Introduction: You're listening to the Middle East Institute's podcast series. To support MEI's programs and podcasts, please donate at www.MEI.edu. Thank you for your support.

Wendy: It's my very great honor to introduce a man who really needs no introduction to this crowd certainly, and that is Mr. David Rothkopf. David is CEO and Editor of the Foreign Policy Group, he oversees the editorial, the publishing, the events and all other operations for the company that publishes *Foreign Policy,* which we all read religiously. He's also President and CEO of Garten Rothkopf, which is an international advisory company. It specializes in global political risk, energy, resource, technology and the emerging market issues, and that's located right here in Washington, D.C. David is the author of numerous books, among them *Power and Company, Superclass, Running the World,* so please join me in welcoming David, who'll introduce the rest of the speakers on the panel. Thank you very…and enjoy the day.

[applause]

David: Thank you very much, Wendy. Good morning everybody, that's a little bit too much for this hour of the morning I think. It's a great pleasure to be here, it couldn't be more timely, you know the past few weeks, in my estimation, have not been the best weeks in Washington for Middle East policy, it's been a little bit sloppy. Things have not gone exactly the way everybody in Washington has wanted them to go, but as my Mother always told me, there is always a silver lining, and as bad as things have gone, there have been some winners of the Washington's failed Syria policy and among those are the regime in Cairo who are not getting the attention they were getting four weeks ago. In another words, [laugh] by distracting attention away, it's taken a little bit of the pressure off, and it's allowed things to happen without quite the degree of scrutiny and help that they were getting from the outside world. What I think we want to do is start with a discussion of where things have been going, where exactly we are right now, and then in the course of this panel, we're gonna look at the political dynamics inside Egypt, and we're gonna focus on how we can make progress realistically. There is a temptation in conversations like this to talk about ideals that are unachievable, and time frames that are unachievable, (inaudible) that are unachievable. And I think because we have such a distinguished crowd and because we have such an important issue, what we really need to limit ourselves to is what is achievable. We're gonna do this in a conversational format where I'm gonna ask them some questions, they're gonna give me some answers that are a minute or two in length, nobody's gonna speechify up here, we'll do that for 30, 45 minutes, and then we're gonna turn to you, and we're gonna ask you for questions, and I will be very direct in drawing the distinction between speeches and questions for you as well. What I'd like to do is to create as much of a dialogue here as possible between everybody in the audience and everybody here on the stage.

We've got a great group. To my immediate left we have Khalil al-Anani of the Middle East Institute; beside Khalil we have Graeme Bannerman, also of the Middle East Institute. Beside Graeme we have Karim Haggag of the National Defense University, and beside Karim we have Tarek Masoud of the Harvard University J.F.K. School of Government. And Tarek what I'd like to do is I'd like to start with you and I'd like a snapshot, I'd like you to talk about where you think things stand right now, politically, in terms of the major parties. What is the state of play today? And then I'm gonna ask similar questions to each of you regarding different dimensions of it and then we'll start to break it down and see where we can go.

Tarek: Well thanks for inviting me and thanks for asking such a limited and easy to answer question. So the…we're…what is…?

David: The next question will be how do you solve the problem?

[laughter]

Tarek: That's the easier one. There is no solution. So I think that where Egypt is headed now is where I think it's been headed almost from the beginning, after February 11th, 2011, which is to something short of liberal democracy. I think you know there have, and we can get into this in our discussion, there are structural conditions that have always made it very difficult for you to get the kind of liberal democracy that we had in our dreams. And so the post-Mubarak period was a period where some groups were excluded and some groups were ascendant were the Islamists. The post-Morsi period is a period where some groups are excluded, the Islamists, and another group is ascendant, but we don't have what you need in Egypt, which is a situation in which all groups are included and all groups are working to kind of build the new Egyptian Republic. And I don't necessarily even see how you get that in the short term, I certainly don't see how you can; through sort of purpose of policies, somehow foster a kind of consensual process when these parties view each other as anathema. And so I think what needs to happen and for us to get to that stage, is the different sides in this kind of conflict that Egypt is embroiled in right now, need to realize that sort of none of them can win and the only way to move Egypt forward is to sit and negotiate, but I think we're a long ways off from that.

