Navigating through Turbulence

America and the Middle East in a New Century

Report of the Presidential Study Group

The Washington Institute for Near East Policy

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Preface

The Presidential Study Group—a bipartisan, blue-ribbon commission of statesmen, diplomats, legislators, scholars, and experts—was convened in Spring 2000 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 fourth such effort organized under the auspices of The Washington Institute for Near East Policy to take 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); on the U.S.–Israel relationship (*Enduring Partnership*, 1993); and on the overall agenda for U.S. policy in the Middle East (*Building for Security and Peace in the Middle East*, 1997).

In the course of its nine months of deliberations, the Study Group met on a number of occasions in the offices of The Washington Institute, received extensive briefings from senior U.S. officials with responsibility for the Middle East, and engaged in vigorous discussions on the range of issues on the group agenda. Throughout, its discussions were guided by the wisdom and insight of a distinguished Steering Committee that included Howard Berman, Samuel Brownback, Leslie Gelb, Benjamin Gilman, Alexander Haig, Jr., Max Kampelman, Anthony Lake, Samuel Lewis, Joseph Lieberman, and Mortimer Zuckerman.

In addition, eleven members of the Study Group traveled to Saudi Arabia, Jordan, Israel, and the West Bank in July 2000 to consult with political leaders, policymakers, and analysts representing differing views across a broad political spectrum. During the Israel visit, the group convened a "strategic dialogue" with a well-informed, high-level group of Israeli counterparts at Kibbutz Kfar Giladi along Israel's northern border. We thank all those in the region—especially the three governments and the Palestinian Authority, as well as the U.S. embassies and consulates at every stop—for their assistance, cooperation, and support in facilitating that important study tour.

The text of the report itself was written by Robert Satloff and Patrick Clawson. More than twenty-five group members offered detailed comments on early drafts that were incorporated into this final product.

The work of the Study Group and its trip to the Middle East were made possible by a special grant from The Washington Institute for Near East Policy. The 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.

This report reflects the broad, bipartisan consensus of the members of the Presidential Study Group. Not every member endorses every judgment or recommendation. Study Group members have endorsed this report in their individual capacities, and endorsements do not necessarily reflect their institutional affiliations. Several others participated in the work of this Study Group but are not listed among the endorsers of this report.

A small number of recommendations provoked such deep reservations among a few group members that it was decided to reflect those views in the form of "dissenting" comments. Also, some group members wanted to amplify comments in the report by offering "clarifications." These comments 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. In this regard, the Institute extends special thanks to Nina Bisgyer, Alicia Gansz, John Grennan, Alison Heasley, Michael Moskowitz, Erika Reff, and Julia Voelker.

Executive Summary

George W. Bush takes office at a perilous moment in the Middle East. While most regional states still seek close political and military ties with the United States, Arab–Israeli relations are in crisis, regional radicals are buoyant, and the popular mood in much of the Arab world is critical of U.S. policy. Overall, the strategic situation of the United States in the area is characterized more by challenges than opportunities.

I. Arab–Israeli Diplomacy: Deter Regional War, Explore New Approaches

Deter regional war by affirming the "unwritten alliance" with Israel, engaging with moderate Arab states, and warning regional adversaries. The top Middle East priority for a new President is to prevent a descent to regional war. The current fighting between Israelis and Palestinians could degenerate into wider regional war either through design or miscalculation. The most serious "hot zone" for potential hostilities is the Lebanese–Israeli border area.

The three ingredients in deterring regional war are:

- *Affirming the "unwritten" alliance with Israel.* Take steps to ensure that Middle Easterners have no doubt about the strength of the U.S.–Israeli strategic partnership.
- *Engaging with pro-Western Arab states.* Work with key Arab moderates (especially Egypt, Saudi Arabia, Jordan, and Morocco) to encourage acts of public and private leadership in support of the peace process.
- *Deterring adversaries, current and potential.* Make sure that Syria's new leader, Bashar al-Asad, understands that emboldening Hizballah into military actions against Israel could provoke a wider regional confrontation in which Syria itself would receive the brunt of Israeli retaliation. Baghdad must also understand that the United States will orchestrate political and perhaps military responses should Iraq seek to intervene in the Arab–Israeli conflict, to bully or blackmail regional players like Jordan into adopting more ob-

structionist positions, or to exploit the current situation for military advantage elsewhere, such as in northern Iraq.

Seek full cessation of Palestinian–Israeli violence. Within the Israeli–Palestinian arena, the Administration's top priority should be to secure the end of violence. To do so, the President needs to affirm, as an immediate and urgent necessity, that Palestinian and Israeli leaders take all possible steps to end violence and restore calm. A commitment to peaceful resolution of conflict must be the *sine qua non* of any peace process to which the United States is party.

Assess lessons of the "Oslo experience"; explore alternative paths to peace. There is no strategic alternative to the diplomatic process, for either Palestinians or Israelis. There are, however, different paths the parties could take to achieve progress toward peace.

Given that the record of the seven-year Oslo process shows that Palestinian–Israeli hostility runs deep, despite diplomatic progress and formal structures of cooperation, there is no reason to believe that future diplomacy will merely be the extension of "Oslo diplomacy." In this context, the new Administration should immediately undertake a review of Israeli–Palestinian diplomacy since 1993 and the U.S. role therein. Drawing upon the lessons of Oslo, we believe the new Administration should advance the prospects for peace in these ways:

- *Determine, through consultations with the Israeli and Palestinian leaderships and based upon the policy review, whether the peace process efforts undertaken in the closing weeks of the Clinton Administration provide a constructive basis upon which to pursue future diplomacy or whether alternative approaches might usefully be explored.* Specifically, assess whether Israelis and Palestinians continue to maintain the vision of a cooperative, integrative peace as envisioned in the Oslo process, or whether they would prefer a peace built on as much separation/disengagement as is practical.
- *Evaluate whether the two sides want a return to the Camp David format of seeking, through negotiations, final resolution of "permanent status issues"*; whether they prefer to entertain options of partial agreement; whether they want instead a return to pre–Camp David formulas of "step-by-step" incrementalism; or whether they would find helpful a process of coordinated, reciprocal, unilateral measures.
- *Warn against uncoordinated unilateral actions of the sort that could threaten the entire architecture of the peace process.* On the Palestinian side, op-

pose a unilateral declaration of Palestinian independence made in the absence of coordination with Israel. On the Israeli side, oppose radical versions of unilateral Israeli "separation" that could impose great, sudden harm on the Palestinian people.

- *Recognize that particular U.S. interests in the details of a "permanent status" accord between Israelis and Palestinians are quite limited.* The principal U.S. interest is that such an accord be acceptable to both parties, that it terminate their conflict, and that it ensure open access to religious sites for all. To that end, the United States should fulfill the responsibilities of an active mediator, nurturing an environment in which the parties can themselves reach accord, and, failing that, advancing ideas to bridge differences that the parties cannot themselves overcome. Tabling an "American Plan" should be a tactic reserved for the moment when two conditions are met: when the two sides invite it and when there is a high likelihood that tabling the plan would lead to a mutually satisfying outcome.
- *Reaffirm the unwritten American alliance with Israel* while articulating a desire to develop full, deep relations with a future state of Palestine to the extent that Palestine shares with Washington the values of democracy, toleration, respect for the rule of law, and commitment to peace.
- *Redefine the architecture of U.S. peace process diplomacy* by 1) creating a mechanism that permits the President to supervise the overall diplomacy but to reserve his intensive involvement for decisive moments (until that time, the President should invest his secretary of state with his personal authority for managing the U.S. role in the peace process); 2) reducing the role of U.S. intelligence agencies as central players in the Israeli–Palestinian relationship; and 3) seeking the appropriate, though perhaps impossible, balance of "engagement without embrace" that should govern America's role in the peace process during an Israeli election campaign.

Encourage international efforts to help reduce regional tensions.

- *Work with the United Nations (UN) and the European Union (EU)* to encourage regional calm, to reject imposing a settlement on the parties, and to oppose interference in the process of direct negotiations.
- *Focus on pro-Western states, especially Egypt and Turkey.* Reach out to Arab and Muslim leaders and their peoples. Focus on Egypt as the most powerful Arab state and the one whose actions carry the most important demonstration effect.

- *Make the fight against incitement a high priority.* Design and seek urgent funding for a high-level, multifaceted program to combat intercommunal incitement and to establish numerous points of contact between Israelis and citizens of Arab and Muslim-majority countries.
- *Prepare the groundwork for resuming the multilateral track of the peace process.* Approach participants in the multilateral peace process to seek their support for resuming these initiatives at the earliest possible time.
- *Encourage oil exporters to invest in the Palestinian economy.* Urge oil-rich states to direct some of the windfall from high oil prices toward development aid for Palestinians, and to make as extensive use as possible of Palestinian workers.

On the Israel–Lebanon–Syria triangle, bolster Israeli deterrence, support change in Syria and Lebanon, and be prepared to mediate peace talks.

- *Reinforce Israeli deterrence.* To prevent a downward spiral that could lead to war, reaffirm Israel's deterrent against potential Hizballah ground or missile attacks. Send clear signals that have the effect of reinforcing the legitimacy, if Israel is attacked, of self-defense through retaliation. In messages to Syria, underscore the damage that country would suffer if the Lebanese–Israeli border becomes a zone of renewed conflict. Discourage Israel from targeting any civilian assets for military retaliation.
- *Seek full implementation of UN Security Council Resolution 425.* Endorse the UN secretary-general's determination that Israel's withdrawal from southern Lebanon constitutes fulfillment of Israel's requirement under Resolution 425. Link any investment in reconstruction within southern Lebanon to the deployment of Lebanese armed forces to the area and to the beginning of the process of disarming Hizballah.
- *Explore opportunities with Syria.* Pursue a measured policy that offers Bashar al-Asad the potential for improving relations with the United States as he moves incrementally to address Washington's major concerns, focusing on Lebanon and terrorism.
- *Invest in a more free Lebanon.* Support the nascent movement inside Lebanon to press for greater freedom at home and a loosening of Syria's tight grip on Lebanese affairs. Until the Lebanese army sends its troops to the south, redirect U.S. military assistance toward humanitarian, human rights, educational, religious, and other civil society institutions.

- *Be prepared to mediate peace talks, if asked.* If the parties once again seek U.S. mediation, be prepared to provide it. Should they reach a peace treaty, be prepared to support it politically and materially.

II. Weapons of Mass Destruction: Prevent Proliferation, Deter Use

Weapons of mass destruction (WMD) proliferation is perhaps the most serious ongoing security threat to the United States from the region. The new Administration should make one of its highest priorities the preventing of WMD proliferation in the Middle East and, failing that, the penalizing, deterring, and containing of the proliferant.

Build regional and international consensus about non-proliferation. Take the initiative toward creating a Middle East WMD–free zone. Continue to argue for direct negotiations about WMD among all regional states, based on the principles of a comprehensive peace in the area and intrusive regional inspection mechanisms to ensure full compliance. In the interim, encourage practical steps, such as confidence- and security-building measures.

To reduce the attractiveness of WMD, enhance deterrence and prepare a vigorous response to proliferation breakout. Specify that were Iraq to use WMD against another country, the United States would be prepared to use overwhelming military force against Iraq, preferably in a broad UN coalition but, if necessary, in conjunction with only close friends and allies. In addition, publicly reserve the option of military action in the event that Iraq is reliably judged to deploy chemical or biological weapons or to possess a nuclear weapon.

Given that Iran is a signatory of the Nuclear Non-Proliferation Treaty, the most appropriate immediate response to an Iranian nuclear deployment could well be "smart sanctions" imposed by the UN Security Council that are designed to target Iranian decisionmakers while having as little impact as possible on the Iranian people. At the same time, the United States should examine options for the use of military force.

Deepen and extend cooperation on regional missile defenses. Place a high priority on developing, advocating, and helping to implement cooperative defense against missiles among U.S. partners in the Middle East. Such cooperation could begin with the Gulf Cooperation Council (GCC) countries, which have decided to coordinate among themselves on missile defense, building on the U.S. proposal for a Cooperative Defense

Initiative. Extend this to include Jordan, Egypt, Turkey, and—as circumstances permit—Israel. Encourage use of the Arrow antimissile system by Turkey and eventually by Jordan, along with other friendly states in the region.

III. Terrorism: Strengthen Response to New Threats

In recent years, state sponsorship of terrorism has become less prominent, just as the region has witnessed an increased threat from non-state actors. The new President should lend high-level encouragement to counterterrorism cooperation among U.S. allies and friends in order to deal with threats, new and old.

Learn from antiterrorism success stories. These include the successes of Turkey against the PKK (Kurdistan Workers Party), Egypt against the Gama'a Islamiyya, and, to some extent, Algeria against the GIA (Armed Islamic Group).

Insulate counterterrorism efforts from peace process dynamics. Work to convince all parties in the peace process that antiterror efforts should be delinked from the ups-and-downs of diplomacy. In this regard, Jordan presents a positive model, whereas the record of the Palestinian Authority (PA) has been uneven. When lax on counterterrorism, the PA needs to pay a price in terms of its relationship with the United States.

Strengthen response to continuing challenges. Enhance efforts to promote international cooperation against violent Islamist extremist networks. Take an active role in organizing intelligence cooperation—if necessary, playing an intermediary role among countries that do not want to be seen openly sharing information. Work with European and Middle Eastern countries to apply collective pressure on the few remaining states that provide refuge or turn a blind eye to such terrorists, i.e., Iran, Pakistan, Yemen, and the Taliban in Afghanistan.

Make more effective use of existing U.S. policy instruments. Follow through on official pledges to pursue terrorists for their crimes even when diplomatically inconvenient: for instance, the Khobar Towers bombing suspects in Iran. At the same time, be prepared to use military force against countries that provide safe haven to terrorists.

Make fuller use of the authority provided by Congress to stop domestic supporters of terrorist groups while protecting the civil liberties of those who object to U.S. policies.

The process of determining the State Department's list of state sponsors of terrorism has ossified. Consider defining road maps to removal from the list, and order a policy review to seek ways to make the list more effective against governments that do little to prosecute terrorists.

IV. Iraq and Iran: Work for Change

Iraq and Iran are both leading players in what this report has identified as the two major threats to U.S. interests in the region—namely, radical destabilization of the peace process (or even a slide toward war) and WMD proliferation. They are also both key actors in global energy security. That said, it is important to recognize sharp differences between the two, between the various challenges to U.S. interests that each regime poses, and between the U.S. responses toward each.

The best prospect both for U.S. interests and for the people in both countries is profound political change, and U.S. policy should promote such change. Change appears to be on the horizon in Iran as the product of internal political dynamics. Iraq is different—there, change will almost surely come only through violence, such as a coup or internal uprising. To weaken the regime and render it more vulnerable, develop a comprehensive strategy of active steps to press Saddam Husayn's regime on multiple fronts.

Clarify the threat that Saddam Husayn's regime presents to U.S. interests; define the likely U.S. response. The new President should order a broad review of U.S. policy toward Iraq to clarify the nature of the threat and potential U.S. responses. The review should explore what would be required to gain wider international support for more vigorous containment of Saddam and for more active policies against his regime.

Broadly speaking, the United States should respond with large-scale military force if Iraq engages in territorial aggression or uses WMD against another country. If Saddam pursues the brutal elimination of the Kurdish autonomous authority in northern Iraq, there is likely to be less international support for military action, but the United States must nevertheless be prepared to use force, as President Clinton has pledged. "Large-scale military force" refers primarily, but not solely, to sustained bombing campaigns against regime-maintenance targets.

The United States should sensitize friends and allies to the character of the Iraqi threat and coordinate appropriate policy responses with them. Support a strong UN Monitoring, Verification, and Inspection Commission (UNMOVIC) to resume inspections, but do not make arms inspections the centerpiece of U.S. Iraq policy. Experience shows

that Saddam does not allow inspections that threaten to uncover his remaining WMD and missile programs, nor is the international community prepared to support military action to force Saddam to cooperate.

Iraqi opposition groups can be an additional component in the containment of Saddam, and they may contribute to his overthrow. Provide the opposition with ample financial and political support, as well as specific equipment items such as communication gear and, starting with the Kurdish opposition in the north, weapons as appropriate. Also, make explicit that the more peaceful, open, and democratic post-Saddam Iraq is, the more America will support it.

Turn sanctions into a tool to open Iraq. Support for sanctions on Iraq has slipped as the negative effects of those sanctions (their perceived broad-brush impact) have taken attention away from their positive aspects (containment of Iraqi military capabilities and pressure on Saddam's regime). Therefore, refocus sanctions more sharply on Saddam and his military apparatus. Press at the UN to ease sanctions restrictions on many goods in return for increased inspections to detect banned items. Reach out to humanitarian groups to work together in developing suggestions for how to improve delivery of aid to ordinary Iraqis.

Reverse policy on travel to Iraq in order to promote as much Iraqi contact with the outside world as possible. Encourage travel by ordinary Iraqis, while preventing travel by those top Iraqi officials (and members of their families) who block implementation of Security Council resolutions or who are suspected of war crimes and/or gross human rights abuses.

Recognize that these humanitarian efforts are, unfortunately, unlikely to have a major impact on the immediate physical situation of the Iraqi people, because Saddam is sure to resist all efforts to open his country to the world. Nevertheless, these efforts should be pursued both to help the Iraqi people as much as possible and to show that the United States cares more about the suffering of the Iraqi people than does Saddam.

Iran: Support the people, press the hardliners. Since the 1997 election of President Mohammad Khatami, there has been increasing expectation that the reformist tide will win out over the hardliners. So far this has not been the case. Little has changed in terms of those Iranian policies that pose the greatest threat to U.S. interests and allies. The United States should support the Iranian people's reform movement

as best it can. In practice, this means "do no harm"; that is, avoid too close an embrace of the reform movement, which would feed hardline suspicions that the reformers are the vanguard of the Western cultural invasion they so fear.

As long as Iran continues to threaten regional stability by pursuing WMD, undermining the peace process (e.g., arming Hizballah), and supporting international terrorists, the United States should sustain pressure on hardline Iranian actions. At the same time, offer to reduce restrictions and resolve differences in a reciprocal, step-by-step process.

While maintaining pressure on the hardline actions of the Iranian government, reach out to the Iranian people by facilitating visits and encouraging private enterprise. Step up efforts to encourage government-to-government dialogue with Iran.

V. Regional Strategy: Invest in Critical Relationships

Despite recent setbacks, the fundamentals of America's standing in the region remain strong. Nevertheless, U.S. relations with the states of the region need consistent, high-level attention to prevent erosion.

Expand outreach programs to Arab and Muslim-majority countries. To address insufficient understanding of American democracy, values, and political processes, expand cultural and educational outreach programs. Better understanding of U.S. society and the important role religion plays in American life could combat the all-too-common misconception of American hostility toward Islam and Muslims.

Take advantage of the opportunities presented by new leadership. Encourage new leaders in friendly states to undertake reforms that strengthen their legitimacy. Exploit opportunities to promote pro-Western changes in traditionally adversarial regimes by promoting freer markets, freer communication, and freer travel.

Promote democratization, good governance, and human rights. Support these important objectives while balancing them against wider strategic interests in peace and stability. The U.S. approach should be to "think big but act incrementally." Encourage development of the rule of law, transparent and accountable government, and broader participation in governance, especially among the ten Middle East signatories of the Declaration of the Warsaw Convention of Democracies. Place special emphasis on Egypt (because of its regional weight) and on the PA (which has great potential for democratic development, post-Arafat).

