

Report of the Presidential Study Group



SECURITY REFORM and PEACE

The Three Pillars of U.S.
Strategy in the Middle East

THE WASHINGTON INSTITUTE FOR NEAR EAST POLICY

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Published in 2005 in the United States of America by The Washington Institute for Near East Policy, 1828 L Street NW, Suite 1050, Washington, DC 20036.

ISBN 0-944029-96-5

Design by Daniel Kohan, Sensical Design & Communication
Front cover photos, left to right: AP Photo/Jim MacMillan; AP Photo/
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The Presidential Study Group

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Preface

THE PRESIDENTIAL STUDY GROUP—A BIPARTISAN, BLUE-RIBBON commission of statesmen, diplomats, legislators, scholars, and experts—was convened in early 2004 to examine the state of the Middle East and the effectiveness of U.S. policy in advancing U.S. interests in that important region.

This was the fifth such effort organized under the auspices of The Washington Institute for Near East Policy, taking advantage of election years to inject “new thinking” into the policymaking process. Previous Presidential Study Groups produced important recommendations on U.S. policy toward the Arab-Israeli peace process (*Building for Peace*, 1988); the U.S.-Israel relationship (*Enduring Partnership*, 1993); and, more broadly, the overall U.S. policy agenda for the Middle East (*Building for Security and Peace in the Middle East*, 1997; and *Navigating through Turbulence*, 2001).

For nearly a year, the Study Group met on a number of occasions in the offices of The Washington Institute and engaged in vigorous discussions (both in person and electronically) on the range of issues on the Group’s agenda. In addition, ten members of the Study Group traveled to Israel, the West Bank, Gaza, and Egypt in June 2004 to consult with political leaders, policymakers, and analysts representing a broad political spectrum of views. During the Israel visit, the group convened a “strategic dialogue” with a well-informed, high-level group of Israeli counterparts at Kibbutz Ma’ale Hahamisha outside Jerusalem. We thank all those in the region—especially the U.S. embassies and consulates—for their assistance, cooperation, and support in facilitating that important study tour.

This report is the distillation of that yearlong effort and represents months of writing, drafting, and critiquing. More than twenty-five group members offered detailed comments on various drafts, and the final product clearly benefited from these contributions.

This report reflects the broad, bipartisan consensus of the Presidential Study Group members. Not every member endorses every judgment or recommendation. Members have endorsed this report in their individual capacities, and their endorsements do not necessarily suggest those of the institutions with which they are affiliated.

A small number of recommendations provoked deep reservations among a small number of group members, and those views are presented in the form of “dissenting” comments. In addition, some group members wanted to amplify comments in the report by offering “clarifications.” These “dissents and clarifications” appear at the end of the report.

The Study Group would like to acknowledge the invaluable assistance provided by the entire staff of The Washington Institute in organizing the group’s meetings, overseas travel, and publications. Special thanks go to Ben Fishman, who ably served as rapporteur for the Study Group, a responsibility that included coordinating all aspects of the Group’s work, meetings, travel, and preparation of this report. In addition, we extend our appreciation to Marguerite Hellwich, Nina Bisgyer, and Alicia Gansz.

The work of the Study Group and its trip to the Middle East were made possible by a generous endowment established by the Soref Foundation. The Washington Institute, however, had neither input in nor control over the Study Group’s deliberations. This report has not been endorsed by the Institute, its Board of Trustees, or its Board of Advisors, and it should not be construed as representing their views.

Dennis Ross
Co-Convenor

Robert Satloff
Co-Convenor

Executive Summary

THE UNITED STATES IS FACING AN EXTRAORDINARY MOMENT of challenge in the Middle East, one that demands an integrated U.S. strategy built on a set of three pillars: security, reform, and peace. The security agenda is the most pressing, but it alone is not sufficient. If the United States wants not just to combat the threats it faces in the region but also to change the regional dynamic which produces such threats, the administration should also pursue political, social, and economic reform in Middle East countries and the promotion of a secure Arab-Israeli peace.

SECURITY

Iraq. America's vital national interest is to leave Iraq as a stable country with a government that poses no threat to other states or to wider U.S. interests. The best way to achieve this is to support the emergence of a federal, unified Iraq that has a reasonably well-functioning, representative government, committed to the rule of law and protection of minority rights. Iraq's recent elections and the expected formation of an Iraqi transitional government are important steps in this effort, which needs to include a process of drafting a constitution that is as inclusive as possible. The United States will have to retain high numbers of troops in Iraq well into this process, but the long-term success of U.S. policy will depend on the size and capability of Iraq's own security forces. Hence, the equipping and training of Iraqi forces is to be viewed as "job one." As for U.S. troops, their continued deployment should be determined by the achievement of objectives, not by arbitrary dates on the calendar. Throughout, U.S. policy should be that once an elected Iraqi government is in place under the authority of a ratified constitution, and the country's security situation is under control, the United States would begin to phase out its military presence; this process could begin earlier if requested by the Iraqi government. Along the way, the administration should also make clear that it has no desire to maintain—either by force or agreement—long-term military bases in Iraq.

FIRST STEPS

The Bush administration's most pressing Middle East priorities for 2005 are:

- speeding the training and fielding of new Iraqi security forces while building the structure of a free and representative Iraqi government,
- coordinating strategy on Iran's nuclear program with key European and Security Council powers,
- developing and implementing a comprehensive strategy to fight the ideological war against Islamist extremism,
- injecting presidential leadership into calls for political reform, and
- investing in Palestinian political and security change and a peaceful and orderly Israeli disengagement from Gaza.

As it pursues these policies, the administration should also reject calls to set a specific timetable for the withdrawal of U.S. forces from Iraq, to embark on a unilateral initiative to "engage" Tehran as a way to address Iranian nuclear ambitions, or to propose an early resumption of Israeli-Palestinian "permanent status" negotiations.

Iranian nuclear proliferation. Proliferation—including the dangers posed both by terrorist groups and adversarial states—is the most serious threat to U.S. national security. Among Middle East states, Iran poses the most difficult and urgent challenge. It not only has an ongoing pattern of problematic behavior—especially its patronage of terrorist groups—but Iranian nuclear proliferation could constitute a "tipping point" in the Middle East, with states from Saudi Arabia to Egypt and possibly Syria and Algeria likely to respond with efforts to acquire nuclear capability and threatening the nuclear nonproliferation regime. Stopping Iran short of achieving a nuclear weapons capability—by diplomacy if possible; by other means, if necessary—is a vital U.S. interest. In this regard, the most important role for Washington in preventing Iran from achieving this status is to reach a consensus with Europe explicitly stating U.S. willingness to take actions—both positive and negative—toward Iran based on how European talks with Tehran proceed. While Washington should reject the idea of engag-

ing Iran unilaterally in negotiations separate from the Iran-Europe talks, the urgency of stopping Iran's nuclear weapons development may require that these talks be converted into multilateral talks formally involving the United States in the European discussions with Iran, if there was a transatlantic consensus that U.S. participation would ease the way for a verifiable agreement that terminates Iran's programs to acquire a nuclear weapons capability. Achieving international consensus on Iran should not, however, come at the cost of curtailing support to Iran's freedom-seeking opposition, nor should it require forswearing military options to address the problem.

Terrorism. While significant progress has been achieved on the tactical side of the global war on terrorism since September 11, this can be strengthened by pursuing the universal delegitimization of terror, incorporating groups such as Hizballah and Hamas in global antiterror efforts, and enhancing efforts to target the finances and *dawa* (religious outreach) efforts of terrorist and front operations. On the strategic side, confronting the ideological challenge of Islamist extremism through a long-term effort to reform regimes and reach out to Muslims opposed to radicalism needs to be a central response.

Energy. As part of a larger energy policy initiative, the administration needs to exert leadership to develop a practical program to reduce U.S. vulnerability to Middle East energy shocks.

REFORM

To strengthen the strategic dimension of the global war on terror, the United States needs to undertake a dual-track effort to reach out to the millions of Muslims repelled by Islamist extremism and to promote a strategy of reform of Middle Eastern societies so as to marginalize Islamist extremists and deprive them of grievances they use to expand their base of support. This would include a systematic, coordinated effort to restrict the flow of recruits to radical groups. Success here requires a country-specific strategy of working with local allies—both in government and among those arrayed outside it—to promote fundamental change through incremental, evolutionary, yet persistent progress. In policy terms, the administration should integrate political reform, liberalization, and democratization as central

elements in U.S. bilateral relations with key states; presidential leadership is essential. Bureaucratically, this effort will require a comprehensive reengineering of how the U.S. government reaches out to foreign publics to identify, nurture, and support current and potential allies, advocate U.S. policy, and promote American values.

PEACE

On the Arab-Israeli peace process, the administration should invest high-level activism to take advantage of a critical window of opportunity occasioned by two factors—Israel’s policy of disengagement from Gaza and the northern West Bank and the emergence of a new Palestinian leadership that appears definitively to reject violence as a tactic to achieve independence. The goal of U.S. policy is to progress toward a two-state solution that provides security and peace for Israel, dignity and satisfaction to Palestinians, and isolation to those who choose a rejectionist path. This can best be achieved by focusing on three main tasks: assisting Israel as it takes substantial risks to implement disengagement; supporting Palestinians as they seek to fill the post-Arafat political vacuum with a set of representative, legitimate, accountable institutions; and marshaling the goodwill of regional and international actors to help the Palestinian Authority replace Israel’s military occupation of Gaza with an administration whose commitment to accountable, transparent, peaceful, and orderly governance can provide the bridge to further implementation of the Roadmap and an eventual resumption of permanent status negotiations. Suggestions that the administration should enunciate a bold new strategy for peace should be rejected, since the very articulation of such ideas may undermine the delicate politics that permits Israeli disengagement and Palestinian reform to come to fruition. In addition, the United States needs to engage in active dialogues with Arab states, Europeans, and others to ensure their full contribution to this process, especially in terms of delegitimizing terror, investing in Palestinian reform, and underscoring the benefits of peace to all parties.

These recommendations constitute an American agenda for action in the Middle East. In each case, American leadership is essential for success, but America alone cannot achieve these goals. Thankfully, many countries are prepared to join with us as allies in addressing these challenges. However,

perceptions of threat and willingness to take action against them can differ from capital to capital. In order to succeed in confronting these challenges, the president will need to lead a diplomacy that strengthens existing alliances and relationships with international institutions, broadens them whenever possible, listens seriously and sympathetically to the views of our allies and friends, and welcomes the opportunity to explain candidly to all—ally, friend, competitor, and foe—the rationale and urgency that compels America to act.

The Three Pillars: A Strategic Overview

THE UNITED STATES IS FACING AN EXTRAORDINARY MOMENT of challenge. We are at war, on multiple fronts, at home and abroad. We fight these battles in an uncertain era when our overwhelming military power is constricted not only by the shadowy, often nameless enemies we face and the multiplicity of arenas in which we must engage them, but also by the increasingly globalized, post-Cold War world which we helped build. Our challenge is compounded by the fact that even victory in many of these battles will not bring security, for it would not alleviate the greatest threat we confront—the prospect of terrorists gaining access to nuclear weapons. If the last Presidential Study Group characterized 2001 as a moment of turbulence for American engagement in the Middle East—the region of the world that is the principal subject of this report—that metaphor is wholly insufficient to describe the complexity, variety, and urgency of the array of challenges facing us in 2005. These challenges and the tactical and strategic responses to them fall in three broad categories, constituting the appropriate pillars of U.S. policy in the Middle East—strengthening security, supporting reform, and building for peace.

THE SECURITY PILLAR

The president's first order of business in the Middle East is Iraq. There, the United States is engaged in one of the most ambitious, and certainly one of the most difficult, efforts at nation building in its history. Today, the major task facing the United States is at once political and military—to support the development of an Iraqi government that has *sufficient legitimacy* to garner the support of Iraqis of all ethnic and religious groups so as to undermine the efforts of antiregime elements and *sufficient strength* to defeat insurgents who employ violence to intimidate and kill in the service of their antiregime objectives. This will require the new transitional government that emerges from nationwide elections to be as inclusive as possible toward all Iraq's constituent groups and to have at its disposal substantial numbers of well-trained, well-led, and well-equipped Iraqi security forces ready and willing to defend the new regime against inter-

nal enemies and external threats. The United States should encourage the former and press forward with training efforts to produce the latter. In the meantime, until that is achieved, Washington and its allies in Iraq bear prime responsibility for fighting against an insurgency that continues to grow in intensity and sophistication.

Whatever critiques there may be about how our nation came to be embroiled in Iraq, America's vital national interest is to leave Iraq as a stable country with a government that poses no threat to other states or to wider U.S. interests. The best way to achieve this is to support the emergence of a federal, unified Iraq that has a reasonably well-functioning, representative government, committed to the rule of law and protection of minority rights. With the vital assistance of NATO, friendly states, and international institutions, this government should have a security force capable of protecting the homeland, deterring foreign meddling, and defending against aggression, but that itself poses no threat to Iraq's people or its neighbors. As it works toward this outcome, the administration should make clear that it does not covet Iraqi oil, Iraqi territory, or long-term military bases in Iraq; similarly, the United States should leave no doubt that it does not seek to exert control over how Iraqis practice religion or organize their government.

While the immediacy of Iraq will occupy the president's time and attention, fighting there takes place against the backdrop of the global war on terrorism. As the 9-11 Commission so cogently explained, the enemy that revealed itself that September morning was not terrorism per se but the ideology of Islamist extremism; terrorism was a tool it employed to advance its agenda. Though it does not wield power in the traditional sense, this is one of the most difficult and threatening foes the United States has ever encountered, having already succeeded in forcing fundamental changes in the way Americans live both at home and abroad. Perhaps most importantly, it is an ideological foe, whose appeal is growing in many corners of the world. A central arena for combat is the Middle East and, in a wider sense, countries with substantial or majority Muslim populations. Islamist extremism is a foe that must be fought on multiple levels—with arms, with intelligence, with diplomacy, with trade, with ideas, with policy, with culture, and with political will, all at the same time. While the main theater of battle is among Muslims themselves, the United States cannot be a disinterested bystander, as the fate of our interests, values, and allies hangs in the balance.

The reverberations of the September 11, 2001, attacks continue to have a powerful influence over America's national psyche, political debate, and assessment of national security. In operational terms, this has meant the raising of the war on terrorism and homeland security to first-tier issues on the national security agenda. As time passes, however, the memory of September 11 will not retain the same urgency and uniqueness for others as it does for Americans. For Washington, managing this growing gap in perception—and the differences in political and policy priorities that flow from it—will be an increasingly important concern. In this environment, a key objective for U.S. policy is to press all nations and international institutions to delegitimize terrorism in all its forms, denying terrorists the sanctuary of “national resistance” or any other excuse for their use of violence against civilians for political aims.

If the elixir of extremism and terrorism did not pose sufficient threat to Americans and U.S. interests, the potential for weapons of mass destruction (WMD) proliferation to states or groups committed to a radical Islamist agenda transforms this into a danger of possibly catastrophic proportions. Topping the list is the potential for a terrorist group to acquire nuclear weapons. Terrorists do not seek such weapons for protection or deterrence; they seek them for use, either for attack or blackmail. Preventing this must be deemed a top national priority. The potential for the Islamic Republic of Iran—whose government funds and directs anti-West terrorist groups and is the leading patron of opponents to a peaceful resolution of the Arab-Israeli conflict—to acquire a nuclear weapons capability is also a major concern. This is not because Iran is, by its nature, undeterrable but rather because of the profoundly negative effect that Iranian acquisition of a nuclear weapons capability would have on the balance of power throughout the entire region. This includes, but is not limited to, fueling a dangerous and destabilizing nuclear arms race. Addressing this difficult and complex problem requires strong U.S. diplomacy to forge a broad international consensus pressing Iran, possibly including wary American engagement as a direct participant in the European-Iranian negotiations for a nuclear accord. All the while, the United States should maintain military options that raise the cost to Iran of pursuing its nuclear ambitions and should persist in its support to Iran's freedom-seeking opposition. Stopping Iran short of acquiring a nuclear weapons capability—by diplomacy, if possible; by other means, if necessary—is a vital U.S. interest.

In addition, there is one additional arena so critical to U.S. interests that we are compelled to lend our voice to calls for presidential leadership even though it is largely outside the mandate of this report: energy security. The current situation of American dependence on foreign sources of energy is a serious and far-reaching challenge, in many respects. As far as the Middle East is concerned, a bold yet practical vision of reform of U.S. energy policy could lead to substantial reduction in America's vulnerability to Middle East supply shocks and would significantly enhance our freedom of action in advancing policies throughout the region.

These challenges—the war in Iraq, the battle against Islamist extremism and terrorism, the campaign against nuclear proliferation, and the need to reduce U.S. vulnerability to Middle East energy shocks—are the president's four top security challenges in the Middle East. Though each has its distinct attributes, there are structural linkages among them—such as the effort to limit Iranian influence in Iraq, the effort to stop Iranian nuclear weapons proliferation, the need to combat Iranian support for antipeace terrorism—which complicate the task at hand and require an integrated approach. In each case, American leadership is essential for success, but America alone cannot achieve these goals. Thankfully, many countries are prepared to join with us as allies in addressing these challenges. However, perceptions of threat and willingness to take action against them can differ from capital to capital. In order to succeed in these battles, the president will need to lead a diplomacy that strengthens existing alliances and relationships with international institutions, broadens them whenever possible, listens seriously and sympathetically to the views of our allies and friends, and welcomes the opportunity to explain candidly to all—ally, friend, competitor, and foe—the rationale and urgency that compels America to act.

