

**Monday Morning Roundtable
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Moderator - Dan Senor
Participants - Howard Berman, Elizabeth Cheney, Dennis Ross, Ephraim Sneh

Moderator: Thank you; thank you. What we are going to try to do today is you will begin 72 hours of intense discussions and debates and presentation on a range of issues related to the US Israel relationship in the Middle East. it's to try to provide some context by having a discussion here today with this distinguished panel going through some of these countries in the region, the big themes, the big challenges, and the big events that have been taking place over the next year [Note: Meant *last year*] and may take place over the coming year.

What I want to start with is the power, the--the country, the government that really has so many tentacles and is spreading so much negative influence throughout the region and that is Iran. If you really just look at the map, Lebanon, Gaza, Iraq, Afghanistan, Iran's touch and reach and long arm is felt really everywhere. Just last week the International Atomic Energy Agency issued a report raising serious questions about Iran's government not being terribly forthcoming about its pursuit of a nuclear capability and the weapon(ization) components of that, all while Iran continues to say that it simply wants a civilian nuclear capability. And of course Iran's support for terrorist organizations throughout the region continues to be on the minds and radar screens of policy makers going back to the Israel Lebanon War in 2006 where American military experts described Hizballah's role as sort of the equivalent of a modern-day light infantry brigade of the Iranian Revolutionary Guard. It was that sophisticated. So we are continuing to see Iran's role spread throughout the region.

And I want to start the discussion with you Congressman Berman. Get a sense from you what--what is the nature of the Iranian regime? I mean some analysts describe it as a rogue and revolutionary regime that is purely driven by ideology and yet others say it's much more practical than that; that in fact it's much more akin to the former Soviet Union that was ideological yes, but also has some sort of commitment to its own national survival.

Howard Berman: Well thanks, Dan, and I want to answer your question but let me just say how grateful I am to be here and to let the people here know that everything those of us who care about Israel and the US Israel relationship do would not be possible without the incredible help, assistance, and leadership provided by AIPAC. And when you come to Washington like this you let the Congress and the political leadership in this country know; so thank you for doing this.

I'm of the belief and I'm certainly not the greatest expert in the world--that Iran is more the latter than the former, that it is--it is not simply a radical ideological regime for which traditional policies of leverage and pressure will have no impact. It is an opportunistic regime; it is a regime that seeks to exploit every situation that it can; it's sort of schizophrenic because in the fundamental way Iran thinks of itself as alone in the world and at the same time has a level particularly of--as things have developed in recent years of over--of confidence and exuberance about its own policies. There is a--the internal discord that we sometimes read about oh Larijani has become the Speaker; does this mean Ahmadinejad is losing power? This has been the state of the Iranian government for many years. A great deal of internal factions, fratricidal partisanship within Iran, but a consensus continuously emerging led by the Supreme Leader but not alone to take policies. They have shifted position 180-degrees at different times when they thought it was in their interest so in that sense it was more akin in that sense to the way the Soviet Union was in the decades before the end of the Cold War than to simply--simply a--a zealous revolutionary regime for which traditional pressures and leverage can have no impact.

Moderator: Dennis, let me ask you; if--if Howard is right then how should that inform our thinking, our approach? I mean if it is a priority of our government to not let Iran develop a nuclear weapon we are clearly not making real progress on that front or as much as we would like, is the solution to negotiate directly with Iran?

Dennis Ross: Look; I think the key is to take a look at Iran--at Iran from the following standpoint. If in fact leverage is going to work with them and Howard is suggesting that in fact they make their decisions on a kind of cost-benefit basis then the leverage has to be real. You could also say the inducements have to be real. I've criticized our current policy as being a policy characterized by weak sticks and weak carrots. Well you're certainly not going to persuade them if the sticks that are used are not the kinds of sticks that are going to force them to make a choice and you're not going to induce them unless the sticks are strong enough to give them a reason to think about changing their

policies. I'm of the view that there is no combination of inducements that will get them to give up nuclear weapons because the nuclear weapons are worth more to them than the inducements. So if you want to get them to change their behavior it isn't going to be the inducements that do it; it's going to be the sticks that focus their minds on what they stand to lose as they measure loss.

