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MEMO TO THE PRESIDENT:

RENEW DIPLOMACY IN THE MIDDLE EAST

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PROCEEDINGS

MR. NICHOLS: Welcome to a full crowd. We're delighted to see you here. This is the eighth in a series of Brookings Institution events presenting advice to the incoming President, and it's hard to imagine a session that would be more timely or more on the news than this one.

Incoming American Presidents often hope that they can delay, if only briefly, dealing with the complexities and frustrations of the Middle East. And if President-Elect Obama had any such hopes, they have been dashed during the last week of violence in the Gaza Strip.

We have a remarkable panel today, assembled to advise the new President, experts who have been seeking solutions in this region for decades.

Martin Indyk has twice been Ambassador to Israel and was a top advisor to President Clinton on the region. He served on Secretary Christopher's Middle East Peace Team as well as advising Secretary Albright at the State Department.

A much published scholar who has observed Middle Eastern affairs from posts that have ranged from Tel Aviv to Sydney to New York to Washington, Martin is one of the authors of the Memo to the President Brookings is releasing today.

Ken Pollack is also a familiar face to those who follow political and military affairs in the Middle East. He began his career at the CIA and has

served on the staff of that National Security Council and at the National Defense University, working on Middle Eastern issues for the Joint Chiefs of Staff.

The bestselling author of five books, many Americans may know Ken best from his appearances on the Daily Show with Jon Stewart. He is a co-author of today's Memo to the President.

Tamara Cofman Wittes directs the Middle East Democracy and Development Project at the Saban Center for Middle East Policy here at Brookings. She has served as the Middle East Specialist at the U.S. Institute of Peace and taught international relations and security studies at Georgetown. She was one of the first recipients of the Rabin-Peres Peace Award established by President Clinton in 1997.

And, finally, Shibley Telhami is the Anwar Sadat Professor for Peace and Development at the University of Maryland. He has served as advisor to the U.S. Mission to the United Nations and as a member of the U.S. Advisory Group on Public Diplomacy to the Arab and Muslim Worlds.

Also, a bestselling author, Shibley has taught at universities across the country including Columbia, USC and Ohio State.

So here's how we'll proceed today. I'm going to have Martin and Ken first describe their paper. I'm then going to turn to Shibley and Tami to make brief opening statements. After that, I'm going to ask a few questions and then, most importantly, we will get to your questions after that.

So I think we're going to start with Martin.

AMB. INDYK: Thank you. Thank you, ladies and gentlemen for joining us today.

First of all, a little bit of background about this paper that we, Ken and I, have written together. It is informed by a much larger study at the Saban Center at Brookings and the Council on Foreign Relations did together. Some of you would have been here when we launched that about a month ago. Copies are available outside or at the bookstore.

But, what essentially we did was to bring together 15 Middle East experts from the Saban Center and the Council on Foreign Relations over an 18-month period to do a series of policy planning papers for the new administration, and we've put those together in book form. A summary article of that appears in this issue, the current issue of *Foreign Affairs* written by Richard Haass, the President of the Council on Foreign Relations, and myself.

Tamara Wittes and Shibley Telhami are authors of two of those papers, Tami on political reform and Shibley on the Arab-Israeli conflict. So we're fortunate to have them here to elaborate a little bit on this paper that you have before you which is a very short summary of a much more detailed work of policy planning that we have done for the incoming Obama Administration.

Secondly, in a shameless act of self-promotion, my own book on the U.S. peacemaking diplomacy in the Middle East -- it's called *Innocence*

Abroad -- will be coming out tomorrow, and it, too, has a lengthy chapter advising the new administration based on the lessons of my own experience with peacemaking and dealing with Iraq and Iran during the Clinton years.

We are fond of saying at the Saban Center that if the President doesn't visit the Middle East, the Middle East will end up visiting him. That was something that we tried to warn President Bush about. He certainly had little interest in pursuing peacemaking in the Middle East for the first seven years of his administration.

But the President-Elect, Barack Obama, was very different. He said throughout the campaign that he was going to make the Palestinian issue a priority of his from day one of his administration, but I don't think that he, or any of us, ever imagined that he would be facing such a difficult crisis on day one involving the Palestinian issue.

It's a very complicated problem that he is going to face because this issue is going to present itself not just as a hot crisis between the Israeli Army and Hamas in Gaza but because this conflict has much broader dimensions. Gaza is, in a sense, on the seam-line of a series of conflicts between Israel and the Palestinians, between the Arab states and Iran because Hamas is a proxy of Iran as it seeks to spread its influence into the Middle East heartland, and, more broadly, between the Muslim World and the West or, more specifically, the battle of Islamic extremists -- Hamas, Hezbollah, Al-Qaeda -- some of them backed by Iran, that are

bent on challenging the West. This plays itself out in Gaza as well. So, for all of these reasons, the new President is going to have to address this issue.

He, of course, has so many other issues that he is going to have to deal with. Most important of all is the economy here, the global recession. You are fully aware of all the other issues on his plate, but this one has now forced itself onto his agenda in a way that will require his attention and, more particularly, the attention of Secretary of State-Designate Hilary Clinton.

His first challenge, depending on what exactly the situation is going to be like on January 20th, is to achieve a sustainable ceasefire. I think the diplomatic efforts that are beginning now to get a ceasefire may well have borne fruit by January 20th, but my own experience in the Middle East is that everything takes a lot longer than one expects. And so, I think it's probably more likely that he will come into office with the broad elements of a ceasefire outlined, but it not yet in place.

And if that's the case, as I'm sure Shibley will expand on, there's going to be a lot of anger in the Arab World and the Muslim World more broadly with the United States as well as with Israel. That in itself presents a problem for the new President.

There was the expectation -- certainly we had the expectation -- that the wave of anti-American anger that had been manifesting itself over the last eight years towards the Bush Administration would quickly dissipate,

and this was deeply threatening to Al Qaeda, Ahmadinejad in Iran, to Nasrallah in Lebanon heading Hezbollah, because they'd been able to ride on this wave of anti-American anger for so long and gain so much benefit.

And, it was threatening because Barack Hussein Obama was seen as a very different kind of American President. His own rise is an amazing story that resonates in the Arab and Muslim World, the first African-American President of the United States.

Yet, instead, I think what he will face is the attempt by our adversaries in that part of world to paint him as no different than George W. Bush. That will be his first broader problem. Imagine him giving an address to the Muslim world now, as he has promised, how he will try to deal with that.

So he's going to have to be active in achieving a sustainable ceasefire. That is going to be the first priority, like it or not.

I think the Israelis will want a ceasefire by January 20th if they don't have it already. Their objective is essentially to rewrite the rules of the ceasefire that has just broken down in a way that prevents Hamas from firing rockets and from importing offensive weapons, smuggling them into Gaza through the tunnels.

Hamas also wants to rewrite the rules of the game by opening the passages and relieving essentially the siege that has been operating there for the last six months. For the last year, in fact.

And so, in some ways, you can interpret this bloody conflict as a battle to rewrite these rules. But the Israelis I think are already putting out the elements of this, the ceasefire that they're looking for, and they I think would probably calculate they can finish their offensive operations in the next week and get a ceasefire the week after. That's their hope.

Hamas is also interested in a ceasefire to see if they can get the passages open under their control and if they can, at the same time, emerge with this anger at Israel and the Arab world behind their backs and legitimizing them and weakening their opponents, particularly in the Palestinian Authority.

But how diplomats can resolve the competing demands of the two sides is not at all clear to me, and Hamas has the option of simply rejecting a ceasefire even if Israel accepts it from the Security Council because defiance of the West plays well. If Hamas can continue to fire rockets, take even one Israeli casualty a day, it can claim a victory, and for the Israelis that will become more and more problematic as their own elections looms on February 10th. So, as I say, it's going to present a difficult problem if the ceasefire isn't already in place.

