

**CENTER FOR
STRATEGIC AND INTERNATIONAL STUDIES
(CSIS)**

**PRESS CONFERENCE:
UPCOMING PRESIDENTIAL VISIT TO THE MIDDLE EAST**

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JANUARY 3, 2008

*Transcript by
Federal News Service
Washington, D.C.*

JON B. ALTERMAN: Good morning. It's a pleasure to welcome you here to CSIS. My name is Jon Alterman. I run the Middle East program here. And Tony Cordesman, the Arleigh Burke Chair in Strategy and I will be giving you some thoughts on the upcoming presidential visit to the Middle East.

I think Tony needs no introduction. I may – I will match Tony's written output in the year 2174 assuming he stops now. (Laughter.) The way we thought we'd do this is I'd concentrate more in the Levant part of the trip in my opening comments; Tony would concentrate more on the Gulf part of the trip, and then we'd open it up for questions, just have some very brief comments at the beginning.

The Bush administration has been mugged by reality. After vowing to transform the Middle East, the administration is submitting to it, resorting to the sort of process-driven incremental diplomacy that previous administrations had pursued and that this administration had disdained.

Now, how times have changed. On November 6, 2003, President Bush told the National Endowment for Democracy, "60 years of Western nations excusing and accommodating the lack of freedom in the Middle East did nothing to make us safe because, in the long run, stability cannot be purchased at the expense of liberty. As long as the Middle East remains a place where freedom does not flourish, it will remain a place of stagnation, resentment, and violence ready for export. And with the spread of weapons that can bring catastrophic harm to our country and our friends, it would be reckless to accept the status quo."

That was a foreign policy waged by sweeping and hopefully inspirational speeches out of Washington. But President Bush has come to realize that while he may yearn for a wholesale transformation in the politics and societies of the Middle East, his tools to promote that change are meager. And right now, he needs a slew of things from today's leaders, most of whom want to help him to varying degrees, and doesn't need much from Arab publics who most often want to attack him.

In a nutshell, I'd put it this way: Five years ago, there was a sense that things couldn't get any worse in the Middle East and we should push for change whatever the consequences. Now, there is a keen appreciation of how many ways things could actually get much worse and how much better off we are working with people we know and with whom we share at least some interests.

The two themes of this trip are process themes: moving forward on Arab-Israeli peace and containing Iran. Each has more to do with small steps than grand gestures and each is likely to be handed off in a substantial way to the next administration. I want to talk a little bit in my part of the opening comments about this trip to the Levant and leave the Gulf to Tony. President Bush is talking about spending several days in Israel and the West Bank, where I expect him to preside over some sort of agreement, whether it's

principally economic, having to do with the movement of people and goods both within the West Bank and between the West Bank and other places, whether it has to do more with settlements. There is going to be something that will stand as the Bush administration's agreement on this trip.

But it seems to me that none of what they will achieve is anything like a game changer. He can merely suggest that things are in play, which is really what the parties most want. I'm very skeptical of broader progress on Palestinian-Israeli issues because it seems to me that neither the Israeli side nor the Palestinian side has any consensus on what it's trying to achieve or how it plans on achieving it, what measure of diplomacy and violence will have to be used in the coming months and years.

I understand all of the arguments that it's leaders who forge consensus through their leadership and so on, but it seems to me that a lot more has to be in place before final-status negotiations begin for them to possibly be successful. There is certainly much to negotiate in the interim, but that's not really a job for presidents. The fact is, whatever high-water mark President Bush tries to set on this trip, he will only draw attention to how much lower that mark is than when he took office in 2001.

If there's a surprise in store in the Levant, I'd expect it to be a trip to Lebanon. Lebanon is the last flickering flame of the administration's democratization push in the Middle East and there's an almost theological devotion to the March 14th movement there. Clearly, a visit to Lebanon would carry with it immense security concerns, not least because so many lawmakers remain holed up in the Phoenicia Hotel out of concerns for their own security. But I find it hard to imagine that the president will be so close and not seek to do something that will strengthen the hand of Prime Minister Siniora and his allies.

I think it's interesting that the president isn't planning on going to Jordan because the Jordanians have been such an important part, have been such important U.S. partners in both Arab-Israeli peacemaking issues as well as Iraq issues. I suspect the king calculated that a trip would hurt more than it would help and this represents shrewd triangulation by the Jordanians rather than a snub by the Americans.

Overall, I suspect President Bush to come in for a fair bit of criticism on this trip and to be on the receiving end of a fair number of lectures. Most leaders in the region with whom I've spoken seem to consider him both naïve and callous and they'll use the home-court advantage to sensitive him to their perceptions of reality.

To sum up, President Bush is no longer trying to transform the Middle East from afar; he's trying to manage it in incremental ways by arm-twisting and jawboning leaders in intimate, private sessions. There will be small successes along the way, but all of the Middle East's problems are far too immense, complex, and diverse to be solved on this trip. Analytically, I think the president is in the same place that he's been for years and he deeply believes that the Middle East will pose a continual threat to U.S. interests until it is more democratic. On this score, he differs with his father. But President Bush has

also come to realize that the pursuit of vital U.S. interests requires a deeper sense of partnership than many allies have found in this administration.