David: All right, excellent. Thank you both for attempting to answer the question and attempting to do so in crisp way. Khalil, Tarek said you know that there was a moment there where it looked like the Islamists were you know ascendant, the big beneficiaries of the Revolution, and clearly Morsi played things in such a way that that came to an end. From their perspective, from the Islamists perspective, from the Brotherhood's perspective, where do things stand right now? Is this something that

they believe can be resolved in a political process, through institutions, or do…has it come to the point where they think that the only way to resolve this thing is in the streets, or is it gonna be a hybrid?

Khalil: Well I think the problem that you, or we, as call us we, tend to focus on the, I would say, I would the outer layer of the problem. I think the issue is that many of Islamists, particularly the Muslim Brotherhood, they think that the only way is to put the pressure on this regime is to protest. And we ask any of them so what's the Plan B? The answer is that there is no Plan B. The thing is that the mindset and the mentality of the Muslim Brotherhood is based only on how to protest, it's based on how to oppose the regime, not how to provide a solution. So I think now they under…immense pressure from what is I think considered as a political defeat and I would say this is a turning point in the course of the Muslim Brotherhood. This is the first time that they take power in one year and then they lose the power also in a very dramatic way. So they have problems coming from outside, pressure crushing them, putting them under this unusual pressure that might lead to some kind of division. On the other hand they have pressure coming from within the movement itself that they should not give up easily, all right?  So they're trying to replicate the same tactic that used to be used by their opponents over the last year, by trying to create problems, putting pressure on the government, making their life harder and harder. So I think now they are in disarray, they don't have a clear vision for the future, they don't know how to handle this issue and I think from the beginning of the crisis they mismanaged it, they mishandled everything, and I think they share their own responsibility for what's happening now with Egypt.

David: Right, and they learned one of the fundamental lessons of this kind of situation, regardless of what part of the world that you're in, which is revolutions are easier than governing.

Khalil: Definitely, absolutely.

David: So let me turn to you, Karim, and I wanna ask you the same question from the perspective of the military and the regime that's in place right now. Where do they think they are? You know they started out, at the moment of this second phase of revolution, they began with massive public support, followed that up with some initial moves like the press conference on the stage where you had a real array of Egypt behind them on the stage where it looked like they got it, they understood what was going on. And then they faced the problem of actually stabilizing the situation and eliminating threats so that you weren't in a constant state of revolt, and that produced some actions that produced big backlash. They gained support from the region; they faced ambivalence from the world.  Where is it right now for them?

Karim: I think the point of departure is to try and get an accurate assessment, (inaudible) and on the ground , and here I would echo a lot of what Khalil and Tarek said, yes there is a divide in Egypt, there is polarization, but it's important to know it's not a divide down the middle. As I think you implied, the broad majority of Egyptians have repudiated the Brotherhood and have stood behind the military and have stood behind the roadmap that the military has presented. I think the priority for the military now is to ensure the success of the roadmap that was instituted with the broad support of Egyptians. There is a civilian led government now whose priority is to stabilize not only the situation in terms of security, but also in terms of the economy. And it's the success of that roadmap and the transition to a full democracy that will be the key in stabilizing the situation we have now.

David: Thank you. Graeme, you know we've talked a little bit about the Islamists, and we've talked a little bit about the government, that leaves everybody else. And of course, everybody else is the problem in some respects. The reason one went from the Mubarak era, where there was an established institutional structure, to the Brotherhood era is because they were the only other group that had an established institutional structure. And so once you sort of have eliminated those two po…or once…once one moves into a more pluralist system, you're only gonna have a balance if other institutional structures emerge. Who are the other players that are gonna drive this transition?  Are they making progress towards putting in place the kind of organizational structure that will actually allow them to exert influence, or is this just simply gonna be a tug of war between the two established orders, an Islamist and a military group that are in constant tension?

Graeme: Well that's clearly the challenge the Egyptians face, will they be able to develop a society where you have representative government and people have the willingness to compromise with their friends. The lack of compromise has been a serious problem for the…for all of Egypt, but I think the main challenge that's faced by the Egyptian government today is not the political reform that we're talking about. The first thing they have to accomplish is security. If you don't have security, nothing else can flow from that. Secondly, they have to get the economy in order and then they can efface the political. They're trying to do all three things simultaneously and it's not easy. That said, they are going to stick to this roadmap because they made the mistake before, where during the SCAF period, where they listened to people on the outside, said delay, give us more time, do this, and that only led to discrediting of the process. I think the current regime is going to move along this path and try to drag the Egyptian along with them, and hopefully the Egyptian politicians from the across the political spectrum, will join the process, but they're gonna move it forward as quickly as they can.

