

## ATLANTIK-BRUECKE – WOODROW WILSON CENTER CONFERENCE

April 27, 2010

The Atlantik-Bruecke and Woodrow Wilson Center held their 5<sup>th</sup> annual conference in Washington last week. Conference rules prevent disclosure of the speakers' identities.

### SUMMARY

- The US government – in particular the Executive Branch and Congress – is intended to move slowly if at all. In this sense, our founding fathers succeeded.
- The financial crisis has reduced the influence of the US and EU with the BRIC and other countries. The concentration of power was shifting anyway and the financial crisis has only accelerated that shift. The US/EU economies are closely interconnected economically but could be more so – through coordination of regulations.
- Domestic violence is a limiter on Greece's ability to reform. Resentments are growing between EU countries under stress. Germany is criticized for its efficiency and seriousness of purpose. Although Germany is the export leader, it also exports goods with the highest percentage of non-German components, thus benefitting other EU countries. Germans are simply weary of supporting others – mainly the East Germans.
- China uses Europe's history of colonialism in Africa to give it a free hand in dealing with bad actors there.
- Russia's recent, honest treatment of its role in the WWII mass extermination of tens of thousands of Polish leaders is a significant step to reconciliation.
- NATO and other post WWII structures are simply not suited to deal with current security and financial threats. NATO meetings are boring and a waste of time.
- Market democracy won out over other governmental systems....until recently. Now China's authoritarian capitalism offers an alternative. The fact more countries have not followed China's pattern for success is interesting.
- The EU blamed disputes with the US on President Bush. Now that he is gone, the disputes remain and the parties see that these disputes are not a mere matter of style or personality. Yes, opportunities for cooperation were missed under President Bush, but possibly under President Obama they would not have worked, either.
- Germans put much greater emphasis on international agreements as a source of legitimacy than do Americans. This is nothing new, but it makes discussions difficult.

- The possibility of enlargement of the EU influenced the behavior of non-EU countries. With the economic downturn, that dynamic has declined and the Balkan countries and Turkey are behaving differently, less in the interest of the EU and US.
- Many countries around the world are helping the US in dealing with Guantanamo detainees, despite the fact that the US has refused to take any. There is little rational discussion in the US regarding this topic.
- No solution to the Iran nuclear threat is in sight. Iran has legitimate regional expectations.
- 7 years and billions of dollars have been wasted in Afghanistan. Only recently have the US and its allies taken meaningful steps towards establishing security there. But many of the allies – including Germany - are more of a burden than a help. They describe their role in terms for their domestic audience which has little to do with realities. This is not a peace keeping operation. It is war; a war against only about 20-30,000 soldiers, but a war.
- Terrorism is a major threat in the US, but the nature of the threat has changed since 9-11. Cyber attacks planned and carried out by states (mainly Russia) are also a major threat.

#### OBSERVATIONS ON US GOVERNMENT

In contrast to the general public, people who deal daily with the US federal government do not think it is “broken”. Europeans familiar with a parliamentary, unitary form of government overlook an important fact: the US has two *un-unified* governments, the Congress and the executive. It is a system built for inaction. This was intended in the *Federalist Papers*.

Several organizational battle lines are drawn: (1) The President claims he has more authority than Congress because he is the only representative elected by all the people. The Congress claims it is elected more frequently and has closer contact with the voter. (2) The House and Senate are quite different from each other. The House is more parochial than the Senate. The two bodies have different cultures. The House is tightly managed. As it has become more politicized, it has fewer chances to amend proposed legislation. In contrast, the Senate is a wide-open debating society. It has the 60 vote filibuster rule by which action can be blocked. House Committees are more important internally than Senate Committees. The Senate is more likely to ignore the Committee and rewrite a bill on the floor of the Senate. Committees shift back and forth in importance. One representative’s “earmarks” (negative) are another representative’s “bacon” (positive). (3) The parties are another battle line, one that is changing. Until 1994 there was more emphasis on getting legislation adopted on a bi-partisan basis. In 1994 the Republican House leadership was responsible for getting many new members elected. Rank and file representatives are as a result more likely to follow that leadership. There is also a geographic split, with the Republicans more likely to be from the southeast and west. [Recent breaks between the Republicans and growing Hispanic population in the west may reduce this regional influence.]

Obama had only two real years as US Senator, to “learn the ropes”. After the first 2 years he was out campaigning. So he doesn’t have that much experience in dealing with the Senate. His time in Illinois politics *does* count for something. Rahm Emanuel is the member of his staff who advises him on the House. Obama sets deadlines for action and the Congress ignores them. Obama’s electorate expects more action, but he has accomplished a good bit.