Writing in "Foreign Affairs" eight years ago, former Bush Vulcan and current World Bank president Robert Zoellick wrote, "effective coalition leadership requires clear-eyed judgments about priorities, an appreciation of others' interests, constant consultations among partners and a willingness to compromise on some points, but remain focused on core objectives." That's what we will see on this trip and it is a return to Bush administration first principles, not Bush 43, but Bush 41.

ANTHONY CORDESMAN: I think Jon has set the stage very well. In focusing on the Gulf, I think I am also struck, however, by the fact, this is a president in transition. It is not necessarily a lame-duck president, but Jon and I were in Syria last year and met with President Assad and other senior officials and what was striking was they were all focused on who would the next president and the next administration be. They had essentially written off this president as a known quantity that could not really move forward. And I think a lot of that is going to be reflected in the Gulf.

People are going to be polite; they will be accommodating in some ways, but they are well aware that this is not only an election year; it is an election year from an administration that really has no heir that can really speak for the future or run for the future. It is also a time of really intense transition. The Gulf he's going to is a region where we tend to define it in terms of Iran and Iraq, but it is also a region which had oil at a low of \$10.98 a barrel in 1998 and it went to over \$100 a barrel this week. It is a region where the primary customer isn't Europe or the United States or the West; it's Asia. And not only is Asia the primary customer now; it's the primary customer that is going to steadily grow in terms of demand and influence and money.

I saw when I was looking, trying to find out what to say this morning, that President Bush was going to give his principal speech in the UAE in the Gulf to celebrate the progress they were making. And Jon pointed out the limits of democratization, but I found it rather strange that you would pick the success of the UAE as a model. A model of what? I mean, it's a country of 4.4 million people. Out of the 4.4 million, 74 percent are foreign nationals. It is dependent on a foreign labor force. It has one of the highest labor forces relative to total population in the world; 80 percent of it is foreign.

What is it an example of, the most successful South Asian country? Well, I guess by comparison to Pakistan, it is, but as a model I think what is more important is we need to understand what's happened there. Somewhere, according to the IMF, there's about \$1.2 to 1.5 trillion worth of investment going from this region to the outside world. That is a vast amount of money. When you look at what's happened to the gross domestic product, it was \$406 billion in 2003. The IMF estimates it will be \$790 billion this year, \$883 billion in 2008. And we're talking about a region which has been able in the southern Gulf to deal with its internal problems by being able to invest some \$800 billion in internal development.

Now, when you talk about democracy and human rights and social and ethnic problems, that is, for a region of 35 million people, an almost unbelievable amount of money that you can use to buy stability. And that, I think, is the focus. What they want is stability, regime continuity, protection from the outside, from the threats in the region. We remain vital to that function. There is no one else who can project power to help the southern Gulf states deal with Iraq and Iran.

And here, it's important for Americans to think about how people in the Gulf are going to see our performance in Iraq and Iran. No one in the Gulf knows where we are in Iraq or where we're going to be a year from now. What they do see is the British have effectively just left southern Iraq, which is now almost totally under the control of two Shi'ite parties with limited ties to the Maliki government, which is a small minority, where whatever happens is still a problem of great instability and uncertainty. And that is uncertainty on the border of Kuwait and it is uncertainty on the border of Saudi Arabia. And it is uncertainty in terms of the Shi'ites in Bahrain and it is uncertainty in terms of the Shi'ites in Saudi Arabia.

When you look at Iran, you have the backlash from the NIE, great uncertainty as to what the NIE was, one conspiracy theory after another about it somehow being done to stop the United States from going to war in Iran because there still were war scares and to some extent are. And the president is certainly going to be asked about that. Real concerns about the expansion of Iranian influence, people talk about a Shi'ite crescent. Iraq, Iran, Syria, potentially Libya – it may be very artificial, but it does express a deep concern inside the southern Gulf.

And nobody I think, as yet, has a clear picture of what the U.S. posture is relative to Iran. I think it's clear we're not going to invade. It's clear that a great deal of the war scares were hype that no one ever prepared for, but that is not a message that people out in that region understand. And those of us who go there, and that may include many of you, probably couldn't have visited in the last two years without hearing somebody announce that the United States was going to invade within the next few weeks.

We look at the broader issue of Sunnis and Shi'ites, the polarization which, to some extent, our actions have helped create. That's not something they can address with President Bush's visit, but it is a deep concern that underlies the attitudes. What you see gradually building up is a wave of new arms purchases. The money is being translated into weapons buys. At the same time these states are accommodating Iran. They are beginning to buy weapons systems to try to deal with this threat. We have a \$20 billion offer on the table we haven't really defined, but it seems to include, among other things, a major sale of theater missile-defense systems. And that is not because of the Iraqi threat or the Yemeni threat; it is clearly tailored to our perception of Iran. But we also cannot go to Saudi Arabia – or the president can't – and say that with this Congress, we can make that sale to Saudi Arabia. And there are great questions as to what in the American military relationship given countries can put trust in.