THE PILLARS OF REFORM AND PEACE

This security agenda—Iraq, terrorism, proliferation, and energy—constitutes one pillar of American policy in the Middle East. It comprises a necessary set of priorities for U.S. engagement in the region. However, it is not sufficient. If the United States wants not just to combat the threats it faces in the region but also to change the regional dynamic which produces such threats, the administration should also pursue two additional pillars of policy—political, social, and economic reform in Middle East countries and promotion of a secure Arab-Israeli peace.

Reform. The objective of the reform pillar is to support and encourage the positive development of Middle Eastern societies so as to marginalize Islamist extremists and deprive them of grievances they use to expand their base of support. Progress toward this can be achieved by promoting processes of reform in which the energies of governments are focused on building a more hopeful, productive, satisfying, and inclusive future for their citizens and in which the people of the region are offered opportunities to exploit their natural talents and participate fully, freely, and safely in the governance of their countries. The president's second term offers an opportunity to imbue his stirring first-term rhetoric on the theme of reform—and his even more stirring inaugural commitment to the advance of freedom—with content equal to the challenge. This should focus on building substantive partnerships with reformers, both inside and outside of governments, and employing the wide range of political, diplomatic, technological, economic, commercial, and human resource tools at America's disposal. This requires a country-specific strategy of working with current and potential local allies to promote fundamental change through incremental, evolutionary, yet persistent progress. As important as the specific components of such a strategy may be, the sine qua non is presidential leadership, symbolized by a willingness to talk candidly about the urgency and necessity of reform in discussions with foreign leaders—sometimes in private, sometimes in public—and to infuse our bilateral relations with those countries with the sense of mission that flows from that candor.

Operationally, efforts to encourage, empower, and support local allies to combat the spread of radical extremism and promote positive reform within Muslim societies will require a comprehensive reengineering of how the U.S. government reaches out to foreign publics. This should include, as a central feature, building new partnerships with nongovernmental organizations and the private sector in advancing U.S. interests and policies with foreign publics. As important as America's response was to the human tragedy of the Asian tsunami, which deserves ongoing attention and investment well beyond the immediate relief operation, so too is the larger task of defining and implementing a coherent strategy of building alliances with antiextremists throughout Muslim societies. The commonly used term “public diplomacy” does not adequately reflect the extent of the ideological campaign necessary to be waged or the importance of finding common ground with current and future allies in Muslim societies, all the while recognizing differences in culture, religion, and identity.

Peace. The objective of the peace pillar is to work toward the resolution of the Israeli-Palestinian dispute, a conflict that may have become more localized in security terms but whose political reverberations pulse throughout the region (and beyond). The goal is to progress toward a two-state solution of the conflict that provides security and peace for Israel, dignity and satisfaction to Palestinians, and isolation to those who choose a rejectionist path.

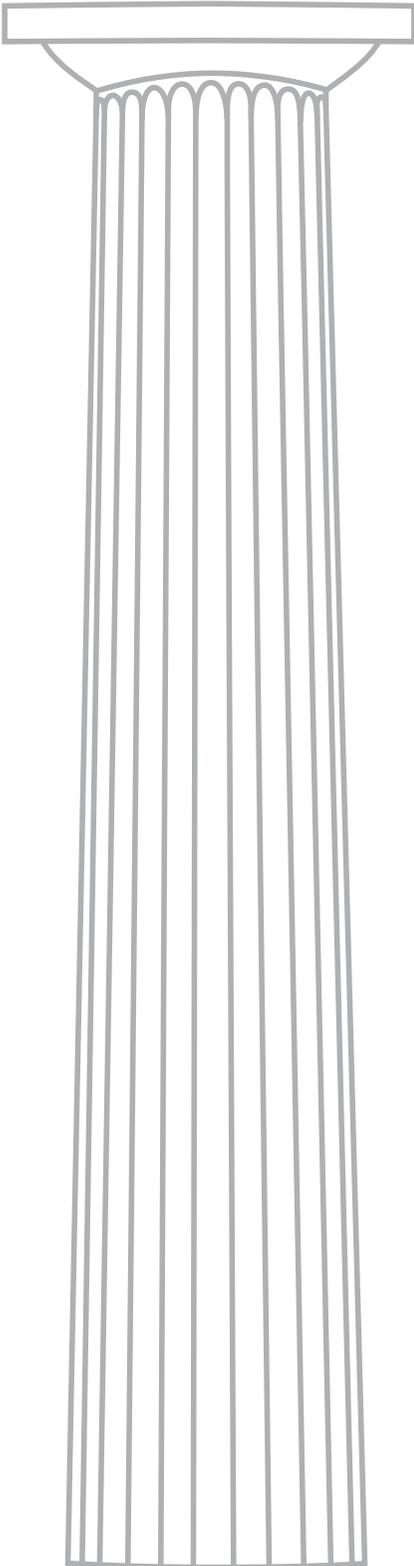
The four-year-old war between Israelis and Palestinians that has left more than 4,000 dead and tens of thousands wounded is now approaching a critical moment. Two developments—the transition from Yasser Arafat to new Palestinian leadership and Israel’s plan for disengagement from the Gaza Strip and the northern West Bank—have raised the potential for ending the war and restoring a foundation for negotiations on permanent status between the two sides that could eventually lead to the realization of a negotiated two-state solution to this conflict. The recent Israeli-Palestinian summit meeting in Sharm al-Sheikh and the parallel declarations of cease-fire issued there were visible and tangible testaments to the possibilities now at hand. Capitalizing on this moment of opportunity will require American leadership, both to advance hopeful processes and to forestall alternative approaches that are liable to undermine the chance for progress.

In the early months of the new administration, the president needs to focus on three main tasks: assisting Israel as it takes substantial risks to implement disengagement; supporting Palestinians as they seek to fill the post-Arafat political vacuum with a set of representative, legitimate, accountable institutions empowered through a series of elections; and marshaling the goodwill of regional and international actors to help the Palestinian Authority replace Israel’s military occupation of Gaza with an indigenous administration whose commitment to accountable, transparent, peaceful, and orderly governance can provide the bridge to further implementation of the Roadmap and the eventual resumption of high-level negotiations on permanent status issues. As the United States faces challenges on multiple fronts, the combination of new Palestinian leadership and Israel’s disengagement initiative actually offers a rare avenue of opportunity—not only to improve the lot of both Israelis and Palestinians, important as that is, but also to underscore America’s continuing commitment to the peaceful resolution of this conflict to Muslim publics.

Taken together, this analysis leads to an integrated U.S. strategy in the Middle East built on a triad of security, reform, and peace. At times, efforts

in one arena or the other will grab headlines, complicate relations with friends, and demand more time, attention, priority, and resources—that is all to be expected. Indeed, on each front, the administration will be tested in overlapping and often unpredictable ways. Yet all three pillars deserve investment of the now famous presidential capital, recognizing that how the administration marshals the full resources of our nation—its patriotism, its ingenuity, its persistence, its might, and its compassion—will determine not only success or failure abroad, but life and death at home.

This Study Group report addresses each of the challenges facing the United States in the Middle East described above and offers our recommendations for how the administration should meet them. It focuses on this set of priorities rather than the entire range of U.S. interests in the region—political, military, economic, commercial, etc.—so as to concentrate the attention of the administration on the most important issues that need early attention at high levels. While some of our suggestions involve long-term planning, the main thrust of our proposals concerns what needs to be done in the first six months of the new administration, when fundamental decisions about policy direction (and personnel appointments) are made. This is the time when a new administration has the greatest opportunity to stamp its own imprint on policy, when thoughtful analysis and creative ideas have the greatest chance to manifest themselves in new approaches to issues of great national importance.



PART I

**The
Security
Pillar**

Iraq: The Way Forward

IRAQ HAS BECOME THE ALPHA AND OMEGA OF U.S. ENGAGEMENT in the Middle East, the yardstick by which to measure America's commitment, resolve, and sense of mission. For the simple reason that Americans are dying in Iraq every day, Iraq will be the most acute and urgent security problem facing a new administration.

Iraq represents the first time that the United States ever dispatched troops to an Arab country to overthrow its leader, disarm it of weapons of mass destruction (WMD), change its regime, and create, in its place, a new order based on representative government and the rule of law. The military objective of driving Saddam Hussein's regime from power was speedily achieved while the WMD problem proved far less urgent than originally perceived. Originally, America's postwar strategy was to pursue a sequence of stabilization, transition, and formation of a new government. While Washington met its scheduling benchmarks for the transfer of sovereignty to an interim Iraqi government, it responded to influential Shiite clerics and to the rising insurgencies by proceeding to the transition phase without first achieving stability. The current plan is to support the formation and operation of a new, transitional government whose composition would reflect the results of the recent elections and whose principal task is to draft a new constitution for a new Iraq. The hope is that the legitimizing power of elections will empower the new government, diminish whatever popular support the insurgencies enjoy, and mark a strategic pivot in the postwar era.

The United States has an interest in supporting the development of an Iraqi government that enjoys as much legitimacy as possible. Holding elections essentially on schedule, despite significant attempts to derail those elections through violence and terrorism, is one of the keys to achieve that outcome. While elections have now passed, enabling the changeover from the current Iraqi Interim Government (IIG) to the Iraqi Transitional Government (ITG) will continue to pose heavy challenges to the coalition of U.S., allied, and Iraqi security forces. The deployment of U.S. troops at current or even increased levels throughout this entire process—both to fight insurgents and to protect the transition to a new government—will be necessary.

Iraq's elections and the formation of the ITG are important steps in a continuing process of developing legitimate government, but they must not be viewed as an end of this process. Washington has an interest in encouraging the ITG to be as inclusive as possible in the drafting of a constitution, urging it to rely on broad majorities in the new assembly and to reassure all communities in Iraq that their concerns will be addressed. Specifically, it is essential that the drafters of the constitution not punish Sunnis for low participation in the elections; instead, the United States should impress upon the drafters the importance of maintaining the principles of decentralization, local authority, and fair and equitable checks and balances in the ultimate constitutional arrangements.

The administration should also recognize that the insurgency is sure to continue after the election. It may even intensify, as those determined to prevent a new democratic Iraqi government do their best to undermine the ITG and subvert the drafting of a new constitution. Indeed, there are likely to be some elements within Iraq that will remain essentially irreconcilable.

U.S. interests would be badly damaged if the security situation inside Iraq deteriorates severely. At the worst, this could see the outbreak of widespread violence, with large parts of Iraq effectively becoming terrorist sanctuaries. The real problem for the United States in this situation is that counterinsurgency campaigns, even when successful, historically take years to yield results. Since stabilizing Iraq is a high national priority, the United States could be facing a protracted struggle and an ongoing commitment of blood and treasure.

To maximize the potential for the most positive scenario, the administration should consider the following:

- The main U.S. role in Iraq is to help condition the environment so that the Iraqi government can succeed in its own efforts to set itself up, exert authority, and govern in a responsible, legitimate fashion. Accordingly, the United States should try to remain in a supporting role as much as possible, consulting and coordinating offensive military activities with the Iraqi government.
- Because the Iraqi Security Forces (ISF) will not be ready in adequate numbers and capabilities, the United States will have to retain its forces at high numbers well into the period in which the ITG has come into power.

- While the administration needs to focus energies on maintaining the international coalition of states serving in Iraq, the long-term success of those efforts will depend on the ability of Iraq's own security forces to impose and maintain law and order in areas "liberated" from insurgents. For this reason, equipping and training the ISF needs to be viewed as "job one" for U.S. and allied military advisors. In this regard, highest priority should be given to filling staffing shortfalls in the Multinational Security Transition Command, eliciting the fullest possible participation of NATO countries and friendly states in the ISF support process, and fulfilling contracts to train and equip the ISF as quickly as possible.
- Though Washington rightfully bears lead responsibility in Iraq, there is much that other actors can do to support the creation of a new Iraq. In that context, the administration should redouble efforts with key countries, with influential regional actors, and with the United Nations and other important international institutions. In this process, the administration should not harbor illusions about the willingness of many countries and actors to send personnel into Iraq, evidenced by how few nations have heeded the Security Council's unanimous call to support the creation of a UN Protection Force in Iraq. And despite the welcome sentiments that animated some calls for the deployment of an Arab or Muslim security force in Iraq, Washington should oppose any effort that would complicate Iraq's already delicate ethnic and religious equation, including the dispatch to Iraq of troops or personnel from any neighboring state. However, there remains much that non-Americans—countries and institutions—can do to support the overall Iraq project. These vital tasks include training and equipping Iraqi police and military forces; controlling Iraq's borders; and reducing Iraq's debt. To maximize the contribution that third parties can play in the improvement of Iraq's security, political, economic, and social circumstances, the United States needs to reach out to all potential contributors—states, international institutions, etc.—in a spirit of partnership, willing to share decisionmaking and coordination with others, based on a common vision of a new Iraq at peace with itself and its neighbors.
- The role of Iraq's neighbors in this process is critical. Some, like Jordan, play a helpful role in Iraq on numerous levels and deserve U.S. support and backing. By contrast, Syria and Iran contribute to instability in Iraq,

providing moral, political, and even material support to antiregime elements. In Syria's case, this includes the provision of finance, training, intelligence, logistics, weapons, and safe haven to insurgents. Iran may be even more problematic, since it evidently harbors strategic ambitions to cultivate in Iraq a pro-Tehran government and has undertaken steps within the Shiite political class toward that end. At the very least, both Iran and Syria view Iraq as a setting for forward-defense, where they hope to deter ostensible future American efforts at "regime change" by raising the cost to U.S. forces of operating in the place where "regime change" has already occurred. As far as U.S. policy is concerned, Washington should make clear to both Tehran and Damascus the benefits of cooperation as well as the costs of noncooperation vis-à-vis Iraq. With each country, Iraq is just one item on a long and complicated agenda, and an integrated approach toward each country is appropriate (U.S. policies toward Iran and Syria are discussed in some specificity in later parts of this report). However, as the arena of most urgent security concern to U.S. interests, Iraq is also the place where both Syrians and Iranians should find a very low threshold of U.S. sufferance for external meddling.

- The political, economic, and security dimensions of the domestic situation in Iraq are closely interrelated and mutually reinforcing, in both the positive and negative directions. Good security is key to establishing normal levels of economic activity and permitting elections that are themselves central to the political transition, while a conducive political and economic environment could greatly assist with efforts to establish security. The United States has a pivotal role in all three areas.
- The United States will need to maintain its central role in rehabilitating the Iraqi economy. The most urgent problem, with great implications for the security situation, is unemployment. To that end, the administration should press Congress to agree to change rules so as to allow the November 2003 \$18.4 billion supplemental to be used for labor-intensive projects implemented by the members of the Iraqi private sector who are unfamiliar with U.S. contracting procedures, with flexible but intensive monitoring of such contracts in line with Iraqi realities. The aim should be to meet local needs quickly, while establishing standards of transparency and accountability in public works. The United States should also press other aid donors and international agencies to work

actively in those parts of Iraq where security conditions already permit operations; in particular, aid donors could show that the international community fully accepts that the Kurdish north is part of Iraq. Simultaneously, building on the Paris Club's agreement to forgive 80 percent of Iraq's debt and Washington's decision to go further by forgiving all Iraqi debt to the United States, the administration should strengthen efforts to lobby Arab governments in the Gulf at least to match the Paris Club terms and should urge Kuwait to agree to a generous settlement of the massive outstanding compensation claims from the 1991 Gulf War.

As Washington pursues these efforts, it is important for the administration to maintain the strategic objective of America's presence in Iraq clearly in sight: to help Iraqis create a stable country with a government that poses no threat to other states or to wider U.S. interests. The best way to achieve this is to support the emergence of a unified, federal Iraq that has a reasonably well-functioning, representative government, committed to the rule of law and protection of minority rights, one that is capable of deterring attack and defending itself against aggressors but that itself poses no threat to its people or its neighbors. Achieving this would provide a strong foundation for the United States to advance other important objectives in the region, including combating terrorism; compelling a change in the rogue behavior of regimes that sponsor terrorism and seek weapons of mass destruction; championing democratization, liberalization, and reform; and rebuilding the possibility of peace between Arabs and Israelis. While the administration needs to pursue those objectives independent of the outcome in Iraq, it should recognize that a failure to achieve the objectives herein outlined will impede much of what we do elsewhere in the Middle East for many years to come. Specifically, if Americans depart Iraq in such a way that Iraqis and peoples around the Middle East commonly perceive that we have been driven out, America's ability to deter and, if necessary, defeat future foes will be sorely undermined.

In this context, the time and pace of withdrawal of U.S. troops from Iraq should be determined by the achievement of objectives, not by arbitrary dates on the calendar. If an Iraqi government—freely and fairly chosen by the Iraqi people through an election process that U.S. servicemen and women fought to protect—asks for the departure of U.S. forces, the administration should be prepared to work cooperatively with that government to depart in an orderly and timely fashion, without condition or recrimination.