Today we're not doing that. Today basically the sanctions that have been applied by the Security Council don't touch the economy. Maybe you touch parts of the Revolutionary Guard; maybe you touch parts of the military; maybe you touch their nuclear industry but you don't really touch their banks; you don't touch their commerce; you don't even touch the credit guarantees that European governments give to their companies to invest. If you want to convince the Iranians that they have to change their behavior they have to see what they have to stand to lose. That's the context in which negotiations make sense. If you're going to talk about negotiations with Iran don't go into negotiations with Iran with them thinking that they basically need it less than you do. We can't convey a message that somehow we're desperate for it--we need it more than they do; that doesn't mean you don't talk to them but it means you create a context for the talks and the context has to be one where they see very clearly the pressure is very real; the costs are not rhetorical costs--we don't threaten certain things and then not deliver on them. We make it clear what the costs are going to be; they begin to experience the costs and in that context but you say but there's also a way out. So in effect what you're saying to them is--this isn't about humiliating you; this is about giving you a way out. But understand one thing; at the end of the day you're going to have to make a choice and--and the negotiations can only work if they realize they have to make a choice today. They don't think they have to make that choice.

Moderator: Liz, our--our government has tried to talk and engage Iran directly in the past. Previous administrations have tried to do that; what has the record been in generating real progress and traction?

Elizabeth Cheney: Well I think it's very clear, Dan that the record has not been a good one and I think that what Dennis says makes a lot of sense you know from an academic perspective. That is the way you ought to go into negotiations but I think that it depends upon having a partner that you believe is a rational partner, a partner that you believe can be talked out of--in this case, nuclear weapons--and I simply don't believe that we've seen any evidence that--that is the case with Iran.

I think that if you --I think that if you look back over the history not just of this Administration but as Senator McCain mentioned, the Clinton Administration's efforts to reach out to the Iranians there has been no shortage of efforts to talk to them, to speak with them. Madeline Albright stood up and apologized for America's support of the Shah, for Americans support of the coup and in response instead of the response she had been told she would get by numerous emissaries who came to the United States and said the Iranians want a warm relationship, they want to expand relations--instead in response the Supreme Leader stood up and said look; the criminals have admitted the crime. So I think that--that if you look at the history during the Clinton Administration and if you look at our own history during this Administration now particularly since 2005 you've seen numerous efforts both through the European Union 3, through the UN Security Council 3 resolutions, the IAEA reporting that the Iranians are not cooperating and the Iranians you know recently announcing you know they're going to install 6,000 new centrifuges at Natanz. I think the lesson is clear; the only possible way that negotiations can be effective in convincing the Iranians to give up their nuclear weapons is if they believe--if they are convinced that if they don't do it diplomatically they will face military action.

And I think it's critically--it's critically important for the next President whether it is Senator McCain, Senator Clinton, Senator Obama to understand that we do not have the luxury of time. We don't have the luxury to have the debate we're been having about should we talk, should we not talk; the--the time for diplomacy here is rapidly coming to an end.

Moderator: I want to bring Ephraim Sneh into this; what about hope for change within Iran from within? We often hear that there is this burgeoning reform movement that is ready to take off and that we sort of need to figure out ways to empower those reformers, those small d-democrats, those activists within Iran to challenge the regime. From your perspective in Israel do you see that as a path that is viable?

Ephraim Sneh: The reform-minded leaders in Iran they have one common denominator--they're in jail. The reform-minded newspapers were shut down. We have to understand; the problem is not the nuclear projects. The problem is the regime; the regime which is -- which is based on Islamist fascism. That is the problem now. The regime must be eliminated; it's the regime that should be eliminated. Who should do it--the Iranian people; the Iranian people doesn't like this regime. Just for you know an example--in the recent Election 70-

percent of the Iranians didn't show up in the--in the voting booth--70-percent. So what is possible or feasible is not reform; the regime would not allow reform but it can be forced out; it can be toppled by the people. It's feasible but there are two--three conditions in order to accelerate it. One--real effective sanctions; sanctions that would be--make it impossible for the regime to govern, to run their economy, to feed 70 million hungry people--this is one thing. The second--to stop the pilgrimage; to stop the cruelty appeasing the regime; the Iranian people interpret--all the incentives, all the--the carrots that are offered to the Mullahs as a sign that the Western democracies do not want this regime to be toppled because they corrupt them all the time. This must be stopped.

Moderator: Howard Berman, what--do you see sanctions as the solution here? What kinds of results have they generated thus far?

Howard Berman: I think it's very important to--for everyone to understand a couple of things. Number one, our current policy is not working. Iran is pursuing a nuclear weapons capability at a much faster rate than our sanctions policy is creating pressures on them to change behavior. More than half of the trade with Iran is done by European countries, Japan and Australia. Russia and China have consistently undercut efforts at the Security Council to get tougher sanctions. I do believe there is a level of sanctions that could cause Iran to change its behavior and the question is and I think it will be the challenge for the next Administration is what is the process by which we achieve the willingness of these countries to--to get those sanctions? No one thinks--I would hope that no one thinks simply talking to Iran because we want to be talking to Iran is going to produce what we want. You have to have a strategy but right now I don't believe we have a strategy that's--that's working to--to achieve the goal that I think there is tremendous bipartisan consensus we need to achieve here; Iran cannot have nuclear weapons capability.