Qatar, which he won't visit, is the center of our operations. It relies on us and I don't think it's concerned. Kuwait is becoming deeply concerned about the pressure from Iraq and Iran. Bahrain has problems. Oman has deep concerns because of its position on the straights. Abu Musa and the tombs are problems with the UAE. When you look at the war on terrorism, I think that President Bush will find everyone politely saying that they are anti-terrorist and they are. But their attitude is, this is a religious issue; it is an ideological issue. It is a matter of dealing with their own young men and finding ways to bring them back into society. It is not a focus on Iraq.

If anything, they'll be more concerned about the buildup of al Qaeda in Pakistan, the fact that there may be a new sanctuary that can operate against them, problems in Yemen, problems in Somalia, problems in Kenya. Understand how people perceive the threat and it is not the way we perceive it. The internal war on terrorism is coupled inevitably to a demographic issue. We talk about democracy. But nearly 40 percent of the population of Saudi Arabia, for example, is under 14. Even if you ignore the fact that something like 5 million people in Saudi Arabia are foreign workers, that is an incredibly young population to find jobs for. The problem of stability goes far beyond al Qaeda and terrorism.

One question everybody is probably going to have is the United States keeps talking about energy independence, and yet it keeps pressuring everyone in the region to increase oil production as much as possible, unless they happen to be Iran or Iraq. They read the same studies I do. It doesn't matter what the president or the candidates say, the Department of Energy says that under the best case, we will still have 50 percent dependence on oil imports in 2030. And that ignores our dependence on the global economy, and at least a million barrels a day of indirect imports through Middle East oil exported to Asia, which comes in the form of goods.

Two other final issues: President Bush will go out to this region where nobody can figure out what the candidates on either party are actually saying about energy. No one has made a credible statement, just the usual vacuous posturing. Nobody has defined what they'd really do in the Gulf, if they stayed in Iraq or left it. Nobody has a clear view toward Iran. Nobody has expressed a view on democratization or on the Gulf. When they've talked about terrorism, and this is largely Republican candidates, they've ignored the reality and suddenly talked about Iraq as if it was the center of al Qaeda.

So they not only face the problem of a president who isn't staying, but vast uncertainty about a United States and a president who really won't have his team in office until June of 2009. And they face the fact that the Congress obviously is not supporting the president on Iraq and has not particularly supported him on Afghanistan. And yet, they're going to probably be asked to support the president on Iraq at a time when it isn't clear that the Congress is.

These are realities that take us three to four years in the future, because I think all of us know that in the real world, the Afghan conflict and the Iraq conflict, if we win or are successful, probably play out through the entire timeframe of the next administration.

And if we're not successful, it changes the map so much that none of today's policies are all that relevant. Thank you.

MR. ALTERMAN: Thank you, Tony. Let me just add one thought before I open it up. And that is, I think that this issue of constants in variables. And we like to think of ourselves as a constant in the Gulf. I think that many of these leaders look at us and see us as a variable because in the timeframes that they're concerned with, Iran is a constant. Iran is something that they have been dealing with not for years or decades, but for millennia. The folks in the southern part of the Gulf have been dealing with their sense of Persian ambitions for a millennia, and they treat Iran in that way.

They are more reluctant to confront Iran. They are more interested in trying to co-opt Iran, because their sense is that the United States may come and go, but Iran will not come and go. And I think that that's one of the things that a president, especially in his last year, comes up against, is that what can I lock in for the next year? And they're not looking for how to improve things over the next year; they're looking at what they can do for the next three decades, the next five decades to deal with this ongoing problem. So let me leave that there and let me open it up to you guys who have many sleepless nights ahead of you.

George? Can you use the microphone, please? Thanks

Q: Hi, George Hismeh from Gulf News in Dubai. The expectation in the region is that Bush will be more forthright on the question of Israeli settlements, expansion of settlements and life in the West Bank, roadblocks, and so on. Do you expect him to do that, to take any measures, something like what his father did many years ago?

MR. ALTERMAN: I was in agreement with you until we got to like what his father did. In 1989, remember whole housing guarantee flap. It was quite dramatic at the time. I don't expect that sort of surprise. I think the president will say – and I think not only will the president say something about roadblocks and free passage and about settlements, but I think the Israelis will also say something about roadblocks and free passage and settlements. There's been more discussion in the Israeli press about settlements and illegal settlement activity in the last few weeks.

But I don't think this is where the president is really going to stake his flag. I mean, the president's policy, to my mind, remains his guarantees to Ariel Sharon in Crawford several years ago where he said, we all understand that there will have to be adjustments to the '67 borders. And I don't think he's going to make a dramatic departure from that statement on this trip.

Howard?

Q: Yeah, Jon, thanks. Also on the first part of the trip – Bush in the Israeli-Palestinian leg of the trip, following up on what you just said, I mean, it seemed pretty clear that in Annapolis, the president said, we're going to be there to help and support,

but we're not going to do anything for you. I mean, do you expect that theme to sort of continue? You said at the beginning that this is a trip of process. And so, what do you see happening that can possibly move the process of the reengagement of the peace process, move that forward?

