

THE BROOKINGS INSTITUTION

BIG BETS AND BLACK SWANS:  
FOREIGN POLICY RECOMMENDATIONS FOR  
THE PRESIDENT IN 2014

Washington, D.C.

Thursday, January 23, 2014

**Introduction:**

TED PICCONE  
Acting Vice President and Director, Foreign Policy  
The Brookings Institution

**Moderator:**

DAVID SANGER  
Chief Washington Correspondent  
*The New York Times*

**Panelists:**

JONATHAN POLLACK  
Senior Fellow and Director, John L. Thornton China Center  
The Brookings Institution

STEVEN PIFER  
Senior Fellow and Director, Arms Control and Non-Proliferation Initiative  
The Brookings Institution

TAMARA COFMAN WITTES  
Senior Fellow and Director, Saban Center for Middle East Policy  
The Brookings Institution

VANDA FELBAB-BROWN  
Senior Fellow, Center for 21st Century Security and Intelligence  
The Brookings Institution

SUZANNE MALONEY  
Senior Fellow Saban Center for Middle East Policy  
The Brookings Institution

BRUCE RIEDEL  
Director, Intelligence Project  
Senior Fellow, Foreign Policy, Saban Center for Middle East Policy  
Center for 21st Century Security and Intelligence  
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. PICCONE: Good morning, everyone, and welcome to Brookings. I'm Ted Piccone; I'm the Acting Director and Vice President of the Foreign Policy Program here. And welcome to today's event on Big Bets and Black Swans: Foreign Policy Recommendations for the President in 2014.

In five days President Obama will stand before the U.S. Congress and the American people and deliver his sixth State of The Union Address. As in recent years he's likely to focus mainly on domestic, political and economic issues. And this reflects the rising concern in President Obama's phrase, "for nation building at home" and the declining interest among the American public in getting involved in other nations' business.

President Obama came to office in 2009 on a wave of optimism about his transformational presidency. Five years later it's fair to say that the mood has soured and hopes have dimmed. No doubt the deep economic recession of 2008 dealt this White House a weak hand. More profound political and social changes however have also conspired against him, growing polarization, gridlock and dysfunction in our political system being high on the list. Despite these challenges at home the President has set forth an ambitious list of priorities when it comes to foreign policy and national security, drawing down troops in Iraq and Afghanistan, refocusing the fight against terrorism, reducing nuclear weapons, negotiating with Iran, launching trade talks with our most important partners in Europe and the Pacific, and restarting direct negotiations between Israelis and Palestinians. He also faces enormous challenges posed by the uprisings in the Arab world, the prolonged economic downturn in Europe, the continued rise of China, an unpredictable North Korea and a re-assertive Russia.

Today the Foreign Policy Program at Brookings is releasing its own assessment of these questions and the steps President Obama's administration to take to make the most of his remaining three years in office. We're excited to present our

flagship publication, Big Bets and Black Swans. As we did last year we've identified the big bets the President should make to advance U.S. security interests in the world. We also set forth five areas where the White House should double down on its previous bets to move the agenda forward on Iran, Syria, Cuba and Asia. We've also pointed out a number of black swans, low probability but high impact events that could derail the President's plans, and added a new category of nightmare scenarios that look more likely to unfold than previously. Finally we've pointed out several areas where the President should hold his cards and stay the course.

Before I introduce the panel let me flag one or two overarching points that Bob Kagan and I make in the introductory memo on U.S. Leadership of a Liberal Global Order. In our view over the last year the global situation has deteriorated and America's role looks more uncertain and tentative. Americans are disillusioned about our traditional leadership role and cuts in defense and foreign aid spending are raising questions about our commitments to a rules based international system. The revelations about U.S. intelligence collection in our own country and around the work reinforced a sense of doubt about the underbelly of U.S. predominance in the world. To restore U.S. leadership President Obama should reinvest in a global order in which norms are not only articulated and endorsed but protected and enforced wherever possible. This means doubling down on big bets like higher standards in the trade arena, rolling back nuclear weapons development in Iran and North Korea, and protecting civilians from the ravages of civil conflict and authoritarian violence. It also means making new bets on rules for governing the internet that protect our profound interest in an open information system that is under increasing pressure and threats. We should also make the most of regional and international peacekeeping efforts in Africa and protect our long investment in a more stable Afghanistan. While pursuing these opportunities the administration must also mitigate the potential damage posed by the turmoil in the Arab world, fraying alliances with Germany, Korea and Japan and provocations from Russia and China. We believe

that with dedicated Presidential leadership, properly resourced by the Congress these threats can be managed and the United States can remain the leader of the liberal global order.

Let me now introduce our panelists and then I'll turn the floor to our moderator, David Sanger. David is the -- currently a National Security Correspondent for the New York Times and most previously the Chief Washington Correspondent. He's reported from New York, Tokyo and Washington on a wide variety of issues on foreign policy, globalization, nuclear proliferation and Asian affairs. He's also been part of two reporting teams that won the Pulitzer Prize. He's particularly known for his work in Tokyo covering Japan but also Southeast Asia, North Korea and its secret nuclear weapons program, and got his start working in the economics arena and the business pages of the New York Times. David will moderate from the podium and will pose a set of questions to our panelists. And let me just quickly introduce them. In no particular order, maybe in the order in which they're sitting starting with Bruce Riedel who is a Senior Fellow and Director of the Intelligence Project here at our Center for 21st Century Security and Intelligence. We also have Vanda Felbab-Brown, a Senior Fellow also in the Center for 21st Century Security and Intelligence, focusing in particular on Afghanistan today but also on illicit networks around the world. Steve Pifer is a Senior Fellow with our Center for U.S. and Europe and also directs our Arms Control and Non-Proliferation Center Project. Tamara Cofman Wittes is the director of the Saban Center for Middle East Policy and also a Senior Fellow who will cover all the various things going on in that part of the world. Suzanne Maloney is a Senior Fellow at the Saban Center, runs our Iran at Saban blog among other things and will speak on Iran. And Jonathan Pollack who's just off a plane from Korea will be our expert focusing on Asia, China and the Koreas, Japan, etcetera. Jonathan is the Director of the John L. Thornton China Center, a Senior Fellow here. Thank you very much for your attention and on to David.

MR. SANGER: Thank you. Thanks very much. Great to be here and

also really wonderful to see such a big crowd. This is one of my favorite events at Brookings every year because I think this book really is sort of -- is one that I keep on my desk all through the year, both so that I can refer to it on deadline which I have done on many occasion and so that when I talk to my many friends up here I can remind them in December what they wrote in January. (Laughter) Sometimes that's welcome and sometimes it's not. But it's always good. I had two observations from reading through this year's and it's quite excellent.

The first is that it's about half as thick as last year's was. Now the explanation I've received -- the official explanation here is that last year was the beginning of the second term, the unofficial one is that this group has solved so many of the world's problems in the past year that Brookings saw fit to actually narrow the scope of the book. The second thing that struck me was that if you read the -- through this thematically what really jumps out at you is the absence of American leverage in so many different conflicts around the world. There are a few exceptions to that and I would say Iran which we'll discuss with Suzanne might be one of them. But through so many of the others there are recommendations for what the President should do and then the frustration that the United States right now, despite its status as not only the world's largest military and economic power, but it's biggest diplomatic convener seems to have a hard time convincing other nations that what is in the world's interest or America's interest is also in their own. And so I wanted -- as I ask questions to each of our authors and scholars here to ask them to sort of focus in on that question of where the American leverage is or if it's gone, where it went.