Once a ceasefire is achieved, then it's going to be important and necessary for the new President and Secretary of State to launch a diplomatic initiative to try to move a political process of reconciliation between Israel and the Palestinians forward. This was a priority before the Gaza crisis erupted. It was something that we had strongly

recommended in our broader study because the Palestinian issue is such a hot button issue. As I said at the outset, Barack Obama has said that he intends to make it a priority.

But it's going to be especially important once a ceasefire is achieved because the parties that want to negotiate peace in the Arab world -- Mahmoud Abbas and the Palestinian Authority and the leaders of Egypt, Jordan, Saudi Arabia and the Gulf Arab states -- all of them will have been weakened by this conflict and the support for Hamas and the anger that it is generating in the Arab and Muslim Worlds. And so, they are essentially engaged in a war of ideas that is a battle royal in which they're trying to show their people that reconciliation, compromise, peacemaking, tolerance is the best way to advance the interests of the Arab people.

And the message coming from Hamas and Hezbollah, backed by Iran, is our way works. Violence, terrorism, resistance, defiance is the best way to achieve dignity and justice for the Palestinians and the Arabs.

And so, the Arab states who have already come forward with their own peace initiative, the Arab League initiative, will have an interest, a strong interest, in joining with an American-led effort to try to resolve the Israeli-Palestinian conflict. They certainly will be urging that upon Barack Obama.

The question that he will need to ask them is what are they prepared to do to help make this happen because when the President-

Elect faces this issue of how to proceed with peacemaking there is a fundamental problem. On the Palestinian side, a lack of capability to enforce agreements that might be reached partly because the Palestinians are divided between Fatah and Hamas, between those who would make peace and those who would oppose it, between Gaza and the West Bank, and partly because of the weakness in capabilities of the Palestinian Authority.

And so, the Arab states are going to have to step up to the plate here in a more effective way to help compensate for that weakness partly by seeing if they can more effectively reconcile Fatah and Hamas because the President is going to need a unitary actor on the Palestinian side and, on the other side, to express their commitment and willingness to back that commitment with tangible measures of peacemaking and recognition of Israel, so that this becomes not a 2-state solution but, as others have said, a 23-state solution that makes it attractive to the Israelis who have to make tangible concessions for this to work.

A big challenge but one that will be all the more necessary because of the crisis in Gaza that President Obama will face.

The second dimension to this diplomatic initiative that needs to be launched after the Gaza ceasefire is what to do about Syria. Now some of you will be aware that people have been arguing that what Obama should do first is pursue a deal with Syria because Syria is much more capable as a state than the Palestinians are, the issues are far less intractable, and it

should be relatively easy to get a deal. The groundwork has already been laid between Israel and Syria, thanks to Turkish mediation over the last year, and much of the details were already worked out in the Clinton era when Israel and Syria had eight years of negotiations and very little differences between them at the end of that. So there's an attraction to doing a Syria first deal.

But, if President Obama were to focus on Syria first, I think what we would discover is the Syrians would slow down rather than speed up. They will want, especially in the wake of the Gaza crisis, to see movement on the Palestinian front. They will not want to be charged with abandoning the Palestinians to make their own deal, but they also, the Syrians, have a habit of wanting the attention of the United States and the West but not being quite ready to make the difficult decisions involving peace that are risky decisions for the regime in Syria.

So what we argue for is a Syria also approach, not a Syria first approach. It will be necessary for the President to pursue a peace deal with Syria alongside a Palestinian deal, and if he can move both of these forward synergies will be created between the two. Movement in peace negotiations between Syria and Israel will pressure Hamas to get aboard the peace train, and it will pressure Hezbollah because of the fear that its conduit is going to cut from Iran to Lebanon, and it will pressure Iran because of Iran's fear that taking Syria out of its alliance, the radical alliance, and putting into the peace camp will basically put pay to Iran's

efforts to dominate the Arab heartland.

That, I think, is a good segue to the issues that Ken is going to deal with.

MR. POLLACK: Thank you, Martin.

Not too long ago, maybe just a few months, I think all of us sat up on this dais at some point in time and pleaded with the American government and the American people to pay attention to the Middle East peace process, to not forget that the Arab-Israeli conflict and the Israeli-Palestinian conflict which is at its heart were critical to everything else that happened in the Middle East and that it was a terrible mistake to neglect the Israeli-Palestinian and the wider Arab-Israeli conflict and that that neglect would come back to haunt us.

Today, we find ourselves in the ironic position, myself in particular, of having to say now that we're all so focused on the tragedy that's unfolding in Gaza and seeing the manifestation of the problems in the Israeli-Palestinian conflict, it's my role to remind everyone of the importance of the other things going on in the Middle East.

Of course, our memo does try to look across the entire region and to help an Obama Administration think about how all of the different pieces are connected and how all of them need to be moved forward at the same time and to remember that one of the great mistakes that we have made, most particularly over the course of the last eight years, has been to believe that we can compartmentalize these different policies, that we can

somehow separate what is happening between Israel and the Palestinians from what's happening in Iraq and what's happening in Iran and what's happening in Egypt and Saudi Arabia and everywhere else in the Middle East.

The truth is that all of these things are deeply interconnected. Linkage is a reality. It is not simply a theory.

One of the most important things that this administration has got to grasp, and I think that it will, given the people who seem to be moving into its upper echelons, is that all of the policies need to be made with a mind toward one another. All of them need to be fashioned in ways that they help each other to move forward rather than hindering each other, rather than undercutting each other.

It's one of the reasons why dealing with the Arab-Israeli conflict and the Israeli-Palestinian conflict is so important -- so important because it is important in and of itself, but it is also important because it has a tremendous impact on everything else that the United States would like to see happen in the Middle East, and it is critical to the ultimate establishment, *Insha'Allah*, someday of peace and stability, let alone prosperity, across the Middle East as a whole.

I'm not going to say too much on the topics that I was asked to speak about -- Iraq, Iran and reform in the Arab World -- because we've talked about them a lot from this dais. I've spoken about them. Tami has spoken about them. Martin and Shibley have spoken about them. We

have a lot of different products including the Saban CFR book that Martin mentioned which deals with all of these different issues.

But I will just make a few highlights and then bring it to a close with, I think, what is an important thing for the next administration to keep in mind.

On Iraq, we should remember that there's violence in Iraq as well. It seems absurd that the amounts of violence in Iraq today which would dwarf the amounts of violence in almost everywhere in the Middle East, with the important exception right now of Gaza, by Iraqi standards, they're very small, and that's a measure of the tremendous success that we've had over the course of the past two years.

As many of you have heard me say time and again, the Iraq War is not won. Iraq remains precarious. The situation in Iraq has made tremendous progress, but it could fall apart very quickly. The problem for the United States is that everything else in the Middle East ultimately hinges on continued progress in Iraq. If you think it's bad in the Middle East today, it will be 10 times worse if Iraq returns to the battle days of 2005, 2006 because what we saw is that civil war in Iraq spilled over across the region and inflamed every other conflict. We cannot possibly allow that to happen again.

So, yes, there's been tremendous progress in Iraq that is an enormous credit to the many men and women who brought that about -- Iraqis, Americans and others -- over the course of the past two years. But

we cannot rest on our laurels, we cannot assume that is done, and we cannot walk away from that problem because it is too important to the United States and our interests in the world to see that through to its completion.

Iran: Things seem to be moving in a different direction with Iran. There's a lot of euphoria in Washington over Iran.

Now, on the one hand, I understand that euphoria. It's wonderful to have an administration that is saying we will talk to the Iranians. That's a wonderful change from the past eight years.

But let's also understand that in many ways that's kind of a false thought. It was ridiculous that the Bush Administration wouldn't speak to Iran. By the end, even they understood how ridiculous that position had always been and even they had started to come off of that position. So the debate never really should have been whether the United States should be willing to engage to Iran. That was always a ridiculous argument.

