



BRIEFING ON PALESTINIAN–ISRAELI DIRECT TALKS AND EGYPT

MONDAY, AUGUST 30, 2010
9:00 A.M.
WASHINGTON, D.C.

SPEAKERS:

Michele Dunne

Senior Associate

Carnegie Endowment for International Peace

Robert Kagan

Senior Associate

Carnegie Endowment for International Peace

Tom Malinowski

Washington Advocacy Director

Human Rights Watch

Marwan Muasher

Vice President for Studies

Carnegie Endowment for International Peace

Transcript by Federal News Service
Washington, D.C.

Transcript Not Checked Against Delivery

MICHELE DUNNE: Good morning. Let's get started. We might have a couple of other people joining us. Welcome to the Carnegie Endowment.

[TCR 0:03:30]

My name is Michele Dunne. I'm a senior associate in the Middle East program. I'm not going to do lengthy introductions because you have written bios in front of you, but to my right is Marwan Muasher, vice president for Middle East here at Carnegie. And to my left, Tom Malinowski, Washington director of Human Rights, and Bob Kagan, senior associate at the Carnegie Endowment.

Thanks for coming. We wanted to talk about this week's important visit, Middle East visits, to Washington. And we'd like to cover a couple of different aspects of the visits with you. We will be covering the important Arab-Israeli peace aspects of the visit, and that will be primarily Marwan will be covering that with you.

And then we also want to talk a little bit about the Egypt aspect of the visit with President Mubarak coming. We have several members with us this morning from the working group on Egypt. This is a group that Bob Kagan started about six months ago. He and I now co-direct it.

You have a list in front of you of the members of the group, and several of them are here with us: Tom Carothers from Carnegie, Brian Katulis from the Center for American Progress, Dan Calingaert from Freedom House and Andrew Albertson from the Project on Middle East Democracy.

I think you'll see it's quite a diverse group. And it's a group of people from very different viewpoints who've come together sort of for the common purpose of drawing a little bit more attention in American policy to Egypt and what is going on there.

I'm going to turn it over to Bob Kagan to say a few words about the group and about Egypt and why we think it's important to bring out this aspect of the visit this week as well as the Arab-Israeli peace aspects.

[TCR 0:05:26]

ROBERT KAGAN: Okay, thanks a lot, Michele, and thanks, all of you, for coming. I know that the big story that you all have to cover is the start of talks. But we're trying to urge you to take another look also at another part of the story that's here before us today, which is the question of Egypt and the succession to Mubarak.

I will be happy to bet a fair amount of money that you will still be talking about the same issues in the Middle East peace process a year from now that you're talking about today. However, a year from now, you may not have the same government in Egypt or you may find Egypt in tremendous turmoil. Because obviously, we know that

Transcript Not Checked Against Delivery

Mubarak's health is failing and the succession is very unclear and the method of making the succession is equally unclear.

And I would argue that as important as the peace process is, what happens in Egypt may prove to be more important if – and I would also say that where the United States stands and positions itself and how the United States acts during this transition period will also have a great impact not only in Egypt but throughout the region. everyone, I think, is waiting to see whether the United States is simply going to basically sit back and passively allow – if this is what's going to happen – Mubarak to fix his succession without permitting any kind of free and fair elections.

[TCR 0:07:06]

And the job that the working group has taken on has been to highlight the issue of free and fair elections in Egypt, to talk about things like having not only domestic observers of the election but international observers of the election, to talk about rules of the road that Egypt should be following, with the idea that it is very much in U.S. interests that the elections which choose the next leadership of Egypt should be free and fair.

I think if the United States is viewed as blessing another transition to the latest round of this long dictatorship, it will be seen both in Egypt and throughout the region. And we need to be careful about that. So I would just say, let's not lost sight of what I think is probably the bigger picture here.

Again, I don't mean to minimize in any way the importance of the peace process but I do think that what happens in Egypt could well wind up being more important, in the same way that what happened in Iran in 1979 was absolutely transformative as far as the region is concerned and what's happening in Iraq now can have a similar impact.

[TCR 0:08:20]

The working group we pulled together, you'll see, covers an extremely broad swath of Washington. We've got numerous organizations represented. I don't mean to be too overtly ideological but we certainly have the ground covered from Elliott Abrams and myself to the Center for American Progress, Brian Katulis, which means that there really is a very strong – and I would say not just bipartisan but nonpartisan – commitment to this. And this is reflected as well in the Senate resolution, which I think we've got the factsheet on that before you; the enormous, and here I can say, bipartisan support for this issue.

So this is something to keep an eye on, for those of you who are covering these issues and covering this visit because the Mubarak presence at this is clearly significant for Mubarak in a domestic context. Mubarak's argument – and I'm going to end with this – to the United States is, I'm irreplaceable, and presumably the person who follows me will be irreplaceable. *Après moi, le déluge*. Therefore support me if you want a peace process; support me if you want strategic stability. This is the argument that every dictator has made to the United States since the days of the

Transcript Not Checked Against Delivery

Cold War. And so we need to look beyond that and question that and think about what's actually in the best interest of the United States. Tom?

[TCR 0:09:48]

TOM MALINOWSKI: Thanks, Bob. Just a few more thoughts about what makes this moment, I think, particularly interesting in Egypt with respect to the U.S.-Egyptian relationship. As you mentioned, there are two elections coming up: the parliamentary elections this October and then presidential elections next year.

There were elections in Egypt in 2005, which were also quite significant. But I think if you look at this time period of about five years, there have been a number of very significant changes that make this a particularly interesting moment inside Egypt.