Well in advance of that, Washington should make clear that once an elected Iraqi government is in place, under the authority of a ratified constitution, and the country's security situation has stabilized, the United States would begin to phase out its military presence. Throughout this process, the administration should also make clear that it has no desire to maintain long-term military bases in Iraq. Indeed, the administration should take every opportunity to underscore that it does not covet Iraqi oil or Iraqi territory; neither does the United States seek to exert control over how Iraqis practice religion or organize their government. America's interest is in a stable, peaceful Iraq under a government with the widest possible legitimacy. In both words and deeds, Washington should go to great lengths to make clear that U.S. interests do not reside in the empowerment of any ethnic or religious group or the disenfranchisement of any other; to the contrary, America's hand should be stretched out in partnership to all Iraqis and all others who share our objective of a free and peaceful Iraq.

Improving Tactics in the War on Terror

IN THE POST-SEPTEMBER 11 WORLD, AMERICANS ARE CONCERNED about terrorism more than ever before. Given the enormity, lethality, and sheer audacity of the September 11 plot—as well as the extreme vulnerability it exposed—it is not surprising that prosecuting the war on terror and building homeland defense have become first-tier national security concerns. Given the investment of national energies since September 11, it is also not surprising that the United States, working both alone and with international partners, has won many battles in the war on terror, such as arresting or killing operatives, shutting down cells, and drying up support networks. In many ways, the U.S. government fights terrorism in a much more effective way today than it did on September 10, 2001. Many other countries around the world have also responded to September 11—as well as the numerous terrorist atrocities that have occurred before and since—with similar emphases on domestic security and fighting terrorism. Their efforts complement our own and serve as force multipliers in the battle against radical Islamist terror; they are deserving of praise and support by the United States. As time passes, however, the memory of September 11 will not retain the same urgency and uniqueness for others as it does for Americans. For Washington, managing this growing gap in perception—and the differences in political and policy priorities that flow from it—will be an increasingly important concern.

On the operational level, the nature of the threat faced on September 11 has evolved over the past three-plus years and will demand new forms of analysis and response. Key changes include:

- **Cross-pollination.** Necessity has prompted terrorists to cooperate with each other in new and different ways. Successes in post-September 11 counterterror efforts have compelled elements of disparate groups, sometimes with different political outlooks, to work together and share resources. At the same time, the elimination of the top tier of terrorist operatives and the destruction of the command and control infrastructure in Afghanistan and elsewhere has flattened terrorist networks and forced operatives lower down the chain of command to become

decisionmakers. The result is that terrorist groups are morphing, with increased cross-pollination among them and different sorts of leaderships rising within them. Links between operatives are less dependent today on organizational structures than on the interpersonal relationships developed through Afghan or other training camps, Muslim Brotherhood ties, or other associations that span group affiliations.

- **Adaptability.** Terrorists have responded to the heightened international attention to the threat they pose by evolving new modes of organization, operations, and behavior. Beyond sharing resources and relying more on interpersonal relationships, terrorists are proactively and continually finding ways of evading counterterrorism measures almost as quickly as government officials institute them. Such evolutionary progress is clear in terror financing, travel, communication, use of the internet, and more.
- **State Sponsorship.** Even in a murky world of underground terror cells, internet communications, and speed-of-light international financial transactions, the role of state sponsors remains important. Without safe havens, safe passage, training, funding, and logistical support, virtually all terrorist groups would lack the ability to operate. In the Middle East, Iran and Syria provide the most state support to terrorist groups.
- **Centrality of Iraq.** Iraq has emerged as a central theater in the war on terror, as a mix of jihadists, Baathists, and criminal elements have taken advantage of the vacuum created by the demise of Saddam's regime and the inability of coalition forces to establish order quickly and comprehensively in its wake. Chief among these is the now infamous Abu Musab al-Zarqawi, whose relationship with a wide array of jihadist groups and individuals personifies the nature of the evolving terrorist threat posed by global jihadist elements. Perhaps more disturbing still, the Iraq insurgency has proven to be a potent rallying call for jihadist recruiters seeking to fill the ranks of terrorist groups with newly radicalized Muslim youth. Beyond training current jihadists, the Iraq insurgency is used by radical propagandists to enlist new ones.

Building on the progress and achievements in the war on terror to date, the administration should pursue these additional steps:

- **Pursue the universal delegitimization of terrorism.** Terrorists thrive in an environment when their actions are excused, condoned, or explained away; by contrast, when they can claim no politically, socially, or ideologically acceptable defense, terrorists are isolated and find it increasingly difficult to operate. Just as the United States has sought, since September 11, to deprive terrorists of territory to serve as sanctuary or safe haven, so too should America strengthen its effort to work with states, international institutions, and nongovernmental organizations to deprive terrorists of the political, social, or ideological succor of legitimacy. A key objective in this regard should be to convince Arab and Muslim governments, as well as organizations like the Arab League and the Organization of the Islamic Conference, to endorse the growing international consensus defining attacks on civilians for political purposes as illegitimate acts of terrorism, without exception or condition. (Most recently, the UN Secretary-General's High-Level Panel on Threats, Challenges and Change—whose members included the secretary-general of the Arab League—offered just such a definition.) Delegitimizing terrorism needs to be a consistent theme of U.S. diplomacy with Middle East states. Usually, this is a “talking point” with Middle East leaders on “how to improve the atmosphere” for Arab-Israeli peacemaking; instead, it needs to be characterized both as an urgent issue of international security as well as an issue of central importance to the lives and property of U.S. citizens.

- **Search for new ways to bolster international counterterrorism cooperation.** This includes learning from the experience of others as well as sharing our experience abroad, which should be among the priorities of the new National Counter-Terrorism Center. Focusing on terror financing is an excellent vehicle to advance international counterterrorism cooperation. Of all the areas of terrorist activity, it is the most deterrable and least ideological. Past history has highlighted the success of a strategy of “naming and shaming” terror financiers and facilitators; it should be applied to other logistical cogs in the terror cycle. The United States should also maintain and deepen its productive cooperation with other Western governments and key Arab and Muslim allies to share information on the presence and activity of extremist elements operating in Arab and Muslim countries, with a special focus on the *dawa* (religious outreach) activities of terrorist and front operations. In this

way, counterterror cooperation can complement the positive efforts of joining with non- and anti-Islamist groups, individuals, and governments in a coalition against extremism.

- **Redouble efforts to seal Iraq's borders.** The recognition that Iraq is now a central focus of the war on terror and the fear that it could emerge as a massive terrorist sanctuary provides another compelling rationale for the United States to do all it can to support the development of an Iraqi government with sufficient legitimacy and strength to defeat the insurgency. Similarly, the emergence of Iraq as a magnet for radical jihadist recruitment underscores the importance of countering the spread of Islamist extremism through a multifaceted ideological campaign, outlined in the “reform chapter” below. On the tactical side, redoubling efforts to seal Iraq's borders is essential. In practice, this means compelling Syria, through a mix of incentives and disincentives, to end all passive and active support to antiregime elements, be they indigenous Iraqis or “foreign fighters.” (For a fuller discussion of policy toward Syria, see below).

- **Incorporate groups like Hizballah and Hamas as a major focus of U.S. and international counterterror efforts.** The idea that the activities of such groups are limited to the Arab-Israeli arena and therefore do not merit a place in the global “war on terror” is factually wrong and politically self-defeating. Both these organizations recruit, raise funds, and secure political support on an international scale. Both these groups share with each other—and with al-Qaeda—a corrosive and dangerous ideology, which views the United States as the Great Satan. Hamas, with its worldwide logistical and financial support networks, has clear ties with al-Qaeda; not only has Hizballah undertaken operations around the world, but there is substantial evidence of its cooperation with al-Qaeda, underscored most recently in the 9-11 Commission report. In response, Washington should work closely with allies in Europe, Israel, and throughout the Muslim world to combat these groups, disrupt their operations, and identify, expose, and frustrate their linkages with other organizations within the international Islamist terrorist network.

- **Focus international attention on state sponsors while working through the admittedly difficult issues they pose.** Addressing the

challenge of state sponsors is vexing—not because identifying them is so difficult, but rather because prioritizing U.S. policy interests vis-à-vis specific countries is so complicated. Iran, for example, is widely recognized as the most egregious state sponsor of terrorism. It actively supports the operations of such organizations as Hizballah, Hamas, and Palestinian Islamic Jihad and provides safe haven to numerous terrorists from these and other groups, including al-Qaeda. Terrorism, however, does not always top the U.S. policy agenda regarding Iran. That is because Iran simultaneously plays a pivotal role in the Iraq drama; poses the most threatening state-based proliferation challenge to U.S. and Western interests in the Middle East; is a leading player in the world energy equation; and has a population that, by all accounts, yearns for democracy and friendship with the West more than virtually any other in the Middle East. Defining priorities in U.S. efforts to cajole, compel, or coerce changes in the behavior of a country like Iran is no simple task and will likely shift over time. What is clear, however, is that the tactic of “naming and shaming”—used so successfully against individual terrorist financiers—could be usefully applied to these cases, too. As the examples of International Atomic Energy Agency (IAEA) resolutions on Iran’s nuclear program or the recent UN Security Council resolutions on Syria and Sudan show, even recidivist bad actors do not want to be in the international spotlight, with their names dragged through the mud of international opprobrium. As was the case in the latter two UN resolutions, when the Arab member of the Security Council broke ranks and did not support a fellow Arab state, an especially important target of U.S. diplomacy should be to convince other Arab and Muslim states of the urgency of joining with leading members of the international community when the charge against an outlaw state is so stark and so clear.

Important as these improvements in counterterrorism policy may be, they do not address the strategic challenge that we and our allies continue to face from the spread of Islamist extremism in the Middle East. That is a political, social, and cultural challenge of a wholly different magnitude, touching on fundamental questions of relations with states, governments, and peoples. (Countering the rise of Islamist extremism in Europe and other regions outside the Middle East is also a pressing issue, though one that falls outside the mandate of this Study Group.) The proper response

to this strategic challenge lies in waging an ideological campaign *against* Islamist extremism and *for* the reform of regimes whose participation in this effort is critical. Counterterrorism as a tactical issue is here discussed under the security pillar; as a strategic issue, the battle against Islamist extremism is addressed under the reform pillar below.

Countering Proliferation and the Challenge of Iran

MORE THAN A DECADE AFTER THE DEMISE OF THE SOVIET Union, a consensus has emerged as to what poses the most serious threat to U.S. national security: the proliferation of weapons of mass destruction (WMD), especially nuclear weapons. If such weapons were wielded by states inimical to U.S. interests, the threat would be sobering and substantial; if such weapons were in the hands of terrorist groups, against which concepts of deterrence have little or no relevance, the threat would be particularly acute. In this context, the Middle East and neighboring regions are home to some of the world's most troubling proliferation threats. Chief among these are the potential for transfer of nuclear weapons to terrorist organizations and the nuclear ambitions of the Islamic Republic of Iran. Despite the pressing real-time demands of Iraq and the war on terror, the president needs to ensure that addressing the threats of WMD proliferation—both in the short and medium term—receives the urgent, high-level attention it deserves.

Strengthening the international nonproliferation regime, in light of the lessons from the recent experience of the Libyan and Iranian programs, will not be an easy task. Some nonnuclear states are angry at what they view as the nuclear states' failure to live up to their responsibility under the Nuclear Non-Proliferation Treaty (NPT) to work for the reduction and abolition of nuclear weapons, as evidenced by the retention of still sizable warhead inventories fifteen years after the end of the Cold War. As it prepares for the spring 2005 NPT Review Conference, the administration should take steps to address these concerns. In particular, the administration should make clear that reaching agreement on ways to strengthen the NPT system is such an important objective that the United States would be willing to pay a certain price in order to achieve it. That may include revisiting the decision not to ratify the Comprehensive Test Ban Treaty (CTBT) and certainly should include further cuts in U.S. and Russian nuclear arsenals.

There are several areas in which it would be useful for the United States to work with allies and partners in developing new, country-neutral rules that would apply to all states. Such rules should be designed to address

concerns about problematic states, such as Iran, but done with universally applicable rules rather than with a special regime applying to only one country. These principles and rules should include the following:

- UN Security Council Resolution 1540 of April 2004 required all states to establish and enforce legislation to secure nuclear materials, strengthen nuclear export controls, and criminalize nuclear trade and, being adopted under Chapter VII, warranted all necessary means to ensure compliance. That should provide the basis to broaden and deepen the Proliferation Security Initiative (PSI) into a full international system for interdicting proliferation activities, as well as to develop a system to track down the companies and individuals responsible for the proliferation problems uncovered by the IAEA. In this context, the United States should press Pakistan to provide full accounting for the activities of the Abdul Qadir Khan network.
- Washington should urge its partners in the negotiations with North Korea to press Pyongyang to ensure that its nuclear technology is not exported. One objective of U.S. policy on this issue should be to win agreement among the relevant international partners that export of nuclear technology by North Korea will bring serious costs, including sanctions.
- The administration should take advantage of useful suggestions, including those by France, about actions that the Security Council should take to enhance and strengthen the NPT. One idea is that the Security Council reaffirm the principle that any state considering withdrawal from the NPT remains accountable for violations committed while it was party to the treaty. Another proposal is that the Security Council declare that any country that leaves the NPT must give up the benefits it received by virtue of having been a signatory to the NPT. That would require the departing country to dismantle, put under seal, or ship back to the supplier any nuclear technology that it received while it was an NPT member. Similarly, the administration should push for agreement at the IAEA that NPT members must suspend nuclear cooperation with any state found to have violated its safeguard agreement with the IAEA or for which the IAEA cannot provide sufficient assurances regarding the peaceful nature of its nuclear program. And the international community needs to exercise greater control over uranium enrichment and

plutonium separation, as proposed separately by the director-general of the IAEA as well as by President Bush.

- The administration should secure full funding under the cooperative threat reduction (“Nunn-Lugar”) program to enhance security at sites (laboratories, research reactors, and fuel-cycle-related facilities) holding nuclear materials in the former Soviet Union and elsewhere that, if diverted by terrorists, could be used to create a nuclear weapon or a dirty bomb. To avert a looming threat, speedy progress will require presidential leadership, a significantly larger budget, and the participation of the broadest number of states. The Global Partnership Against the Spread of Weapons and Materials of Mass Destruction, launched in 2002, should be broadened beyond its initial G-8 membership, and the United States should take the lead in providing its pledge of \$10 billion which the G-8 states have promised to match.

- While all the governments in the Middle East support the objective of establishing a regionwide WMD-free zone, it is not practical to implement this objective until all the states in the region are at peace with one another. Specifically, that means no such initiative can be implemented until all Middle East countries formally recognize Israel’s right to exist in secure boundaries. But even before that diplomatic breakthrough is achieved, it is possible to begin specific discussions on what such a WMD-free zone would look like. In this regard, the United States should encourage friendly states and nongovernmental organizations to conduct studies and dialogue exploring the contours and requirements of such a WMD-free zone. In particular, much work will be needed to define the precise preconditions for and timing of the establishment of such a zone; the procedures for verification by member states as well as by international bodies; and the role that outside powers may need to play in this undertaking. In addition, the United States should encourage countries in the region to explore other arms control, confidence-building, and security-building measures they could take to make progress toward such a zone. Given Israel’s status as a nonsignatory of the NPT, it would be especially useful to identify steps that Israel could take, at the appropriate time, consistent with its security needs. One idea to explore, for example, is whether Israel would offer to cease producing fissile material if all other countries in the region agreed to do the same.

As it pursues these specific steps, the administration needs to clarify its approach on integrating counterproliferation within the overall agenda of U.S. objectives vis-à-vis specific countries. The operating principle should be that the United States will respond to proliferators who give up their WMD programs by reducing their international isolation and supporting an end to all WMD-related unilateral and multilateral restrictions on economic transactions, diplomatic interaction, etc. For states whose problematic behavior extends to areas outside of proliferation, however, renouncing WMD alone should not wipe the slate clean. A special concern is the direct or indirect support of terrorism, including terrorism designed to prevent the peaceful resolution of the Arab-Israeli conflict. In those cases, the United States should use the opportunity of proliferators renouncing their WMD program to establish high-level dialogue with these countries to address these other areas of concern. Without progress on those issues, such former proliferator states should know that realizing the full potential of relations with the United States will remain impossible; with progress, the pathway to full, friendly relations is open.

The success at inducing Libya to give up its WMD programs creates a challenge for the Bush administration. Working in concert with its allies, Washington needs to find ways to welcome Libya's positive step on proliferation, so as to encourage other states to follow that route while dispelling regional suspicions that America has now embraced the Qadhafi regime and closes its eyes to Libya's dictatorship. The key is for the United States to make clear that Libya's recent actions can provide the foundation on which bilateral relations could be built but that the full structure of those relations requires consistent and substantial progress by Libya on three fronts: steady progress on domestic political, social, and economic reform; the cessation of any Libyan interference in the domestic affairs of other states (such as the Libyan plot to assassinate Crown Prince Abdullah of Saudi Arabia); and an end to Libyan opposition to a negotiated resolution of the Arab-Israeli conflict. While Washington has discussed some of these issues with Tripoli, it needs to raise the profile of this dialogue even though the prospects for success with Libya are limited. Throughout, the administration needs to keep in mind the twin goals of encouraging other proliferators to give up their problematic weapons programs while not providing them the option of pursuing and then terminating those programs as a way to divert attention from their other objectionable behavior.