We have gone through other periods of party partisanship. The period from the 1930’s to the 1970’s was perhaps the exception. Lobbying in the US system is more important than in parliamentary systems. The Congress is more open to lobbying than the US cabinet (or a European cabinet). The US public is more split than Europe on whether government can solve problems. US progressives think there are government answers for most problems. Republicans don’t.

Yes, our redistricting every ten years (based on the census and population shifts) does help create safe seats, but voters usually like their representative anyway. The reelection rate is quite high. Primary challenges are unusual.

The checks and balances system and resulting inclination not to act can be a problem when faced with mounting threats, such as climate change and energy policy, which require a uniform national policy. A problem presented by these two issues is the regional differences between energy consumers and energy producers.

## FINANCE

Expansion of the EU is tied to unemployment rates in Germany. The likelihood of EU expansion goes down as German unemployment goes up. 40% of the world’s GDP is produced by the US and the EU. Both the US and the EU have balance of trade problems with China. But the EU sells more to China than the US does.

As to financial regulation, some say the US and the EU are on the same page; others say not.

US PRESENTER - Both the US and the EU are weakened economically and in their credibility regarding leadership and particularly financial leadership. There is a tendency in the US and the countries of the EU to turn inward.

The development of the G-20 is significant.

Lehman Brothers periodically and regularly undertook transactions solely to mislead the public as to its condition. Various governments created hidden guarantees by way of their unofficial “too big to fail” policy. Both Germans and Americans need more transparency in their financial conditions. European banks do not have as much capital as they need. Sovereigns are not reporting their debt adequately and transparently. They face no real oversight. An area of possible progress and cooperation is aviation, both

personal travel and freight. The rules of the US-EU market could be rationalized. We need more diplomacy at the NGO level.

GERMAN PRESENTER – The US-EU economic markets are not only large but quite integrated. Unlike the US, Germany did not have a housing bubble. It also did not have no-income/no job home loans. Obama wants to increase exports. He uses the same tools to increase exports as are used in Europe: loans and free trade laws.

The financial crisis did not change power; these shifts were coming anyway through globalization. The financial crisis accelerated them. We can improve the EU-US business climate through common regulations, such as product safety and drug testing standards. Financial market reform is not best undertaken at the EU/US level but at the G-20 level. But the additional 12 countries do not want to change their rules since they did not create the bubble.

The shared economy is not super glue for the US-EU relationship. Trade also creates problems, such as the Boeing – Airbus dispute and agricultural policies.

86% of Germans are against the Greek bailout. Greek popular opinion is anti-German. Should Germans pay for the Greek standard of living? Germans achieved their current state through labor restraint, much during the Schroeder years. Any German bailout of Greece will be the subject of a constitutional legal challenge [today].

The Euro is not simply a monetary issue; it is also political. Transparency (emphasized by a speaker) does not automatically bring responsibility. Even with transparency, there will be mistakes. There have to be instruments and structures that work. The big investment banks no longer have much of their own money at risk. This changed the risk dynamic dramatically.

GERMAN PRESENTER – People at Eurostat have known the Greek problems for years. Much of the political demagoguery is now “north of the Alps.” The sudden focus on the weaknesses of the Mediterranean countries is artificial. But this is a crisis and could cause a big economic slowdown. The Greek government is trying hard, but domestic security (civil unrest) is a limiting factor. The US and UK national debts add to the concern.

GERMAN PARTICIPANT – The US and EU have lost credibility in the rest of the world, greatly so in the southern hemisphere. What is the right group to solve the financial crisis? Probably not the G-20. This speaker thinks it is for the EU and the US to do. On a positive side, we can create great opportunities and economic value by creating uniform regulations.

Germany’s role is shifting; it is more concerned about itself.

US PRESENTER – Each area of the economy has its own disfunctionality. Transparency is not a panacea but it does lead to greater responsibility. Keeping banks smaller lets banks in other countries gain an advantage. As to Greece, US banks are not exposed, but US companies have sold goods and services to Greece and have to worry about being paid. The US risk is our own budget crisis. Only ten years ago Fed

Chairman Alan Greenspan wondered how the Fed would regulate the economy without US debt instruments being issued.