First of all, enormous, remarkable growth of independent media in the country. Egyptians are no longer dependent on their state-controlled press for information about what's going on. Independent media has a higher readership than the state-controlled press. And then there's the Internet and bloggers in all of this.

[TCR 0:10:49]

For the first time, Egypt has, what I think everyone would say, is a credible opposition leader in Mohamed ElBaradei. Didn't happen in 2005. Someone who's respected domestically and internationally, who's managed to get support from across the spectrum inside Egypt, from the Muslim Brotherhood to the more secular opposition movement. He has this petition for change that he's trying to gather a million signatures on. It's now, I think, at 600,000 signatures on that petition. Not someone who is as easy for the Egyptian government to simply lock up because of the consequences that would bring.

And then most important, I think, the most important change is the one that Bob mentioned. That there is a sense among Egyptians that this time, a real transition of some sort is inevitable because of the state of Mubarak's health and the questions about – unanswered questions about what comes next.

Now, what hasn't changed in Egypt is the brutality of the state towards ordinary people. The state of emergency in Egypt has not been lifted, although there's one caveat there that I want to mention. The state of emergency still empowers the security agencies to break up demonstrations, to arrest people, to beat them up, to torture them and to do all of this with a sense that they are going to be protected, no matter what they do.

[TCR 0:12:24]

We've seen in recent months a particularly emblematic case: the beating to death in custody of a young man in Alexandria named Khalid Said. And it's a case that has resonated among Egyptians because it just reflects – it represents to them something that they have experience with. Almost every Egyptian has had some experience with

Transcript Not Checked Against Delivery

what it's like to have a run-in with the police or to be in a police station. And so it is something that has generated a tremendous amount of anger in a politically significant way in Egypt.

And of course, the security services still retain the powers to manipulate the elections and to intimidate those who may wish to use the elections to try to bring change to Egypt.

[TCR 0:13:17]

The one interesting and positive development that we've seen has been related to the emergency law. As I mentioned, it still remains in place. But a few months ago, in announcing the renewal of the emergency law, the Egyptian government also announced that it would no longer apply it in cases not involving terrorism and drug trafficking.

In practice, they still do so in some cases – in some new cases since that announcement. But they have also very significantly acted to release from detention virtually every person who was detained incommunicado without charge under the emergency law for political offenses prior to that announcement, including most of the cases that Human Rights Watch has been following over many years. Bloggers, religious activists, political activists, members of the Muslim Brotherhood were released.

And I think this is an interesting development, in part because this is one of the issues that the Obama administration has pressed very hard behind the scenes in the last year-and-a-half. Obviously, what they wanted was for the emergency law to be lifted entirely, and they didn't get that. But they did get – we all got, I think, a fairly significant action by the Egyptian government to at least somewhat appease critics of the emergency rule.

And again, I think this is important because the Egyptian government invests a lot of energy in convincing all of us, and in particular, convincing the U.S. government that they are impervious to foreign criticism and foreign pressure on these kinds of issues. And yet, in practice, when the U.S. government makes an effort intently to press the Egyptian government to change its behavior even on these most sensitive domestic issues, there can be progress and there has been progress.

[TCR 0:15:22]

Bob, you mentioned the Senate resolution. I think it's interesting in the sense that it's bipartisan. And I think the substance of it is interesting. But in some ways, I think the most interesting thing about the Senate resolution is the very, very intense lobbying effort that the Egyptian government has launched behind the scenes to try to stop it. They've sent tons of people up to the Hill.

Virtually every member of the Senate has been spoken to by the Egyptian government about this. They've been calling Secretary Clinton about it, asking the administration, what are you doing? Stop this nefarious thing that's moving through the Senate. Even though it's just a hortatory resolution, it's nonbinding. They care

Transcript Not Checked Against Delivery

profoundly about what the U.S. government, whether it's the Congress or the administration, has to say about these developments. And so as Bob said, I think it is really important to see what message comes out of the summit, not just on the obviously vital issues of the peace process but also on these domestic developments.

[TCR 0:16:25]

I do expect that the administration – that the president, President Obama, will raise some of these issues with Mubarak; particularly the emergency law, particularly the need for international and domestic election-monitoring of the parliamentary elections this October. Perhaps they'll get into a more interesting conversation about the future of Egypt and the transition.

I don't expect them to make a huge effort to put this out publicly, given the obviously needed focus on the peace process at the summit, but I do think if you try to draw them out on it, you will get an interesting part of the story that will have an impact in Egypt, and that both sides – both the government and civil society in Egypt – will be following very, very intently. Thank you.

MS. DUNNE: Let me just sort of bridge this Egypt-domestic issue to the peace process issues because of course, the question that immediately arises is, doesn't the United States need to meet Egypt's cooperation on the peace process?

Obviously, President Mubarak is being invited to this launch of the peace process in order to show the support of Arab leaders – he and King Abdullah of Jordan – for the peace process. Mubarak and Egypt have played a very important role working with the Palestinian leadership; have served as a channel to Hamas. And we saw this weekend, the announcements of the discoveries of missile caches in the Sinai and so forth. So obviously, Egypt plays an important role.

[TCR 0:18:01]

What the working group is advocating is that the United States continue to cooperate with the Egyptian government. We're not advocating at all some kind of a break with the Egyptian government. And we think it's entirely possible that the United States and Egypt have a lot of overlapping interests when it comes to the Arab-Israeli peace process and that we can continue to cooperate on those issues, while at the same time, the United States makes clear where it stands on the issues related to democracy and human rights inside of Egypt because as Tom said, the United States does have influence.

This doesn't mean that the United States is going to bring democracy to Egypt. That's up to the Egyptians if they want to do that. But there is a pretty clear agenda, I would say, that is arising out of civil society and the opposition inside of Egypt.