Moderator: I--I want to move to another flash point in the region which is Lebanon--Lebanon really and Syria and if you look at the 25 year arc if you will that began in 1983 with the Hizballah bombings of the US Marines and our Diplomats there that killed some 260 Americans and you--and you look at that 25--25 year period that really sort of ends in the last month where you saw Hizballah successfully taking over about half of Beirut, a huge setback for the Sonora government in Lebanon; huge setbacks for our allies in Lebanon and enormous implications for the region. Liz, just a couple years ago in 2005 we were celebrating the Cedar Revolution, this

uprising, this anti-Syrian uprising, anti-Hizballah uprising in the streets of Beirut. What has happened to that Revolution and what are the implications for the--for this dramatic setback for Israel, for the United States and for our friends in the region?

Elizabeth Cheney: Well I think what's happened to the Cedar Revolution is heartbreaking. I think that you have a situation in which a whole series of factors including Israel's inability and willingness to do what was necessary in 2006 to--to fundamentally deal a blow to Hizballah, the perception that Hizballah by surviving the War in that summer won, I think has caused a real blow to Israel's credibility, to America's credibility in the region because there is a sense there that Hizballah was able to stand up to Israel. I think that America has also made mistakes over the course of the last several years and I think that the extent to which Syria has felt that it could operate with impunity at least until the Israeli air strikes take out their nuclear plant for which I think Israel should be congratulated --but I think--I think the story of Lebanon tells you the extent to which everything in the region is intertwined, the perception of the United States in the Middle East matters hugely, and I think it's very important as we are now in this election year that the candidates take the right lessons from this Administration. And in my view this Administration has gotten it right when we have bold, when we have been decisive, when we have been focused, when we have used our military force when necessary; where we have been less effective and less successful is when we have been unfortunately not so bold, when we have not held Bashar al-Assad to account for the assassination of Rafik Hariri, for the killing of American soldiers inside Iraq, for his support to Hizballah, for the killing of Israelis that he has funded and supported through his support of Hizballah and I think that--that getting back to a situation where our enemies in the region understand that America will stand up for its friends, that America will stand up for its principles and that we have red lines is critically important because when those red lines aren't there, when--when our enemies like Iran and Syria begin to believe that they can act with impunity you see situations like you've got in Lebanon today where Hizballah now has a veto over that government where Hizballah will be able I fear to significantly continue its efforts to rearm in Southern Lebanon and continue to threaten Israel and allow Iran a real choke-hold on the region.

Moderator: You know Dennis there's an interview by the head of Israeli Military Intelligence in *Ha'aretz* last week where he said that if Israel has to face Hizballah again Hizballah will literally be able to launch rockets from both north and south of the Litani River. More

rockets believed in Hizballah's hands today than the 13,000 that they had before the last Lebanon War and it seems as Liz was alluding to Syria is a key lynchpin in all of this. And yet Syria seems to have its own sort of Jekyll and Hyde personality. At times they seem to want to participate in some sort of constructive process and at other times they seem to be doing Iran's dirty work and--and providing support to Hizballah. How should the United States and Israel for that matter view Syria--as a potential partner or permanent enemy?

Dennis Ross: Well I think what we see going on with the Israelis right now is a desire to at least test what the answer is. They're not presuming they know what the answer is; they're testing what the answer is. Those in the Israeli military for the last couple years have favored a dialogue with the Syrians for several reasons. Number one, they thought they might be at war with Syria and they ought--they decided well if we talk to them let's see if there's a way to avert that; two, they said look, they don't really ideologically believe and share the Islamist agenda of the Iranians or Hizballah. Maybe we can wean them away and if we do we basically transform the region from a strategic standpoint. I don't think they go into it with a set of illusions that by talking to the Syrians they necessarily presume they know that the Syrians are going to change behavior but they want to test and see whether it's possible.

I think there's a certain logic to that but I would still--I would like to get to something that Liz raised because I think the larger issues is less Syria and it's more Iran. Certainly if you could wean the Syrians away from the Iranians it sends a message to the region, a psychological message. The Iranians are basically saying along with Hizballah and Hamas that there is a different narrative now for this part of the world. Dating from the Madrid Conference there was a sense that when it comes to peace there will be peace and there will be a two-State solution. Iran, Hizballah and Hamas say no; you don't have to accept that narrative. So if Syria actually is not joining with them it sends a message that maybe they don't think that this narrative is inevitable after all. But again the real culprit in the end is Iran, far more than Syria. Syria becomes a conduit, through which weapons go; the fact is before the last War Hizballah had about 17,000 rockets. Now after the War maybe they were down to around 10,000 rockets. Today they're somewhere between 30,000 and 40,000 rockets even though there was a Security Council Resolution that the Administration touted very highly--1701 in which they were supposed to be rearmed. But they were. Liz made the point about red lines. Well that should have been a red line but it wasn't. When the--when the head of--when the head of Israeli Military Intelligence says that they're