GERMAN PRESENTER – The G-20 is a group, not an organization. It should supplement, not replace the G-7/8. Germany does export a lot, but 42% of what Germany exports had been imported into Germany (for integration into the “German” product). [So “Made in Germany” – a US invention – adds value to non-German components.] This percentage is way up. 30% of German GDP is imports. This is the highest % in the EU. Germany *is* paying its fair share. The German problem with Greece is not the coming election in North Rhine Westphalia, but the promise Kohl made that the Euro would be as stable as the DM. Germans believed this. Now Germans are worried about the stability of their currency. There are also questions about the legality of the bail out. Any Euro support has to withstand German constitutional scrutiny.

GERMAN COMMENT – German unemployment is down due to better cooperation with unions. Germany has the concept of short work hours, so workers are counted as employed who work reduced hours. VW’s biggest market is now China. China supports 30 countries that do not have human rights. China claims that Europeans created the problem in Africa, so China can do what it wants there. As to Turkey, the EU is losing influence there by making it too hard for Turkey to join the EU. Turkey has 70 million people and a strong military.

A major development is Russia’s treatment of its murder of thousands of Polish elites at Katyn during WWII. A recent Polish film on this subject was shown on Russian TV earlier this month at prime time. On the other hand, Russian foreign policy experts criticize Germany for giving support to former members of the Soviet Union.

US COMMENT – Germans were for Greek entry into the EU to give German industry access to the Greek market. But now it is costing them money.

US COMMENT – Political mechanisms are under stress due to globalization. This hurts unskilled workers in particular. This makes it hard to move on trade treaties.

GERMAN COMMENT – Yes, globalization stresses people. People fear losing out in the new economy. Reducing Germany’s competitiveness is not a solution (as has been suggested). German society focuses on risks, not opportunities.

## NATO/EU

GERMAN PRESENTER – Some countries saw NATO as a step to EU membership. 27 countries are now in the EU. NATO is a cornerstone of the transatlantic partnership. Do we still have the right tools? America became a European partner after 1945. The institutions created then have to be adapted [with winners and losers]. There is a NATO summit at the end of the year. The US is still the world’s most powerful country, not the EU. European history is one of great wars. But Europe is more than just the EU. NATO

cannot continue to look back. It needs to be modernized. Funding falls short of pledges and duplication is a problem. There are cold war inefficiencies. We have to learn lessons and apply them to NATO. There is still a role for transatlantic relationships.

AMERICAN PRESENTER – NATO is rethinking its purpose. Former Secretary of State Madeleine Albright is working on this. But we're not. We are coasting with the institutions we've got. Globalization empowers small actors and non-states. There is a geographic dispersion of power. There has been an ideological struggle and market democracy had won. But now authoritarian capitalism is succeeding and provides an alternative model. China has become America's banker. Ideological extremists react to an establishment that has hurt them.

Another concern is terrorism and nuclear proliferation. We have the wrong institutions for these problems. Only 400-500 people bother to watch NATO. The general public knows nothing about it and isn't engaged. When there are NATO public events, no one comes. There is no political will. We need to present a case for this part of global reform. We've lost our strategic vision. We're based on WWII. We don't think ahead 10-20 years. We are just putting out fires.

The US and EU have not adjusted to 1989 and 2001. There are two separate realities. Bush got better in his second term. Obama makes the same mistakes as Bush. We're driven by the same factors. Europeans don't share the US threat assessment. We need to invest in alliances to shape thinking. Obama is trying to correct the course. We have structural problems. Now Europeans cannot blame the problems on Bush. Now that Bush is gone and the problems remain, we see them clearly for the first time.

Enlargement of the EU has to be on the table. "The history of Europe is overcoming history." We need a light at the end of the tunnel to motivate countries to stand up for hard decisions and long-term thinking. Now that light has dimmed. The wrong people are in power in the Balkans. So those countries are back-sliding on reforms.

GERMAN PRESENTER – US leadership is essential to NATO. Defense Secretary Rumsfeld's "toolbox" view of alliances was a mistake. Obama didn't get a real, fresh start in setting the US relationship to NATO. The attitude in the US has changed. France has come back into NATO. (This is a major event that has been underestimated in importance.) Europe has been underperforming. There is a loss of interest in strategic thinking. The ordinary person cannot digest what is going on and is not interested, either.

As to the EU, yes, it should permit enlargement. But one must be aware of the consequences. Presently there are more new members of the EU than old ones.

NATO discussions are largely a waste of time. It is hard for the participants to focus on a common topic. These countries need a mechanism for discussion that is more user friendly, more conducive to real give and take.

