Thank you very much, Bob, for that very kind introduction. It is a great pleasure to be considered among “movers and shakers.”

Today, I would like to talk about the challenges of the broader Middle East and then I look forward to taking your questions.

The future of the broader Middle East is geopolitically the defining issue of our time – the same way that managing the European balance of power was geopolitically the central challenge of the 19th century and early 20th century . . . and that managing the Cold War was the focus of a generation. There is a struggle going on for the future of this region.

At the center of this struggle is a crisis within Islamic civilization -- between those who adhere to the traditional or moderate view of the faith and those who argue that only an extreme and intolerant vision of Islam is true to the Koran and that Muslims who do not agree with them have somehow abandoned their religion. This struggle between moderates and extremists is about what it means to be a Muslim, what it means to be successful in this world, and how Muslims relate to others in their midst or in other societies.

The extremists blame the problems of the Muslim world on the United States and other Western powers -- and on the Muslims who do not follow their extremist
interpretation of Islamic doctrine. Their doctrine demands that there can be no peace until they are dominant
-- using persuasion, provision of social services, intimidation, and violence to try to obtain control of Muslim countries.

They believe their climb to power will be accelerated by provoking a clash between Islamic society and the rest of the world. These extremists are a minority phenomenon in the region as a whole -- but dominate parts of it. They have gained global prominence in recent years -- largely because of terrorist tactics.

We see this struggle within Islam throughout the broader Middle East:

In Afghanistan, where President Karzai's moderate government is challenged by extremists who have killed thousands of innocent Afghans,

In Pakistan, where extremists shelter al-Qaida terrorists and seek to impose their intolerant views on the country,

And in Iraq, where Sunni and Shi'a extremists seek total power for themselves and have been tearing the society apart.

We see it in Lebanon, where the moderate government that was elected after the Cedar Revolution now faces the threat of Hezbollah, which seeks to gain control through violent intimidation.

We see it in Gaza where the extremist Hamas -- which is hostile to peace with Israel and opposes the more moderate President Abbas -- has taken over the area.

And in Iran, where the regime imposes a rigid and narrow vision of Islam on a society that has a rich tradition of learning, diversity, and tolerance. . . And this regime supports extremists in other countries of the region as well.
There are many factors that provide oxygen to extremists. The dysfunctional politics in the broader Middle East -- both within and among states -- create dangerous opportunities. When governments fail to deliver in terms of basic government services, security, or social, political and economic progress, the stagnation leads to a kind of despair where extremism appears a rational option.

When political systems are closed and leave no space for free debate or for moderates to organize, the paralysis benefits extremists who operate by clandestine means to offer themselves as alternatives to both undemocratic leaders and democratic aspirants.

In a rapidly changing and uncertain world, religion can be a solace, and a vulnerability. Religious movements that define themselves in unambiguous extremist terms, such as al-Qaida, prey on those searching for explanation. When regional conflicts remain unresolved and produce widespread suffering, these consequences provide a pretext for extremists to justify their violent acts. And rivalries among states further inflame instability -- as rivals exploit religious appeals to recruit proxy forces to go into neighboring countries.

We and the rest of the world cannot be indifferent about the future of the broader Middle East. The evolution of this region will have a profound impact on the future of the world. We are living in a global community – and the problems of one part of the world affect other parts, as we saw on 9/11. Therefore the rest of the world has a profound interest in helping the Muslim world come out of this crisis in a good way. This is especially true for the United States, given our global interests and responsibilities.

The overall goal of our policy is and must remain to contain and weaken the extremists, cultivate and empower moderates, and encourage the normalization of this region.
Of course, the normalization of this region is primarily the responsibility of local political forces. But we must help them as they transform that region from one beset by instability and violence to one characterized by peace and progress.

This cannot be done quickly . . .easily . . .or cheaply. It will not be done solely -- or even principally -- by military means. It will require work on many fronts and a comprehensive strategy.

