

Notes from Aspen Strategy Group

US Policy on Arab Revolutions

TJP summary: Plenty of different opinions on what was done right and wrong. No consensus.

Indyk: syria will spill into Bahrain and KSA (Saudi). We should have moved earlier. KSA is a BFD.

Feaver (ex Bush): BO's obsession w anti Bush (especially wrt Iraq) has unnecessarily limited Administrations ability to engage in Iraq which -as we see now w Syria - is just dumb.

Dannzinger (ex Obama Admin): obama has done a remarkable job and the only way he could have done better is if I had held a senior post in the Administration.

Kahl (ex Obama Admin) : Feaver is living in a fantasy world. BO couldn't make a SOFA deal w NAM. He tried, but we had no leverage and Iraqis wanted to break sense of occupation. So President went to zero based engagement and now wants to build engagement w Iraq from zero base.

Flornoy: Feaver, you make me feel like I lived in a different reality. Did a good job of articulating "lead from behind" strat in Libya. When you consider our national interests in the context of our domestic condition, we did the best we could.

Zelikow: what are the top priorities of admin. Defeat AQ and avoid a "pre mature war w Iran; avoid Iraqi civil war - Iraq is moving troops now to west; manage the hot situations in ME.

Froman: "lead fom behind" is not admin policy. Leverage our resources and those of our allies.

Hadley: now in era of big bets. We need to define our objectives and spot moments when we should lead and take a big bet.

Maghan O: advancing our interests w a Lead from behind or a light handed approach will only work if a numner of assumptions are accurate (eg Muslim Bro will moderate; monarchy -KSA- will self reform). These are big assumptions and therefore using a light hand may fail. Agrees w Hadly that there are times we should take a big bet and Iraq would have been an example of that.

Indyk: we need to engage more in Syria. It is a regional lynch pin and lead from behind won't work.

Feaver: Dannzinger is uncharacteristically wrong. A different approach 4 yrs ago would have left us in better positions in Iran Iraq and Syria.

Iraq

TJP summary: Obama has been unable to find a way to keep a US voice in Iraq. Iraq is a big deal and US has just disappeared. Admin says that NAM (Iraq PM) has kept us out; Bush people say that Obama has walked away.

Maghan O': We should have kept resid force in Iraq. Most important function would have been keeping a healthy tension between the central govt and new institutions. For 10 years Iraq has had a centralized power base. With removal of US, you took away support for new institutions. Iraqis view removal of forces as a sign we don't care.

Jim Steinberg: Could get that done. President was committed to keeping some troops in Iraq and used his leverage to try and get that done. President supported NAM in hopes of getting a new SOFA. Tried everything. We could not deploy forces without deal on immunity. We need to now focus on how can we now engage. This is going to be hard to do without support (financial, security etc.)

MO: President ignored lessons of 2008 SOFA negotiations. There, we got creative on immunity.

JS: NAM said he could do SOFA but couldn't take it to Parliament. We insisted on going to Parliament because attys said without that we wouldn't have a binding deal.

MO: Will Iraq hold together? More challenges now that I have seen since 2003, but still more likely than not. NAM is consolidating power in last 9 mos which sends a msg to Kurds that they don't like. If NAM kills democracy, then Kurds leave the union. The US should help Turkey and Baghdad resolve their issues. Portraying Turkey as a model and Iraq as a bad guy is counter productive. Turkey is trying to undermine Shia role in Iraq.

JS: External forces will affect Iraq. We need to keep incentives for all parties to keep country together.

MO: Iraq is most vulnerable to Iran when it is weak and divided and we haven't done enough to help Iraq. Iraqi's are worried that an Assad exit will push Iran to double down on Iraq.

JS: limit Iran's influence on Iraq by isolating Iran in region. Reducing Iran's influence in region is key. But Iraq also has to get its act together and be more cohesive. President has made a big bet on Erdogan and Turkey.

Scowcroft: What are Turkey's objectives in Iraq?

Steinberg: Kurd separation is their focus. Building a relationship with Iraqi Kurds is a route for Turkey. They don't like NAM and Shia – sunni split plays a role in Turkey's attitude towards Iraq.