Expand programs to help those working to end human rights abuses among the least democratic societies in the region, especially Iraq, Sudan, Libya, and Syria.

Strengthen key bilateral partnerships. America's ability to secure its interests in the Middle East rests on the strength of key bilateral relationships with powerful and pivotal Middle East states.

- *Israel: Affirm the unwritten alliance.* One of the top priorities for the new President is to deter regional conflict by affirming America's alliance with Israel, in both word and deed. Furthermore, the two sides should commit themselves to a partnership strong enough to manage political tension—especially with regard to differences over the peace process—recognizing each party's political constraints and their overlapping but non-identical strategic interests.

  Take the lead in upgrading the U.S. partnership with Israel in meeting common strategic threats, including enhanced cooperation on counterterrorism and defense against ballistic missiles. As part of updating the meaning of Israel's "qualitative security edge" to which the United States is committed, the two sides should find ways to build on Israel's advantages in the high-tech fields central to the development of modern militaries. In parallel, make clear to Israel's neighbors that America will oppose efforts to attain strategic parity between themselves and Israel.

  Speak clearly to Israel about its obligation under the strategic partnership to support U.S. vital security interests wherever possible and never to undercut them. That includes an obligation to forgo the destabilizing exports of arms that incorporate modern technologies, even those indigenously developed.

  Affirm the importance of extraordinary allocations of military assistance that strengthen Israeli deterrence and compensate Israel for risks taken in the peace process. Support the current plan to phase out economic aid by 2008, transferring half of the reduction to additional military assistance.

- *GCC States: Strengthen energy, military, and economic security.* Because the key U.S. concern about energy security is assured supply, encourage expansion of oil production capacity in states friendly to America, urging GCC states to open up more quickly to foreign investment in the energy sector.

On defense issues, align U.S. arms sales efforts with the recent Saudi focus on making fuller use of past weapons purchases with upgrades along with additional training and exercise programs, rather than buying major new weapons systems.

Support the process of ongoing economic reform in the GCC countries more energetically, for instance by facilitating Saudi membership in the World Trade Organization. Applaud the modest steps that the individual GCC states have taken to open up their respective political processes and encourage them to step up the pace.

- *Egypt: Engage on the benefits and burdens of leadership.* For more than two decades, the U.S.–Egyptian relationship has been a centerpiece of U.S. efforts to bolster peace and security in the Middle East. In recent years, however, public discord and private frustration between the two governments have increased. To address this, transform the Gore–Mubarak Commission into a series of regular political, strategic, and economic consultations.

  Egypt's economy has made substantial progress, primarily due to economic reforms accomplished with the support of U.S. economic aid. As the bilateral economic relationship focuses more on trade and less on aid, the United States should commit to negotiating a bilateral free trade agreement (FTA). However, if Egypt insists that regional economic initiatives involving Israel should be frozen when the peace process slows, then it would be inappropriate for Washington to begin FTA negotiations with Cairo at the present time.

  U.S. military assistance helps Egypt to provide for Egyptian national defense and to contribute to regional peace. Regional stability would be further advanced with closer military-to-military contacts between the two largest recipients of U.S. military aid in the world—Israel and Egypt.

- *Jordan: Bolster Jordan–Israel peace, caution against an embrace of Saddam's Iraq (again).* A secure and self-assured Jordan can vigorously counter those who reject normalization with Israel. Investing in Jordan's economic health is a critical way to support Jordan. To that end, seek the speedy ratification of the U.S.–Jordan FTA. Continue to provide bilateral aid at the levels of recent years ($300 million to $400 million per year), focusing on job creation so as to forestall political extremism.

Point out to Jordan that succumbing to the short-term allure of Saddam's Iraq would make difficult an effort to sustain peace and moderation.

- *Turkey: Expand partnership on multiple fronts.* Turkey's durability as a pro-Western, secular, democratic state is a vital U.S. interest. The United States should encourage active Turkish involvement in the Middle East. To this end, Washington should provide support for deepening Turkish defense and economic cooperation with Israel, while urging that cooperation with Jordan and other moderate Middle Eastern states be broadened. Explore with Turkey ways to enhance its role in the containment of Iraq, including steps that could be taken to offset economic losses due to sanctions on Iraq. Affirm Turkey's access to the U.S. arms market.

  Recognize that Turkey's apparent triumph over the PKK provides opportunities to address more fully the socioeconomic and cultural dimensions of the Kurdish problem. In this regard, consider incentives for U.S. investment in Kurdish-majority southeastern Turkey.

  Continue to press European allies to anchor Turkey firmly in the West, eventually through EU membership. Persist in working with governments of the Caspian region to facilitate oil and gas pipelines through Turkey.

Promote cooperation among America's regional partners. The new Administration should seek out opportunities for cooperation among America's friends in the Middle East. Even in the present atmosphere of a difficult peace process, there may be potential for quiet measures on common problems, such as fighting transnational terrorist groups or defending against missiles from Iran or Iraq.

Strategic Context

George W. Bush takes office at a perilous moment in the Middle East. Arab–Israeli relations are in crisis, regional radicals are buoyant, and the popular mood in much of the Arab world is critical of U.S. policy. Overall, America's strategic situation in the area is characterized more by challenges than opportunities. This Presidential Study Group report—the fourth such bipartisan, quadrennial exercise organized under the auspices of The Washington Institute—offers a set of ideas and recommendations to the new President for addressing these worrisome circumstances.

Achievements of the 1990s

The United States has enduring interests in the Middle East—preventing war; facilitating progress toward a just, lasting, and comprehensive Arab–Israeli peace; ensuring the security and well-being of Israel; promoting the stability, security, prosperity, and development of Arab moderates and Turkey; and maintaining the free flow of oil at reasonable prices. Two events at the beginning of the 1990s—victory in the Gulf War and victory in the Cold War—made the United States the dominant power in the region, by a wide and unprecedented margin. In subsequent years that status enabled the United States to exert leadership on two great projects: building Arab–Israeli peace and promoting security in the Gulf.

Progress toward peace. In spite of the current Arab–Israeli crisis, the main positive development of the 1990s was the progress made in peace diplomacy. Viewed against the backdrop of history, the last decade seemed to continue the long but progressive march toward Arab–Israeli peace that began with the first disengagement agreements following the October 1973 war. In the aftermath of the Gulf War, the United States took the lead in organizing the October 1991 Madrid peace conference. Within a short period of time, Israel and the Palestine Liberation Organization exchanged mutual recognition and began an intricate process of negotiation; Israel and Jordan signed a treaty of peace; a half-dozen Arab League states established various lesser forms of relations with Israel; four regional economic conferences were held; and Israeli occupation of southern Lebanon came to an end. In the

final year of the decade, more than 90 percent of Palestinians were living under Palestinian rule rather than under Israeli occupation, and a record low number of Israelis (two) died at the hands of terrorists. Perhaps most important, the 1990s saw no major Arab–Israeli war, the first such decade in the history of the Arab–Israeli conflict. As the new century began, there was some legitimate reason to believe that comprehensive Arab–Israeli peace might finally be on the horizon.

Progress toward Gulf security. Despite the accelerating erosion of sanctions on Iraq, a second positive element of the last decade was the extended period of calm in the Gulf. In contrast to the 1970s and 1980s—which witnessed the overthrow of the Shah of Iran, the emerging challenge of an Islamist revolution throughout the region, a devastating war between Iraq and Iran, and the growing aggressiveness of Saddam Husayn's regime—the 1990s were relatively quiet. Indeed, the U.S.–led military victory to liberate Kuwait opened a decade dominated by three positive developments: the military, political, and economic containment of Iraq; the deepening popular rejection of revolutionary rule in Iran; and the routinization of American military presence throughout the states of the Gulf Cooperation Council. To be sure, each of these developments has produced its own set of problems, lost opportunities, and unfinished business. Nevertheless, in retrospect, it was unforeseen a decade ago that Iraq would remain under United Nations (UN) sanctions for as long as it has, that Middle Eastern states would remain as impervious to the appeal of the Khomeini model as they have, that Iran's revolutionary zeal would wane as precipitously and as thoroughly as it seems to have done, and that U.S. soldiers, sailors, and airmen would be deployed throughout this region as broadly as they are.

Globalization. Over the last decade, the region's record has been mixed on the trend that has dominated post–Cold War politics and economics around the world—globalization. On the one hand, strong local barriers have not succeeded in preventing the spread of new media (such as Arabic-language satellite television) which, along with the internet, have eroded state control of information. Market-based economics and openness to international trade and investment have become widely acknowledged throughout the region as the best routes to development, and, despite the formidable resistance of entrenched interests, some progress has been made on structural economic reform—though not in every country. Throughout the decade, oil was readily available without politically inspired interruptions or price hikes. Still, the Middle East is, in relative terms, losing the globalization race: its share of world trade is dropping just as growth rates are, on average, falling throughout the region.

Whereas globalization has been accompanied by democratization in some parts of the world, the Middle East has a mixed record on this concern as well. On the positive side, governments such as Algeria and Turkey have registered significant success in defeating terrorists and extremists, which has created better conditions for democratic reform, and in Iran the fervor of revolution has faded. But there has been a negative side as well. Civil society remains weak and constrained throughout the region; few regimes recognize, in practice, basic rights like freedom of speech, assembly, and association. Moreover, the Arab republics have made little progress on democratization, with some even regressing over the course of the last ten years.

Strategic Setbacks

Notwithstanding the positive achievements outlined above, the strategic situation in the region for the United States has, more recently, suffered from a series of profound setbacks.

The peace process under assault. The first setback—prompted by the recent outburst of Palestinian–Israeli violence that has, at times, approximated a guerrilla war—has been a resurgence of despair about the potential for reconciliation between ordinary Israelis and Arabs. The fighting that began in late September 2000 has not only taken hundreds of lives, but also threatens to destroy the very principles upon which so much progress seemed to have been achieved: the value of negotiation and compromise as means of resolving disputes, the utility of cooperation in addressing common problems, and the hope that economic complementarity could pave the way to a "new Middle East." Despite the diplomatic initiatives of the closing weeks of the Clinton presidency, there remains among Middle Easterners deep doubt as to whether any of these ideas remain valid, at least in the near term.

The growth of anti-Americanism. A second disturbing trend characterizing regional politics in 2000 has been the rising tide of anti-Americanism. From Rabat to Muscat, hundreds of thousands of protestors took to the streets of Arab capitals in October of that year to denounce American Middle East policy for its support of Israel. Perhaps fearful of the power of the street—given that much of the protest was directed toward local rulers as much as it was targeted abroad—leaders in many of those countries began to echo the protestors' slogans to the point that criticism of U.S. "bias" toward Israel has now become a frequent refrain. In a negative spiral, America's friends in the Arab world have often seemed to be trying to outdo each other in their provocative statements and actions: first, Egypt's foreign minister praised Hizballah, denounced American bias, and hailed the death of Oslo; Saudi Arabia's defense minister then threatened penalties against

U.S. companies as punishment for Washington's peace process policy; finally, Jordan's prime minister led the highest-ranking Arab delegation to Iraq since the Gulf War. Almost exactly a decade after the Gulf War left the Middle East under a virtual *Pax Americana*, the region seemed to have become a very inhospitable place for Americans indeed.

Despite the mass protests of late 2000, however, we believe that the U.S. position in the Middle East remains fundamentally strong. America is the country with which the large majority of regional states still wish to have close political, economic, and military ties. Washington's strong alliance with Israel has not stopped Arab Gulf states from welcoming the United States as their defender against potential subregional hegemons. Similarly, it has not prevented every state on Israel's border, except Syria, from accepting America as a major, if not the principal, source of military aid and materiel. Indeed, the very closeness and solidity of U.S.–Arab ties is a reason why some Arab leaders and spokespersons can afford to use license in their rhetoric. And on the popular level, American culture—made more accessible by videos, compact discs, satellite television, the internet, and, of course, freer trade—makes deeper inroads into the region every day. Whether in Ramallah or Tehran, chances are that those who are shouting slogans against U.S. policy are clad in Levi's jeans and Nike sneakers. That said, the potentially negative ramifications of a repudiation of American leadership and U.S. policy by the region's elite as well as its "street"—especially should this rejection become a regular part of the political discourse by leaders of countries usually thought to be "moderate" and pro-Western—are substantial.

Collapse of the Gulf War coalition. The third setback, much longer in development, is the disintegration of the Gulf War coalition and the growing division among major powers with respect to key Middle East issues. On Iraq, the coalition formed under U.S. leadership in 1990 has fractured, with the lack of common purpose giving rise to clashes over economic sanctions, arms inspections, enforcement of UN resolutions, support for the Iraqi opposition, and even Saddam Husayn's political rehabilitation. On the peace process, Palestinian–Israeli confrontation has opened fissures within the diplomatic coalition that supported Madrid and Oslo, a development symbolized by the resurrection of the pre-Oslo tableau of America voting alone at the UN Security Council on a resolution condemning Israel.

Inside the Middle East, this crumbling of the Gulf War coalition is most visible in the growing political, diplomatic, and economic acceptance of Saddam's Iraq. That this process has picked up steam precisely when the United States has articulated a policy of "containment plus regime change" is especially troubling. With the exception of Kuwait

and Saudi Arabia, every state bordering Iraq permits trade that flouts UN sanctions. Saddam's representatives are once again welcome at Arab League meetings, Arab embassies are reopening in Baghdad, and senior Arab political leaders are vying with each other to see who can fly into Saddam International Airport first. So far, none of these actions has undermined the maintenance of tight restrictions on Iraq's military rearmament, which remains strongly in the interest of most regional parties. Unless the trend is arrested, however, these restrictions may be all that is left of the once robust effort to contain Saddam and, if possible, undermine his regime.

On the international level, American regional dominance remains in place, but both the will and the ability of other powers to affect the course of Middle East events, especially in the direction of obstructing U.S. policy, have grown. Three actors are critical: Russia, China, and Europe.

Russia. Globally, Russia has become more nationalistic over the last decade and more suspicious in its relations with the United States. Russia is not the major player in the Middle East that the Soviet Union was, but it has once again become a problematic actor in a number of areas, such as Iraq and Iran. On Iraq, Russia has been undermining UN arms control efforts and UN sanctions; indeed, Russia's president recently lauded the full cooperation that has characterized Moscow–Baghdad relations. Russia has been less than cooperative with the extensive U.S. efforts (backed up with aid dollars) to prevent proliferation of weapons of mass destruction (WMD) and missile technology from Russia to the Middle East, most actively to Iran. The prospect of a nuclear-armed Iran is a real possibility in the coming years, and Russian actions have an outsized impact on whether and when that happens. The record shows more success on the nuclear front and less on missiles.

The incoming U.S. President will have to decide what priority to place on the Middle East proliferation issue in U.S. relations with Russia. Prospects for U.S.–Russian cooperation to address Middle East proliferation concerns may well dim, especially if there are sharp disagreements about strategic nuclear issues such as national missile defense. Yet, without a concerted push from the United States at the highest level, Russia will not devote sufficient effort to halting the sale of WMD and missile expertise to potential Middle Eastern proliferators. In this situation, it may be unrealistic to rely on improving Russian export controls as one of the centerpieces of U.S. counter-proliferation efforts in the Middle East.

China. Managing relations with China is emerging as one of the most important global challenges facing the United States, and the Middle East arena is no exception in this regard. China already has

the capability to alter the regional balance of power by supplying local states with missile and WMD technology. While China could become a positive force for global economic growth if it continues to open its markets and privatize its economy, Chinese economic growth will fuel increasing dependence on Middle Eastern sources of oil, giving Beijing a direct security interest in the Middle East. China has already begun to emerge as a significant player on issues critical to U.S. interests in the Middle East, from its destabilizing proliferation to the Phalcon incident with Israel. The trend is toward China playing an increasing and potentially negative role in the future.

Europe. U.S.–European relations regarding the Middle East have been generally cooperative, but frequently uneasy and inconsistent. Indeed, disputes among the major powers have reduced the utility of the UN Security Council as a helpful forum, precisely at the moment when the person of the secretary-general himself has enhanced the role of the United Nations in Middle East diplomacy. Nevertheless, while major European states have wanted to play a more active role in the Middle East peace process—sometimes at U.S. expense—America and the Europeans have generally held common goals and have made some progress at finding ways to work together. European nations have played an important role: for instance, in facilitating quiet diplomacy between Israel and the Palestinians, in providing generous funding for the Palestinian Authority post-1993, and in enforcing the northern and southern no-fly zones in Iraq. Regrettably, France has emerged as the most significant obstacle to U.S.–European coordination on many Middle East issues, especially the Arab–Israeli peace process and policy toward Iraq; this, despite the melting away in the mid-1990s of differences on a regional issue critical to French national security—the crisis in Algeria.

The arrival of a new U.S. President and a new European Union (EU) presidency provides an opportunity to turn a new page in U.S.–EU relations on the Middle East, one in which dialogue across the Atlantic can more readily concentrate on core, strategic issues. To be sure, the two sides will still have their differences, but these can most likely be managed if the parties make a sincere attempt to understand the primary concerns of their trans-Atlantic partners. For instance, consultation on Iran policy in the late 1990s defused U.S.–European tensions and helped the two sides to arrive at a better understanding of how to mesh containment of Iran's threat to regional stability with efforts to promote that country's reform movement. Similarly, it is hoped that consultations on Iraq would yield a common position on the red lines beyond which Iraqi violations trigger a concerted response.

The Middle East as a Zone of Turbulence

Against this strategic backdrop, we believe that during the next Administration the Middle East will likely be a zone of turbulence. This is in contrast to the 1990s, in which the dominant theme of Middle East political discourse was peacemaking—punctuated with intermittent bouts of violence and terrorism. Some of the turbulence will be fueled by the irredentism, unhappiness, and unfinished business of the Arab–Israeli dispute. Some will be generated by the volcanic changes underway in Iran. Some will be the product of responding to a resurgent Saddam Husayn. Some will be the outgrowth of the proliferation of WMD, changes in the nature of terrorism, and the lessons gleaned by weak states and sub-state actors in the benefits of asymmetric warfare. Finally, much turbulence will be generated by internal upheavals within Middle Eastern countries.

The new President and his chief aides need to recognize that the Middle East enters the twenty-first century with new, untested leaders from the Atlantic Ocean to the Persian Gulf, largely stagnant economies that produce little that the world wants (except oil), and frightening, high-tech weaponry with the potential to bring local conflicts to America's shores. The Presidential Study Group presents this report to advise the new President on ways to manage this turbulent moment in a way that protects U.S. interests and allies.

Chapter 1

Arab–Israeli Diplomacy: Deter Regional War, Explore New Approaches

Whereas the 1990s seemed to witness unprecedented progress toward a full, comprehensive Arab–Israeli peace, the new millennium opened with terrible reminders of the fragility of these hopeful achievements and of the great obstacles that still lie ahead. At summit meetings with President Clinton, first the Syrian government and then the Palestinian Authority (PA) rejected Israeli concessions—which went far beyond what previous Israeli governments had been prepared to offer—without presenting alternative proposals. Then came the explosion of violence in the final months of the year, with tragic loss of life, trust, and hope, and the venting of elemental hatred, which has raised profound doubts about the wisdom of the negotiating path pursued throughout the 1990s. This retrogression was matched and in turn fueled on the wider regional level, where leaders—sometimes leading their people, sometimes being led by them—undid much of the diplomatic, political, and economic normalization that was achieved since Madrid, underscoring to skeptics how conditional much of this progress was in the first place.

