



OBAMA II AND THE MIDDLE EAST

STRATEGIC OBJECTIVES
FOR U.S. POLICY

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OBAMA II AND THE MIDDLE EAST

STRATEGIC OBJECTIVES
FOR U.S. POLICY

CHAPTER 1

OVERVIEW

TURMOIL AND INSTABILITY in the Middle East are not new: they have characterized the region since the end of World War II. Yet it is hard to identify another period that can match the uncertainty one sees in the region today. But uncertainty is one thing; real threats are another. The combination makes for a very daunting set of challenges facing the second Obama administration. Other administrations have faced war in the region; they have faced upheaval and the change of regimes, including those that had served as strategic pillars; they have faced the scourge of terror; and they have faced threats over access to oil, threats to our friends—and what they perceived to be the imminent danger of proliferation. However, they have not had to face them all at once.

President Obama and his national security team are not so fortunate. Consider what the president confronts today in the broader Middle East: the threat of Iran's nuclear program, which is rapidly approaching a point where it could cross the threshold to a breakout capability, perhaps as soon as this year; a civil war in Syria that is already a blight on the conscience of the international community and may yet produce a failed state, with possible dispersal of chemical weapons and jihadists; an Iraq that struggles to keep sectarian tensions in check and remains unable to strike a deal on any of the core national issues, from revenue sharing and control over oil to resolving the Kurdish role and degree of control in Kirkuk; the rising tide of Sunni-led political Islamists, who seem to be forging a new strategic alignment and who challenge our values and our traditional friends; monarchies that remain tied to the United States but feel vulnerable and under threat from the new Islamist leaders on the one hand and Iran on the other; the danger of radical Islamist terror in North Africa; and a completely stalemated peace process between the Israelis and Palestinians, with the very concept of a two-state outcome now being questioned openly—and the identity of the Palestinians at risk of being transformed from nationalist to Islamist.

Some will argue that with the prospect of increasing U.S. energy independence, these developments should not be a matter of concern: the nation can afford to take more of a hands-off approach. But even if this looming independence were more immediate and not still largely a decade away, several reasons support a contrary view. First, if America has learned anything about the Middle East, it is that we cannot easily insulate ourselves from its pathologies. This is not a region where the Las Vegas rules apply: what takes place in the Middle East *does not* stay in the Middle East. The 9/11 attacks demonstrated that. Second, even when we achieve energy independence, which should be our national aim, we have to remember that there is one pool of oil and natural gas for the world and the price will be determined internationally by what is available for all global consumers. Cut off the oil from the region or the 20 percent of the world's daily supply that passes through the Strait of Hormuz, and the price of oil will spike dramatically. Third, our allies will remain dependent on energy supplies from the region for the foreseeable future, and our traditional interest of not having a hostile power gain leverage over the area's flow of oil and gas will not materially change. Fourth, we have a longstanding commitment to Israeli security, and the emerging trends in the region—in terms of both Islamist hostility and the proliferation of missiles—are making the threat environment facing Israel more ominous than it has been since the founding of the state. And, fifth, proliferation of missiles is bad enough; were there to be a nuclear-armed Middle East, the prospect of a nuclear war in this region would threaten global stability and well-being—and we have a huge stake in preventing that.

For all these reasons, we cannot walk away or disengage from the Middle East. Instead, a second Obama administration must continue to stay engaged and active. It must understand what can and cannot be achieved. It must frame its approach and objectives in a way that does not leave a wide gap between our declared aims and what we can actually achieve. It must recognize the regional consequences for either success or failure in blunting Iran's nuclear ambitions. It must also recognize the regional implications of not influencing the outcome in Syria and, at a minimum, position itself to contain the conflict and what may come after Bashar al-Assad. It must deal with the political Islamists—principally the Muslim Brotherhood—without illusion or wishful thinking. Political Islam today represents a real political and social force.

However, dealing with the Muslim Brothers is not the same as accommodating them. They will not give up their credo or their identity, and there is

a limit to what is possible with them. Their long-term aims will not change even while they can rationalize making tactical adjustments in the short term. The Muslim Brotherhood now confronts the task of governing and requires massive economic assistance and investment—and that provides the United States with leverage and the potential to affect the organization's behavior. The administration must use this leverage with its own longer-term vision for the region in mind and not simply to manage the problem of the moment.

That longer-term vision of protecting our near-term priorities while making it possible for pluralism and secular, liberal forces to eventually emerge also has implications for how we deal with our traditional Arab friends, the conservative monarchies. At present, the monarchies, particularly the oil monarchies, are anxious about what they perceive as the administration's impulse to accommodate the Islamists. It is pointless to argue that the perception is unfair; there is no denying that it exists. As such, it is important for the administration to set the record straight. It should be clear that we see the Islamists neither as our natural friends nor as the wave of the future. That said, where leaders like Egyptian president Muhammad Morsi have been legitimately elected, we will deal and be prepared to work with them. But their behavior will guide the relationship and what is possible in it. Indeed, our readiness to work with them—and even provide and mobilize assistance and investment for them—will depend on their active opposition to terror; on their fulfilling their international obligations, including those regarding peace with Israel; and on their respecting minority rights and the political right of their domestic opposition to function peacefully.

Even as the administration spells out these principles in public and private, it needs to be very clear with the Arab monarchies that we will continue to help secure them from external threats. At the same time, the administration will do our Arab friends no favors if it pretends that they are immune to the broader awakening in the region. Increasingly, publics in the region seek to be treated as citizens with rights rather than as subjects with neither a voice nor the right to demand accountability. There is no easy blueprint for the transition, and the fear of instability—and voids filled by the Islamists—will temper how rapidly change can come. Still, in the second term, the Obama administration should be prepared for frank, private conversations with our Gulf partners in particular: using oil wealth to deal with the sources of social and political discontent is one tool, but it needs to be accompanied by policies designed to create greater inclusiveness, wider participation politically, and far more effective governance. Indeed, the more effective these states' gover-

nance, the greater their survivability and the better their prospects for establishing a salient contrast to the Muslim Brotherhood and competing with it.

To be sure, the more effective and credible the administration appears to be in influencing the behavior of the Muslim Brotherhood and Iran, the more responsive our traditional Arab friends are likely to be. Ironically, the same rule applies for the Israelis. Much like the Arab Gulf states, Israel's preoccupation is with Iran and the Muslim Brothers. Israel's confidence in the United States and readiness to respond to American preferences on issues as diverse as Iran and the Palestinians is also likely to be influenced by how effectively we deal with Iran and the Muslim Brotherhood.

Israel can certainly be one pillar of support for the United States during this time of transition and uncertainty in the region. Its strategic orientation will keep it broadly supportive of American foreign policy and largely in sync with our strategic objectives vis-à-vis Iran, Syria, the Arab Gulf, the Arab Awakening, terror, and even the principle of a two-state outcome with the Palestinians. While our strategic objectives will remain the same, there could be tactical differences—and those tactical differences could have consequences. In the case of Iran's nuclear program, Israel could go its own way if it comes to question whether the Obama administration will act on its declared policy of prevention should diplomacy fail to alter either the program itself or the pace of developments.