David: What are the critical steps in that process? You know each one of these groups has to change in a fundamental way. That's…that's….that's the message of this. What can happen?

Tarek: I'm not sure that's the message I got that we need to change in a fundamental way, but…

David: Okay, that's fine turn on me really early on in the program.

[laughter]

Tarek: Let me just pick up on some of the things that have been said here. So, it seems to me there's a cou…I think Karim is exactly right, that there is right now a repudiation of the Brotherhood, and lots of it is for the reasons that Khalil mentioned, but we should be very careful. This is not a stable structure of public opinion. In other words, this could turn very quickly. People turned against Mohamed Morsi very quickly in part because of some political decisions he made, but in large part because of just the lack of progress on the economic front, as Graeme is pointing out, and we could easily see the same kind of protest, maybe not the same magnitude, maybe not exactly the same players, but six months hence when this current government proves as unable to solve Egypt's deep structural problems as all of the governments that came before, we could see a repudiation of this government and yet another reconfiguration of Egyptian public opinion. Which is only to say that this is a really tough situation, I don't see stability emerging, and I certainly don't see this is a propitious environment to engage in the kind of economic reform that Graeme is absolutely right, that should be agenda item number one, but of course, you know what is the number of people in Egypt who a) believe that this reform is needed; and b) know how to do it. I think you could count them one hand.

David: Okay, let's stipulate.

Tarek: And certainly I'm not among them, so I couldn't tell you how to do it.

David: Okay well I'm sorry but you're not gonna get off that easy. Let's stipulate for the moment, it's a tough situation. Okay, let's stipulate none of these solutions are easy, economically it's tough; politically it's tough and so forth. What's possible in the course of the next year? What's possible? I mean you have to be prescriptive here.

Tarek: A resumption of a sort of normalcy. I mean, I was in Egypt, I returned a week ago Monday, and one thing that I came away surprised by, because it was not the impression I had when I was observing things from afar, was the degree to which as Karim mentioned, people were willing to give this interim government, and more importantly, the military, the benefit of the doubt, and so they were complying with

things that I never thought Egyptians would comply with, such as a pretty restrictive curfew. And so that's task number one, is restoring some kind of order and there seems to, you seem to be moving in that direction. The Muslim Brotherhood protests, I think as Khalil mentioned, are much smaller now, they're not as disruptive as they were. So that's task number one and that's a fairly easy task. Task number two is, as Graeme mentioned, beginning some of these economic reforms. If you look at what the Egyptian interim government has done, it hasn't even made credible signals in my view that it's moving in that direction. I mean the last thing we read was that they've decided to cancel school fees for the year, kind of continuation of the populist policies that got Egypt into this mess in the first place. So but that would be task number two and in order to pursue some of these economic reforms, you absolutely require a kind of mandate, right? Because these are very difficult reforms to pursue and I don't see any actor in Egypt, aside from the military, having that mandate and I don't see the military as being terribly interested in that kind of reform so I'm gonna punt your question again and say you said we should focus on things that are doable, and you are asking me to tell you something that I don't think is very doable.

David: No I was asking you to tell me what actually was doable. Let's turn the conversation to the Brotherhood a second. Because if the demonstrations are getting smaller that could be because they're losing steam and frustrated, it could be because they're regrouping, it could be because they're fragmenting and they're gonna be different paths forward. You know just like the Brotherhood is actually not one but a couple of organizations, there's a you know political path and there's a path in the streets, and there's a path perhaps underground that's more of a path of resistance. How do you see the Muslim Brotherhood re-emerging over the course of the next 12 months as a result of that kind of (inaudible)?

Khalil: I think this is a very difficult question to be frank with you, but I would say that the main goal of the Brotherhood now is how to maintain (inaudible), the organization. This is the…this is the most important part in what's happening now. Because now with the scandal, pressure come from the state, from the government, the main fear of the…of many of the Brotherhood leaders is how to prevent any kind of cracks or divisions that might happen. Today for instance, they issued a statement because now they have every Friday they have demonstrations, so they issued a statement that says that it is peaceful demonstrations, no one should resort to violence, they believe that. The main goal of the military is to push them to the wall that can react violently, so then the military can justify the scandal if they crack down on them. So this is some kind of game between both of them. The second issue here is the Brotherhood need to admit that they made mistakes, and unfortunately many of them, many of the leaders indeed, still live in a state of denial. They think, they believe that what's happen against them and 30$^{th}$ of June, or 5$^{th}$ of July was something orchestrated by the military. Indeed what brought people to the streets is

