The following is a transcript of Secretary of State Warren Christopher's keynote address to The Washington Institute's 2006 Soref Symposium.

It is a real pleasure to speak again to the Washington Institute. Under the leadership of Mike Stein, Barbi Weinberg, and Rob Satloff, the Institute has continued to excel as an invaluable forum for the discussion of U.S. policy in the Middle East. The Institute has been a reservoir for talent as well. Any organization that could help cultivate the likes of Martin Indyk, Dennis Ross, and John Hannah has got to be doing something right. Sometimes I think that the State Department owes the Institute a finder's fee.

I last spoke at the Institute in October 1993, soon after Prime Minister Rabin and Chairman Arafat shook hands on the White House lawn and forever changed the course of Middle East history. Since then, much has happened. Israel and Jordan are at peace. Palestinians defied the Hamas call to boycott elections and in doing so gave their clear mandate for peace. Today, they govern themselves in Gaza and most cities in the West Bank. The Palestinian National Council voted overwhelmingly to make good on its commitment to cancel the egregious provisions of its charter. Economic summits have been held in Casablanca and Amman. Eight members of the Arab League have made official visits to Israel, and -- with the exception of Libya, Iraq, and Sudan -- every Arab League member has participated in some aspect of the peace process.

Had I predicted these events in 1993, you probably would have said that I needed a long rest. The scope and pace of change has been truly breathtaking. It has come so fast that what was previously unthinkable is now routine. In the face of difficult challenges, it is easy to forget how dramatically the peace process has already transformed the landscape of the Middle East. As we move forward, we must remember the enormous progress we have made.

The U.S. Response to the Expanding Terrorist Threat None of the challenges we now face is more pressing than the fight against terrorism. Terrorism destroys innocent lives. It undermines a society’s sense of security -- and with it the very foundation upon which a lasting peace must be built. As such, terrorism is a threat to our national interests -
- not simply in the Middle East, but around the world.

President Clinton has rightly identified terrorism as one of the most important security challenges we face in the wake of the Cold War. As he said in his address to the United Nations in October 1995, terrorism today is a world-wide phenomenon. No one is immune -- certainly not Israel, but neither is Egypt or Japan; France, Britain, or Germany; Turkey, Saudi Arabia, Argentina, or Algeria. And, unfortunately, neither is America, where terrorists have struck from lower Manhattan to Oklahoma City.

As if the threat were not already severe enough, we now face an even more alarming danger: the terrorist armed with weapons of mass destruction. Last year’s nerve gas attack on the Tokyo subway system was a grim omen, as well as a wake-up call for the world. The threat is real, and we must act now to meet it.

The United States is leading the way. In April 1996, the President signed into law landmark anti-terrorism legislation. This bill provides law enforcement with new tools to stop terrorists before they strike and to bring them to justice when they do. It strengthens our ability to prevent international terrorists from raising funds in the United States. And while ensuring legal safeguards, it allows us quickly to expel foreigners who provide support for terrorist activities.

The United States has also spearheaded efforts to combat terrorism on a global level. We have imposed strong sanctions against states that sponsor or harbor terrorists. We have intensified our counter-terrorism cooperation with other countries, allowing us to apprehend key figures in attacks like the World Trade Center bombing. In December 1995, we convened a ministerial meeting in Ottawa with our partners in the G-7 and Russia to develop common strategies for fighting terror. And in April 1996, President Clinton joined President Yeltsin and other leaders in Moscow, where they agreed on new steps to prevent nuclear materials from falling into the wrong hands.

The Threat to the Peace Process Nowhere in the world has America’s leadership in the fight against terror been more evident than in the Middle East. We have maintained UN sanctions against Libya for its role in the bombing of Pan Am Flight #103. And we are working to increase pressure on Sudan for its support of the June 1995 assassination attempt against Egyptian President Mubarak.

America’s most critical role, however, is defending the Middle East peace process and the peacemakers against the vicious attacks of their enemies. Terrorists and their supporters are now engaged in a systematic assault on Israel and the peace process. Their goal is clear: to kill the very possibility of peace by destroying every Israeli’s sense of personal security.

The enemies of peace are escalating their attacks for a very clear reason: the peace process is succeeding. With every step toward peace that Israel and its neighbors take, the enemies of peace grow more desperate and more determined to lash out. They must promote fear because they know that hope is their undoing.

The United States is determined to ensure that the enemies of peace do not succeed. We will never give in to their terror. We refuse to allow terrorists to undermine our resolve or divert us from our goal of a real, secure, and lasting peace for Israel and all of the peoples of the Middle East. When a wave of suicide bombings terrorized Israel in February and March 1996, President Clinton responded by organizing the Sharm el-Sheikh summit. Literally overnight, leaders from around the world answered his call to join Israel -- not to celebrate another breakthrough in the peace process, but to defend the peace process at a moment of crisis. It was an unprecedented event that sent an unmistakable message: the enemies of peace are doomed. Their terror will only strengthen our resolve to complete the circle of peace and put them out of business for good.

Sharm el-Sheikh launched a process to expand joint efforts against terrorism throughout the region. President Clinton and Prime Minister Peres signed a new anti-terrorism accord that will strengthen cooperation between our two governments. In addition, the United States is providing Israel with more than $100 million in anti-terrorism
equipment and training.

We have also begun to bolster the counter-terrorism capabilities of the Palestinian Authority. With our support, Israeli and Palestinian security services are now cooperating in a joint campaign to root out the terrorist infrastructure in the West Bank and Gaza. Palestinian forces have intercepted many suicide bombers. They have uncovered explosives and arms caches. They have arrested, tried, and imprisoned perpetrators of terrorist acts and continue to hunt down others. Chairman Arafat now clearly understands that he must give a 100 percent effort in the war on terror. He is doing it not just because his agreements with Israel require it, but because he knows that the bombs of Hamas and Islamic Jihad are trying to destroy Palestinian aspirations as much as Israeli lives. The United States will continue to insist that this increased Palestinian effort is sustained.