So, Tamara, I thought I would start with you. You've written a really fascinating short paper here on Egypt and you write that the U.S. cannot prevent the radicalization of the Muslim Brotherhood but you can -- we can seek to mitigate the effects of its radicalization. Now a year ago of course we all thought that since the Muslim Brotherhood appeared to be in command of the country with President Morsi still

there before the July coup, the question was could we moderate them as leaders, now the question is can you moderate them from basically breaking into a war against the military that unseated them. And it was interesting to note that you wrote that the foreign aid cuts that the U.S. finally put into effect -- not all of the military aid but some of the foreign aid -- basically had no effect on the military leadership. That the one thing that we had, the one dial we could turn turned out not to be connected to anything. So tell us why that was and then tell us what it is you think we could do to create some leverage over the Egyptians in coming weeks and months.

MS. COFMAN WITTES: Sure. Well, on the narrow question of U.S. foreign assistance to Egypt I think one reason why that decision which was finally made in October of last year didn't have much impact is because it took so long. In fact according to news reports Chuck Hagel, the Secretary of Defense, had warned the Egyptian military prior to their takeover and ouster of Morsi that our aid would be at risk of they took that step. They were not dissuaded. And in response to the coup the U.S. did not immediately cut off assistance even though there's a provision in the U.S. Foreign Assistance Act that strongly suggested that was what they should do. So having failed to exercise leverage -- well, at least having failed to establish the credibility of the threat that it had made the administration when it finally made the decision to suspend certain forms of assistance in October really was just trying to draw a line under the problem and I don't think anyone either here or in Cairo expected it would have an effect. But the broader problem that you identified, David, of reduced American leverage is not about the choices that have been made here in Washington, it's about what's going on in the region and what's happening in Egypt, the decisions made by the Egyptian generals this year, the decisions made by the Brotherhood, first to govern in a very troubling exclusionary and ham-handed manner and then to fail to compromise when presented with a mass uprising against that style of governance. .

Those choices are driven by what's -- by the political competition taking

place in Egypt. And at this point the Brotherhood and the military feel that they are engaged in an existential struggle. The military believes they had no choice but carry out the coup, to protect their own interest and what they view as the stability of Egypt, that's what they see as is at stake. And the Brotherhood of course is now facing the wrath of the military in a full on crack down and believe they're fighting for their organization's survival. So I think in that context of existential threat on both sides there is very little that any outside actor, even the United States, could do to effect things. Given that what can the U.S. do to protect its own interest because radicalization of even a small percentage of Brotherhood supporters or members would present a significant upswing in the problem of violent extremism in Egypt and in the region?

And I think what the United States can seek to do in this case to mitigate is to set limits on its own involvement and culpability in what is a very far reaching campaign of repression and suppression in Egypt which is extended not only to the Brotherhood, not only to the violent extremists that exist and that are a real problem for the United States as well as for Egypt and the region, but has extended as well to all kinds of peaceful political dissenters. So the United States I think at this point needs to correct its fundamental error in the three years since the Egyptian revolution where it has consistently sequentially overinvested in each leadership, the military council, immediately after the revolution, President Morsi after his election and General el-Sisi now. Let them not repeat that mistake and instead clarify U.S. interest in counter-terrorism extends to threats against the United States and U.S. interests and that we're not going to engage in a wholesale investment in an Egyptian war on terror that it defined to include all of its political opponents.

MR. SANGER: Okay. Well, thanks, Tamara. So, Bruce, we've heard from Tamara that our chances for influencing the Egyptians are (a) relatively low, and secondly that we shouldn't overinvest in the leadership. Fortunately we have a huge influence and haven't overinvested in the Saudis, who you've written about here. What

jumped out at me in your essay was that the Saudis have spent 25 billion dollars in the past year and will probably spend 30 this year in Jordan, Bahrain, in Yemen, in Pakistan, amounts that really dwarf anything that we're spending in that region. So -- and they've done this sometimes with things contrary to American interests. For example they were in full support of the coup in Egypt that we were just discussing. So tell us a little bit about where President Obama is in influencing the Saudis and tell us a little bit as well about what your concern is if the Saudis become convinced that the negotiations with Iran won't work.

MR. RIEDEL: Sure. The Saudis are deeply disappointed in President Obama. As Ted noted in the beginning they were very optimistic like everyone else about Obama in the beginning. Riyadh is actually the first Arab country that President Obama went to even before his speech in Cairo. But the Saudis have become very disillusioned. They've demonstrated that disillusionment this year in a number of ways. They refused to take their seat in the U.N. Security Council. They argued that that was somehow a spite to the United States. I'm not sure most Americans feel that way but that was the Saudi argument. They've promised to give the government of Lebanon 3 billion dollars worth of arms and to buy them from the French. That is also somehow supposed to be a spite to the United States that we won't get the arms from the United States. And the media is filled with Saudi anger and disappointment with the United States. But at the end of the day the United States/Saudi relationship is not broken. This is our oldest alliance in the Middle East; it dates back to 1945. It continues to function in many ways despite the public irritation. And the reason it does and the reason we don't have that much leverage is we need each other. Saudi Arabia not only is important to global energy supplies, it may not provide very many Americans with their oil anymore but it's critical to the functioning of the global economy and without Saudi oil being distributed at a reasonable price there would be severe financial and energy disruptions. Secondly, their soft power in the Islamic world remains very important. They are the home of the



two holiest mosques in Islam. Third, they're very important to us in the fight against Al Qaeda. The last two attempts by Al Qaeda to attack the United States homeland were thwarted by Saudi intelligence. And they need us too. At the end of the day Saudi Arabia's defense against external aggression is from the United States of American. No one else can provide them with that kind of shield and that especially applies to the Iranians.

So we have a relationship in which we both need each other and therefore can't push too hard the other way. What the Arab awakening did was expose that their fundamental values at the bottom of this relationship are not shared at all, that we don't have anything really in common with the House of Saud; they're an absolute monarchy with its own views about gender equality which are diametrically at the other end of the spectrum from us. We support democracy; they make no pretense in supporting democracy. And we saw that vividly this year in Egypt. The Saudis were critical to the coup, helping the coup take place. They were the first within minutes to recognize the new government and they've orchestrated a multibillion dollar aid package to the Sisi government as in effect a statement saying, don't worry what the Americans do, we'll outbid them. The Americans give you a billion dollars; we'll make sure you get 6 billion dollars. And that gets to the other absence of leverage. It's hard to have a lot of leverage on a country that has this much money. What are we going to say, we're not going to sell you 70 billion dollars worth of American military assistance?

When it comes to Iran my own view at the end of the day is if the United States and the P5+1 process succeeds in getting a deal with the Iranians which the six negotiating parties accept the Saudis will accept it as well. The Saudis do not want to be the odd man out rejecting the deal between the -- what would be in effect the permanent five members of the Security Council and the Iranians. They also don't want to be in the position where they are the odd man out standing next to BB Netanyahu. There's nothing the Saudis hate more than being associated at the end of the day with Israel and

especially BB Netanyahu on some global issue. And they're very uncomfortable today that they are being put into that camp. They don't want to be partners with BB Netanyahu. So I think at the end of the day they will accept a deal, they will criticize it along the way but at the end of the day they will come along and be part of the process.

MR. SANGER: And if there is no deal, Bruce?

MR. RIEDEL: If there is no deal then that's up the Americans to fix it. I think the Saudi position will be you tried, it didn't work, now use force and we'll be happy to hold your coat.

MR. SANGER: Will they also be happy to go buy a bomb from the Pakistanis?