mainly economic and social problems, right? They were responsible for this, right? So part of it was that they could not handle everything as it should be since day one indeed they made many problems, many mistakes, and until now they're trying to uh give the impression that what's happened was not because their mistakes, but because the other side wanted them to leave power. So the first thing is that to admit that they made mistakes, second thing is that to accept the fact that mistakes need revision, and (inaudible) for revisions , for ideology, for the (inaudible), I don't think that they can move forward, right? So in other words, to re-engage them they also have to give some concessions, right? They cannot come back to political life by the same ideas that they used to have (inaudible). The question is can the Brotherhood make revision under (inaudible)? I don't think so. So the only way to convince to them, to enforce that, to make revisions, is to include them, and this is the challenge.

David: But if they can't change, how can they be included?

Khalil: This is the thing, this is the dynamics that should they change first and then include it, or they should include it and then change? I would say building on experience of (inaudible) on other countries, it should go together that you need to stop this kind of crack down, release many of the leaders and try to put the rules of the game that we should not violate in the future.

David: Is that even remotely possible Karim? Is it remotely possible to say yea, come on back in, you don't have to change, you don't have to be restructured, you don't have to renounce the policies that you know are a threat specifically to stability, and we'll get to that later?

Karim: No I think that the point of departure, as Khalil said, there has to be a degree of genuine introspection within the ranks of the Brotherhood. Apart from that, I think it will be very difficult for the Brotherhood to re-engage in the political process. I think what's important to point out is that the issue of including the Brotherhood in the political process is really not one of controversy in the Egyptian political debate; the issue is on what basis should they be included. And I think the basis should be within the framework of the law and here we have a very anomalous situation. We have the Muslim Brotherhood, as a movement, about which the majority of Egyptians know very little about. I could go to the Republican Party here in the United States, I could find out about its membership structure, its finances, its leadership, we still don't know much of what the Muslim Brotherhood, as a movement, is all about. So the debate within Egypt now is to bring the Brotherhood within the framework of the law, the Brotherhood movement, but also to make the distinction between the Muslim Brotherhood and the Freedom and Justice Party, which is the political arm of the Brotherhood, and that should be the vehicle by which the Brotherhood engages in the political process. But a secretive organization about which we know very little about, I think that was a major source of the problems that

Khalil had mentioned in terms of their engagement in the political process and their tenure in government over the course of the last two years.

David: You know I got something wrong in my earlier description of this because I said there were two kind of main actors in all of this, right, there was the military, which had an organization, there was Brotherhood which had an organization. But I'm reminded of a story that was told me to by a very, very senior general from the United States military, a name that would be familiar to all of you, but I'm not going to share it, who sat with Mubarak and he told me this story just a month or so ago and he said Mubarak put his hand on his knee and he patted him and he said the one thing you must always remember general is the street, you know you must watch the street…now of course the general was saying this with a sense of irony because Mubarak lost touch with that reality. The street is always the big "x" factor in this. And as we saw in Tunisia and as we saw in Egypt, and as we have seen throughout this period of Spring or whatever you wish to call it, there are triggers that bring the street back into the equation. Most of them are economic triggers, yet most of the discussions are political discussions, how do you resolve that tension in a way that keeps the street as a productive actor in this or not, I mean where do you start?

Graeme: Well I think, in this conversation, I view the situation in Egypt a little differently. I don't see the Muslim Brotherhood's problem today is organization; it's its loss of contact of with the street, as you suggest. I think this is…the underlying struggle that's occurred in Egypt is between those people who look at themselves as Egyptians first and as Muslims second, versus the Brotherhood. The fear from the others is they viewed themselves as part of some transnational Islamic organization first rather than being Egyptians first and I think the events were driven by this Egyptian identity that turned on the Brotherhood and so as long as the Brotherhood continues these demonstrations that harms the economy, harms the future of Egypt, they begin to diminish even further their popular support. It's not an organizational issue, it's getting in contact with the people again and that's where they've fallen apart. And this is one of the things the military played upon, successfully, when they flew their helicopters over the Square, they dropped Egyptian flags on people. That demonstrated to everybody, we are the Egyptians, we are standing for Egypt. The planes flew over with the smoke coming out red, black and white, you know the Egyptian flag colors, and this nationalist feeling is why Egypt is moving where it is today. We are Egyptians have to change our society, that's why we can be optimistic, that they are all…the majority are working in the same direction to improve their society. Is it gonna be difficult?  Yes, but they have the roadmap and you and I can judge this, do they get the constitution written?  Do they move to the elections?  Do they…and is the process going forward?  That's what they have to achieve, it's gonna be a challenge, but he majority in Egypt want to move in that direction because all will flow from that.