MO: Turkey sees Iraq and Iraqi Kurds as a source of energy. Turkey doesn't necessarily like the idea of an indep. Kurdish state. Also comments that there are limits to Iran's influence in Iraq. Sadr is becoming an Iraqi nationalist. He wants

to get rid of NAM. Fluid political dynamics in Iraq. Iran cannot determine outcomes in Iraq.

Zalickow: US posture in Iraq and Iraqi Kurdistan. We can put non-uniformed people in Iraqi Kurdistan. Kurdish conflict with NAM is about oil. These are big bets. NAM is saying you oil companies can go to Kurdistan or Basra but not both. Immediate neighbors of Kurds are Sunnis who also dislike NAM. What would US position be if Iraqi forces fought with Kurds?

Madeleine: Turkey needs to be a key relationship. Need to assure that Turkey is a solid partner in our efforts in region.

Feinstein: You guys underestimate activities and missions being executed by Qud Forces and Republican Guards. Proxies are going to become major players.

Dov: If Syria goes Sunni, that's bad for NAM.

Podesta: What role of AQI in Syria?

Kahl: Risk to Iraq is growth of NAMs power, but we couldn't affect politics in Iraq w 150k troops what makes anyone think we could do it with 10 k troops. Also, we couldn't get SOFA cause all attys were saying we needed Parliament to approve SOFA and NAM said he couldn't take it to Parliament.

JS: Resid forces might have been helpful under some circumstances. Now, we need to make clear that we do not support an Indep. Kurdistan. How do we do that and still support Kurds?

MO: If Kurds have military confrontation with NAM, our response will depend on circumstances.

Pawlenty: What lessons have we learned and what lessons has NAM learned?

MO: NAM knows that when he leaves office, he could be prosecuted and put in jail. This will inform his actions. Syria and Iraq: would be in our interests if Syria issue was not seen as Sunni v Shia. We would like an opposition that is more broad based. Barzani could help by trying to get Syrian Kurds integrated into Syrian opposition. Baghdad-Ankara relationship is very bad. They want to get rid of NAM so pushing Iraqi Kurds to make trouble for NAM. This could be a gross miscalculation. Davutaglu is personally driving a better deal for Sunnis in Iraq.

Post 3

MENA: trade, aid and economics

TJP summary: Arab Spring or Islamic Awakening has changed the game in knowable and unknowable ways. Knowable is that the region – in addition to its political crisis - is facing the potential of a very serious financial crisis. Financial stabilization is first order of business. Egypt and KSA are the mother of all problems in the region. (besides Iran, Pakistan and Syria). If Egypt or KSA get out of control it is a global game changer.

Kito de Boer McKinsie UAE

Arab Spring has had significant and negative financial consequences for region.

1. Not biz as usual. Outcomes are very uncomfortable. Think in terms of paths that could be models: Pakistan or Indonesia or Turkey.
2. Libya could be lighthouse of progress in region;
3. Insights and strategy counts. Discount opinions of elite. Get to the street to understand. Hire locals. Be local.
4. Act while the going is good. Cost of operating KSA has gone from \$12/barrel to \$85/barrel. KSA is not financially sustainable with these expenditures.
5. Governance is not fit for purpose in many countries. KSA is unable to solve problems particularly where it requires cross – ministerial action. Too many civil servants.

Critical issues for region:

1. Employment
2. Education for employment
3. Economic model needs to be fixed
4. Housing. Huge social issue because inadequate housing means the 20-30 year olds stay at home and that is bad social policy.

Mike Froman (Dpty NSA)

Glass half empty. Serious financial difficulty ahead. Populace policies adopted to quell people. This includes expenditures and that become embedded as entitlements. (I refrained from asking him if that sounded like another country we know). MENA's export market is Europe which means they will experience softness. All of this has the makings of a serious financial crisis in the region. We are seeing the beginning of a multi-decade set of issues. No beacon for success. A series of fundamental issues are not resolved, including: Modernism, role of private sector, role of foreigners. Demographics create pressure on solutions because they need to address distribution of wealth. Administration's early contacts w Muslim Bro (Muslim Brotherhood) are encouraging. They come from mercantile class. Need to work with them. What to do?