[TCR 0:18:52]

Transcript Not Checked Against Delivery

There's a set of demands related to human rights and related very specifically to the upcoming elections: lifting of the state of emergency, keeping security forces away from the polling places, allowing monitoring both by Egyptian domestic groups and by international observers, that's something international observers have not been allowed to monitor elections in Egypt before. These are all demands that we see coming out of Egyptian civil society and that we think the United States should support.

The National Democratic Institute and the International Republican Institute have submitted a request to the Egyptian government to be allowed to observe the Egyptian parliamentary elections, for example. So this is the kind of thing we think that the United States should be raising with the Egyptian government. And we think it's entirely possible to do this while continuing to cooperate with the Egyptian government on all the important regional security and peace issues on which we've been cooperating for a long time. I'll stop there, and then let's take any questions you have on these issues – on these Egypt issues. And then we'll move on to –

[TCR 0:20:11]

MR. KAGAN: Just a footnote: The letter that – I think the letter was – it's a letter from Sen. McCain and former Secretary of State Madeleine Albright directly to President Mubarak. It has been sent on behalf – they're both the presidents of NDI and IRI – to urge him to allow them to participate in international monitoring. And we know that the administration has also received this letter, or is aware of it, and we're hoping that this will get raised, also, in the meeting between the president and Mubarak.

Q: I'm Andy Cook with Reuters. On that question of Egypt's role in the Middle East peace process, is it your sense at all that the Egyptians – that the Mubarak government is sort of holding that over Obama, saying that you need us because of our role in the Middle East peace process? And could you talk a little bit about differences, if any, between ElBaradei and Mubarak on what role Egypt should be playing here?

MS. DUNNE: Yes, I mean, that's a long-running theme. I mean, let's not forget that the U.S.-Egyptian relationship and the aid package to Egypt and all of that was built on Egypt's role in peace with Israel and making its own peace with Israel and leading other Arab parties into peace with Israel, and so forth. So yes, I think that continues to be a theme that the Egyptian government wants to play.

[TCR 0:21:38]

And we're not taking anything away from that. That's fine. What we're saying is that we don't think the United States needs to pay Egypt to play the role – pay Egypt in the coin of refraining from raising democracy and human rights issues in order that Egypt play a certain role in the peace process because Egypt's own national security interests dictate what role it plays in the peace process. And that's as it should be.

Transcript Not Checked Against Delivery

Regarding ElBaradei, you know, he has put out this seven-point agenda for change, and Tom mentioned this petition that's circulating, which, I think I heard over 850,000 signatures was the last count of signatures on behalf of this petition. It's entirely about domestic issues inside of Egypt. His whole agenda is domestic Egyptian things.

He has said, maybe, a few things about Arab-Israeli issues, and they do tend to be kind of – have kind of a populist sound, you know, sort of playing to what Egyptians want to hear. But his agenda is really not so much a foreign policy one. It is really about how Egyptians want to see change inside their country.

MR. MALINOWSKI: I would say that U.S. support for democratic change, political reform in Egypt, has waxed and waned over the years. I don't think there's any evidence that, that has had any impact whatsoever on Egypt's support or non-support for the peace process. I think there's just no relationship. As you mentioned, I think that, that's solely determined by Egypt's own interest, its own vital national security interest in supporting or not supporting, as the case may be, progress in the peace process.

[TCR 0:23:28]

MR. KAGAN: And the most – I mean, if Elliot Abrams were here, he would – as he's mentioned many times, that in 2005, when the relationship got very rocky for awhile because of the pressure that the Bush administration was putting on for awhile, it had no impact on Egypt's performance in terms of the peace process.

Q: I'm Michele Kelemen with National Public Radio. A quick question about the Obama administration's record on this issue because as I understand it, the aid money already – democracy aid money has been cut back. I think even the Egyptian government has a right to decide which NGOs receive it, as I recall.

So how do you characterize what the Obama administration's done with this issue so far, on democracy promotion? And also, what's your sense of whether Mubarak's going to have a lot of other meetings here. I mean, what's your sense? Are you guys going to be trying to reach out to him? I mean, is there sort of – are there going to be other meetings, other than this White House?

MS. DUNNE: Yeah, regarding the assistance, I mean, there were some changes that were made early in the Obama administration, and I think they were made sort of cooperatively between some people on the Hill and some people in the new, incoming administration that we think were negative changes.

[TCR 0:24:52]

The whole economic aid package to Egypt was cut back. And that was something that the Bush administration has initiated. But the plan was that the democracy assistance would stay at a certain level, which was in the realm of \$50 million a year. And it would have become about a quarter of the assistance package. But the decision was made, when the Obama administration came in, to cut back the democracy assistance so it's now about 10 percent of the overall economic assistance to Egypt.

Transcript Not Checked Against Delivery

And yes, you're correct: There was also sort of a policy change made – a reversal of an amendment that Sen. Brownback had made to the assistance package some years earlier, which had said that the Egyptian government doesn't have a right to have a veto over which NGOs get assistance and which don't. And the Obama administration reversed that. They've sort of tried to create a separate pool of funding that NGOs that are not approved by the Egyptian government can get, and so forth. But unfortunately, all of this sent a signal to Egyptian civil society that the U.S. was going to care less about these things. All of that happened in the first year or so.

[TCR 0:26:01]

You know, we're still concerned about to what extent the administration is really raising these issues. I think we've seen a little improvement in the last few months, particularly after the renewal of the emergency law – state of emergency that Tom mentioned. I think that got the administration's attention, that perhaps they were having a negative effect on the situation in Egypt and needed to take more of an interest. And they were pretty critical of that.

