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CONTACT

Whitney Phillips (202) 224-9965

Lieberman Delivers Remarks on Democratic Transition in Egypt

WASHINGTON, DC- Today **Joseph I. Lieberman** (I-CT) today delivered remarks about the importance of building a stable, democratic, and prosperous Egypt. The congressional briefing was hosted by the Carnegie Endowment for Peace and examined the state of the Egyptian economy, future of U.S. assistance to Cairo, and the critical role of economic factors in the success or failure of Egypt's transition to democracy. Below are the remarks as prepared for delivery:

**Egypt in Transition
Carnegie Endowment for International Peace
July 22, 2011**

Thank you, Jeff, for that kind introduction. And thank you to the Carnegie Endowment for International Peace, the Legatum Institute, and the Atlantic Council for their collaboration on this project. Jeff Gedmin, Michele Dunne, and Uri Dadush have produced a report that is insightful, thoughtful, and—perhaps most impressive of all for Washington—succinct.

I want to recognize Michele's leadership in this effort. As many of you know, Michele Dunne is one of our foremost experts on Egypt. At a time not so long ago when most people in Washington had given up on democracy and human rights in Egypt, Michele and her talented deputy, Mara Revkin were among the few making the case for putting these issues at the center of the American agenda. And they were right.

Equally important for me is that both Michele and Mara are proud daughters of Connecticut—and Connecticut, I would add, is very proud to count them as two of our own.

This report arrives at an important and unique moment—a moment when the attention of Congress and, more broadly, the American people is largely focused not on the extraordinary events happening in Egypt and throughout the Middle East, but on the economic challenges we face here at home. This is of course entirely understandable. But despite the urgent need to get our own fiscal house in order, the United States cannot afford to be disengaged from the Middle East at this pivotal point in history.

The reasons are clear. As we learned so painfully nearly ten years ago, on September 11, 2001, the political and economic condition of countries in places like the Middle East is inseparably linked to the security and well-being of our American homeland. Whether the transition to democracy succeeds or fails in Egypt and Tunisia... whether a more inclusive, stable government emerges in Yemen, or the country slips into chaos and the clutches of al Qaeda... whether Iran loses its most important Arab ally Bashar al Assad, or he hangs onto power in Syria through violence and terror... whether the Libyan people rid themselves of one of the world's most brutal dictators, or Qaddafi prevails and seeks revenge against us – in each and all of these countries, events are now occurring

whose outcome will impact the national security and prosperity of the United States in profound ways, for many years to come.

Egypt of course holds unique strategic significance, as the most populous country in the Arab world and its historic intellectual and cultural center. What we have witnessed in Egypt over the past six months is, for me, at once both thrilling and unsettling. It is thrilling because of the enormous opportunity the Arab Spring has given to the Egyptian people: the possibility of a democratic, prosperous country—an Egypt that is worthy of the aspirations of the millions of people we have seen taking to the streets in peaceful protest, inspired by the values of democracy, rule of law, pluralism, and human rights.

It is also thrilling because these social movements represent the most direct repudiation of the ideology and narrative of al Qaeda and its Islamist extremist allies, and they have happened spontaneously and indigenously right in the heart of the Arab world.

But events in Egypt and throughout the Arab world are also frankly unsettling, because we know from history the many ways in which movements of this kind can go wrong. We know that revolutions started with the best of intentions can be hijacked by extremists. We know that the fall of a dictator does not automatically mean the end of dictatorship or the triumph of liberal democracy. And we know that the habits and instincts of an old regime can persist long after its leaders have been swept away, embedded in institutions that stubbornly resist the tide of change.

We also know the stakes in Egypt could not be higher. Despite the extraordinary images of change from Tahrir Square, the war of ideas in the Middle East is far from over. Al Qaeda and its affiliates are both determined and patient adversaries. If the transition to democracy in Egypt stumbles, or if the revolution fails to deliver on its promises, we should have no doubt about who is waiting in the wings, ready to seize the initiative.

What is also clear is that public expectations in Egypt are extremely high—so high, in fact, that some degree of disappointment and disillusionment seems almost inevitable. In this respect, when I look at Egypt in the short and medium term, I frankly worry less about a repetition of what happened in Russia in 1917, when the Bolsheviks seized power in a coup, and more about a repetition of what happened in Russia in the 1990s, when, after the initial euphoria surrounding the Soviet Union's collapse, the Russian public came to associate liberal democracy with instability, poverty, and corruption.

Specifically, I am concerned about what will happen if, 18 months from now, ordinary Egyptians look around and find that their economy has worsened, that public safety has deteriorated, and that corruption continues to be prevalent. The answer, I fear, is that the ideals of the January 25 revolution, including that of democracy itself, could become tarnished and discredited in the eyes of Egyptians, and potentially the broader region. That would be a disaster for all of us.

The report that you have released today rightly argues that creating an appreciation and narrative among Egyptians that their economic circumstances are improving is absolutely critical to averting this outcome—and the best way to do this is by spurring private sector job creation.

This is, to put it mildly, easier said than done. To begin with, in the current political climate, billions of dollars of new bilateral assistance are not likely to be flowing from the U.S. Treasury to Cairo for

the foreseeable future. That is not necessarily a bad thing. Indeed, there may be virtue in being constrained, as experience suggests that neither growth or reform is likely to result by our simply putting a bigger check in the mail to the Egyptian government.