Despite the diplomatic efforts of the closing days of the Clinton Administration, the new Administration takes office at a time when the Palestinian–Israeli scene is dismal, the Arab–Israeli arena is polarized, America's standing in the Arab world is under assault, and regional conflict that had come to be regarded as unthinkable is once again possible. In the early days of his Administration, the new President will not relish his engagement in Middle East affairs because the prospect of near-term breakthrough toward a secure peace is slim. Nevertheless, because of America's alliances and interests in this region, the United States carries special responsibility for pursuing urgent action in the Middle East that no Administration can shirk. Whereas the outgoing president entered office committed to investing in the Middle East in order to capitalize on the opportunities of peacemaking, the new President enters office with the burden of investing in the Middle

East to end violence, prevent a possible slide toward regional war, shore up the shaky achievements of recent years, and try to fashion an improved diplomatic process that draws on lessons from both the achievements and the disappointments of the past.

In the Arab–Israeli arena, we urge the President to pursue the following set of policies:

Prevent Regional War by Affirming 'Unwritten Alliance' with Israel, Engaging Moderate Arab States, and Deterring Regional Adversaries

The top Middle East priority for the new President is to prevent a descent to regional war. The current fighting between Israelis and Palestinians could degenerate into wider regional war either through design or miscalculation. The most serious "hot zone" for potential hostilities is the Lebanon–Israel border area, where armed violations of the United Nations (UN)–supervised international frontier by the Syrian- and Iranian-backed Hizballah forces could escalate into an interstate conflict, possibly drawing in other regional actors. Other scenarios that could spark regional war, less likely but still requiring preventive action, include (but are not limited to) the resurrection of the Iraqi–Syrian "Eastern Front" coalition, perhaps also with Jordan (occasioned by Iraqi pressure on Jordan), and the effective collapse, under popular pressure, of the Egypt–Israel and/or Jordan–Israel peace treaties.

To deter regional war, the United States should:

- *Affirm the "unwritten" alliance with Israel.* The United States needs to ensure that Middle Easterners have no doubt about the strength, vitality, and durability of the U.S.–Israeli strategic partnership, about America's willingness to strengthen Israel's deterrent, and about the U.S. commitment to provide political, diplomatic, and material support to Israel. These objectives can be achieved through presidential statements, meetings with senior Israeli officials, and acts that signal U.S. resolve and support. A derivative benefit of this effort might be to strengthen the U.S. role as mediator in negotiations, which flows from—and is not antithetical to—the U.S. role as Israel's ally.

- *Engage with pro-Western Arab states.* The new Administration should initiate and sustain, at high levels and throughout the bureaucracy, dialogue with key Arab moderates, especially Egypt, Saudi Arabia, Jordan, and Morocco. These states hold the key to containing the spread of Israeli–Palestinian violence into a wider regional conflict and have the most to lose from a downward spiral toward regional

confrontation. In this time of crisis, Washington should work with these states to encourage acts of public and private leadership that provide a constructive alternative to the destructive calls of regional radicals, and also to underscore the tangible benefits that accrue to those who commit themselves to the use of diplomacy as the sole means to resolve the Arab–Israeli dispute. Moreover, Washington should caution these states against permitting the standard of moderation to sink so low that it is almost indistinguishable from the radicals' summons to violence.

This dialogue must not end when the current crisis abates. On the contrary, the United States should take advantage of that moment of respite to enhance and broaden dialogue with Arab moderates, so that these discussions extend beyond the peace process to cover the entire range of relevant issues on the respective national agendas. Engagement in the absence of crisis will strengthen these relationships in anticipation of future crises.

- *Deter adversaries, current and potential.* At the earliest moment, alongside consultations with regional and extraregional allies, the new President should send clear signals to regional adversaries—current and potential—with the intended effect of deterring actions that could exacerbate regional tensions and thrust the Middle East into planned or accidental war. The two main targets should be Syria and Iraq. Washington should make sure that 1) Syria's new leader, Bashar al-Asad, understands that emboldening Hizballah into military actions against Israel could provoke a wider regional confrontation in which Syria itself would receive the brunt of Israeli retaliation, and 2) Baghdad understands that the United States will orchestrate political and perhaps military responses—on the bilateral and multilateral levels—should Iraq seek to intervene in the Arab–Israeli conflict, to bully or blackmail regional players like Jordan into adopting more obstructionist positions, or to exploit the current situation for military advantage elsewhere, such as in northern Iraq.

Over the course of his Administration, there is much the new President may seek to achieve in the Middle East. However, in terms of protecting U.S. interests and allies, his first task needs to be the prevention of war. Failure to take those steps necessary to prevent war could have profoundly damaging consequences that will surely outweigh the short-term cost of attending to this issue early and appropriately.

Seek Full Cessation of Palestinian–Israeli Violence

Within the Israeli–Palestinian arena, the Administration's top priority should be to secure the end of violence, with an eye toward diplomatic reengagement should the parties choose that path. Meanwhile, the Administration should undertake an urgent review of pre– and post–Camp David summit diplomacy, the subsequent explosion of conflict, the diplomatic push of the final weeks of the Clinton presidency, and the Oslo peace process in general, so that appropriate lessons can be drawn that would enhance the prospects of success for any future diplomacy.

The President should affirm as an immediate and urgent necessity that Palestinian and Israeli leaders take all possible steps to end violence and restore calm. This includes the need for leaders to make personal, public calls for a cessation of violence; to order all security forces and private citizens under their authority to refrain from all violent acts or provocation; and to use the various media at their disposal (television, radio, print) to urge restraint and deescalate the crisis. As with the fight against terrorism, U.S. relations with each party should be based on the principle of 100 percent effort, even if such effort does not necessarily produce 100 percent results. In this regard, both parties need to execute fully and unconditionally their commitments to each other regarding the fight against violence—which began with Palestine Liberation Organization (PLO) chairman Yasir Arafat's September 1993 letter to Israeli prime minister Yitzhak Rabin, upon which Israeli recognition of the PLO was based—and have been reiterated in numerous forms, including in the U.S.-brokered Sharm al-Shaykh understanding of October 2000.

In this regard, the reluctance of the Palestinian leadership, and especially Chairman Arafat, to take effective measures to end the violence is especially troubling, and raises profound doubts about the true intentions of the Palestinian leader. Chairman Arafat has committed himself to public, personal calls for an end to violence but has yet to implement this commitment in a meaningful way. A commitment to peaceful resolution of conflict must be the *sine qua non* of any peace process to which the United States is party. This includes an active policy of firmly denouncing any calls for "armed struggle" or "jihad" against Israel; disavowing those officials who advocate violence as either an alternative to or integral element of a diplomacy strategy; utilizing the security apparatuses of the PA to prevent violence, arrest violators, and ensure their incarceration without regard to political circumstances; confiscating or licensing all weapons under PA jurisdiction; banning hate propaganda from all PA/PLO/Fatah organs; and working vigorously against all forms of terrorism or incitement

from within the ranks and territory of the Palestinian Authority. In the absence of these steps, which reflect on the respect of the Palestinians for the core principle of the peace process, the United States should consider steps to penalize the PA, including a suspension of economic assistance and curtailment of the bilateral diplomatic relationship.

Israel, too, must fulfill obligations it has undertaken to bring an end to the violence. This includes Israel's commitment to pull back its forces from areas directly abutting Palestinian urban centers, even though virtually all Palestinian–Israeli clashes have taken place on territory where Israeli troops are legitimately deployed in accordance with the terms of the various Oslo accords. Similarly, we urge Israel to employ, as much as possible, the best non-lethal crowd-control techniques from both police and military sources; should the United States have useful skills or appropriate equipment in this arena, Washington should offer assistance in training and equipping Israeli forces for this purpose and in joint development of such techniques. On the political level, Israeli leaders need to complement the anticipated Palestinian calls for an end to violence with their own reaffirmation of Israel's commitment to work toward peace agreements that fulfill Palestinian political rights and aspirations, consistent with Israeli security needs.

Assess Lessons of the Oslo Experience, Explore Alternative Paths to Peace

There is no strategic alternative to the diplomatic process for either Palestinians or Israelis—two peoples fated by demography and geography to either share the narrow strip of territory between the Jordan River and the Mediterranean Sea or face perpetual warfare. There are, however, different paths the parties could take to achieve progress toward peace; there is no reason to believe that future diplomacy will merely be the extension of the past "Oslo diplomacy."

Oslo—the pursuit of a diplomatic solution to the Israeli–Palestinian conflict via mutual recognition by the State of Israel and the PLO; and a direct, bilateral process of negotiation between the two sides producing incremental agreements on the road to a hoped-for "permanent status" accord—was not an American idea. Nevertheless, the U.S. government rightly supported it from its inception and throughout the past seven years. It did so because Oslo represented the mutually agreed-upon approach of Israelis and Palestinians; because successive Israeli governments—Labor and Likud—endorsed that path; and because America sees as one of its main responsibilities the helping of Israel to achieve peace and security through the means that Israel itself determines are best for its people. While the current clashes have

fueled great skepticism in Israel as to whether the PLO has truly renounced violence in order to pursue a solely diplomatic solution to its conflict with Israel, no Israeli leader—Labor or Likud—has renounced Israel's two most substantial Oslo concessions: recognition of the PLO as the representative of the Palestinian people and the creation of the Palestinian Authority as the governing institution of Palestinians in the West Bank and Gaza.

Over the past seven years, Oslo produced many strategic, political, and economic benefits—for Israel, for the Palestinians, and for the region at large. But even before the apparent collapse of Israeli–Palestinian relations in the closing months of 2000, there was ample reason to warrant a review of the seven-year Oslo process record, in order to evaluate how best to proceed.

Some of the key lessons from the Oslo process to date are as follows:

- *Palestinian–Israeli hostility runs deep, despite diplomatic progress and formal structures of cooperation.* Whatever grievance, ignorance, mistrust, and even hatred characterized Israeli–Palestinian relations in 1993 has not been significantly diminished by diplomacy; the intercommunal relationship may even have worsened during that period. This does not mean diplomatic progress is not possible, but it does mean that, without addressing this fundamental problem, any diplomatic progress will be inherently fragile. In this regard, the state of people-to-people relations is central to the success of Israeli–Palestinian diplomacy, given the close proximity of the two peoples and the economic and infrastructure linkages that connect them. Much more effort needs to be invested in promoting reconciliation and combating incitement in public discourse, especially in the media, schools, and religious institutions.

- *Ambiguity was both a blessing and a curse.* In 1993, the fact that Israeli and Palestinian leaders offered varied and contradictory explanations of the meaning of the original Oslo accords (that, for the Palestinians, Oslo would lead to Israel's withdrawal to the 1967 borders, the creation of an independent Palestinian state with Jerusalem as its capital, and the implementation of the refugees' "right of return"; and that, for the Israelis, Oslo marked the irrevocable transformation of the Israeli–Palestinian dispute from an "armed struggle" into a negotiation without any foreordained outcome) enabled both sides to win early public approval for the diplomacy, but it also masked profound disagreement that eventually exploded after the July 2000 Camp David summit. Future

agreements should clearly define which issues the sides intend to resolve and which issues remain to be resolved in later diplomacy.

- *Once made, agreements need to be implemented; compliance with the letter and spirit of signed agreements should be achieved as a precursor to the pursuit of new agreements.* Future agreements should include systematic enforcement mechanisms to ensure that difficult but essential provisions are honored, such as those concerning incitement, limitations on the size and armaments of Palestinian security forces, and, on the Israeli side, territorial redeployments and economic matters.

- *The appearance, if not the reality, of a continuing Palestinian strategy combining violence and diplomacy is a major blow to the peace process.* From the very top, the Palestinian side needs to reaffirm in word and deed its commitment to the core principles of Oslo, which are the renunciation of violence, the punishment of violators, and the embrace of diplomacy as the sole means of resolving the Arab–Israeli dispute.

- *Israeli settlement expansion in the West Bank and Gaza since Oslo, under both Labor and Likud governments, has fueled doubts among Palestinians about Israel's long-term intentions* and stoked fears among Palestinians that Israel has been preempting the creation of a viable, territorially contiguous state in the West Bank and Gaza. Given the complications that intensified settlement activity pose to the peace process, and in light of the progress reached on this issue at the Camp David summit in July 2000, the United States should urge Israel to maintain its policy of creating no new settlements and to exercise maximum restraint with regard to ongoing settlement activity, including the expropriation of land for the expansion of existing settlements and the provision of special incentives to promote settlement activity.

- *Poor governance—the lack of an open, accountable, transparent, popularly responsible Palestinian Authority—has proven problematic not only for the development of the nascent Palestinian state but also for the development of Israeli–Palestinian relations.* Despite a relatively vibrant civil society, the PA is characterized by corruption, authoritarianism, and disregard for the rule of law that have had negative effects in at least two spheres: 1) undermining Palestinian confidence in their leaders (and hence eroding the ability of those leaders to achieve diplo-

matic solutions via compromise), and 2) depriving Palestinians of orderly, peaceful means by which to seek redress for political, social, and economic problems both within the PA and between Palestinians and Israelis. Parallel with and complementary to U.S. efforts to promote Israeli–Palestinian peace, the United States needs to work with its international partners—especially Europe—toward improving Palestinian governance and developing a vibrant Palestinian private-sector economy by linking financial assistance to the development of sound political, administrative, judicial, and regulatory structures.

- *Stopping and, if possible, reversing the creeping transformation of the Israeli–Palestinian dispute from a national conflict into a religious/ethnic conflict must be a high priority.* As a contest between two nations, all items on the Palestinian–Israeli agenda can eventually be resolved by a diplomatic settlement. But if the conflict evolves into a religious war, then it will be a zero-sum game which, even in the best of times, diplomacy may manage but will not solve. Addressing this problem—in U.S. diplomatic rhetoric and in consultation with the parties—is important not only for the long-term prospects of Arab–Israeli diplomacy but for the parties more broadly. Palestinian and other Arab leaders can only lose ground to their Islamist opponents if the conflict degenerates into a religious crusade. For Israel, this is a critical priority, given the negative repercussions it would face in terms of Jewish–Muslim relations within Israel (i.e., relations between Israeli Arabs and the state) and in the broader international context (adding a layer of Muslim–Jewish confrontation on top of the existing Arab–Israel conflict).

- *The search for finality (e.g., resolution of all "permanent status issues") should wait until the parties are confident it will result in a mutually satisfying outcome;* that condition, for example, was not present when the parties addressed the Jerusalem issue at the July 2000 Camp David summit. Until then, other options are available. One of these is the pursuit of partial agreements that address some, but not all, of the permanent status issues, recognizing that the parties may well have irreconcilable differences in some areas. Another is the strategy of incrementalism—providing progress on some, but finality on none, of the permanent status issues. The latter strategy may be frustrating, but it has a quarter-century track record of success that should not be discarded until a clearly superior alternative is identified.

Drawing upon these lessons, and facing the changing political/security environment in the Israeli–Palestinian arena, the new Administration should pursue the following to achieve progress toward peace:

- *Determine, through consultations with the Israeli and Palestinian leaderships and based upon the policy review, whether the peace process efforts undertaken in the closing weeks of the Clinton Administration provide a constructive basis upon which to pursue future diplomacy or whether alternative approaches might usefully be explored.* Specifically, assess whether Israelis and Palestinians continue to maintain the vision of a cooperative, integrative peace as envisioned in the Oslo process or whether they would prefer a peace built on as much separation/disengagement as is practical.

- *Evaluate whether the two sides want a return to the Camp David format seeking final resolution of "permanent status issues" through negotiations that would result in a mutually satisfying outcome;* whether they prefer to entertain options of partial agreement, postponing hotly contested issues for a future date; whether they want instead a return to pre–Camp David formulas of "step-by-step" incrementalism; or whether they would find helpful a process of coordinated, reciprocal, unilateral measures, perhaps based upon Israeli recognition of a Palestinian state that would initially control the territory currently under full or partial Palestinian control, with its final borders to be decided upon in subsequent state-to-state negotiations.

- *Warn against uncoordinated, unilateral actions that could threaten the entire architecture of the peace process.* On the Palestinian side, state clearly that the United States will oppose a unilateral declaration of Palestinian independence made in the absence of coordination with Israel by taking the following actions: withholding U.S. recognition of a unilaterally declared state, lobbying against UN admission for a unilaterally declared state, and suspending U.S. economic assistance to and diplomatic ties with the PA in the event of such a unilateral declaration. On the Israeli side, oppose radical versions of unilateral Israeli "separation" between the Palestinian areas and Israel that could have the effect of imposing great, sudden harm on the Palestinian people (e.g., suspending the provision of water, electricity, and other basic goods).

For the United States, the most just, effective, and lasting formula for Arab–Israeli peacemaking remains direct negotiations to create "real

peace" based on UN Security Council Resolution 242. U.S. interests in the details of a "permanent status" accord between Israelis and Palestinians are quite limited: the accord must be acceptable to both parties, it must terminate their conflict, and it should ensure the preservation of open access to religious sites for all. The following principles should govern the U.S. approach toward assisting the parties to achieve those goals:

- *Fulfill the responsibilities of an active mediator.* While the United States ought not shirk from expressing its views on specific issues when its national interests are at stake, the role of mediator is best served (and preserved) when the United States:

  1. Focuses on the steady reduction of risks facing each of the core parties;
  2. Provides good offices which, when relations between the parties are strained, facilitate resumption of dialogue;
  3. Offers incentives to maintain practical achievements to date, such as border-zone economic projects;
  4. Nurtures an environment in which the parties can themselves reach accord; and, failing that,
  5. Advances ideas to bridge differences the parties cannot themselves overcome. In defining bridging proposals, it is important to address the essential elements of each side's concerns and to eschew an approach of "splitting the difference," as the made-in-America solution to difficult problems. Tabling an "American plan" should be a tactic reserved for the moment when two conditions are met: when the two sides invite it and when there is a high likelihood that tabling the plan would lead to a mutually satisfying outcome.

- *Reaffirm that the United States is Israel's ally—bound not by the legality of a written treaty but by perhaps stronger bonds of shared values and common interests—while articulating a desire to develop full, deep relations with a future state of Palestine to the extent that Palestine shares with Washington the values of democracy, toleration, respect for the rule of law, and commitment to peace.* Underscore to Palestinians and other Arab interlocutors that their interests are well served when the United States fulfills the role of mediator, because only America has the credibility with Israel to urge it to consider compromises. Point out that strong U.S. support for Israel when the latter feels threatened is precisely what gives Washington this credibility.

- *Proceed with moving the U.S. embassy to the designated site in western Jerusalem, as mandated by U.S. law, at an appropriate moment carefully chosen to minimize its psychological impact on the negotiations.* Perhaps the most contentious issue on the "permanent status" agenda is the disposition of Jerusalem. However, as the Camp David summit talks underscored, the issue of Jerusalem's political status as Israel's capital is no longer in dispute; the key items for negotiation are the territorial boundaries of Jerusalem, the disposition of any municipal territory that will fall outside of Israeli sovereignty, and the status of the Temple Mount/Haram al-Sharif. This development should remove a major obstacle to relocating the U.S. embassy at the appropriate moment described above. In the meantime, the process of constructing this diplomatic facility should begin.