So I think we're seeing a little bit more interest on the part of the administration in these issues now, but these upcoming elections are really going to be the test. I mean, and this visit also is going to be the test. Are they going to be raising these issues? This is a critical time right now, to raise issues related to these November parliamentary elections in Egypt. If you wait too long, it's just too late.

MR. MALINOWSKI: Yeah, I'm – one thing none of us have mentioned yet, and it's important, I think, in terms of the thinking of the Obama White House, is that the president did choose Cairo as the venue for his famous speech reaching out to the Muslim world at the beginning of his administration. And he did address these issues in general ways in that speech.

[TCR 0:27:15]

And I think some folks at the White House were struck by the fact that when the president uttered the word “democracy” at the beginning of the first sentence of that section on democracy in that speech, his audience burst into applause. He hadn't said anything about the issue yet. He just said the word and it generated that applause. I think that was interesting and instructive. And I think they understand that the president, you know, kind of raised the stakes by choosing that venue to deliver that message. He raised a lot of hopes among Egyptians.

I think they also made a decision early in the administration that their approach to Mubarak would, at least at first, be a private approach, in terms of urging reform, repeal of the emergency law, release of prisoners – all of these different things – and that they would give that private diplomacy a change to succeed before raising the temperature. And I think, you know, they've done that. They got one or two concessions, as I mentioned, in terms of release of emergency law prisoners.

Transcript Not Checked Against Delivery

But I don't think they're at all satisfied with the larger picture. And I think they understand – I hope they understand – the stakes of these elections and the calendar. They can't control the fact that a transition is coming. They can't control when it's going to come. And I think they understand that how the United States is seen by Egyptians to be reacting to and, to some extent, leading these changes will have a huge impact on how America is perceived by Egyptians for many years to come.

[TCR 0:28:56]

Q: Yeah, Steve Hirsch with the AP. I was wondering – and this is based somewhat on a supposition, but doesn't the administration go into the entirety of the talks, and especially as regards the Mubarak visit, somewhat beholden to Mubarak, as regards the talks?

I've heard a lot of Egyptian officials saying that they felt that Obama had put the Palestinians in a very difficult position by his initial demands that any move forward depended upon an end to settlement construction, very much hardening the Palestinian position, which the Egyptians felt was a very, very bad thing to have done because it kind of froze things at that point.

And it appears that the Egyptians have had an influence on Abbas in that regard, causing these talks, now, to come together at a rather critical time for both U.S. domestic politics and, in the scope of the talks, the timing. Just wonder if you have any thoughts on that, as regards how the United States might be beholden to Obama for that – Mubarak.

[TCR 0:30:14]

MR. KAGAN: Can I just – look, this wouldn't be a difficult issue if Mubarak was of no utility to the United States because then you could just say well, we don't – you know, let's just support fair elections and see him gone. It's a difficult issue because the United States does certainly feel that it needs things from Mubarak, and in some cases, I think, Mubarak does provide things.

This is the case, as I mentioned before, of all dictators that the United States has supported over the decades. They certainly felt they needed the shah of Iran during the period when he was the – much more important, really, than Mubarak – the strategic pillar of American policy in those years. The fact that you need someone does not mean that you're not in a period of transition, whether you like it or not.

And so we need to get past the idea, it seems to me, that because we need Mubarak for one thing or another on the peace process or for regional stability, that doesn't mean we're not going to have to face a crisis in Egypt, whether we like it or not. And the question is, how are we going to deal with the crisis that's coming?

We are living on borrowed time, as far as Mubarak personally is concerned, and we don't know what's coming next, after Mubarak. And I fear that we can be in the position that U.S. governments have been in for many

Transcript Not Checked Against Delivery

decades, as I say, of clinging to one or some structure of governments somewhere because the alternative seems scary, and clinging so long that you wind up getting, perhaps, even the scariest alternative.

And so no one is suggesting that the United States doesn't need Mubarak for one thing or another, but the question is, how long can you cling to this guy if change is coming in Egypt – change of one kind or another?

[TCR 0:32:09]

MS. DUNNE: Let me just add one word to that. I mean, I agree that President Mubarak has, many times, played a helpful role in forging an Arab consensus that is along the lines of what the United States would like regarding the peace process. But don't forget that, you know, Mubarak has his own motivations, as well. He wants to keep the Obama administration engaged in this peace process. They don't want to see the United States give up and walk away, and so forth.

And so there's also – you know, it works both ways. I don't think we should see this as purely that Mubarak is doing something that, you know, he absolutely hates to do and he's just doing it as a favor for us. I mean, I think he makes these decisions on a very rational basis based on what's in Egypt's interests.

[TCR 0:32:57]

MR. MALINOWSKI: And you know, this is – the question is not whether Obama is going to treat Mubarak as if he is the dictator of Cuba or Burma or North Korea. Obviously, President Obama is not going to stand up before you all with Mubarak and say, "President Mubarak, your time has come and gone. You know, history is against you. Depart and let the forces of democracy sweep your regime into the dustbin of history." That's not what's going to happen, and no one is asking for him to do that.

The question on the table is whether, and to what extent, and with what degree of energy, the Obama administration is going to urge Mubarak to allow international election observers to play a role in October and next year. How hard will he continue to press for full repeal of the emergency law? The Obama administration did publicly condemn the Egyptian government a few months ago for not repealing the emergency law. So they're already on the record on some of these things.

The question is, how consistently, how vigorously, how creatively will they take advantage of these opportunities, including the summit, to try to nudge Egypt in that direction and to let ordinary folks in Egypt know that that's the side the United States is ultimately on, consistent with maintaining a polite, constructive partnership with the Egyptian government on other issues? It's not an impossible balance to strike, and they're not too far, I think, from striking that balance, although I think they could do some more.