GERMAN PARTICIPANT – EU enlargement *is* still on the table. Yes, the Balkans *do* need a strategic objective to motivate them. International relations, in particular the EU, are a push/pull process. They need the pull of EU enlargement. Providing security is more expensive than economic integration.

The Balkans *are* part of Europe. Turkey *is not*. Yes, Turkey is important strategically. But admission of Turkey will greatly change the EU. Turkey as a member will limit the extent of integration in the European family.

NATO is very difficult. Meetings are boring. There hasn't been much investment in NATO at any level. There has been little follow up on Lisbon. The UK has a preferred position in the UN; it will not give that up as part of solidarity with the EU.

GENERAL DISCUSSION – At these high-level meetings like NATO, the issue is time management. Everyone HAS to speak. The group does not know how to reach a decision. The person making these comments is for scrapping current structures. They do not work. EU decision-making does not work because the EU takes a position and then presents it to the US and the EU has no flexibility to respond to the US's position. We need to find ways to take on common projects, not just parallel ones.

We give Russia undeserved special dispensation. We do not treat Russia the same way we treat other European countries. We need to make our positions clear to Russia without being combative. Otherwise Russia will continue to creep forward. EU members have at least three different views on EU depending on their history with and proximity to Russia.

Discussions regarding NATO and Russia have lost momentum. We need to reopen a dialogue, a real discussion. We also need to discuss Russia more within NATO. Which Russia do we deal with - Putin's or Medvedev's?

There is no longer any talk about the EU being a counterweight to the US.

GERMAN PRESENTER – If the populace of NATO is asked what the biggest security threat is, the answers would include Russia, China, globalization, Iran, the US, Islam, nuclear weapons, pandemics and Israel. But it is possibly that the same question asked in the US would have the same result. There is a great array of threats that is vague and shared across the Atlantic.

GERMAN OBSERVER – Yes, it is true that Turkey is not a European nation, but Germany knew that when it began discussions with Turkey in the 1960's. What kind of Turkey do we want? [The discussion of Turkey is all the more interesting given Turkey's new, 3<sup>rd</sup> way with Iran and Israel.]

GERMAN PRESENTER– The major threats are Iran, the Middle East, and Pakistan. There is more concern than ever about Turkey.

AMERICAN PRESENTER – There is not much discussion between world leaders at staged meetings. We need to get movement 2 and 3 layers below the top people. This has to be done long before the high level meeting.

## GUANTANAMO

The US has now reviewed the files of 240 detainees. There had never before been a complete interagency review of these files. Only the Department of Defense had looked at the files under President Bush. Since President Obama has taken office, teams have gone through all files and considered whether to return the detainees to their home countries, to send them to a 3<sup>rd</sup> country or to prosecute them. If a decision is made to prosecute them, should the prosecution be in military or civil courts? Some detainees may be impossible to release *or* to prosecute.

126 of 240 were approved for transfer from Guantanamo. 30 are from Yemen and are in a category solely for them called "conditional detention." These people could have been released but for the current unsettled conditions in Yemen.

Of 126 transferred, 24 have gone home and 31 have gone to 3<sup>rd</sup> countries. 2 have been sent to Italy for prosecution. The remaining Yemenis were scheduled to be released until the Detroit Christmas bombing attempt occurred.

Of those released, 10% are known to be recidivists and 11% are suspected, so 21% total. All of these were released under President Bush. Indeed, 500 detainees were released by Bush without scrutiny or praise. 57 have been released under Obama *with* great scrutiny and great Congressional criticism.

There are 69 scheduled for release, but we are looking for homes for them. We are 10-15 people short of having pledged homes for all of them. There is hope that all detainees will soon have been released except for the hardcore and the Yemenis.

There are several myths – 1) Everyone left is horrible. Fox News is the main source of this view. 2) Everyone left is innocent and poor victims of the Bush administration. In fact the remaining detainees represent a bell-shaped curve from the worst, well-trained ideologues to simple foot soldiers.

A great deal of political time is spent on the question of whether the bad ones should be tried in civil or criminal courts. In fact, the conviction rate in civil courts is much higher than in military.

The Uyghurs (the Chinese minority) are generally innocent.

The detainees can be grouped as follows. Many got no training. Some got basic training and were low level foot soldiers. Some are jihadists but not leaders, perhaps like Franco's soldiers in the Spanish Civil War. They may not be nice, but they are normal and could lead normal lives. They are not an elite. Then we face the commanders and people with sophisticated training. This last group is hard to deal with.