There are, however, policies that would be helpful to the Egyptian economy that are within our reach—and whose impact can be multiplied if we act in concert with our international partners.

Here in Congress, I have been working with Senator Kerry and Senator McCain to move forward legislation that will establish enterprise funds for Egypt and Tunisia. The Egypt fund, once established, will provide direct financial assistance and technical advice to small and medium-sized Egyptian businesses—helping Egyptian entrepreneurs get the capital they need, but which is difficult for them to secure in the current uncertain political environment. The fund will be overseen by a board of directors composed of U.S. and Egyptian private citizens who have expertise in emerging markets. It is modeled after similar funds established for Central and Eastern European countries in the wake of the collapse of communism, which proved wildly successful in creating jobs, leveraging additional private investment capital, and ultimately generating a return on the investment.

In addition, this past week, Senators McCain, Kerry, and I introduced another piece of legislation that will authorize the U.S. to seek the expansion of the European Bank for Reconstruction and Development to cover countries in the Middle East and North Africa that are pursuing genuine transitions to democracy and that show a commitment to the free market. The EBRD has the ability to bring billions of dollars of support to Egypt and Tunisia, provided all of its shareholders agree to do so—and at no cost to the U.S. taxpayer.

Looking ahead, I am convinced that another very powerful tool at the disposal of the United States that we have not yet made use of is our trade policy. This is an area where there is still significant space for both the U.S., and our allies in the European Union, to show considerably greater vision and leadership. As a first step, the Obama Administration should make clear that we are ready to open negotiations with both Cairo and Tunis on Free Trade Agreements immediately.

Whether it is in the realm of economic reform or the development of democratic institutions, we in the outside world can only help Egyptians to the extent they want our help. The success or failure of the transition in Egypt will be determined first and foremost by the debates the Egyptians themselves are having, and the decisions that come out of them.

To take one example: Egyptians must decide what if any technical assistance they want from the UN and other international organizations as they prepare for elections. Setting aside for a moment the question of who wins or loses the vote, simply putting in place the legal and logistical structures necessary for elections that are free, fair, and meet international standards is a big and complicated undertaking. As we have seen elsewhere in the world, elections that are perceived as lacking legitimacy can carry destabilizing consequence that haunt nations for years after, including in their ability to attract investment from abroad. Such an outcome would be disastrous for Egypt, the U.S., and the region more broadly. Fortunately, many countries—including Muslim-majority states like Indonesia that have recently experienced transitions to democracy of their own—can provide technical support and expertise, provided the Egyptians want it and ask for it.

In this respect, the announcement by the Egyptian military this week that international election monitors will not be invited during the upcoming vote was deeply disappointing. It is notable,

however, that the announcement has sparked significant criticism from many Egyptian human rights and civil society activists. This is now a debate that Egyptians themselves will have.

What we can do, however, is to engage the participants who are involved in these discussions, help promote access to accurate information, and be clear and unapologetic about the principles, values, and ideas we stand for—including our belief that decision-making about these matters should itself be undertaken in as inclusive and transparent a manner as possible.

This also means that, in Cairo and indeed throughout the Middle East right now, traditional diplomacy is not adequate to the nontraditional events occurring on the ground there. We need ambassadors who think outside the box and push our embassies to be proactive and engaged in unconventional ways—reaching out and working directly with social movements, civil society, and the business community, and working every available angle to convince stakeholders to embrace reform.

The recent visit to the city of Hama by our ambassador to Syria, Robert Ford, is an example of precisely the kind of diplomatic initiative we need to see more of. I am encouraged by the imminent arrival in Cairo of another one of our finest professional diplomats, Anne Patterson. I'm confident Ambassador Patterson will give Embassy Cairo exactly the fresh focus it needs.

Before closing, let me say that, even as we naturally look to Egypt as a strategic anchor of the Arab world, we must not underestimate the importance of Tunisia. Tunisia of course was the first country in which peaceful, youth-led, pro-democracy protests threw out a long-seated dictator. It is also arguably the Arab state in the best position to make a smooth transition to a prosperous, stable democracy. Tunisia has a large middle class, a vibrant private sector, a history of tolerance and respect for women's rights, and it has been blessed by the absence of significant sectarian or ethnic fault lines.

Despite some turbulence, the Tunisians have overall managed their transition impressively thus far. An important reason, I think, is they have tried to bring the key stakeholders into an inclusive and reasonably transparent decision-making process until elections can be held, and welcomed strong cooperation with the international organizations, NGOs, and foreign governments, as they prepare for an election in October.

When it comes to deciding where to invest the limited energy, attention, and resources of the United States government, Tunisia may be the country likely to bring the best return—both as a success in its own right, and as a model for other countries to follow.

Realistically, the road ahead for all of the Middle Eastern countries experiencing the Arab Spring will be difficult and fraught with potential pitfalls.

However, despite the uncertainties and the challenges, I have no doubt that the future is also full of great possibilities for the people of the Middle East and for their relations with the United States. As Egyptians discuss and debate the choices they face, the report you have issued today has made an important contribution to those deliberations, and to ours here in Washington, about how we can best be effective partners and supporters to those pushing for positive change in the region at this historical and transformational time.

I thank you for your time and consideration, and look forward to your questions.

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