Tarek: You know I guess, David, my reaction to all of this is let's just step back for a minute and remember what happened in Egypt, right, so Khalil and Graeme and Karim are all right that the Muslim Brotherhood during its year in power had actually done a great deal to lose faith with the Egyptian people, either they lost touch with the street, they pursued ridiculous, or they failed to improve the economy, they pursued other bad policies. But so what we had on the eve of the coup was a movement that had basically owned the Egyptian transitional period, had proven itself failure, and had lost a great deal of popularity. Now that is a wonderful environment for an opposition party. If I'm an opposition party I should look at that and say this is fantastic, Muslim Brotherhood is going down in the next election. But instead of preparing for the next election, what happened there was an appeal to the military to intervene and so the fundamental puzzle of Egypt is why was there the appeal to the military to intervene, as opposed to just preparation for elections, is what we do in regular, ordinary democratic societies?  And it seems to me that the reason, I mean people will give you all kinds of reasons, they'll say, oh well, the Mus…we couldn't wait four more years. You didn't have to wait four more years. The Muslim Brotherhood wanted to have a parliamentary election and if you win the parliamentary election in Egypt you basically, I mean I'm not gonna get into constitutional minutiae, but you basically get to form the government and you can sideline the Presidents in huge swaths of policy, so you had an oppor…you would have had an opportunity to play a role in governing and to dial back the Muslim Brotherhood. So then people respond and say well you know but those parliamentary elections were gonna be rigged, the Muslim Brotherhood would have rigged those elections. And you say well you know you had faith in your great military to overthrow the Muslim Brotherhood, did you not have faith in them just to secure the electoral process and make sure they weren't rigged. And so fundamentally the reason is, none of these reasons are real, the real reason is that these…this opposition, this gets to a question you asked, never had faith in its own ability to beat the Muslim Brotherhood in district by district campaigns, you know didn't have the confidence in its ability to beat them at the ballot box, and the question is today is there a kind of liberal, or non-Islamist, or whatever moniker you wanna stick on them, is there a kind of political vehicle that can actually do well at the ballot box…

David: Not just a vehicle, are there leaders?  One of the things that we've seen with a lot of the revolutions that have happened recently in the world, internet driven revel…you know that gets a lot of press and people are oh my god the inter…the twitterverse has a political voice and everybody's in the streets, it's okay to get people in the street, but even you know you saw after Tahrir Square you know they said well you weren't giving a speech, do you wanna lead?  And they're no, I'm going back to my job and you know there was no emerging leadership and there was no group…

Tarek: I see the dynamic differently. Many people wanted to lead and then the Square told them to get out.

David: Whatever, the product was no leaders, no organization, no Plan B. Is there an emerging Plan Brotherhood someplace?  Anywhere?  A sign, a seed?  Because if there's not, this is a conversation between two parties with the street periodically throwing a tantrum because the parties aren't serving them right?  So…

Tarek: I think Plan A is to get back to a full democratic electoral system that allows for genuine political competition. I think going back to what you said, or the question you asked, is that doable?  I think that is imminently doable and I think…

David: Give me some evidence from the past few weeks that suggests we're heading in that direction.

Karim: Well I think you find, in terms of the milestones that have been set and the roadmap, I think the interim government is hitting those milestones in terms of a very precise timetable. So we've have the constituent assembly begin its work, and in a way that I think there's a genuine aspiration to produce a constitution that is reflective of the street, or the general revolutionary sentiment that we've seen expressed in 2011 and again in 2013. I think there is tremendous consensus behind the need to get to elections, parliamentary elections, quickly and then to presidential elections. I don't think going to Tarek's point, and this is an important point, the fact that there has been this challenge of making the transition from protest to politics is certainly there, yes. But I do not think that is what triggered this fear or this existential moment that was forced by the Brotherhood. I think the problem was why didn't people wait for elections?  Well I think the initial demand of president Morsi was that we do to the electoral process, either through a referendum on his presidency, or through early elections, all of which these proposals were rejected unfortunately by the Brotherhood.