MR. ALTERMAN: My sense is this will represent an effort to show that things are in play. But temperamentally, a friend who used to work in the White House told me this president doesn't like to tee things up; he's a closer. He likes to close deals. And this deal is not ready to be closed. It requires a lot of setting up and a lot of tedious work, exactly the kind of work this president thinks isn't his job and doesn't particularly enjoy.

So I think he will demonstrate that it's in play; he will seek to show that there is momentum. But he has no interest in dealing at this stage with the level of issues that are going to need to be dealt with. He wants to deal with principles or he wants to deal with bringing the agreement home. But that's not where these negotiations are right now.

MR. CORDESMAN: And if I may follow up on what Jon said, I think the other issue here – and I'm not sure how much anyone yet recognizes it in the administration – the odds are very strong that the most this administration can do is leave a legacy for the next administration. It's good to talk about 2008; we certainly shouldn't abandon the goal. But I think the reality is much more probably that this process will move well into the next administration if it succeeds. And we don't have a particularly good history of handing of from one administration to another.

Q: Given this kind of bleak scenario that you all are presenting, wouldn't it be better off for him to stay home?

MR. CORDESMAN: You know, I think one great question here is, no. One of the problems that I think is at least essential in the Gulf – and I think Jon would probably say in the rest of the Middle East – you do need to be present. You do need to talk. People don't expect American solutions in the Middle East. Jon pointed out that they live with Iran all the time.

They also live with history. They know how long history takes. But what really is important is they know the president is involved, that there be an opportunity to express politely their complaints and their concerns, that there is the ability to at least move forward in limited areas, a symbolic accommodation. And I'm sure we'll see some of those to ease some of the visible tensions between the United States and their own publics. And this kind of contact, if it is well managed, and it doesn't make excessive demands – and I think at this point in time, that's clear – is very constructive.

We talk a lot about dialogue. It's very important to practice it.

MR. ALTERMAN: Let me just follow up on that. There are at least three reasons why the Middle East is at the center of American security thinking – terrorism, oil, and the vast amount of money that is now in the Middle East and coming out of the

Middle East. And for the Bush administration, September 11th crystallized the moment where the Middle East became the center of American security thinking. You can't have a place be the center of American security thinking and not be engaged with that place, not be present, not be working to find allies who can help you in that place.

And the administration has not been present. The administration is taking it at arm's length. The administration has treated the leaderships in the Middle East as pathological and as a problem to be solved, rather than as potential partners in accomplishing solutions. That, it seems to me, can't work. As Tony said, you have to look at how long some of this may take, how incomplete some of the successes might be. But it seems to me that this trip, rather than being a sort of last-minute flailing that shouldn't be done at all, is actually long overdue, and the kind of effort – the kind of personal, direct engagement – which is vital toward dealing with this quickly evolving, very troubling set of both threats and potential opportunities for American national security.

Q: Do you think the timing is wrong, given the fact of what's going on in Pakistan, what's going on in Kenya, the caucuses? Also, you say it's long overdue. And secondly, do you think this reflects on what didn't happen in Annapolis?

MR. ALTERMAN: I mean, the story that I heard, which may or may not be true is this was part of the quid pro quo for getting people to come to Annapolis is the president said he would get more engaged. And Annapolis itself was a return on a promise to be more personally involved in Arab-Israeli peace. I think my sense of presidential diplomacy is that the world keeps changing all the time. And if you have something big like this, at some point, you just pull the trigger and do it.

The president has seen some press speculation that all of this is going to be page three news because of what's happening in Pakistan, in Kenya, and the primaries and everything else. But I mean, to wait until April? Well, who knows what the world will be in April. I mean, there's stuff to do. He's got the arms package on the Hill. The president has a whole range of things that need doing now. And I think it was the right calculation to say, let's go.

MR. CORDESMAN: If I might just follow up on what Jon said, I think, first, it won't be page three news in the region. And the president doesn't go to the Middle East to speak to Indiana. The other problem he faces is, the longer he waits, the closer he is to the end of his term in office. And if he waits till you have chosen a Republican and a Democratic candidate, you create very, very serious problems about what the role of the president is.

But more than that, we may focus on Kenya, and we may focus on Pakistan; but the uncertainties and the real problems in dealing with Iran – and in dealing with Iraq – are immediate and of really serious concern to everyone in this region; and they're not new problems, and they're not going to go away. There won't be a better time for the president to deal with those issues.

It certainly isn't clear there will be a better time to deal with the Arab-Israeli issue. Jon didn't have time to mention it, but the situation in Gaza is scarcely reassuring. It isn't just settlements; it's tensions between Egypt and Israel over the border of the Gaza and a host of other issues. So I think that if the president was going to have the kind of presence that is needed for all the reasons Jon outlined, there is unlikely to be a better time while he's still in office.

MR. ALTERMAN: Of course, it pays better if you go when you're out of office, but that's a separate issue. Question right here?