Now that we've got that behind us, we shouldn't become so enthusiastic about our own side as to believe the situation is simply going to be solved by the very nature of that change in our own perception. The gulf between ourselves and the Iranians is very wide. We have very significant differences with the Iranians about their policies, about our policies, about what we and they want the world to look like.

It's not to say that those differences can't be bridged. I actually

believe that they can be, but it is going to be very difficult to do so. We shouldn't assume that now that we've suddenly figured out that we want to speak to the Iranians that somehow that's going to make all those differences disappear. They're going to remain, and it is going to take a lot of hard work and hard diplomacy to bring that to fruition.

That, of course, is if he assumes that the Iranians actually want to go down that road themselves. At this point in time, I just think that that's an open question. Yes, I think it's very clear that there are Iranians, many Iranians who would like a better relationship with the United States, who would like a rapprochement.

But I don't think that includes every member the Iranian power establishment, and even those members of the Iranian power establishment who do want a better relationship may want it on terms that are simply unacceptable to us. At this point in time, I don't think that any of them have really had to think through what it will mean for them to actually go down this road, what we will want from them and what they will have to deliver and whether they're going to be able to do so. Part of the process of engagement with Iran is going to helping those Iranian leaders and helping our own leaders here to understand what that is going to entail and helping that process to move forward.

So I think it is good that we have a new commitment to engagement, but we need to recognize that engagement is simply a tactic. Engagement is not the goal itself. Engagement can be a very useful tool

toward achieving that goal, but we shouldn't confuse the tactic with the goal itself.

That needs to make us very patient, very steadfast in our determination to forge a new policy toward Iran, one with much greater flexibility, one which employs all of the different tools including engagement to move forward, but we need to recognize what our larger goals are and to craft even our approach to engagement in the context of that larger set of goals and what it is that we'd like to accomplish and have a patience which is often very difficult for the American political process and which comes very easily to the Iranian political process. If we're not willing to be patient, I fear that we're not going to be able to deal with Iran, either whether it is willing to engage with us or not.

The last topic I wanted to speak to a little bit is the issue of a longer-term vision of reform throughout the Middle East. This is something which, to its great credit, the Bush Administration in its own fashion did embrace. Their freedom agenda was ultimately designed to try to encourage a process of political, economic and social transformation in the Arab states that would have brought them the same kind of development and progress and, hopefully, prosperity that other regions of the world, Europe, East Asia, South America, parts of other areas of the world have also experienced over the last 40 or 50 years.

The idea was a good one, and we can't abandon that idea. It's just unfortunate that their execution was so poor. The freedom agenda was

over-promised, under-resources and, in many cases, misdirected. I think right now it's an open question as to whether overall the freedom agenda helped to advance that ultimate goal or set it back because of the disparity between its actual commitment and the goals that it set up.

I'll leave that to Tami to explain and to judge for herself and leave it to all of you to judge for yourselves. But I think that it is clear that the goal itself was absolutely critical to the interests of the United States and to the best interests of the people of the region and the people of the world.

We need to keep in mind when we look at the situation in Gaza, as Martin was already alluding to in his remarks, that what's going on there is not just the conflict between the Israelis and the Palestinians. What's going on there is the utter destitution of the Palestinian people, the fact that their social, economic and political institutions have utterly failed them and have failed them because of the malign and, in some cases, benign neglect of a whole range of different actors. Israeli, Palestinian, American, European, international -- you name it.

Part of what has to happen there is the process of development that's going to give Palestinians alternatives to what they have today or to what they had perhaps a few years ago when it was Hamas and its zealotry or Yasser Arafat and his kleptocracy. Left with circumstances like that, left with choices like that, what population has any good choices?

So much of what has to happen in the Middle East is creating new process whereby the people of the region have different choices than

those they've had in the past, better choices than they've had in the past. Ultimately, it is up to the United States and it is the responsibility of the United States and it is in the interest of the United States to advance that process.

Now having said so, we also need to have a great deal of modesty in realizing that we cannot do it ourselves, that we do not have the power to do it ourselves, nor do we even have the knowledge and the understanding to do it ourselves. Even in those parts of the world where we have helped such a process, whether it be in Europe or in East Asian or, more recently, in Latin America, it has always been a process of helping the people of the region themselves find their own answers. It has to be indigenously driven, externally assisted, and that's the kind of process that we need to have in the Middle East.

Here, what I'll simply say for an Obama Administration is that given the rhetoric of the President, given where he comes from, it is going to be critical that he remain true to what seemed to be his own beliefs on this kind of a matter, that he recognize what is in the overall best interest, long-term, for the United States and the world and not get caught up in the day to day, in the tyranny of inbox and the crises *du jour*.

He's going to come into office with Gaza in flames, with demands for his time from Iran, from Iraq, from all of the other crises in the Middle East, let alone Pakistan, Afghanistan, Russia, Ukraine and everything else that's going on in the world.

The critical measure is for him to step back and to decide what he wants to see happen over the long term and to fashion policies dealing with each of these different policies, these different crises of the moment, that nevertheless help advance those long-term goals so that when he leaves office, hopefully in eight years, he will have created new institutions, new policies, new ways of thinking that are going to carry forward American policy toward the Middle East over the long term that will help, hopefully help, this longer-term process of reform in the region which will make it easier for his successor and his successor's successor and future generations to deal with the Middle East because there won't be so many crises and the crises that occur won't be as dangerous as those that he faced.

My last point: When I look over the memo that Martin and I have fashioned, when I look over the book that Martin and I and Tami and Shibley all contributed to, I look across, and I think there's a lot of smart stuff in there, and I think that we've brought a great deal of new smart analysis, and I think that many of our specific recommendations are interesting and novel and intelligent.

But I do step back and I say, are we saying anything radically different? I'm not certain that we are. Maybe you'll all kick me for saying this. I'm not certain that we're saying anything completely radically new, but I actually think that in many ways is a very important lesson for this new administration and for the American people in moving forward.

It may be that this new President will come up with some flash of genius or perhaps one of his teams will themselves come up with some flash of genius, some stroke of inspiration that allows us to solve one or more of the problems of the Middle East in a way that no one had ever imagined beforehand. But I doubt it.

A lot of people have been trying to do that for a very long time, and no one has been able to find a way to do it, and a lot of very smart people have tried. In some ways, I think that it's a mistake to assume that we ever will.

In many ways, I think that we do know what the solutions to the Middle East are. The problem is that they're just very, very hard. I think that what our problem has been is that we've not been willing to commit ourselves to the hard work that's going to be necessary -- the diplomacy, the economic support, the military restraint and, in some cases, the military action to douse military action -- and the commitment to sustain these efforts over the course of time to make them work.

I think that if this President is willing to commit himself to these processes, I think that we will have a chance of creating a better Middle East.

If not, if we're not willing to sustain, if we do keep flitting from this to that and trying to ignore the Middle East, which has been our tendency more often than not, then I'm afraid that a year from now, two years from now, five years from now, we'll all be back here on this dais, saying the

exact same thing, making these exact same recommendations.

Thank you.

MR. NICHOLS: Tami.

MS. WITTES: Well, thank you.

It's hard to follow my two colleagues who have laid out, I think, such a comprehensive view for U.S. policy in the region and particularly a comprehensive view of the challenges facing American policy in the region.

I think what their comments really bring home is the extent to which a successful policy for the coming administration in the Middle East requires several things that are really in short supply right now: a commitment to sustaining our investments in this region when many weary Americans I think would rather walk away, making new investments in diplomacy even though the results are likely to be meager at best for a long time and sustaining a commitment to the long term despite the urgency that many feel for quick results and despite the urgency of these crises that continue to afflict the region.

So the question is: How does the United States fashion a policy that can persuade both our public here at home and the region of the value and the necessity of continued long-term American investments in the Middle East?