It is OK to have POW's and to hold them. But these people are irregulars. They do not fit within the Geneva Convention categories. President Bush could have involved 3<sup>rd</sup> countries and come up with an internationally accepted category better than the situation we have, but that opportunity passed.

Any legitimacy Guantanamo might have had is gone, but the detainees still have more civil rights than POW's would. The government has lost 2/3rds of the cases it has brought regarding these Guantanamo disputes.

So the US is left with the Yemenis who cannot go back and the hard core.

Obama wants to put these people in a prison in Illinois. Fox News claims our civil courts are weak. But the military courts have had the worse record. So politics and reality are contradictory.

Obama prefers the federal courts for determination of these questions, but he is under political attack for this preference. Congress is considering new legislation to permit longer prison terms. We cannot undo the damage. The political debate is not helpful. So we can only mitigate the damage. We will expand our efforts. The detainees have now been in confinement for 8 years. They were not successful people to begin with.

The countries that have taken or agreed to take them are Belgium, France, Ireland, Portugal, Slovakia, Switzerland, Hungary, Spain, Albania, Georgia, Palau and Latvia. The countries commit to a combination of security and social work. The folks released do not wear bracelets.

We cannot send these people to Libya, because of the torture likelihood. Obama sent some to Yemen before Christmas but was roundly criticized by Congress. Guantanamo is a "hot button" and little justice is likely to result.

No compensation is paid to any of these detainees, regardless of their possible innocence. Many in Congress want to slow down or stop the process. We do know where all the ones released to 3<sup>rd</sup> countries are. If repatriated (to their home countries) we know less. The least is known about the ones sent to Afghanistan and Yemen.

Of the Uyghurs (Chinese minority), all but 5 have been released. It is hard to find a home for them. Switzerland faced Chinese pressure not to take any, but did. Bermuda took one but might deny it.

We do watch the behavior in detention. We expect them to fight and be angry and rage. Focused political anger is another matter.

As to going back and modifying the Geneva Convention to take care of these people and others like them, Obama does not want to discuss this. That possibility has long passed.

Regarding detainees at Baghram Air Force Base (near Charikar, Afghanistan), they are all recent and local battlefield prisoners. They are released on a daily basis without formal procedures.

The US is not willing to accept ANY of these detainees. When trying to get foreign countries to take them, we simply say we will not. Congress has made this impossible. But will you?

## IRAN

We are on the verge of imposing more sanctions.

GERMAN PRESENTER – The presenter thinks sanctions will only stiffen Iranian resolve. They will damage the Iranian economy but make no change. Neighboring states are of the same opinion, but what are the alternatives?

US PRESENTER – Sanctions are “Nordic Track diplomacy” – we run and run and don’t get anywhere. Iran is undergoing an Islamic, Shiite revolution. Iran is held together by culture and language and a sense of importance in the region and beyond. It is a theocracy with some elements of democracy. It is nowhere near a revolution against the current order.

Leadership is not monolithic, but it wants to show a unified face. There may be some evolution. Outside pressures will not change the country. Estrangement from foreign countries diplomatically will show Iran that it is on the wrong course.

Akmadinijad could play a role like Nixon in China. An October nuclear deal is possible. The US sees Iran as looking for a nuclear weapon. Iran sees the US as promoting regime change. Iran wants respect as a regional power. Iran has trouble opening to the US; Obama has not changed US policy.

A nuclear Iran means more nuclear proliferation, brought about by the domestic considerations of Iran’s neighbors.

We need a wide-ranging dialogue between the US and Iran without preconditions imposed by either side. We need some sort of breakthrough, without sanctions or military force. We need to permit uranium enrichment. Iran should be able to have a civil nuclear program. But there has to be a robust system of inspection and firewalls to prevent weapon production. Offering such an arrangement would call Iran’s bluff. But currently there is no interest on the Iranian side in having a summit.

If Iran indeed gets a weapon, it is not likely to be particularly dangerous. What can Iran do with it? How does Iran keep it secure? How do we keep others from getting one? What deterrence effect is there? Iran is unlikely to give a bomb to terrorists. Whatever happens, we need to keep up our diplomatic efforts in this region.

GERMAN PRESENTER – We are discussing sanctions now. We would all prefer that Iran remain a non-nuclear power. We have a dual track approach – incentives and engagement coupled with sanctions.

The UK, France and Germany made some progress with Iran about 10 years ago. Then the US refused to participate. Finally in 2006, when the US came in, it was too late.