Today, I would like to focus not just on the immediate issues of the day regarding the Middle East but rather to look further ahead, to set forth the major pillars of a longer-term strategy to respond to the threats and opportunities we face.

The six major pillars of such an effort are, in my judgement:

- strengthening our internal capabilities, including mitigating our vulnerabilities but also remaking our instruments of policy,
- two, staying on the offense against extremist groups such as al-Qaida that utilize terrorism as their principal tactic,
- three, resolving regional tensions such as the Israeli-Palestinian conflict that fuel resentment and instability,
- four, responding to Iran’s assertive pursuit of regional hegemony,
- five, mobilizing, in partnership with our friends in the region, to marginalize extremist elements and to help the nations of this region normalize their societies and politics, and
- finally, elevating cooperative efforts in the Middle East as a central organizing principal for our major alliances and in our participation in multilateral institutions.
Now, in light of the limits of time, I would like to address three of these in greater detail, so we can discuss the others in the question-and-answer period.

**The first pillar I wish to discuss involves work to strengthen our core capabilities to meet the challenge of the broader Middle East.**

This requires us to mitigate our vulnerability to instability from the region. One focus is homeland defense. The federal government has major initiatives underway to improve port security, to develop response capabilities in the event of a biological weapons attack, to prevent terrorists from smuggling nuclear weapons into our territory, and to reduce other risks. This work is underway, but much more remains to be done. Homeland defense will be an enduring new mission.

Mitigating our vulnerability also requires us to reduce our dependence on energy resources from the Middle East. This will not be easy because there is no ready substitute for petroleum-based fuels in much of the transportation sector. Yet, we have only begun to take advantage of potential gains from conservation, diversifying our energy resources, and developing new alternative energy technologies.

At the same time, strengthening our core capabilities to respond to the challenges of the Middle East requires a sustained effort to remake our institutions to increase their effectiveness against key aspects of the problem. All our institutions need to renewed, shedding counterproductive rules and procedures that thwart creativity and ossify structures.

While our armed forces have steadily adapted to the counter-terrorism mission and to the conflicts in Afghanistan and Iraq, they will need to do more.

American forces are largely optimized for conventional war. Yet, the character of major theater wars – of conventional war – differs fundamentally from character of conflict in the Middle East, which one analyst has called aptly “war amidst the
people.” To succeed in the Middle East, we will need to develop military forces specialized for prevail in modern irregular warfare.

The same is true for our intelligence establishment. Here, much adaptation is already underway. However, it will take a generation to develop the needed cadre of the intelligence officers – both for collection and political action – who have the language, cultural, and operational knowledge.

The organizations that serve as our political instruments of power – particularly the State Department – as recognized by Secretary Rice needs to undergo a similar transformation. They must be vastly expanded in terms of personnel. They require mastery of new disciplines, particularly those for engaging and shaping political discourse in other societies and those for state-building and post-conflict stabilization and reconstruction. Change is already underway in the State Department, though full transformation will take time.

In addition, we must improve the integration of policy implementation, particularly between State and Defense. The parallel civilian and military chains of command too often fragment policy and undermine our effectiveness. Individual ambassadors and commanders can overcome this structural obstacle if they agree on goals and policy approaches and if they by their nature approach things with a spirit of cooperation. However, our effectiveness should not be hostage to the happenstance of personalities.

We need unity of command in the field, under either an ambassador or commander, with the President determining whether particular circumstances make the case for one or the other. And we should create a single structure that would support either option and that would transfer control depending on whether we faced a major combat operation, a counterinsurgency, or a stabilization and reconstruction operation.

These are daunting, but doable, tasks. There is a temptation, when confronting the challenges of the Middle East, to fall back to the option of walling off the region or
building a fence to keep the region’s problems away. This is an illusion, as we tragically discovered on 9/11. We need to mitigate the threat, but we also need to ready ourselves for the generations-long effort to help our friends in the Middle East transform their region.

The second pillar of our longer-term strategy should be to stay on the offense against terrorist groups like al-Qaida.