THE CHALLENGE OF IRAN

While Washington correctly opposes nuclear proliferation by any country, in the Middle East it has to be especially worried about Iran. This is because of Iran's active support for terrorists, including groups responsible for the deaths of Americans; its publicly stated opposition to Israel's existence (including a statement by the still influential former president Ali Akbar Hashemi Rafsanjani contemplating the possibility of a nuclear exchange with Israel), let alone its opposition to a peaceful resolution of the Arab-Israeli conflict; its continuing involvement with al-Qaeda; its ongoing territorial and natural resource disputes with Arab states of the Gulf; and its activities in Iraq, including close ties to some of the most extreme elements there. Iran's brinkmanship on the nuclear issue only worsens the prospects for Iranian behavior on all these fronts. Far from being a moderating factor on Iranian behavior, Iran's acquisition of a nuclear weapons capability—should it come to pass—would dramatically increase the potential for Iran to exert a negative influence over regional states and would fundamentally alter the balance of power in the area.

A major reason for heightened concern about Iran's nuclear program is that failure to resolve the challenge of Iranian proliferation would itself seriously weaken the global nonproliferation regime. If all the effort devoted to the Iran problem by the IAEA, European countries, and the United States still fails to prevent Iran's acquisition of nuclear weapons, then many states are likely to draw the conclusion that there are no effective barriers to proliferation. In the Middle East alone, Iranian proliferation could constitute a critical "tipping point" after which it may be difficult to stop further proliferation by a country like Saudi Arabia, which may feel threatened by Iran, or by a country like Egypt, whose nationalist sensitivities and security perceptions may combine to oblige it to join the nuclear club once several others in the region have already joined, or even by countries such as Syria or Algeria. Reverberations in other regions are likely to be felt as well. In short, the fear of Iranian acquisition of a nuclear weapons capability is not that the Iranian regime is, by its nature, undeterrable; rather, the threat emerges from the disastrous impact this new capability could have on the regional balance of power, including (but not limited to) the likelihood that it would trigger a nuclear arms race that would leave the entire region—and the world—much worse off.

Responding to the Iranian proliferation challenge should start with upgrading the coordination and exchange of intelligence assessments on this issue with key allies in Europe, Asia, and the Middle East. In light of the Iraq experience, it is essential that international efforts to prevent Iranian acquisition of a nuclear weapons capability rest on an assessment of Iran's progress toward that goal that is as common, collective, and agreed as possible. As time passes and the urgency of the Iran issue rises, maintaining intelligence and analytical exchange is important to restrict disputes between Washington and its allies to differences over tactics rather than more fundamental disagreements over the nature of the problem.

Diplomacy should begin with coordinating efforts between Washington and its key allies so as to convince Iran that nuclear weapons do not serve its purposes. To the extent that Iran wants nuclear weapons to deter perceived threats in its unstable neighborhood, then it might be possible for the United States, in conjunction with its allies and friends, to propose means to address Iran's legitimate security concerns and its worries about potential attack from the United States or Israel. However, Iran's objectives in pursuing nuclear weapons seem not to be solely defensive in nature. Rather, they appear to include the acquisition of nuclear weapons as a symbol of national pride and as an instrument for the assertion of power in the region. These Iranian objectives for nuclear weapons—especially to the extent that Iran wants them to impose its will on other states—are not acceptable to the United States. Therefore, the goal of U.S. policy should be to work with allies to find means to persuade Iran that acquisition of nuclear weapons would come at a price too high to be worthwhile—either because they prevent Iran from achieving its larger objectives or because they open Iran to penalties it is not prepared to accept.

This will not be an easy task. To achieve it, Washington will need to invest in deepening and broadening the international consensus about Iran's nuclear program and its destabilizing implications, working as closely as possible with Europe, especially Germany, France, and Britain. On Iraq, U.S.-European cooperation is preferred but not essential; on Iran, U.S.-European cooperation is a necessary prerequisite, especially if this problem is to be resolved through diplomatic and economic means alone.

Specifically, the United States needs to develop a consensus with its European allies that it is unacceptable for Iran even to be on the brink of a nuclear weapons capability, building on the German-French-British letter to Iran insisting that it had to give up a full closed fuel cycle. The heart of this con-

sensus should be a U.S. willingness to extend incentives to Iran in the event of substantial progress and a European willingness to join with the United States in the application of sanctions—diplomatic, economic, or even military—against Iran in the event of deadlock. Since the key to persuading Iran is to offer larger carrots and threaten with larger sticks, the United States and Europe must each do its part: the former must add incentives to parallel the disincentives it wields, while the latter must inject the credible threat of sticks (and the willingness to use them) to the carrots it proposes.

The principle governing U.S. policy toward a European-led agreement with Iran is that the size of U.S. carrots should be commensurate with the depth of Iranian compromise. In the event that Iran were to agree to end all its nuclear programs, with appropriate verification mechanisms, Washington should propose to lead an internationally coordinated assistance program to finance the development of alternatives to nuclear power. If, in a more limited deal, Iran were to reach agreement with the Europeans on a guaranteed fuel supply for the Bushehr nuclear power plant in return for Iran ending all its enrichment activities and forswearing the reprocessing of spent fuel, the United States should offer to coguarantee Iranian access to the fuel on two conditions: first, that Iran agree to rigorous verification procedures about the full range of its nuclear activities, and second, that Europe agree in advance on the precise definition and timetable for implementation of penalties to be imposed in the event that Iran were to violate the agreement.

In general, the most important role for Washington in terms of negotiations with Iran is to coordinate with Europe, explicitly stating U.S. willingness to take actions—both positive and negative—toward Iran based on how the European talks proceed, as well as to work to secure greater consensus among the major powers. Nevertheless, the stakes are so high that the United States should consider proposing that the European-Iranian talks be converted into multilateral talks formally involving the United States if there was a transatlantic consensus that U.S. participation would facilitate reaching a verifiable agreement that terminates Iran's programs to acquire a nuclear weapons capability. The terms of this wary engagement need to be detailed, in advance, with the Europeans—i.e., the precise definition of Iran's commitments and the verification and inspection regime; the incentives Iran would receive in exchange for giving up its nuclear fuel cycle and related activities; the substantial negative consequences, including sanctions, Iran would face either in the event that no agreement is reached or if Iran violates the agreement or impedes its execution; and an

agreed deadline for reaching an accord with Tehran. Given the urgency of the situation and Iran's track record of deceiving the international community, reaching an understanding with the Europeans on this issue needs to be a first-tier national security priority.

Another actor—Russia—has a key role, too. Moscow is critical to underscoring to Iran the high price the Iranians will pay should they maintain their current nuclear policies, and this issue should figure prominently in U.S.-Russian relations. The Bushehr nuclear power facility that Russia is building is a matter of great symbolic importance to the Iranian regime. Should the Russians adopt the position that the plant will not be completed until the satisfactory completion of an Iranian-European agreement on nuclear issues, that would be a powerful inducement for Tehran to reach such an accord. This is not just a favor to the United States; Russia has a strategic and security interest in Iran not acquiring nuclear weapons.

U.S. efforts to secure greater consensus on Iran among the great powers should include not only Russia but also the other permanent member of the Security Council, China, which is deepening its strategic relationship with Iran but still has an interest in preventing a nuclear spiral in the Middle East that could be triggered by Iran's nuclear ambitions. When Iran has seen that the major powers are unified, Tehran has been prepared to yield ground. The unified position should include firm insistence that Iran not have a complete nuclear fuel cycle, even if key elements of that cycle are nominally part of a safeguarded civilian nuclear program, and that Iran agree to extensive inspections and safeguards, including inspections of any sites where weapons-related activities may be underway, careful monitoring of any nuclear fuel sent to Iran, and quick return of spent fuel to the supplying country.

The Europeans and Iranians have also agreed that their discussions will cover the question of terrorism. In addition to insisting that Iran cease providing safe haven for al-Qaeda members, the talks will provide an opportunity for Europe to make an important contribution to Middle East peace by insisting that Iran stop its financial and material support to anti-peace terrorists and end its challenge to the new Palestinian leadership's efforts to prevent violence against Israel. While Iran has long aided and supplied rejectionist groups, its efforts are growing. Indeed, Israeli intelligence reports that up to 80 percent of all anti-peace terrorism is today funded and supported by Tehran; for their part, Palestinian officials have also recently warned about the threat to an emerging ceasefire posed by

the Iran-backed Hizballah. It is essential that the British, French, and Germans make clear to the Iranians that there can be no political and economic benefits for Tehran if it continues to subvert prospects to end the Israeli-Palestinian conflict.

The talks between Europe and Iran will be difficult and may break down. In that case, it will be necessary for Europe to remind Iran about the European Union “Strategy against Proliferation of Weapons of Mass Destruction” (adopted by the European Council on December 12, 2003), which states that “coercive measures under Chapter VII of the UN Charter and international law (sanctions, selective or global, interceptions of shipments and, as appropriate, the use of force) could be envisioned” when political and diplomatic measures are unable to stop WMD proliferation. These measures could have considerable impact on Iran’s leaders; even the most hardline want to avoid Iran being labeled an international pariah. That said, the harsh reality is that there is no guarantee that diplomatic or economic measures could prevent Iran from acquiring a nuclear bomb if it is prepared to pay a sufficiently high cost.

For the United States, the idea of engaging Iran unilaterally in negotiations separate from the Iran-Europe talks holds little likelihood of success and would probably serve as a distraction from the pursuit of a European-Iranian agreement. This is especially the case with the idea that the United States take the lead in pursuing an even more ambitious bargain with Iran, in which Washington would seek an agreement whereby Tehran would abandon its nuclear programs as well as all support for terrorism, including against Israel, in return for full normalization of U.S.-Iranian relations and settlement of all outstanding financial claims. At worst, this effort runs the risk of providing Iran with a diplomatic diversion, during which it could proceed apace with its nuclear program.

There are two issues on which Washington should offer no compromise in order to ease negotiations with Tehran. First, in line with the president’s inaugural commitments to provide political and moral support to pro-democracy forces around the world, the administration should continue to reach out to the people of Iran. Despite complaints from hardliners in Iran that support for reformers and democrats is a cover for a policy of “regime change,” Washington should persist in its frequent and frank criticism of the Islamic Republic’s failings on human rights and the rule of law and find ways to lend material and moral aid to those reformers and democrats, who are among the most pro-American in the region. In this regard, we

urge the administration to strengthen its program of internet, radio, and television broadcasting to bring Iranians the news and the cultural programs their government will not. Washington should also find ways, consistent with terrorism concerns, to expand people-to-people interaction, for instance, by easing sanctions rules for graduate students and cooperation with civil society organizations. This should include new initiatives to provide financial and other material support to Iran's freedom-seeking opposition. That said, it would not be prudent for Washington to base its policy on the assumption that Iran's regime will fall soon. For that reason, the United States must deal with the current Iranian government so long as it is in power. And as long as that government works constructively and expeditiously to negotiate and implement an agreement on nuclear issues, the United States should not pursue military efforts to implement a policy of "regime change."

Second, the United States should not forswear military options to address the Iranian nuclear challenge. Indeed, there is an important role for military options in complementing U.S. and international diplomacy and in deterring Iran from proceeding down the nuclear path. In particular, the military can be used to reassure worried regional states that Iran is being dealt with (and therefore they need not proliferate or strike Iran), to show Iran that its security will be worse off for its refusal to curtail its nuclear programs, and to increase the U.S. ability to use military force if the need were to arise later. Possible steps in this effort include broadening membership in the Cooperative Defense Initiative (CDI) beyond the current Arab states of the Gulf to include states that neighbor Iran on other borders, including Turkey and Central Asia, and deepening cooperation in all the CDI areas; enhancing the numbers, capabilities, and effectiveness of the Israeli Arrow and other antimissile systems in the region; selling more advanced weapons to friendly states near Iran (e.g., precision-guided munitions, antisubmarine warfare systems); and convening more active and realistic combined U.S. and regional exercises aimed against the Iranian threat. One additional initiative the United States should undertake is a high-level study of the manner, timing, and implications of providing security guarantees to states threatened by a nuclear Iran or an Iran whose nuclear status is uncertain. This could be a useful way both to convince Iran that the costs of acquiring a nuclear weapons capability may not be worth the perceived benefits as well as to prevent further proliferation by other regional states.

Because the ultimate acquisition by Iran of a nuclear weapons capability would pose a clear and present danger to the security interests of the United States, the president should publicly retain the option of using military force to disrupt Iran's nuclear weapons program and be prepared to do so. Unlike Israel's 1981 strike at Osirak, no military operation is likely to be able to destroy Iran's nuclear weapons program given its advanced state, the dispersal of its constituent parts, and the numerous elements of the program. Indeed, there are many reasons why the use of military force against Iran is not an attractive option, including the imperfect intelligence about what to hit and Iran's potential for large-scale retaliation against U.S. and allied interests via terrorism and other means. Nevertheless, the United States should make clear that Iranian acquisition of a nuclear weapons capability would pose such a high cost to U.S. security that it is willing to pay the price to disrupt that process by military means, if necessary.

Coordinating with Israel on the issue of Iran's nuclear program is crucial. Given the Islamic Republic's stated position denying Israel's right to exist, its proven track record of terrorism against Israeli and Jewish interests, its active support of groups that kill Israelis and undermine peace diplomacy, and its development of a long-range capability to strike at Israel (a capability that could reach other U.S. allies as well), Israel understandably views Iran's nuclear programs with the gravest concern. Because the United States and Israel may share a similar—though not identical—calculus about the sense of urgency posed by Iranian proliferation and the options to address it, it is important for Washington and Jerusalem to work together, at the highest levels, to ensure that their analysis and their policies are as complementary and coordinated as possible.

For this administration, as with any other, biding time may be a tempting prospect. But time could work to Iran's advantage rather than that of the West, particularly if Iran continues to make progress in its nuclear program while stalling to delay international pressure. At a certain point, Iran may achieve the status of nuclear ambiguity in which other countries will have to form their own policies on the assumption that Iran has nuclear weapons even though Iran has not declared or tested any. Indeed, Iran may contend that it only has a wide range of nuclear capabilities rather than an actual bomb, while broadly hinting that it could speedily develop a bomb if the outside world presses it too hard. Stopping Iran short of achieving this status—by diplomacy, if possible; by other means, if necessary—is a vital U.S. interest.

Energy Security: Reducing Vulnerability

WHILE THE STRATEGIC CHALLENGES DISCUSSED ABOVE WILL place huge demands on the time and energy of the president, we believe it is important to lend our voice to calls for presidential leadership on an issue that falls largely outside the mandate of this report: energy policy. The current situation of American dependence and vulnerability is a profound challenge to our nation, in many respects. As far as the Middle East is concerned, a bold yet practical vision of reform of U.S. energy policy could lead to substantial reduction in America's vulnerability to Middle East shocks to energy resources and would significantly enhance our freedom of action in advancing policies throughout the region.

Throughout the 1990s and until quite recently, world oil market conditions were remarkably favorable for U.S. interests. Not only were oil prices low, but the power of OPEC was weakened by increasing diversity of supply. There was sufficient unused capacity that no hostile producer was able to use oil as a weapon against the West; Saddam's periodic cessation of Iraqi oil exports never had much impact. The United States was able to maintain economic sanctions, sometimes unilaterally, against three major Middle East oil-producing countries—Iraq, Iran, and Libya—without being greatly concerned about the impact on oil markets. Given such favorable oil market conditions, it is not surprising that concern about energy security faded.

That favorable situation is gone. A confluence of factors has led to the current tightness in oil markets: rapidly rising demand from the vibrant economies of developing Asia, especially China but also India; unsettled conditions in a range of major oil producers, from Venezuela to Nigeria to Iraq; and continuing uncertainty about the prospects for the vital Russian oil industry. Under these circumstances, a relatively small reduction in supply quickly translates into a substantial price increase, as occurred after hurricane damage reduced Gulf of Mexico output. These tight market conditions make the world economy, including the U.S. economy, vulnerable to supply shocks, that is, a sudden drop in output, whatever the reason or wherever it occurs. And most analysts (especially those with good track records) believe that tight markets will persist for some years; considerable

expansion in oil production capacity will be needed just to keep up with growing demand and to offset declining production from aging fields.

The biggest worry has to be about the Persian Gulf, both because it produces more than one-quarter of the world's oil and because it is a region subject to many sources of instability. It will be difficult for Gulf states to meet the increasing demand for their oil in the event of widespread terrorist attacks on oil facilities or on Western personnel. Similarly, it could be hard for Gulf states to design and implement oil expansion plans if they are preoccupied by regional disputes or domestic political problems, whether from challenges by radicals or conflicts over regime succession.

Of particular concern is Saudi Arabia, both because it is one of the largest oil suppliers and because the U.S.-Saudi relationship is under challenge. Washington and Riyadh have long had a strategic relationship based primarily on our strong common interest in the unimpeded flow of oil at stable prices. This relationship is now being tested—first, by the radical Islamist forces which were responsible for the September 11 attacks and which seek to overthrow the Saudi royal family and, second, by U.S. concerns that the Saudi regime is failing to act with necessary vigor to implement political reform at home, to stop the flow of all official and unofficial financing of groups that support or engage in terror, and to end the export abroad of radical jihadist ideology and the funding that spreads it.