Admin has a 4 pillar policy towards Egypt.

1. Stabilization. We must, must, must avoid financial crisis. Give financial support (IMF, access to credit markets etc.)
2. Job creation. Expand mandate of EBRD.
3. Broaden participation in governance. Anti corruption laws and asset recovery programs.

4. Integration. Trade and investment. Trade liberalization. Good regulatory practices (like Dodd Frank?)

Problem in Egypt is that there is no one to talk to.

Bob Zoellick (just retired as President of World Bank)

Economics needs to be viewed as a dynamic in its own right, not just a function of political and social issues. Money is not enough. Structural and governance reforms are just as critical. Connect structural reforms to communities. Create context for public investment. Frameworks for investing. Jordan is on the edge. They are starting some reforms. Policy counts, not just money. Country and people must own the effort. While we see Egypt and KSA (Saudi) as the big problems, if they aren't interested in reform, we should spend our energy and resources in smaller countries who are ready and hope they provide role models when dynamics of Egypt and KSA are more ripe.

Syria: Should the US intervene?

TJP summary. There was a remarkable consensus that the US should intervene in Syria. Many on both sides of the aisle supported the Hadley formulation (see below). Questions of how to intervene varied somewhat, but few said we should not actively intervene in the Syrian situation. Under discussed were two critical issues. First, WMD. Syria has huge stores of chemical and bio weapons and they are very widely distributed. Having these fall into hands of terrorists could ruin our day. Do we have the knowledge, strategy and will to secure these? Second, post Assad Syria is going to be a mess. It will require a serious peace keeping force. Who is going to provide that force? Post script: in spite of the broad consensus that the US must act, the private conversation was that we would not act. It is unclear to me why this is the case, but several people (Dems and Repubs who had spoken in favor of action) said they didn't think it was in the cards.

Richard Falkenrath: The US has the power to depose a very bad guy – Assad. Should we do that? Proposition: Don't do it because:

1. We have a strategy and its working. BS. It is a failed strategy.
2. Is there a reasonable prospect of success if we decide to depose – yes.
3. The costs are acceptable – yes
4. Do no harm. That would be at risk if we decide to depose
5. Legality. Can be handled
6. Timing. Election season is problematic.

Richard's conclusion is we should have a policy to depose Assad.

Ann Marie Slaughter (ex Obama) . Depose but with military light. Intel and tailored arms to opposition who hold territory in return for pledge of no revenge killings. Multi pronged incrementalism. US is still missing one element. We have no overt public relations program. Why aren't we working a full fledged PR campaign w our allies? We should be standing with Syrian people in a more public way.

General Hoss Cartwright . We need to inventory the tools we have and then define our actions. Stop supplies to Assad; provide command and control assets (radios) to rebels; provide intelligence; develop knowledge and planning for securing WMD. We need to answer the above questions as part of defining our policy. Intel and arms are happening. We also need armed observers to know what's going on; need safe harbors that have a protective flank in order to provide good logistics and supply. Syria is far more difficult in this regard than was Libya. We need strategy and structures to prevent mass atrocities. Will we put boots on the ground.

Steve Hadley (ex Bush): Need to assure ourselves and the Syrians that we are aligning with the Syrian people. Forget the UN. This will send a critical message to China and Russia that they don't have a veto on US policy. Gain legitimacy by aligning with Turkey and others. Send a strong and clear message to business and military community in Syria that we are going to see this through and they should ditch Assad now.

Bill Perry: I support near term intervention, but not boots on the ground. Support enforcing no fly – no drive zones. Bring Turkey into operations. US must participate with its unique capabilities (e.g. AWACs) and let others participate with less unique assets (supplying arms etc.). There is no prospect of UN cooperation. But a coalition of the willing (UK, Arab League) will give us the legitimacy we need. Very good prospect of military success. Reasonable prospect of success on humanitarian side. We should act, but in a fashion that has most of the action on the backs of the rebels.

Madeleine A: Must intervene. How do we structure intervention. Didn't use UN in Kosovo and shouldn't use it now.