Q: Yeah, why has President Bush not traveled to Israel yet? Why do you think? And if I may ask another question, on the economic side of this trip, I mean what is the economic message here? Is it oil? What is the message that the president wants to – (off mike)?

MR. ALTERMAN: I think the president hasn't done a huge amount of travel in general. And if he were to go to Israel without going to the Palestinian side, then that would be seen as a side of bias, and he didn't feel like he had a Palestinian side to balance that out. So the Arab-Israeli diplomacy was being done from Washington. In terms of the economic message, I mean, there are any number of economic messages, particularly in the Gulf. Some of them have to do with CFIUS; some of them have to do with broader efforts to attract Gulf investment into the U.S., and questions about sovereign wealth funds and other things. There is the general issue of oil production and how that affects the global economy.

Yeah, I think one of the positive things in the UAE that the president will point to is this sense of openness to engagement with the world, and part of the president's concern about the Middle East is the sense that this is a place that's deeply xenophobic. But one of the positive messages out at the UAE is here is a place with both Abu Dhabi and Dubai that hasn't been xenophobic, which seems to be a place that fosters moderation.

I mean, if you go to Abu Dhabi and Dubai and you notice that there's not a lot of visible security. You get a sense that this is a moderate place. And I think you've seen the administration move from the Clinton administration's sort of rogue regime, and then talking about democratic regimes. Now, they're talking about responsible governments, and I think there's a sense that this sort of openness to the world, openness to trade and exchange, that's the kind of Middle East that the president wants to promote; that's the kind of Middle East that I think you're going to see him highlighting in Kuwait and in the UAE in other places.

Clearly, a harder message at this point in Saudi Arabia, but it's clearly where some people in Saudi Arabia want to go, and I think where the United States wants Saudi Arabia to go.

MR. CORDESMAN: Well, I think too, in dollar terms, let's remember that the Middle East has invested very heavily in the United States. To put it mildly, we need the money; this is not going to be the best year for the American economy, I suspect. There are growing concerns in the region about being tied to the dollar. There are concerns about OPEC's production levels. And historically, a presidential visit or a visit by a really senior U.S. official actually does matter in terms of getting these countries to keep their investments up, to think harder about any shift away from the dollar, to worry about oil production levels. It isn't a matter of economics in the classic sense, but these are countries where presence really does matter.

Q: I'm wondering what you see as the best-case scenario, from the American perspective, coming out of this trip in relation to the Iran issue, and perhaps what may be more realistic than the best-case scenario.

MR. CORDESMAN: I think that the best case is probably one that won't get a lot of news attention. It is to reassure the southern Gulf countries that the United States is going to stay in the Gulf; it is not going to pick a fight with Iran, but it will deter and contain Iran; that it will provide, at least under this administration, continuity in Iraq, continue to seek national unity; avoid the creation of a separate Shi'ite power-base in the south that is somehow separated from national control. It's not clear that the administration can promise that or achieve it, but it also is far from clear that it can't achieve it.

It is probably going to be to at least privately explain the NIE in more detail because it has been very broadly misinterpreted, not only in the region but throughout the world, and talk about Iran's actions in Iraq, in the Gulf. Go beyond the narrow range of the NIE, and I would suspect that it hadn't escaped the attention of people in the region, and it certainly didn't people in the White House, that after the NIE was issued within two weeks, Iran had announced two major, new, long-range missile programs, and those programs, quite frankly, make no sense with a conventional warhead. So, those are the kinds of things that I think the president and his staff probably already have begun to communicate.

Providing a personal seal on it is important. It is important to discuss the arms offer because it has run into serious problems with the Congress. It is obviously directed toward Iran, without being directed towards Iran. And I would think that the president also would want to talk to the Saudis, particularly, about future cooperation and the strategic relationship between the two countries. And I think all of that, probably, can be achieved; not by making dramatic changes but frankly, by sustaining the kinds of relationships that already exist.

And I would think that you would probably see, possibly, a presidential drop-in in Iraq. Certainly, those things tend to happen, even if they aren't announced. And there, I would at least hope that any such visit, if it did occur, would get the point across as to just how important it is to get at least some of the major legislation on accommodation passed

and put into practice, and that, if the president does visit, he might be able to catalyze; I don't know. There's no way to know unless it actually happens.

MR. ALTERMAN: I suspect that the presidential visit to Iraq would more be to preside over – establishing, once again, that the levels of violence have diminished, rather than actually be able to move forward on the reconciliation work, which seems to remarkably hard to achieve. It may be that holding out the prospect of a visit is another card that Ambassador Crocker can have to move this forward, but from a White House perspective, I suspect that that may be the key domestic component of this trip, is to clear some success in Iraq, in Baghdad rather than in Anbar.

I agree with Tony, that I think most of the successes on Iran are quiet ones, but I want to stress what he alluded to, is that we need a lot more coordination on Iran with the Gulf states than I think we have. The Gulf states can seriously undermine U.S. efforts to isolate Iran; the Gulf states' inclination is to try to engage with Iran. I think that there is a strong sense in the Gulf states that the conservatives are in the process of beating back the radicals, and this is a process that takes time. On the other hand, you have some people in very senior leadership positions who say the U.S. should just take out the Iranian sites and put us out of our misery.