capable of firing rockets from above the Litani and below the Litani, UNIFIL the--the--UNIFIL which was supposed to be robust, big, 15,000 on the one hand and then 15,000 from the Lebanese Army all deployed below the Litani River and the--at least the one achievement was even if you didn't prevent the rearming of Hizballah at least Hizballah wouldn't have rockets below the Litani and guess what? They now have rockets below the Litani. So if we're going to establish certain positions and we're not going--we're not going to stand by them we have a basic--we have a real fundamental problem. One of the senior members of the Administration at one point said we stopped drawing red lines vis-à-vis Iran because they kept stepping over them. Well I hate to tell you; then they weren't red lines. And at some point if you're going to change the behavior of the Iranians --if you're going to change the behavior of the Syrians, if you're going to send a message to Hizballah they have a lot to lose when you establish a red line it better be red and not pink.

Moderator: Go ahead, Liz?

Elizabeth Cheney: I just want to make one point quickly because I agree with what Dennis said and I know we're nonpartisan here but this is a fundamentally important issue in this Election and it's fundamentally important because what I fear is that you have a situation where particularly Senator Clinton and Senator Obama are taking those lessons from this Administration and--and attempting to do more of the things we have done that have been mistakes. You do not hear from them --you don't hear from either one of them frankly the kinds of things that you're hearing from Dennis right now, which is red lines must be red lines, and at the end of the day the United Nations cannot enforce red lines, the European Union cannot enforce red lines; only the United States of America with the threat of our military power and capability can enforce those red lines.

Moderator: Ephraim--?

Dennis Ross: Could I just make one quick point?

Moderator: All right; go ahead.

Dennis Ross: The good thing is that we're friends and we--and we have these discussions. I would just make one point; I agree you have to enforce red lines, but maybe one area where we have a slight difference is that you have to pick and choose your moments to think about how you use negotiations. One value of negotiations isn't always

because you expect that they are going to produce the results that you want, although you hope they will. They also create a context in which it's a lot easier to press others to do more. When you make your unwillingness to talk to the focal point you shift the attention away from the bad behavior that you want to change. Our challenge is to frame issues in a way that gets the rest of the world to understand what's at stake to see we're not the problem and what is the problem. So yes; we have to establish red lines. We have to be credible on red lines. We do have to be prepared to use military force when necessary but we also have to frame issues in a way that get others to join with us and understand we ain't the problem. The bad behavior, the rogue behavior is the problem.

Elizabeth Cheney: I'd like to add one more thing.

Moderator: All right; Liz wants one more 15-second response and then I'm going to go to--.

Dennis Ross: To be continued afterwards.

Elizabeth Cheney: But I think the other--the--the problem that you have though is when other nations see us talking it doesn't always make us not the problem; it makes it much easier for the Europeans for example to say well look, if you're not isolating Syria, if you're inviting the Syrians to Annapolis for a Peace Conference why should we isolate the Syrians? So I think we have to be very careful about the message our talking sends.

Dennis Ross: I was able to restrain my enthusiasm over inviting Syrians to Annapolis.

Moderator: Ephraim Sneh, the--the Israeli bombing of the North Korean program inside Syria, nuclear program believed to be inside Syria, what impact has that had on the region and to what extent is that work in sort of tandem with Israel's outreach to Syria via Turkey--these 20 messages have been passed and this attempted engagement that Dennis referenced earlier?

Ephraim Sneh: You know I'm not allowed to refer to--.

Moderator: It's just a few people here--just a few friends.

Ephraim Sneh: Even--even in this very intimate forum--

Moderator: Yeah; off the record that's right.

Ephraim Sneh: But I would like to say a word about the Israeli negotiation or pre-negotiation with Syria. Syria is a very important and crucial part of the new Persian Empire. Iran invested billions of dollars to procure for--for Syria a very massive firepower. For us it's very tempting to try and take Syria out of the orbit of Iran. The real chances for this are slim--exactly because of this reason. Ahmadinejad would not allow them to divorce after all these investments. But why should we try? There is at least one good reason; at first it's worth--it's worth trying but there is one reason which people abroad are not so aware of. If there is a war with Syria the Israeli leadership should look at the eyes of every soldier, every citizen in the homeland front that may suffer quite seriously and tell them we didn't leave one stone unturned in the attempt to prevent it. Only for this reason it's worthwhile.

Moderator: Howard?