[0:34:44]

Transcript Not Checked Against Delivery

Q: Thanks. Jay Solomon with the Wall Street Journal. You all seem to be following the Egyptian issue quite closely. Have you seen any indications that this administration or the U.S. government is, kind of, preparing for a transition? I mean, the things you're talking about are human rights, but I mean, really anticipating that this guy – like you said, he might not be around in a year – that people are gearing up for that? Thank you.

MS. DUNNE: People in the United States?

Q: No –

MS. DUNNE: In the U.S. government. I mean, I think it's something that they've been aware of. People, you know, in the State Department and the intelligence community, or whatever, have been aware of it, but I don't have the impression that they've done a lot of thinking about, you know, what does this mean for the United States?

[TCR 0:35:32]

And certainly, I don't think there's any appetite for the United States to try to play any kind of a direct role in the Egyptian succession or public role, or making its views known one way or another. But still, there will be a moment when a leadership change will happen and the United States will have an opportunity, in a way, to reconfigure their relationship with Egypt and, you know, to try to reformulate the partnership with Egypt such that – you know, the United States has long had a partnership with Egypt not only on regional issues, but on domestic issues. And that's been primarily domestic economic issues.

Until the last five years or so, where the United States started thinking and started saying that, you know what? In order for Egypt to really be a prosperous country moving ahead, some of these political and social and human rights issues are going to have to be dealt with, as well. Economic reform on its own is not going to work.

MR. MALINOWSKI: You should ask them that question, though.

[TCR 0:36:44]

Q: I apologize if somebody already asked a version of this, but the Journal had a piece the other day that Mubarak's working closely with the Muslim Brotherhood to get the petition for, I guess, a more democratic – it's for some constitutional reform, or whatever.

MR. MALINOWSKI: You mean ElBaradei.

Q: ElBaradei, I apologize. But just, watching the politics of Washington the past few months criticizing Turkey's leadership because they don't like the anti-Israel rhetoric from the Turkish leadership, I mean, it just seems that Washington politics will be very averse to working with the Muslim Brotherhood, or some variation of it, even

Transcript Not Checked Against Delivery

though I agree with Robert in some e-mails that we've had, that there are moderate Muslim Brotherhood people you could work with.

And just watching the U.S.'s kind of poor reaction to Hamas winning in the Palestinian – in Gaza a few years ago, and seemingly being blindsided to that, I didn't know if you could speak at all to the possibility of the Muslim Brotherhood being a successor in some way to Mubarak, or ElBaradei being – working closely with them.

[TCR 0:37:48]

MR. KAGAN: Let me just – before you do – I just wanted to do – the political answer to that, Laura (sp), is – I mean, take a look at the Senate resolution's cosponsors. If you've got people like John McCain and Joe Lieberman, and I could probably name a bunch of other people, these are not the kind of people who wouldn't be concerned about a certain kind of radical turn in Egypt.

They're, in fact, at the top of the people who are concerned about that kind of thing. And I think the reason they are supporting this is because their hope is, this is the best way to get an Egyptian government that has the support of the people, and will not turn in this direction. But I just think if you look – you know, you made a political point; just look at the cosponsors of the Senate resolution.

MS. DUNNE: Yeah, just to speak to the situation inside of Egypt, yeah, what happened was that the Muslim Brotherhood said that they supported Mohamed ElBaradei's seven-point plan and wanted to help collect signatures. And that made a big difference. They collected a lot more signatures. So what that tells you is the Muslim Brotherhood is much more mobilized than most of the other opposition forces. They're able to go out and mobilize support.

[TCR 0:39:07]

And actually, you know, the kind of changes that we think the United States should be advocating and supporting are changes that would help to open up the political space and broaden the political spectrum in Egypt. I mean, the legal opposition parties have been very much oppressed inside of Egypt, and it's been very, very difficult to form new parties, and so forth.

And so you know, we do think this has led to an unfortunate sort of situation of polarization, where you have this illegal movement – the Muslim Brotherhood – that is able to mobilize kind of under the radar, and then you have the ruling party, the National Democratic Party, that is able to mobilize. And everybody else in the middle is kind of squashed. So we're advocating a situation where that starts to open up.

And we have seen that happening in the last few years. I mean, there have been some small political reforms and, as Tom pointed out, a very important opening in the media in Egypt. And now we've seen these other political forces, like Mohamed ElBaradei and Ayman Nour and others starting to come out.

Transcript Not Checked Against Delivery

No doubt, the Muslim Brotherhood would still continue to be a very important force in Egyptian political life, but I don't think it's necessarily a situation where, if you have some sort of a – you know, a gradual opening of the political space and of the political system in Egypt, that we're talking about, necessarily, you know, the Muslim Brotherhood sweeping through and dominating.

[TCR 0:40:46]

MR. MALINOWSKI: Yeah, I think it's sort of been a general rule in the Middle East that the more militant groups don't really need things like a free press and free elections and independent courts to thrive. They do okay in the shadows. The groups that do need those institutions to be strong and healthy are the more moderate, secular opposition groups. By their very nature, they can only organize, they can only appeal to the population if they have those kinds of institutions.

And one thing, you know, in terms of the Obama administration on this issue, setting aside the broader national politics, if you look at Obama's Cairo speech, one of the more interesting things he did in that speech was to signal that the United States would respect the outcome of a democratic election in Egypt or anywhere in the Middle East, even if the United States didn't agree with the ideology of the group that won that election.

That was a very interesting, and I think important, message for him to be delivering in Egypt, precisely because of the way in which Mubarak has used the specter of the Muslim Brotherhood winning to scare the United States away from supporting democratic elections in that country.