MR. RIEDEL: Well, one of the great unknowns is whether they've already got a deal with the Pakistanis for a bomb. That's one of the mysteries of the contemporary Middle East and South Asia. Why does Pakistan have the fastest growing nuclear arsenal in the world, why are they producing more bombs than the Indians by double or triple, is there some external partner who they have a commitment to? On this issue there's a lot of smoke, there's very little fire that anyone has seen but if you ask my bottom line I think there probably have been discussions between the Saudis and the Pakistanis and the Saudis have the Pakistani commitment to provide a bomb. And you can take a Pakistani commitment to provide a bomb to the bank and cash it for probably nothing. (Laughter)

MR. SANGER: Okay. Let me turn now to Steve. Steve, we've heard we don't have a whole lot of leverage in Egypt; we don't have a lot with the Saudis, surely with President Putin we are awash in it. So you've written a couple of different essays in here but the two areas where we are of most concern, apart from the immediate question of the Olympics of course, is the Ukraine and whether or not Putin will play or will foil the President's larger objective at the beginning when he came to office in 2009 of truly bringing down the number of nuclear weapons around the world. And you don't seem

terribly optimistic in your papers about the chances of going beyond the New Start Deal. So talk to us about those two elements.

MR. PIFER: Yeah. Okay. Well, in the paper that Fiona Hill and I wrote about the possibility that Russia might go rogue in its neighborhood this was the question about Vladimir Putin's concern that the European Union is intruding on his turf. With the association agreements that were initialed with Moldova and Georgia last November I think the Russians were pleased that the Ukrainians basically froze their process. But as we look at this the concern is that sometime in the spring the Russians might take punitive actions against particularly Georgia and Moldova and if Ukraine somehow gets back on the European track Ukraine could also find itself in Mr. Putin's target site. And the problem that we have is there is not a lot of leverage that the United States has now to exercise over the Russians on this and it reflects a couple of things. One is the deterioration in the U.S./Russia relationship from say two and a half years ago. So it's a thinner relationship; we don't have much leverage to say if you do "A" then we might have to undercut you on "B". But second there's also just I think a huge imbalance in interests. For Russia and Vladimir Putin building Russian influence in the post Soviet space is the number one priority. It's important to his vision of Russia as a great power, it's important to his domestic views. Being tough in the neighborhood, having that influence is important with the constituency that he looks to for support at home. And, you know, he looks at the European Union and says the European Union is challenging my customs union project so I'm going to push back.

Now in the case of the Ukraine I actually think there is an area where we actually have some leverage there, but its leverage that is going to be maximized if we can somehow work with the Europeans. And it wouldn't be leverage used with the Russians it would be leveraged targeted to keep. And the U.S. government seems to be beginning to move in this direction a little bit. Yesterday they announced that some Ukrainian visas had been revoked because the visa holders had had connections to use

FOREIGNPOLICY-2014/01/23

of force. There I think is more to be played here in terms of threatening sanctions, both visa sanctions and also financial sanctions against the group of people around President Yanukovych, that inner circle. Because if they begin to worry they can't travel the west -- and here's where it's important to bring in the European Union -- these are folks who vacation in Europe, their kids go to school in Europe, they have luxury residences in Europe, they want to be able to travel to Europe. And if somehow Washington and Europe can get together to put that pressure you may begin to have an impact on events on the ground in Ukraine that could (a) discourage use of violence, but also (b) and I think this is going to be very hard to do, but prod Mr. Yanukovych into a good faith effort to negotiate a political settlement with the opposition. But that's about leverage we may have with Ukraine that sadly I don't think the Europeans and the Americans have much with with Russia.

Just briefly on the arms control question I think Barack Obama would like to further reduce U.S. and Russian nuclear weapons. The dilemma that he has is to make that negotiation work you have to have a partner that's prepared to play. At least right now Vladimir Putin is not prepared to engage in further nuclear reductions. What the Russians have done is they say well, if you want to do nuclear reductions you've got to solve missile defense. And when the Obama administration makes some offers they're -- well, that's not good enough and then you've got to solve prompt global strike and the Russians have tied up the knots but they don't seem to be devoting any of it to actually solving those issues. So in the case of nuclear weapons there may be an opportunity to move forward on this if the Russians change their mind. But until they do that there's not much that President Obama can do. He should not get into a negotiation with himself, although there may be a couple of small steps he might take. One would be is to go ahead and accelerate the implementation of the new start limit of 1550 warheads. The United States doesn't need to -- the treaty requires that that be accomplished by 2018. That could be accomplished this year and it would be something that the President could

use to say look I've talked about reducing the role and number of weapons, you know, we're going ahead and move on this. But you wouldn't do that with a vision towards affecting the view in Moscow, it would basically going back to what the President said in his nuclear posture view and positioning the United States to have some demonstrated deliverables at the NPT Review Conference, the Non Proliferation Treaty Review Conference in 2015.

MR. SANGER: Steve, any -- one follow up question on that. Any possibility the President could just unilaterally go down significantly down below the new start numbers? I mean he's got plenty of studies on his desk that suggest 1000 weapons or even fewer would be perfectly sufficient, that you could rotate some of these in and out, they don't all have to be on call at the same time which is of good news if people in the Air Force are having a hard time passing their exams on running them. (Laughter) Maybe having fewer of them out in the silos might help that process. But what's the downside to acting unilaterally?

MR. PIFER: Yeah. Well, I think at this point the Joint Chiefs of Staff validated the President's proposal last summer to reduce the 1550 number by about a third which would bring weapon levels down to about 1000 to 1100 deployed strategic warheads. I think there are some voices in the administration who will begin to ask look if that's a number that the U.S. military suffices for American deterrence requirements and suffices for American war plans if you ever have to use these things, why should we let Russian recalcitrance keep us at the higher level? But my guess is that's a minority view. I think there's probably going to be a stance in the administration that let's see for a year or so are the Russians prepared to engage. Maybe when you get into 2015 or so at that point if it's clear the Russians are stuck then maybe there might be that discussion within the administration about do we do something unilaterally with the (inaudible) forestructure. But doing so I think has two consequences. One is it potentially undermines leverage that you might need in negotiating with the Russians.

MR. SANGER: Mm-hmm.

MR. PIFER: But also give where I think republicans are in Congress that potentially pokes a -- provokes a fairly big fight with Congress.

MR. SANGER: Vanda, on Afghanistan the big news of the past couple of days has been the Pentagon saying well, if we're going to keep a force in Afghanistan after 2014 the biggest it should be is 10000 and that includes other NATO allies, but we're prepared to live with 0 if we simply can't President Karzai to operate with us. Two questions for you, first of all does it make any difference? Can 10000 have any significant effect in Afghanistan from either a security or a development viewpoint? And secondly if you go back to last year's report or other reports like this you'll find discussion about negotiations with the Taliban. So far the only one who seems interested in that right now is Karzai himself. Have we lost interest in that issue?

MS. FELBAB-BROWN: David, the troop number is linked as well as in the pendant of leverage. Importantly the troop number is anchored within a critical triangle of the Bilateral Security Agreement and the elections that are coming up this year in Afghanistan as well as negotiations with the Taliban. I'd say the tragedy of U.S. policy in Afghanistan is that this is one place where we have had significant amount of leverage and often chose not to exercise this ending up with progressively greater and greater deterioration of both governance in Afghanistan as well as U.S. relationship in Afghanistan. And indeed we are seeing palpable collapse of our leverage not the least in the negotiations with the Bilateral Security Agreement which is the deal that would allow U.S. forces to stay in Afghanistan after 2014. Our assumption heading into the negotiations was that it would be obvious that to the extent that we are kind enough to devote any troops to stay the Afghans would have to jump on that and absolutely not miss the deal. And we have found ourselves shocked and perplexed by the fact that President Karzai has refused to sign the deal, is making up a variety of conditions some of which perhaps cannot be satisfied and is himself turning that Bilateral Security

Agreement into what he believes is leverage on his part.