Howard Berman: Well just on a couple of points, we are actually now providing the Lebanese Armed Forces with a higher rate of military assistance per capita than any other country except Israel. The Lebanese Armed Forces stood by when Hizballah asserted their authority in Beirut recently and we have now institutionalized a Hizballah veto power over government decisions in Lebanon. Secondly, I--the issue of military force, it's very--and options--it's very important. But do you think right now the leadership in Iran is quivering over the fact that we've kept that option on the table when the national intelligence estimate has announced to the world that our intelligence agencies think--are left with the impression that Iran has tapped its nuclear weapon program, when the IAEA, an agency that has never been willing to quite say what Iran was doing--is more aggressive in pursuing Iran's nuclear weapons program than our intelligence agencies say is necessary, when our armed forces are stretched to the breaking point in Iraq and--and in Afghanistan and--and where the--the consequences of all this, I would argue that--that talking about that military option and it should be left on the table right now means less in terms of leverage than it ever has in the recent past because of the conditions we're now in--in terms of this country's policies.

Moderator: Ephraim?

Ephraim Sneh: One--one short comment about Lebanon; what happened two weeks ago was actually the surrender of the--the democratically elected government of Lebanon. It's another victory to Iran. What annoys me is not only the--the incompetence or the lack of ability of the Western democracies to protect a government they want to support but the responses after it. Secretary Rice explained that the agreement is a good thing. Javier Solana the European Foreign Minister praised it as a great victory. The response makes me very, very concerned and nervous--how the West is facing the evil.

Dennis Ross: Dan, Dan; could I just add one little point to that?

Moderator: Yeah; go right ahead.

Dennis Ross: One thing we should have no illusions about--the Iranians get it; go and look at their commentary when this was going on. They were very explicit; they said this was a struggle and they talked about Hizballah being an appendage of them, they used the word appendage, and they said this is a struggle between two poles--it was them versus the United States and they were very clear--we won; the US lost. That's the way they portrayed it. So the message they got was exactly the--the wrong one that we wanted to convey and when we embraced this agreement and tried to legitimize it we're actually damaging ourselves.

Moderator: I--I want to move to another organization that is viewed often as an appendage of Iran which is Hamas in Gaza and since the violent coup in Gaza not long ago there have been rockets withering on Israel from the Gaza Strip. This year alone an average of 60 per week and just a couple of weeks ago when President Bush was in Israel for the 60th anniversary a missile was lobbed into a mall in Ashkelon wounding tens of people. I'm sure you have all--all read about the news and I want to address something right upfront. There is this notion that there is a clear divide in the broad Middle East between Shiites and Sunnis and the idea that just because Iran is a Shiite regime it will not help aid--collaborate with a Sunni political organization like Hamas simply because--and when they do have a common enemy there are questions raised about how durable that divide between Shiites and Sunnis is. And Liz I want--I want to ask you, what--what hope is there for isolating the Shiite leadership in Iran working with Sunni governments particularly when we see the role that Iran has played with Hamas in Gaza?

Elizabeth Cheney: You know I think it goes back again to this notion of the perception that the leadership in Iran has of America's strength and commitment to the region. And you're absolutely right that this issue of--this notion that there is a divide between Shia and Sunni and that our enemies will not work together simply because they're Shia or Sunni I think is just a mistake. I spoke about six months ago to a Lebanese Member of Parliament who said to me there are Shia and Sunni and Christians--citizens of Lebanon who are lining up with Iran. And I asked him why is it; why would Sunnis and Christians in Lebanon line up with Iran? And he said because they know Iran is going to be there; they know Iran isn't going anywhere. And there are those of us inside Lebanon who want to line up with America; we want to line up with the West in the future but we can't figure out what you're doing. We don't know if you're going to be here, if you're not, if you're going to lose interest in us, and so I think that--that it is--it's critically important for us to understand sort of the nature of this enemy. I think that what we've seen in Gaza has to be nothing but a real cautionary tale. I think the United States was fundamentally mistaken to push for those Palestinian elections in Gaza. I think that at the time there wasn't anybody that I spoke to in the Palestinian government and not just me but that anybody spoke to I'm sure in this room--in the Palestinian government or in the Israeli government who thought those elections were a good idea. And I think that--that there were few in the United States government who thought they were a good idea and we should have not have pushed for them. And I think that--that you have a situation now frankly where we need to take a very careful look at--at the challenge that Israel faces. The 2000 withdrawal of Israeli forces from Lebanon left Israeli--Israel with Hizballah on its northern border. The withdrawal from Gaza and the Hamas takeover has left Israel threatened also there, and now we've got a situation where you can understand people are concerned about pushing Israel too hard to begin to think about pulling out of parts of the West Bank. I think Israel's security has got to come first there and I think that --and I think finally we need to recognize that--that in many ways this is a zero-sum game, that when we as a government spend out time and our energy and our effort on something like what I think is a misguided attempt right now to come to an agreement between the Israelis and the Palestinians, when I don't believe the Palestinians are ready for such an agreement.