Iran faces 30% inflation and 30% unemployment among young men. 750,000 join the labor market each year. 80% of the economy is in state hands. Iran faces growth of 15% in energy demand each year. The average age is 21, so Iran has a very young population. It cannot offer a future to its growing work force without Western technology. It needs aircraft parts and energy technology, for example. On the other side, Iran apparently wants the bomb. 80% of its population wants the bomb. This view cuts across all groups. Enrichment is legal; Iran's legal problem is only that it did not act transparently. There is a tradition in Iran of its brightest students going into nuclear physics. It is proud of its success thus far. Without this technology, it is dependent on the West for oil technology. It is hard to tell whether Iran has a program for bomb making. It DID have a secret nuclear program of some sort. It has a 2<sup>nd</sup> processing facility which makes no sense without a bomb program. This can only be for high level enrichment. Its neighbors Israel and Pakistan already have the bomb. We accepted India and Pakistan as nuclear countries. Iran is encircled by US troops. So we can see why Iran is going in this direction.

In July 2006 Iran was told to suspend enrichment. Iran has a legal obligation to do so under a UN Security Council directive. Sanctions are based on Iran's ignoring the Security Council directive. There has been no movement in 2 years.

The UN Security Council has spoken 5 times on this subject. It needs to do something to be taken seriously. The new developments are the Qom enrichment site, new missile technology and the involvement of the Revolutionary Guard. The door for negotiations is opening. There is progress to bring the parties back to the negotiating table. Missiles are the subject.

The sanctions can be on travel, assets, shipments, arms and energy. Russia and China play a significant role. 20% of China's energy comes from Iran. China's position provides cover to Russia. Russia exports arms to Iran - S-300 missiles, Russia's most advanced anti-aircraft weapon. The target for sanctions had been the end of April, but this will drag on. Brazil also has strong trade ties with Iran. Turkey does not support sanctions. Nigeria is concerned as is Lebanon.

US PRESENTER – Iran began its nuclear program in 1958 as part of Eisenhower's atoms for peace program. 22 nuclear reactors were part of the plan, accepted by the Shah. The US trained most of Iran's nuclear physicists. They sound like American physicists.

Iran wants to be treated like other countries with regard to nuclear programs.

COMMENT – We have spent too much time trying to stop this program. Iran will get the bomb if they want it; it is only a matter of time. If they get it, we want them to handle it safely and not to use it first. We should make clear to them that if we are attacked from an unknown source, we will assume it was Iran. We have now no credibility due to our many threats without consequences.

COMMENT – But if we do this, there may be consequences in the Islamic world.

QUESTION – Does Iran find it in its interest to try to destabilize its neighbors?

GERMAN PRESENTER – No. Iran has been through that with Iraq and suffered 1 million casualties. Iran wants stability. Iraq was indeed destabilized, but that worked out in Iran's favor. Also Iran suffers from drug traffic.

US PRESENTER – How can we move to stability without talking? It is more difficult to reach agreements with unstable partners. As a precondition to talks, we should follow the model of Henry Kissinger's talks with the Chinese. They discussed general world views, looking for areas of commonality. Statements of positions without credibility do not help.

GERMAN COMMENT – Yes, we need to talk to Iran. It is a medium sized power, not like North Korea. It has not been helpful in Middle East peace. It has raised the cost of peace keeping. It has also cost in terms of drugs. But it has not fully exploited its nuisance value.

US PRESENTER – The news is not all bad. We have set back Iran's progress in making a bomb. [This was apparently a reference to alleged sabotage of centrifuges used in the enrichment process.] For the last 10 years, Israel has said that Iran is 12 months from having the bomb.

GERMAN COMMENT – How do we get Iran back to negotiations? There has been no movement since 2006. We need a combination of sanctions and incentives. Can the UN Security Council afford to ignore actions by Iran? In 2003-5 we had better chances, but we lost it. If the US and EU had been in step then, things might have changed.

US PRESENTER – Regarding Israel, you cannot count on them doing what you want or what they say they will do. Bush and Obama have both repeatedly asked Israel not to use force. If Israel does, the US will be blamed either way.

QUESTION – Why build missiles if you have nothing to deliver? Do we then have to extend a nuclear umbrella to other states in the region to help them resist the need to build their own bomb?

US PRESENTER – The Iranian public is not so hostile to the US. And the government is not *that* hostile.

QUESTION – The world did not react to Israel's bombing in Syria. What does that tell us?

GERMAN PRESENTER – There would be a dramatic difference in Iran, at least in terms of the world's access to its oil.

US PRESENTER – If Iran turned down a reasonable nuclear offer, thereby making it clear that it is working on a bomb, some Israelis would like that, because it would make the positions clearer. It might also make Russia and China take the situation more seriously.