None of these countries, to my mind, based on the conversations I've had, have anything like a coherent Iran strategy. And I think part of the incoherence is driven by an uncertainty as to what the U.S. is really up to, and it seems to me that if we can make clear where we're going, and get them to come along with us, that that's very important for whatever it is that we're trying to do with Iran, to have all of us moving together because as I say, their ability to trip us up, either by errors of omission or commission, could really make it very, very difficult for us to pressure Iran in the kinds of directions we're trying to pressure them in.

Q: You said the NIE has been misinterpreted broadly. Can you explain that a little bit more?

MR. CORDESMAN: Well, it's been misinterpreted in two ways. One is, if each of you was given a piece of paper and asked to put down the most ridiculous conspiracy theory you could possibly put down to explain the NIE, we still wouldn't have as many conspiracy theories as exist in this region about why the NIE got issued in the way it did and when it did. And when it did – there are everything from it was an intelligence community plot to halt an attack on Iran, to it was a rogue group within the community which is a part of a plot to disguise the facts, to my favorite, which is that the United States and Iran are in secret collusion, and are plotting against the Arab world, which I wouldn't have had the nerve to put on a piece of paper until I began to read it.

But, what is much more serious is that what the NIE said was they'd halted a nuclear weapons effort, which we had never previously said we knew even existed. In 2003, which as some of you may remember, was the absolute peak of our apparent power in Iraq, in dealing with Afghanistan and the rest of the region, it said that there was less

confidence they'd continue to halt, but the key point was that this halt had no impact on their nuclear weapons capability because the limiting factor was their enrichment capability, and the enrichment capability was moving forward, and the actions they took in 2003 had no impact on the timing of the availability of an Iranian nuclear weapon.

Now, many people have – and I've read, in addition to the conspiracy theories, somehow missed the fact that we had discovered there really was a nuclear weapons program, and missed the fact that the NIE stated very explicitly that halting that weapons program as a visible activity had no impact on their ability to actually produce nuclear weapons, and they were moving ahead in the area that was most important. And if you look through Gulf newspapers, and newspapers throughout the world, the misinterpretation of the NIE has been, to put it mildly, legion.

Q: I wanted to follow up on something you just mentioned regarding the – (off mike) – in Saudi Arabia – (off mike) – in the region. What is – (off mike) – or is trying to engage or trying to find ways of engaging Iran? What is the message, the most present message, going to be to them? What are they going to say to them, and what are the prospects for the administration to try to find a way, during the last year of the presidency, to engage Iran? (Off mike.)

MR. CORDESMAN: Well, we are engaging Iran. I mean, we have regular talks with Iraq and Iran on the Iraq issue. Ambassador Crocker or Ambassador Reese (?) are involved in that. The whole idea we don't have dialogue with Iran, that we don't engage Iran, simply isn't true. There are one form of dual-track diplomacy after another, and having been at a number of occasions where U.S. and Iranian officials just happened to meet.

The question I think you're really asking is, can you move forward to some kind of official recognition in the last year of administration, that you're holding high-level talks and you might actually move forward towards some kind of agreement. And I think the answer to that is, the chances are very, very slim. I do think that one of the questions that has to be resolved – Jon mentioned the \$20 billion arms package. That, very clearly, is part of it going to Egypt; it sustains the Egyptian relationship. The president is going to have to discuss with Saudi Arabia whether he can put part of that package forward in spite of congressional objections, which have occurred before it's even clear exactly what the arms package would be. I think the primary objection has been to the JDAM, but nobody has yet put the request in.

So, these are issues which matter out there because I don't think you're going to see a dramatic change in our military or strategic relations with either country in the near term.

MR. ALTERMAN: Part of the problem with a serious rapprochement to Iran, not only because the leaders both disdain each other, is a broad sense that the U.S. can get a better deal with whoever comes after Ahmadinejad, and the Iranians can get a better deal with whoever comes after President Bush. And, given that, I think you're going to see

strategic patience on both sides to make that sort of high-level gambit. I think both sides think it would be much more auspicious to do in a year or two than it is right now.

Q: Yes, I was wondering what you thought would be probably the most delicate or difficult stop on the trip, one of the biggest potentials that would maybe move us from page three to page one, if you're in the United States.

MR. ALTERMAN: So you can get sleep the night before.

MR. CORDESMAN: You know it would take, frankly, a mishandling on the part of the host country or the president's part to get you a headline. I don't think you're going to see any confrontations; I do think – Jon mentioned that there would be, certainly, on the part of Saudi Arabia they've already said that they're going to raise the issue of the settlements, they are going to press hard on the peace process, but no one has yet said they're going to press hard or openly on a security issue, on energy or on economic issues, at least in the Gulf.