To go back to your question does 10000 troops make a difference, I would say yes. Let's see where we are with the security situation in Afghanistan. The Afghan security forces have made great strides. They are far more robust, far more competent than they were a year ago. They had a -- they are now providing security in Afghanistan on their own for about half a year. The Taliban over the past several months launched a very intense campaign, the campaign that it will struggle to sustain at the current level. Afghan security forces have not budged, they have not ceded territory and they show themselves at the tactical level to perform probably better than many of us would have thought. But that said the Taliban is still entrenched, the Afghan security forces are nowhere close to defeating it, the insurgency has great military as well as political capacity to come back and the Afghan security forces are critically suffering from a host of key deficiencies. Now these deficiencies are not surprising. Our effort to stand up the Afghan security forces knew these deficiencies would be here in 2014 and since '09-'10 we have been telling the Afghans don't worry, we will be provide critical enablers which would be embedded in the 10000 force number. And now we are telling them well, maybe not. You are on your own. Your logistics are deeply troubled -- well, too bad, you have to cope. Your intelligence capacity and strategic planning troubled -- well, too bad. We had been promising you we will help but now maybe we are not.

And so I think that we are really risking both overestimating the troubles and difficulties that Afghanistan is facing and jeopardizing the potential to strengthen and cement the real accomplishments that have taken place by prematurely pulling the plug on Afghanistan. But that said let me come back to the zero number. I actually agree with the Pentagon's assessment. Either we have a meaningful commitment that can help the Afghan security forces tackle the Taliban insurgency and other associated insurgency and terrorist groups or we go out. If the number is somewhere in between simply for the show or because we only hope to use the forces left to strike terrorist targets, very

narrowly defined terrorist targets such as Al Qaeda targets in Pakistan we are only turning our troops into sitting ducks. We are provoking third attentions and difficulties in the relationship between Afghanistan and Pakistan and we are further justifying the Taliban insurgency. So either we recognize that we can still contribute and then make the contribution meaningful that protects our interests and the stability of the country and the stability of Pakistan and in regional cooperation or we decide that these interests are no longer worth anymore (inaudible) and we go out.

Let me come back to the elections. Afghanistan is at the moment of profound uncertainty. As I mentioned a lot has been accomplished but the future is deeply troubling and uncertain. And Afghans are watching what the United States will do. They are -- the vast majority of Afghans with the exception of the Taliban are clearly hoping that the United States will stay with military assistance in Afghanistan post-2014. But they are also watching the elections. The elections are a moment of -- an opportunity to renew the profound governance deficiencies that have plagued the country for the past several years, their moment of opportunity to resurrect both confidence and legitimacy. But the elections can also go disastrously wrong set of either violence or extended political crisis. And even if they do not overtly go wrong the process is likely going to be dragged out well into the fall of 2014 into October perhaps November 2014, even without a major crisis associated with the elections. But if in that case we do not have a Bilateral Security Agreement and we are waiting on the next government to sign a Bilateral Security Agreement we might find ourselves in December 2014 with zero Bilateral Security Agreement. And the zero option will in fact emerge de facto as opposed to as the result of a strategic decision on our party.

My last point however is that we should -- the U.S. policy should get away from constantly badgering President Karzai on the BSA. Unfortunately it only makes him believe that his intransigence is an extremely smart play that gives him leverage. We should reduce the over pressure and we should lay our cards out. This is -



- if there is a BSA this is what our commitment would look like. Our commitment would not be simply about narrow selfish interests such as Al Qaeda targets in Pakistan, it would also meaningfully contribute something to the stability in Afghanistan and it is up to the Afghan leadership to sign it. As long as we continue in a tit for tat negotiations with President Karzai he continues to believe that he has leverage and that he can milk more out of that leverage. And he unfortunately completely discounts the very real sort of option because he is persuaded -- because his strategic perspective is fundamentally different than the U.S. The -- Washington -- the United States government is increasingly and the U.S. people are increasingly asking themselves well, do we have an interest and do we have any stakes in Afghanistan? Is this all about the balancing to the East, to China? Is that where key threats and interests of U.S. foreign policy lie? But as President Karzai believes that Afghanistan is the fulcrum, the center of U.S. foreign policy with U.S. main preoccupation being the great game in central Asia. And consequently he is persuaded that the U.S. can never walk away from Afghanistan and forever needs Afghanistan as a strategic platform for engaging with Russia and for engaging with China. And there is this profound misconception --

MR. SANGER: Okay. Well, thank -- mm-hmm.

MS. FELBAB-BROWN: -- that leads to paralysis of level of policy.

MR. SANGER: Thank you, madam. Let me turn to my old friend Jonathan Pollack here. What President Karzai has in common with the Kim family is they too believe that the center of U.S. policy has always been about their country. We've had this discussion when Kim Il-Sung was alive, we had this discussion when Kim Jong-Il was alive, and now we have it about Kim Jong-Un.

MR. POLLACK: Mm-hmm.

MR. SANGER: Two questions about the North Koreans. First did we get Kim Jong-Un wrong? Two years ago the intelligence estimates that you were hearing about were that his uncle was really going to be running the country, that the military

wouldn't put up with they viewed as a spoiled untested leader. And second did we get the Chinese wrong here? That while we understood that they wanted stability more than anything else on the Korean Peninsula did we believe that they would have the capability, the desire to reign in the North Koreans in a way that is made -- they made clear during the Bush administration and the Obama administration they simply can't do.

MR. POLLACK: Yeah. David, both very, very good questions. I think what the latest events in North Korea yet again demonstrate is just how thin our knowledge is about the North even though frankly it's a little leaker than it used to be. For example on the case of the purge and execution of Jang Seong-Taek, the South Korean intelligence anticipated this and disclosed it a few days in advance.

MR. SANGER: Mm-hmm.

MR. POLLACK: So it's not as if there's no information coming through. But I think that there was a mystery game in many circles of the way power is structured in the North, the capacity for a member of the Kim family to dominate because it is a dynasty. And the fact that he may have been a young impetuous kid at the end of the day didn't seem to matter, even as he seemed in a lot of his actions to take on various kinds of deeply entrenched interests. So in a very short period of time he has moved against -- that is to say two years -- he's moved against all of those core leaders who supported his father including a number of people in uniform, he has had his uncle executed which was extraordinary, and he has defied the Chinese repeatedly. So there's something going on here that we still don't fully grasp. The counterargument may be about Mr. Kim is that the very fact that the -- these extraordinary cleavages within the North Korean system have not been disclosed, that in effect here was someone appointed by Kim Jong-Il as his close aid and he was a traitor in our midst to our family but it's a signal to the people of North Korea that maybe they're not all wise and all seeing about what goes on within their own borders. Whether that has a lasting effect or no we don't know. Some people say that it will but for the moment, and I think probably for the

foreseeable future we see Kim Jong-Il having consolidated his power and going his own way, building a ski slope, inviting Dennis Rodman, all kinds of unusual gestures.

MR. SANGER: That worked out really well, didn't it?

MR. POLLACK: It really did. Yes, right.

MR. SANGER: Yeah, yeah.

MR. POLLACK: As for China, you know the irony in the situation is that the Chinese have long insisted to us and to others that they did not have the influence that we believe they could have or should have on the Peninsula. And in this case it may well have been true. There's very little to suggest that China had advance awareness of what was going on, the imminence of the purge and the execution. The irony here being that the Chinese over the last four or five years have invested hugely in North Korea in terms of a much heightened economic role, a much significantly enhanced presence, the presumption being in China that when Kim Jong-Il had turned ill, had a stroke, that this was an opportunity and a moment in time that they could in effect make their influence felt and maybe this time somehow convince the North to look at politics differently, to look at their future differently.

MR. SANGER: Or to be prepared for their collapse.