Furthermore, it is troubling that balance in the global oil market is so tight that there could be a dramatic price rise in the event of political problems in any one major producing country. By necessity, the state of world oil markets will perforce be a major factor in considering how far to push any oil-producing government on other important issues, e.g., how hard to press Saudi Arabia on political reform or how strong action can be taken to stop Iran's WMD proliferation and its support for terrorism.

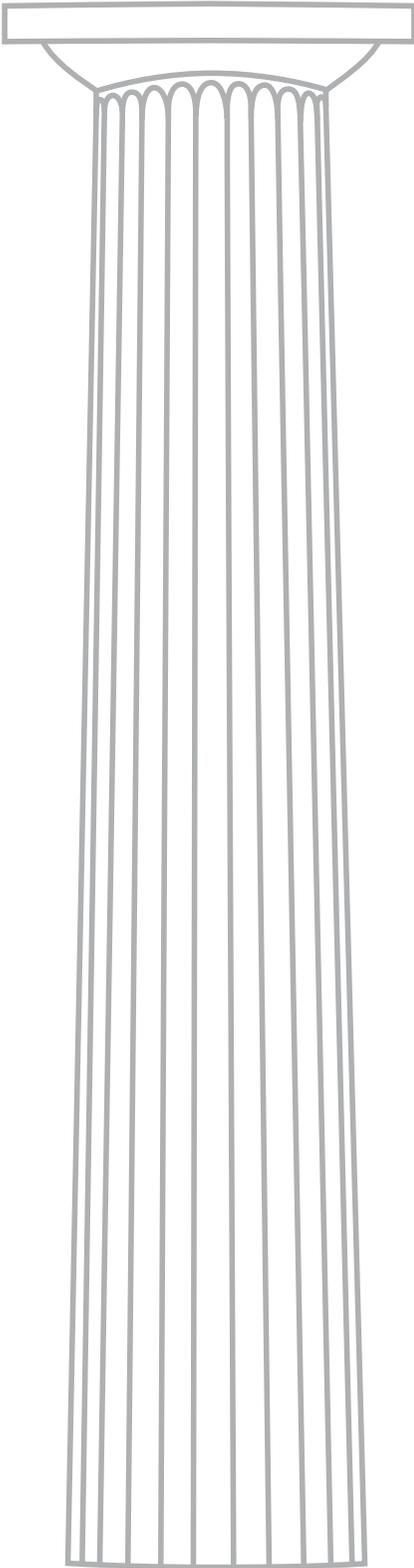
Current oil market conditions highlight the price America is paying for heavy reliance on energy from the volatile Middle East. While there has long been broad political consensus in favor of improving U.S. energy security, action has been blocked by sharp disagreement over how to achieve that objective. Some argue that greater energy efficiency and conservation is the key; others emphasize increased diversification of energy supplies, including greater domestic production. These competing approaches have resulted in little action on any front.

Assembled as it was to address U.S. Middle East policy, the Study Group did not consider itself competent to offer specific recommendations on

the entire mix of policies the administration should adopt to address the nation's energy security problem. But the Group wants to lend its support to calls for presidential leadership to reduce U.S. dependence on foreign sources of energy, especially the need to explain to the American people the importance of reducing U.S. vulnerability to Middle East energy supply shocks. He should argue that this goal is sufficiently urgent and important that none of the key constituent interest groups—consumer, industry, and environmental—can be spared the responsibility of making painful compromises to achieve a coherent, national policy. There is no one silver bullet that will provide energy security, but there are a large number of measures each of which will make a contribution. Inevitably, to reach any political consensus, a national energy policy will have to include initiatives to raise energy efficiency, promote conservation, and increase domestic production of both conventional and alternative fuels. The task is to reach a compromise—however imperfect—on a set of steps in each of these areas.

Almost every proposed change in energy policy will take some years before much impact will be felt. For instance, changes in automobile fuel standards or fuel type will be felt only as the vehicle fleet is renewed, which is a slow process. (The average life of a new automobile today is twelve years.) The long delays in changing energy use add to the U.S. vulnerability to a supply shock: the only ways to adjust to an abrupt shock are through extremely painful measures, such as radically higher prices. Unless policy changes are put in place soon, the most likely prospect is that U.S. vulnerability to a Middle East supply shock will continue or even grow.

In addition to changes in its own energy policy, the United States needs to reach out to China and India for them to play a more active role at promoting global energy security. Dialogues with each country should touch on a range of critical issues, pertaining both to global energy issues as well as to specific Middle East issues. At the top of the energy agenda should be the importance of their participation in the international system for maintaining strategic petroleum reserves.



PART II

**The
Reform
Pillar**

A Strategic Response

WHILE THE UNITED STATES AND ITS ALLIES HAVE REGISTERED significant victories in the war on terror, progress toward strategic success has not kept pace. This is reflected in two main ways. First, more than three years after September 11, Washington still lacks a clear strategy to combat the spread of Islamist extremism. In this regard, the most important analytical insight of the 9-11 Commission deserves ringing endorsement: i.e., “[T]he enemy is not just ‘terrorism,’ some generic evil. This vagueness blurs the strategy. The catastrophic threat at this moment in history is more specific. It is the threat posed by *Islamist* terrorism—especially the al Qaeda network, its affiliates and its ideology.” (Emphasis in original text, p. 362). Indeed, American leaders—of both parties—are too reluctant to identify the enemy for what it is (Islamist extremism) rather than for what it does (employ terrorism as policy). And if public opinion surveys are an accurate bellwether of political sentiment in long-closed societies, this hesitance to speak the truth about the nature of the threat has won America few friends in the streets, schools, cafes, or foreign ministries of Muslim countries.

A strategy to counter Islamist extremism would focus on waging a “battle of ideas” against the challenge that jihadist ideology poses both to Muslim societies and the West. It would include a systematic and internationally coordinated effort to restrict the flow of recruits to radical and terrorist groups. This would be achieved by reaching out to the vast number of Muslims, across the political and religious spectrum, who are repelled by and fearful of the spread of Islamist extremism. And it would highlight efforts to convince ordinary Muslims that the United States targets only those radicals and terrorists who claim the banner of Islam as their own and to win those Muslims over as allies and partners in the fight against extremism.

A second shortcoming of U.S. policy has been difficulty in addressing the complications of dealing with states whose contribution to the terrorist problem is less acute than full-blown state sponsorship of terrorism. Here, the challenge is to find the proper balance between fighting terror and promoting political, social, cultural, financial, institutional, educational, and other forms of reform that will make future terrorism less likely. The need

for liberal, democratic, and free-market reform of Arab and Muslim governments and civil societies is universal but the specific type of reform that the United States should, in the first instance, advocate in the fight against Islamist extremism can differ from country to country. For example:

- In Yemen, Washington's task is to prevent the country from becoming a failed state by helping the San'a government to exert control over largely ungoverned tribal areas.
- In Egypt, which fought its own battle against extremist Islamist terrorism in the 1980s and 1990s and needs no prodding from Washington to maintain vigilance on that score, Washington's priority is to urge the Cairo government to open political space to technocrats, political liberals, and economic reformers and end a tacit bargain that has awarded nonviolent Islamists influence over social and cultural matters to compensate for the crackdown on the violent radicals.
- In Saudi Arabia, the ruling al-Saud family may recognize the need to undertake tactical military operations against jihadists but the United States needs also to compel them to deepen their efforts to halt the export of the jihadist ideology that has provided the seedbed for terrorism and to end—not just limit or curtail, but end—their sufferance (if not endorsement) of hateful, anti-West, anti-Semitic incitement.
- And in Pakistan, perhaps the most critical example of the fight terror/promote reform paradox, a multifaceted challenge that extends from rooting out extremists and their sympathizers from government bureaucracies to combating the insidious influence of jihadist madrasas is itself magnified by the complications of working almost exclusively through the brave though autocratic leader of a nuclear-armed state often at odds with an even larger, nuclear-armed neighbor. In this context, Washington should exert maximum effort to support the India-Pakistan peace process, which offers an important opportunity to restrain jihadist extremism in Kashmir and, ultimately, Pakistan itself.

In order to address the two fault lines described above, the administration should focus on injecting political reform into bilateral relations, reprioritizing the battle of ideas, and projecting American values.

Injecting Political Reform Into Bilateral Relations

WASHINGTON SHOULD INTEGRATE POLITICAL REFORM, liberalization, and democratization as central elements in U.S. bilateral relations with key states. This is a major challenge. While there may have been good reasons to lend unreserved support to authoritarian regimes at various points of time—to win the fight against communism or to establish Arab-Israeli peace, for example—the urgency of the threat of Islamist extremism and the terrorism it spawns against U.S. citizens and interests makes the domestic political structures of Muslim societies a central and legitimate concern of U.S. national security. In this regard, the president’s bold endorsement of freedom, liberty, and democracy, rather than stability, as the touchstone of America’s engagement in the Middle East should be recognized as a major turning point that has the potential for triggering a profound—and positive—shift in how Washington pursues relations with adversaries and friends alike.

The administration’s second term offers an opportunity to imbue its stirring rhetoric on the theme of reform—and the president’s even more stirring inaugural call to advance freedom and fight tyranny—with content equal to the task. This should include building partnerships with reformers, both those inside and outside governments, and employing the wide range of political, diplomatic, economic, commercial, and human resource tools at America’s disposal. The challenge for the administration is to transform this principle into practical policies that, on the one hand, encourage states to unleash the full, constructive talents of their people and widen participation in governance for their citizens, while on the other hand, isolate the extremists and prevent them from exploiting new freedoms to impose their warped vision of Islam on society. Failure to follow on our strong rhetoric with equally strong action, even if nuanced and subtle, invites the contempt of the region’s autocrats and actually encourages them into greater authoritarianism. If the past is any guide, that dynamic is likely to generate further export of terrorism to our shores and against our interests.

Today, the four criteria that Washington says determine the depth of its bilateral relations with governments in the Middle East are their commit-

ment to combat terrorism (and to cooperate with other governments in that effort); their commitment on the nonproliferation of weapons of mass destruction; their commitment to peaceful resolution of the Arab-Israeli conflict through diplomatic means; and their implementation of the key political, social, and economic reforms outlined above, i.e., the development of accountable, transparent, representative government and the rule of law. Traditionally, the fourth of these has been the poor stepsister to other benchmarks; while recognizing the difficulties of prioritizing items on the U.S. policy agenda with foreign states, the reform agenda must be integrated fully into the foreign policy mix. Incremental but sustained change is not only a way to bolster the development of participatory governments that would dent the appeal of terrorists, but it is also the only way to maintain strong and solid relations with the United States over time.

As important as the specific components of such a strategy may be, the *sine qua non* is presidential leadership. The president's personal relationship with foreign leaders is the guidepost of U.S. policy; both the lyrics and the melody of his conversations with foreign leaders filter down through the bureaucracy and affect all aspects of bilateral relations. The president's willingness to talk candidly about the urgency and necessity of reform in discussions with foreign leaders—sometimes in private, sometimes in public—will infuse our bilateral relations with the sense of mission that flows from that candor.

Across the region, these principles should govern our approach to the promotion of “reform”:

- While maintaining a broad, thematic objective across the region, the administration must be willing to move at various speeds toward different objectives with different countries, emphasizing a country-based approach to this process and rewarding countries on that basis.
- Washington should take advantage of opportunities where they present themselves and press for incremental yet sustained change where the obstacles are most daunting.
- We need to be opportunistic at mixing top-down and bottom-up strategies, recognizing that allies will be found in different constituencies—government, military, business, moderate religious leaders, intelligentsia, nongovernmental organizations—in different countries.

- The United States should not be shy about providing financial support to groups and movements committed to the advance of liberty and freedom in closed, repressive societies. The record shows that despite criticism of various aspects of U.S. Middle East policy, few groups committed to constructive change actually turn down offers of U.S. government support. If they can weather the local political storms in accepting U.S. aid to further their goals, Washington should be willing to provide it.
- The pursuit of political change needs to be complemented by enhanced and consistent U.S. efforts to promote economic growth and development. While Washington should no longer accept the argument so often made by autocrats that political reform must await economic prosperity, neither should the United States dismiss the political importance of tangible improvement in people's economic well-being. Indeed, some of the most promising engines of reform in the region are places, like Dubai, which have opened themselves to the global economy. In this regard, freer trade, debt relief, economic assistance, and support for private-sector development may all have important roles to play.
- While being sensitive to the security and political concerns of local allies, the administration must be on guard to prevent efforts to dilute U.S. initiatives by drowning them in meetings and summits, suffocating them with a lowest-common-denominator approach, or diffusing them through an appeal to regionalism.

Among friendly states in the region, there are two broad categories: first, those that have embraced an agenda of reform, recognized the importance of integrating political change with economic and social advances, and welcomed active U.S. participation and support of their efforts (for example, Morocco, Jordan, and Bahrain), and second, those that may have supported the concept of reform in theory but have been slow and idiosyncratic in practice, have differentiated sharply between political change and other forms of less-threatening economic and social reform, and have been cool and unwelcoming to U.S. reform initiatives within their country (including Egypt, Saudi Arabia, and Tunisia). With the first group, the administration needs to develop innovative tools to take advantage of receptivity to change coming from within bureaucracies and corners of civil society that have never before been active. With the second group, the administration needs

to have at its disposal strong replies to the many forms of appeal and protest that will be raised to deflect calls for systemic change.

Europe has a special role to play in this effort. Across the continent, there is rising recognition of the danger of Islamist extremism and the need to address it within Arab and Muslim societies before it arrives on European shores and ports. While this has traditionally been the case for southern European countries, leaders of important northern and eastern European countries have recently expressed their anxiety over Islamist extremism and their willingness to confront it. As a result of proximity, demography, and historical legacy, Europe and the United States may not share an identical view of the problem and how to resolve it; nevertheless, there is a proven willingness to work together on this issue, as evidenced by the focus of the June 2004 G-8 summit and the ongoing Forum for the Future that resulted from it. The administration should work to maximize cooperation with Europe, including through a division of labor regarding various aspects of the overall reform project, combining American vigor, European experience (from such undertakings as the Barcelona Process and the European Neighborhood Policy), and the common resources that each side needs to bring to the table to make this a serious effort. In this regard, one idea that merits support is the proposal that the Helsinki process, which helped to develop European democracy and security, be extended to the Mediterranean states of North Africa and the Middle East by inviting the six “non-participating Mediterranean states” (Morocco, Algeria, Tunisia, Egypt, Israel, and Syria), each of which participated in the Helsinki negotiations, into full membership.

As the region’s only full-fledged democracy with a predominantly Muslim population, Turkey also occupies a unique place in the reform project. This is not because the United States should offer other Muslims the Turkish model as the path to reform. Rather, this is because many Muslims are already watching Turkey’s growing integration in Western institutions with admiration and learning about the domestic reforms that made this possible. For this reason—as well as for the evident benefits to the Turkish people themselves—the administration should continue to support Turkey’s accession to full European Union (EU) membership and work with the Turkish government in advancing that goal. Given the importance of anchoring a large, predominantly Muslim country in the Western world, thereby completing the process that began with Turkey’s membership in NATO, Washington should support Turkey’s EU ambitions—even

if a more European Turkey is increasingly a less staunchly pro-U.S. one. It should be noted that supporting the progress of a secular, democratic Turkey does not necessarily mean U.S. endorsement of any particular party that governs the country. After more than eighty years of incremental but persistent progress toward building the democratic institutions that made possible the coming to power of a political party in Turkey with a clear Islamist pedigree, the real lesson of the Turkish experience is that there are no shortcuts on the road to democracy.

Waging the ‘Battle of Ideas’

THE ADMINISTRATION NEEDS TO RAISE THE POLITICAL, policy, and bureaucratic level of the ideological battle against Islamist extremism to a central focus of the war on terror. At the moment, the ideological component of the war on terror lacks leadership, direction, and resources. While every day may bring a more pressing security concern, the result of this cumulative neglect is to cede the battle of ideas to the radical Islamists—the immediate victims are Muslims around the world, but U.S. interests suffer, too. Taking this seriously will require an injection of presidential will and leadership as well as a comprehensive reengineering of how the U.S. government reaches out to foreign publics. This is not merely a public relations challenge. Whether or not Islamist extremism finds fertile ground in Muslim societies today is as fateful as whether states chose to be communist or free during the Cold War. While the battle of ideas is principally an internal fight among Muslims being waged within each individual society, the United States cannot avoid a role as a central player; American values, policies, and interests are at stake as well. The commonly used term “public diplomacy” does not adequately reflect the vastness and complexity of the ideological campaign that must be waged to identify, nurture, and support Muslim allies in the war campaign against extremism, to advocate U.S. policy, and to promote American values.