Jim Steinberg (ex Obama). Must be certainty in everyone's mind as to outcome (ie.that Assad is out). Take nothing off the table.

Dennis Ross (ex Obama): Costs and consequences of intervention have been discussed, but most of these consequences and costs will come to fruition whether we go in or don't go in, therefore we should go in and impact the outcome. Reach out to KSA and Alawites. Don't dither over analysis.

Zalikow. Arms assistance can be had elsewhere. More interesting is to supply things that we are uniquely able to supply (intel) and use that as leverage for post war Syria. Nuclear Iran is our primary objective. Look at all strategies in Syria through that prism.

Perry: Going into Syria will not weaken Iran's resolve to get nukes, but it will send the message that the Admin is willing to act militarily. Not going into Syria will send the opposite message and that is very dangerous.

Indyk. Don't ditch UN. Need them for post war. Need them for Turkey. Put pressure on Russia and then be prepared to go ahead without UN, but not yet.

Madeleine. Not going to UN for intervention does not preclude going to the UN later.

Feavor (ex Bush). Iran is THE issue. Whatever we do in Syria cannot feel like a quagmire. What we do in Syria will affect the recently announced 'rebalancing to Asia'. We cannot secure WMD without boots on the ground.

Meghan O.

1. Iran's reaction to fall of Assad. Look to 2007 actions against Iran. Didn't have Iranian 'pay back' rather, Iran slowed down its nuke activity
2. Post Assad, need a peace keeping force. That will be critical. Post Assad Syria will be very, very unstable. Turks will look to stabilize their kurd situation. Iran will adjust strategies towards Syria etc.

Ignatius We need to speak to Syrian people to let them know we are active. Population movements towards sanctuaries (Alawite sanctuaries, Sunni Sanctuaries etc.) will trigger atrocities.

Kahl. The fall of Assad may cause Iran to increase their nuke efforts. Do not lose focus on Iran.

Green. Inaction will have serious negative consequences. It will be a measure of our will to act by friends and enemies.

Israel: the big loser

TJP summary. Syria Iran is a game changer for Israel which requires them to completely rethink their threats, opportunities, strategies and interests. They can hunker down until more clarity or they act (big or small). There is a feeling that Israel has some acts they can take that would improve their positioning. Iran is the most immediate and big issue. Cannot have an Iran with nukes. Will lead to proliferation and significantly increased probability of nuclear event. Israel cannot sit by.

Dennis Ross, Jane Harmon and Walter Isaacson.

DR: Syria is most secure border that Israel has. Syria is unraveling is very significant. WMD could go to terrorists. Everyone should share concerns about Syria's WMD. Hezbollah loses supplier, but unraveling of Syria has huge consequences for Jordan. Bibi is sensitive to Jordan issues. We need to have a very serious conversation with Bibi. (does Obama have the credibility reserve to have that conversation).

Jane H: Israelis misplayed this. They encouraged us not to play in Syria. They failed to anticipate Arab Spring and its consequences. Iran needs to be our focus. US narrative on ME is lost. So is Israel's.

Walter: What effect on Israel : Palestine issues. Israel: Turkey issues. Will Israel think big? Can Israel coalesce parties around a solution to Iran issue. Can they do this by agreeing to a Palestinian solution.

DR: Now would be a moment for Israel to take a brave initiative with Turkey. Having an Islamic country as an ally may give cover to other Islamic countries. Israel and Turkey have common interests in Syria. This outcome is possible, Bibi needs assurances on Turkey's response to an Israeli apology.

Jane. Maybe rise of Islamists in Egypt has some good aspects. If Muslim Bro keeps treaty (w Israel) then you have an Islamic country owning a treaty with Israel.

DR. Muslim Bro is very busy with domestic issues. But let's remember who they are. Morsi sent letter to Shimon Perez. Perez said thank you and asked Morsi if Israeli's could take letter public. Morsi said yes, it was written with that in mind. Perez made it public, Egyptian Muslim Bro got angry so Morsi denied he had ever sent a letter. Tunisia's Muslim Bro are drafting a constitution that makes it criminal to support a peace with Israel.