To enhance the effectiveness of these policies, the new President should design the architecture of U.S. peace process diplomacy based on the following principles:

- *Normalize the level and intensity of America's engagement in Israeli–Palestinian negotiations and the evolving Israeli–Palestinian relationship.* At the political level, a bureaucratic mechanism should be created between the White House and State Department that permits the President to supervise the overall diplomacy but reserve his own intensive engagement for decisive moments (i.e., achieving breakthrough or averting breakdown). Until that time, the President should invest his secretary of state with his personal authority for managing the U.S. role in the peace process. This will contribute to the process of weaning regional leaders off the daily dose of presidential engagement to which they have grown accustomed.

- *Reduce the role of U.S. intelligence agencies as central players in the Israeli–Palestinian relationship.* Since 1996, U.S. intelligence agencies have responded to crises in the peace process by trying to fulfill too many competing and contradictory roles, which—despite their best efforts—cannot but erode their principal mission. In future diplomacy, it is important that U.S. intelligence agencies—indeed, sometimes the very same U.S. intelligence officials—not be asked to serve simultaneously as partner of Israel, advisor to the Palestinians, and adjudicator of disputes between the two.

- *Seek the appropriate, though perhaps impossible, balance of "engagement without embrace" that should govern America's role in the peace process*

during an Israeli election campaign. In coming weeks, the particular dilemma will be how to take advantage of opportunities for progress in the peace process, whenever available, while avoiding the appearance of taking sides in Israel's election campaign and thereby politicizing the pursuit of peace. There are two ways to enhance the prospects for peace diplomacy, even during an Israeli election campaign: 1) reinforce the U.S. commitment to Israel in ways that bolster Israeli deterrence but do not necessarily signal support for any particular candidate, and 2) press the Palestinian leadership to fulfill its obligations to prevent violence and restore calm. When the outcome of the Israeli elections is clear, the new President should be prepared to work cooperatively with the leader of this democratic ally in pursuit of common interests and objectives. (For more on the U.S.–Israel relationship, see Chapter Five.)

Encourage International Efforts to Help Reduce Regional Tensions

As violence flares between Israelis and Palestinians, the role of the international community in either fanning or dousing the flames of confrontation is critical. To encourage a positive role, the United States should:

- *Work with the United Nations and the European Union to encourage regional calm, to reject imposing a settlement on the parties, and to oppose interference in the process of direct negotiations.* In coordination with local partners, Washington should consult regularly and intensively with the UN secretary-general and leading states of the European Union (EU), many of which have played and can play constructive roles in the current crisis, on ways to promote a realistic and helpful role for these bodies in the future. At the same time, the United States should oppose efforts by some in the international community to impose a settlement of the Israeli–Palestinian dispute and/or to curtail the process of direct, bilateral negotiations between the core parties. These efforts could come through intervention by the UN Security Council; calls—over Israeli objections—for the reconvening of the Madrid peace conference plenary or the deployment of an international "protection force" or monitoring group stationed inside the West Bank/Gaza to "separate" Israeli and Palestinian forces; a convening of the signatories of the Fourth Geneva Convention; and so on. Whatever progress was achieved in recent years was principally the product of direct Israeli–Palestinian negotiation, often (but not always) with U.S. mediation. Any effort to reduce the element of direct, bilateral ties between the

parties will constitute a step backward and will likely impede progress, not accelerate it.

- *Focus on pro-Western states, especially Egypt and Turkey.* The United States needs to reach out to Arab and Muslim leaders and their peoples, seeking to engage them in honest, candid dialogue about respective views and interests. The role of the region's pro-Western states—especially Egypt, Turkey, Saudi Arabia, Morocco, and Jordan—in setting the political–social–cultural agenda in the Middle East is pivotal. This was highlighted during and after the July 2000 Camp David summit meeting, when the lack of consultation with major Arab states, especially on the question of Jerusalem, limited the chances that Arafat would accept various compromise solutions.

  Of these countries, Egypt bears the greatest responsibility, as the most powerful Arab state and the one whose actions carry the most important demonstration effect throughout the region. Public declarations by Egyptian president Hosni Mubarak rejecting any widening of the Palestinian–Israeli conflict into a broader Arab–Israeli war are important firewalls against further radicalization. However, Egypt's reluctance to lobby fellow Arab states to endorse the Sharm al-Shaykh ceasefire negotiated under Cairo's auspices, and the inflammatory statements of some Egyptian leaders—urging Palestinians to maintain the uprising against Israel and calling for "war crimes tribunals" against Israeli officials—worked at cross purposes with Egypt's stated goal of tamping down regional tensions. As part of the enhancement of U.S.–Egypt bilateral relations outlined below (see Chapter Five), the new Administration needs to engage Egyptian leaders in dialogue to underscore the negative repercussions such incendiary statements have on two key Egyptian interests: the cause of moderation and peace in the Middle East and the long-term health of U.S.–Egyptian ties.

  Outside the Arab world, the Administration should pay special attention to Turkey in order to nurture this country's unique role as ally of Israel and the West, regional partner with key Arab states, and acceptable interlocutor to all. In its quiet way, Muslim-majority Turkey has played a constructive role in Arab–Israeli diplomacy for a half-century, from serving as a member of the original Palestine Conciliation Commission after the partition of Palestine, to participating in the Temporary International Presence in Hebron since 1994, to its role in the Sharm al-Shaykh "fact finding committee" (in the person of former President Süleyman Demirel).

- *Make the fight against incitement a high priority.* Promoting people-to-people exchanges and lessening hostilities between ordinary Arabs and Israelis are among the most important peace process initiatives the new Administration could pursue. In this context, the new Administration should design and seek urgent funding for a high-level, multifaceted program to work with Arab, Muslim, and Israeli educators, journalists, businesspeople, religious leaders, athletes, and leading civic personalities, in order to combat intercommunal incitement and to establish numerous points of contact between Israelis and citizens of Arab and Muslim-majority countries. Special attention must be directed toward those non-elite segments of society not usually touched by these people-to-people programs. U.S. ambassadors and diplomats in the Middle East should discuss with local governments, editors, journalists, and television producers ways to ensure that voices of moderation are given full access to media and that incitement to violence is kept off the airwaves. Embassies should be responsible for monitoring anti-peace incitement on a regular and systematic basis. In promoting these objectives, U.S. officials should take full advantage of the expertise of and opportunities offered by universities, nongovernmental organizations, and other private institutions and organizations.

- *Prepare the groundwork for resuming the multilateral track of the peace process.* The Administration should approach all governments that have participated in the multilateral peace process to seek their support for resuming these initiatives at the earliest possible time. The suspension of the multilateral talks, along with the suspension of nascent, bilateral commercial and diplomatic ties with several Arab states, not only underscores the fear held by many in Israel that advances in regional normalization are temporary and conditional, but it also isolates and undermines those in the Arab world who are eager to take advantage of the economic opportunities that peaceful relations can offer. The multilateral track of the peace process addressed many of the practical issues facing regional countries—such as water management, status of refugees, and economic development. These efforts should not be seen as a reward to Israel for concessions it makes in the peace process but instead as mutually advantageous steps that build a better atmosphere for peace and provide real benefits to all participants. If the various multilateral talks are not currently designed to reflect that dual objective, then the United States should work with the "gavel holders" and the members of the Multilateral Steering Committee to redesign this process with that goal more clearly in mind.

- *Encourage oil exporters to invest in the Palestinian economy.* The Administration should engage oil-rich states to direct some of the windfall from high oil prices into development aid for Palestinians in order to address the substantial socioeconomic problems that deepen Palestinian frustration. To the extent that employment opportunities do not compete with domestic labor markets, those states should be encouraged to make as extensive use as possible of Palestinian workers—skilled and unskilled—so as to reduce the dependence of Palestinians on jobs in Israel. This, however, is no substitute for building the appropriate institutional and structural environment within the PA for healthy economic development.

The next President should recognize that an alternative analysis of the current situation might produce a set of more radical proposals than the ones outlined here. Such an analysis may posit that the very idea of Israeli–Palestinian negotiations has outlived its viability; that, despite recent efforts under President Clinton's auspices, America's role as mediator between the two sides has been destroyed, either by its perceived bias toward Israel or, alternatively, by its reluctance to support Israel unconditionally at a time when the Palestinians have turned Oslo into a weapon against the Jewish state; and/or that the anti-American protests of recent months reflect a tectonic shift in Arab attitudes toward the United States, restricting in a profound and open-ended way both the ability of the United States to pursue any of its longstanding regional interests (e.g., peace process, containment of Iraq) and the ability of traditionally moderate states to pursue moderate policies.

Operationally, such an analysis could lead to a more fundamental shift in U.S. policy than this report suggests. Some would argue that Arab–Israeli relations have become so poisoned—and that America's mediation efforts are so reviled by some on the Arab side—that the United States should step aside, at least for a limited period, in order to allow other actors—such as Russia, the EU, and/or the UN—to share the burden of shouldering this slumping diplomacy. Others would counsel that the United States can no longer rely on a "peace process" as a vehicle to reconcile its relationship with Israel and its relationships throughout the Arab world, and that now is the time to choose, i.e., opting either for policies that force Israel to accept an imposed settlement with the Palestinians, or for policies validating the claim of some Israelis that pursuing a negotiated peace with the Palestinians has been a chimera all along.

As this report suggests, we do not support these analyses and the recommendations that emerge from them. The current situation in the Middle East is bad but not irredeemable. Moreover, were the United

States to be less engaged, the situation could deteriorate, perhaps leading to a regional war that would set U.S. interests back profoundly. Negotiations remain the path to peace, although exploring alternative routes to the resumption of talks may be appropriate. By virtue of its political role, economic vitality, and military strength, the United States is still the third party best equipped to provide mediation. Although many in the Arab world are uncomfortable with America's dual role as both mediator in negotiations and ally of Israel, it is in fact precisely because of its alliance with Israel that the United States is better positioned than Europe or the UN to gain Israeli confidence for taking the risks required to reach peace.

The Israel–Lebanon–Syria Triangle: Bolster Israeli Deterrence, Support Change in Syria and Lebanon, Be Prepared to Mediate Peace Talks

Whereas the world's attention in recent months has been focused on Israeli–Palestinian clashes, the Israel–Lebanon front has also emerged as a potential flashpoint for confrontation. This raises the specter of state-to-state conflict that could, through design or miscalculation, engulf the region in conventional war. Renewed tension on the Israel–Lebanon frontier follows the several months of calm that the area enjoyed in the wake of a series of dramatic events: Hafiz al-Asad's rejection of a substantial Israeli offer of territorial withdrawal and the subsequent collapse of the Syria–Israel peace talks in the course of his March 2000 summit meeting with President Clinton in Geneva; Israel's unilateral withdrawal from southern Lebanon in May 2000; and the death of Syria's longtime president in June 2000 and the elevation of his son, Bashar, to succeed him.

In the current environment, the United States should both pursue an approach toward the "northern front" that strengthens Israeli deterrence and explore new opportunities for a more open Syria and more free Lebanon:

- *Reinforce Israeli deterrence.* The Administration needs 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 of financial and material assistance to Israel as appropriate but also, more important, by the sending of clear political signals that have the effect of reinforcing the legitimacy, if Israel is attacked, of self-defense through retaliation. In messages to Damascus, the dominant power in Lebanon, Washington should underscore the damage Syria

would suffer if the Lebanese–Israeli border were to become a zone of renewed conflict. In messages to Israel, the United States should discourage the Israeli leadership from targeting any civilian assets in military 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 that Israel's withdrawal from southern Lebanon constitutes fulfillment of that country's requirement under Resolution 425. Washington should go on to state that no country has any legitimate justification for supporting cross-border actions by Hizballah and that any such action—e.g., kidnapping, gunfire, missile attack—must be viewed as an act of aggression and/or terrorism. In this regard, the statements in support of Hizballah's continued campaign against Israel endorsed by the October 2000 Arab League summit are especially disturbing. 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, at the Security Council and in other fora, in proposing measures designed to implement the letter and spirit of Resolution 425. These would include the deployment of an effective UN presence along the length of the frontier, which should report regularly on violations from the Lebanese side as well as any from the Israeli side; 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. In terms of bilateral U.S. assistance to Lebanon, the United States should link any investment in the reconstruction of southern Lebanon to the deployment of the Lebanese armed forces to the area and to an initiation of the process of disarming Hizballah. At the same time, the United States should be willing to play a significant role, both directly and via international fora, in rebuilding southern Lebanon once the security situation stabilizes.

- *Explore opportunities with Syria.* Although the heightened tensions along the Lebanon–Israel border resemble numerous similar epi-

sodes that occurred in past years, the United States should recognize that the succession of Bashar al-Asad has triggered new and uncertain political dynamics both inside Syria and in the Syria–Lebanon relationship. These changed dynamics provide opportunities for the United States to explore the potential for a more open Syria and a more free and independent Lebanon, exemplified by the growing calls among prominent Lebanese for a "new relationship" with the suzerain in Damascus and by Bashar al-Asad's own professed desire to open Syria to the modern world. At the same time, the United States should be realistic about the limits of near-term change. So far, Asad has shown few signs of changing course from his father's patronage of Hizballah as a proxy in Syria's ongoing confrontation with Israel, perhaps even providing greater latitude to Hizballah than was previously the case; has offered no hint at flexibility in peace talks with Israel; and has addressed Syria's internal economic/bureaucratic woes only at the margins. Despite these discouraging signs, the opportunities that new leadership in Damascus present, after thirty years of one-man rule, should not be squandered.

Therefore, the Administration should pursue a prudent, measured policy that offers Asad the potential for improving relations with Washington as he moves to address major U.S. concerns incrementally. Specifically, the United States should clarify to Asad that his policies toward Lebanon and terrorism are the key indicators of his intentions. While other items on the outstanding bilateral agenda—such as proliferation, human rights, and democratization—are important, focusing on Lebanon and terrorism provides useful, near-term tests of Asad's behavior on matters of urgent concern to wider U.S. interests. (Indeed, elsewhere in this report, we rank the fight against proliferation as "perhaps the most serious, ongoing security threat to the United States"; in the Syrian case, we focus instead on Lebanon and terrorism because of the potential for Syria to play a central role, through these two issues, in the descent toward regional war.)

The United States should link any support for Asad's professed efforts to revive the Syrian economy to concrete steps toward the restoration of Lebanese sovereignty and toward the severing of Syrian links to terrorist groups, especially Hizballah. Important benchmarks would include permitting the deployment of Lebanese troops to the border with Israel, the closing down of terrorist training camps in the Bekaa Valley, the expulsion of remaining Iranian revolutionary guards from the Bekaa, the termination of

Iranian flights into Damascus carrying arms for Hizballah, the redeployment of armed Hizballah personnel from the Lebanon–Israel frontier zone, the disarming of Hizballah—especially its long-range rockets—and eventually the phaseout and withdrawal of Syria's troop and military intelligence presence in Lebanon. Should Asad pursue this approach, the United States should be willing to respond with positive steps of its own, tailored to address Asad's desire for technological improvement and economic development. In the early stages, these steps could range from providing computer education—perhaps through the establishment of a Peace Corps program in Syria or the setting up of a special Internet Training Institute—to enhancing training opportunities for Syrians in the United States, and even to actively promoting Syria as a place where U.S. companies—especially in telecommunications, oil/gas exploration, and high-tech—should pursue business. Should this incremental process of carrot-for-carrot pick up steam, the Administration should then examine even more significant areas of potential cooperation with Damascus and, if circumstances warrant, assess Syria's continued status on the list of state sponsors of terrorism.

- *Invest in a more free Lebanon.* Along with this initiative toward Bashar al-Asad, the new Administration should support the nascent movement inside Lebanon to press for greater freedom at home and a loosening of Syria's tight grip on Lebanese affairs. This would include vigorous and frequent public statements by Administration officials calling for the full restoration of Lebanese sovereignty; the redeployment of Syrian forces in fulfillment of Syria's commitment under the Ta'if accords; and the implementation of Resolution 520, which *inter alia* calls for "the strict respect for Lebanon's sovereignty, territorial integrity, unity, and political independence under the sole and exclusive authority of the Lebanese Government through the Lebanese Army throughout Lebanon." Through academic and professional exchange programs, American educational institutions in Lebanon, and the work of America's democracy-promoting foundations, the United States should provide encouragement and assistance to those individuals and organizations working for the preservation of human rights, basic freedoms, and the rule of law. And while the United States has an interest in the development of a Lebanese army capable of ensuring security throughout the country, it is inappropriate to provide military assistance as long as the Lebanese government refuses to send its troops to the south, in

line with its international obligations to maintain security on its border. Assistance to the Lebanese army should, therefore, be suspended until it deploys to the south, with that aid redirected toward humanitarian, human rights, educational, religious, and other civil society institutions.

- *Be prepared to mediate peace talks, if requested.* At the moment, the prospects for resuming Syrian–Israeli peace talks look dim. Not only is the world's attention focused on the Palestinian–Israeli front, but the failure of the March 2000 Geneva summit—following the detailed exchanges at Shepherdstown—may have removed any room for constructive ambiguity from which future negotiations could proceed. Still, both the Syrian and Israeli leaderships may conclude, perhaps soon, that their interests are best served by restarting negotiations. The new Administration should be prepared for this eventuality and be ready to respond to requests from the parties to help renew negotiations—on mutually acceptable terms and in a mutually agreed-upon format—fulfilling the historic American responsibility as peace process mediator. If and when negotiations resume, the United States should remain faithful to the traditional American position: that is, the path to peace remains the formula outlined in 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 provide appropriate political and material support.

Chapter 2

Weapons of Mass Destruction: Prevent Proliferation, Deter Use

Although the political crisis in Arab–Israeli relations and the peace process is the most immediate challenge facing the new President in the Middle East, perhaps the most serious ongoing security threat to the United States from the region is the proliferation of weapons of mass destruction (WMD) and their means of delivery to states and non-state actors hostile to U.S. interests. The next four years could see a U.S. intelligence judgment that Iran has developed a multistage missile from which it could develop an inter-continental ballistic missile. During the same period, it is possible that Iraq or Iran could develop nuclear weapons—especially if either acquired fissile material clandestinely (e.g., from the former Soviet Union)—and that a terrorist group might acquire biological weapons, chemical weapons, or even a nuclear weapon, especially if assisted by some government.

The new Administration should make the preventing of WMD proliferation in the Middle East one of its highest priorities and, failing that, the penalizing, deterring, and containing of the proliferant. Policies to this end need to be anchored within the Administration's overall response to the global proliferation challenge; we address only the Middle East aspect of this issue.

Build Regional and International Consensus

Proliferation threatens not only U.S. interests but those of the region as a whole. The United States should therefore seek ways in which its friends and allies can work together to counter proliferation. Washington should take the initiative in pursuing the total elimination of all WMD from the Middle East. The Egyptian conception of a WMD–free zone in the region is endorsed by nearly every Middle Eastern government, including Israel. The dispute among regional actors is not about the goal itself, but how to reach that goal. The United States should publicly oppose regional arms control efforts that focus exclusively on Israel. Washington should continue to argue that a WMD–free zone can be established only through direct negotiations among all states of the region, based on both the principles of a comprehensive

peace in the area and intrusive regional inspection mechanisms to ensure full compliance.

Until such negotiations become possible, the United States should encourage practical steps toward the common goal. In particular, Washington should actively promote confidence- and security-building measures (CSBMs) of the sort discussed at the now-stalled multilateral Arms Control and Regional Security talks convened after the Madrid peace conference. Measures such as sending observers to large-scale military exercises would, among other benefits, create better understanding of what arms control inspections entail.

