems in the Middle East. It's nonsense.

Iraq has nothing to do with it. The bloodletting in Algeria has nothing to do with it. The civil wars in Sudan have nothing to do with it. The

stuff that you see in Yemen has nothing to do with it -- at least in a direct way, cause and effect relationship.

But definitely it's still a major issue.

And as far as the countries around the vicinity of Israel -- Palestine, Lebanon, Jordan, Egypt and Syria -- the continuation of the conflict in one form or another is still the dominant feature in the lives of the average Egyptians -- Egypt to a lesser extent obviously now -- but Syria, Jordan, Lebanon. I mean, we all live in the same small area, and when you have fire in Israel, or the West Bank, Jordan cannot be immune from it. Or if you have a fire between Lebanon and Syria and Israel, as we've seen last summer, the region also will not be immune from it. So in that sense, there is that linkage.

MR. PASCUAL: Bruce, do you want to comment at all on civil war in Lebanon 1990 analogy?

MR. RIEDEL: The only thing I would say is that 1990 is no isolated incident in the history of American diplomacy in the Middle East. Unfortunately we have all too often encouraged the hopes of small groups like the Lebanese, like the Kurds, like Iraqi Shiias, and then left them at the altar, or worse, when the moment of truth comes. That's why I have never been a proponent of democracy jihads in the United States, because I don't believe, at the end of the day, we will be willing to endure the sacrifices in order to support them.

The only other thing I would like to say -- and I could perhaps put an exclamation mark in today's comments is: nothing in the Middle East happens without relevance to everything else that's going on in the Middle East. And the developments that we talked about today in the Eastern Mediterranean are going to be obviously tremendously impacted, I think probably more than the other way, by the results of the Iraqi war, and how that spills out over the course of the next several months.

The more the Iraqi war intensifies, the more you will see Al Qaeda affiliates, Al Qaeda wannabes try to get into the act in order to support what they see now is the inevitable departure of the Crusaders from the region.

MR. PASCUAL: Bruce, thanks.

I wish we had time for more questions. Let me just ask the other panelists -- Hisham, any final comments you want to leave us with?

MR. MILHEM: Just in terms of Lebanese politics, when you've seen Hezbollah engaging in mobilization of the Shiia community, the leadership of Hezbollah should realize that when you mobilize the Shiia the way they have done, you're going to force the Sunnis to mobilize also.

And talking about how these issues in the Middle East are linked to each other, everybody in the Arab World watches El Arabia, and Al Jazeera. And they watch, blow-by-blow, what's taking place in Iraq. The sectarian language, the sectarian violence, the absolute certainty that each group talks

about the other, the bloodletting between the Sunnis and the Shiia -- it is being watched by everybody in the Arab world, especially in those countries where you have these two communities living together, in Syria, in Kuwait, in Bahrain, in Saudi Arabia, as well as in Lebanon.

And unfortunately, given the confessional sectarian nature of the Lebanese system, we've seen in the last year, during the last parliamentary campaign, elections, each community mobilizing itself on sectarian bases. The Sunnis engage in mobilizing the Sunnis, the Shiia are mobilizing the Shiia, the Maronites did the same thing, and the Druz did the same. And that created, really, this awful sectarian tinge to politics in Lebanon today.

And last year, I remember in this hall here, I said the minute the guns fall silent between the Israelis and Hezbollah, you're going to see a tremendous recrimination between the Sunnis and the Shiia of Lebanon. And that's what happened.

Because when one group mobilizes on the basis of its own sectarian identity and affiliations and interests, you force, ipso facto, the other groups to do the same.

MR. PASCUAL: Rob?

MR. MALLEY: Well, if I want to sort of try to think of a common thread of all that was said, and in particular what Bruce just said about the Lebanon civil war and sort of a pattern of U.S. policy, I think today

more than ever we're seeing policies that are not thinking about the day after. The consequences of actions we're taking, that we're taking perhaps sometimes with benevolent intentions, but we don't have the capacity to follow through, and we don't think about the consequences that day after.

We're propping up the government in -- one side in Lebanon, as if one side could govern without the other. At some point we're going to have to think: how are we going to bring that to resolution? Because Sunnis, even the Christians, cannot govern without Shiite cooperation.

In Palestinian we're helping one of the factions, but Abu Mazan cannot govern today without Hamas.

We're putting preconditions to negotiate with Iran that Iran will not meet. We're putting preconditions to Syria that Syria won't meet. And none of these cases, does it seem to me, are we thinking about the consequences of either Siniora not prevailing, or Abbas not prevailing -- which they won't; or of Syria not acquiescing, or of Iran not acquiescing.

So we're putting the region in a situation of tremendous tension, which is already self-generated. But we're adding to it. And we're not thinking about the day after.

We've paid the price in Iraq. I don't think we should pay the price elsewhere.

MR. PASCUAL: Rob, thanks.

Martin?

MR. INDYK: Well, it's not as if there's a good option out there, Rob, that we could just grab to solve these problems. It's not as if Hamas or Hezbollah or the Iranians are really out there as partners that we can easily work with. So we need to bear in mind just how bad all of the options are.

Having said that, it strikes me that one thing we didn't talk about today and was basically absent was Iran. And we can't easily ignore it. Even though our focus has been on a different part of the region, the Iranians are, of course, heavily involved with Hezbollah in Lebanon, increasingly in Gaza with Hamas and other elements there, particularly Palestine Islamic Jihad, which is a wholly-owned subsidiary of the Iranian intelligence services.

And, of course, we have the whole impact of Iran's efforts to spread its influence in other parts of the region, but particularly in Iraq, and its efforts on the nuclear front. So as if we didn't have enough problems to deal with, we have to bear in mind that we also have this Iranian challenge as well.

But having said that, the fact of an Iranian challenge to the established order in the region is concentrating the minds of these putative partners we've been talking about, as well as the other circumstances that we've discussed.

And in particular, I would just end by making this point: that at a time when the Iranian President Ahmadinejad is calling for and talking about

the destruction of Israel, his putative ally, the Syrian president, is talking about making peace with Israel. And that distinction is something that we can perhaps exploit, precisely through this effort to try to get some kind of positive discussion about a final status, comprehensive peace going -- the kind of thing the Secretary of State is now pursuing.

MR. PASCUAL: Martin, thanks. Very helpful observation.

I guess I would just end with two perspectives on the discussion.

One is the powerful perspective that you've all given in painting a picture of emerging failed states throughout the region. And in the context of those failed states, as Bruce laid out, non-state actors taking advantage of that space to potentially wreak yet even greater chaos. And that, in a sense, the strategy that is the counterbalance to that is a new Middle Eastern form of a recognition on the part of those failed states of a mutually-assured destruction; that if they don't recognize what might even happen is worse, that if they don't somehow come together, that that has become the best strategy to potentially actually create some leverage of that failed state actually continuing.

It's not a very pretty scenario. There are some threads of hope. But I think, as you presented it, Martin, it's one where not even pursuing that, not even attempting the vision, actually surrenders to even a worse vision yet so.

So -- thank you to the panelists. Thank you for the discussion.

(Applause)

* * * * *