MR. POLLACK: Or to be prepared for their collapse. Any of the above. But what I think it does illustrate is that the failures with respect to Korea, both at the -- North Korea with respect to intelligence and with respect to policy are collective failures. No one has been able to get this place right or to understand whether indeed there even are levers that can be turned in any kind of a meaningful way. And for now we are stuck but as I've tried to argue in the piece that Richard Bush and I wrote, the question is whether over time the Chinese see enough of a risk and a danger in North Korea that they can be nudged towards a higher level of cooperation with us and the South Koreans.

MR. SANGER: One last question for you then we'll turn to Suzanne on Iran, you were just back from the region, the other interesting assessment that we -- the

U.S. had last years was that the Chinese and that Xi Jinping in his first year would really be consolidating his power by focusing on the domestic economy, worrying about the slowdown in growth, and so forth. And instead we've got the uncertainties that come out of their declaration of the Air Defense Identification Zone, continue tensions with the Japanese and to some degree the South Koreans on territory in the Philippines. Is it surprising to you that the Chinese are pouring all of that effort into this -- this early in Xi Jinping's time?

MR. POLLACK: I think what Xi is trying to do is to reinforce his authority both at home and abroad. He is a different kind of leader and he seems much less hesitant --

MR. SANGER: Mm-hmm.

MR. POLLACK: -- about demonstrating that. The Chinese are juggling a very, very complicated agenda but he and those around him don't want to make any suggestion that there is weakness and vulnerability on China's part that others can take advantage of. The other aspect of this though that really warrants notice is that this is a phenomenon not just in China, it's all across Northeast Asia. If the intent of our policy, the rebalance that we wrote about -- that I wrote about with Jeff Bader -- if the intent here was that the United States could find a way to deal credibly not only with China but all the other states in East Asia in an effective way and give them kind of shared incentives for cooperation it hasn't turned out that way. The palpable tensions between Japan and South Korea, of course the issues between China and Japan, the fact that you have more assertive leaders in all the critical capitals here is probably not exactly what the administration had bargained on to say the least.

MR. SANGER: Suzanne, one area that I think it's fairly clear that leverage has worked is Iran. The sanctions got ramped up, the sabotage of the Iranian program got ramped up and that combined with the election of a new leader brought about a negotiation that a year ago I don't think many of us would have bet would have

gotten this far. So my question to you is how much time do we have to actually strike a real deal here before Rouhani runs out of running room with the Iranian Revolutionary Guard, with the Clerics, before President Obama runs out of running room with Congress?

MS. MALONEY: Thanks, David. I think you're exactly right that what we've seen is the success of strategy that was built on the assemblage of real and powerful American leverage. It was what we would like to see in American foreign policy, I think both a kind of long term investment, not just in sanctions, not just in the covert programs that you've written about so widely but also in the assembling of a worldwide consensus for isolating Iran and for eliminating the trade and Irani access to the international financial system that was so incredibly powerful in changing the leadership's priorities there. There was also I think -- and it should be credited to the Obama administration -- not just this long term investment but really a nimble exploitation of an opportunity that was presented to it. What we now know is that the administration was in fact pursuing diplomacy, attempting to get -- engage the Iranians even at a time when the pressure was ramping up to its highest levels, even at a time where that public image was of a strategy that was almost entirely pressure and very little engagement. And the fact that those efforts and engagement continued even when I think expectations were lowest enabled the strategy to pay off once the opportunity of the Rouhani election came through. I tend to think in terms of the time, in terms of the opportunity today that the balance of opportunities on the Iranian side. Rouhani was not an accident. He was elected as part of a shift within the Iranian leadership to put forward a more moderate leadership with the explicit objective of getting a nuclear deal. Everything that has transpired since the early days of June and it was clear on the night that he was elected that this was going to be his primary mission. Everything that he's done since that time, the team that he put in place, the speeches that's he's made, the tradeoffs that he's made in terms of his own domestic priorities where he has moved much more slowly and much

less I think progressively than many of those who came out on the streets to support him and came to the ballot box had hoped. His investment is in this program. The Iranian leadership has given him a mandate to get some sort of a nuclear deal.

And the other evidence of that I think comes in the interim agreement. Not just that it was concluded with relative rapidity as you said. A year ago when we discussed this document the idea that diplomacy would pay off in any kind a nuclear deal within the span of 12 months I would have been laughed off the stage if I had made that kind of an assertion. Instead we did get a fairly comprehensive interim agreement in terms of what the Iranians agreed to do as confidence building measures. Never before had we seen them agree to sign on to such a wide ranging array of constraints on their program, although it's nowhere near what we're going to be looking for in the final agreement.

MR. SANGER: Well, that actually takes me to my follow on question. In the follow on agreement this -- if you view this as a freeze agreement with tiny bits of rollback the final agreement's got to be mostly about rollback. It's got to be about expanding the amount of warning time you would have if the Iranians raced for a bomb. Tell us about how that will play out inside Iranian -- the Iranian political theatre.

MS. MALONEY: I think it's going to be an excruciating negotiation. We saw how difficult it was to move from the high level interim agreement to the implementation plan. It took two months and several attempts by the Iranians to walk away from the table and it clearly provoked quite a bit of backlash here in Washington. But in effect the Iranians are signed on at this point. They've gotten relatively little in terms of sanctions relief, a couple of billion dollars and some temporary openings in some of -- important but certainly not existential areas of their economy. That will not overcome the pain that they're experiencing from the loss of a million barrels a day of exports over the course of now several years. They need that final deal; they need it to deliver to their people. On the expectations that Rouhani set they needed to be able to

deliver to the supreme leader because he has given them a certain amount of running room. There is a debate within Tehran. It's not meaningless, it's not wholly fictional but I don't think that it is yet at the stage that it's likely to undercut Rouhani and it probably will not get to the stage that it will prevent him from making a deal until and unless he starts fiddling on the domestic agenda. And that's why he's been so cautious there.

I don't mean to understate the technical and logistical constraints that are ahead of us. You know if you read the piece by Bob Einhorn, an experienced U.S. negotiator with Iran, and Ken Pollack, the author of a new blockbuster book on containing Iran, you will see a sort of nightmare scenario where those talks break down and that's certainly not outside the realm of possibility. But I think at this point the Iranians are in it for the long haul because that's where the payoff for Tehran is. On the flip side the difficulty is going to be here in Washington because clearly the administration has a fight on its hands with the Congress that is nowhere near over despite the fact that the sanctions bill has taken -- is taking a little bit longer to get to the floor of the Senate than was originally anticipated. And Obama also has a fight on his hands with some of our key allies in the region and I don't think any of those disputes or any of those obstacles to the administration here are likely to get easier in the short term; they're likely to get tougher.

MR. SANGER: Before I turn now to the audience the one word we have not brought up yet in this discussion is Syria. And so I just wanted to ask Tamara and Steve to sort of step in on this for a moment. Tamara, first on the question of given the incredibly warm collegial atmosphere of yesterday's opening in Geneva, what you expect to come out of this. And, Steve, on the question on how Putin is going to play this.

MS. COFMAN WITTES: Well, I'm very curious to hear Steve's answer because I actually think that a lot of the American diplomacy pushing forward to this so called Geneva II Conference which is taking place in Montreux has been premised on the notion that a U.S./Russian concert could create leverage over the actors fighting in Syria,

that otherwise -- that could perhaps produce a negotiated end to this fighting and that otherwise there would not be a near term end to this fighting. I've questioned that premise for a long time. I've been incredibly skeptical first that the Russians could be persuaded to change their view in backing Assad and second even if they changed their view would they be able to exercise any significant leverage over Assad. I think at the end of the day the reason this conference is happening is because Assad is feeling relatively confident. He is feeling confident in his ability to persuade more and more actors internationally that the threat of Sunni extremism in Syria is sufficient that he himself is not necessarily the greatest threat to stability. And I think he's feeling confident militarily in the balance on the ground. The Syrian opposition meanwhile had the power of the weak going into this conference, the power to say no and to refuse to show up. Reportedly they ultimately did decide to come because they were threatened with the withdrawal of western assistance. This does not bode well I think for any concrete outcome from these talks and indeed as the conference has gotten closer and closer the bar for success defined by those who convene it has gotten lower and lower.