Similarly, with regard to the Palestinians, Israel's strategic interest in a two-state outcome may at times take a backseat to its belief that it must respond to Palestinian provocations lest they continue with no cost or consequences and inflict a strategic price. The best way to manage what may be tactical differences between the United States and Israel is by preserving and intensifying the high-level, sensitive dialogue the administration adopted during the first term. In truth, with the Iranian nuclear question likely to come to a head this year and with the future identity of the Palestinians also likely to be increasingly at stake, that dialogue may be more important than ever.

No other presidency may have had to deal with the totality of Middle East challenges that now confronts the Obama administration as it begins its second term. Nonetheless, the United States retains significant means and assets on its own and with our allies to deal with the wide array of problems we face in the region. In some cases, we may be able to overcome the challenges and in others we may merely be able to manage them. But the sooner we can act with effectiveness on those issues that have a very clear regional dimension—

e.g., Iran or Syria—the more leverage we are likely to have on the remaining challenges in the region.

President Obama has demonstrated his belief in the centrality of American engagement, and he is right to do so. U.S. engagement without illusion, and a readiness to use our leverage, will be essential in the coming four years as we deal with a region whose transformation will unfold gradually and take years to crystallize.

In this paper, we have deliberately chosen not to deal with every issue or challenge the president will face in the region. We decided, instead, to focus on those issues that we believe will have the highest stakes and implications for U.S. interests in the region. This is not to say that other issues do not matter: certainly Gulf security, Jordan, and Libya are important to U.S. interests. But we also believe that the more effective the United States is in handling the issues discussed here, the more effective it will be on all issues.

CHAPTER 2

IRAN

NO OTHER NATIONAL SECURITY issue commanded more of President Obama's attention during his first term than Iran. Apart from realizing its significance for stability in the Middle East, he saw it tied fundamentally to his broader objective of preventing the spread of nuclear weapons and strengthening the prohibitions against their development. While recognizing Iran's human rights abuses, use of terror, and threats to the region—including its determination to preserve its strategic investment in the Assad regime in Syria—the president set the Iranian nuclear program as his top priority. The resultant two-track policy emphasized engagement and pressure.

In many ways, the administration succeeded beyond its own initial expectations, at least with regard to pressure. It successfully mobilized sanctions that have cut off Iran from broad sectors of international commerce, including the banking and insurance sectors. Iran increasingly struggles to do business, and the costs of any transactions—and goods—have gone up dramatically. The production and export of oil—which provides 85 percent of the regime's revenues—have fallen significantly. Consider that in 2009, Iran was producing about 4.2 million barrels a day (mbd) and exporting roughly 2.6 million mbd. Today, its overall production is 2.6 mbd and its exports are running at just over 1 mbd. It has had to shut down oil fields, and given its energy infrastructure's need for a massive infusion of capital and technology—both of which are now unavailable because of the sanctions—Iran has little prospect of getting these fields back on line, meaning the stream of its revenue will be down for the next several years. To make matters worse, the value of its currency has also plummeted.

That is the good news about the pressure track. The bad news is that Iran has not altered its nuclear program, and it is continuing to progress. Iran has now accumulated more than five bombs' worth of low-enriched uranium (LEU) and roughly half a bomb's worth of uranium enriched to 19.75%. In addition, with the next generation of centrifuges, the IR2s, Iran may have finally overcome the technological problems it has faced. Iran

recently informed the International Atomic Energy Agency that it will be installing the IR2s at the Natanz facility—and if these centrifuges are truly operational, the Iranians will be able to produce LEU two to four times faster than has been the case until now.

What must also be put in the bad-news category is that the engagement track has not produced anything to date. Iran has continued to resist bilateral engagement with the United States, and at this point, it continues to avoid engaging in serious negotiations with the P5+1 (the five permanent members of the UN Security Council plus Germany). It remains to be seen whether the recent meeting in Almaty will change the character of Iran's engagement.

With the pace and development of the Iranian nuclear program and the increasing economic pressures on the Iran's regime, it is hard to escape the conclusion that 2013 will be decisive one way or the other. The pace of the Iranian nuclear program and the president's objective of "prevention" and not "containment" mean that something will have to give this year. Either Iran will agree to alter or unilaterally slow down its program or we face the prospect that by year's end, Iranian nuclear capabilities may make it difficult for us to know whether we could take action before Iran presents the world with a nuclear weapon as a *fait accompli*. In other words, by the end of the year prevention may no longer be possible.

To be sure, we could act to destroy the capability after the Iranians have it. However, that may not only be more difficult after the fact—e.g., would we know where the weapons are?—but would also represent a clear U.S. failure to "prevent" Iran from crossing the threshold.

That said, Iran runs a grave risk if it persists on this course. Even though it would represent a clear failure to fulfill our objective of prevention—and present a more difficult course to implement, as even locating Iran's weapons will be a challenge—we could act militarily and destroy Iran's nuclear investment at a time when sanctions have already inflicted great economic damage. If Iran has refused all possible deals, our use of force against its nuclear program would likely be seen as justified, and we may even be able to preserve the sanctions regime going forward.

While the sanctions have not yet swayed Iranian behavior, the economic cost is creating dissonance within the Iran's elite. In the fall, after demonstrations in the Tehran bazaar over the currency devaluation and criticisms of the head of the Central Bank of Iran by the leader of the Islamic Revolutionary Guard Corps (IRGC), the Supreme Leader felt obliged to deliver two speeches calling for a halt to the internal public bickering—something he did

after calling the sanctions “brutal.” Moreover, former Iranian foreign minister Manoucher Motaki recently criticized those on his side, whom he described as playing silly games about the time and location of talks at a point when Iran needed the economic sanctions to be lifted.

Because the United States may be driven to use force this year if diplomacy does not produce an outcome and because the Iranians clearly want the sanctions lifted, serious talks are likely to occur. With Israeli concerns about the point at which they will lose their military option vis-à-vis Iran’s nuclear infrastructure likely to become more acute in the first half of this year, it will be important for the Obama administration to clarify what is possible with Iran. Such a necessity argues not for a continued step-by-step approach in the P5+1 talks, but for more of an endgame proposal on the nuclear issue. The step-by-step approach assumes there is sufficient time for negotiations to work and that sanctions will eventually bring Iran around. If we had several more years to test the proposition, this approach might prove itself. But we do not have the time. Even if the Israelis decide they will not act—something we should not take as a given—our timetable is also now limited.

Basically, an endgame proposal needs to offer Iran what it says they want: a civil nuclear power capability. It would have to include restrictions to prevent an Iranian breakout capability as well as extensive transparency measures to ensure that Iran is not cheating. If the Iranians truly want only a civil nuclear power capability, they could have it. If they don’t, and reject such an offer, they would be exposed before the world and their own public—thus creating a context should force have to be used.

While the purpose of the endgame proposal is to clarify, its presentation should be designed to enhance the prospect of reaching a deal. It should be presented privately and shaped by a discussion about reaching an agreement in principle, with discussion on precise details and implementation, including in phases, pursued once we know whether the Iranians are prepared to accept the essence of the deal. But Iranians should also know that if no deal is possible, we will publicize the proposal and make clear that the failure of diplomacy should scare them more than it scares us.