Structurally, the U.S. government is not well organized to fight the battle of ideas. The State Department is best suited to engage with foreign governments, not foreign publics; the two principal addresses empowered to engage in this battle either lack bureaucratic heft (e.g., the undersecretariat for public diplomacy in the State Department) or are legislatively circumscribed from critical aspects of this effort (i.e., the Broadcasting Board of Governors [BBG]). Given the urgency of the moment and the constraints at hand, we urge the president to strengthen the role of the National Security Council (NSC) in leading this effort, devising strategy, and coordinating the contributions of relevant government agencies, including the State Department, the U.S. Agency for International Development, the Department of Defense, and the BBG. More broadly, the president should direct the NSC, which has the principal responsibility for coordinating national

security initiatives across the federal bureaucracy, to take steps that would build the capacity of the U.S. government to be effective in the long-term ideological battle against Islamist extremism, strengthening our ability to wield nonlethal instruments of power, including public diplomacy, nation building, democracy promotion, and postconflict reconstruction. This should include a thorough review of the effectiveness of our strategic communications, including our radio and television broadcasts to Arab and Muslim countries, with an eye toward revamping the entire range of media outreach to Arab and Muslim publics using all mediums at our disposal, from internet to textbooks. The president should at the same time direct the Office of Management and Budget to view this mission as a national priority and to secure adequate funds for its implementation. He himself may need to take the lead in seeking congressional approval for legislative reforms and additional appropriations to improve America's capacity to fight the ideological battle properly and successfully. This needs to be pursued in the early months of a new administration if it is to have the vigor, energy, and political capital to win congressional support and ultimately be realized.

A mere bureaucratic reshuffle will not win the battle of ideas. The administration must find innovative ways to tap all our national and international resources. This includes the many useful contributions that can be made by the nongovernmental sector, the business sector, and others in complementing U.S. government efforts. Indeed, in the hard work of identifying, supporting, and nurturing Muslim allies in the contest against Islamist extremism, much can be achieved without a big government footprint. This is especially the case in the all-important education sector, the principal battleground over the next generation of Arab and Muslim hearts and minds.

Throughout, the goal should be to engage Muslim publics in the Middle East and around the world with three objectives in mind:

- To support Muslims and other Middle Easterners committed to the political, social, and cultural battle against Islamist extremism.
- To advance the cause of freedom within Muslim societies by working in support of groups and individuals committed to building blocks of accountable, transparent, representative government, women's and minority rights, and the rule of law.

- To promote understanding of—and greater sympathy for—U.S. values, culture, and policy.

This is a long-term struggle that requires near-term action. The key to success lies in recognizing the urgency of the ideological challenge posed by Islamist extremism, understanding the importance of winning this fight as prerequisite to the systemic political and social changes in Muslim societies that would benefit U.S. national security, and committing the human, material, and political resources to achieve it.

Success in the battle against Islamist extremism also provides a path to resolving the democracy conundrum in the Middle East, i.e., the “one-man-one-vote-one-time” fear that advancing democratic reforms would only produce radical Islamist governments. Nurturing democracy requires nurturing democrats; a policy of supporting people and groups who recognize the challenge Islamist extremism poses to the healthy development of local societies and who are committed to the values outlined above is one of the best ways to do just that.

In this regard, it is important to note that many in the Middle East may oppose certain U.S. policies—such as the war in Iraq or America’s position on the Middle East peace process—but still welcome U.S. support in the battle against Islamist extremism. Washington should reach out to these people in a mature, empathetic way, ready to listen to complaints about U.S. policies, engage in continual dialogue, and “agree to disagree” in order to join forces in an antiextremist coalition. Because these Arabs and Muslims are on the front line in the struggle against Islamist extremism, America should be ready to listen to their needs, concerns, and requirements, offering assistance whenever possible and learning from them what tactics work best in their local environments—the battleground that matters most in this form of ideological door-to-door combat. Throughout, we should recognize that the most important ingredient in the “battle of ideas” will be the willingness of Muslims—pious, observant, lapsed, and secular alike—to work together to defend their societies against the spread of extremism. America’s task is to encourage, support, and protect them.

The Role of Values

THE ADMINISTRATION SHOULD NOT SHIRK FROM BOLDLY asserting American values. One of America's greatest assets is its willingness to speak publicly and act clearly in defense of its core values—freedom, liberty, and equality. Recognizing that American candor and action can complicate relations with individual countries, including friendly ones, history has shown that a U.S. policy infused with a consistent regard for these core values earns far more friends than it loses.

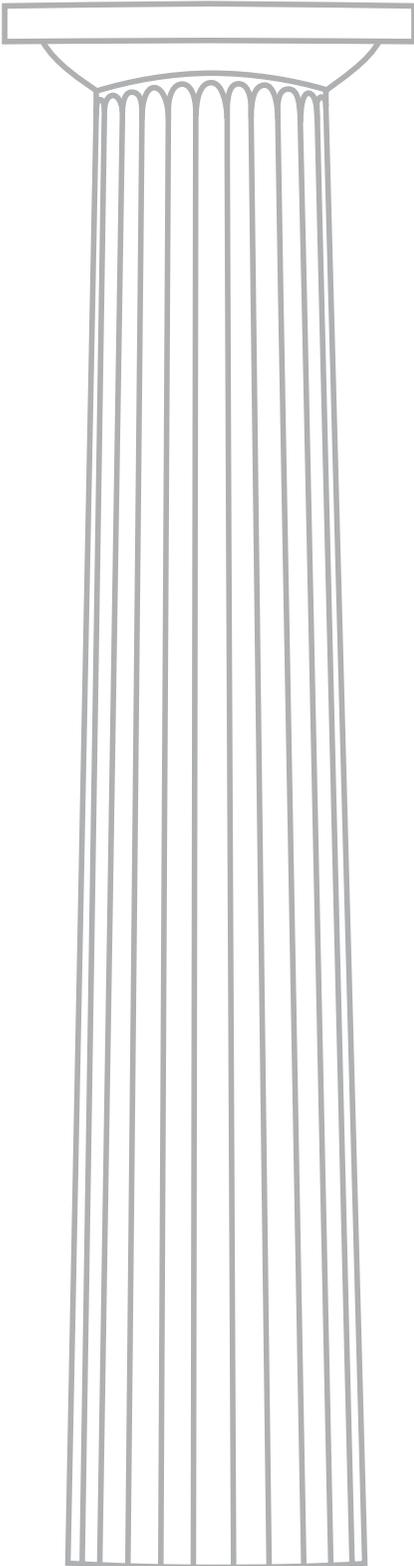
In the current Middle East context, this means speaking out and acting clearly on egregious violations of human rights, such as the political and cultural repression in Iran, the denial of religious freedom and women's rights (including the right to vote in this year's local elections) in Saudi Arabia, and the curtailment of rights and freedoms in Egypt and Tunisia. While remaining sensitive to the security needs of friendly countries, Washington should not fear that its candor will trigger the collapse of regimes that are supportive of various U.S. strategic interests.

In virtually all Middle Eastern countries, the institutions of state and power are strong enough to withstand whatever critique America is likely to make and savvy enough to deal with intense scrutiny on these issues while working cooperatively with Washington on other issues. Countries that enjoyed considerable U.S. support for their efforts to combat and defeat campaigns of Islamist terrorism in the 1980s and 1990s know that America is sympathetic to their need for vigilance; they also need to recognize that the very success of previous years has provided room for political opening today. Indeed, the general rule is that the administration need not fear that plain talk—especially at high levels and in private but increasingly in public, too—will undermine the stability of a friendly state.

The one regional state that is, in fact, most vulnerable to the power of American candor is Iran, whose frustrated populace yearns for international voices of solidarity against the dismal, mind-numbing reality it faces every day. And if the power of speaking truth in public hastens the process of fundamental change inside Iran, that would be all to the good. In countries like Iran and Syria, Washington should reach out to brave democrats,

reformers, and liberals, providing political, moral, and—when possible—financial and material support.

The best way to advance American values is through action. The power of example should not be underestimated. Recognizing that the battle of ideas is a generational project, progress toward which may not be usefully measured even in an entire presidential term, the United States should go to great lengths to take actions that leave long-lasting impressions on local publics. The goal is not to elicit gratitude or appreciation but to show America's spirit of generosity and compassion and thereby instill in the minds and memories of young Middle Easterners an image of America (and Americans) that is very different from the distortions conjured up by the radicals or broadcast on sensationalist satellite television. Such, for example, may be the lasting impact of America's assistance to the victims of the Asian tsunami, an effort which needs to be sustained through the transition from disaster relief to the reconstruction phase. Another area where the administration should complement its forceful speech with constructive action is to end the genocide in Darfur and press for change in Sudan. Working with the African Union, the European Union, and the United Nations, the administration should enhance its provision of financial assistance, logistical support, and technical personnel to ongoing military and relief efforts. As was the case in Iraq, Kuwait, and Bosnia, the United States once again should be on the side of saving lives in Arab and Muslim countries.



PART III

**The
Peace
Pillar**

New Opportunities in Israeli-Palestinian Relations

THE SECOND BUSH ADMINISTRATION TAKES OFFICE AT A time when there are stirrings of opportunity in Arab-Israeli relations. This comes after more than four years of the Palestinian uprising, during which relations between Israelis and Palestinians have been characterized by terrorism, retaliation, mistrust, and polarization. This moment has opened as the direct result of two key developments—first, the death of Yasser Arafat and his replacement as head of the Palestinian Authority by an elected leader committed to the peaceful resolution of the conflict with Israel; second, the adoption by the government of Israel of a policy of disengagement from the Gaza Strip and the northern West Bank, following upon implementation of significant active and passive counterterror measures, including the construction of the “separation barrier.” Individually, each one of these changes constitutes a radical shake-up of a long-held status quo; together, they hold the potential for putting Israeli-Palestinian relations on a healthier basis and resuscitating diplomacy between the two parties. These two key changes converge in 2005. The recent Israeli-Palestinian summit meeting in Sharm al-Sheikh and the parallel declarations of ceasefire issued there were visible and tangible testaments to the possibilities now at hand. Drawing on lessons from the past, the task for the administration is to capitalize on the moment to advance the prospect of a secure peace. To fulfill the promise of the moment, a renewed commitment to high-level activism is warranted.

In a world of competing tugs on presidential time and national interest, our recommendation for activism on the Arab-Israeli front is not made lightly. In contrast to the 1991 situation, for example, when a president pivoted from war fighting in the Persian Gulf to peacemaking in the Arab-Israeli arena, the United States today faces an array of clear and present dangers to its security that should command first attention on the president’s agenda. Indeed, if the only option for high-level engagement available to U.S. leaders was to once again try to jump-start Oslo-era “land-for-peace” diplomacy between Israel and the Palestine Liberation Organization, activism would not be the right approach. And if the only rationale for high-level engagement was to counter sentiments found in

many Arab and Muslim countries about America's alleged indifference to the fate of Palestinians, presidential activism would not be a wise recommendation. But the confluence of new Palestinian leadership and the prospect of Israeli disengagement changes this equation.

On the one hand, the death of Arafat has removed from the scene one of the foremost obstacles to progress. In his wake, the evident desire among a wide range of Palestinians to repair the entire edifice of Palestinian governance—beginning with a series of presidential, legislative, party, and local elections—is a heartening development. This process of political reform, institution building, and democratic development deserves active American support—not least because it represents a long-sought goal of the president's first administration. With the election of a new head of the Palestinian Authority who has repeatedly renounced the use of violence to achieve Palestinian political aims, there is now a legitimate and worthy Palestinian interlocutor with whom the United States can work.

On the other hand, Israel's policy of disengagement envisions withdrawal of military forces and Jewish settlements from the Gaza Strip as well as the northern West Bank. This marks the first time since the 1991 Madrid peace conference launched the "peace process" that Israel has ever volunteered to dismantle communities established on land captured in the 1967 war. The fact that a Likud-led government headed by a military hero and architect of Israel's post-1967 settlement policy believes Israel's security is enhanced by a unilateral decision to withdraw its army and citizens from Gaza, giving the Palestinian Authority an opportunity to demonstrate its ability to govern in an orderly, legitimate, peaceful fashion, offers the potential for positive change in the lives of Israelis and Palestinians alike. This process too deserves active American support—to rally international actors to support Israel's courageous decision to withdraw from territory; to help Palestinians develop the political, administrative, and security institutions of good governance; to marshal international aid for the reconstruction of Palestinian economic life; and to encourage the contributions of third parties (such as Egypt) that have a critical role to play in assisting Palestinian security forces in advance of Israel's withdrawal and in helping to maintain a peaceful postwithdrawal environment.

Investing in the success of these two processes—post-Arafat Palestinian political, security, and institutional reform and Israel's disengage-

ment policy—are the administration’s top priorities in the Arab-Israeli arena. Though they are separate and discrete developments, they are linked by the shared recognition by both protagonists (as publicly noted by the Israeli prime minister) that an Israeli withdrawal from Gaza that is closely coordinated with Palestinians could be beneficial for both sides. Such coordination does not derogate from the importance of Israel’s unilateral decision to undertake disengagement but strengthens the prospect that disengagement will produce a peaceful and orderly outcome. In this regard, the full implementation of Palestinian and Israeli cease-fire commitments made in Sharm al-Sheikh is essential both to carry out Palestinian reform and to implement Israel’s disengagement from Gaza. The combined success of these two processes—Palestinian reform and Israeli disengagement—could mean the emergence of a responsible, legitimate Palestinian government in Gaza whose performance would be the most powerful impetus to a successful implementation of the Roadmap, including resumption of negotiations for the final resolution of this conflict and the eventual entry of “Palestine” into the community of sovereign states.

Specifically, the administration’s peace process policy should focus on the following:

- Supporting the process of disengagement, especially efforts to coordinate security and economic aspects of the move between Israelis and Palestinians, as appropriate.
- Supporting the efforts of reformers within the Palestinian community to fill the leadership vacuum occasioned by Arafat’s death with a new, legitimate Palestinian leadership committed to peaceful resolution of conflict and transparent, accountable government.
- Building on these two developments to lay the foundation for further implementation of the Roadmap and the resumption of permanent status negotiations, which remains the best and most secure route toward achieving the vision of a two-state solution to the Israeli-Palestinian conflict.

Operationally, support for disengagement will require active, ongoing, high-level U.S. diplomacy directed toward the following:

- Working with Israel to lower the risks and costs of disengaging as fully as possible, in both Gaza and the northern West Bank. This could include political, military, financial, and diplomatic support, as circumstances warrant.
- Working with Palestinian leaders, both on the national level and in Gaza itself, to reach a level of operational coordination with Israel so that Israel's departure results in a transfer of control from Israelis to Palestinians that is as orderly and peaceful as possible.
- Working with members of the international community who have shown an interest in the success of disengagement, including the three other members of the Quartet—the European Union, Russia, and the United Nations. Especially important is encouraging them to play a constructive role in such areas as the security of international transit points and routes, the economic reconstruction and rehabilitation of Gaza, and the political and moral delegitimization of terrorism. In this regard, proposals for international conferences or Security Council resolutions focusing on these agenda items are welcome and deserve U.S. support; however, conferences and resolutions whose outcome—either by design or happenstance—would divert the energies of the core parties from the tasks at hand are unwelcome and should be opposed by the United States.
- Working with Egypt, which has indicated its willingness to explore new forms of engagement in the security and the political realms, both to assist Palestinians to take advantage of the opportunities of disengagement and to secure Egyptian interests vis-à-vis its Palestinian neighbor. As a result of the positive steps that have recently been taken to warm Egyptian-Israeli relations, Washington should work to promote Egyptian-Israeli cooperation in this effort, recognizing both the opportunities it offers and the higher stakes involved for this most important of Middle East peace relationships.

Support for Palestinian reform means lending political, moral, financial, and material support to those Palestinians committed, without reservation, to delegitimizing violence, accepting Israel as a Jewish state, and creating a Palestinian government based on principles of transparency, accountability, and democracy. This should include:

- Supporting a process of elections for various levels of Palestinian government as the best way to develop an accountable and legitimate leadership in the post-Arafat era.
- Lending assistance to the rationalization and reform of Palestinian security forces, based on the principle that no independent militias or armed groups should be permitted to contest the Palestinian Authority's total monopoly on the use of force in Palestinian-controlled areas.
- Learning the lessons of past efforts. The United States should act to ensure that the Israelis and Palestinians have a common definition of the terms of any ceasefire, the mutual responsibilities that have been adopted, what would constitute a violation, and what would be appropriate responses to such a violation. With such understandings, the United States could play a role in monitoring reciprocal or parallel security obligations worked out by Israel and the Palestinian Authority.
- Providing the new Palestinian leadership with the financial and political means to demonstrate speedy improvements in the lot of ordinary citizens. This should include harnessing the commitment of international actors (states, international financial institutions, UN and other international agencies, and nongovernmental actors) to fulfill outstanding pledges to the Palestinian Authority and to direct funds toward labor-intensive capital investment, especially infrastructure and housing, so as to address the pressing problem of unemployment.
- Balancing the above need with one of the key lessons of the Oslo experience, i.e., the importance of supporting institutions, not just individuals, no matter how conciliatory or peace-loving the latter may sound. In this context, the United States should avoid offering political blessing to particular individuals, anoint none as America's favorites, and focus on strengthening the legitimacy and competence of the Palestinian Legislative Council and Palestinian judiciary, both of which have the potential to serve as constructive checks on the power of the executive. Washington's sole criterion in working with Palestinian leaders is that they be committed unconditionally to the peaceful resolution of conflict and the absolute renunciation of terrorism, violence, and "armed resistance," and that they do all in their power to prevent and preempt such actions.