[crosstalk]

Tarek: But he did give the counter proposal of parliamentary elections, that's important to know.

Karim: I think this is an important point. The fear was not of Islamist majorities, or a majority of the Muslim Brotherhood, I think the fear was the fear of majoritarian rule under the guise of religion. That I think is what eroded peoples' confidence in the integrity of the electoral process and in the trust that they initially placed in the hands of Morsi and the Muslim Brotherhood.

David: Go ahead.

Khalil: I'm sorry I have to disagree with many of what Karim said about the, I think this is a good intention from Karim that he believes that the current government is really moving forward to have a genuine (inaudible). I would say that as you correctly said that there is no sign over the last, I would say few weeks, I would say that it's quite obvious what's happening now, I mean you have…last night they extended the state of emergency for another two month. They, many civilians, have faced military fire over the last few days. They are going after many of political activists, so and I think it's beyond the Brotherhood (inaudible). I think it's about they want to extend the military is genuine, and the state is genuine to have an inclusive government on the one hand, and have a genuine democratic path. I don't see any sign about this. Talking about the constitute…

David: Do you see any justification for what they've done, I mean you know there is a case here that before you can get to political reform you have to get to stability, and that there are legitimate threats within the system that need to be addressed before you can have actually a civilized conversation?  Don't, I mean there's some merit to that.

Khalil: Yea but you cannot get stability only by using security approach, by crackdown on your opponents. You have to bring people back, and I think one of the many challenges as to you know to make people, to retain the faith of people in politics, right?  At least if we are talking about a very important section of (inaudible) which an Islamist is, by their you know diversity from the Brotherhood to informal Islamist, how to convince them that the ballot box as the representative of the will of people?  I think many of young Islamists now, they lost faith in politics, they lost faith in democracy. Now this is the challenge, I mean forget about, talking about the current generation or the current leadership of the Brotherhood, let's talk about the young Islamists. How can you bring them back to politics?  And these guys indeed you cannot control them by security approach only. So I think I don't see that the military is really genuine and bringing real democracy to Egypt. Indeed what they are (inaudible) is how to prevent Islamists from taking power again and that's what about. Unfortunately at the same time, you find a simple…
[talks over him]

David: Let me ask a question here. The Brotherhood is a brand; the Brotherhood is an international organization. The Brotherhood is not the only voice of Islam. Are there not…is it not possible that other Islamist voices could emerge that are not as compromised as the Brotherhood have been by some of their actions and tactics?

Khalil: Well I think, I think the problem with the Brotherhood is that they were not a religious movement, but they were to some extent authoritarian movement in a sense, right?  So I don't think when the military intervened, they intervened because

they don't like the Islamic (inaudible) of the Brotherhood, but they intervened because they knew the Brotherhood as very authoritarian and autocratic movement that's trying to move the country in a very autocratic way. In other words, many of those who took to the streets on 30th of June, they did not come to oppose the Islamic (inaudible) of the Brotherhood as it is, but they came because the Brotherhood was incompetent ruling the country, right? So in other words, how can the current regime resolve the issue of relationship between religion and politics, right? Will they control religion? Will they allow other Islamists to emerge? Under what condition that these Islamists should operate and act in the future?

David: Okay what I'm gonna do is I'm gonna open it to questions in five minutes. What I wanna do first is I wanna ask a round of questions and I want you to think about them…

Male: As opposed to answering without thinking, okay good.

[laughter]

David: You can do it either way.

[laughter]

This is Washington. It's typically done the way you just described.

[laughter]

But [laughs] what I was gonna get at was I want you to think about them, which is why I'm posing the question now and then I'm gonna ask Graeme one before it, which is best possible roadmap from here through the next 18 months? Best possible roadmap regarding the main players and the path forward? But Graeme I wanna be a little contrary in here. When I.... you know the panel, I was originally discussing the panel and they described everybody and then they said and then there's this guy with an Irish name…

Graeme: Scottish.

David: Scottish, excuse…

[crosstalk]

David: Well look….

Graeme: (inaudible)

[laughter]

David: Okay I have to take that up…

Graeme: I can tell you have no idea of (inaudible) issues [laughs].