It is imperative to make life as dangerous for our terrorist enemies as possible. The equation is simple: The more time their leaders and operational units spend worrying about their physical safety and security, the more difficult we make it for them to strike us.

The offensive component of our strategy should define the enemy narrowly as possible. We should also understand that many terrorist groups are engaged in local conflicts. We should distinguish between those militant groups that are at war with us and those that are hostile to us or our friends and allies. However, if terrorist groups are mounting or planning operations against us, our efforts to target them by any and all reasonable means should be unrelenting.

A key focus should be on preventing the development of physical sanctuaries. Terrorists often operate with stealth, but they have to exist in time and space. Their first priority – and this is the case with al-Qaida – is to develop a safe haven or sanctuary. They achieved their goal in Sudan and then Afghanistan in the 1990s, and today they seek to maintain a sanctuary in Pakistan.

I believe that we should, where possible, base our offensive operations on the “Afghan model” – a partnership with local actors that leverages our intelligence and, if needed, military assets to execute focused police actions or strike operations against al-Qaida.

It was this model that toppled the Taliban. It is also this model – using Sunni Arab tribes as our partners – that has helped to stabilize al Anbar province and devastate
al-Qaida in Iraq. Likewise, we are working with the security forces of friends around world to defeat terrorists.

The task going forward is to find the right ways to apply this model in all places where al-Qaida seeks physical or political sanctuary.

The third – and the most complex and demanding – pillar is to work with our friends in the region to marginalize extremist political forces that are producing today’s instability and violence.

Let’s step back for a moment to consider the nature of the challenge from al-Qaida. Its leaders want, ultimately, to have their ideology rule the Muslim world. However, one of their immediate objectives is to use violence and political warfare to propel themselves into a position where Muslims see them as the defenders of the Islamic faith and community.

For al-Qaida, violence is a tactic. Its leaders use terrorism as an instrument, against us to posture themselves as standing up to the West, against governments in the region to align themselves with local grievances, and against moderates to intimidate those who could offer more appealing visions for the future.

This competition is played out on the complex terrain of the Middle East, where weak states, divided societies, closed political systems, and ethnic, sectarian, and national rivalries present a myriad of cleavages and opportunities to exploit. In this regard, Al-Qaida has shown great political skills at times. At the same time, it has made many mistakes, most recently by overplaying its hand among the Sunni Arabs in Iraq.

Our allies and friends, with our support, can play on this political terrain as well. Also, together, we have major advantages. The majority of the people in the broader Middle East do not wish to live under extremist, tyrannical regions such as that of the Taliban. They want their societies to be successful. They do not want to become like the West, but they want to enjoy the benefits – social, economic,
and intellectual – of modernity. In addition, we can offer many lessons for building a successful and diverse society with strong and open institutions.

During the last four years, I have spent hundreds of hours talking with average Afghans and Iraqis about the futures of their countries. They want – indeed, they crave – normalcy. The most powerful appeal we have is that we can help them build successful countries that are grounded in their own norms, cultures, and traditions.

In this competition with the extremists, we need to work along three principal lines of action:

**First**, the United States should help stable and moderate Muslim-majority countries *outside the Middle East* succeed economically and politically. In Southeast Asia, Central Asia, and other regions, we should work in partnership with our friends – even if they are not now democratic – to build examples of success. Many countries – such as Indonesia – are well on their way, while others have much more to do. We should engage with their political and civil society leaders to develop agendas for collaborative action where we can assist in making their national projects succeed.

The **second line of action** will be to work with our friends in the region to adopt differentiated and tailored strategies to advance processes of positive but stable political change in key countries.

- For those states that are adversarial or are even pursuing hostile actions toward their neighbors – for example, Iran – this will entail the development of concerts or coalitions with other states to contain these aggressive actions. It might also involve economic sanctions regimes or supporting the actions of internal elements who seek positive change.
• For those states that are at-risk – for example, Afghanistan and Iraq – we must remain committed, providing the forces and resources needed, for as long as it takes, to enable these countries to stand on their own feet.