That when we spend our time and our energy and our efforts focused so intensively on that kind of--of an arrangement we do not have the time and the attention and the energy that we need and we ought to have focused on Iran. It's a zero-sum game for us and I think we need to make different choices.

Moderator: Howard?

Howard Berman: You know Liz speaks to really a--one of the threshold questions here which is the potential for some sort of progress before the summer, before the fall, between the Israelis and the Palestinians and you know there--there are two views on this. One is that by pushing forward for an agreement we will strengthen Abu Mazen and he will have something to deliver to the Palestinian people and that will strengthen him against Hamas. Others however argue that until the Palestinian leadership has real security institutions in place that can actually enforce an agreement it--any agreement will be doomed by Hamas because they will reject the agreement inherent--and any agreement there will be compromises and the--and that Abu Mazen will not have the security forces necessary to implement the agreement and really confront Hamas. I mean the--there is some progress from what I understand with the Palestinian Security Forces. There's been some training and there's been this--the training in Jordan and they're starting to implement some of these--the training programs and watching them work in places like Jenin but there's still a long way to go. How does this factor into all the timing?

Well on this I have a conflict between my heart and my head. My heart wants to work out a--a viable two-State solution as part of a process where the parties can live at peace and I want it to do whatever it can to make that happen. My head says this can't work because how does--how do the--how do the--how does Abu Mazen make if we're really talking about a final status agreement which everyone knows cannot be implemented as long as Hamas is controlling Gaza and no one can give me the timeframe by which we will no longer have Hamas controlling Gaza--how does he make the compromises necessary to reach the deal? How does he deal with the right of return, the whole question of territory and issues like that when it's going to sit on a shelf? That is not a context; so the real question is--should we be recalibrating the strategy? I do think it's important to embolden and empower the--the forces that--that accept Israel and the one compromise and the--in the context of that part of the world, the moderates in the--in the Palestinian sphere. But--but building up the expectations of a final status agreement and what happens when that isn't achieved concerns me greatly.

Moderator: Dennis there is a lot of skepticism on this panel. Do you--do you share it?

Dennis Ross: He's not skeptical. Ephraim is not skeptical. I would-- let me create a context which is what I always want to do. Part of the problem has been if you're going to have a political process it can't be divorced from what's happening on the ground. We needed to have an integrated approach where you integrated what you were doing politically with the security side of it and the economic side of it. We disaggregated it; we didn't integrate it and you need to create a foundation--why? Not just for the reasons that Howard says; you have two leaders--Prime Minister Olmert and Abu Mazen who for the first time since Oslo actually believe in each other; we have an Israeli and a Palestinian leader who actually believe in each other and their intentions. The problem is the publics are completely disbelieving and if the publics are completely disbelieving it's pretty hard for them to take historic leaps on the core issues knowing that if they take it the publics are likely to reject it. So you have to approach it in a sense from the ground up--not just from the top down. We focus far too much on the top down and far too little on the ground up. Right now there is more of an effort being made by the Palestinian Prime Minister Salam Fayyad to build from the ground up--even the effort that's being made in Jenin is again part of the effort to build from the ground up. It's very limited. The Palestinians are dealing with law and order; they're not dealing with fighting terror and so in a sense what you have to do is you've got to have all three of these elements working together, give the publics on each side a reason to begin to take a second look because they disbelieve. They're not going to suddenly reestablish belief overnight. But you can give them a reason to take a second look.

For the Israeli public, if they actually saw the Palestinian public launching a systematic effort to fight incitement I'm not going to ask the Palestinians to do at this point what I don't think they're capable of doing which is really having a systematic effort to fight terror, not because it's not important but because they think their capabilities are limited. But there is no reason in the world why they can't take on incitement. Incitement sends a message that this is about actually, actually living in peace with the Israelis. On the Israeli side when it comes to movement I don't expect that the Israelis are going to life checkpoints. I know the Administration makes a big effort on this; the fact is the issue is not lifting checkpoints because if you life checkpoints you're going to end up with bombs in Israel. The issue is facilitating the movement where you can; there are plenty of checkpoints were the lanes--where if you have five lanes only one is open. Open all five; you don't jeopardize the security but Palestinians would notice that they're able to move more easily. Getting the publics to see that something is different is the basis on which to be able to do

something politically. If you don't deal with the ground the political process will ring very hollow and be very abstract. And the last comment--on Howard's point on a shelf agreement; the problem with a shelf agreement is it's a complete abstraction. You're going to go ahead and reach an agreement, say a one-page agreement on some broad principles and then you're going to have to subject it to some type of referendum? If nothing changes on the ground, if rockets are going from Gaza into Israel and if for Palestinians they don't see any real change there's a high probability that one page loses. Well the worst outcome is actually put that to a vote and lose because then it looks like you've just discredited the very idea of peace. So we shouldn't give up the pursuit of peace because then you--the only path you leave open is the Hamas path. But we have to ground that pursuit of peace and create a foundation and recognize how you integrate the political, the economic, and the security.