MS. DUNNE: I think we need to turn things to the Israeli-Palestinian peace issues now. I know that – I believe Marwan has another commitment at 10:15, so thank you for being so patient, sitting through all this Egypt talk. Please.

[TCR 0:42:14]

MARWAN MUASHER: No, it is an important issue. Thank you very much. I'd like to offer some thoughts on the relaunch of the peace talks. It's really rather difficult to talk about a relaunch of peace talks between Palestinians and Israelis without some cynicism. We've all seen the movie, probably, many times over. Still, I would like to both comment on what might happen next week, but also talk about the general or the larger picture, as well.

Of course, I don't think much will happen publicly next week. At any rate, they will relaunch the talks. What is important is a number of factors. One, where do they agree that the talks will take place at? I think that if the two parties are interested in a strong U.S. role, or if the U.S. is interested in a strong U.S. role, then you can expect that the talks will take place in Washington.

Transcript Not Checked Against Delivery

If that is not the case by one or more of the parties, then the talks might very well take place in the region. And that is very important in my view because I'm of the view that the two parties, on their own, are not going to be able to reach an agreement by themselves or offer solutions that meet the minimum demands of the other party. So it is, I think, very important to watch where the next round of talks will take place.

[TCR 0:43:53]

The other important factor, in my opinion, is the regional element – the Arab parties. I mean, we talked about Egypt, and certainly, Jordan, are coming to the talks. The big absent party next week is Saudi Arabia. Yes, we all know that the Saudis will not be at the talks with the Israelis in any public manner, yet.

But whether the United States intends to engage the Saudis behind the scenes or not is key, in my opinion, to whether they will be able to reach an agreement. I do not think that the two parties, on their own, can give the other party, as I said, what they need in terms of their minimum requirements. I do not think, in other words, a separate peace agreement between Palestinians and Israelis is either attainable or desirable by the publics on both sides.

For the Israelis, I believe that in return for what will be some very painful compromises on their own, I don't think the Israeli public is interested in an agreement that would give them peace with half the Palestinians without solving the Iran, the Hezbollah, the Hamas issues and other regional issues. And on their part, the Palestinians, I think, are not capable of reaching agreement and also providing some serious compromises, say, on an issue like refugees, without Arab cover.

[TCR 0:45:27]

And therefore, it will be interesting to watch, beyond the photo op that we will all see next week, what kind of an engagement is the United States intending to have with other parties behind the scenes. And when I say that, I mean Arab parties, as well. Secretary Clinton talked about a one-year timetable. In my view, this is realistic only if the U.S., at some point, intends to put a package on the table. If they intend the two parties to reach an agreement on their own within one year, then I think we will all be here next year talking about the death of the two-state solution.

The other factor I want to point out, too, is the factor of time. Time is not on the side of a two-state solution. The cynics, and even the – both the optimists and the pessimists will tell you that the two-state solution is at its deathbed. And so one of the very important, also, decisions that we will watch in the next few weeks is whether the Israelis, whether publicly or otherwise, will agree to an extension of a halt to settlement activity beyond the September 26 deadline. If settlement activity continues beyond that deadline, then there is really no hope of the talks coming to a solution that can be implemented on the ground.

[TCR 0:47:07]

Transcript Not Checked Against Delivery

These are some of the issues that will be on the table. I believe the time has come to move the goalposts and move beyond a separate peace agreement to a regional one. This, I believe, is both possible and also desirable by both parties. A regional agreement gives a regional safety net to both parties, to both Palestinians and Israelis.

It also deals with other important issues, like Hezbollah and Hamas, where under, for example, the Arab Peace Initiative, which makes such a regional peace agreement possible, the responsibility of turning Hamas and Hezbollah into political players and, you know, giving up their arms, under the peace initiative, becomes an Arab responsibility rather than an Israeli one. Israel attempted to do that militarily, both in Gaza and Lebanon, and failed on both accounts.

And the only way to bring these into the fold of an agreement is through an agreement with the Arab world, which is why, I think, that this offer is the best hope to salvage a two-state solution from where we are today. These are just some of my initial thoughts, and let me open it up to questions.

[TCR 0:48:42]

Q: Peter David from The Economist. What do you think the United States can offer what used to be called “the rejectionist camp,” or “the resistance camp,” that would bring it into the political process?

MR. MUASHER: I think the United States can offer other Arab states, in particular, Saudi Arabia and Syria, rather than the rejectionist camp, you know, an agreement that they are interested in. With the Syrian case, I believe such an agreement will have to include a full withdrawal to the June 4 borders from the Golan Heights. In the Saudi case, the principal issue that the Saudis are interested in is East Jerusalem. And if an agreement is found on East Jerusalem that is satisfactory with the Saudis, I think such a regional agreement becomes possible.

In the context of a regional agreement, logistical and military support to Hamas and Hezbollah will, of course, have to stop. There will have to be monitored security guarantees that all Arab states will engage in. And in such a scenario, even if Hamas and Hezbollah are to insist on carrying the torch, if you will, they will find themselves in a situation where all logistical and military support, and financial support, will be cut off.

I cannot see a scenario in which the whole Arab world signs a peace agreement with Israel – per the provisions of the Arab Peace Initiative, I cannot see how Hezbollah and Hamas can carry out the struggle on their own. But in a separate peace agreement, that is not just entirely possible, but likely, as well.

[TCR 0:50:47]

Q: Thank you. The Israelis have talked about not extending the freeze on settlements, but perhaps offering some more-limited restrictions. Would that, sort of, kill the talks? I mean, do you think it has to be, sort of, an extension of what exists now in order for this to move forward?