And I would think that this is intended not to be a controversial meeting, but let me say that I remember twice, in different administrations, the headline nobody got. One was when someone, a senior official, visited Yemen and instead of being given the usual expensive ceremonial dagger, they were given a much lesser present as a sign of disdain, and nobody outside the U.S. government noticed. The other, I remember, is when the U.S. vice president went to Saudi Arabia and was moved to the wrong guest house very conspicuously, as a signal to the vice president, and nobody caught that either. So let me issue you the challenge: Watch carefully the signals that you receive. (Laughter.)

MR. ALTERMAN: I mean, I think Tony is right. That really both states in the region, as Tony said, in his introductory comments, are really dependent on the United States for the security and their interest in humiliating the U.S. president is remarkably low. The countries that feel they can afford to assert themselves most directly, especially to a U.S. president, are probably limited to Israel and Saudi Arabia, and I don't think either one is looking to create an international incident.

My guess is the headlines from this trip are going to come from the unannounced visits, and there are lots of places he could go that you wouldn't want it announced in advance for security reasons that would be a big deal. And I think that is part of the bitter-sweet irony of this trip, is that the two places that the administration has closest to its heart, Iraq and Lebanon, are places the president can't announce he's visiting at the end – toward the end of his term.

MR. CORDESMAN: I would just note because it may not relate to the president's visit at all, but there is a great deal more tension between Saudi Arabia and Syria as a result of recent remarks by the Syrian foreign minister.

MR. ALTERMAN: And the vice president –

MR. CORDESMAN: Used to be – you're right. We've talked potentially about Saudi Arabia splitting because Iraq split. There is a question of what are the Iranians going to say about this visit, which I think is one thing I would watch very carefully because it's at least conceivable or could be a positive signal, then it's equally conceivable that the signals could be, shall we say, typical of the president, not President Bush, but the President of Iran, and rather extreme. So those are things that I would certainly watch.

And, again, something if he does visit Iraq, I would hope that Jon isn't right. I think he may be, but there would be some –

MR. ALTERMAN: There is always a chance. (Laughter.)

MR. CORDESMAN: There would be announcement of accommodation, but I, in thinking it over, think Jon is probably more right than I am. One thing to remember, though, that the United States has had a broad strategic agreement with Iraq. At some time between now and March, we have to define that agreement in terms of status of forces, aid, military relations, at least as seen by this administration.

And one thing that I don't think has had much coverage, but if you read the omnibus appropriations act for 2008, it virtually shuts off foreign aid to Iraq. And that potentially is a crippling impact on the successes that the president has had, and I would hope that the Congress is working on this, but that is something the president might choose to say because when I looked it up, they cut off aid for 2008 with four exceptions. Two hundred million go for refugees from Iraq and Palestinians, which isn't going to help stability there. Ten million dollars for an Iraqi scholar rescue fund, 5 million for the Marla Ruzicka reductum fund, and the use of de-mining funds in Iraq. I'm not sure what the latter fund is – even is.

But at a time when we effectively are running out of the previous aid money and have no ability to fund the transfer of projects to the Iraqi government or deal with the provincial aid programs which are absolutely critical, this is something that the White House might choose to present to you because I've seen virtually no coverage of it.

MR. ALTERMAN: Is there somebody who hasn't asked a question yet who wants to get in?

Q: Are we ready for a cynical political question?

MR. ALTERMAN: If you want to give a cynical –

MR. CORDESMAN: Isn't that sort of redundant? (Laughter.)

Q: Eisenhower was advised at the end of his term to go into the world as a man (?) of peace. This trip will be followed by – (off mike). The president is working on a longer term – (off mike) – major polluters – (off mike). To what extent do you see this as

a part of a series of basically legacy-building trips to sort of mask a presidency that really hasn't been noted for its world peace.

MR. ALTERMAN: Let me start and then Tony can be more cynical. I don't think this president has a lot to apologize for. And the – I mean, implicit in your question is a sense that the president has to redeem himself, and I think that my sense is this president believes that history will redeem this presidency for standing up to tyranny, for announcing and embracing democracy in an unconventional way for understanding the threat that terrorists pose to Americans. I think this president thinks his record speaks for itself; his record will vindicate his presidency, and there's no need to remedy that; there is only a need to move forward, locking in the progress that his presidency has set in motion.

MR. CORDESMAN: You know, I basically agree with Jon. It's just the simple act of life. You can't as a president leave a legacy in the form of an agenda for the next president. The only legacy you can leave is what you actually accomplished while you were in office. And at this point in time, with effectively a year to go, your legacy is what you've done, not what you would like to do.

MR. ALTERMAN: Why don't we just quickly take a question from George, a question from Howard, and then we'll all let you get some lunch before the Hadley briefing.

Q: I'm surprised about the dramatic posture that he might take on this trip, considering how low the American image is in the area. It is really rock bottom. Everybody agrees on that. You'd think the president going a trip – the first trip to the region would make some dramatic move on the Palestinian-Israeli question or whatever other question you need. Primarily, I think he would need to do it on the Palestinian-Israeli question.

MR. ALTERMAN: But I don't think the president – I mean, the president, A, is not a poll-driven president, and, B, he doesn't think the way to get what he wants is by compromising his principles. The president has stood up for democracy and freedom. He stood against terrorism. If people want to support him for that, for his support of them, he will take that; if they don't want to support him, I don't think he loses sleep over it. I don't think this president worries about whether somebody in Zerika (ph), or somebody in Sedeze (ph) in Cairo thinks much about the president of the United States.