Parallel to promoting CSBMs as a step toward a WMD–free zone, the United States should work to rebuild the international consensus for multilateral action against proliferation. That consensus has frayed due to the South Asian nuclear weapons test, Senate rejection of the Comprehensive Test Ban Treaty, and hostility at the United Nations (UN) to the functioning and performance of the UN Special Commission on Iraq. Reinforcing international non-proliferation norms is sufficiently important to U.S. interests that the United States should consider making difficult trade-offs to accommodate objections of other countries to some U.S. policies. For instance, the United States may have to accept less certainty than it would prefer about ensuring that Iraq's past WMD stocks have been completely destroyed, in return for securing consensus with Europe on strong actions in the event that Iraq crosses agreed-upon red lines, and on a vigorous monitoring program aimed at Iraqi WMD.

Many in the region accuse the United States of maintaining a double standard regarding Israel's nuclear capability. Troubling as nuclear weapons may be from a non-proliferation point of view, however, they provide Israel with the margin of security that enables it to risk making peace with certain neighbors, even as other regional states that threaten to destroy Israel develop the capabilities to do so. Moreover, in practice Washington recognizes that in the absence of comprehensive regional peace, Egypt is as unlikely to give up its chemical WMD as Israel is to give up its nuclear WMD.

The Chemical Weapons Convention (CWC) is becoming part of the non-proliferation consensus, but in the Middle East several important states—Egypt, Israel, Lebanon, Libya, Syria, and the United Arab Emirates—remain outside the treaty (Israel has signed but not ratified; the others have not signed). The United States should lobby for an effective Organization for the Prevention of Chemical Weapons (OPCW) that vigorously enforces the CWC. Washington should also work with its allies and friends to ensure that CWC challenge inspec-

tions are held soon and often, rather than being a rare event of the sort that suggests that a political crisis is at hand. Once the OPCW has established a credible track record and shown that it cannot be politically manipulated to advance an agenda unrelated to its CWC goals (such as criticizing Israel for possession of nuclear weapons), then the United States should encourage the remaining Middle East states to become states-party to the CWC. Although Jordan has already been bold enough to join, in practice, the other core peace process countries are much more likely to join the CWC once comprehensive peace has been achieved.

Enhance Deterrence and Prepare Vigorous Response

As the only state specifically prohibited by the UN Security Council from possessing WMD, Iraq is a special case. The new Administration should specify that if Iraq were to use WMD against another country, the United States is prepared to use overwhelming military force against Iraq, preferably in a broad UN coalition, but if necessary in conjunction only with close friends and allies. Additionally, the United States should publicly reserve the option of military action in the event that Iraq is reliably judged to deploy chemical or biological weapons or to possess a nuclear weapon—especially if Baghdad were openly to declare such possession and threaten to use those weapons. The means of response should be the product of consultation between the Administration and congressional leaders, followed by consultation with allies and friends about the proposed U.S. response. Provisional consultations and preparatory work should begin as soon as possible, given the time constraints that could emerge in a fast-moving crisis.

The United States should consult broadly about how to respond in the event that Iran deploys or is judged to possess nuclear weapons. Given that Iran is a signatory of the Nuclear Non-Proliferation Treaty (NPT), possession by Iran of a nuclear weapon would pose a challenge to world peace, much greater than the threat presented by the Indian or Pakistani nuclear tests. Iranian possession of nuclear weapons should be a matter of concern to all NPT signatories; Russian and Chinese interests, for example, would be ill served if proliferation were to become the norm. Similarly, Iranian withdrawal from the NPT under suspicion that it is clandestinely developing nuclear weapons would also threaten the global non-proliferation regime, meriting a strong response.

The most appropriate immediate response to an Iranian nuclear deployment could well be a set of "smart" sanctions—political, economic, diplomatic, and military—imposed by the UN Security Council, designed to target Iranian

decisionmakers with as little impact as possible on the Iranian people. The United States should, in consultation with appropriate friends and allies, also examine options for the use of military force in the event of either an Iranian nuclear deployment or, most especially, the use of nuclear weapons by Tehran.

Many of the considerations about Iranian or Iraqi nuclear weapons could also apply to biological weapons, especially with regard to their devastating use.

In the event that Iran or Iraq should pose particularly acute proliferation threats to U.S. friends or allies, Washington should be prepared to provide enhanced security guarantees. The character of those guarantees would depend upon the character of the proliferation threat, but the principle should be that the guarantees are sufficient both to deter against the use of WMD by the proliferant and to forestall allies and friends from entering an arms race or proliferating in turn.

U.S. forces should be configured on the assumption that their potential Middle Eastern opponents already have chemical and biological weapons, and plans should be prepared to quickly configure U.S. forces and those of America's friends against a nuclear-armed opponent. Besides developing response options, U.S. forces should improve passive and active defenses against WMD. In addition, the United States should recognize that it has an interest in ensuring that its allies and friends have active programs for consequence management and defense of their civilian populations.

Deepen and Extend Cooperation on Regional Missile Defenses

While there has been much speculation about the various and sundry means by which WMD may potentially be delivered—including via a terrorist "suicide bomb"—it should be noted that the states of concern in the Middle East are devoting substantial resources to developing ballistic missiles. Such missiles threaten all U.S. partners in the region, and there would be great technical advantages if these states were to cooperate in a common defense. For instance, the Gulf monarchies and Jordan are well placed to detect a missile launch from Iran or Iraq, while Israel's antimissile missiles could—if deployed in sufficient number—provide protection to several countries.

We believe, therefore, that the United States should place a high priority on developing, advocating, and helping to implement a cooperative defense among U.S. partners in the Middle East against the missile threat. Such cooperation could begin with the Gulf Cooperation Council countries, which are already working on shared early warning systems as part of the U.S. Cooperative Defense Initiative. As circumstances permit, this initiative could be extended to include Jordan, Egypt, Turkey, and—especially

if the peace process gets back on track—Israel. While being realistic about what can be done during times of tension, the United States should encourage its friends in the region to cooperate quietly on issues of common concern, such as the missiles that threaten all of them. This cooperation could be achieved through the intermediary of U.S. forces and could begin with low-profile but important steps such as exchanging information in real time about missile launches.

The United States should encourage use of the Arrow antimissile system by Turkey and eventually by Jordan and other friendly states in the region. Not only might the Arrow provide an appropriate missile defense system, but its use in other countries could be a means by which to promote cooperation among America's friends in the Middle East. The U.S. response should include funding for improvements to the Arrow as well as to systems designed to destroy missiles early in flight and to knock out missile launchers on the ground. This is a rational response both to the continuing Iranian effort to improve its missiles and to the possibility that Iran and Iraq are developing more potent WMD warheads, capable of dispersing chemical and biological weapons more effectively.

Chapter 3

Terrorism: Strengthen Response to New Threats

In recent years, state sponsorship of terrorism has become less prominent, though it still remains a potent threat to U.S. interests and to the security of partners in the region. At the same time, the region has witnessed an increased threat from non-state actors, like the loosely knit network of violent religious extremists around Osama bin Ladin. These groups cross state borders almost at will to carry out violent crimes on several continents. The new President should lend high-level encouragement to counterterrorism cooperation among U.S. allies and friends. The United States should argue that Middle East countries have much to gain from working better and more closely with each other and with the United States on counterterrorism, irrespective of strains in relationships among themselves. All U.S. friends in the Middle East lose from the existence of terrorism anywhere in the region, because it feeds the perception that the region as a whole is dangerous and unstable. Examples of how all Middle East economies suffer when terrorism strikes include the decline of tourism to Israel and Jordan after the 1997 attack in Luxor, or the decline of tourism to Egypt because of violence in the West Bank and Gaza in the closing months of 2000.

Learn from Antiterrorism Success Stories

Throughout the 1990s, a number of states registered great successes in countering and suppressing the terrorist threat within and across their borders. These cases provide important lessons about the fight against terrorism that the United States should both learn from and publicize. They include the successes of Turkey against the PKK (Kurdistan Workers Party), Egypt against the Gama'a Islamiyya, and, to some extent, Algeria against the GIA (Armed Islamic Group). These experiences variously suggest that terrorism limits democratic development—a lesson Washington should acknowledge.

Insulate Counterterrorism Efforts from Peace Process Dynamics

The United States must work to convince all parties in the peace pro-

cess that antiterror efforts should be delinked from the ups-and-downs of the diplomatic process. Just as a commitment to peaceful resolution of conflict should be the *sine qua non* for participation in a U.S.-sponsored peace process, so too should be the commitment by all parties in the peace process to work assiduously to prevent terrorism by persons and from territory under their control. Such, for example, has been the approach followed by Jordan, which has maintained a strong antiterror posture and solid antiterror coordination with Israel, despite sometimes visceral political condemnation of Israeli peace process policies by Jordanian political leaders. *The United States should recognize antiterrorism cooperation between Israel and Arab parties whenever it occurs, and provide financial and material resources to both reward these efforts and foster even deeper cooperation.*

The Palestinian Authority (PA) poses a much more problematic case. Until the violence that began in September 2000, there was reason for optimism. In 1999, the PA proved itself quite adept at preventing Hamas and Islamic Jihad terror activities, often through cooperation with Israel. As a result, 1999 saw the lowest toll of Israeli deaths from terrorism (two deaths) since 1967. However, during the clashes of late 2000, the PA released dozens of Hamas/Islamic Jihad activists and permitted the establishment of a joint Fatah–Hamas higher committee that implicitly blessed Hamas's renewed terrorist efforts. *On this issue, the United States needs to have a zero-tolerance policy: whereas the PA can legitimately differ from Israel on diplomatic matters, a price must be paid in terms of the U.S.–Palestinian relationship when the PA shows itself lax on the commitment to fight terrorism.* In such circumstances, Washington should consider stiff diplomatic penalties as well as the curtailing of financial, material, and training assistance. Conversely, the United States should also recognize praiseworthy antiterrorism efforts when they are put forth, especially when those efforts are consistent over time.

Strengthen Response to Continuing Challenges

The United States should enhance its efforts to promote international cooperation against violent, extremist Islamist networks, which carry out attacks in countries as varied as Saudi Arabia, Turkey, Yemen, Jordan, Egypt, Syria, and Israel. Such cooperation is essential, given the decentralized nature of these networks. The United States should take an active role in organizing intelligence cooperation—if necessary, playing an intermediary role among countries that do not want to be seen openly sharing information. Washington should also provide practical counterterror support to countries threatened by these groups. The United States should work with European and Middle Eastern countries to apply

collective pressure on the few remaining states that provide refuge or turn a blind eye to terrorists—namely, Iran, Pakistan, Yemen, and the Taliban in Afghanistan.

Terrorists in the Middle East have been ingenious at developing new methods, as illustrated tragically by the October 2000 attack on the *USS Cole.* Prudence therefore dictates that the United States prepare for new fronts opening in the terrorists' war against America, including the possibility of weapons of mass destruction (WMD) terrorism. A principal focus should be the improvement of consequence-management capabilities for WMD terrorism in the region by increasing the speed with which ample aid can be brought to bear, and by sharing with allies and friends knowledge and ideas about how to manage the consequences of WMD terrorism.

Make More Effective Use of Existing U.S. Policy Instruments

Given the longstanding policy—endorsed by successive Administrations—emphasizing the criminal prosecution of terrorists, *it is incumbent upon the United States to follow through on the pledge to pursue these criminals even when diplomatically inconvenient.*

The most urgent case in point concerns the Khobar Towers bombing. The United States should press Iran to make available the suspects in this bombing about whom President Clinton wrote to Iranian president Mohammad Khatami in 1999. Inaction on this issue will feed the suspicion that the law enforcement approach to terrorism is a convenient excuse for inaction. According to this scenario, action is deferred after a terrorist incident on the grounds that law enforcement forces must first identify the perpetrators. Years later, when law enforcement officials succeed in turning up promising leads, no action is ultimately taken on the grounds that political circumstances have changed in the country harboring the suspects.

Although it is entirely appropriate to approach terrorism as an issue for international criminal justice, terrorism also possesses aspects of low-intensity conflict that can require the use of military response. Counterterrorism should target not only the terrorist foot soldiers who are most likely to be held liable in criminal prosecution, but also those who make the decision to send them into battle. In this regard, the new President needs to lay the political groundwork for the possible use of force against both the leadership of terrorist groups and the countries that provide them with safe haven. It would be a mistake to foreswear the use of military force in order to bring the terrorist foot soldiers before a court, while the leaders who sent them into battle remain untouched.

The federal government should make fuller use of the authority provided by Congress to stop domestic supporters of terrorist groups while protecting the civil liberties of those who object to U.S. policies. We believe there has been a misplaced concern that vigorous law enforcement could besmirch the Arab–American community. Rather, that community would actually benefit from better-targeted law enforcement that focuses on the terrorists themselves and their financial supporters rather than taking a broad-brush approach toward anyone who actively opposes U.S. policy in the Middle East.

Similarly, there is also a misplaced concern among universities, which generally oppose efforts to systematize the data that the U.S. government requires them to collect on foreign students in the United States. *In fact, the federal government should be examining the data it already collects—but does not process in a timely manner—for national security concerns on students from countries on the State Department's list of terrorist-supporting countries, especially those students studying particularly sensitive subjects such as nuclear physics.*

The process of determining the State Department's list of state sponsors of terrorism has ossified. Seven countries currently remain on this list. The last one removed was Iraq, taken off in 1982 and placed on the list again in 1990; the last country to be added was Sudan, in 1993. This process deserves a thorough review. As part of that review, the new President should consider defining road maps to removal from the list for those countries that have shown an interest in being removed (i.e., Libya, Sudan, and Syria). Such a map, detailing the benchmarks each country would need to pass in order to earn reduced sanctions and eventual removal from the list, would be a useful complement to the imposition of sanctions. The map should link changes in U.S. policy to solid evidence of sustained change in policy by the other side. This would serve the dual purpose of underscoring U.S. insistence on ending support for terrorism and terrorists while also signaling Washington's intent to reward real change when it can be verified. *In addition, a policy review is appropriate to find ways to make the list more effective against governments that do little to prosecute terrorists or that, like Yemen, provide terrorists with a place to live as long as they do not engage in operations locally.* One possibility would be to establish degrees of state support for terrorism, rather than using a simple dichotomy (on the list or off of it). The degree of terrorism support should then be linked to the degree of U.S. sanctions applied, as well as to the level of engagement with the target government to which the United States is open.

Chapter 4

Iraq and Iran: Work for Change

One of the most important sets of policy issues facing a new Administration concerns Iraq and Iran. Both are leading players in what this report has identified as the two major threats to U.S. interests in the region—namely, radical destabilization of the peace process (or even a slide toward war) and weapons of mass destruction (WMD) proliferation. They are also both key actors in global energy security. That said, it is important to recognize sharp differences between the two and between the various challenges each regime poses to U.S. interests—differences not captured by using any one term for both, whether that term is "states of concern" or "rogue regimes."

The best prospect for U.S. interests vis-à-vis Iraq and Iran and for the people in both countries is profound political change, and U.S. policy should promote such change. In Iran, change appears to be on the horizon, the product of internal political dynamics. Iraq is another story. Sadly, we are convinced that change in Iraq will almost surely come about only through violence, such as a coup or internal uprising. To weaken the regime, loosen its grip on the people and territory of Iraq, and render it more vulnerable to the challenges of a coup or internal uprising, the new President should develop a comprehensive strategy of active steps to press Saddam Husayn's regime on multiple fronts.

Until change comes to Iraq and Iran, the United States faces the challenge of containing the damage these states can cause. It should press them to end policies and practices that threaten regional stability and violate international norms, while using sanctions and export controls to limit the resources they can devote to and the technology they can acquire for military modernization, especially proliferation. This is not to suggest that the two countries pose identical threats and that the U.S. response to each threat should be the same. Rather, we recommend a policy that addresses specific capabilities and challenges.

Clarify Saddam Husayn's Threat to U.S. Interests and Define Likely U.S. Response

At the outset of his Administration, the new President should order a broad review of U.S. policy toward Iraq. The purpose of such a review would be to clarify the nature of the threat posed to U.S. interests by Saddam

Husayn's regime and the potential U.S. responses to this threat. We believe it is important to identify those vital U.S. interests that Saddam may threaten and to spell out the red lines that, if crossed, would pose an unacceptable challenge requiring a large-scale U.S. military response.

In this process, the President should consult with key European and Middle Eastern allies and friends as well as congressional leaders. The review should explore what would be required to gain broader international support for more vigorous containment of Saddam and for more active policies against his regime. Gaining that support will almost certainly have a price—at the very least a commitment of U.S. prestige, if not greater accommodation on some other issues of concern to partner countries. Our advice is that Iraq poses a significant threat to U.S. interests and that the United States should therefore be prepared to pay a significant price in order to gain broader international support for a reformulated Iraq policy.

Once this review is complete, the President should present his policy determinations to the American people so that they are prepared for the possibility of a large-scale military confrontation with Saddam should circumstances warrant.

Broadly speaking, the United States should respond with large-scale military force if Iraq engages in territorial aggression or uses—or in some circumstances deploys—WMD, as discussed in Chapter Two. An especially difficult scenario would be the brutal elimination of the Kurdish autonomous authority in northern Iraq. Although there is likely to be less international support for military action in such a case than in the event of Iraqi territorial aggression or WMD use, the United States must be prepared to use force, as President Clinton pledged, if Saddam moves against his own Kurdish citizens.

In the above scenarios, "large-scale military force" refers primarily to sustained bombing campaigns against regime-maintenance targets. However, if circumstances warrant and permit—if, for instance, the Iraqi violation is sufficiently serious—the United States should be prepared to deploy adequate U.S. force, in conjunction with coalition partners, to bring about a change in the Iraqi regime itself. That could mean the deployment of ground troops in sufficient strength to signal U.S. commitment and resolve—which itself is an important component of efforts to hasten the crumbling of the regime. In the case of WMD use, Washington should reserve the option of using all means available against the Saddam Husayn regime.

The United States should work to create as broad a coalition as possible to respond to threats from Saddam, sensitizing its friends and allies to the character of the Iraqi threat and coordinating appropriate

policy responses with them. That said, the world of 2001 is different from the world of 1991, and the challenge from Iraq may take a less acute form than it did during the invasion of Kuwait. As a result, building a broad coalition may be more difficult. Therefore, the United States should be prepared to act in concert with the key allies who have supported military action against Saddam since Desert Storm, especially Saudi Arabia, Kuwait, and the United Kingdom.

Turkey would be a particularly useful country to add to this list, but we recognize that the Turkish leadership has little interest in going beyond its present role as host to Operation Northern Watch (enforcing the no-fly zone in northern Iraq) and is leery of actions that could strengthen the autonomy of the Kurdish entity in the north. Given the divergence between U.S. and Turkish attitudes about Iraq and the crucial role Turkey could play in anti-Saddam efforts, Washington needs to initiate a high-level dialogue with Turkey about Iraq. In the context of that dialogue, the United States should emphasize the threats Saddam poses to Turkish as well as U.S. interests. This would be part of an effort to determine the requirements for convincing Turkey to play a more active role in responding to the challenge from Saddam.