Transcript Not Checked Against Delivery

MR. MUASHER: Again, it depends. It depends on whether the Palestinian or the Arab side is convinced that the Obama administration is serious about solving this within a year framework, you know.

If you add, you know, however number of houses in one year, it might not be such a big deal, but if there is – I'm sorry – a conviction that this is not serious and that settlement activity will go on – remember, this will be seen in the context of 17 years of peacemaking in which the Palestinian and the Arab side agreed, grudgingly, not to hold settlement activity in the hope that in five years' time, which was the Oslo process, an agreement would be reached.

It has been 17 years. The number of settlers in the West Bank and Jerusalem has doubled since the Oslo agreement in '93. So there is this belief on the Arab side that any further settlement activity is just buying time for Israel to create more facts on the ground.

[TCR 0:52:29]

Q: Michele again. Talk a little bit about the lessons learned from the past. I mean, you talked about how this is a movie that we've all seen before. But do all sides sort of agree on why past efforts have failed? And what are your thoughts going into this on what lessons the Obama administration needs to learn about those past efforts?

MR. MUASHER: Well, I think there is a number of issues of why past efforts, I would say failed, but I would say exhausted their possibilities. I think that the Oslo process was a very important process, in that it broke a lot of taboos. It allowed Palestinians and Israelis to sit together and negotiate an agreement, et cetera.

But I think an incremental approach, when the status quo is not frozen, has exhausted its possibilities, basically and primarily because of settlement activity. That is, the premise in Oslo to postpone final-status issues while you build confidence among the parties has not materialized. What has materialized is, on the positive side, you know, the two sides have been able to reach an agreement through years of negotiations, more or less, even if they did not put anything on paper. But on the negative side, settlement activity in the West Bank during the last 17 years has made a two-state solution almost impossible.

[TCR 0:53:57]

I think the other – one of the other reasons why a settlement failed – and here, I'm thinking primarily of Camp David 2000, and the Clinton parameters – is not just because an agreement was offered too late or because Arafat, you know, could not really make the jump and sign an agreement.

I think one of the principal factors why an agreement failed is the absence of the Arab side. In other words, Barak, at the time, and Clinton, as a result – or Barak convinced Clinton that the Arab side should be left outside the negotiations because he was afraid of any leak that would hurt his chances domestically, of what he was prepared to offer. As a result, Arafat was asked to give some very painful compromises on the right of return, refugees in general, and on East Jerusalem, that he did not feel had, you know, Arab cover.

Transcript Not Checked Against Delivery

He did not want to sign an agreement and be called a traitor the next day. If there are lessons to be learned, this is, I think, one of the principal ones. The Arab side – and when I talked about “the Arab side,” I talk about Saudi Arabia, in particular, to provide such cover to the Palestinians. And I talk about Syria as well, so that you neutralize the effect of organizations such as Hamas and Hezbollah. Please.

Q: (Inaudible) – bureau chief in Washington. I would like to ask of the starting point in the negotiations or the peace talks on the borders and security measures. How can they reach agreement on borders as the less-intense topics, and at the same time, the borders including Jerusalem?

[TCR 0:56:08]

MR. MUASHER: Well, the borders and security starting point is an Israeli demand. It’s not necessarily how things will proceed. The Palestinians want all the issues to be put on the table, including Jerusalem, including refugees, while the Israelis are insisting that they settle the border and security issue – or the security issue, actually, first, before they can even agree on the borders.

To me, as I said, you know, whether you do one scenario or the other, I’m just not convinced that the requirements are there. However way they approach it, I’m not convinced that the requirements are there for a separate peace agreement.

Q: Yeah, just wondering, getting back to Saudi Arabia and Syria, I’m wondering to what extent you’ve seen, or you were sort of interpreting that they are actually trying to get that outreach going. Do you think that the recent moves with Syria and so on – or do you see this as an integral part of the U.S. plan, or is this something that’s still out of the picture, as far as Washington is concerned?

[TCR 0:57:18]

MR. MUASHER: First of all, let me be clear: I’m not saying that the Saudis and the Syrians should engage in direct talks, you know, alongside the Palestinians. What I am advocating is that the U.S. should, bilaterally, come to a set of understandings with the Saudis and the Syrians – what I call “end-game deposits.” This has been done in the past. When one party can give the U.S. a deposit that they are not ready to give to the other party – a hypothetical deposit – in return for what the other side, you know, is willing to do.

We’ve seen this happen with the Rabin deposit in ’93, when Rabin hypothetically gave a deposit to ex-Secretary of State Warren Christopher indicating his willingness to withdraw to the June 4, ’67, line on the Golan Heights, provided that the Syrians do one, two, three, four on security and normalization and other aspects.

And after that deposit was made known to the Syrians, their flexibility suddenly skyrocketed on other issues, knowing that, in the end, this is what they are going to get. I think on issues like refugees and other issues, you are

Transcript Not Checked Against Delivery

going to see maximalist positions unless, you know, the Palestinians know what they will get in return as an end game.

And then they, in my view, would be a lot more flexible on these issues, just as the Israelis will be a lot more flexible on the borders and on a Palestinian state if they know what they will get on other issues, as well. The idea of end-game deposits, I think, is an idea that is certainly worth considering. The U.S. has done some work with the Saudis, but not enough, in my view, and not much work with the Syrians at all.

[TCR 0:59:29]

MS. DUNNE: Actually, I would like to pursue with a question, Marwan. I mean, it's been sort of a truism in the past that the Israelis would not be able to negotiate peace with the Palestinians and Syrians at the same time – that it would be too much for them to contemplate withdrawing from the West Bank and Golan at the same time, and therefore, sort of, one track would have to first or the other.