Now if you think of it sitting in an ivory tower in Boston or from the perspective of a foreign policy specialist in Washington, you say, well,

America has crucial national interests in the Middle East, and we simply can't walk away, and that's that. So we will be there.

But we know that public opinion matters tremendously in our own system, and increasingly it matters in the Middle East. I think that Martin gave you a very clear hint of how that's working today and how this Gaza crisis is playing into what Shibley calls a war for Arab public opinion.

And, to me, I think one of the biggest challenges for the Obama Administration is not necessary what to do on these specific issues but how you knit this together in a framework for American engagement in the region that can win adherents both here at home and among the peoples of the Middle East. How do you build a new kind of legitimacy for America's engagement in the Middle East?

In other words, one of the consequences of the past eight years is that it's not simply some specific policies of the United States that cause problems for us in the Middle East. Today, I think the very legitimacy of a significant American role or American presence in the region is under attack. This is a real problem for us not simply on its face but because dealing with the issues that Ken and Martin have written about -- Iran, Iraq, the Arab-Israeli peace process -- all of these require close strategic cooperation between the United States and its allies in the region and particularly leading Arab states like Egypt and Saudi Arabia.

Both for us and for those countries, that kind of close strategic cooperation is increasingly difficult to sustain in an environment of

rampant anti-Americanism and in an environment where these Arab governments are constantly under attack both at home and by regional radicals for their policies and for their failures of domestic governance.

So it's almost impossible to sustain U.S.-Arab cooperation in this environment where our partners are implicated by our unpopular foreign policies and we're implicated by their unpopular domestic policies and both of those are reinforcing the voices of the regional radicals.

This is not a stable foundation for long-term relations. It's a situation that plays right into the hands of Hassan Nasrallah, of Hamas, and that strengthens the voices that oppose Arab-Israeli peace, that support an expanded role for Iran in the region and Iran's nuclear program and the same voices that oppose the kind of stability, democratic stability, that we and others are trying to build in Iraq.

So this is not simply a question of the fate of Arab governments, the fate of democratic reform, and it's not even simply a question of whether the United States can act in the Middle East and be popular. This is a question of whether we can achieve the specific policy goals that we need to achieve in the region to secure our own interests.

So I think what we really need to do is put our policies on Iraq, Iran, the Arab-Israeli conflict into a context that explains to the region and explains to the American people, in a compelling way, what it is we're there for, beyond our own arrow. We have to demonstrate how our renewed diplomacy is going to help us play a positive role and build a

positive future for the region, and we can't realistically talk about how we view the future of the Middle East without addressing those governance problems that Ken was just talking about, that affect 250 million Arab citizens every day and that are top-most on their priority list.

Yes, they care about Gaza. Absolutely. And, they watch it on television every day, and they are angry, and they feel the pain of the Palestinians. But they also have their own pain day to day that's related to inadequate education, that's related to subsidies being cut in efforts to liberalize economies, that's related to the long wait to find a job after you get out of university with your engineering degree, that's related to the repression and unresponsiveness that they face from their own governments.

So, if the United States is going to be credible in the region and is going to build an environment within which we can be successful in achieving our strategic goals, we have to address these issues also.

So how do we do this? How do we recognize the integral relationship that I see between domestic and regional politics in the Middle East?

How do we present a policy vision that integrates them, setting out a vision for an American role in the Middle East that works for peace but also works for prosperity and for progress, for greater political freedom for Arab citizens all across the region?

It's a vision that has to encompass the diplomatic initiatives that

Martin and Ken were speaking about but also has to encompass concrete, short-term, realistic initiatives that address these other issues. I'm talking here about our trade policy in the region. I'm talking here about new forms of American economic assistance and development assistance as well as democracy assistance. These are things that the Bush Administration toyed with, with some success and with some failure, but that this Administration I think really needs to take in hand.

And, only by looking at domestic governance and our other strategic priorities like Iran and Iraq and the peace process as two halves of the same coin can we resolve the tradeoffs that will inevitably confront us in trying to build a different role for ourselves in the region because there are real tradeoffs. When you're dealing with the Egyptian government, how do you encourage reform by Hosni Mubarak while simultaneously asking him to hold a very difficult line against Hamas in Gaza? What are you willing to put on the table to achieve what goals?

But it's only by seeing these things as part of a coherent whole that we can have the debate we need to have here in Washington about those tradeoffs, resolve that debate and then move forward productively with our allies in the region.

Thank you.

MR. NICHOLS: Shibley.

MR. TELHAMI: Thanks.

Well, I want to make just a couple of broad points about the context

in which Obama will take office and then make more specific remarks on the paper recommendations with some agreement and some caveats on the specific issues.

First thing to start with is that the President is not going to have a second chance to make a first impression, and I think that everybody is anticipating what he is going to do and say on day one particularly because he has been keeping quiet, rightly so I think, in the transition. He shouldn't be saying anything on the Gaza events until he takes office, but that is highlighting the anticipation and the expectation. Clearly, what he says is going to be the first thing that people are going to pick up on, and they will look at it as an indication of policy, who he is and what he stands for.

So, do it very carefully. Don't take that lightly. You will not have a second chance to make that first impression.

And, the second point I want to make here is don't allow the current crisis to define your broad policy on the Middle East. Deal with it, yes. It's a crisis. You have to deal with it, but don't allow it to tie your hands from what you are going to do. Don't allow the players on the ground to dictate to you what your policy should be.

So look at it as a crisis to be managed but prepare your plan independently from it. Obviously, take the outcome into account.

And, third, your first measure foreign policy speech should not be on the Arab-Israeli issue. I say that not because I don't think the Arab-Israeli

issue is important. Many of you have heard me say over and over and over again that it is a central issue. It is the prism through which the Middle East at least and many in the Muslim World see the United States.

But I think we're, in some ways, missing the point because I think that when our failed policy toward the Arab-Israeli issue is only a symptom of our bigger failed foreign policy. We're operating in the context of a framework, of a vision, of a paradigm that was defined by the Bush Administration that most people have rejected, which is that we look at regional conflict primarily through the prism of terrorism. We look at the biggest threats to the United States as if they're to be found in some small Axis of Evil. We have defined the War on Terrorism as if it ties directly into a clash between the Muslim World and the U.S. And, we have defined a concept of preemption that seems to be independent of imminent threat which is always in the preemption doctrine, but this seems to be independent of imminent threat.

All that has led in a way to a fear of our intentions, skepticism about our aims and lack of credibility in our pursuit of foreign policy.

If we start only dealing with parts when this paradigm is still the overwhelming paradigm in the context of which we're evaluating policy at home, the international community is evaluating policy abroad, that's not going to work.

So I think the first thing a new President is going to have to do is put forth a broader vision of America and the world, America's relations with

the rest of the world in a context of which he also envisions a role for the Arab-Israeli issue or the Middle East. I think those are the kinds of things that has to be prepared very quickly because I believe that's what people are going to be watching for.

But let me turn to specific recommendations that are in the memo, much of which, as you can imagine, I agree with particularly since I participated in the project, but I just want to introduce some caveats.

First, on the issue of political reform and economic reform in the Arab World, it's obviously an important issue. From the Middle Eastern point of view, that is one that ought to be a priority for the region. It's important that the international community help. It's important that the United States help with that, and I think the specific recommendations on how to do it are goods ones in the paper.

But we have to keep in mind two things.

It is wrong to assume that that is the core of our problem with the Arab and Muslim world. It's wrong to assume that that is the real reason why we have political terrorism facing the U.S.

I think that should be good in itself. It's tied a little bit, but that is not the core of the problem. We have to be mindful of that.

And the second point I want to make is something that Tamara has touched on a little bit, which is that we have to reconcile ourselves to a strategic dilemma that we have. So long as we have a major military footprint in the region, a really dominating military footprint, in the region, so long as we're at war in the region, so long as we're

committed to particular outcomes in the Arab-Israeli issue on a strategic level, we are, by default, the allies of the mechanisms of repression in the region, because our allies are the governments that control the security forces and the militaries, which are the allies of our security forces, intelligence, and the militaries in the implementation of the broader strategic aims that we have, such as winning a war in Iraq, bringing about stability, maintaining our military presence, and, as Tamara said, persuade people to support certain policies with Hamas or Fatah or the Palestinian Authority.