[laughter]

David: Look somebody from the Middle East Institute was describing this to me; it was probably…they probably just didn't understand the subtle distinctions, okay? But I wanna [laugh]….I wanna go to you and ask you a question that you know might seem a little off, but it…there's one group that's not really being represented in this discussion so far, and that's the average Egyptian sitting in his house. You know and one of the things that strikes to me as I listen to these discussions, typically among political scientists you should forgive the expression, is…we talk politics, reforms, we need this with democracy, this kind of structure, this kind of process and so forth, and all the time revolutions start because people don't have jobs and they don't have food. They don't have access to water, the power is going out, their lives are lousy, and the metric their using isn't oh look at the timetable, it's when I turn the tap does water come out of the tap?  And I'm just wondering you know from the eyes of the average Egyptian as they look at this, is there…has anything changed in the past couple of months?  Or are we still back where we were even before the first round of revolution, with people saying I live in a country that has a system that doesn't serve me.

Graeme: Well let me say something. I've been…this is…I've been going to Egypt now for 50 years…

David: Right.

Graeme: Okay and when I stand on the corner in Egypt and there's this crowd of people that goes off in all directors, I've always wondered how people in Washington say the average Egypt thinks, because I stand there on the street corner, I say I have no idea what's in these people's minds, so I'm not gonna…I can't make that decision. What I can say is that the leadership of the Muslim Brotherhood, of the military of the civilian, all believe they understand what those people think. I mean if you sit down with any of those people, they tell you the people believe this and they give you a completely conflicting point of view. So those of us who are true outsiders are venturing into great difficulty if we're gonna try to tell you what the average Egyptian thinks. Let me one comment though on what Khalil said about the military. I don't believe the military has the agenda you said. The military, in their own view, believe that they are the representatives of the Egyptian people, that is their function

in life, others may disagree. The reason they came in 2011 was because they thought the Egyptian people wanted a transition and they sided with the Egyptian people against President Mubarak. The reason they came in on June 30th and July 3rd was because they believe the Egyptian people wanted a change and they're trying to give it to them. The evolution I have seen in the military thinking over the last ten years, because ten years ago they could not have imagined Egypt without a military President. Today they imagine Egypt with a civilian President, that is a huge evolution in their thought, and that's what they want to see happen. They want stability, that is their function. Their function is to bring stability. Economic reform? This new government is much better than when the SCAF was in power because what do they announce today?  Twenty-two billion pounds worth of infrastructure they're going to be building. They are clearly, this government, not the military because the military is not doing that, is clearly sees they need to address the needs of the people. Twenty-two billion pounds of infrastructure is a lot of jobs and think it'll improve the economy. They're moving in that direction, but how knows what will happen.

David: Well we're the experts, or you're the experts, I'm just you know conducting this conversation. But, so we have to guess a little bit about it what's gonna happen. We have to sort of look at what's the best possible case forward over the course of the next 18 months in terms of the reforms. If we are…you know we have a state of emergency extended a little bit, but you also have programs like this you know that are economic programs and investment, and clearly the government has been working with regional governments in a fairly constructive way to bring in cash and you know to begin to do something that is, to me, the most critical issue [recording breaks for a second] to govern, to actually you know produce results for people in the street. But where do we go from here?  What kind of steps do you think it is possible that we will see over the next 18 months?

Tarek: Yea this is a great question. Let me… to answer this I think it's worth thinking a little bit about what Graeme and Khalil have both said about the military and what the military wants because the military is clearly in the driver's seat of whatever process is happening in Egypt, if it can be called that. And you know I don't think the military is defending Egyptian identity or the military is particularly opposed to the Islamist, etc. if you look at how the military's behaved, yes they acquiesced to the overthrow of Mubarak, but then when they came to appoint eight people to amend to amend the constitution the only group, political group, that they picked people from were the Islamists, so my sense of this military is it craves one thing about all, I mean after its own resources, which is stability, and so it will side with whoever it thinks controls the most people on the street so that it can tamp down discontent. And so that's what I think the driving, the driving ambition of the military is, and that's what I think is going to drive this roadmap, is they are looking for this roadmap, not to lead to liberal democracy, they're looking for this roadmap to lead to some version

of the status quo (inaudible), something like what you had under Mubarak or what they thought you might have under the Muslim Brotherhood, which was a calm, political environment. And so to get that I think they have bitten the Islamist momentarily, though Islamists have beaten…they do not represent the threat in terms of instability that they did during the protests in (inaudible), so that's taken care of. The question is now you're going to have parliamentary elections and then you have to have presidential elections and you don't want those to be flashpoints for discontent, so ideally what the military I think would like, is to begin…I think one thing if were to make a bet, okay, there's low odds, but I win a lot of money on this bet, would be that they…you might see a flipping of the order of elections, right? So if I were the military I'd wanna have presidential elections first, and we get some military backed candidate if not (inaudible), somebody else, and this military backed candidate wins and suddenly now forms his party. We then have parliamentary elections, which will be conducted now according to kind of single member districts, local notables inclined to (inaudible) politics, people basically buy votes, these people you know…

David: You meant like America?