Indyk. Israeli public believes that they have no Arab partner w whom they can negotiate a peace. Syria reinforces notion that Israel should not take risk when regimes are fragile.

DR. Sinai is flashpoint w Egypt. Admin has had a very meaning? Palestinian issue is not key. Wasn't art of Islamic awakening, but it is not insignificant. Demographics compel 2 state solution. Too much distrust between Israel and Palestinians. Steps that each could take to move towards each other (e.g. Israel offers money to any settler who leaves West bank.

Iran

TJP summary. Discussions suggest that it is more likely than not that there will be a military attack on Iran in next 18 months. That is going to be very ugly. Interestingly, polls suggest population and IR academics would not support such an attack. Both Pawlenty – representing Romney, and Podesta – representing Obama, presented a logic that – if followed, would lead to war with Iran. Logic sitting in Aspen is fine, pulling the trigger is another matter.

Graham Allison. Two terrible choices, we should look for a third way.

Steve Hadley. Iraq was not a war of choice, it was a war of last resort when all other options failed. Aug, 2013 we will be out of options on Iran. We do need to think hard about our options and the sequencing of those options. Think in terms of a f

family of options and the methods of moving through them.

1. Stop the clock, buy time. Iran has rejected this.
2. Put more on the table. More for more.

3. Secure the big agreement that ends dispute. Could the US agree to allowing Iran to have a limited amount of LEU – say 3-5% enriched uranium.
4. If all of the above fails - what to do? US should try to establish a status quo w redlines where, if Iran tries to break out, we have time to attack. We would also want to understand Iran's redlines.
5. Long term sanctions, pressure and isolation to try for regime change.
6. Limited military strike.
7. Big strike

Bill Perry: a military strike by US or Israel will have serious, unknowable and unintended consequences. Therefore attack is very unattractive. Iran is close to a virtual nuke. They will be there by June, 2013. If Iran gets the bomb this will make a mockery of US and UN. Lead to copy cats developing nukes – especially KSA. It would be the end of nuclear non-proliferation and significantly increase chance of nuclear event. This is very, very unattractive. We should explore third way between now and end of the year. Diplomatic path would have to be coercive diplomacy. Sanctions are hurting, but we only have 6 months and that is not enough time. Must convince Chinese and Russians of consequences of a military strike. We should allow some (5%) enrichment with inspections. This gives Iran a way out.

If none of the above works, US should strike. We could launch a devastating strike (Israel does not have that ability). (nighttime, B-2, deep penetration bombs). First strike should be limited to nuke facilities. US strike will be more effective militarily and narrow the political consequences.

Energy and GCC

TJP Summary: Write up

Meghan O: ME may not be able to supply quantity of energy that people are assuming. 2020-2030 most predictions assume increasing oil supplies from ME. Moving world supply coming from ME from 30 to 38%. Most increase scheduled to come from KSA and Iraq. Are these reasonable assumptions. Oil is there, but politics is problematic. 1. Internal stability is in question. Following a revolution it is very slow to rebuild production; 2. Reinvestment rates will decline. KSA was planning to move from 12.5mm bbl to 15 mm bbl with a \$10 bn investment. That has been cancelled in deference to social needs. As there is a push for democracy, the autocrat needs to increase social spending. As population (and joblessness) increase, autocrat needs to increase social spending. Aversion to FDI. We are

likely to see supply from ME decline. Iraq and Iran could take up some of the slack.

However, we have an American Energy Revolution in play. From 2006 to 2012 we have gone from importing LNG to finding 100 years supply of gas. Shale is also producing oil. Bakkan field has gone from 187k bbl/day to 750k bbl/day in 5 years. By 2020-2030 they expect Bakkan to produce 1.3 mm bbl/day (same as Libya). Add Gulf of Mex and by 2020 US will be producing 6.7mm bbl/day. Harvard is estimating 11mm bbl/day. Similar situation in Brazil and Mexico. Economic benefits will be great. Political benefits will be there, but we will still have vital interests in ME. 1. Gas won't substitute for oil; 2. We have other interests in ME (geography, heart of Islamic fundamentalism etc.); 3. Oil is a global commodity. Disruptions in ME oils supply will affect US; 3. KSA still has spare capacity (Iraq is trying to develop same); 4. Who has strategic influence over ME oil will matter; 5. Oil and global GDP are connected. In some ways, our energy policy may become more difficult. One big question is whether China will continue their policy of non-intervention in internal affairs of other countries (e.g. KSA goes Islamic). KSA's response to Arab Spring was to double the pay of everyone in the military.