GERMAN OBSERVER – If Israel acted, it would affect all the Middle East peace process. Iran is not a regime which should have nuclear weapons, based on its lack of democracy and human rights. We are using a dual track. There is no alternative. The purpose is to get to negotiations. There is finally a functioning 3+3.

US OBSERVER – We cannot have different standards for different countries; not one for North Korea and Iran and another for all the others.

## AFGHANISTAN

2010 is a critical year for Afghanistan, much like 2007 was for Iraq. We have adopted the counter-insurgency template. But Afghanistan is more complex than Iraq. We have an uncertain partner (Afghanistan) with Pakistan making matters more complex.

US PRESENTER – The current US strategy is described as Obama’s but it is really ISAF’s. It is a NATO effort. Obama adopted it 3 months after it was proposed. This year should tell us whether success is possible. 2007 was the first year of real involvement of troops. Before that, operations in Afghanistan were like post-war reconstruction, except that the aid did not get to the people.

The opposition uses IED’s (improvised explosive devices) as a key weapon. They limit the delivery of aid.

In 2002 there was no real presence of terrorism. Now, 2009-2010, the whole country is affected. There is a shadow Taliban government in every region.

Allied forces have come to Afghanistan under the false umbrella of “peace keeping.” In many areas there is no government at all. The Taliban moved into a vacuum. We unintentionally pushed narcotics production from the north to the south, where we have no control and drug funds are used to finance the Taliban. We took out the Taliban’s competition. The Taliban now has closer ties to Al Qaeda and more experience.

Contrary to what many think, much of Afghanistan is urban and densely populated in places.

The 42 countries with troops in Afghanistan constitute a dysfunctional alliance. This is not merely a military problem. Tours of duty are 3-8 months and non-US troops are constantly consulting with their capitals, to get instructions. There is no coordination with NGO’s. The allies have no real area of influence. This is an alliance with no one in charge. The US provides 60% of the military. But 23% of the troops are from “caveat” countries, so their troops being there is pointless. Other problems include the police training program, which did not work.

37% of Afghans live in poverty. The West has no structural impact on this situation. Pledges of aid are not met. The US does most of the funding, with some help from the UK. We do not require massive forces. The Taliban succeeded because it filled a vacuum. There are perhaps 20-30,000 troops on the other side, including in Pakistan.

Several threats exist: 1) the failure of aid, 2) the ISAF alliance, 3) corruption, 4) Afghan forces, and 5) the enemy. It cannot be described with political correctness. This is (finally) a real war. If the US does not win soon, it will lose. President Obama will not support continuing the war into a second term.

GERMAN PRESENTER – We face a legitimacy gap. Europe has been against any participation. 70% of Germans are against involvement in Afghanistan. There was a small window when Germans understood the issues, just after 2001. Ever since then, the Al Qaeda threat has declined. Germans do not like using force though. So Germans talk about human rights, about women’s rights and about democracy building. They want to see pictures of people voting. But they do not see that now. Obama doesn’t even talk about democracy.

Germans are asked to sacrifice more, but goals are farther away or not even mentioned.

Obama’s West Point address (December 1, 2009) was misunderstood in Europe. The Europeans think he meant that the US will get out of Afghanistan in 2011. The Europeans certainly do not want to stay there longer than the US. The Germans are there solely due to solidarity with the US after 2001. Their presence is a symbol that they do not want to leave an ally there alone. Afghanistan is not a NATO operation. Germans are unhappy about being asked for more when NATO involvement was rejected from the start.

The withdrawal of the Netherlands and Canada will lead to a political chain reaction of withdrawals.

The US experience in Afghanistan is viewed by the Germans as a repetition of the Russian adventure that ended badly. The Germans were asked to train police, but there are no courts. They are asked to support women in schools, but very few women ever went - only a tiny fraction of the population. Where did the aid money go? 40% was lost and the remainder was applied to only 20% of the country. The US wasted 5 years. There has been absolutely no accounting for the aid money or any measured of effectiveness.

This is not a major Afghan uprising. But we still have not delivered basic security to the Afghan people. There has been a big gap between political rhetoric and reality for 5 years.

The Taliban is not popular. There *is* local Afghan support for international efforts.

AMERICAN PRESENTER – We have lied to ourselves, the whole western alliance. You cannot find a website of a single country involved in Afghanistan which has a clear statement of policy regarding Afghanistan. We have to focus on what the Afghans want, not on what we want. For example, they do not want a formal western system of justice.