In my own view -- and I think the history of civil wars backs this up sadly -  
- the outcomes are going to be driven by the military balance on the ground, not by negotiators in Europe.

MR. SANGER: Steve, I'm sure you would have liked to have been the fly on the wall in the conversation yesterday between President Obama and President Putin on the phone but how do you think that went?

MR. PIFER: Well, I mean I think as it applies to Syria you've had a period now of about three months where there's been a degree of American/Russian cooperation with some success in terms of starting the process to get the chemical weapons out of Syria and move them towards elimination. But that -- cooperation on that one part of the Syria problem should not disguise the fact that when you're talking about the broader future of Syria there are just big differences between the way that the United



States has a future vision and the Russian vision. And the Russians don't want to see Assad tossed out. They see him as a part -- they also I think see him as representing a degree of stability because from their point of view the west does not have a good answer to the question which is what happens if Assad leaves. And they can imagine scenarios that from their perspective are much worse. And certainly I think with the military success that Assad seems to be having the couple of months they're feeling more confident in backing their guy so my guess is that we're not going to see a lot of convergence between Washington and Moscow as to what should come out of the Geneva II conference even if they're cooperating, I think, fairly successfully on that narrow piece of how do you get the chemical weapons out.

MR. SANGER: Great. Well, we're going to turn all of you. Are there microphones around that will pass around or we just -- there are microphones about so raise your hand. When you get the microphone please tell us who you are and please actually put a question mark at the end of a question. So we'll start with this gentleman right here. Mic's coming to you. Right here. He's a China Daily reporter.

SPEAKER: Hi. (Inaudible) from China Daily. A question for Jonathan. You know you're talking about for U.S. to give incentive -- (inaudible) incentive to countries in the region to reduce tension. Could you elaborate what these incentives would be? And the other related one, you know, what do you think would be the new approach or a political balance look like in the New Year? And obviously in previous years criticism about too much emphasis on military components. And the book you wrote about is very optimistic about -- I mean the rebalancing strategy being well received, but you're competing organization CSI said yesterday was like a 37 percent -- if I remember correctly -- said that the plan was a well designed, poorly implemented, 39 percent said poorly designed, so obviously very different from what you described. So -- and the TPP then to look to be concluded as soon as expected and especially in the Congress ratification is going to be a big problem. So your thought. Thank you.

MR. POLLACK: Yeah. I think it's fair to say that in retrospect in the early years of the rebalance policy it was significantly oversold by some of the proponents that advocated it. That said the essence of it I think as Jeff and I tried to argue in our paper makes sense. It makes sense because it's a framework political, economic and security that the United States would wish to operate in this most dynamic region. The problems of course are ones, number one of integral dynamics in the region that have undermined the overall context within which states interact. And of course many of the U.S. problems in terms of the dysfunction of our own government process, our preoccupations here that among other things constrained and prevented President Obama from traveling to the region not so long ago, although now he has rescheduled a trip for Asia. So the issue at the end of the day is whether a policy can be based on the kind of the broad principles or whether you need a sense of ongoing sustained engagement and movement to get where you want to go. I don't think that the news is all bad here. I mean even if you take something like the Trans-Pacific Partnership, you're right probably the targets that were laid out were overly ambitious in terms of the fulfilling of the agreement. On the other hand I think that China's government looks at this in a much more measured way now. The initial instinct was this is if you will anti-China but I don't think that that's what was it was intended to do. And so really the longer term -- the proof of the policy will not be a kind of a one shot deal. It has to be something more fundamental that it will only be revealed in time rather than some kind of bold, dramatic gesture. Because really what is the alternative for the United States or anyone else? Either you find a framework within which states can both compete but also cooperate or you have a far messier region with all kinds of dangers and risks that I don't think anyone seriously would wish to contemplate. This puts the United States obviously in a very, very complicated position as it tries to move ahead with all relevant actors. But we concede that a lot of the practical changes -- challenges are much more manifest now and that it has to be demonstrated not through words, not only through speeches but through a capacity to

really solve critical problems. And on that I think the verdict is still out.

MR. SANGER: Gentleman right back here. Mic -- yeah, mic's coming back to you.

MR. GRIMM: Hi, my name is Oliver Grimm; I'm the correspondent here for the Austrian newspaper, Die Presse. There's no chapter about Europe in there. So I was wondering is that because there's no big bets there, no black swans, everything is drab and boring as usually? (Laughter) Because this year might bring the European Parliament elections where we could have for the first time a majority of right wing and left wing members of Parliament which would turn the European Parliament into an even more dysfunctional organization than it already is which would thwart your American ambitions to come to any trade negotiation deals and so forth because that has to go through Parliament. And more generally speaking why do you think did the President lose the big opportunity of engaging with Europe? He was that popular when he was elected the first time and he's really, really very unpopular now in Europe due to the whole NSA thing. If you could have short comments on that it would be appreciated.

MR. SANGER: Who wants to handle the European issue? Steve?

MR. PIFER: I'll start with -- I mean I think when you look at the big bet question for Europe the sorts of issues that you talked about are upcoming elections, things like that, they're not easy ones for an American president to say I can use these levers to impact that, even if he were to say that, yes I want to try to influence a democratic election in an allied or a partner state. So I think from that respect, you know, there really was nothing that you could write that would sort of fit into the context of these sorts of recommendations. And to the extent that Europe does appear, I think it does appear in a number of cases. You know for example when we talked about how you deal with Russia as a partner you need to work with Russia and in some cases acknowledging that the success of marshalling your limited leverage is going to be greatly increased if you can be on the same page with Europe.

MR. SANGER: Bruce wanted to speak on that too. And, Bruce, let me build on that question when you answer his and then maybe turn to mine. It struck me that the biggest outflow of the Snowden revelations when you're traveling in Europe have been more economic than diplomatic. Yeah, they're unhappy with the Bush administration -- with the Obama administration just as they were unhappy before that with the Bush administration for very different reasons. But it strikes me that all this discussion of segmenting the internet, watching out whether you want to buy American products because the intelligence agencies may have built in back doors, that that could have a longer term impact on us that whatever the diplomatic outflow is.

MR. RIEDEL: Sure. I think the Snowden affair illustrates something very important about presidencies -- you don't control the world, you don't control events. In this case President Obama found the first year of his second term and maybe the entire four years of his second term have been to a certain degree hijacked by a very young contract employee of Booz Allen who decided to spill the beans on American espionage activities around the world. And there's not much that the President can do to pull it back; it's all out there and more of its coming out all the time. We -- he can try to present his point of view of who Edward Snowden is, that he's a thief, that he's maybe a traitor, that maybe he's a defector. But Edward Snowden is able to push back. He's going to be on TV again tomorrow. It's an illustration of your fundamental points you made at the beginning, David, about the limits of power not just of the United States but of the American presidency in general. We may come back and look at the second Obama administration and say that it was undermined by an event -- by an individual entirely out of his control which reminds us of the second Bush administration which was in many ways destroyed by a hurricane the president had no control over. His response to the hurricane was inept but he certainly didn't control the hurricane.

On the broader question of U.S./European relations being damaged by this, you're absolutely right; it's in the economic field. It's the perception in Europe that

the National Security Agency is listening to every phone conversation, is watching every tweet, is reading every text message. All of that's ridiculous. The NSA would have to have maybe two or three million employees to be able to read all of that stuff and that would be a monumental waste of American tax dollars. But that's the perception that's out there. It's very hard to push that perception back and it creates a dynamic in European politics which is now working against us in a very serious way about things like the US/EU Economic Trade Agreement.