Gfoeller. KSA social welfare was \$20/bbl per year, now \$85/bbl, projected at \$300/bbl in 2030. This means they will have to go to taxes and that will trigger social reaction. Arabs have already translated "no taxation without representation". Major political shifts are occurring and major financial stresses are predictable. Free health care and education are untouchable. Arab Spring will come to KSA. AQ was easy to fight because you could identify bad guys and kill them. Could fight their ideology. Arab Spring has no leaders, no ideology. They want everything: money, power and vote. When will KSA get nukes? Realignment of national security team (Bander plus 2 other major changes suggest a major focus and potential big deals in the offing. Is this about Iran or Russia and china or Arab Spring or something else.

Mehgan : Power of being energy indep has consequences. Being a major consumer has leverage. KSA taking oil off market will still be meaningful. Will China retain its policy of non-interference in internal affairs when faced with Islamist take over of KSA?

US Policy Going Forward

TJP Summary: see write up

Bob Blackwill:

Pivot to Asia does not relieve us of serious interests we have in ME. We announce a pivot to Asia when:

Iran – moving to nukes

Egypt – Mubarak is in a cage and new govt could be seriously anti-US

Syria – disintegrating

Iraq – could fragment

KSA – ripe for revolution

ME peace process is dead

Israel – at more serious risk than in living memory

Afpak – a mess

Obama has made no big mistakes in a revolutionary environment, but no victories either. No big bets other than surge in Afghan – which we lost; and killing Osama which we won. Obama's approach is to take no risk, increment into a situation and hedge the position. No big bets. Maybe that's right for these times but look at Truman with Marshall Plan; in '73 ME war Nixon used it to push Soviets out of ME which gave us 30 years of dominance in ME. Bush (I) pushed to integrate Germany and Poland into NATO – huge bet and we won. Big bets come from the top down. Not interagency BS. Before Malta summit, Reagan WH had given him 18 initiatives to raise with Gorbachev. 2 days before summit, Reagan decided to pass them by cabinet. Held cabinet meeting and every time an idea was surfaced, the relevant cabinet member tried to kill it until it had been vetted by his bureaucracy. After three went this way, Reagan ended the meeting. Presidents make big bets, administrations don't. Here are some ideas:

1. Iran – next president will be forced to make a big bet.
2. Egypt – Importance is clear. Our response has been pitiful. Small and irrelevant. Obama is letting his team over analyze and organizational dynamics are pushing safe and no risk options. Only a president can overcome organizational dynamics. Not all big bets are worth taking.
3. Syria – Pattern has been to hesitate and equivocate. Some of our allies are joking that we will implement a no fly zone ... 10 feet at a time. We should break the Syria - Iran link with the full force of the US. Slow and cautious will be damaging to our interests in Syria and Iran.
4. KSA we should consider guarantying their integrity.

5. Iraq – NAM bring it towards a break up. Bet on Alawi

6. ME peace process – we need a big bet.

Incrementalism won't work. Activities threaten our vital interests. No big bets can succeed if the US has a policy of leading from behind.

Strobe Talbott

Big bets should be hedged and designed to change when circumstances change on the ground. Obama doctrine is not concise and that's deliberate and smart in a very dynamic regions. Obama is an anti-doctrine doctrine.

Scowcroft

We need a central strategy. Currently we are all tactics and no strategy. Pivot to Asia, responses to EU financial crisis etc are all tactics. The Westphalian structure is under attack. Industrialization led to Westphalian state. Globalization is creating forces against the state. We need a strategy to reconcile these huge forces. Global warming is a global threat that may dwarf all of the above. We need a strategy