Now, you're proposing a comprehensive approach. I'm wondering, you know, do you think the situation has changed – that the Israelis might be thinking differently about this now and might be more willing to move forward on both fronts?

Or I'm just thinking – what you're talking about, what you're offering here potentially, with a cutoff of external military and financial support to Hamas and Hezbollah is maybe more than the Israelis would be able to get from individual deals with the Palestinians and the Syrians. So are you suggesting that, perhaps, the Israelis would be willing to do more in exchange for more?

[TCR 1:00:33]

MR. MUASHER: I'm suggesting that the needs of all sides, but certainly of the Israelis, have changed since the 1990s and the conventional wisdom then that talked about Israel being at an advantage if it sought separate peace agreements, rather than a regional one. And there are two significant changes that have happened since the 1990s that argue for a regional approach.

One is demographics. Israel, today, is a country of 7.5 million. The number of Palestinians inside Israel – that is, with Israeli citizenship, as well as in the West Bank and Gaza – is about 5 million, to about 5.5 million Israelis. The demographics today are such that the number of Arabs and Jews in historical Palestine is almost equal. And that is a problem to the Israelis that even the Israeli right has really come to see; people like ex-Prime Ministers Sharon, Olmert, and current Prime Minister Netanyahu.

So the demographics mean that time is not on the side of a two-state solution, and that if Israel does not have a Palestinian state – if Israel does not work for a Palestinian state, it will have to face a scenario where a one-

Transcript Not Checked Against Delivery

state solution becomes something that is no longer taboo. Even Moshe Arens, you know, started talking about it last month.

[TCR 1:02:11]

The other element or development is the rise of Hamas and Hezbollah. Israel, say, until the early '90s, did not have to deal with a non-state actor like Hamas and Hezbollah, which has complicated the situation and which has made a separate agreement with the Palestinians without solving Hamas and Hezbollah something that is not desirable to the Israeli public. So I understand that, you know, I'm going against conventional wisdom here, but I do not think that you can solve all these conflicts and implicated problems and interrelated ones without a regional agreement.

MS. DUNNE: Any further questions?

Q: Quickly, what signs would you look for if you were on the outside of this, that the Saudis and the Syrians were being pulled in? How will we see that, if it is, in fact, essential to the success of these talks, whether in the immediate future or the near term?

[TCR 1:03:25]

MR. MUASHER: Well, I don't know, you know, what kind of diplomacy the United States intends to do. I would see visits – you know, more visits to Riyadh by Envoy Mitchell, and maybe Secretary Clinton herself. If the United States does not want to engage the Syrians directly – I don't know whether they do – but they can certainly do that through the Saudis.

And if you see that the Palestinians have become a bit more flexible on their issues, then I think that is a sign that the Saudis and Syrians were engaged. Otherwise, I'm afraid that we will go through another year of real frustration and no progress.

I would also – one clear sign is whether the United States will offer a package on the table because in my opinion, offering a package on the table with, you know, a maximum chance of that package being accepted depends, to a great deal, on whether the United States did its homework in talking to all these regional parties before such a package is accepted.

[TCR 1:04:42]

I don't think anybody expects a package to come out of the blue and be accepted by the parties. After all, almost everyone agrees that a package should be sort of a mix of the Clinton parameters and the Arab Peace Initiative that combines the elements of a, you know, Palestinian-Israeli deal with a regional deal between the Arab world and Israel.

Transcript Not Checked Against Delivery

But for such a package to be put on the table, the United States would have to talk to all the parties bilaterally – to the Palestinians, to the Israelis, to the Saudis and to the Syrians – in addition, of course, to the Egyptians and Jordanians who have, anyway, been supportive of the peace process and of the regional approach.

Q: And having your country and Egypt there on the first day doesn't signal that they're looking for that Arab buy-in early here?

[TCR 1:05:38]

MR. MUASHER: It depends again, Michele. It depends – I hope this is not a photo op, and I hope this is an indication that the United States, indeed, intends to reach out to the region. But reaching out to the region, as I said, will have to include the Saudis and the Syrians, beyond the Jordanians and the Egyptians.

Now, for obvious reasons, these are the two countries that signed a peace treaty with Israel and so publicly, these are the two countries that can't come publicly. But I hope this is not the end of it and that there will be further engagement with the other parties, as well.

Q: So is this a package that you would expect the United States to present on Thursday, or is it something –

MR. MUASHER: No, no.

Q: You would let the direct talks stall and then they would use this?

MR. MUASHER: No, it won't – if it is offered at all, it certainly won't be on Thursday.

Q: (Off mike.)

[TCR 1:06:43]

MR. MUASHER: I think that if a two-state solution is to be salvaged, a package would have to be presented at some point during the next year – the sooner, the better, but you know, there's no way of telling when – I don't even know whether the United States intends to do that, or not. All I'm saying is, if the United States is hopeful that a solution is possible within one year, I do not see how that can be realized without a package being offered at some point.

Q: Did you read Mitchell's thing about bridging proposals leaving open the space for that package?

MR. MUASHER: I think the space is open. Whether there is a decision to do that or not is another issue.

Transcript Not Checked Against Delivery

MS. DUNNE: Okay. Thank you very much.

Q: Thank you.

Q: Do you know when Mubarak was here last?

MS. DUNNE: He was here last August, a year ago – yeah, August 17th or 18th.

[TCR 1:07:45]

MR. KAGAN: If you guys feel like following up on the Egypt stuff or on anything, you have the list of all the members of the working group. So feel free to get in touch and we'll be happy to follow up with any other issues. Okay.

(END)