If diplomacy is to succeed, the Supreme Leader, Ayatollah Ali Khomeini, must know that force is the alternative to an agreement. It appears he continues to doubt this. The mixed messages that different representatives of the administration sent during the first term need to end. Interestingly, President Obama’s own words have been clear, but when senior officials explicitly or implicitly suggested that the costs of striking Iran’s nuclear pro-

gram would be horrific, they signaled to Khamenei that we were more likely to live with an Iranian nuclear weapons capability than act militarily against it. The irony in most cases of coercive diplomacy is that, to avoid the use of force, the threat must be seen both as credible and as one the United States is willing to execute. That is why the Iranians must receive clear signals from us that they have far more to fear from the failure of diplomacy than we do; that we are preparing the ground for the use of force not because we seek to use it but because the Iranian behavior leaves us no choice; and that when we say time is running out, we are acting in a way that reflects the window for diplomacy is, in fact, closing.

Making an endgame proposal is one such signal. Letting our partners in the P5+1 know that we want to start planning for the day-after scenario when diplomacy fails and force may have to be used is another. Starting to provide lethal assistance to the Syrian opposition once we satisfy ourselves regarding which forces should receive it could be yet another such signal.

These signals will certainly convey our resolve and counter the impression of some of the mixed messages that have been sent. They could, of course, also provoke the Iranians to engage in more aggressive behaviors. While we should not discount that possibility, it is important to remember that their behaviors, particularly of the IRGC's Qods Force, are already aggressive, threatening, and irresponsible. Certainly, our Arab friends in the Gulf perceive the aggressive behavior, and the recent interception by the Yemeni government of Iranian arms destined for Yemeni insurgents, including shoulder-fired surface-to-air missiles capable of bringing down civilian airliners, demonstrates Iran's readiness to test certain limits in the area.

If anything, we should enhance our planning with our friends in the Gulf. Much was done by the administration in its first term in this regard, and one way to underpin our resolve is to further develop our discussions with the Gulf Cooperation Council states on Iranian threats and our plans for dealing with them. Already we have built an impressive security architecture in the Gulf that reflects not only increased bilateral cooperation with the these states but also much greater integration of missile defenses, early warning, maritime security, and protection of critical infrastructure. Enhanced cooperation along these lines will convey the message to Iran that nothing will be gained by threats and that continued refusal to change its behavior will leave it less and not more secure.

In short, this is likely to be a decisive year. Diplomacy can still succeed in altering Iran's nuclear behavior in a way that would permit the Iranians to

have civil nuclear power and save face by claiming that this is all they were seeking. But the messages from the administration—and not just the president—must be consistent. Pressure must be real even while we offer the Iranians a way out that includes the phased lifting of key economic sanctions coincident with Iranian steps that demonstrate their readiness to give up a breakout capability.

The key guidelines for policy toward Iran in the Obama administration's second term would thus include the following:

- ▶ Prevent Iran's possession of nuclear weapons and deter or resist Iranian efforts to achieve a nuclear weapons breakout.
- ▶ Strengthen U.S. and allied conventional military capabilities to deter and, if necessary, defeat any Iranian military action in the area.
- ▶ Keep the economic pressure on Iran, targeting hydrocarbons trade, financial institutions, and the IRGC entities in the economy.
- ▶ Offer an endgame proposal on the nuclear issue that would permit the Iranians to have civil nuclear power and have key economic sanctions lifted in return for Iranian acceptance of restrictions and transparency measures that preclude breakout.
- ▶ Reach out to the Iranian public to explain our steps and signal our respect for both the Iranian people and Iran as a sovereign state.

CHAPTER 3

SYRIA

EACH DAY THAT PASSES in Syria marks new tragedies as the Assad regime makes clear it is prepared to sacrifice the Syrian people to try to preserve itself. The numbers of those fleeing across the borders into Jordan, Turkey, and Lebanon have grown markedly in recent weeks as life in Syria becomes increasingly perilous. As of early March 2013 more than 1 million Syrians have registered with the United Nations as refugees. And while that figure probably understates the total number of Syrians who have fled the country, it is probably less than a third of those who have been displaced internally.

It is easy to say that the Bashar al-Assad regime is doomed and will fall at some point; unfortunately, no one can say when it will happen. What has been easy to predict from the first days of the uprising against him—first peaceful and then bloody as he imposed violence against those who sought reform and not revolution—is that the longer it takes for Assad to leave or be ousted, the worse the situation in Syria will become: the more unbridgeable the sectarian divide; the more terrible the indiscriminate use of violence against non-combatants; the greater the breakdown of the institutions of the state; the greater the likelihood of the fragmentation of the country; the more powerful the most extreme Islamist forces, particularly as they tend to be better armed and funded; and the more likely Syria will emerge with no central authority and highly localized-sectarian rule, with the result that al-Qaeda fighters will increasingly infiltrate into the country.

Notwithstanding the catastrophic humanitarian conditions in the country, where more than a third of the population has been displaced—equivalent to 100 million people being displaced in the United States—and the grim trajectory for Syria just outlined, the international community has been very hesitant to intervene. Its misgivings have not occurred because the United States and others lack strategic interests. Syria borders five countries: Iraq, Turkey, Jordan, Lebanon, and Israel. It possesses chemical and biological weapons and a significant arsenal of rockets and missiles—arms that the international community could ill afford to be acquired by terrorist groups. Moreover, conflict

within Syria, as we have already seen, can easily spill over and affect every one of its neighbors.

Rather than the absence of strategic interests militating against intervention, this hesitance has been shaped by the absence of an international consensus and a general reluctance to be drawn into a potential quagmire. No UN Security Council action has proved possible given the Russian protection of the Assad regime. Moving outside the UN with a coalition of the willing had few takers because of fears about how much force might be required to move into Syria—fears based on the perception that the regime maintained formidable forces and the uncertainty of how local opposition forces would react to foreign forces. And once in, the question remained as to how long foreign forces would have to stay. No-fly and no-drive zones, which would not have required “boots on the ground” and might have protected the Syrian population from air and heavy ground bombardment, would nonetheless have had to contend with a dense and integrated Syrian air-defense network. Subduing this network, it was argued, would take a long time and an enormous application of airpower, and the option was thus ruled out. The published reports about the 2007 Israeli bombing of the secret Syrian nuclear reactor at al-Kibar and, very recently, of a convoy carrying SA-17 missiles suggest that the concerns about the Syrian air-defense network, though surely justified, may be exaggerated.

But it was not only the concerns about facing Syrian forces that argued against more direct intervention. It was also the unclear nature of the opposition. The political opposition on the outside has had a hard time organizing itself, even with the emergence of the Syrian National Coalition. Moreover, its connections to those fighting on the inside have seemed, at best, unclear. In addition, persistent fears by the United States, at least, about the reliability of the various Free Syrian Army units have fueled reluctance to provide lethal assistance.

Given what happened in the past to American arms sent to the mujahedin in Afghanistan and the proliferation of arms out of Libya, it is understandable that we do not want to provide arms to those who might end up employing them against our friends or even our own forces. In fact, all the reasons for hesitancy are understandable. They reflect a well-founded caution about the costs of action.