Moderator: Ephraim Sneh?

Ephraim Sneh: I'm the only optimist on the panel because I'm the only one who lives five miles from Qalqilyah. And I don't have--and I don't have the privilege to be pessimistic but--on what my optimism is based. In--in two--in both communities, in the Israeli and the Palestinians, there--there is roughly two-thirds majority for a two-State solution. Hamas is not as strong as you described. In all the polls it hardly reached 20-percent. They--they reached control in Gaza by using the military force and by military force they will be toppled--sooner or later. Israel--Israel will not tolerate a Hamas-State two miles from Sderot and five miles from Ashkelon and it will happen. But I fully agree with the analysis of--of Dennis. There must be a sort of coordination between what is done diplomatically and the measures on the ground and here I have to do something which maybe is not popular today; I will praise our Administration. The effort of General Dayton to build a strong effective professional military force for the Palestinians is succeeding; it's a story of success. What it shows you--that when the United States of America wanted something will be done and insisted upon it, it happens and it succeeds. It's a positive--it's a positive matter for you; we have to bear in mind another issue--what are the alternatives? Either one State--bi-national state which is the end of the Zionist dream or Hamas State not only in Gaza but in the West Bank as well and this is a prescription for disaster. We have to know what are the choices that--that we face. And the last word about the American perspective and here you know it better than I do but I will say it. There is no way to preserve the American interest in the Middle East as long as the Israeli Palestinian conflict is not resolved.

Moderator: Liz?

Elizabeth Cheney: Yeah; I think in our analysis of the current situation it's--it's impossible to do an accurate and effective analysis without going back to President Bush's speech of June 24, 2002 and in that speech President Bush was very clear in laying out the conditions in which he believed--we all believed the Palestinians ought to have a State. And the United States committed itself never to be engaged in an effort that would allow the Palestinians to build a State based on terror. And the focus at that point was very much on building institutions of a Palestinian State and my real concern about this current process is that as we focus again all of our attention and our time and our energy on this shelf agreement, we are not spending time and attention and energy on building those institutions. I think it is--it is--you know --I think it is wonderful that the Palestinians have been able to undertake law and order in some places like Jenin but at the end of the day it is going into those places as Dennis has said to me numerous times and ferreting out the terrorist cells. It is fighting terror that will be required in order to insure that the security of the State of Israel survives--that the security of the State of Israel is intact. And I think that until we have a real effort to build the security institutions, the economic institutions to end the incitement and to--to allow the Palestinian people a voice, a true voice in--in electing the kind of government they deserve which is not a Hamas government, that--that we are in fact engaged in a risky and a dangerous endeavor focusing on some sort of a political end-game.

Moderator: Howard, I want to ask you a question. Everybody here is focused on working with the United States government and is very consumed with the United States government's role in the world and yet what we're seeing over the last few years is story after story about how really the balance of power, the center of power in the world is moving east to the Far East and to parts of the Middle East. And what does that mean for the people here and the work they'll be doing over the next few days working with their government and this government's role in the region as there are strengthening power and influence among powers across the world that we didn't think about just a few years ago?

Howard Berman: Well I think it--it is a major consideration that we have to put into our calculations. May I take one second just to--and I'll explain that in a second but Ephraim I just want--I just want to disagree with--or take issue with one thing you said. The issue of Iran

getting nuclear weapons capability is a policy we have to pursue apart from the issue of the peace process. The issue of getting the Al Qaeda forces not to have safe havens and sanctuaries in the tribal lands of Pakistan is a policy we have to pursue effectively apart-- I do believe that on its own I want a peace process that's successful. I do believe it takes an issue that is used all the time by enemies of the United States to gin up hate, so it has many important benefits. But it is not the answer to all of America's interest in that part of the world.

Now on this other issue though of what it says is when we're dealing with Russia we need a Russia to be a partner of ours on stopping--if our first priority is keeping Iran from getting a nuclear weapons capability Russia is a key partner in that. What are our issues with Russia? How do we prioritize those issues? Is the speed with which great democratic countries like the Ukraine and Georgia coming to NATO is that more important than Iran's nuclear weapons capability? Is building a missile and deploying a missile defense system to deal with nuclear tipped Iranian missiles that might be there in 2015 more important than getting Russia onboard for a sanctions policy that forces a change in behavior that allows us to avoid Iran having a nuclear weapons capability. It doesn't make sense for this Congress to approve a deal that this Administration has entered into with Russia to improve--to approve a US Russia Nuclear Cooperation Agreement with Russia stepping up on the issue of sanctions on Iran.