As Ambassador in Afghanistan and Iraq, I tried to work with the locals with a simple formula. We were there to help Afghans and Iraqis establish systems based on universal values but we understood that the constitution and institutions that would give these values life would be colored by Afghan and Iraqi history, culture, and religion.

In Afghanistan, the United States, as well as the rest of the international community, needs to do more to create a productive partnership with President Karzai and moderate political forces. This partnership must reaccelerate state-building and reconstruction, help create a robust agricultural sector that will reduce the incentives to grow opium, and mobilize the political forces in Afghan society that want to re-create the stable and moderate society that Afghanistan was before the Soviet invasion of 1979.

The strategy in Iraq is to build up moderates and marginalize extremists -- and some progress has been made.

The Sunni Arabs who rejected participating in politics in the earlier stages after our forces went into Iraq are now participating in the political process and are helping fight al-Qaida in places like Fallujah and Ramadi. Al-Qaida has been substantially weakened.

The signs in terms of security in Baghdad are encouraging as well, and I believe that the population security strategy pursued by General Petraeus is having positive effects. But unfortunately, political progress at the national level has been slow. We are seeking to increase the pace of reconciliation, not only by our own efforts, but also through greater involvement of the United Nations.
For those states that are friendly but ruled by authoritarian governments, we should engage their leaders in discussions to think through how political openings can be pursued without risking instability or giving an advantage to extremist groups that have organized themselves by clandestine means.

We should engage the leaders of our allies to think through the stages of transition -- beginning with political openings that enable moderates to organize...followed up with political dialogue and processes that help elements of the current order create relationships with moderates to support a stable transition . . . and culminating in agreed steps toward an ultimate transition to a representative government.

The final line of action is to undertake a comprehensive, forward engagement with civil society in Middle Eastern countries.

There are moderates throughout the broader Middle East who reject intolerant views and the use of violence. Like people everywhere, they wish for a life of opportunity for themselves and for their children. They want their nations to be successful, normal countries in which the people have basic security, decent jobs, and the ability to send their children to school . . . where one generation does better than its predecessor and the following one does better still.

In addition to our traditional work with governments, we must also do more throughout the region to cultivate and strengthen moderate individuals and groups -- what we think of as civil society -- so they are capable of fostering and taking advantage of political openings. The challenge is to do this in a way that does not undermine them with their own people.

We have to find better ways, in my view, to engage individuals and groups seeking a moderate Middle East. We must foster and strengthen them, and help them network with each other and likeminded groups around the world.
The extremists have well-funded, highly capable, transnational networks that are organized...they have local cadres in each country. We need to develop a comparable capability to engage and mobilize those who share universal values -- values that are neither Western nor Muslim but values that the world has in common. Different societies will have own approaches, colored by their own history and culture – yet we can help them.

We did this in the Cold War through Radio Free Europe, Radio Liberty, exchange programs, and many other means. Think of the great successes that we had in Poland near the end of the Cold War with the support by American unions of Solidarity . . . or by the effect of the Catholic Church in that society. Think of the positive effects of American civil society organizations in the “color revolutions” of the last ten years. We need to identify and support analogous efforts that are appropriate to the broader Middle East.

I spoke of the competition for the Middle East -- this competition, this struggle, for the future of the broader Middle East will be the work of generations, requiring patience, determination, and sustained cooperation with like-minded leaders and groups, not only throughout the region, but the world.

All countries have a profound interest in achieving a sustainable, lasting peace in the broader Middle East and we must work together. Harnessing the potential for cooperation among likeminded nations -- from Europe and Asia and beyond – to help moderates, oppose extremists in the broader Middle East, and assist the people of this region to make the region a functioning system is a focal point of our global strategy.

We and the generations that came before us prevailed in previous struggles not just because of our material resources, our military might, or the sacrifice of so many lives. When we prevailed, it was not merely a triumph of one great power over another -- it was the triumph of a concept of humanity that vindicated the dignity of every individual.
With that, I would be happy to take your questions…

Thank you very much for being here.