The question the Obama administration must face now at the outset of its second term is, what are the costs of inaction? We know the situation in Syria will get worse. The president has said the use of chemical weapons would be

a redline. Israel has apparently now demonstrated that it will act to prevent the movement of advanced arms from Syria to Hezbollah in Lebanon. Radical Islamist forces in the opposition seem to be growing in their power, though there are also signs of increasing resistance to them among other elements of the opposition.

At this point, we may face the reality that U.S. or Israeli redlines will be crossed sooner rather than later. Should that happen, we will be driven to act. The U.S. administration would be wise to take action in the meantime, guided by three framing questions: First, what can we do to shape the balance of forces in the opposition so that secular forces that are committed to inclusiveness and a democratic transition become more able to influence the realities on the ground in Syria? Second, what can we do to provide more protection for Syrian civilians and make sure that more humanitarian assistance is delivered not just to those outside Syria but also to the millions of displaced people within Syria? And, third, in the event that it is already too late to prevent a collapse of the Syrian state, what do we need to do to contain the turmoil so that it does not spread to other states and destabilize them?

With regard to the first question, it should not be impossible for the administration to deal directly with different elements of the Free Syrian Army (and some of the local Revolutionary Councils) and evaluate who is worthy of receiving arms and monies and who is not—and to make sure those who should be receiving lethal and nonlethal assistance actually get it. If journalists and experts such as Andrew Tabler and Jeff White are able to identify units and political groups in Syria that appear deserving of assistance but are clearly not getting it, the administration ought to be able to do likewise, along with testing whether the groups actually deserve assistance. Tests would assess the groups' ability to use assistance, be accountable, and fulfill commitments they make to the United States. Small amounts of assistance could be offered first as an initial test of the groups' reliability. To be most effective, we should get the Saudis, Emiratis, Turks, British, and French—and Qataris, if they will cooperate—to work with us in identifying those to whom we should provide support and to agree to help prevent assistance from going to those who threaten the future of an inclusive, nonsectarian Syria.

Second, given the continued bombing by the Syrian air force of Syrian civilians even when they gather to buy bread or gasoline, the United States should once again examine closely what it would take to enact a no-fly zone in different parts of the country. U.S. forces operated from Turkey to carry out the northern no-fly zone over Iraq in the 1990s, and Turkey seems ready to

permit the same over Syria. If U.S. officials fear the cost and mission creep of a more extensive approach to a no-fly zone, we could declare that the Patriot missile batteries we have now deployed to southern Turkey will extend fifty miles into Syria—which would cover an area from the Turkish border city of Kilis to Aleppo, Syria’s largest city—and will shoot down any aircraft operating there as it will be deemed to have hostile intent. That would have both a practical and psychological effect, signaling the United States actually does care about protecting Syrian civilians. As for humanitarian assistance in Syria, the administration has committed another \$155 million; the problem is that all assistance in Syria, at least until very recently, has been funneled through Syrian state organs or state-supported groups, ensuring that it cannot reach any area the regime either does not control or does not want to receive assistance. We should therefore channel our aid to groups like Doctors without Borders or the Red Crescent or Red Cross organs from other countries that will not work through the regime.

Third, even as we act both to affect the balance of forces in the opposition and to offer more protection and humanitarian assistance to the Syrian population, we need to hedge against the unknowns of the future. It may already be too late to prevent the fragmentation of Syria. If so, we need to develop a containment approach. We need to work with those Syrian neighbors that will join us in such an approach and also with the Saudis, Emiratis, and other possible supporters to develop buffers on Syria’s borders that will prevent a spillover of conflict. As an example, we should plan now for the Jordan-Syria border area to be self-sustaining, preparing measures to create stability, investment, and jobs so that the Syrians living there would have a stake in preserving calm and working with the Jordanians to resist efforts toward destabilization. The point here is not to invite the fragmentation of Syria and the entry of extremist forces but to hedge against its possibility—a possibility that becomes more likely every day that Assad remains in power and radical Islamist elements gain greater weight among opposition forces.

Apart from the unconscionable humanitarian toll in Syria, our main worry is that the perception of U.S. passivity is building hostility toward America among all Syrians and reducing any influence we may have in trying to affect a post-Assad Syria. Given the stakes, it is essential for the administration to change that perception and do more to influence what is taking shape on the ground.

CHAPTER 4

IRAQ

AS ONE OF THE MOST important states in the Middle East, based on its location, population, and oil wealth, as well as its capacity to foment regional strife when at odds with the outside world, Iraq must remain a central U.S. priority despite the withdrawal of U.S. troops. At present, the country runs the risk of a return to instability if the United States cannot sustain successful high-level involvement. Given U.S. sacrifices and successes over a decade there, Washington has a foundation for maintaining a positive relationship, strengthening democratic institutions, encouraging oil exports, and screening Iraq from the fallout from a collapsing Syria and an aggressive Iran.

The single biggest challenge to Iraq's stability, and thus to its contribution to regional stability, is the fragile democratic political process. This process has generally been a success for both Iraqis and the United States. Nevertheless, it is now at risk due to both the accretion of power, to some degree illegitimately, by the present government and the dispute with the quasi-autonomous Kurdistan Regional Government (KRG). The two problems are intertwined. Kurdish hopes for eventual independence cast a shadow over the unity of Iraq; flagging democratic processes encourage the Kurds to consider a future without Baghdad; and the absence of the almost 20 percent Kurdish presence in the national parliament would undercut its effectiveness and independence.

This internal political challenge is exacerbated by the most threatening external development in the region—the crisis in Syria and the attendant split between Iran and the region's Sunni Arab majority in dealing with it. This crisis divides Iraq into three separate groups—Shiite Arabs, Sunni Arabs, and Kurds—based on the identification of each with different sides in the Syrian conflict. In particular, Iraq's Shiite majority greatly fears a radical Sunni-dominated post-Assad Syria. The greatest concern in this eventuality would be such a Syria making common cause with radical Iraqi Sunnis against the post-2003 Iraqi system and the Shiite population directly.

The U.S. role should focus on specific responses to the following policy challenges to democracy, while simultaneously working with the government and other political forces to maintain democratic institutions. Priority one among the policy challenges is the KRG. While the issues separating Erbil and Baghdad include the former's fear that Iraqi prime minister Nouri al-Maliki seeks a dictatorship, and tensions in the Disputed Internal Boundary districts (hereafter "disputed areas") between purely ethnic Kurdish and Arab areas, the single most pressing problem is the oil dispute between Baghdad and Erbil. The United States has intervened repeatedly on this matter, including last September, to help the sides reach agreement on exporting oil from Kurdistan. While the technical issues are complex, and both sides at times refuse to cooperate, the primary responsibility under the Iraqi constitution, and in fact of the central government, is to seek accommodation with the Kurds within the context of a national petroleum development and export program. Continued failure to do so will eventually lead to a de facto Turkish-KRG alliance to export oil and gas to and through Turkey. This will have dramatically negative effects on Iraq's stability, and even unity, if the sides do not succeed in crafting an alternative vision involving the KRG, the Iraqi government, and Turkey. Only the United States can provide the facilitating role, reining in too-eager officials in Kurdistan (and perhaps Turkey) and exerting pressure on the Iraqi government to be flexible.