It will be difficult for the United States to pursue these objectives without easing security-related restrictions on the movement of U.S. diplomats in the West Bank and Gaza. This step will not be possible, however, until the new Palestinian leadership acts resolutely and definitively to bring to justice those responsible for the murders of three U.S. government contractors, in accordance with recent commitments made to that effect.

DISENGAGEMENT AND BEYOND

Laying the foundation for resumption of peace diplomacy requires gaining early agreement from the parties that disengagement is not an end to itself—important though that goal may be—but a pathway to the greater objective of a negotiated Israeli-Palestinian peace. That objective will itself be best achieved through reference to the set of duties and responsibilities incumbent on each party as outlined in the Roadmap, beginning with phase one of that process. Depending on the circumstances and extent of disengagement, Washington should consider proposing, with like-minded countries, a UN Security Council resolution that endorses Israel's departure of Gaza as the termination of Israel's occupation there, recognizes the Palestinian Authority as the legitimate government of that territory, and characterizes the establishment of that government as an important step toward the realization of a two-state solution to the Israeli-Palestinian conflict. This would have the benefit of strengthening the authority of the Palestinian administration that will assume responsibility for the territory from which Israel withdraws, affirming the continued relevance and centrality of a two-state solution, and, in the case of renewed terrorism emanating from Palestinian-controlled Gaza, providing Israel with recognition of its right to self-defense.

In addition, American diplomacy should include pursuing separate and joint dialogues with Israelis, Palestinians, Arab states, and other international actors that make both preferred outcomes—increased Palestinian responsibility and progress toward a two-state solution—more likely. Specifically, the administration should pursue the following:

- With the Israelis, Washington should urge Jerusalem to affirm its support for a two-state solution and to take steps that manifestly reflect that position. These could include strengthening the humanitarian effort on behalf of Palestinian civilians, dismantling unauthorized settlement

outposts, and implementing fully a policy of no outward expansion of existing settlements and a freeze on establishing new settlements, which together would mean that no additional land will be taken for settlement construction. Of all steps, the most important would be to implement disengagement as fully and speedily as possible and to characterize it as a major step along the road to a two-state solution rather than a strategic objective in and of itself. In this regard, Washington should urge Israel to adopt measures that would allay fears that disengagement is a gambit to avoid addressing Palestinian claims in the West Bank. One helpful step would be to begin the disengagement process with the planned withdrawal from the northern West Bank, rather than in the Gaza Strip. Another would be to complement the disengagement process with a process of redeployment of Israeli forces from Palestinian population centers in the West Bank and the lifting of checkpoints that is implemented as quickly and fully as possible, commensurate with Israeli security concerns.

- With the Palestinians, Washington should urge the newly elected leadership to take assertive measures to end the reign of terror of militias and semi-independent terrorist organizations and instead establish a government monopoly on the exercise of military force, without which the Palestinians can never be credible partners for peacemaking. The first place to begin this will be Gaza, which will be viewed—by Israel and the world—as a test case of Palestinian intentions and capabilities. Securing a full cessation of violence against Israel and Israelis is a necessary first step, but a ceasefire that merely provides terrorist groups an opportunity to rest, rearm, and reload in preparation for further attack is insufficient. Both in Gaza and throughout the West Bank, the Palestinian Authority also needs to affirm its commitment to peaceful resolution of conflict by strengthening recent measures to stop incitement against Israelis and Jews, including the characterization of suicide bombers as praiseworthy “martyrs,” and to invest efforts to prepare the populace for the idea of a two-state solution, i.e., a final resolution to the conflict based on recognition of the legitimacy of Israel as the Jewish state and the creation of a separate independent state of Palestine.
- With Arab states, Washington should underscore its refusal to participate in peace diplomacy in which Arab allies exhort Washington to

“engage” (a code word for pressuring Israel) and Israel to compromise without their own substantive contribution to the equation of success. There are many contributions that Arab states could make to this process. These include, but are not necessarily limited to, lending political support to a new Palestinian leadership and supporting whatever compromises it decides to make in the pursuit of a negotiated settlement with Israel; taking a lead role in delegitimizing terror, stopping or repudiating media incitement, and urging influential religious clerics and other arbiters of local culture to join in that call; supporting the Palestinian Authority’s efforts to stop violence, including by specific and public endorsement of calls to Hamas, Palestinian Islamic Jihad, and other rejectionist groups to halt all attacks against Israelis; and verifiably halting the flow of money to groups that oppose peaceful resolution of conflict. Arab states could play a major role in support of peacemaking by addressing directly the Israeli people’s skepticism of Arab intentions by dropping rhetoric about the right of Palestinian refugees to return to Israel, as opposed to a future Palestinian state; by participating in people-to-people exchanges; by resurrecting multilateral negotiations on regional economic issues; and by undertaking high-profile meetings with Israeli leaders and visits to Israel. Putting flesh on the bones of the Saudi peace initiative approved by the Beirut 2002 Arab summit could be useful. While this might include greater specificity in defining the meaning of an Arab offer of normalization in the context of peace as well as precise mechanisms to ensure that Arab states actually implement their commitments, the most helpful contribution would be to define the specific steps Arab states would take to reinforce and incentivize Israeli-Palestinian progress. That would effectively sketch out an “Arab roadmap” to parallel, strengthen, and support the steps that Israelis and Palestinians need to take under their own “roadmap.” In this regard, and in light of windfall profits that Arab oil exporters have earned in recent years, the fulfillment of outstanding Arab financial commitments to the Palestinian Authority is a key indicator of their interest in peaceful resolution of this conflict. The United States should join with the members of the Quartet in publicly calling on the Arab states, especially oil exporters, to help meet Palestinian material needs. In this context, the administration should consider conditioning any additional expenditure of U.S. funds for Palestinian reconstruction or development on the payment of unfulfilled Arab pledges.

- In addition, the United States should work closely with Egypt and Jordan, the two Arab states that have full peace treaties with Israel, to inject more visible content into their relations with Israel as part of the positive dynamic produced by disengagement and new Palestinian leadership. In recent years, Jordan has maintained a vital strategic and military relationship with Israel and has even witnessed the blossoming of the economic relationship with the growth of Qualifying Industrial Zones, but much of the public content of relations has atrophied. In Egypt, the relationship has, until recently, been on virtual life-support. Recent improvements in Egyptian-Israeli relations—including the signing of trade accords, the reciprocal release of prisoners, and, most importantly, Cairo’s constructive attitude toward Gaza disengagement—and the positive atmosphere these developments have created for the potential for further cooperation underscore the opportunities in this regard. Especially important as symbols of the hopeful moment that lies ahead will be the return of the Egyptian and Jordanian ambassadors to Israel, as both Cairo and Amman have recently committed to do, and the steady if incremental development of normal, peaceful relations among these neighbors.

- With members of the Quartet and other key international actors, Washington should continue to project its unique role as the only country that has political standing and moral suasion with all protagonists, the only country trusted by Israel to have genuine concern for its security, the only country to whom Palestinians (and other Arabs) turn to deposit their concessions in the hope that Washington will wrangle compensating concessions out of Israel, and the only country that all parties are pleased with (or at least satisfied with) to guarantee an agreement. At the same time, Washington should recognize the important contribution that other nations and organizations can play in advancing common interests in the peace process, especially in those areas where America is not well suited to play the major role. Depending on the willingness of the core parties, these areas of activity could include aspects of security monitoring, economic reconstruction, and political institution building. Specifically, Washington should urge international actors—Europeans, Arabs, and officials of international organizations—to make it clear that they will provide assistance necessary for Palestinians to assume their responsibilities wherever Israelis withdraw, on condition that the Palestinian Authority, backed by a reformed and

reorganized set of its own security forces, imposes a monopoly on the use of force. To be effective, international actors need to advocate this position frequently and publicly. More generally, Europe has a special role to play in the international campaign to delegitimize terrorism, the success of which would constitute a major step toward peace.

Engaging in these four sets of dialogues—with Israelis, Palestinians, Arabs, and other international actors—does not mean that the administration needs to articulate a bold, new strategy for peace for which some in Europe and the Middle East may lobby. In the current environment, for example, it would be an error for the administration publicly to affirm the “Clinton parameters” as the formal position of the U.S. government or to advance some other novel rethinking of the process of peacemaking or the substance of an eventual agreement. Until Israelis and Palestinians once again acquire confidence in the very idea of negotiated agreements, all efforts to promote a comprehensive approach to peace will be doomed to fail. Beyond affirming that disengagement is prerequisite to, not a replacement for, an eventual resumption of permanent status negotiations, Washington should not divert attention from the important work of building for the success of the two processes of Israeli disengagement and Palestinian reform by articulating a bold new vision of peacemaking. Indeed, the very articulation of such a vision may undermine the delicate politics that permits these two processes to come to fruition. Injecting too much additional political burden to the current processes now underway would likely break the fragile governing coalition in Israel and force a new Palestinian leadership still in the early stages of building its authority to reject prematurely what it might be able to accept later. Whatever energies the administration might consider expending on a bold new strategy for peace should be directed to active and creative efforts to prepare the ground now so that Gaza emerges as the setting for successful Palestinian self-government, a demonstration of which will contribute more substantially to the prospect for the eventual success of permanent status negotiations than any other factor currently imaginable. Working to ensure the success of these efforts will rightly occupy U.S. energies for much of 2005, and perhaps longer.

There are, of course, numerous hurdles that could impede the processes of Israeli disengagement and Palestinian reform and even abort one or both. On the Israeli side, the most obvious of these, but not the only one, would be changed political circumstances in Israel. Washington’s first task

is to do all it can to assist advocates of disengagement to overcome these hurdles and protect them as they strive to do so; one way to do this is to maintain America's steadfast support for Israel's right to self-defense in the face of terrorism. On the Palestinian side, the most obvious danger is a radical deterioration in the security situation, in which the apparent peaceful transition of power from Arafat to a more moderate leadership is threatened by an eruption of violence and a failure of Palestinian Authority security forces to exert their authority. To prevent such a scenario, Washington will need to bolster the new Palestinian leadership politically—assuming that the latter persists in its early declaration to renounce, definitively and unambiguously, violence as a political tool—and speed the process of security reform and training to enable the Palestinian leaders to respond to a security crisis. At this moment, there are no feasible alternatives on the horizon to the opportunities provided by the twin processes of Israeli disengagement and Palestinian reform. Should circumstances change, the administration would have to reassess its position.

The strategy here outlined calls for focused, high-level American efforts to transform the Israeli-Palestinian relationship through Israel's disengagement, Palestinian political development, and the emergence in Gaza of a Palestinian administration worthy of the aspirations and talents of the Palestinian people. If the parties begin to move down this path and seek American (or U.S.-led) support in monitoring their progress and assistance in coordinating their respective efforts, Washington should be ready to fulfill that responsibility. Indeed, one aspect of the "honest broker" role that the United States is uniquely suited to play is to assist the parties in ensuring, both through private action and public statement, their compliance with respective commitments to each other. This could include assisting the parties to ensure that their security understandings are in fact mutual and interpreted the same way by both sides and providing a mechanism for accountability to prevent or repair violations. But this is not a strategy of solutionism whereby the United States (or its allies) can impose its vision of peace on recalcitrant local parties, either through international fiat, armed international monitors, or some form of international receivership over Palestinian territories. Rather, it is based on the recognition that these processes hold the best hope for ending the current Israeli-Palestinian war and leading to the resumption of full-fledged peace diplomacy, as envisioned in the Roadmap. It is founded on the idea that all protagonists must do their share to make these processes succeed and make peacemaking possible once again.

The Choice for Damascus

BASHAR AL-ASAD CAME TO POWER AMID GREAT HOPES FOR political, social, and economic reform, but progress has been measured in inches, not miles. After four years in power, it is evident that Asad is either unable or unwilling to lead great changes in any significant area of policy. Syria retains a deterrent of sorts through its patronage of Hizballah and radical terrorist groups, its alliance with Iran, and its own indigenous ballistic missile and WMD capabilities, but it cannot translate those assets into any positive achievement. Such is the case too with Syria's reported support for antiregime insurgents in Iraq. In contrast to Iran, which at least hopes to capitalize on ties with the Iraqi Shiite community to build a community of interest with a new Iraqi government, it is difficult to see Syria's patronage of Sunni insurgents, including Saddam loyalists, as serving as a pathway to any political achievement in Iraq; however lethal the Sunni insurgents may be, Saddamism itself does not have much of a future. For Syria, the net result of these initiatives is that the regime has little to show for its efforts except stagnation and perhaps even creeping regression.

Moreover, it has been on Asad's watch that outside actors have challenged Syrian national prerogatives in unprecedented ways. UN Security Council Resolution 1559 was a watershed—without reference to Israel or the Arab-Israeli conflict, the international community (with the *de facto* support of the Council's lone Arab member, Algeria, and of Syria's longtime military and economic patron, Russia) called for the speedy withdrawal of all foreign forces in Lebanon, a direct reference to Syria's military occupation of its smaller neighbor. For a minority Alawite regime continually searching for political legitimacy, the embarrassment was acute.

In the current environment, the United States has a set of options for dealing with Syria. One option is to accede in the process of Syria's deepening isolation. While Asad has the ability to garner attention by fostering instability across the Syria-Iraq border or via the anti-Israel actions of terrorist groups, these are diminishing assets. Left to its own devices, the Baath leadership seems intent on leading Syria down the path of increasingly friendless isolation in the region, and as long as Damascus fails to

play a consistently constructive role in areas of mutual concern, the United States should do nothing to impede that process.

A second option is to take advantage of Syria's weak leadership and structural vulnerabilities to push for fundamental change. This could be achieved by ratcheting up the sorts of pressures envisioned in the Syria Accountability Act as well as by a more assertive effort to reach out and cultivate alternative political forces in Syria. In theory, this could also be achieved via more direct military action, but given the situation in Iraq, "pivoting west" to Damascus—if it ever was an option—is not an active one now.

A third option is to impress on the Syrian leader the benefits of making a strategic shift toward the West (i.e., the Libyan example) versus the costs of maintaining his current dead-end approach. This, in effect, is a policy of "bigger sticks" and "bigger carrots." It envisions a prudent, measured policy that offers Asad the potential for improvements in relations with Washington as he moves to address concerns on Iraq, Lebanon, terrorism, proliferation, and human rights. At the same time, it promises even greater U.S. determination to isolate, embarrass, and weaken Syria, in concert with other countries, should Asad persist in his problematic behavior on so many fronts.

In theory, these are three different options; in practice, however, they can—and should—be merged into a single, coherent Syria policy. Having signaled through multiple means the urgent need for Syria to change its problematic behavior, most urgently on the question of supporting Iraqi insurgents, Washington should not further indulge Syria with high-level engagement and top-ranking visits until there are clear signs of a new approach. Indeed, Washington should continue to make clear that failure by Syria to exert its best effort to secure its border with Iraq from the infiltration of insurgents and weapons will bring Damascus precisely the sort of attention from Washington—diplomatic and otherwise—that it does not want. The administration can push for change in Syria by directing more resources to reaching out to Syria's small band of liberals and democrats; where appropriate, these brave Syrian patriots—along with their Lebanese counterparts—deserve support from U.S. democracy-promotion funds. The administration has many ways to underscore to Asad the potential benefits of addressing U.S. concerns about Syrian behavior—benefits that could be manifested bilaterally and multilaterally, in the realms of diplomacy, economics, and other areas—while working with other countries to raise the cost to Syria of maintaining its objectionable policies. In this

regard, Washington needs to work with Europe to ensure that the levers at our common disposal, such as trade, are used with greater coordination and common mission than has recently been the case.

In terms of the Syria-Israel relationship, the administration should pursue measures that strengthen Israeli deterrence against hostile Syrian actions (taken either directly or through proxies) while exploring new opportunities to promote a more secure Israel-Lebanon border, a more free Lebanon, and the prospect for positive political change inside Syria itself. Specifically, these include the following:

- **Reinforce Israeli deterrence.** In addition to focusing on the Israeli-Palestinian front and the prospect of Israeli disengagement, the administration needs to take steps to reaffirm Israel's deterrent against potential ground or missile attacks by the Syrian- and Iranian-backed Hizballah forces operating from southern Lebanon. This can be achieved through the provision to Israel of material assistance as appropriate. No less important would be for Washington to send clear political signals that have the effect of reinforcing the legitimacy, if Israel is attacked, of self-defense through retaliation.

- **Seek full implementation of UN Security Council Resolution 425.** The United States should forcefully and frequently declare its support of the UN secretary-general's determination, affirmed in Security Council Resolution 1310 of 2000, that Israel's withdrawal from southern Lebanon constituted fulfillment of Israel's requirement under Security Council Resolution 425. Washington should go on to state that no country has any legitimate justification for supporting cross-border actions by Hizballah. Any such action by Hizballah—kidnappings, gunfire, missile attacks—must be viewed as acts of aggression and/or terrorism. For its part, the United States should assist Israel financially and materially in strengthening its defenses in the face of Hizballah actions. As discussed above, Washington should also organize international support for Israel's right to self-defense, including retaliation, in the event of Hizballah attacks. To prevent a deterioration along the Lebanon-Israel border, the United States should take the lead in proposing measures designed to implement the letter and spirit of the Security Council's call on Israel to withdraw (which it has) and on the Lebanese government to extend its authority to the border (which it has not). These would include the

deployment of an effective UN presence along the length of the frontier; the dispatch of Lebanese military forces throughout the area and along the UN-demarcated border; the dispersal of Hizballah units away from the border zone; and the disarming of Hizballah, especially the removal of its highly destabilizing long-range katyushas.