And that obviously works perhaps in a trumping way against our effort to democratize and reform. We have to understand that our effort towards reform is very much tied to our strategic policy. And we have to do both. In order to move forward, you can't do one without the other.

On Iraq, I want to also say that I agree with the paper on the need for stability in Iraq and the ratification of an escalation of violence and instability in Iraq.

But I also want to introduce a caveat here, which is that there is no guarantee whatsoever that our continued military presence is going to bring about more stability than we have now today that we're not going to see more violence even if we stay in Iraq, and particularly if we have a confrontation with Iran, even an intensification of sanctions, let alone a military confrontation where they can ignite what is the situation in Iraq more.

And politically, for president who is committed to pull out of Iraq for an international arena that wants to see the U.S., particularly

public opinion, out of Iraq, he could be paying a political price and be faced with more violence as well.

And so, this has to be assessed very carefully. Both tasks of maintaining a major military presence in Iraq and withdrawing the American military presence from Iraq both have some risks, political risks as well as military risks. And that has to be thought about very carefully.

On the issue of Iran, I also agree that the United States should do all it can to dissuade Iran from acquiring nuclear weapons with the ramifications that for the rest of the region and how we might want to do that by building a coalition to prevent them from doing so or imposing sanctions, if need be.

But I think there is -- there are two issues that I want to again put on the table. One is that at some level, we're already on automatic pilot, on a slippery slope, that will take us to war, because we have already a position, you know, across the board which says that we shall not allow Iran to acquire nuclear weapons.

Now, if we go through the diplomatic and sanctions path and that doesn't work, then we're ending up with war. It's very hard to walk away from that.

And it might work, by the way. I believe that once you put a credible diplomacy and economic program on the table, it might work. I'm a strong believer of that.

But it also might not work. And you have to be prepared at the end of the day to say if it doesn't work, we're prepared to go to war. And I think that decision has to be made almost at the beginning, because

if not, you're going to find yourself moving in that direction and waking up one morning, and you're at war with Iran. That's dangerous.

The second point I want to make on the Iran issue is public opinion. The recommendations correctly describe the nuance of public opinion in Iran -- you know, many who are not happy with the government, the economic environment. All of that what certainly is a factor in the Iranian position undoubtedly.

At the end of the day, though, we are not very good at engineering public opinion in particular countries. And yes, I think it is -- that's a wild card, but it's not one we can count on. And we, as the United States of America, are not the best figure out how to deal with it.

Now I want to end with the Arab-Israeli issue and obviously that's the one that we're all thinking about today, particularly because of Gaza.

The first thing I want to say on that is I'm in full agreement of the recommendation of it should be Gaza also a Syrian-Israeli track, also not Syrian-Israeli track first. I think it's a mistake even to think that you can do the Syrian-Israeli peace first, and not just because of what Martin said about possible delays, I think the Israelis are unlikely to sign a full agreement on withdrawal from all the Golan Heights unless they expect some further normalization from Arab states beyond Syria, such as Saudi Arabia. And that's not likely to happen without the Palestinian issue.

And if the Palestinian issue is not resolved, you can see that it could disrupt the priorities. We've seen it already happening, and certainly Hamas and others are going to have the capacity to do so regardless if we don't. So, I'm in full agreement that you have to do it --

you have to pursue Syrian-Israeli peace there. It's important. There is an opportunity to do it, but it should be done in the context of what we've recommended in our chapter in the book of a broad framework for peace and security in the Middle East, where you have simultaneous Palestinian-Israeli negotiations, Syrian-Israeli negotiations, as well as broader regional security issues.

But on Hamas specifically, I think obviously this particular military operation of Israel is strategic in nature. It's not just seems to be aimed at getting a cease-fire, and, regardless, I think it will, in some ways, reshuffle the deck. Where the cards will fall no one knows. But it certainly is going to affect Hamas' capacities, at some level militarily, at some level politically. They gain a little in public opinion. They might operationally be hurt.

But one thing where we know they're going to hurt and that is their governance capacity. There's no question that their governing institutions have been most affected by this. The ability of running Gaza affairs, the ability of managing Gaza affairs is going to be minimized, even perhaps even policing of Gaza. That's one area in which they've done reasonably well not in terms of providing for the people, but bringing about some order and management.

And so, in some ways, I think we're going to face a bigger humanitarian crisis in Gaza after this is over. I think we're going to have a situation where Hamas may be popular in some quarters, but its ability to enforce law and order or even to bring under its control some other factions that might emerge or -- will be minimized.

And for that reason, it is going to be -- there is going to be a lot of pressure, I think, for the possible deployment of some international force. And we're going to be facing that, I think, very quickly.

At some point, as we've said in our piece of recommendations, an international force will be needed, but it wouldn't be -- I think it would be wrong to use it as an intervening force while conflict is ongoing. It has -- all parties have to accept it. You can't replace the Israeli military with an international force. That has its own risks.

So we're going to be facing a lot of very difficult choices. But one thing is clear: there can be no Israeli-Palestinian peace agreement while the Palestinians are divided and while you don't have an effective cease-fire. That is why we suggest that whatever the Obama administration is going to put forth, it's going to have to start with the aim of finding a unified Palestinian position politically, as well as figuring out a way to have an effective cease-fire. Thank you.

MR. NICHOLS: Thank you, Shibley, and thanks to all our panelists.

I'm going to start with a few questions, and I'm going to stay on the Gaza at least to begin. And after that, we'll take your questions.

Let's start with Martin. You talked about a sustainable cease-fire in Gaza. Give us some specifics on what you think that would look like.

And since the United States has limited diplomatic leverage at least for the next three weeks, who do you think is positioned to be the most productive in terms of a diplomatic mediator?

MR. INDYK: Okay. Just quickly. I think the necessary elements are first of all an end to the violence, which means an end to the rocket attacks on Israel and an end to Israeli offensive operations for a start.

Secondly, there will need to be some understanding about the control of the passages so that goods and people can move through those passages.

Thirdly, some mechanism for preventing the smuggling of offensive weapons into Gaza. And fourthly, some, as Shibley just referred to, some international presence, the dimensions of which are hard to know until we see what the outcome is, but some international presence either to help with the monitoring of the border between Egypt and Gaza to prevent smuggling and to help in monitoring the movement of people and goods.

Depending on what happens with the Israeli army, there will also be a necessary element of the Israeli withdrawal. But that, too, raises the question of withdrawal in favor of whom? Is this going to be a situation in which Hamas takes control again? Or is it going to be an effort by the international community to reintroduce the Palestinian Authority perhaps initially through the control of the passages which would be a legitimate function for the Palestinian Authority and a way to give it a toehold back in Gaza and give it an ability to be seen to be helping meet the needs of the Palestinian people there.

I think there was a second part to your question.

MR. NICHOLS: Who do you think is positioned given that the U.S. is sort of on the sidelines? Who can play a mediator role?

MR. INDYK: Well, the Europeans are already taking that role. They're in the region at the moment. I think that we'll move to the Security Council quite quickly, and I imagine there will be considerable effort to get a cease-fire resolution in the Security Council, so the Security Council provides the mechanism through a resolution, particularly if it comes to international forces being involved. But there are some other players that will be important, too, in terms of who is going to influence Hamas in this, because the Israelis will not deal with Hamas. And they do not want a formal agreement with Hamas.

And so the Egyptians, I think, will have to play a role there. The Turks and other Arabs, like the Saudis, will also be important because of their relationships with Hamas. But Turkey and Qatar can also play a role because they have open relationships with Israel as well as Hamas. So that's the array of players that will be involved.