Other issues, including the disputed areas, will be easier to resolve once both sides reach at least limited accommodation on the critical hydrocarbons issues. We should also urge both sides to review carefully their activities and political positions related to these disputed areas, with their mixed Kurdish-Arab population. Tensions over both these areas and the immediate priority of hydrocarbons policy are too high to enable a comprehensive solution at this point; U.S. policy should focus on preventing the situation from worsening, in particular by offering its good offices and urging that the Combined Security Mechanisms established by the U.S. Army in 2009 be reinvigorated.

At the same time, we should caution the Iraqi government (and, if necessary, the Kurds, given the opaque role played by the Syrian Kurdish group known as the Democratic Union Party, or PYD) to avoid choosing sides in the Syrian dispute. Given Iraqi Shiite fears of a resurgent militant Sunni force projecting terror eastward from Damascus, and Iraqi Kurds' understandable support for Syrian Kurds, we will not always have a common position with our Iraqi interlocutors. Two initiatives would help, however. The first: reassure

Iraqi actors that a “neutral” position, given the domestic and regional implications of Syrian developments, is acceptable to and understood by the United States. The second: accelerate counterterrorism, military assistance, and intelligence training with Baghdad to underline our commitment to the security of Iraq and its population, including with respect to radical Sunni elements who are enemies to both the United States and Iraq. The Iraqi government and the Shiite majority need to know that they can count on the United States. Once this is clear, our leverage on specific issues related to Syria will grow.

The Iraqi relationship with Iran is complex, with all Shiite and Kurdish political parties enjoying traditionally close contacts with Tehran. Iran’s economic penetration of Iraq, second only to Turkey’s trade relations, Iran’s Shiite religious ties despite disparate theological approaches in Qom and Najaf, and its mischief making, including through militias largely under its control, give it considerable sway, especially among the Shiite parties. Nevertheless, there are major differences between Iraqis and Iranians; a U.S. approach that capitalizes on those differences, stays calm, and does not ask for a formal “us or them” decision from Baghdad will reap benefits.

The most important of these benefits is Iraq’s dramatic increase in oil production and export, soon to be followed by commercial exploitation of gas. Likely the source of 45 percent of new world crude production in this decade, Iraq is well on the way to becoming an oil giant bested only to Saudi Arabia and Russia. This ascent is in the long-term U.S. interest, given our commitment to Iraq’s development and our own gains from stable, and relatively low-cost, oil markets; it is in our short-term interest as well, given the strategic role of Iraqi exports, which have helped enable the United States and European Union exert pressure on Iranian oil exports without significant impact on oil prices. No other action Iraq could take is so important as this in containing Iran, and Iraqi mistakes on other Iran or Syria-related issues should be viewed in this important context. Aside from showing political sensitivity with regard to relations with Iran, we can be most helpful by expanding our already extraordinary assistance to the Iraqi oil sector. Resolving the Kurdish oil issue will also contribute to export growth.

Overall U.S. engagement, and U.S. coaching on democratic institution building under the 2008 Strategic Framework agreement, will strengthen democracy in Iraq. At the same time, we should make clear that we will not countenance movement away from democratic institutions and procedures, which would render our engagement at anything like current levels impossible.

CHAPTER 5

EGYPT

IF THERE IS ONE OVERARCHING guideline for our approach to Egypt, it is that we do not want it to become a failed state. Should Egypt become a failed state, its instability would radiate outward and touch all of its neighbors; nothing would give al-Qaeda and the jihadist movement a bigger boost in the greater Middle East or do more to shake the faith and security of all our friends in the region. Our stake in helping to preserve stability in Egypt is, thus, very high. But our desire for stability in Egypt cannot become a license to treat President Morsi and the Muslim Brotherhood as if they were Hosni Mubarak. Our interest in stability is real. But our interest in ensuring political pluralism in Egypt is no less important.

The Muslim Brotherhood's (MB's) values and beliefs fundamentally challenge our own. What its leaders continue to say in Arabic to those in the region is a far cry from what they say to Western audiences. The MB is not in the business of seeking to socialize a new tolerance and acceptance of others. Rather, its leaders continue to demonstrate their determination to seize control of all institutions of the state and to foster new political rules of the game, which the Brotherhood will dominate. It is revealing that while President Morsi was prepared to concede on at least part of his decree that would have removed judicial restraints on his power, he was not willing to move or delay the referendum on the constitution even for a short period. The superior organization of the MB, and its built-in identity and support in rural Egypt, ensured the referendum would be won and, with it, the MB would have a constitution that would give it political advantages—or so its leaders believed.

But this is not Mubarak's Egypt. The more President Morsi has sought to cement MB control, through the referendum, key appointments, and oversight of the media, the more he has triggered a backlash. Indeed, the constitution, and the way its passage was rammed through, has created a rallying point for an otherwise fractious opposition.

His decision to impose emergency law in Port Said, Ismailia, and the city of Suez might well have been justified by the seemingly uncontrolled vio-

lence there but once again was read by the opposition as Morsi's effort to create authoritarian rule. Whether the ongoing demonstrations, beginning with those to commemorate the second anniversary of the revolution against Mubarak, will now create an opening for a real national dialogue remains to be seen, but the signs at this point are not encouraging.

What should be clear for us, however, is that we have interests in preserving stability and development in Egypt. Egypt's political future will be determined by Egyptians. We should not assume that its transition will be short or necessarily linear. We should be mindful that while our stakes in Egypt's future orientation are high, we will influence Egypt's direction more along the margins than fundamentally. Nonetheless, Egypt's profound economic needs provide us both the opportunity to be helpful and the leverage to provide ground rules for our assistance. We should be very clear on what matters to us and be prepared to use our assets, and the considerable resources we can mobilize from others, to foster the achievement of those objectives.

The following objectives are consonant with those laid out in *Engagement without Illusions: Building an Interest-Based Relationship with the New Egypt*, a Washington Institute Strategic Report by former White House counsel Gregory Craig and former Minnesota congressman Vin Weber:

- ▶ Egypt maintaining its international obligations, including specifically on upholding its peace treaty with Israel
- ▶ Egypt continuing to fight terror and not providing safe haven to terrorists
- ▶ Egypt respecting minority and women's rights and permitting political pluralism

Of course, we would like Egypt to do other things in the region, which would include resisting Iranian ambitions and actually helping to promote peace, not just preserve its treaty with Israel. But for now this is a Muslim Brotherhood-dominated Egypt, and it will certainly not do American bidding in the region. That said, President Morsi should know our views and what will enable versus prevent U.S. material support.