Q: What about occupation for 40 years?

MR. ALTERMAN: This president believes that there should be a Palestinian leadership as he says Mahmoud Abbas that embraces negotiations to resolve this in a – in a peaceful and equitable manner, and the rewarding terrorism isn't a way, and condoning terrorism and explaining terrorism isn't a way to resolve his problem. You can disagree with it, and it's not, you know, where I come from this issue, but I think that is where this president comes from, and you've asked me what I think this president is going to do.

And I think this president is not going to do his valedictory address in the Middle East by saying, oh, gosh; I've been wrong for seven years. He's going to talk about the precious nature of human liberty and the need to turn away from violence, extremism, and terrorism, which is where his heart is and where his head is.

MR. CORDESMAN: I think, too, very simply, anybody can make a dramatic gesture when they're the leader of the nation like the United States. But to make a dramatic gesture that matters is a great deal more difficult. And in fairness to the president, I think if we all thought there was some dramatic gesture that would change the fundamental realities in the Middle East, we would have spent all of this time trying to present it. There isn't some easy, simple step the president can take, and it's not fault of the administration; it is simply the level of realities and problems in the region.

The problems we've discussed are not new problems. These are issues, as Jon began in his introduction, which have shaped this region and have been building up for a long, long time, and they are not going to go away with one visit, nor can they go away in any given case with some kind of gesture from the president of the United States.

MR. ALTERMAN: Howard, you get the last word.

Q: Okay. This is a question I think mostly for Tony, but – and that is, the last time not the president, but his Secretary of State Rice was in Saudi Arabia – I think Gates at the same time, and what we heard anyway, is that they were told that – or the suggestion was that if the U.S. disengaged, pulled out from Iraq, that Saudi Arabia could become more involved there. In the meantime, or since then, the U.S. has engaged the – and implemented its new strategy in Anbar province, and now – but now we see some divisions developing among Sunni tribes there. I'm wondering what will be the message from the Saudis at this point. How are they seeing what the U.S. is doing in particular with Sunnis in Iraq?

MR. ALTERMAN: Can I just make a strategic point and then have Tony do the – I think it's a mistake to assume that the Saudis are somehow taken by surprise or opposed to or not an instrumental part of what's happening with the tribes in Anbar. I think – I don't buy that premise. I think that that is something that the Saudis and others have been intimately involved in both funding and carrying out. Tony.

MR. CORDESMAN: Yeah, and I think frankly the Saudi Arabia is no more monolithic than the United States. But I don't believe that Saudi Arabia wanted the U.S. to suddenly withdraw from Iraq. I think they can make the same calculation that everybody else can, that if we were to pull out of Iraq precipitously without any concern for what happened in the process, we would create a power vacuum at a minimum. We would virtually force people to partition on much sharper sectarian and ethnic lines, that the conflicts in Diyala and Saladin and Ninawa would grow substantially worse, that the situation we have created in Baghdad, which can move forward over time, would instead disintegrate because essentially you would have greatly weakened al Qaeda in

Mesopotamia in the Baghdad area without weakening the Sadr or other Shi'ite militias, and without reforming the police or the army.

I think that their concerns are going to be does the U.S. have a clear plan for dealing with Iraq in keeping it United? Will it continue to push not simply for the tribal awakening and for the creation of secure Sunni areas, but national unity, will it deal with the Kurdish and Arab issues as best it can? And I think that – (inaudible) – stated text for everyone is the British really, since the election in 2005, have not been able to exercise any meaningful stabilizing influence in Southeastern Iraq. You have seen a steady buildup in polarization between the Sadr and Hakim factions. You have seen a weakening of the senior Iraqi clergy, Sistani and others. You have seen basically religious gangs take over Basra, but it has extended far outside Basra. And that is right on the border with Saudi Arabia and Kuwait as well as of direct interest to us.

And we share, I think, a common interest in stability. It is a not a matter of having radically different goals, although I think Saudi Arabia will certainly show a great deal of concern as to our methods. But I think we need to be very careful here. There are certainly people in the Gulf who want us out tomorrow. Most of them I don't think have ever thought about what that would actually really mean if it happened.

MR. ALTERMAN: Let me just close with one thought. This is a region that believes deeply in managing problems, in managing multiple threats, and an administration which came off of September 11th believing that problems in the Middle East urgently needed to be solved. As the administration seeks to manage what is happening in Iraq, what is happening in the Arab-Israeli peace process, other issues around the region, the Middle East leaders feel more comfortable. It is the instability that comes with the American flailing to solve problems, that makes them uncomfortable, and the sense that they will be in these long incremental processes to manage them actually makes them more comfortable even while it represents an admission by the U.S. that many of these problems can't be solved, and they certainly can't be solved within the term of this president.

Thank you all for coming. For those of you who are about to be on the road, have a good trip. And we look forward to seeing you soon.

(END)