But essentially, what I think is going to happen is there going to be teeing it off for Clinton and Obama to come in and make this happen, because, you know, in the end, it's the United States that has influence with Israel.

MR. NICHOLS: Tammy, for you, several of you made reference to the fact that the Israeli elections are in about a month. What's the political fallout from this crisis been do you think if three of the major players in the election are also major players in this operation? How do you think that has to be shuffled the deck, if it has? And how does that affect the diplomacy of the incoming administration?

MS. WITTES: It certainly has re-shuffled the deck in Israeli politics, and, whereas, before this crisis began, the head of the Likud,

Benjamin Netanyahu, and the Likud Party were polling far ahead of their two main rivals, Kadima, which currently -- which heads the current government, and the Labor Party, which is in the current coalition, and it's headed by the Defense Minister, Ehud Barak. Barak has now or Barak's party, the Labor Party, has now doubled the number of seats it polling. In other words, if the election were held today, Labor is polling at 16 seats versus eight prior to this crisis.

So, ironically, the left of center Israeli party has a head who is now Defense Minister running this military campaign in Gaza, and the military operation seems to be benefiting the left.

Now, for Barak, of course, this is perfect, because he's always painted himself domestically as Mr. Security, former Chief of Staff of the IDF, and as somebody who said, well, I know when to be tough and I know when to negotiate.

I don't think that this crisis will necessarily catapult him to the top of the heap come election day. It's not even clear right now that elections will take place as scheduled on February 10th. There's a possibility they may be delayed. But it definitely has reshuffled the deck, and it's made it more likely, if nothing else, because of the crisis atmosphere, because of the intense international focus and increased pressure that any new Israeli government will face.

Just as Obama no longer can choose the time, place, and manner for his diplomatic initiative in the Middle East, a new Israeli government will not be able to take the initiative in how it approaches Washington or how it approaches the peace process. There will be a lot of demands on its plate waiting for it.

MR. INDYK: Can I just add one thing quickly --

MR. NICHOLS: Of course.

MR. INDYK: -- on this, and that is that you always have to be aware of unintended consequences in the Middle East. And if we look back at the 1996, when Shimon Peres was running against B.B. Netanyahu, and was provoked into a war in Lebanon by Katyusha rocket fire from Hezbollah, one shell into a U.N. compound killed I don't know, I think, a hundred Lebanese civilians really did Peres in during that election because it lost him immediately the Israeli Arab vote. He only lost to Netanyahu by a half of a percent. But he lost about nine percent or eight percent of the Arab vote because of that one shell.

MR. NICHOLS: Shibley, finally, one for you before we take some questions from the audience. You said that you thought that Obama was correct in not saying anything about the crisis. Tell us why. He's talked about other things. He's actually been quite specific, for example, about what his economic plans are going to be. Why is he correct in being silent on this?

MR. TELHAMI: Well, because when you look at this issue, meaning the Arab-Israeli issue, the Gaza issue is only a small part of it. And for him to do justice to what his position might be on this, he would have to make a comprehensive statement.

And in the meanwhile, you know, this is an issue -- foreign-policy. If you look back actually even during the Clinton administration transition to Bush, back in 2000, if you recall -- and Martin was here; he was involved in it -- the Clinton administration continued its peace efforts all the way to the very last day almost.

And to the credit of the Bush administration at that time, they didn't really intervene, even though they actually didn't support the peace process, as we found out much later that they didn't really think that was a wise policy. But they didn't intervene.

I think, you know, for Obama to do something, to say something that is going to be of no consequence for policy at the moment, if it is supportive of the Bush administration, he's going to look like he's -- he doesn't have a change, and that's not going to help them.

If he's critical of the Bush administration, he's going to come under attack and criticism and those people who want to -- he starts coming under attack before he even takes office, so.

And even worse, I think, he might tie his hands because you can -- if you make, as I suggested in my opening remark, you shouldn't allow this crisis to define your policy toward the region. And I think that if you say something about this crisis as your very first thing, don't have a second chance to make a first impression, then you really are tying your hands in a way that's consequential. I think it's a mistake, a big mistake, for him to intervene in this crisis as much as many of us want to see some nuanced policy on the Arab-Israeli issue. But this is not the time for him to intervene.

MR. NICHOLS: Okay. Let's take your questions. I believe we've got a microphone right here. Please identify yourself and your organization, and let's be as brief as possible and pose these in questions, please. We've got limited time. How about right here?

SPEAKER: Yeah, from the Institutional Report. So far, one of the main objectives of the Israelis that has not been mentioned which is restoring the deterrence.

Do you think that is an achievable objective of the Israelis or can, on the other hand, can Hamas, whatever happens, claim that they are the victors by mere existing or by maybe kidnapping more Israeli soldiers were being able to fire (inaudible) few how many rockets?

MR. NICHOLS: Martin, you want to start with that one?

MR. INDYK: Again, we're in the midst of the crisis, in the midst of the conflict, and it's difficult to say because we don't know how it will end.

But if we look at the Lebanon example, Hezbollah gained a political victory by standing up to the Israelis, by being able to fire off more rockets at the end of the operation than at the beginning.

But if you look at what happened, you know, two years out in Lebanon, deterrence, Israeli deterrence, was restored.

You know, Hezbollah is not firing rockets now in support of Hamas. They are very careful. They have been very careful about not provoking another military confrontation because the Lebanese people eventually turned around and criticized Hezbollah for provoking a confrontation that caused such a massive Israeli response and such dramatic casualties and destruction in Lebanon.

And so, I think, you know, we have to distinguish between Hamas and the propaganda victory that it will achieve in the Arab world, the Muslim world, and the sorry state of the Palestinians in Gaza at the end of this conflict.

And already, you know, Arab leaders are saying -- they're criticizing Hamas for, you know, provoking this conflict because it's having such a deleterious impact on the citizens of Gaza.

And so, I think, that it's possible at the end of the day, as Shibley said, Hamas' military capabilities are likely to be degraded. Its ability to rebuild its offensive capabilities is also likely to be seriously constrained. That, yes, it's possible that it will have to think long and hard before it fires more rockets into Israel.

MR. TELHAMI: If I may on this one just, I mean I've been watching the Arab media almost nonstop since this crisis started because obviously that's where the battle is being waged for public opinion.

And Hamas is almost ignoring international public opinion. They really think that the heart of their realm is Arab and Islamic public opinion. They're doing exceptionally well.

You know, Martin is absolutely right about governments. Governments have been very critical of Hamas including President Mahmoud Abbas blaming them for starting this -- the Egyptian government, the Jordanian government, the Saudi government. But you can see them back tracking under political pressure from already. And the Jordanians are even talking about, you know, sort of alluding to possible cutting off relations with Israel. That's not going to happen obviously, but just the discourse is changing by virtue of the weight of public (inaudible)

So, in the short term, there is no question that Arab public opinion outside the Palestinian areas -- and I say that there's an important difference here, because they're not the ones who are paying the heaviest price -- they're watchers on the outside -- angry.

Actually, the kind of -- you know, the sort of demonstrations we have witnessed this time around frankly is really amazing actually for a region that hasn't seen a lot of demonstrations, in large part because governments don't allow them.

But if you look at the scale of demonstrations in places like Yemen and Morocco and Algeria in Lebanon and even outside the Arab world -- it's several hundred thousand people in Turkey -- I mean it's really an extraordinary -- so they're -- even, you know, the Turkish leaders who are mediating are saying -- they're blaming the Israelis before the public opinion.

So in the short term, it's no question that it's a public opinion victory for Hamas. The question is can this be sustained. In Lebanon, Martin alluded to the fact that, you know, Hezbollah's stock went up, then it dropped in Lebanon. But it's back up actually. And, in fact, the opposition may win the elections, according to the polls.