Given the MB's views and values, there would be little or no prospect of their responsiveness to us if Egypt did not also need our help. While President Morsi and the MB will consistently try to expand the scope of their control,

they seem to recognize at least in general terms that if they want to enhance their legitimacy in Egypt they must deliver the goods economically. The best indication of this was the choice that Morsi made during the Gaza conflict this past fall. Ideologically and emotionally, his instincts and those of the Brotherhood would be to break with Israel and end the peace treaty, particularly with Israel bombing targets in Hamas-led Gaza. Morsi and the MB are organically linked to Hamas, and yet Morsi's Egypt brokered a ceasefire deal with Israel—and has maintained a dialogue with the Israelis on the ceasefire implementation. In this instance, Morsi had to choose between his ideological beliefs and his economic imperatives, knowing that if he revoked the peace treaty with Israel, it would likely spell the end of his ability to garner massive financial assistance and investment from the United States and the international community.

His readiness to make this choice and to work with the United States as well in finalizing the ceasefire demonstrated his understanding of Egypt's need for economic help and his tactical agility. He signaled in his conversations with President Obama and his meeting with Secretary of State Hillary Clinton during this crisis that he was someone we could deal with practically. And the fact is that the conflict was ended without escalation and in a way that served the interests of Egypt and Israel—and, not surprisingly, Hamas as well.

But Morsi's behavior domestically the day after the ceasefire should again remind us of his basic purpose and orientation: he immediately sought to parlay his role in the ceasefire and the international plaudits he won for it by removing all judicial oversight on his exercise of power. Establishing MB control will continue to guide his strategic orientation.

The administration's hesitancy to criticize Morsi in the immediate aftermath of his move to arrogate power to himself may well have been understandable given the just-achieved ceasefire and the desire to see it sustained. But just as Morsi will tactically adjust while maintaining his strategic orientation, so too must the Obama administration maneuver in its second term—and that will include the need to be critical when necessary of Morsi's moves. Indeed, if we are to retain credibility with Morsi—who pays attention to what we say—and the opposition, we must be clear in public when his actions violate the basic principles of democracy and political pluralism.

We, too, must keep our eye on our strategic objectives vis-à-vis Egypt. Ironically, each of the objectives outlined earlier also reflects practicalities if President Morsi wants to attract foreign investment and capital, which ultimately

is far more important than foreign assistance. Who internationally is going to invest in Egypt if it breaks the peace treaty with Israel or allows the Sinai to be a platform for attacks against Israel by jihadists? Similarly, will Egypt attract foreign capital if Coptic Christians feel driven to leave Egypt or if Egypt effectively erodes women's rights and keeps half its population excluded from participating in its economic development? Or, will foreign investment and tourism return to Egypt if political pluralism is denied and instability and upheaval continue to define the country?

The point is that our objectives not only fit our interests in Egypt but probably also fit Egypt's near- and intermediate-term needs as well. This reality suggests that President Morsi can find ways, just as he did during the conflict in Gaza, to rationalize behaviors that don't fit the MB's ideology. But for him to do so, he must understand with great clarity and specificity our ground rules for providing help: preserving the treaty with Israel, fighting terror, and permitting political pluralism. His instincts and those of the MB, however, will be to try to erode each of these over time.

Two concluding comments: First, our assistance to Egypt depends not only on what we can do bilaterally but also on what we can do with the international financial institutions, our EU allies, and the Saudis and the Emiratis—and the private sector. Even though we are no longer in an era that can produce Marshall Plans, the fact remains that our active support can produce a great deal for Egypt financially. Egypt's behavior should determine how much we are prepared to do and in what ways. And that means we should be careful to help mobilize assistance on the basis of installments and tranches. Inherently, President Morsi and his colleagues will claim they cannot accept conditions that impose limits on Egyptian sovereignty and dignity, and at times we will have to decide whether to provide help or consider the consequences for our leverage and influence if we forgo it. This may be especially true with assistance to the Egyptian military, an institution that may yet play a pivotal role in the Egyptian transition. But even here, tranches will remain important and the military's real needs should affect our choices: for example, helicopters and Humvees are far more necessary for dealing with Egypt's real security problems in the Sinai than the F-16s and submarines they have requested. As for domestic assistance, the more we can frame our support publicly as tied to job creation for unemployed youth, the more we both do something good for Egypt and make it more difficult the MB or others to portray any U.S. conditions as unacceptable.

Second, it is essential that we reach out to the opposition in Egypt. We must counteract the image now accepted as an article of faith among the secular opposition: that the United States supports and favors the Muslim Brotherhood. We can and must work with the Egyptian government, but that cannot preclude outreach to and even support for those in the opposition who are building political parties.

Our long-term interest in Egypt is to see pluralism survive so that there is an open space for political competition. Credible, secular political parties offer the best hope for Egypt in the long run. But it will take a long time for them to develop an identity, an agenda, sufficient unity, and credibility with the 40 percent of Egyptians who live on \$2 a day. The challenge for the Obama administration in its second term is to adopt policies that help guard against Egypt becoming a failed state, allow us to work with the Egyptian government in the service of our near-term objectives, and still make possible the emergence over time of secular forces that may yet determine Egypt's future identity.

CHAPTER 6

ISRAELI-PALESTINIAN PEACE

THESE ARE HARD TIMES for trying to promote, much less make, peace between Palestinians and Israelis. The rise of political Islam, the civil war and looming implosion in Syria, and the Iranian nuclear imbroglio not only dominate the environment, they also render it forbidding for peacemaking. And, yet, these issues don't represent the biggest hurdle for ending the conflict between Israelis and Palestinians. True, they make both Israelis and Palestinians reluctant to take risks for peace. But they still pale compared to the most fundamental problem between the two parties—that of “disbelief.”

Mainstream Israelis and Palestinians today simply don't believe that peace is possible. There is no need to rehearse all the reasons behind the two sides' loss of faith. Suffice it to say that Israelis feel that their withdrawal from territory (in Lebanon and Gaza) has produced only violence—not peace or security. Why should they repeat the same mistake and subject themselves to far greater, even existential risk in the West Bank? For their part, Palestinians believe that negotiations from 1993 onward failed to produce independence but did yield a massive Israeli settler presence in their midst.

Put simply, neither believes that the other is committed to a two-state outcome: leaving aside Hamas's explicit rejection of the principle, Israelis are generally convinced that when Palestinian president Mahmoud Abbas and Fatah speak of two states, they do not mean Palestine and Israel with its Jewish character, they mean instead a Palestinian state and a bi-national state. Palestinians have a mirror image, discounting what Israelis say about two states and believing instead that the Israelis will never accept Palestinian independence. And they ask the question, if Israel were truly committed to two states, why are they building settlements in what should be the Palestinian state?

Given this context of disbelief, the Obama administration in its second term should reengage with the Israelis and Palestinians but in a way that can change the dynamic and give both sides a reason to believe in peacemaking and a two-state outcome again. A bold initiative spelled out in public that fails is the last thing needed now; that will only deepen the disbelief. But the dif-

ficuity of the current moment cannot be an argument for doing nothing. The longer the stalemate drags on, the greater the cynicism and the less anyone on either side will be able to speak of two states and retain any credibility.

And if two states are discredited as an outcome, something and someone will surely fill the void. Already, the Islamists, with their rejection of two states, seem primed to do so. The moment Islamists come to define the Palestinian identity is the moment this conflict becomes transformed from a national into a religious one—and the moment the conflict with Israel will no longer be resolvable.