One "yellow line" that Saddam has already crossed is ceasing cooperation with United Nations (UN) arms control inspections. *The United States should support a strong UN Monitoring, Verification, and Inspection Commission (UNMOVIC) to resume inspections, but it should not make arms inspections the centerpiece of U.S. Iraq policy.* Specifically, Washington should not sacrifice the goal of replacing Saddam in order to restart arms inspections which, experience suggests, may no longer be particularly productive. The sad lessons of history have shown that Saddam does not allow inspections that threaten to uncover his remaining WMD and missile programs, nor is the international community prepared to support military action to force Saddam to cooperate. On one point the United States should be insistent: namely, that arms inspections be professionally rigorous. Sham inspections would undermine both the authority of the UN and respect for all arms control agreements, a result that would harm U.S. strategic interests far beyond its impact on U.S. Iraq policy. No inspections are better than sham inspections.

Besides arms inspections, another important element of U.S. policy toward Iraq should be support for Iraqi opposition groups as part of a larger strategy to pressure Saddam. These groups can at least act as an additional component in the containment of Saddam, and they may contribute to his overthrow—if nothing else, by preoccupying the regime's secret police. Opposition groups do more than sit in offices abroad: some of them already control more than one-fifth of the country in the Kurdish areas of the north. Support for the opposition should be part of a

strategy to press Saddam on all fronts simultaneously, done in combination with covert operations and vigorous enforcement of the no-fly zones and the now-underenforced "no reinforcement" zone proclaimed by the UN in southern Iraq (often misidentified as a "no-drive zone"). The United States should provide the opposition with ample financial and political support, as well as specific equipment items such as communication gear and, starting with the Kurdish opposition in the north, weapons as appropriate.

In the course of its work with the Iraqi opposition, the United States should articulate a clearer vision for post-Saddam Iraq. Washington should make explicit that the more peaceful, open, and democratic Iraq is, the more America will support it. Iraqis should be told that the United States would promote Iraq's economic development post-Saddam, including ending special restrictions on Iraq's trade, as well as forgiving debt and war compensation obligations. While underscoring that only a limited number of Iraqi government leaders will be tried as war criminals, the United States should more actively pursue indictments against them. Simultaneously, Washington should stress its support for Iraqi territorial integrity and its preference for a federal Iraq with autonomy for the Kurdish communities in a unified state. In this regard, the United States needs to undertake a special outreach effort to Gulf monarchies. These states should be made to understand that while the United States provides most of the military muscle for Gulf security, the Gulf states must provide active diplomatic and political support. This includes working with Washington to develop a joint vision of how to end the security threat Saddam poses.

Turn Sanctions into a Tool to Open Iraq

Although the Administration needs to reassess its overall strategy toward Iraq and toward the threats Saddam can pose to U.S. interests, in the interim it should also revamp its approach to the most contentious aspect of Iraq policy—sanctions. Support for sanctions against Iraq has slipped as the negative effects (their perceived broad-brush impact) have taken attention away from their positive aspects (containment of Iraqi military capabilities and pressure on Saddam's regime). We believe the United States should undertake an urgent effort to refocus sanctions more sharply on Saddam and his military apparatus.

To that end, Washington should take the initiative in reshaping sanctions, rather than being seen as reluctantly agreeing to steps forced on it by others. The United States should press at the UN for a three-fold initiative, building on the consensus that Iraq cannot be allowed to

develop WMD or to import arms or other items essential to its military rearmament program:

1. Ease sanctions paperwork for non-dual-use civilian goods;
2. Allow the importation of many potential dual-use items now blocked (by U.S. action, typically) on the condition that Iraq allow rigorous end-use inspections by international monitors; and
3. Increase inspections of goods flowing into Iraq to detect banned items.

As part of this process, the United States should work with other UN Security Council members to agree on a list of dual-use items that Iraq is prohibited from importing, making use of the work of the Wassenaar Agreement, the post–Cold War mechanism for destabilizing conventional weapons and monitoring dual-use exports potentially useful for WMD.

At the same time, the United States should reach out to humanitarian groups in developing suggestions for how to improve delivery of aid to ordinary Iraqis. These groups have much expertise that could be put to use; it is a tragedy that they are instead devoting much effort to hostile criticism of U.S. Iraq policy. Washington should help these groups rather than treat them with reserve or suspicion. The United States should show them that it shares their humanitarian concerns and that the true source of Iraqi suffering is Iraq's totalitarian government. Washington frequently provides material and diplomatic assistance to humanitarian groups, many of which work closely with USAID's Office of Foreign Disaster Assistance. Instead of adopting a neutral or unhelpful attitude about travel to Iraq, the United States should be actively promoting efforts by these groups to work inside Iraq.

Indeed, the United States should take every opportunity to promote a presence by these groups on the ground in Iraq as part of a plan to open up that country. The more contact the outside world has with Iraq, the better informed Iraqis will be about the country's real situation, and the better informed the world will be about realities inside Iraq. To be sure, humanitarian workers in Iraq will be vulnerable to harassment or worse from Saddam's thugs, and the U.S. ability to assist in such a situation could be strictly limited—a possibility that should be spelled out to any humanitarian workers considering a stay in Iraq.

As part of the same process of opening up Iraq to the outside world, the travel restrictions placed on that country should be completely

reversed. The present rules permit unimpeded travel by top Iraqi officials while preventing travel by ordinary Iraqis. A better approach would be to encourage people-to-people exchanges and travel by ordinary Iraqis while preventing travel by those top Iraqi officials (and members of their families) who block implementation of Security Council resolutions or who are suspected of war crimes or gross human rights abuses. These sorts of "smart sanctions" have drawn support at the UN, for instance, as they pertained to the former Yugoslavia. *The United States should seek passage of a Security Council resolution that encourages passenger flights to Iraq, restricts travel by Iraqi officials not cooperating with the UN (for instance, on arms inspections), and establishes a war crimes tribunal for Iraq (with UN members obligated to arrest any indictees who arrive on their soil). Failing that, the United States should consult with its European allies about implementing travel restrictions on top Iraqi officials, especially those who would fear arrest in the West for their role in torture and genocide.*

The United States should recognize that these humanitarian and dual-use-control efforts are, unfortunately, unlikely to have a major impact on the immediate physical situation of the Iraqi people because Saddam is sure to resist all efforts to open his country to the world. At the same time, however, these efforts should be pursued, both to help the Iraqi people as much as possible and to advance U.S. interests by changing the image of America in the region and around the world, showing that the United States cares more about the suffering of the Iraqi people than does Saddam.

With sanctions refocused on preventing the importation of prohibited items beneficial to Iraq's military rearmament and on containing Iraq's aggressive potential, the United States may be more readily able to secure support from the other major powers to sustain, if not reinforce, UN sanctions on Iraq. Washington should appeal to the common interest of the other permanent members of the Security Council to enhance the council's centrality in responding to international problems. In particular, the United States should vigorously press France, Russia, and China about the impact that the systematic undermining of UN sanctions will have on the prestige of the Security Council if these countries continue to exploit one loophole after another in the sanctions regime.

Iran: Support the People, Press the Hardliners

Iran is one of the great political enigmas facing U.S. policymakers. This country that sponsors international terrorist groups, lends support to the violent opposition to the Middle East peace process, and spends scarce capital on developing a nuclear weapons program also

has a political system that—other than those in Israel and Turkey—may be the most animated, vigorous, and dynamic in the region. Since the election of President Mohammad Khatami in 1997, there has been an increasing expectation that the reformist tide will win out over the hardliners. So far, that has not been the case, and, despite whatever progress the reformists have made on the domestic scene, little has changed in terms of the Iranian policies that pose the greatest threat to U.S. interests and allies. Moreover, from the standpoint of U.S. interests, it is prudent to recognize the possibility that domestic political tensions could escalate into full-scale political turmoil if hardline radicals block the progress of the reform movement.

Perhaps most of all, it is important to note that almost any U.S. action is likely to have marginal impact—and not necessarily a positive impact by any means—on Iran's uncertain domestic political situation. Nonetheless, the United States should support the Iranian people's reform movement as best it can. In practice, this means the following:

- *"Do no harm"; that is, avoid too close of an embrace of the reform movement, which would feed hardline suspicions that the reformers are the vanguard of the Western cultural invasion they so fear.*

- *Do not support any single individual; President Khatami, for example, is a manifestation of the strong popular desire for reform, not its cause.*

Having articulated what the United States should not do vis-à-vis Iran, we urge the new President to pursue a policy characterized by the following themes:

- *Sustain pressure to compel change in egregious Iranian policy.* As long as Iran continues to threaten regional stability by pursuing WMD and the means to deliver them, undermining the peace process (e.g., arming Hizballah), and providing support for international terrorists, the United States should sustain pressure on hardline Iranian actions. The most thorny of these issues is WMD, which Iran may continue to pursue even if reformers consolidate control. The United States should focus on restricting supplies of destabilizing new arms and dual-use exports, but also maintain restrictions on investment in the expansion of Iran's energy sector—this, in order to reduce the Iranian government's revenue from which it finances arms purchasing and weapons building. At the same time, Washington should offer to reduce restrictions and resolve differences in a step-by-step process, as long as the process is reciprocal rather than one-sided.

The Iran–Libya Sanctions Act, due to lapse in August 2001, has reduced Iran's ability to generate the oil revenue with which it funds its armament programs, but it has exacerbated trade tensions with America's most important allies, including the European Union. In its early months, the new Administration should explore whether better ways can be found to work cooperatively with Europe in reducing the risks from Iranian proliferation and Iran's sponsorship of terror. It is important to note that Europe and America generally cooperate well on the most critical issue here, namely, limiting supplies of major new arms and dual-use technology to Iran.

One immediate step that could be taken would be to resolve all outstanding financial claims between the United States and Iran in a global settlement. This would defuse a number of politically explosive financial claims, such as the U.S. court-awarded judgments for damages in cases of Iranian terrorism, or Iran's case at the International Court of Justice for compensation resulting from U.S. military action in retaliation for Iranian mining of the Persian Gulf in 1988.

- *Reach out to the Iranian people.* While maintaining pressure on the hardline actions of the Iranian government, the United States should reach out to the Iranian people by facilitating visits and encouraging private enterprise. As part of a step-by-step improvement in relations, restrictions on private civilian trade could be relaxed. In the near term, U.S. exports of consumer goods to Iran could be permitted; after all, such a move would reduce the dollars Iran has available to spend on arms imports. Later on, consideration should be given to allowing Iranians unconnected with the government to conduct their business in America without any special restrictions. In place of the current policy of fingerprinting all Iranian visitors, U.S. immigration officials should find less humiliating means to verify identities. At the same time, the United States should urge Iran to open up to the American people by allowing more U.S. visitors to enter, especially from among the many Americans whose hopes of encouraging people-to-people dialogue and Track II diplomacy are blocked by Iranian refusal to issue visas.

- *Do not slacken in the effort to inaugurate dialogue with the Tehran government.* The United States should step up its efforts to encourage government-to-government dialogue with Iran, reminding the world at every opportunity that it is Tehran that has refused to talk with the United States, not vice versa. Washington should take the ini-

tiative to involve Iran in dialogue at multilateral organizations to which both belong—for instance, on counternarcotics actions. The United States should also encourage other Western countries to urge Tehran to talk to Washington about issues of common concern, such as the Taliban and the impact of South Asian proliferation. If Iran shows an interest, Washington should be prepared to work together with Iran on issues like countering narcotics or pressing the Taliban on their human rights record.

Through intermediaries, the United States should propose a variety of confidence- and security-building measures, such as inviting Iranian observers to watch U.S. military maneuvers in the Gulf and ensuring that Iranians are invited to any exercises in which the United States participates that take place near the Iranian border. Washington should also look for ways to reassure Tehran that it recognizes Iran's legitimate security concerns regarding threats from such unpredictable neighbors as Iraq and Afghanistan.

- *Prepare planning options in the event of dramatic change in Iran.* All of the above suggestions are, in essence, interim policies, designed to raise the cost to Iran of pursuing policies inimical to U.S. interests, while Iranians themselves sort out their own domestic political morass. In the event that reformers win a decisive victory in Iran's domestic political contest, the United States should be prepared for a different sort of engagement. Recognizing that reformers are unlikely to make swift changes in those policies that are most objectionable to Washington, it will still be useful for U.S. planners to consider ways to capitalize on change inside Iran in order to advance wider U.S. interests. Given that this process is likely to involve consultation with people who would relay news of the exercise back to Tehran, the very existence of such an exercise would constitute a signal to reformers about U.S. intent. At the same time, the United States should consider what policies would be appropriate in the event that the Iranian reform movement is brutally suppressed by hardline elements who reassert total control.

Chapter 5

Regional Strategy: Invest in Critical Relationships

In late 2000, the jarring images of anti-American street protests in Arab capitals and sharp criticism of U.S. policy by some Arab leaders were a warning sign. While the fundamentals of America's standing in the region remain strong—on both the elite and popular levels—U.S. relations with the region need consistent, effective, and high-level tending to prevent erosion that would impact negatively on critical areas of policy. We recommend a comprehensive approach: expanding outreach to Arab and Muslim-majority countries; taking advantage of the opportunities of new leadership to advance positive change; promoting good governance, democratization, and human rights; strengthening key bilateral partnerships that form the bedrock of America's engagement in the Middle East; and promoting cooperation and coordination among America's friends, which will have a "force multiplier" effect of strengthening each individually and bolstering them all collectively.

Expand Outreach Programs to Arab and Muslim-Majority Countries

The new Administration should take the initiative in expanding cultural and educational outreach to Arab and Muslim countries with the aim of enhancing local knowledge of and understanding about American politics, society, and culture. While many bemoan the insufficient knowledge of Middle Eastern societies inside the United States, the fact remains that few Middle Easterners—elite or non-elite—have much understanding of or appreciation for American democracy, values, and political processes. While there are numerous Middle East studies centers at American universities, for example, there is just one American studies center in the Arab world (in Morocco) plus a small number of U.S.-affiliated universities (such as the American Universities in Cairo and Beirut). Within existing budget parameters, the new Administration should make U.S. officials available to speak on Arabic-language media, especially on the increasingly influential satellite television news and commentary shows; encourage U.S. embassy personnel to speak

at local universities and other institutions; and facilitate study in America for Arab students through easier access to information about U.S. study opportunities and smoother procedures for visas. The new Administration should also seek additional funding to promote American studies abroad, through such programs as creating American studies centers at universities in Arab countries; expanding the production and distribution of Worldnet and other programming in local languages; increasing opportunities for scholarships and fellowships for Middle East students to come to America; and expanding programs for U.S. educators, businesspeople, journalists, and others to travel to the Middle East to lecture, mentor, and teach local counterparts. Some of these programs could also be applied to Turkey, where understanding of the United States is surprisingly limited.

The United States should also seek ways to combat the misconception, all too common in the Middle East, of American hostility toward Islam and Muslims. A better understanding of U.S. society would help Middle Easterners to appreciate both the important role religion plays in American life and also American respect for the religious principles of others. In addition, the United States should seek ways to make common cause with the majority of the world's Muslims, including the vast majority of devout Muslims and their religious leaders who recognize the distinction between Islam and the radical political philosophy of Islamism—which cloaks its violent anti-Western intentions in pseudo-religious rhetoric. While remaining sensitive to local cultures and mores, the United States should never give indirect legitimacy to Islamists' claims and should never refrain from responding to Islamist challenges for fear that U.S. actions against them may offend ordinary Muslims.

Take Advantage of Opportunities Presented by New Leadership

For the last quarter-century, the longevity of Middle Eastern leaders has belied the region's notorious reputation for instability. In fact, until 1999 the Middle East could claim a leadership cohort older and longer-serving than that of any other region in the world. This has changed. A trend that began with the bloodless coup in Qatar in 1995 and the Israeli election of 1996 picked up steam in 1999 and 2000 with a new generation of leaders coming to power in Jordan, Bahrain, Morocco, and Syria. Talk about succession is common in Saudi Arabia and the Palestinian Authority (PA). Even Egypt, governed by a septuagenarian, is not immune. And many hope that Iraq will soon join the list of countries due for a replacement of leadership. By the end of the first decade of the new century, actuarial tables will make the Middle East look different than it has at any time in the last generation.

While local circumstances differ from country to country, the new Middle Eastern leaders will all face a common problem: how to maintain their uncertain hold on power and build legitimacy in the shadow of their generally imposing predecessors (some of whom also left behind imposing problems). The outcomes will differ. In some countries a weakening of the central government may permit latent ethnic and religious animosities to emerge. This is especially the case among three states long inimical to U.S. interests in the region: Iraq, divided among Sunni Arabs, Sunni Kurds, and the majority Shi'ite Arabs; Syria, where the minority Alawite sect governs a largely Sunni Muslim country; and Sudan, where Sunni Muslims battle Christians and animists for control of that country's large southern region. Anti-Western regimes that have proved resistant to change, such as Syria and Libya, may collapse in a Romania-like spasm of violence—or may find a way to survive this set of challenges.

Although pro-Western regimes are still likely to rely on U.S. security guarantees for their defense, some will grow progressively less willing to provide active support for U.S. political and military initiatives and may seek medium-term security by reducing regional tensions (along the lines of the deepening Saudi rapprochement with Iran). Some of these countries will succeed by responding flexibly and creatively to the challenge. But those whose regimes remain closed, autocratic, and highly centralized are likely to grow defensive and inward looking.

Ironically, history suggests that the Middle Eastern monarchies have the best chance of absorbing and dealing with change, while the region's pseudo-republics such as Syria and Iraq—almost all born in violence and radicalism—are the least capable of nimble responses.

Almost everywhere, however, the byword will be uncertainty. For U.S. policy, there are three key implications:

1. *Friendly states in the Gulf and North Africa will need patience, support, assurance, and, at times, a push toward economic and political reform* to help make a peaceful and secure generational transition.
2. *Opportunities will exist, at least on the margins, to promote pro-Western changes in traditionally adversarial regimes, such as Iraq, Iran, Syria, and Libya.* The United States should reach out to the "people" by promoting freer markets, freer communication, and freer travel.
3. *Post-Arafat, the PA (or its successor entity) could become the leader in democracy within the Arab world.* By focusing on the need for good governance, transparency, and accountability, the United States can help develop a regional partner that is pro-Western, pluralist, and democratic. Washington has the standing to tell the

Palestinians that democracy and security can be advanced simultaneously; making them mutually exclusive creates a false choice.

Promote Democratization, Good Governance, and Human Rights

Whereas the United States has actively promoted democratization, good governance, and human rights in other parts of the world, the promotion of these goals has not been a major item on the U.S. agenda in the Middle East. Consistent with its wider strategic interests, the U.S. priority has been peace and stability first, the advancement of democracy second. Balancing these two sets of goals presents a difficult dilemma, but the lesson of history is that peace and stability are among the best conditions for substantial progress toward freer societies. The United States should recognize that local circumstances may validate a regime's reluctance to pursue a democracy agenda.

Within that context, however, much should be done to build support—at home and abroad—for investing in Middle East democratization. *Taking the approach "think big but act incrementally," the United States should urge every country to make progress toward better governance, more representative government, and fuller respect for human rights. Even if a country faces difficult circumstances, there are always some measures that can be implemented to improve governance and human rights.* The United States should develop a step-by-step approach that first focuses on enhancing both the rule of law and sound, transparent governmental practices; moves on to broaden participation in governance and enhance access to new technologies and the free flow of people and ideas; and then pursues elections as a vehicle for the peaceful, orderly transfer of power. At each stage, the focus should be on affirming existing achievements before moving too hastily to the next stage of this process.