The Iranian Role in Terrorism Like Hamas before it, Hezbollah’s purpose in the April 1996 attacks in Lebanon was also to kill the peace process. As hostilities escalated, America’s responsibility and interests were clear: to use our influence to stop the suffering of innocent civilians, to end the crisis, and to create a new framework to limit the chances of it happening again.

The agreement that resulted from my shuttle mission between Israel and Syria achieved those objectives. Hundreds of thousands of Israelis and Lebanese have been able to return to their homes. New, written understandings have been reached to contain the dangers of any hostilities. An international effort will be mounted to assist in Lebanon’s reconstruction. And we are organizing an international monitoring group in which Israel, Lebanon, and Syria are being brought together for the first time to help prevent another crisis.

This campaign of violence again shone the spotlight on a disturbing reality: when it comes to terrorism against the peace process, Iran is playing a leading role. Iran’s leaders regularly use rhetoric that incites terrorism. President Rafsanjani called Prime Minister Rabin’s assassination "divine vengeance." And just prior to the Hamas bombing spree, Iran’s Supreme Leader, Ayatollah Khameini, preached that "The power of Islam will ultimately bring about the end of the rootless Zionist regime . . . which must be destroyed."

Iran has not stopped at rhetoric. It meets frequently with all the major terrorist groups -- including Hezbollah, Hamas, Palestinian Islamic Jihad, and the PFLP-GC. It actively encourages these groups to use terror to destroy the peace process. It provides them with money -- up to several million dollars a year in the case of Hamas, Islamic Jihad, and others, and up to $100 million a year for Hezbollah alone. Iran also supplies them with arms and material support, training, and -- in some cases -- operational guidance.

The evidence has grown in recent months. In advance of Israel’s elections, Iranian-trained terrorists have been sent to infiltrate Israel and the Palestinian territories. Some have been intercepted. Others narrowly failed in carrying out their deadly activities. Still others have succeeded in their murderous missions. We believe that an Iranian-backed group was responsible for the drive-by shooting of an Israeli-American yeshiva student in the West Bank. In another case, Belgium intercepted a shipment containing a mortar, which came from Iran and was probably intended for an attack on a Jewish target in Europe.

There should no longer be any debate about Iran’s involvement in terrorism against the peace process. German Foreign Minister Kinkel left no doubt about that in remarks he made in Washington in May 1996. He said that Germany is "fully aware of the evil things that Iran has been doing and is still doing." He went on to say that "the Americans and the Germans agree as to the general assessment of what Iran means by way of terrorism . . . support of Hezbollah, Hamas, and Islamic Jihad."

While we and our allies now share a similar analysis of the facts, we differ when it comes to how best to deal with Iran. The United States believes that Iran will only change its behavior when the world makes it pay a sufficiently high political and economic price. We must deny Iran’s leaders the resources to finance their dangerous policies.
That is why the President decided in 1995 to impose a comprehensive embargo on U.S. trade with Iran. And that is why we have been working with Congress on legislation to further tighten economic restrictions on Iran.

In contrast, some European nations continue to engage Iran in what they call a "critical dialogue," while maintaining normal trade. The Europeans themselves acknowledge that their policy has produced no significant change in Iranian behavior. We remain convinced that no amount of dialogue will alter Iran’s policies, unless it is coupled with real economic pressure.

Let me stress one point: we do not oppose the European Union policy because we oppose the principle of speaking with Iran. The United States has long said that we are ready to conduct an open dialogue with authoritative representatives of the Iranian government, in which we could fully air our two major concerns: first, Iran's support for terrorism, especially against the peace process, and second, its efforts to acquire weapons of mass destruction. Iran, however, has never taken up this offer.

Commitment to the Peace Process Our determination to contain Iran and defeat the enemies of peace is clear. But so is our commitment to press ahead with negotiations on a comprehensive Arab-Israeli peace. Anything less would hand the terrorists the very victory they seek. To close the circle of peace, agreements between Israel and Syria and between Israel and Lebanon are essential. Syria presents us with a unique challenge. On the one hand, we continue to have serious problems in our bilateral relationship with Syria. Syria remains on our narcotics list as well as our terrorism list.

Both President Clinton and I have consistently pressed our concerns with President Assad and other senior Syrian officials. We will continue to do so, and to make clear that these concerns must be met before the United States can build a mutually beneficial relationship with Syria.

Yet we recognize that Syria is different from Iran. Iran rejects the very notion of peace and has dedicated itself to Israel's destruction. By contrast, Syria has been negotiating directly with Israel to end their conflict. I have no illusions: translating that willingness to negotiate into a peace agreement will be difficult. But the talks thus far have provided a solid foundation for progress when negotiations resume.

As long as we remain convinced that peace is possible, we must continue to work with the parties to achieve a breakthrough that will have far-reaching strategic consequences -- not just for the Middle East, but for America's vital interests. A comprehensive peace will dramatically reduce the risks of another Arab-Israeli war. It will remove the final constraints on Israel's having normal relations with the entire Arab and Muslim world.

Finally, and perhaps most importantly, ending the Arab-Israeli conflict will allow us and our friends to harness our resources to meet the common set of strategic challenges that threaten us all -- especially the rise of extremist movements that use terrorism and violence, and rogue states like Iran and Iraq that possess weapons of mass destruction.

These are the real dangers that we and our friends will have to address in the coming years. In pursuit of our national interests, we are determined to do so. A critical part of our strategy must be a continued effort to seize the historic opportunity that now exists to achieve a secure and comprehensive peace.