MR. POLLACK: I think that -- just briefly I mean there's also the perception that high tech American companies cooperated with the NSA over the last several years is potentially hugely damaging to overseas countries who now say well maybe we don't want to deal with those companies.

MR. SANGER: And some of them have clearly.

MR. POLLACK: Yeah. Exactly.

MR. SANGER: Right.

MR. POLLACK: And actually one of the -- we don't have them up but the author is up on the stage but one of the big bets here was was could the President get out in front of this in a way that would position him both to try to manage the damage from Snowden but also to protect the American companies by working to preserve the sort of internet that so far has been I think very successful for American economic interests.

MR. SANGER: And, Steve, one more on Putin on this, could you imagine in the next year a situation in which President Putin comes to the conclusion that hosting Mr. Snowden is no longer in his deep interests, that he's gotten what he wants out of this and someone shows up at Mr. Snowden's door and tells him his plane is ready? (Laughter)

MR. PIFER: No, I don't think so. Because I think -- remember Mr. Putin spent his formative years in the intelligence services and if for whatever reason the

Russians turned Mr. Snowden back to the U.S. or sort of booted him out what message does that send to any potential defector that the Russians might hope to welcome in the future? That well, if they gave Snowden back maybe they give me back. And I think for Mr. Putin in think that would be the sort of measure that he would not want to take to make life more complicated for his intelligence folks.

MR. SANGER: Okay. Let's see. Right back here, right next to you there. Yeah.

MR. WERNER: Robert Werner, The Managing Uncertainty of Certainty consulting firm. I have a question relating to Afghanistan and the metastasizing of Al Qaeda. I think Americans are very perplexed because they see Al Qaeda now in Iraq and Syria, in Yemen, they see the concentration in Pakistan. What is our real, real interest in maintaining a large force in Afghanistan with respect to these other problems?

MR. SANGER: Vanda, you touched on this a little bit before.

MS. FELBAB-BROWN: Mm-hmm. Well, first of all the large force that we're talking about is at this point something like 10000 so we are not talking about maintaining a force in Afghanistan anywhere at the level that it has been and we can debate what is a large force, what is not a large force. If Afghanistan significantly deteriorates in terms of security and political processes, and the chances are hardly negligible; in fact I think the chances are substantial; this will enable the return of terrorist activity to Afghanistan in two ways. Well, one there is first a physical possibility of safe havens for terrorist Jihadi groups with global reach and international ambitions. You had asked me, David, and I didn't answer about negotiations with the Taliban and one key question of negotiation is to what extent is the Taliban separable from Al Qaeda. Is it purely domestically oriented or is it inevitably linked to Al Qaeda in ways that it cannot break the chains? And my view is that it is domestically oriented. Nonetheless it owes a lot of debts including very survival debts to support from external Jihadi groups. And so for it to completely sever a relationship with Al Qaeda would be difficult. At the same time

the Taliban leadership clearly realizes that it was booted out of Afghanistan because of Al Qaeda. Senior Taliban leaders have said that Al Qaeda was the plank that they brought onto their rule and so they will try to play a game of -- I think not overtly -- providing support for Al Qaeda but that doesn't mean that they would really limit all engagement.

MR. SANGER: To my --

MS. FELBAB-BROWN: So the one issue of physical security. But the other issue is the imagery, the psychological boost that this would give to other Salafi federalist groups around the world. This would be the second time when the great power was "defeated". They would certainly portray it as defeated in Afghanistan. And there might not be any physical cooperation but there might still be a sense that sufficient violence, mayhem, cruelty toward people pays off and that might also sustain groups and support groups elsewhere neither of which is desirable. That doesn't mean that we should fight every terrorist groups everywhere in the world. It certainly doesn't mean that we should deploy drones everywhere in the world. But it does mean that we need to calculate very carefully when we are dangerously and prematurely liquidating commitments that we had. Because at the end the leverage will be critically about us being very selective about picking commitments but also then delivering on the commitments and upholding the threats and promises that we have made.

MR. SANGER: Okay. So Tamara and Bruce want -- both wanted in on this. Yeah.

MS. COFMAN WITTES: Yeah. Just to expand the question because I think some of the issues that Vanda raised with respect to Al Qaeda and the Taliban in Afghanistan have parallels in the broader Middle East. You in your question noted we see Al Qaeda popping up in Yemen and in Syria and certainly there are Al Qaeda affiliates present in a number of spots around the Middle East. There are also a lot of localized violent extremists who for one reason or another may see an advantage in embracing the Al Qaeda brand but whose concerns, whose sources of support and

whose targets are primarily localized. And it's very important that the United States as it parses these threats continue to carefully make distinctions and differentiations. As I look at where the trajectory of U.S. policy is headed in our Middle East, you know, across North Africa, Egypt, the Levant, Syria and Iraq and down into Yemen --

MS. FELBAB-BROWN: And (inaudible) and Africa increasingly.

MS. COFMAN WITTES: -- right -- where we don't have a clear orientation toward the broad transformation that's occurring in the Arab Middle East. But we have a lot of worries about specific things that we see including violent extremism. There is a danger that in responding day by day to those urgent security imperatives we end up recreating precisely the paradigm that President Obama came into office want to dismantle, of a sort of broad scale war on terrorism that drives our policy and it drives the way we're perceived in the region and it drives the way we structure our relationships in a region that's undergoing tremendous change. So while there are some real threats it's important for us to be able to distinguish what are local, what are transnational, what's targeting us and what's not. And I would love to hear Bruce's views on that as well.

MR. RIEDEL: Well, I want to come back to the metamorphosis of Al Qaeda. We have seen as a result of the Arab awakening and what's gone on in the Arab world that Al Qaeda got a rebirth. And ironically it came exactly at the moment that the Obama administration's policy against Al Qaeda core, Osama Bin Laden, produced its greatest success, the death of Osama Bin Laden. I'm fully in agreement with everything that Vanda said about the importance of keeping an American presence in Afghanistan for Afghan reasons. The administration is unable though to make the real case to the American people which is the reason we need 10000 American troops in Afghanistan is to continue the drone war in Pakistan. That's the vital national security interest of the United States. We don't want to see Al Qaeda core in Pakistan rebuild like we saw Al Qaeda rebuild in Iraq. The drones are not the answer to the problem of Al Qaeda but they are surely a very good weapon to have in your hand when you deal with Al Qaeda.



My concern is if the United States gives up that weapon in Afghanistan by having no bases for operation after 2014 we will see Al Qaeda in Pakistan rebuild and regenerate as fast as we saw it regenerate in Iraq. And the one thing we know --

MR. SANGER: And, Bruce, is there a policy -- is there an alternative out here just -- let's say we did lose the main base in Afghanistan, is there an alternative either from ship or elsewhere in the region given the extended reach now of drones that you wouldn't necessarily need to launch them from Afghanistan?

MR. RIEDEL: The short answer is no, the technology is not there. The geography is -- doesn't change. You can launch drone operations over the northern part of Pakistan where Al Qaeda operates from Afghanistan, Iran -- I don't think so -- India -- I don't think so. If you launch them from the Arabian Sea they are likely to be as unsuccessful as Desert One was in launching emissions. The irony here is it's a covert operation. (Laughter) It's a covert operation that everyone talks about, that you can go to websites and see every attack laid out but because it's a covert operation the administration has its hands tied, that it doesn't come out in public and say the real reason we want 10000 guys is to whack Al Qaeda in Pakistan.

MR. SANGER: The least covert covert program in American history. Okay. Right here up front.