The United States should applaud progress wherever it occurs, however partial it might be, and press for additional change. This should especially be the case with the region's monarchies (in the Gulf, Jordan, and Morocco), who should be encouraged to adopt more accountable and transparent governments and to give more authority—with fewer restrictions—to parliaments.

At the same time, *the United States should put special emphasis on the democracy agenda within the PA,* where the newness of government institutions and the intimate familiarity with Israeli democracy offer good prospects for democratization. In the Arab world, the future state of Palestine may have the best chance of becoming a full-fledged democracy.

At the opposite end of the spectrum, *U.S. diplomacy should highlight the shortcomings of the most egregious abusers of human rights and the least democratic societies in the region, especially Iraq, Sudan, Libya, and Syria.* The new Administration should more vigorously support the work of institutions, such as the National Endowment for Democracy, that support nongovernmental organizations based in exile working for positive change and documenting human rights abuses in these countries. It should also assist credible dissidents from these countries who need a platform from which to inform the world about conditions at home. And it should promote educational exchanges and the participation of scholars from these countries in international events, including Track II diplomacy.

An important vehicle for promoting democracy in the Middle East is the Warsaw Convention of Democracies. The signatories of the June 2000 Warsaw Declaration "Toward a Community of Democracies" (including Algeria, Egypt, Israel, Jordan, Kuwait, Morocco, Qatar, Tunisia, Turkey, and Yemen) stated, "We appreciate the value of exchanging experiences in the consolidation of democracy and identifying best practices." It also committed the signatories "to support one another in meeting the [Declaration's] objectives," such as "that government institutions be transparent, participatory, and fully accountable." Iran, Iraq, Lebanon, Libya, Sudan, and Syria—in addition to the Warsaw Declaration signatories—are signatories of the Universal Declaration of Human Rights, which states in Article 21, "The will of the people shall be the basis of the authority of government; this will shall be expressed in periodic and genuine elections which shall be by universal and equal suffrage."

To advance these goals, the United States should:

- Hold regular, high-level dialogue with the Middle East signatories to discuss their efforts to implement the Warsaw Declaration commitments;
- Encourage Warsaw Declaration signatories to allow international and independent domestic monitoring of elections, and offer U.S. monitors for such elections; and
- Include in the annual State Department human rights report a section on progress toward the democracy goals of the Warsaw Declaration and the Universal Declaration of Human Rights, which would require U.S. embassy personnel in each country to follow and report on such developments regularly. Such a section should include an evaluation of the character of each election in the relevant country.

Because Egypt's regional weight enhances the demonstration effect of its support (or disregard) for democratic norms, the most important effort should be with Cairo. After promising moves away from a controlled society in the 1980s, in recent years Egypt has made, at best, marginal progress toward democracy, freedom of the press, and relaxation of the state's tight grip on civil society organizations. Particularly disturbing has been the arrest and trial, now underway, of a prominent Egyptian–American civil society activist with an international reputation, Saad ed-Din Ibrahim—a matter which the U.S. government should follow closely. On the other hand, the 2000 parliamentary elections were less violent and more transparent than recent votes and there has been some limited progress on rights for the Coptic religious minority. The Administration should complement the current multifaceted dialogue with Egypt with a discussion about why Egypt's interests are best served by fulfilling its Warsaw Convention obligations (for more on the U.S.–Egypt bilateral relationship, see below).

The Middle East states that have made by far the most progress toward the goals of the Warsaw Declaration are Israel and Turkey. Turkey is currently involved in a high-profile democracy dialogue with the European Union (EU), and the United States should encourage Turkey to stay the course in its bid to meet the political criterion for EU membership.

Strengthen Key Bilateral Partnerships

America's ability to secure its interests in the Middle East rests on the strength of its key bilateral relationships with powerful and pivotal Middle East states. The most important of these are relationships with Israel, Egypt, the Gulf Cooperation Council (GCC) states, Jordan, and Turkey. As the new Administration focuses its energies on dousing the various political fires spread across the region, it should commit time and energy to promoting the vitality and solidity of these critical partnerships.

Israel: Affirm the unwritten alliance. As noted above, one of the top priorities for the new President is to deter regional conflict by affirming America's alliance with Israel, in word and deed. Though unwritten, this alliance reflects the deep well of support and affinity for Israel among the American people and across the American political spectrum. It is an alliance founded on shared values, the embrace of democracy, and common interests in regional peace, security, openness, and prosperity. We believe that efforts to bolster this alliance not

only have a deterrent effect on regional troublemakers but also enhance the U.S. role as an effective mediator between Arabs and Israel, which can flow from—and is not antithetical to—the U.S. role as Israel's ally.

Throughout the period of the Clinton Administration, U.S. coordination with Israel on diplomatic matters was usually warm and close during Labor governments, mostly chilly and distant during a Likud government. This reflected a lack of shared vision on the direction and even the meaning of the peace process itself more than it did differences between America and Israel on tactics within the framework of the peace process (for example, settlement expansion under Ehud Barak has proceeded at a faster pace than under Benjamin Netanyahu, but that has not curtailed the remarkably close U.S.–Israeli coordination on peace process strategy since Barak's election).

Given the experience that both Labor and Likud governments have had with the Oslo process, we believe that the U.S.–Israel relationship has matured beyond the point at which disagreements on specific peace process items need infect the entire web of relationships affecting this alliance. As the process evolves in new and uncertain ways, and with the always real potential for leadership change in Israel, it is important that Washington and Jerusalem commit themselves to a level of partnership that has built within it the strength and flexibility to contain, manage, and defuse political tension. This will require consistent, close coordination at the highest political levels, recognition of each party's political constraints, appreciation of their overlapping but non-identical strategic interests, and a persistent effort not to question each other's motives or provide reasons to do so.

On the strategic front, the United States should take the lead in upgrading its partnership with Israel to meet common strategic threats. This should include enhanced cooperation on counterterrorism and various forms of defense against ballistic missiles. In the new threat environment and with the increasing sophistication of modern weapons, Israel is less able to defend itself by itself. Regional cooperation is a powerful security multiplier for all involved—for instance, in defending against missiles from Iran or Iraq, as discussed earlier in this report. The United States should promote multilateral exercises involving U.S. forces with those of Israel and other states in the region (initially Turkey but, as the peace process advances, also Jordan, Egypt, and perhaps others), and invite Israel to join some NATO exercises in Europe. That will require the U.S. military to find ways to work around the artificial boundaries between the European Command (which includes Israel, Lebanon, Syria, and Turkey) and the Central Command (which in-

cludes Egypt, Jordan, and the GCC states). At the same time, the United States needs to place a high priority on ways to deepen cooperation between the U.S. and Israeli defense establishments while preserving the independence both desire.

In the context of the deepening U.S. security relationship with many states in the region, Washington needs to open a discreet discussion with Israel on the evolving definition of "qualitative security edge." The United States has long committed itself to ensuring that Israel retain a qualitative security edge, but formulaic reaffirmation of American commitments on this score lose their deterrent value without continual reassessment. Many of the weapons systems in the region are looking more and more like those in Israel's inventory; for instance, Egypt and Jordan have the same F-16 fighter planes as Israel (indeed, the United Arab Emirates will have a model of F-16 more advanced than any in the U.S. inventory, much less Israel's). Furthermore, the United States needs to recognize that U.S. assistance to Israel is not now, nor will it be in the future, sufficient to fund what Israel needs to keep pace with the revolution in military affairs—such as large numbers of precision-guided munitions and sophisticated systems for command, control, communication, and intelligence. The military challenge will be to find ways, within the constraints of the resources Israel can muster, to build on Israel's advantages in the high-tech fields central to modern militaries. In parallel, the political challenge will be for the United States to make clear to Israel's neighbors that America will oppose any effort to attain strategic parity with Israel.

At the same time, the United States should speak clearly to Israel about its obligation under the strategic partnership to support the vital security interests of Washington wherever possible and never to undercut them. That includes the obligation to forgo destabilizing exports of arms incorporating modern technologies, even those indigenously developed. In parallel, the United States should recognize legitimate Israeli strategic concerns about Chinese backlash; in particular, were China to propose destabilizing arms sales to Israel's adversaries in apparent reaction to the Phalcon cancellation, Washington should intervene with Beijing about the matter. And while insisting that Israel forgo potentially destabilizing military sales, the United States should be willing to assure Israel and its customers that future sales will not encounter the problems of the Phalcon sale to China. Washington should also encourage more cooperation and direct investment between the Israeli and American defense industries, to the advantage of both.

That Israel's industries have advanced to the point that they are producing world-class high-tech products is emblematic of the country's

economic progress. While fifteen years ago the United States had to worry about Israel's potential economic collapse, today the economic issues on the bilateral agenda are much more similar to those between any two advanced industrial market economies. Trade access and intellectual property rights are important issues that the United States needs to press with Israel, while keeping such economic disputes isolated from the *de facto* security alliance between the two.

U.S. economic aid to Israel was for many years just above the amount the latter owed on loans taken out to pay for the construction of new air bases following the return of the Sinai Peninsula in the Egypt–Israel peace treaty. In 1998, Israel proposed the phasing out of U.S. economic aid by fiscal year 2008 at a rate of 10 percent per year (Israel's debt payments will linger on at low levels until 2015), with half that amount being transferred to military assistance. We applaud this Israeli initiative. When regional tensions cool and political circumstances permit, the United States should consider broaching with Israel the possibility of a more accelerated phaseout of U.S. economic assistance, under the terms of the existing understanding that half of the reduction in economic aid would be added to military assistance. Ending economic aid earlier could strengthen the bilateral relationship by removing an irritant seized upon by Israel's critics. That would allow discussion of aid to concentrate solely on security issues; indeed, the more rapid transfer of funding to military aid would facilitate the modernization of Israeli forces.

There remain strong reasons to provide Israel with military aid which would include a special package—to assist with both costs of the withdrawal from Lebanon and responses to threats from distant countries—as well as potential future packages that would be offered in the context of peace agreements. U.S. interests are well served by extraordinary aid allocations that strengthen Israeli deterrence and compensate Israel for risks taken in the peace process. Withdrawing from lands that have provided a strategic buffer is risky. With less of a physical buffer, Israel will need extra warning time and quicker response capabilities, which will require expensive intelligence equipment, fighter planes, helicopters, and the like. In addition, Israel has major military facilities along what is now its security frontier; if that frontier is moved, new facilities will have to be built, and they will not be cheap. That said, the burden has to be allocated fairly. It is not appropriate for the United States to pay the full cost. Nor is it wise for Washington to use aid dollars as an incentive for Israel to agree to a deal that it would otherwise reject; peace agreements should stand on their own merits. Peace, however, should not be held hostage to insufficient funds.

There are many issues on the U.S.–Israel agenda. There are also many mechanisms in place to address these issues. In fact, every passing Administration seems to enjoy leaving its mark on the U.S.–Israel relationship by adding a new bilateral working group, planning commission, or bureaucracy for periodic consultation. The new Administration should make more intensive use of the many existing bilateral institutions rather than create any additional commissions. Indeed, it may well be useful to consolidate the mechanisms for bilateral consultation in order to prevent redundancy and stagnation.

GCC States: Strengthen energy, military, and economic security. The United States should more clearly articulate that its key concern about energy security is assured supply—although price becomes a greater concern when it rises to unsustainable, speculative levels. To deal with this contingency, the heart of U.S. consultation with GCC states about energy should be about how to maintain market stability in the face of any politically motivated effort to destabilize markets, such as an Iraqi threat to cease exports. To this end, the United States and its allies should stockpile an adequate strategic petroleum reserve, and the GCC states should maintain (or develop) sufficient unused or quickly available production capacity.

At the same time, the United States should do its best to encourage the expansion of oil production capacity in states friendly to America, rather than in hostile countries that will use some of their oil income to develop disturbing military capabilities (destabilizing conventional forces, if not weapons of mass destruction). To that end, Washington should encourage GCC states to open up more quickly to foreign investment in the energy sector. Investment by the major international oil companies would allow those countries to mobilize badly needed capital and would deepen their ties with the United States.

The U.S. relationship with GCC elites should be strengthened by investing in consultation in advance of crisis. The frequent, high-level visits to the region by U.S. military personnel should be matched by similar visits made by civilian officials. In a part of the world that places extraordinary importance on personal relationships, nothing can substitute for face-to-face contact.

Key to energy security is the security of the GCC states. While accepting responsibility for safeguarding Gulf security, the United States should insist that the GCC states adopt military policies that allow them to make a real contribution to the defense of the region. Washington should promote a common understanding among GCC states and arms suppliers that states of the GCC should purchase those weapons they

can most effectively utilize, and not acquire any weapons system unless there are sufficient numbers of fully trained local operators. The United States should align its arms sales efforts with the recent Saudi focus on making fuller use of past weapons purchases with upgrades—along with additional training and exercise programs—rather than buying major new weapons systems. Washington should also encourage each Gulf state to develop areas of military excellence while relying on security cooperation with Gulf allies and the United States in other areas—that is, GCC states should be encouraged to develop complementary capabilities rather than each trying to acquire every type of armament.

The security threats to GCC states come not only from their troubled neighbors but also from internal problems. These problems are serious and potentially regime threatening. They range from extremely high unemployment and underemployment to unsustainable social welfare systems, to uncertainties about the succession of new rulers, and, in the background, to the potential resurgence of radical Islamist opposition forces. The United States needs to understand better the challenges to domestic security in GCC countries, especially Saudi Arabia.

Because of its interest in the stability of the Gulf monarchies, the United States should deepen its support for ongoing economic reforms throughout the GCC. In recent years, each of the GCC countries has taken modest steps to curtail unsustainable social welfare programs and to privatize or permit foreign investment in what have been government services like electricity, telecommunication, and airlines. The United States should take concrete steps to encourage such reforms.

In particular, the new Administration should facilitate Saudi membership in the World Trade Organization (WTO) as an important step toward making Saudi Arabia's commercial decisionmaking and legal systems more transparent and regular. Rather than fixating on its preference that Saudi Arabia join the WTO as an industrial country (which would entail an obligation to quickly phase out subsidies and trade barriers), Washington should accept Saudi membership as a developing country, as long as Riyadh agrees to reform its economy quickly. In that regard, we believe that Washington should urge Saudi Arabia to move expeditiously to end the implicit subsidies that encourage excessive consumption of water and electricity; to provide greater transparency and accountability about the subsidies and income transfers provided to the extended royal family; to reorient the education system so as to produce graduates with the skills needed for the job market in fields such as health sciences and engineering; to imple-

ment the announced reforms for attracting foreign direct investment; and to draw upon the expertise and financing of the international oil companies to expand its oil production, gas production, and oil refining capacities.

Along with economic reforms, each state has taken modest steps to open up its own political process. Depending on the country, these steps have included appointing advisory councils where none existed before, permitting elections to councils that, in the past, were appointed, or extending voter rolls to cover more of the population. While applauding these measures, the United States should encourage GCC states to step up the pace. The U.S. role as defender of Gulf security, proven in war, gives America special standing to commend moving further and faster along the path of political reform. This does not mean introducing parliamentary democracy tomorrow, but it does mean making government more transparent and accountable as well as expanding opportunities for popular participation in governance.

Egypt: Engage on the benefits and burdens of leadership. For more than two decades, the U.S.–Egyptian relationship has been a centerpiece of U.S. efforts to bolster peace and security in the Middle East. This reflects Egypt's pathbreaking role in pursuing peace with Israel and its preeminent place in Arab political, military, diplomatic, and cultural circles. In recent years, however, public discord and private frustration between the two governments has increased. There have been numerous sources for these disagreements—clashes over Iraq policy; disputes over regional arms control efforts and Chemical Weapons Convention ratification; sniping over the warmth of the "cold peace" with Israel; the Egypt Air crash investigation; accusations of Egyptian violations of democratic norms and human rights; and, most important of all, divergent approaches to Arab–Israeli diplomacy. Given the potential for Egypt to play either a positive role in promoting moderation and stability in the region or a negative role in complicating and impeding U.S. regional initiatives, it is important for the new Administration to devote considerable attention to this vital relationship. As part of this process, we recommend transforming the Gore–Mubarak Commission into a series of regular political, strategic, and economic consultations that broaden the bilateral relationship and embed it more deeply into the regular bureaucratic activities of the two countries.

Egypt's economy has made substantial progress, primarily due to economic reforms made with the support of U.S. economic aid. Thanks to this success, the ongoing program to phase down U.S. aid to half its post–Camp David level is appropriate. The central element in the bilateral economic relationship should become trade, not aid. In that

context, the United States should commit to negotiate a bilateral free trade agreement (FTA) as a means to complement the strong political and security ties between Washington and Cairo and to offset the programmed decline in economic aid. If Egypt is agreeable, the United States should be willing to proceed with economic initiatives regardless of peace process tensions. Regrettably, Egypt led the charge at the October 2000 Arab League summit to suspend all regional economic initiatives with Israel and to urge other states to sever their relationships with that country. If Egypt insists on linking economic initiatives and the peace process in this manner, it would be inappropriate for the United States to begin FTA negotiations with Cairo.

Egypt's military plays a central role in Egyptian political life, and the development of that country's military is a cornerstone of the bilateral partnership. U.S. military assistance to Egypt is an important part of the longstanding effort to deepen ties with the U.S. military and to modernize Egypt's armed forces so that they can provide for Egyptian national defense and contribute to regional peace. The importance of Egypt for regional defense is well illustrated by the biennial Bright Star military exercises—one of the largest such exercises in the world—that include numerous U.S. friends and allies, including Egypt.

The cause of regional stability would be further advanced with the institutionalization of regular military-to-military contacts—outside the framework of the Multinational Forces and Observers in the Sinai—between the two largest recipients of U.S. military aid: Egypt and Israel. Sadly, such contacts are few. The United States should strongly urge Egypt's leaders to desist from making public statements or taking actions (such as military maneuvers) that characterize Israel as a threat to Egyptian national security. In addition, the United States should welcome the positive progress in the U.S.–facilitated Carlisle Process of quiet dialogue between the Egyptian and Israeli militaries. Washington should encourage working groups in between the current regular meetings, and it should provide incentives for broadening these contacts into a fuller working relationship.

Jordan: Bolster peace with Israel, caution against embrace of Saddam's Iraq (again). Although a small, militarily weak, economically poor state surrounded by more powerful neighbors, Jordan plays a pivotal role in Middle East affairs. A secure and self-assured Jordan can both vigorously counter those who reject normalization with Israel and urge Iraq to fulfill its obligations under United Nations (UN) Security Council resolutions. When the regime is on the defensive, radical voices can force the rollback of historic achievements toward peace and reconciliation with Israel and compel a return to a dangerous dalliance with

Saddam Husayn. In the current environment, when the Palestinian street is inflamed west of the Jordan River, the Hashemite regime east of the river is especially vulnerable to a spread of violence, unrest, and disaffection.

We believe that there is a vital U.S. interest in bolstering Jordan, the Jordan–Israel peace, and the moderate (and moderating) role that Jordan can play in the region.

Investing in Jordan's economic health is a critical way to support the kingdom. Washington is already doing a great deal, but more still can be done. Topping the list is the need to ratify the recent U.S. free trade agreement with Jordan and adopt legislation needed to bring it into effect, while at the same time ensuring the smooth functioning of duty-free exports to the United States from the Qualifying Industrial Zones, which have created thousands of jobs through Israeli–Jordanian cooperation.