- **Build on UN Security Council Resolution 1559.** This recent Security Council resolution provides a useful opening to pursue diplomatic efforts—in concert with France, which has taken the lead on the issue, as well as other European powers—to press for the withdrawal of Syrian troops from Lebanon. Though the departure of Syrian troops will not end Syrian dominance over Lebanon’s internal affairs, as was pointed out in the report of UN secretary-general Kofi Annan, it would signal the shape of things to come, emboldening Lebanese patriots of various political persuasions to speak out more forcefully in defense of their national patrimony. Washington should consider additional measures—both symbolic and substantive—that would have the effect of underscoring the importance of a free and independent Lebanon.

One area in which the United States should not carry any water for Syria until further bona fides are shown is in terms of reengaging peace diplomacy with Israel. While Asad has said he is willing to resume negotiations from the point where they broke off, the United States should restrain its enthusiasm until he shows that he is also willing to invest in the overall process of peacemaking. Talking peace (or meeting with the new Palestinian leadership) while promoting terror and rejectionism does not mix; as in other aspects of its policy, Syria needs to make a choice about which path it wants to take. Short of traveling to Jerusalem or meeting directly with his Israeli counterpart, the clearest sign from Asad would be to end Syrian support of antipeace terrorist groups. Such a step would signal a break in traditional Syrian behavior that would electrify Israelis and merit the heightened U.S. engagement on the Israel-Syria front that Syria seeks. (In this connection, Asad should be told that these groups subverted the process in the past, and there is no reason for the United States to resume its efforts knowing that they are still free to subvert our efforts again at any time they choose to do so.)

In return for breaking with antipeace terrorist groups in a clear, verifiable, and unambiguous way, Asad should know that Washington would

use its best offices actively to promote a Syria-Israel peace diplomacy, as it has done in the past. Short of such an initiative from Damascus, Washington should expend no effort to rejuvenate this peace track, which *inter alia* would revive Syria's regional and international standing and relieve pressure on Syria to accommodate demands on other fronts.

Of course, should Israel and Syria both seek assistance from the new administration to reengage diplomatically—on mutually acceptable terms and in a mutually agreed format—the United States should stand ready to fulfill the historic American responsibility as peace process mediator. This is most likely to occur in an environment in which Israel has completed its disengagement from Gaza and construction of its West Bank security barrier and Syria has improved its standing in Washington by taking firm action to secure the Syria-Iraq border from infiltration by terrorists and anti-U.S. insurgents. If and when negotiations resume, the United States should remain faithful to the traditional American position: the path to peace remains the formula outlined in UN Security Council Resolution 242, which served as the terms of reference for the Madrid peace conference. How the parties implement the resolution's call for the right of all states "to live within secure and recognized boundaries" and the "withdrawal of Israel's armed forces from territories occupied" in 1967 is for them to decide. Should the parties reach a peace treaty, the United States should be prepared to support their agreement politically and materially.

Dissents and Clarifications

Madeleine K. Albright:

It is not easy to write a bipartisan document, but I believe the report generally succeeds in expressing a consensus of the participants. This enables me to support the conclusions with three exceptions:

- I fear that the provocative and yet indecisive “military options” recommended on page 32 of the report would backfire; instead of deterring Iran from going forward with a nuclear weapons program, they might well provide an incentive to accelerate such an effort. Using Iran as an excuse to broaden the Cooperative Defense Initiative beyond Arab states and to sell more advanced conventional arms to the region is no way to deter Iran from trying to develop nuclear weapons. Our goal should be to give Iran good reasons to halt any nuclear weapons production program, not new reasons to go ahead with one. My position on Iran, in summary, is that I believe Iran’s nuclear program is a grave concern; a vigorous and coordinated diplomatic response holds the best chance of success; a policy based on regime change is unlikely to work; the best intelligence information is essential to make good decisions; and effective military options cannot be completely ruled out.
- I believe primary responsibility for winning the “battle of ideas” should rest with the Department of State, not the NSC (page 46). This requires, however, that the State Department be properly funded.
- The United States should not hesitate to express and promote its values. We should not, however, be in the business of trying to dictate or draw up blueprints for specific democratic reforms within Arab countries. Democracy cannot be imposed; it must grow from within.

Roy Blunt:

I concur with the majority of the report’s conclusions, and I endorse the report with additional comments. I am optimistic that peace in the Middle

East, and particularly in the Israeli-Palestinian conflict, is achievable. The opportunity presented by the election of Mahmoud Abbas creates an environment in which renewed dialogue is possible, and I am hopeful that all involved parties will act favorably on that opportunity. It is important to recognize that the first sign of progress will be realized when Palestinians take necessary and irreversible steps to renounce terrorism and reform their political and economic institutions. Any Israeli withdrawal from territories, whether unilateral or negotiated, should proceed according to a timeline and schedule that is within Israel's security interests. The government of Israel has begun the political process to prioritize the Gaza withdrawal over areas in the West Bank, and the international community should encourage and assist in this effort. Additionally, the role of the United Nations in the process of withdrawal should not be overemphasized. The Security Council should not take any action that would formalize its position on the final status of territories. Expectations on the outcome of peace discussions in this conflict should be high but managed properly.

Rachel Bronson:

In pursuing the “battle of ideas,” there should be greater U.S. attention to streamlining visa and entry procedures. While we must vigilantly ensure that the wrong people stay out of the country, we must also find a way to more graciously welcome our friends and potential friends. There are still too many stories of reformers and moderates having great difficulty entering the country. Better technology and procedures could facilitate the entry process. Student exchanges are also a vital aspect of improving dialogue and winning friends. The precipitous drop in foreign applicants, particularly from some of our closest partners, is a disturbing reality. Government and nongovernmental groups should actively invest in international student-exchange programs. Without such efforts, we will lose a generation of potential allies. Active attention to such issues will serve us well, and make us safer, in the future.

Francis Fukuyama:

I enthusiastically endorse this report with one exception. I do not agree with the finding on page 20 that says, “Incorporate groups like Hizballah and Hamas as a major focus of U.S. and international counterterrorism

efforts.” Unlike al-Qaeda, Hizballah and Hamas have been fairly careful not to pick a fight with us directly, and as long as this is true we ought to preserve a distinction in the way we treat them from those who directly target Americans.

Robert E. Hunter:

I endorse this report, with the following comments:

- In correctly arguing that it is critical to keep Iran from acquiring nuclear weapons, the report unduly plays down Tehran’s own legitimate security concerns in a hostile neighborhood. Perhaps this is not a controlling motivation for Iran’s weapons program. But before the United States, with or without allies, concludes that military force is necessary, it should test the proposition by saying at the outset that neither it nor any of its friends and allies will pose a military or other threat to Iran if Tehran will accept a full range of nuclear inspections and safeguards, as well as abandon support for terrorism. The Bush administration has made a nonaggression commitment to North Korea for less in return, and Iran is in a more volatile and vital part of the world. To that end, the United States should be prepared to engage in direct as well as multilateral diplomacy with Iran. To act otherwise is virtually to doom nonmilitary alternatives.
- Beyond the recommendations in this report, the United States should also lead an effort to create a new security structure for the Persian Gulf in which, in time, all regional countries can take part—provided they are prepared to play by a common and commonsense set of rules—and that will not depend on open-ended engagement of U.S. military power and presence. NATO’s Istanbul Cooperation Initiative can be the first step toward developing such a security structure.

Martin Indyk:

I agree that the Bush administration initially should focus its energies on ensuring the success of Israel’s disengagement from Gaza and the Palestinian Authority’s fulfillment of its responsibilities under the Roadmap. However, during the nine-month period that the parties are fulfilling these tasks, I strongly believe that the administration should also be preparing to launch

a comprehensive strategy for peacemaking, once that process is completed. In particular, President Bush should then be prepared to clarify his vision of a two-state solution to the Israeli-Palestinian conflict by filling out the principles on which it would be based. He has already articulated some of these in speeches and a letter of assurance to Prime Minister Ariel Sharon; he should complete that process, perhaps in a letter of assurance to President Mahmoud Abbas and at the international conference called for in phase two of the Roadmap. These are not principles the parties would need to accept but rather indications of positions the United States will adopt on final status issues. This articulation would give both sides a better sense of what they would gain and what they would have to give up in an “end-of-conflict” agreement, especially if the United States secured broad Arab and international endorsement for these “Bush principles.” These principles would include: two states for two peoples, refugees to exercise their rights in the state of Palestine rather than in Israel, settlement blocs along the 1967 line to be incorporated into Israel, territorial compensation to be provided to the Palestinians, and united Jerusalem as the capital of two states with the religious status quo preserved. The agreement would end the claims of both sides.

Arnold Kanter:

As the report makes clear, the acquisition of a nuclear capability by Iran would threaten a range of U.S. core interests. But as the report also notes, there is no reason to believe that the Iranian regime—with or without a nuclear capability—would be any less responsive to deterrent threats than any other government. These two facts are the parameters that frame key policy choices.

The course of action presented in the report for engaging the Europeans and others reflects the U.S. stake in preventing Iran from acquiring a nuclear capability. Given those stakes, the term “wary engagement,” as used in the report, should in no way be construed as either reluctant or grudging.

Those stakes also mean that the United States should not take any options off the table. At the same time, however, any military options not only need to be realistic rather than merely rhetorical, but also must reflect a careful weighing of benefit and risks, and never lose sight of the fact that deterrence is itself an effective military option. It is not clear that the option of disrupting the Iranian nuclear program by military means meets these tests.

The regime in Iran will change. The question is not if, but when. Moreover, regime change, when it comes, will come from within Iran, not from outside. Any options for providing material or moral support to these internal forces of change will need to be carefully evaluated to ensure that they will speed rather than slow down the achievement of our objectives.

Geoffrey Kemp, Mark Parris, Jessica T. Mathews, and Samuel W. Lewis:

We endorse the report's findings, including its emphasis on the need for an effective strategy for stopping Iran's pursuit of a nuclear weapon's capability. We agree that such a strategy must be multilateral in scope, and that U.S. readiness to explore a policy of wary engagement with Iran in the context of such a strategy could be useful. We concur in the report's recommendation that the administration not rule out military options for dealing with the problem. We cannot associate ourselves, however, with the report's final conclusion that the administration should express in advance a readiness to use force to deny Iran nuclear weapons. While preventing Iran from acquiring such a capability is manifestly in America's interest, using force to achieve that goal would have a profound impact on a wide variety of U.S. interests in the region and throughout the globe. Those interests, and the consequent cost-benefit calculus of striking Iran, will inevitably evolve over the course of the period addressed in the report. A public commitment now to use force to stop Iran from crossing the nuclear threshold could tie the administration's hands if it reaches the point where such a decision becomes necessary, potentially depriving it of the tactical flexibility that may be necessary successfully to deal with what will, unquestionably, have become a very dangerous situation. There is also an inference in the text that the United States would consider the use of force for regime change if the Iranian government does not cooperate on nuclear restraint. We believe that while there may be circumstances when U.S. force might have to be used against nuclear targets, hinting at the use of force for regime change is quite unrealistic.

Flynt Leverett:

While I endorse the bulk of the report's analysis and policy judgments, I must dissent from the report's policy prescriptions for Iran, the Palestinian issue, and Syria.

Iran. The report's recommendations on the scope of U.S. involvement in multilateral diplomacy are too narrow. European-Iranian talks deal with questions of regional security and Iran's economic ties as well as nuclear technology. It is only in this way, by addressing what the report forthrightly acknowledges as Tehran's "legitimate security concerns," that the international community can defuse the threat posed by the Islamic Republic. Washington should be prepared to participate in the full gamut of ongoing discussions with Iran, offering incentives and disincentives to Tehran in all relevant areas.

Palestine. I cannot endorse a blanket statement that it would be an "error" to reaffirm the Clinton parameters or something like them. Without defining a political horizon beyond Gaza disengagement that is clearer than the report's recommendations, it will not be possible to seize the moment of opportunity that the report rightly identifies.

Syria. I support the idea of persuading Syria to make a strategic shift through a policy of "bigger carrots and bigger sticks." Unfortunately, the report eviscerates the prospective effectiveness of this approach by recommending that the United States withhold high-level engagement until Syria has improved its behavior. Changing Syrian behavior will require clarifying to Damascus both the benefits of cooperation with U.S. goals and the costs of noncooperation; that cannot be done except through more substantive engagement with Syria than the administration has so far pursued.

Daniel Pipes:

The Study Group report expects that Israeli "disengagement" from Gaza and the northern West Bank will increase the likelihood of a two-state solution to the Palestinian-Israeli conflict; I see disengagement as a thinly disguised unilateral retreat that, as in the case of a similar Israeli withdrawal from Lebanon in 2000, will lead to a Palestinian exhilaration that reduces the possibility of a nonviolent resolution.

The report states that holding Iraqi elections essentially on schedule in late January 2005 is the best way to achieve a legitimate government in that country; I hold that elections for the head of government should only culminate a long process, lasting years if not decades, which properly begins with the development of civic society and local elections, and that such precipitous staging of elections is a recipe for trouble.

The report urges the U.S. government to support Turkey's accession to full European Union membership; I oppose Turkish accession and prefer Washington to stay away from this issue, which does not directly concern it.

The report calls on the Bush administration to engage in high-level Arab-Israeli diplomatic activism; I consider diplomacy premature until the Palestinian body politic consistently and permanently accepts the existence of Israel as a Jewish state; until that happens, U.S. efforts should be focused on convincing the Arabs that their war to destroy Israel is immoral and defunct.

Wendy R. Sherman:

While I endorse overall the report of the Presidential Study Group, the importance of bipartisanship has resulted in an overstatement of the positive impact of the administration rhetoric on freedom and democracy and an understatement of the need for benchmarks for progress in Iraq. On the former, the administration has not articulated and implemented a realistic strategy for supporting indigenous efforts toward democracy beyond rhetoric that in instances has a negative impact. On the latter, although a fixed deadline for U.S. troop withdrawal is ill advised, it is incumbent on the administration to lay out benchmarks for training, reconstruction, and political development that will allow for bringing the troops home. Finally, on the critical issue of Iran, the report's emphasis on the military option seems to reinforce the suspicion that the administration's real objective is regime change in Iran. Iran is well aware that the United States maintains a military option, as it must, but our focus should be on "wary engagement" if we are truly serious about stopping Iran's pursuit of a nuclear weapons capability.

Presidential Study Group

STEERING COMMITTEE

Madeleine K. Albright served as secretary of state and ambassador to the United Nations under President Clinton. She is currently chairman of the National Democratic Institute, and is the Michael and Virginia Mortara endowed professor in the practice of diplomacy at the Georgetown School of Foreign Service.

Samuel R. Berger served as President Clinton's national security advisor. He is currently chairman of Stonebridge International, LLC.

Howard Berman, a Democratic member of Congress representing the 28th district of California, is a senior member of the House International Relations Committee.

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Leslie H. Gelb, president emeritus of the Council on Foreign Relations, is a former columnist, editor, and correspondent for the *New York Times*. He has served as assistant secretary of state and as director of policy planning and arms control for the Defense Department's Office of International Security Affairs.

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Joseph Lieberman, a Democratic senator from Connecticut, is the ranking member of the Senate's Homeland Security and Government Affairs Committee.

Robert McFarlane served as national security advisor to President Reagan. He is currently the chairman of Energy and Communications Solutions, LLC.

R. James Woolsey is the former director of central intelligence.

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Kenneth Adelman served as deputy ambassador to the United Nations and director of the Arms Control and Disarmament Agency under President Reagan. He is the national editor of *Washingtonian Magazine* and vice president of Movers and Shakespeares, a leadership consultancy.

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Robert E. Hunter is a senior advisor at the RAND Corporation, president of the Atlantic Treaty Association, and chairman of the Council for a Community of Democracies. He was U.S. ambassador to NATO from 1993 to 1998. In 1979–1981, he was director of Middle East affairs at the National Security Council and a member of the U.S. Arab-Israeli negotiating team.

Martin Indyk is director of the Saban Center for Middle East Policy at the Brookings Institution. He has served as assistant secretary of state for Near East affairs, special assistant to the president and senior director for Near East and South Asian affairs at the National Security Council, and U.S. ambassador to Israel.

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Danielle Pletka has directed foreign and defense policy programs at the American Enterprise Institute since April 2002. Previously, she served for ten years as a senior professional staff member for Middle East and South Asian affairs on the Senate Committee on Foreign Relations.

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Harvey Sicherman, president of the Foreign Policy Research Institute and adjunct scholar of The Washington Institute, served as special assistant to Secretary of State Alexander Haig and consultant to Secretary of State George Shultz. He also served as a member of Secretary of State James Baker's Policy Planning Staff.

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