So what can be done? If nothing else, finding ways to reinforce and sustain the Palestinian Authority is more important than ever. The United States and Israel share this strategic objective and should focus in their discussions with each other and in quiet discussions with President Abbas and Prime Minister Salam Fayad on the most effective specific steps to shore up the Palestinian Authority. As important as that may be, it cannot by itself change a dynamic that discredits peacemaking and the possibility of two states.

Reinvigorating the possibility of two states—and giving the Israeli and Palestinian publics a reason to take a second look at negotiations as the means to produce it—is needed now. However, if negotiations resumed tomorrow, the two sides would largely talk past each other. As such, they need an agenda for discussions that will actually generate changes that both publics can see and feel.

With that in mind, the administration could propose a sixteen-point agenda for discussions. Twelve of the points would specify potential actions that each side would be willing to discuss and possibly implement if the other does its part. The remaining four points would address mutual actions by the two sides. The agenda would involve unilateral moves to be taken only in the context of coordination between the two sides. In essence, the points would be designed to get at the sources of each side's disbelief about the other's commitment to a genuine two-state outcome.

The Israeli points for possible action would include:

1. Readiness to offer compensation to any Israeli settler ready to relocate to Israel or the settlement blocs.
2. Commitment to begin construction of housing within Israel or the blocs for all settlers ready to relocate .

3. A declaration that Israel will build new housing only in the blocs, the areas located to the west of the security barrier—meaning that Israel would restrict its building to 8 percent of the West Bank and no longer in the remaining 92 percent. (While the Palestinians disagree on this definition of the blocs, the negotiations on borders will decide the ultimate size of the blocs.)
4. In what is known as Area C in the West Bank, which constitutes 60.1 percent of the territory and in which Israel retains civil and security responsibility, permission to Palestinians to have economic access, activity, and ownership—signaling a reduction of Israeli control and offering new and needed economic possibility for the Palestinian Authority.
5. In Area B, which constitutes 21.7 percent of the West Bank and in which Palestinians have civil responsibility and responsibility for law and order but not for dealing with terrorism, permission for the Palestinian police and security presence and role to increase.
6. In Area A, which constitutes 18.2 percent of the West Bank and in which Palestinians have civil and security responsibility, the IDF still carry out incursions for security reasons. Because these operations are a reminder of Israeli control and grate on the Palestinians, the IDF could specify clear security criteria that, if met by the Palestinian Authority, would end the incursions..

The first three points would demonstrate that Israel does not intend to expand its presence in areas that Palestinians believe should be part of their state and, on the contrary, will only build new housing in those areas that it believes should remain part of Israel. The second three items would signal Israel's seriousness about ending its control of Palestinians.

The Palestinian points for possible action would include:

1. Readiness to put Israel on Palestinian maps. Today, you can find Israeli settlements on Palestinian maps, but otherwise Israel does not exist.

2. Willingness to speak of two states for two peoples and acknowledge the existence of two national movements and two national identities.
3. Commitment to end incitement; stop glorifying those who kill Israelis as martyrs; stop blaming Israel for every evil; and stop denying the Jewish connection to Jerusalem.
4. Preparation of the Palestinian public for peace. Arafat used to speak about the “peace of the brave.” Declare that the peace of the brave means that both sides, not only Israel, have hard decisions to make for peace.
5. Readiness to address the question President Abbas once posed: where does it say that Palestinians should live in squalid conditions? In practice, this means permanent housing will be built in refugee camps and those who would like to move out of the camps to other housing will be permitted to do so.
6. Clear articulation of the commitment to building the state of Palestine, without encroaching on Israel, with a particular focus on the rule of law.

Following these points would signal Palestinian seriousness about two states in a way that addresses fundamental Israeli doubts about Palestinian purposes and the kind of neighbor Palestine would be.

The final four points are mutual, two for each side. First, the complete absence of contact between the two societies means that children on each side are necessarily being socialized to demonize and dehumanize the other. The Israelis and Palestinians should commit to an exchange of classrooms or regular youth exchanges starting as early as third grade. Second, neither side publicly acknowledges when the other does something positive. Isn't it time that the Israeli government publicly acknowledge that the Palestinian security forces do their job professionally and fulfill their obligations? In turn, isn't it time that the Palestinian Authority (PA) acknowledge when Israel has helped it meet its obligations by advancing tax revenues or that Hadassah Medical Center treats Palestinians in need at no cost?

The sixteen points represent an agenda for discussion that could trigger coordinated action and change the dynamic between Israelis and Palestinians—and maybe, by restoring hope, show that the Abbas government still offers a pathway for Palestinian national aspirations. Some of the points could also shore up the PA.

The points should not be the basis but rather a focal point for negotiations so that talks can actually address the core issues of the conflict. The political basis of negotiations can remain the goals and parameters that President Obama laid out in his speeches of May 19 and 22, 2011. In those two speeches, the president spelled out the meaning of two states for two peoples and also identified the key principles that should guide the Israelis and Palestinians on the issue of borders and security. Borders should be based on the 1967 lines with mutually agreed swaps that take into account the realities on the ground, and security arrangements must be shaped in a way that allows Israel to defend itself by itself.

While it would be best to use the sixteen points as an agenda for direct bilateral discussions, the new secretary of state, John Kerry, could also use them as part of a trilateral format—or even to broker certain understandings before bilateral negotiations formally resume. But his initial focus should be on changing the dynamic and showing that something can be achieved. That is why it is so important to get talks started on points that might for once create a virtuous cycle. We don't need more dead ends. It is time to show the Israeli and Palestinian publics that something is possible other than stalemate. Otherwise, disbelief and failure will become a self-fulfilling prophecy and even the prospect of two states is likely to disappear.

Finally, some may ask whether Hamas will allow any progress to be made between the Israelis and the Palestinian Authority. The short answer is that the Egyptian need for quiet in Gaza, and Hamas's own claims about what it gained in the conflict and has no interest in losing, argues for continued calm for the time being. The Israeli-Egyptian dialogue on Gaza is effectively an indirect dialogue between Israel and Hamas and can be used to preserve the quiet. Whether it could be turned into something more is doubtful at this point, but U.S. officials should be talking to the Israelis about the contents of that dialogue as well as pushing to expand the discussions between Egypt and Israel as a way of gaining more Egyptian public ownership of the peace treaty with Israel.

CHAPTER 7

TURKEY

THE UNITED STATES has a strong but sometimes complicated partner for its Middle East diplomacy in Turkey. Whatever the complications, U.S. officials should build on this partnership to achieve better coordination on matters related to Iran, Syria, and Iraq and strive to improve relations between Turkey and Israel. Turkey will be most helpful if treated as an equal and listened to closely.

Turkey has emerged as an important actor in the Middle East, building on its extraordinary economic success, stable democratic political system, strong military capabilities, relations with key Western or global institutions (NATO membership, EU Customs Union membership and candidate status for the EU, G-20 membership), and the cultural appeal of its Western-Islamic mix. Turkey thus provides both an anchor of stability in the region and a potential platform to influence developments throughout it, both individually and possibly in concert with the United States and other Western actors.