So it's very hard to engineer the right outcome with that. And I would say -- I use the -- you know, you can re-shuffle the deck with power, but you can't guarantee where the cards are going to fall. And I don't think we yet know where the cards are going to fall on this one.

MR. NICHOLS: This one here, on the front row right here.

MR. LEWIS: Sam Lewis. I'd like to pose a kind of a tough question about U.S. public opinion and Israeli public opinion that Obama is going to face. If I read the tea leaves right, at this point the Israeli public and leaders are quite pleased with the Bush administration's policies. And the American Jewish community seems to be quite happy with them also.

They're giving them plenty of time. There's "a green light." That's the interpretation.

Now Obama comes in, let's say, and it isn't -- the cease-fire has not been achieved, and that probably is the more likely outcome, but not necessarily. His first statements will have to take account of that and everything that Shibley's been saying at the same time.

And if he is to form a new framework, a broader framework about the American image in the region and the Muslim world, he cannot continue the "one-sided" appearance of the policy to date, even if he believes in.

How's he going to handle that on day one or day two?

MR. NICHOLS: Who'd like that one?

MR. WITTES: Well, let -- maybe I'll just --

MR. NICHOLS: Oh, thank you, Tammy.

MR. WITTES: -- start and give Martin a -- I'll just give Martin a chance to think. And I'll say this: if this ground operation drags on from now through January 20th, my suspicion is that the strategic gains for Israel are going to taper off quite sharply in this operation. And, by then, they will be looking hard for a way to climb down from their tree.

The ground operation carries with it so many risks for the Israelis, including the risk of additional hostages, high casualties with domestic political consequences for these Israeli officials, as well as the increased international and regional pressure and the likelihood that they will be starting their new chapter with Washington in a very bad way.

So I actually think the likelihood is that if there's no cease-fire by then, it will be something Obama will be able to achieve based on all

the groundwork that comes before. But what I think he'll have to do then is wrap up that first statement with a broader initiative. And he won't have time, as I think he and his team had hoped to have time, to get their feet on the ground and plan that initiative and put their ducks in a row in talks behind-the-scenes. No, they're going to have to come in and deal with a cease-fire and launching a major new Arab-Israeli peace initiative simultaneously.

Martin, you can correct me now.

MR. INDYK: Well, no, I think Tammy's point is -- the first point is right. I'm not sure I agree with the second one.

But my sense of what the Barak, that is Ehud Barak, calculation is here, and he is the one who's driving the Israeli strategy, is that this is a man who is obsessed with timing. You know, he actually takes apart clocks in his spare time, seriously. He plays chess with himself in a very developed way. He's thought through the 25th step, not the second or third step.

And so, if I understand him correctly from my experience with dealing with him, he's focused on two dates -- January 20th and February 10th, with Obama coming in and his own election.

And, as Tammy says, for both of those reasons, he is, I believe, going to want this crisis to and before January 20th.

And so, even but that -- you know, he's got two weeks to go. This week will be intensive operations. The next week will be intensive diplomacy.

So that I think that Obama will find himself in a situation where he can pick up that diplomacy and try to get both sides to agree to

the cease-fire. And so, the question, as you pose it, may not arise so starkly. It's very different to the days, Sam, when you were an ambassador, and Sharon and Begin had a much more expansive objective in Lebanon in the 1982 war, in which they were seeking to topple the government and remake Lebanon as an ally of Israel, at peace with Israel.

And Reagan had to kind of come in and -- Reagan, who was a strong friend of Israel, had to really take them on. I don't think that's the case here.

I don't think that Barak has it in mind. I may be wrong about this. But I don't think he has it in mind to topple the Hamas government, to occupy Gaza City, and Rafah and Jabalia and so on. Again, I may be wrong.

I think he's going to surround them, do commando operations into them to try to take down the Hamas leadership and the -- if he can find them and the military infrastructure. But I don't think it's going to be, you know, this expansive operation. And he's going to want to get out as quickly as possible.

MR. LEWIS: (inaudible) to agree.

MR. INDYK: Right. Exactly. That's where the best laid plans come unstuck, because it needs Hamas to agree to this.

But, in a sense, that's going to be the dilemma for Barack Obama. It's not about distancing himself from Israel, criticizing Israel to get credibility and so on. It's how is he going to get Hamas to agree to the cease-fire, and when Hamas is going to be trying to play for American recognition in the process. And he's made very clear that he's not going

to deal with Hamas. And so that's where he's going to find himself on a sticky wicket, I think.

MR. NICHOLS: Let's move back this way. Here in the red sweater.

MR. GONZALEZ: Ricard Gonzalez from the newspaper *El Mundo*.

I would like to Mr. Indyk and Mr. Telhami about the way that the U.S. and the West international community has to deal with Hamas. So far, the objective has been to isolate Hamas. And I don't know if it has worked.

So one of the recommendations of the book is bringing Hamas into the fold. So my question is, should we relax the three conditions that we put to Hamas or how we have to bring Hamas into the fold? Thank you.

MR. TELHAMI: First of all, obviously, when we wrote the recommendations it was before this crisis, and the outcome of this crisis is going to matter. We don't know where things are going to be, how Hamas will emerge. It may be actually that not much will change strategically, and then, you know, in a way, people will lose faith in the capacity of military options to change the environment. It's hard to know.

But let me tell you my thinking and particularly in the recommendations that we made, and I think it will remain my thinking no matter how this comes out. I think in the end, you know, Hamas is still going to be a player, maybe redefined, maybe with a different outlook and prospects. But it's still going to be a player.

Our conclusion in the recommendation was what I summarized earlier, which is you cannot envision a settlement of the two-state -- a Palestinian-Israeli conflict so long as the Palestinians are divided and so long as there is no effective cease-fire.

So what does that mean? That means that our policy, that is American policy, should aim to bring about a broad coalition that is supported by both Hamas and Fatah. Otherwise, if there's not a single government to negotiate on behalf of all Palestinians, number one, it's not likely to be able to sell the agreement. Number two, you're going to have spoilers who are going to be able to derail it. And number three, the Israelis will have less incentive to give their maximum concessions that they will have to make to -- if they only negotiate with half of the Palestinians.

So, for all these reasons, our policy should be to bring them together. What does that mean bringing Hamas into the fold?

We separated between that and whether or not we talked to Hamas. I mean, that's a separate issue in a way, but it may be related, but not the same kind of question.

We could encourage Arab allies to help mediate between them, and, for that to happen, we don't need to have the same conditions that we have about direct dialogue between the U.S. and Hamas. One way that we envisioned it in our recommendations is, as Martin said in his opening remark, there's going to be a need for broad Arab participation in the broad peace process, as we define it.

And that means that you're going to have to have a most likely arrival of the Arab peace initiative as being one of the proposals that are going to be bases of broader negotiations. If you put that on the table,

which does contain the promise of recognition of Israel, you can make that a condition for Hamas to participate in the process.

So, yes, I think you can wait on the issue of whether you want to talk to them or not, depending on what transpires in the process. But I think I cannot envision, I cannot see, how it is possible in this environment to have successful Israeli-Palestinian negotiations on final settlements that can be implemented and delivered so long as a big part of the Palestinian polity is outside of the process.

MR. NICHOLS: We've got time for maybe a couple more. Let's get to Jack Farrell here on the front row.

MR. FARRELL: Hi. Jack Farrell from U.S. News. What will be new Secretary of State bring to the immediate crisis and than also to the longer-range problems of the region?

MR. INDYK: I've just come back from Australia, so I'm seeing here an Australianism, but I'll be more diplomatic. She'll bring intelligence and guts to the whole approach of the Obama administration and knowledge of the region and a cachet in the region as a Clinton.

And, you know, whatever the anger towards United States, they remember Bill Clinton, and, therefore, Hillary Clinton as people who were deeply committed to trying to resolve the region's problems.

So I think she has a credibility that stems from who she is, as well as the knowledge, the intelligence, and the toughness that it's going to take to work these issues.