We no longer need to push the Germans to move to the south. The violence has moved to them, in the north. So long as the Germans’ view of their role is “force protection” (making sure none of the soldiers is put at risk) then Americans do not care whether the Germans stay or go. Germany is a “stand aside” country. 45 countries are present in Afghanistan, including Mongolia. This is no way to run a war. It is just political symbolism and it drains real effectiveness. Every country involved in Afghanistan finds its own success story and trumpets it back in the home country.

GERMAN OBSERVER – The war is very unpopular in Germany. The US took its eye off the ball. The Germans failed with their police project. The Italians were in charge of the justice system. The Americans have acknowledged their errors but the Europeans have not.

The German goal is to give enough support that the US will continue subsidizing Europe's security.

AMERICAN PRESENTER – The Taliban's attacks are better organized than they were years ago. There is cooperation from Iran. Much food for Afghanistan comes in through Iran. But each movement of goods requires payment of bribes on a local level. Logistics generally are very expensive. As to the German troops, the US wants them to go out on active patrols and provide security for the local population. They don't. Where there has been consistent security and some aid, the Western efforts work. This is a very difficult war, made harder by the fact that the allies are not being open and frank with each other. There are no current status reports by any of the countries involved. This is not the future of NATO. NATO was not designed for this. Too many participants are only symbolic. These symbols are costly. NATO offered Article 5 involvement, but we (the Americans) rejected the offer.

America cannot win the war by 2010, but establishing security may be enough to keep America in the country. Obama's West Point speech was directed to the Afghan government and to Congress, but Europe heard it. Every country interpreted it differently.

GERMAN PRESENTER – His speech was taken by the Europeans as a basis for exiting. Now we see that the Afghan government is preparing for a coalition with the Taliban.

### RISK ANALYSIS

The main risks facing the US today are terrorism, weapons of mass destruction (including nuclear) and cyber attacks.

Terrorism – The question is not so much whether Al Qaeda is growing or shrinking; it is changing. It is undergoing two mutations. First, it is moving to Iraq, Somalia, Maghreb (Morocco, Algeria, Tunisia, and Libya) and the Arabian peninsula. Its senior leadership is in Pakistan. It is difficult for the group to mount big attacks, but they are more independent and self-sufficient. Most concerning is the Saudi peninsula. That is an important part of the world for us. It includes Yemen.

The use of the internet by these people, especially on the Saudi peninsula, is significant. They use the internet and use English and can recruit and coordinate without having the old training camps. We are better at detecting the camps. It is a different kind of recruitment and training; a different kind of community. The attack can be by a single person. Even failed attacks have an effect. They recruit people already in the west on a one-by-one basis. [These comments are particularly interesting since they came before the recent Times Square bombing attempt.]

WMD – We worry about neighbors of Iran. If Iran gets the bomb, that changes the dynamics in the region. So the calculus becomes more complex and more dangerous. The IAEA Report is the best source of information on Iran. Iran has the best missile arsenal in the Middle East. It continues to enrich uranium and is committed to this program. It seems not to be for peaceful purposes.

The Shiites think of themselves as oppressed, but they will not accept others in their coalition and this costs them. They are intent on keeping power.

Cyber Security – This is a high concern. We are not just talking about hacking. That happens daily. But there is a state-organized threat, too. There is a strong suspicion that Russia interfered in Estonia and Georgia. Also Google was penetrated by the Chinese, with state support. We are superior to Russia in many areas, but we are vulnerable to them in this area, so it interests them.

Russia has 10 years of squandering opportunities. It had a great opportunity to use its oil revenues to balance its economy, but it didn't. Now the Russians are concerned that economic reforms didn't happen. It has a shrinking population and high mortality. It is hard for Russia to maintain its military. So we do not expect a small version of the Soviet Union. Instead we foresee a country that has problems and can create problems. Can Russia maintain its navy? Russia is a high cost energy producer. Its government revenue and GNP comes from oil and gas.

China enjoyed 10% growth during the Great Recession. In contrast, Russia suffered a big contraction. Not much is invested there in productive enterprises. China is a major producer of computers. Russia is not.

We are concerned about the termination of the SWIFT money transfer information sharing agreement and our resultant lack of information on funds transfers.

There are many militant organizations in Pakistan. Some are directed against Pakistan, some Afghanistan. But there is no imminent threat of a break up of Pakistan. The threat from the Swat Valley has receded. Pakistan views the world through a filter of the Indian threat.

Compiled by

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