In addition to facilitating trade, the United States should continue to provide aid at the levels of recent years—that is, between $300 million and $400 million a year in economic, military, and food aid combined. The economic component should focus on creating jobs so that young Jordanians, many of them Palestinian in background, have a stake in society rather than fall prey to political extremism. The military component should assist the process of reorienting the Jordanian military toward dealing with border security, counterterrorism, and the potential Iraqi threat.

One reason for a substantial U.S. aid effort is that Iraq is actively courting Jordan with $600 million–$900 million a year in aid in the form of subsidized oil and the prospect of returning to the boom days of the 1980s, when Jordan's economy flourished (in relative terms) as Iraq's main outlet to the outside world. Many in Jordan are lured by the siren call from Baghdad; Jordanian moderation cannot be taken for granted. Indeed, the Jordanian regime seems to have sought to protect itself from the spread of the Palestinian uprising eastward by its own warming of relations—political, economic, social, and cultural—with Saddam's Iraq. This is a dangerous tactic. The new Administration should point out to Jordan that succumbing to the short-term allure of Saddam's Iraq would sorely complicate Jordan's strategic choice for peace and moderation. In this regard, the United States should repeatedly return to the theme that GCC states have an interest in keeping Jordan politically distant from Iraqi oil, and that the Gulf monarchies should therefore use some of their windfall income from higher oil prices to offset the attraction of Iraq; they could do so through such vehicles as the provision of oil on favorable terms and the extension of special trade and labor access.

Turkey: Expand partnership on multiple fronts. Turkey plays an important role in supporting U.S. interests in the six different regions it borders. Its durability as a pro-Western, secular, democratic state is a vital U.S. interest.

The United States should encourage Turkey to be actively involved in the Middle East, working with other U.S. allies and friends to promote peace and contain challenges to regional stability. Washington should provide support for deepening Turkish defense and economic cooperation with Israel, while urging that Turkish cooperation with Jordan be broadened and efforts to work with other moderate Middle Eastern states, especially Egypt, persist.

Turkey plays a central role in the containment of Iraq. The United States should expect Ankara's complete adherence to UN resolutions, coordination in enforcing UN sanctions, and, after consultation, cooperation in responding forcefully to Iraqi provocations. At the same time, the United States should explore with Ankara steps that could be taken to offset the losses Turkey has incurred from the sanctions on Iraq.

Recognizing the central role that the Turkish military plays as guardian of the country's pro-Western orientation, a strong U.S.–Turkish security relationship is critical. The United States should affirm Turkey's access to the U.S. arms market.

Human rights should be an important element in U.S.–Turkish bilateral dialogue. Turkey's apparent triumph over the PKK (Kurdistan Workers Party) creates the conditions necessary for addressing more fully the socioeconomic and cultural dimensions of the Kurdish problem. The United States should encourage Turkey to take advantage of this opportunity and should stand ready to assist, for instance, by providing incentives for U.S. investment in Kurdish-majority southeastern Turkey.

At the same time that it encourages Turkey to become more involved in the Middle East, the United States should continue to press its European allies to work with Turkey to advance Ankara's goal of integration into European institutions, including the EU. The interests of EU states, as well as of the West generally, are best served by firmly anchoring Turkey in the West. In its quest for EU membership, Turkey should be expected to meet the same political and economic criteria as other members—no more, no less.

Turkey plays a critical role in NATO; Washington should continue to urge its allies in the EU to include Turkey fully in all EU-based security and defense programs. As part of its effort to promote full Turkish integration into Western Europe, the United States should continue, in a balanced manner, to promote Greek–Turkish rapprochement and a solution to the Cyprus problem.

Aside from helping to safeguard Gulf energy by containing Iraq, Turkey can play an additional role in energy security by helping bring Caspian oil and gas to market. The new Administration should continue to work with the Caspian region's governments to facilitate oil and gas pipelines through Turkey, if justified by economic conditions. Such pipelines would serve the twin goals of enhancing the economic independence of Caspian states, now so heavily reliant on trade routes through Russia, and improving the stability of world energy supplies by reducing reliance on supply routes through the Persian Gulf. The United States should make clear to Russia that pipelines via Turkey are seen as a supplement, not a replacement, to the Russian pipeline system that will remain central to Caspian energy development. The United States should also make clear that it views Caspian energy routes via Iran as unhelpful so long as that country maintains efforts to undermine the Middle East peace process and pursues WMD and long-range missile development.

Promote Cooperation among America's Regional Partners

The United States has strong relationships with numerous countries in the region, including Israel, Turkey, the GCC states, Jordan, and Egypt. While much can be done to improve each of those bilateral relationships, the new Administration should seek out opportunities for cooperation among U.S. friends and allies. Problems in the Arab–Israeli peace process will complicate U.S. efforts to promote regional cooperation efforts. And the region has many other political sensitivities—such as the historical rivalries among various Gulf monarchies—which may require keeping some kinds of cooperation below the horizon. But even in the currently difficult atmosphere, there may be potential for quiet measures on common problems, such as fighting transnational terrorist groups or defending against missiles from Iran or Iraq, as discussed earlier in this report. The United States should be continuously pushing the envelope, for instance, on promoting quiet military-to-military contacts and urging multilateral exercises involving U.S. forces with those of as many other regional states as possible—at least as observers.

The most promising regional security cooperation is that between Turkey and Israel, with occasional participation by Jordan. Washington should devote considerable effort to deepening and broadening that relationship by promoting cooperation in more areas and urging other U.S. regional friends to work more extensively with these states.

But regional cooperation should be of a broader nature than simply a security relationship. The United States should promote co-

operation on all the common issues facing its friends in the region, from drug trafficking to environmental problems. A particularly important area is economic cooperation, which offers the potential to create more jobs for the many young people joining the work force. Without exaggerating the potential for a new Middle East of cooperation and prosperity, the United States should encourage economic initiatives that strengthen ties among countries in the region. One encouraging example has been the Qualifying Industrial Zones in Jordan, which have allowed barrier-free access to the U.S. market for investments with significant Israeli participation. In this context, Washington should consult with friendly countries about resurrecting the initiative for a Middle East Development Bank, repackaged as a cooperation-promoting bank designed to break down regional hostilities rather than as a primarily economic development institution.

Marshall J. Breger and Steven L. Spiegel:

We believe this report makes many useful and powerful suggestions for the next administration, including its stress on the dangers of weapons of mass destruction (WMD) proliferation, its emphasis on the continued need for American involvement in the affairs of the region, its advocacy of continued strong relations with such important countries as Israel, Jordan, and Egypt, and its recognition of the need for a strong regional security system in the area. Moreover, in an era of deep division in this country, the report stands as a model of bipartisanship in an important area of American foreign policy. The authors have been assiduous in attempting to accommodate specific suggestions from many participants, ourselves included. As a Republican and a Democrat respectively—each of us deeply committed to the principles and policies of our own party—we applaud this effort at collaboration which must be a common practice during the next four years for the national good.

Yet, if the report represents the promise of bipartisanship, it also manifests the peril as well. At times it has been written so carefully in the name of consensus that proponents of opposite policies could both find solace in the final language. Three examples of our discomfort in this regard follow; all relate to the Arab–Israeli peace process.

- Although the report certainly pays obeisance to the peace process, American involvement is not its central theme. Indeed, the report seems blind to the downside of "turbulence" the region may well (indeed likely will) face should the peace process collapse. Like the authors, we would prefer a world in which think tanks can afford the luxury of more elegant roles for American diplomacy, but January 21 is soon upon us, and in the absence of U.S. engagement we will be staring downward into growing regional instability. The American role in the peace process will become the first order of business for American diplomacy in the Middle East in the new Administration, and it is foolish to deny it.

- An extremely careful reader may find objections in the report to the pace and content of Israeli settlement activity, but we believe the expansion of existing settlements and the absolute number of settlers living in the West Bank has become a major problem during the last few years in maintaining the momentum toward peace agreements. This policy is by no means the only confidence-breaker, and the report cites many others, including continued violence and incitement, but in our opinion the settlement problem is not sufficiently stressed.

- Finally, the report does contain cautionary language concerning the move of the American embassy to west Jerusalem. We believe that the embassy should be moved and look forward to that day. However, the report should have been clearer in recognizing that the dispute over the Temple Mount has made the question of Jerusalem as much a religious as a national dispute, and in that context, the effect of a such a move on regional stability, the Arab "street," and the peace process should be taken into account lest any move be precipitous. Certainly, the report should state that the optimum time to move the embassy would be at a point when Palestinian and Israeli negotiators have completed a settlement that covers the issue of Jerusalem.

Like other signers, each of us individually have other points in the report with which we are uncomfortable, but we endorse its major themes and applaud the work of its primary authors in providing a guide for the next Administration's Middle East policy.

Rachel Bronson and Leslie Gelb:

We strongly disagree with "reducing the role of U.S. intelligence agencies as central players in the Israeli–Palestinian relationship."

We agree that the U.S. goal is for a free Lebanon. Nothing Washington does should prejudice that goal in any way. However, because we agree with the report's argument that the key U.S. concern, at the moment, is to deter regional war, we do not believe that now is the moment to actively intervene in Lebanese/Syrian domestic politics.

We support the long-term goal of beginning construction of the embassy in western Jerusalem, but strongly disagree that now is the moment to begin construction.

Wat T. Cluverius:

The analysis and recommendations for managing the Israeli–Palestinian conflict are badly out of date, as if Israel's chief problem today were still the existential one of the 1950s or 1960s, when this has actually not been the case since the 1970s. Rather, Israel's chief problem today is that of integrating peacefully into the neighborhood. The main obstacle to integration is no longer Israel's neighbors but Israel's attachment to territories it occupied in 1967 and the settlements it put in those territories. Military strength, the support of the United States, and that of most of the world kept the young Israel safe as the Arabs worked their way toward accepting Israel as a neighbor within its original borders. This has been accomplished, as formalized in treaties with Jordan and Egypt, and this zone of peace can be expanded on the basis of those pre-1967 borders, with only minor and reciprocal changes.

The United States should neither seek to impose nor be shy about its own views. These should be based firmly and publicly on United Nations Security Council Resolution 242, the bedrock of all Middle East peacemaking. The basic Resolution 242 formula of land-for-peace has not changed, but peace has often been delayed when one side or the other held back on its side of the bargain, or when the United States failed to support it. If last-minute negotiating efforts now underway should fail, the new Administration would do well to base its own approach solidly on Resolution 242 and, from that land-for-peace vantage point, help the parties move on to resolve the Jerusalem and refugee challenges.

Anthony H. Cordesman:

Demanding major improvements in the Palestinian Authority's rhetoric about Israel "mid-Intifada" is impractical; the challenge is to bring an end to the fighting, and then to try to change Palestinian attitudes. Also, the Palestinians need to be provided with economic opportunities and incentives. Until the current fighting is ended, the United States should take no steps regarding the move of the U.S. embassy in Israel.

U.S. intelligence agencies should continue their remarkably successful efforts at creating a neutral bridge between Israeli and Palestinian security efforts, and in aiding Palestinian security officers to both improve their effectiveness and reduce civil rights abuses.

The United States should do nothing to endorse or help sell the Arrow to other nations until—and unless—it is successful in the same kind of test and evaluation program that the United States would insist upon for its own systems, and its deployment is supported by suitable new assessments and contingency plans.

The United States should do nothing to promote regime change in Iraq without Kuwaiti, Saudi, and Turkish support, and without far more evidence that there is massive unrest within Iraq. Washington should not support weak and divided opposition movements in ways that could create a second Bay of Pigs, nor should it deploy forces to indulge in symbolic efforts at regime change.

The Iran–Libya Sanctions Act is a badly conceived policy that should be allowed to expire: the United States cannot block foreign energy investment in ways that will affect Iranian military actions, and there is good reason to encourage U.S. commercial ties to Iran. Similarly, energy pipelines out of the Caspian should be left to market forces. Instead, the United States should concentrate on halting Iran's military build-up and proliferation.

Because the world will need major increases in the oil export capabilities of Iran and Iraq as well as the Southern Gulf states, it is not practical to promote expansion of oil export capacity only in friendly states.

The strong strategic interest in ensuring that Egypt continues to fully support peace with Israel overrides the concern that Egypt sometimes takes public stands hostile to Israel. To link the approval of a free trade agreement to Egypt's public attitudes would now be seen as blackmail, at a time when Israeli–Palestinian conflict is creating explosive pressures on friendly Arab regimes.

The United States should encourage aid to Jordan from Western and Japanese governments, not simply Arab oil states, thereby creating the broadest possible base to avoid Jordanian dependence on Iraq.

Robert E. Hunter:

I am pleased to endorse this excellent report. I have only two comments, both relating to the difficulties in crafting workable, long-term approaches to Persian Gulf security.

- *Deployment of U.S. forces in Iraq.* The report argues that "if circumstances warrant and permit . . . the United States should be

prepared to deploy adequate U.S. force, in conjunction with coalition partners, to bring about a change in the Iraqi regime itself. That could mean the deployment of ground troops. . . ." While containing Iraq is important and a regime change desirable, I believe this prescription, in the terms stated, lies outside the tolerance of the American people and national "coalition partners," and is thus not a viable alternative. There is, unfortunately, no easy option in forging policy toward Iraq that both meets our requirements and can gain broad support from others.

- *Influencing Iranian behavior.* While rightly arguing for "change in egregious Iranian policy," the report overlooks a dilemma: how to forestall Iranian development of weapons of mass destruction, while not constraining Iran's ability to defend against threats to its security from within the region—beginning with, but not limited to, Iraq. The latter policy, taken to extremes, conflicts with the former. While opposing Iranian behavior against our interests, we must take account of its regional situation; in the process, we should make clear that we would welcome Iranian willingness to play a positive role in Persian Gulf and South Asian security.

Geoffrey Kemp:

This report is an admirable exercise in consensus. The drafters are to be congratulated. I have but one point of clarification. The discussion and recommendation concerning U.S. responses to a potential Iranian nuclear weapons program are too ambiguous to provide useful guidance. Iran, though a state-party to the Nuclear Non-Proliferation Treaty (NPT), is believed to be pursuing a covert—i.e., illegal—nuclear weapons program. If evidence is unequivocal, a mandatory punitive response from the UN Security Council should follow no matter who is in power in Tehran. However, since there have been no formal complaints on this question by the institution delegated to inspect Iran's facilities—the International Atomic Energy Agency —Iran remains a state-party in good standing. Furthermore, Iran can legally withdraw from the treaty if "extraordinary events . . . have jeopardized supreme interests," in the words of the NPT. The reemergence of an Iraqi nuclear weapons program would provide Iran with justification for withdrawal. Under these circumstances, the U.S. response would need to take into account both the nature of the regime in Tehran and the likely support for multi-

national punitive action. If the reformers in Iran actually gain control of the key instruments of power in the country and relations with the United States—and, by inference, with Israel—improve, a punitive response might be counterproductive. Rather, positive incentives to dissuade Iran from a nuclear weapons program should be considered. If anti–U.S., anti-Israel hardliners continue to dominate Iran, a punitive response should be sought, even though it may be difficult to get international support in view of the legality of Iran's action.

Michael Mandelbaum:

While I agree that the spread of WMD and ballistic missile technology in the Middle East constitutes a serious threat to American interests that the government of the United States should vigorously address, I believe that any decision to deploy an integrated system of ballistic missile defense requires a fuller assessment of the technical advantages and drawbacks and of the likely strategic consequences both in the region and in other parts of the world.

Roscoe S. Suddarth:

Without an Israeli–Palestinian agreement on Jerusalem, steps to begin the process of constructing an American embassy in Jerusalem are not appropriate and, moreover, risk a sharply negative regional response to U.S. interests—a risk not justified by the foreign policy gains to the United States. Such a step risks turning the current conflict from a national to a religious/ethnic conflict—precisely what the report advocates avoiding. In addition, contrary to the report's assertion, the Palestinian Authority did not accept Jerusalem as Israel's capital absent a final agreement on the status of Jerusalem.

I oppose suspending assistance to the Lebanese army until it deploys to South Lebanon. Such a measure would not compel Lebanon to change its policy—which is a product of Syrian influence and internal forces, not of the wishes of the Lebanese government. Cutting U.S. military ties with Lebanon will merely reduce our influence with an important Lebanese institution.

The new Administration should also conduct an early review of our Iranian policy. Specifically, it should examine whether maintaining restrictions on investment in the expansion of Iran's energy sector is still justified. It will need to balance U.S. problems with some important aspects of Iran's current foreign policy against other impor-

tant U.S. interests, namely geopolitical considerations, energy policy, and the harm to commercial interests of the U.S. energy sector. Finally, any U.S. review of Iraq policy will require a similar review of its Iran policy, given the potential impact by and on Iran of any change in U.S. Iraq policy.

I would also like to associate myself with Shibley Telhami's comments below.

Shibley Telhami:

I would like to make the case for a new policy tone of "compassionate power." The advent of a new Administration is an opportunity to review policy and, where necessary, attempt creative change. While U.S. policy in the Middle East has prevented major disasters in the past decade and has resulted in unprecedented U.S. influence, events of recent months have also revealed its shortcomings. Despite heavy American military, financial, and diplomatic investments in the region, even friendly relations with many Arab states can be characterized as "cold friendships," with little mutual goodwill. As the recent Palestinian–Israeli violence shows, crises can challenge these friendships and dangerously increase anti-Americanism in the region.

Some specific issues in the report—such as, among others, taking action on moving the U.S. embassy to Jerusalem before a Palestinian–Israeli agreement, or criticizing Arab governments for not supporting the United States to a full enough extent at a time when those governments are besieged by a public sentiment that sees them as American agents—are symptomatic of an underestimation of the increasing importance of public opinion in the region. They convey an approach that is inadequate for managing U.S. policy in the region: excessive reliance on American power for providing incentives and threats to governments in the region with minimal regard for public sentiment.

The new Bush Administration has an opportunity to project a new "tone" of friendship toward the people of the region that complements significant American power—a tone of "compassionate power." It takes office with positive expectations in the region that may be exploited for building a reservoir of mutual goodwill. Governments and people alike usually "buy" intentions before they buy policies. They buy the messenger, before they buy the message. It is a good time to project more sensitivity to regional sentiments in the crafting of policy in a region where personal diplomacy is as important as

state diplomacy. It means crafting official pronouncements in ways that resonate and building ongoing relationships, even when no crises are looming. It also means undertaking meaningful consultations that are reflected in the shaping of policy. This approach is not a substitute for American power, but it does limit the need to exercise it and helps to protect policy when power cannot be easily exercised.

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* Endorsement given prior to appointment as lead coordinator on President-elect George W. Bush's Department of Defense transition team.

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THE PRESIDENTIAL STUDY GROUP

George W. Bush takes office at a perilous moment in the Middle East. Arab–Israeli relations are in crisis, regional radicals are buoyant, and the popular mood in much of the Arab world is critical of U.S. policy. Overall, the strategic situation of the United States in the area is characterized more by challenges than opportunities. In this context, the top U.S. priority should be to prevent a descent to regional war.

The Presidential Study Group—a bipartisan, blue-ribbon commission of statesmen, diplomats, legislators, scholars, journalists, and experts—met throughout 2000 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 Presidential Study Group Report—the fourth such quadrennial exercise organized under the auspices of The Washington Institute—offers a set of ideas and recommendations to the new President on ways to manage this turbulent moment in a way that protects U.S. interests and allies.

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