She also has something else which I think is very important, though not everybody will agree with me, and that is the Israelis are so important in this equation. You can see this so clearly in the conflict that's

going on here. And the United States is the only country, as I said before, that really has the ability to influence Israel. And the best way to influence Israel, from my experience, is by having a relationship of trust.

And there's a reality there that Hillary Clinton is known to the Israelis, is trusted by the Israelis. Barack Obama should be trusted by them, but he doesn't have the same track record. They don't know him in the same way.

And she, I think, can talk to the Israelis as a friend in a way that can be quite helpful in terms of influencing them to work with us in the kinds of things that President Obama is going to need them to do.

MR. NICHOLS: One final question. How about right here?

MR. MITCHELL: Thanks. Gary Mitchell from the Mitchell Report. And I've been sitting here thinking so the meeting's over in a few minutes, and lo and behold, I'm asked to go brief President-elect Obama over at the Hay Adams, who says, so what did they say over there today?

And, although he's probably watching it on C-SPAN anyway, and it seems to me that what -- I'm thinking about at least three things that have been said. There is a sort of -- I get a sense that one of the recommendations -- and I'll use the term that we -- that he ought to think in terms of "slowplomacy."

Then second, there's this thing about building a new case for legitimacy, and then there is this sort of combination of things that Shibley was talking about, which is, you know, don't make the Israeli-Palestinian thing the subject of your first speech, and, you know, you don't get a second chance at a first impression, and you need to sort of build a grander picture.

And I guess my question is, at some point, he's got to do something. Give a speech. Go somewhere. Give some orders. So it's -- the question I have is so what is this group saying that might be number one, two, or three on his list.

MR. NICHOLS: Ken, you want to take a stab at that?

MR. POLLACK: Gee, thanks, Bill. I'm running a high-grade fever, so you get a very creative answer, Gary. I don't know if it will be anything my colleagues will agree with. I don't know if it's something I will agree with when I'm feeling better.

First point. I think that the new president is, you know, the positive way to look at this is he's going to have his opportunity to pick whichever one of these things he'd like to start with, because they're all pressing, and there will be a case to be made for all of them.

I think there's also a case to be made -- and you may be hearing it from some of us or all of us in different ways -- for starting with the vision.

There's a reason for doing it. There's both a good and a real reason or a good and a practical reason.

The good reason is that he actually needs to do it in a sense that what we're all saying is he's got to have a longer-term vision. He has got to integrate all of these different approaches. He's got to put each of the pieces on the board in ways that other people can understand, and he's got to demonstrate to the people of the United States, to his incoming administration, and to the people of the region that he has a common vision in which all of these pieces are going to be integrated, all of these policies are going to move forward simultaneously.

The second point to be made is that every one of these problems in the immediate sense is not going to be solved by some dramatic gesture. There are some things that can be done -- the cease-fire, some kind of a gesture toward Iran, one or two other things that you can think of that can be done. But, even there, it's only going to be a part of the solution. The cease-fire is not the solution to the Israeli-Palestinian conflict. A gesture toward Iran is not a rapprochement with Iran itself. In both cases, it's simply a start down the path.

And so, in both cases, they too need to be a part of a broader framework.

A real reason may be that because you can only come forward with the first steps in these larger processes, starting out with a broader vision will give him the time to then, over the course of the next months as his administration fills out, as policy reviews are conducted, to then flesh out the individual policies. He's got to get the cease-fire between Israel and the Palestinians. He probably should make some gesture toward Iran. Those are two things that ought to happen quickly.

But the rest of those policies are going to be infinitely more complicated, as we've already sketched out, and it's going to be very unlikely, and, as Shibley was suggesting in the case of the one, very problematic to start out by trying to lay out some whole version of either of those in the immediate months of his administration at a time when, nevertheless, the world is going to be looking to him for leadership, and, therefore, stepping back and laying out that holistic vision, that integrated approach to that region and that long-term strategy which he's going to try to hew to could both be very useful in laying out this vision and creating a

holistic framework for his administration, but also very helpful in terms of doing what has to be done, but in such a way that he can do it in the political framework that's available to him.

MR. TELHAMI: You know, we should remember, you know, I mean, when you -- we have to look at this presidency and historical perspective. This is not just a new president. And I'm not talking about him, you know, being the first African-American president. I'm talking about -- and not even about the, you know, sort of the change that he's talking about as such.

But if you think about it, looked at our public sentiment and the Bush fatigue that we have here that is unprecedented, and the excitement about him personally. But he comes at a time when there is a sense of crisis in America, I mean, in a way that is maybe even bigger than 9/11 at some level. I mean, 9/11 was a crisis that gave the Bush administration opportunity. Those are the times when publics rally behind presidents. President Bush didn't have -- had less than 50 percent popularity before 9/11. It went up to 90 percent almost the morning after.

People rally behind a president in crisis. They want them -- they listen to a vision. So this is not just pie in the sky why don't you give us a vision. It is about what are, Mr. President, tell us. We're all ears. We know we're in the middle of a major economic crisis that is global in scope that might affect our future. We're in the middle of two wars, and we're facing a lot of other issues. And tell us, Mr. President, what are the priorities. What are our national interests? What are our relations with the world? How do you define them? How do you see them?

Bush, by the way, understood that because I think whatever you say his vision failed, but he put forth a vision that brought the American public behind him and defined the priorities of the United States and forced other countries to deal with them, because we are the United States of America, and certainly forced every political group in America to reshuffle its strategy to deal with the presidential priorities.

So a president in this historical moment has the capacity to do that. And these issues are connected. They're not disconnected. But in the end, they have to be anchored in some vision that is tied to our issue of the day, which is the major economic crisis that also defines our relations with the world.

And if you don't go back to that in some form in tying the other issues to it, you know, the chances that you're going to succeed are not very high.

MR. INDYK: Can I just quickly --

MR. NICHOLS: You have the last word.

MR. INDYK: -- yeah. Well, Tammy might want to add something, too, but look the vision thing is very important. But it's also important that he level not just with the American public but with the Middle East public of how difficult all of this is going to be.

Secondly, you know, the last two presidents had transformational objectives in the Middle East. Clinton wanted to make the Middle East over as a peaceful place. Comprehensive peace was his objective, and he sought to transform the region through peacemaking. George W. Bush sought to transform the region through war-making, regime change, democracy promotion.

Barack Obama, because of, in effect, 16 years of failure in those efforts, doesn't have the capabilities. The United States doesn't have that dominant position of influence that used to have in the region. And so we can't afford now to set transformational objectives. We need to lower the expectations of what we can achieve in the region.

Secondly, I think some symbolic acts will be very important in the early stages -- closing Guantanamo, reaffirming commitments to the Geneva Conventions on torture, emphasizing, as we've all talked about, that pursuing peace and a resolution of the Israeli-Palestinian conflict is going to be a priority for him, even though it's going to be very hard to achieve.

Those three things can do a lot to buy him some time to work these problems, which -- and it's going to take a lot of work, and it's a -- you know, we're talking about basically four separate initiatives that will all impact each on other -- drawing down the forces in Iraq, engaging Iran, a cease-fire in Gaza and a Palestinian initiative, and a Syrian, Israeli-Syrian initiative. That's a -- that -- you know, on top of everything else that he has to deal with -- Afghanistan we've already talked about a little bit -- it's going to be a very tall order. So he needs to buy himself some time.

He needs some early successes, and that requires both a realism and a pragmatism to try to find the places where he can achieve some gains while making clear that the whole approach is a different one from the previous administration.

MR. NICHOLS: Tammy, you wanted an even quicker final word?

MS. WITTES: Well, I think the only question is is he going to lay those ideas out in Jakarta or somewhere else.

MR. INDYK: Doha.

MS. WITTES: Doha.

MR. NICHOLS: Thank you all for being with us, and let's have a round of applause for our panelists.

(Applause)

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