We have to calculate the new power these countries have in making our policy effective and we have to find diplomacy and strategies to get them to find common interests with us and work with us and it means we don't get to snap our fingers and say this is the way it's going to be. We have to work at it.

Moderator: We are running out of time. I want to just address one more topic. We are often reminded how quickly things can change in the Middle East. You know in April of this year a senior member of the Israeli Cabinet was visiting Sderot giving a tour of Sderot to a group of Canadian Jewish leaders and there were bullets fired in his direction. He was not hit; his chief of staff was hit two-feet, standing two-feet away from him and it was generally understood that the target was the Minister, the member of the Israeli government, Avi Dichter. And just think if they had been successful in hitting this member of the Israeli government; today at his Conference we would probably be talking about a war in Gaza that was going on right now. As it is understood that the Israelis could not have turned a blind eye to that and we're just reminded how quickly things can change in that part of

the world and so with that as backdrop I want to ask each of our panelists to close by making a prediction. And it is a turbulent time we are dealing with as far as security is concerned globally and politically here at home. But what do you predict we will be talking about next year at this Policy Conference as it relates to the US Israel relationship? And I'll--I'll start with you Dennis.

Dennis Ross: We will be talking about Iran; that will be the A, B, and C of the issues because the fact is we will be coming to a point where Iran will be much closer to the brink than it is and we're going to have to deal with it. I mean the--we started off this conversation by talking about Iran and talking about how we're beginning to run out of time. A year from now the fact is we will be at a point where either we will have begun to change the Iranian calculus or we won't and then you're going to have to--to deal with two different possibilities. One possibility which many people in this town are already prepared to sign up to--live with Iran with nuclear weapons, thinking you can deter or contain it, and the other is you have to actually think about using force against it. If you don't like those two outcomes then you better come up with a third way focused on how you change the Iranian calculus-- I'll say something that; I'll reinforce something that Howard said earlier. It's not that our policy has been ineffective; our policy has failed. Our policy has failed. Iran today is a nuclear power State. According to the IAEA they have 150 kilos of low enriched uranium; they are a nuclear power State. They're not yet a nuclear weapons State so a year from now we will be talking about that.

Moderator: Ephraim Sneh?

Ephraim Sneh: A year from now Iran will be very, very close to the completion of its first nuclear bomb. I may predict that there is--will be no government in Jerusalem which would allow it to happen. The question that will be on the agenda next May is if nothing has been done until now in sanctions and encouragement of the Iranian people as you indicated in your first questions we will have to decide what to do. Our assumption is that we may face the problem alone; this is our historic--historical record. We always were in the first line against evil. In the '30s--in the '67 War, in the Attrition War, in the Yom Kippur War, we actually fought not only against the Armies of Syria and Egypt but we faced the Soviet military technology. Now we again--we are in the first line against the Islamist fascism--against Iran. If we are alone we will have to act alone. This will be the subject of May '09.

Moderator: Howard Berman? Howard Berman what will be talking about in May 2009?

Howard Berman: Well be darned if I know but--but we may be talking about an Israel that has different leadership; we may be talking about an Egypt that has new leadership; we will be talking about a United States with new leadership and I know you are worried and I am hopeful because you have to be worried and I have to be hopeful that you will find a new Administration that shares the strong feelings and I'd say love for Israel and the US Israeli relationship as this one does but is more effective in pursuing policies that deal with the threats both that exist to both this government and to the State of Israel.

Moderator: Liz?

Elizabeth Cheney: I think it depends in large part upon the outcome of the election in November. I think it depends upon whether we elect a President who will continue the policies that this President deserves tremendous credit for in the War on Terror. I think it will depend upon whether America stays on the offense, whether America continues the policy in Iraq, continues the success that we've seen with the surge, continues what the CIA Director called recently a near strategic defeat of Al Qaeda in Iraq. And I think it depends upon whether we elect a President who understands and supports the importance and the unique nature of the relationship between the United States and the State of Israel. And I agree that we will be talking about Iran but I hope that we will not be talking about it because nothing has been done about it.

Moderator: All right; that will--that will be the last word. As you all hear from politicians and policy makers and pundits and political activists across a range of viewpoints over these next few days I hope this discussion with this very esteemed panel has helped begin to frame some of the issues you'll be dealing with. Thank you and-- [Inaudible] is it over to you?