MR. EBINGER: Charlie Ebinger; I'm from Brookings. Since we have our Middle East and Asian experts here I'd like to ask the following question and it relates to our geopolitical posture in the Gulf and elsewhere. Do you feel that the states -- the oil producing states in the Gulf for those of you Middle East specialists -- have dealt with what are -- what is implied by the fact that increasingly the overwhelming demand for oil and gas from the Gulf is going to be in Asia and not in Europe and have they begun to think about how that's going to change their strategic posture with the Asian nations that will be the bulk of their revenues? And likewise for those of your who are Asian experts, do you think that South Korea for example, Japan, China, India and others have really

comes to terms that as they become more and more import dependent from the Gulf that they have to assume a strategic posture to protect the sea lanes and protect their access and that they cannot count on Americans to do it? And I would just add this is why I do not necessarily agree with that kind of a continuation of American policy in the region because our strategic interests I believe are going to lie elsewhere.

MS. COFMAN WITTES: Well, I'll kick it off briefly party because I just came back from the Gulf and so had a chance to hear from folks about this directly. I guess I would say a couple of things. Number one is some of the disputes over the talks with Iran and so on that Bruce was talking about in his big bets piece and the U.S./Saudi relationship there's an underlying anxiety there in the Gulf which is about exactly the point you're making, Charlie. What are U.S. interests in our region where we're used to having you as the security guarantor, in an era where you don't need our energy anymore. And the rest of the world is free riding on the American investment in Gulf security. So that underlying anxiety is coming from their recognition of this broad shift. And their recognition too in their most honest moments that they don't actually have a mechanism for maintaining regional order themselves without an external great power. They've never done it. They don't have the capacity themselves. We've tried in various way to help build up that capacity but it's nowhere near there yet. And I think they acknowledge also that from their perspective the Chinese or the Indians or other rising powers are at least a couple of decades away from having the capability to take on any kind of role like that even if they're interested in doing so. So they feel deep seated anxiety that maybe the U.S. was turning way and there's no alternative. Now my own view is that I don't think we are turning way. I think in many ways because of the crises in the region but also because of our enduring interest we're kind of nailed to the ground in the Middle East right now. But the broader trend that you're describing is one that I think is going to continue to raise questions in these relationships and disputes in the years to come.

MR. SANGER: I'd like to hear Suzanne on this because one of the concerns you hear in the region is if there really is a deal with the Iranians then Iran is free to go off and become the kind of power in the region that it imagines itself to be.

MS. MALONEY: Let me try to make a couple of points real quickly because I know that there are lots of folks who want to jump in on this. First to the sort of Gulf State posture, the Gulf States are perennially insecure and that reflects both their sort of capacity but it also reflects the sort of world view that is just ingrained from centuries of relationships with outside greater powers as Tamara suggested. And so think that this sort of discourse has always existed and the free rider issue has always existed. We've never been more dependent on Gulf oil than most of our primary allies or economic partners. We had a major security commitment. We made our investment to Gulf security at a time when Europe was far more dependent on Gulf exports than we were. I believe that it is integral to our own, to the American vision of itself as a super power to maintain an investment in the free and reasonable reliable flow of energy from the major producers of energy around the world and I think that will endure so long as we maintain our commitment to being a world super power.

In terms of this question of how Iran factors in I think it's a really important issue because the Iran negotiations heighten all of these insecurities and fears within the Gulf States but ultimately there really is no outcome to the nuclear negotiations that will lead to Iran's revival as either a regional strategic power or a regional economic power because the nuclear negotiations themselves are wholly unlikely. I think it's almost impossible to conceive of any scenario under which the nuclear negotiations lead to the lifting of the comprehensive U.S. embargo on Iran which is the major hit on investment particularly for the energy sector and for technology in the energy sector. The fact that Iran hasn't been able to access LMG is why Iran today is almost a -- is a net importer of gas despite having some of the largest gas reserves in the world and despite being one of the early adapters to trans regional gas trade back in the 1960s and '70s.

So, you know, you have a situation in which Iran's losses as a result of sanction, the constraints that Iran is under today will remain in place for the foreseeable future despite some prospect if there is a final deal on the nuclear issue the rest of the world will begin to come back to Iran.

MR. POLLACK: Let me offer a few thoughts on Charlie's excellent question that it does seem to me in varying ways, Charlie, all the states are mindful of how -- to use a mixed metaphor -- the ground is shifting. That the very fact of diminished U.S. dependence raises questions about whether the United States over the longer haul, despite its interest in having that sense of their being a global order and the stake that the U.S. has in the global comments that over time we would see some kind of diminution of American involvement or that others would have to in some measure pick up the slack. The problem is I don't think even among those who are most aware about their energy security -- and I would put China very, very high on the list -- recognize that it's going to be a very, very long term process before they could really be ready to take on this role. But if we look in that longer term sense that's been alluded to I think that that's very, very likely where we are headed. The Chinese are not making a commitment to a carrier program. It's not going to be massive necessarily but any carrier program entails huge commitments of money and the ability to conceptualize a larger sense of strategy and of involvement that not only Chinese interests but the interests of others would be involved as well. The other side of this of course are looking for other alternatives that are land based. You see this certainly in Northeast Asia. The efforts of the Russians to find some kind of a means by which with Japan, with Korea and with China they can be a much more substantial energy supplier. They are to some extent already. So if I were sitting in the shoes of a regional leader I would be looking for as many alternatives as I could but I certainly wouldn't be premising my policy on the expectation that over the longer, longer run the United States will be prepared or able to do this on its own.

MR. SANGER: We have time for one more quick question and one

quick answer. The young lady right there in black. Microphone's coming to you. Right.

MS. JAPEDIS: Thank you for giving me the opportunity. Nina Japedis, the FPRI. I'd like for us to focus on Ukraine once more please. Steven, question for you. How can we avoid the nightmare scenario in Ukraine? And many say that U.S. response has been negligent or minimal. What should this administration do? Thank you.

MR. PIFER: Yeah. Well, I think the first point that has to be understood is that this crisis is going to be resolved first and foremost by Ukrainians in Ukraine. I think the thing that the United States and Europe could be doing now and should be doing now is trying to apply some levers of pressure to (1) ensure that the authorities avoid use of force. But to go beyond that, I mean yesterday the U.S. government said that visas of those that they had identified as having been connected with use of force have been revoked, but I would recommend going beyond that and saying also target some of the potential visa sanctions to say we're trying to encourage the government to get into a good faith negotiation that includes compromise to address some of the opposition's concerns here. You've seen President Yanukovich say several times, you know, that he's prepared to have a dialogue. He said so on Sunday then didn't meet until yesterday. Not much came out of that. They're meeting I think actually even as we speak again. So the question is are there ways that the west can crank up pressure. That -- and I think that by targeting with visa and financial sanctions the inner circle around Mr. Yanukovich so that people to him are saying look, boss, I want to be able to travel in Europe. I've got money in a bank in London and unless you start doing things we're going to lose that sort of access. And I think the United States can have some impact here. Certainly anytime it's talked about here by Congress it gets a lot of press play in Ukraine. But it's going to be important that the Europeans come along because the Europeans are going to have leverage here that the United States doesn't. And at least so far it does not appear that the Europeans have been able within the European Union to come up with a united stance on this question.

MR. SANGER: Well, I want to thank all of you for coming. I want to thank our panel for both their excellent papers which if you haven't had a chance to read since it was just being distributed yesterday and today you can take home with you. And I look forward to seeing at the end of the year how many of these turned out and reminding you all each of these. Right. (Laughter) Thanks again. Thank you all.  
(Applause)

#### CERTIFICATE OF NOTARY PUBLIC

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

Carleton J. Anderson, III

(Signature and Seal on File)

Notary Public in and for the Commonwealth of Virginia

Commission No. 351998

Expires: November 30, 2016