Turkey's close relationship with the United States, including a warm personal rapport between President Obama and Turkish prime minister Recep Tayyip Erdogan, is a major diplomatic plus for both states. However, it does not preclude disagreements over the nature (e.g., relations with Israel and Iraq) or the tactics (e.g., in the Syrian conflict) of specific policies. Furthermore, two other factors affect Turkey's strength as a partner or independent actor. First, Turkish diplomacy faces challenges in every direction, diffusing its ability to concentrate from a diplomatic standpoint. These include largely latent but nonetheless real tensions with Russia, Armenia, Greece, and Cyprus over various territorial, maritime, and security issues, complicated by extensive energy dependency on Russia. But more important for its Middle East role, Turkey's relations with neighbors Syria, Iran, Iraq, and Israel have all soured in the past three or four years. The remaining neighboring "friendly power" is the subnational (but strategic) Kurdistan Regional Government, which brings its own special problems.

The most important of Turkey's diplomatic problems involves Iran. First, the Turkish position with respect to both Syria and Iraq is much informed by Turkey's historic geostrategic rivalry with Iran. Second, Turkey's attitudes toward its other southern neighbors, Syria and Iraq, are driven by its fear of their falling more into the Iranian orbit (Iraq) or staying at its center (Syria). Third, this year will be decisive on Iran's nuclear program, and two potential likely results—a nuclear-armed or nuclear-capable Iran or a military confrontation between Iran and the United States—would have a direct impact on Turkey. In addition, at times the Turkish struggle with Iran assumes, on both sides, sectarian shades, raising the specter of a Sunni-Shiite religious struggle across the Middle East.

Turkey's relations with Iran will hinge critically on U.S. initiatives to calm the Iran nuclear conflict and whatever supporting role Turkey can play in these initiatives. Turkey no longer has the close relationship with Iran that allowed it, in 2010, to broker a proposed nuclear deal with Brazil's help. But as a powerful neighbor that has contacts with both the West and Iran, Turkey should at the minimum be privy to U.S. and P5+1 initiatives and could facilitate our diplomacy. At the same time, we must be careful not to encourage the sense of Sunni-Shiite *Götterdämmerung* in the Middle East that appears just below the surface in the conflict between Turkey and Sunni Arab states on one hand and Iran and its allies on the other.

The Syrian dilemma faced by Turkey should be seen first through the prism of Turkey's rivalry with Iran, although other factors—including Turkey's vulnerability to a refugee influx, the influence of the Kurdistan Workers Party (PKK) among Syrian Kurds, overflowing violence, and tensions potentially mirroring those of Syria between Turkish Sunnis and both the Alevi and Alawite minorities—also play a role. Importantly, Prime Minister Erdogan has staked much of his international prestige on bringing down Assad. Under these circumstances, the United States should cooperate with Turkey on specific courses of action, with a more explicit U.S. goal to bring down the Assad regime; the specific actions concerning Syria outlined elsewhere in this paper would win Turkish support. Absent such a shift, U.S. unwillingness to act more strongly on Syria will be the greatest source of tension between the United States and Turkey. Effective joint action on Syria would relieve this bilateral problem.

The United States and Turkey have cooperated closely on Iraq since 2003. But the two have divergent viewpoints on the state of Iraqi democracy, the role of Prime Minister Maliki, the degree of Iranian influence over the Maliki

government, and relations with the KRG. Turkey's rapprochement with the KRG, and the parallel efforts with its own Kurdish population, represents a major plus for regional stability, and U.S. support for this should continue. But eventual Turkish facilitation of hydrocarbons exports from the KRG, opposed by the Iraqi central government, could threaten peace in northern Iraq and eventually even Iraq's unity. Such exports would also drive a wedge between Turkey and the United States, whose core goals in Iraq include developing the southern oil fields, combating Iranian influence, and preserving a democratic, united country. As Turkey broadly shares these goals, the United States should coordinate more closely with Turkey, Baghdad, and the KRG to facilitate the export of Kurdish hydrocarbons in concert with Baghdad.

The most significant dispute between the United States and Turkey, weakening Turkey's Middle East diplomacy, issued from the rift between Turkey and Israel over the 2010 Mavi Marmara incident, in which nine civilians (eight Turkish and one Turkish-American) were killed during an Israeli commando operation against a Turkish blockade runner. Attempts to resolve this dispute have faltered over Turkish demands for a formal apology. But the Israeli government is unlikely to go that far, especially given that the UN's Palmer Commission attributed blame for the incident to both the Turkish and Israeli sides. The recent removal of Avigdor Lieberman from the Israeli Foreign Ministry, and Israel's lifting of parts of the embargo on Gaza following the 2012 Gaza conflict, offers a chance for a compromise result—one that the United States should again strive to facilitate. Such a compromise could include Turkey being more forthcoming about its mistakes, as spelled out in the UN report, and Israel finding creative ways to improve dialogue with Turkey.

Given Turkey's strength, stability, and new focus on the Middle East—and its soft power expressed throughout the region—its potential as a model is considerable, especially in the Arab Spring states, and could serve as an important complement to U.S. diplomacy. This potential, however, should not be overstated in light of the inherent difficulties associated with deploying soft power, as both China and the United States can attest. Furthermore, Turkey still lacks important ingredients for regional power: Turkey's trade with the Middle East, for example, is expanding rapidly but still constitutes at most 25 percent of its imports and exports. Intellectual, academic, and even linguistic ties are not strong, and tourism is still developing. More generally, much of Turkey's success resides in its bridge function as a country with one foot in the Middle East and another in the EU and NATO. But that very vocation will limit Turkey's appeal to at least some in the Middle East. Thus, given that

Turkey itself encounters difficulties “cashing in” on its soft power, the United States, at one remove, cannot easily exploit this Turkish advantage for its own immediate priorities.

As Soner Cagaptay, also of The Washington Institute, has written, Turkey can only become a Muslim global power if it remains true to itself, synthesizing Islam and its Western orientation. The United States has an interest in this occurring, as well as a responsibility to speak out when Turkey violates international norms, such as by imprisoning journalists—or when the Turkish prime minister crosses the line and suggests that Zionism is a crime against humanity. We should be careful, however, in reacting to Turkish internal developments, given Washington’s high-priority diplomatic and security agenda with Ankara and the inherent strength of Turkish democracy.

CHAPTER 8

CONCLUSION

NO ONE PAPER can cover every issue or contingency that the Obama administration will face in its second term. Indeed, if history is a guide, the president will face a crisis in the Middle East, and it may emerge with little notice. In this paper, we have chosen to deal with big issues and to frame the guidelines for our approach on each of them.

Like it or not, the Middle East has a way of imposing itself on American presidents. But we don't have to respond only to crises. We should be thinking about what we can do to shape the landscape and affect its evolution over time. Acting to influence the outcome in Syria, making sure that we alter Iran's nuclear behavior, showing that preserving political pluralism in Egypt matters to us, and helping to assure that the Palestinian national movement remains nationalist and not Islamist are among those actions that will not only greatly affect the future landscape of the Middle East but also do much to enhance America's credibility with our friends and foes alike in the region.



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