Tarek: Like America. You get a bunch of these big wigs who win, they have no ideological affiliations whatsoever, and they can all be bought by the President's party, and viola within 18 months you've got a new version of the National Democratic Party and Egyptian politics can proceed a pace. That's the bet I would make, and now would that be terribly bad if it came with a robust program of economic reform? If the Egyptian government actually used all of this wealth that the Saudis and the Gulfies seem to have an unlimited appetite to pour into Egypt to actually …if they used that wealth to actually mitigate some of the costs of economic reform and some of the dislocations of economic reform, hey it could be great, but is that going to happen? No.

David: I wish you hadn't ended it that way because I was about to say, folks go home now.

[laughter]

It's not gonna get any better than this.

[laughter]

For the rest of your day because what you just heard described I think was the best possible case, do you think that's what's gonna happen? Best possible case. Well look I mean there are some positive signs, right? There is some positive signs economically, there is some stabilization going on, there does seem to be a

commitment to some kind of political process going forward. These you know I mean in the midst of all the darkness and the chaos and the swirling of the modern Middle East and the change that you talk about in terms of moving to the belief in a civilian leadership, these are fairly positive signs in this country, this is a fairly encouraging trend. So what's your best possible case?

Khalil: Well I think the first thing that they, that the military or the state has to do now is try to diffuse the current tensions on this side. I don't think the problem is that we don't have such inclusive, or Egyptians don't have such inclusive political process that cannot bring old political forces into the political process, but that you can find the same polarization and divisions even within each family in Egypt right now. You can find the same family that those who are pro-military, pro-state, pro-government, and you can have the antigovernment, or you can find the pro-Brotherhood and anti-Brotherhood. So the first thing that is try to create a healthy atmosphere that kind of bring people together, and this should happen through the main and the most important tool which is the media, which is now is going very crazy against anyone criticizing the military, all right?  And this is indeed is poisoning the atmosphere. So the first thing to do is try to diffuse these tensions and then to show some signs that there is a difference between excluding the Muslim Brotherhood and between building a genuine (inaudible) democracy. In other words, if the problem is with the Brotherhood so why the military is going after other political activists, right?  Why they prevent freedom from suppression?  Why they put limitations or try to obstruct the activity of civil society?  Why they turn blind eye on this campaign against anyone opposed to the military?  So I think you need to prepare the ground for any political plan in the future.

David: Okay would you take Tarek's bet?  Would you bet against him or would you bet with him?

Graeme: It's very difficult to bet against him because he's such a smart guy, but I'm…I actually…I think…

David: That's a, by the way, in Washington that is always sign he's about to disagree with…

[laughter]

Graeme: I'm actually not going to disagree, I just…I'm just not that sure where it's gonna go. I think the goal at this point is to have the parliamentary elections and then the presidential elections   I think the Egyptians would be satisfied if they got a government as you described it and I think people would go whew, we're getting peace, we're getting order, we're getting stability. I think the last two and a half years has been very disturbing to most Egyptians. This unknown, the uncertainty, the

turmoil, this is not Egyptian and they're uncomfortable with it and the people of Egypt want order and stability returned, and that's a dangerous thing. If order and stability becomes more important than making progress in political reform, economic reform, that would be a shame for Egypt.

David: Do you think it'll happen?

Graeme: I have no idea.

David: I mean it seems like there's a new premium on stability, right?

Graeme: Absolutely. There's a…that's… that is the inclination in Egypt. I mean Egypt is a country. You know what I say about Egypt is Egypt is not a country like everybody else in the Middle East, it's a civilization. It looks at itself differently, it's been there for 5,000 years, it is Egyptian and that is important to Egyptians and stability is important that that continue. And I agree with you, that is the great threat, stability becomes the only priority.

David: And where do you come out over the course of the next 18 months?

Karim: I will actually bet with Tarek and actually agree with him, not disagree with him because of…because he is a smart man. I think a lot will depend on the actors and I think if you look at where the actors are aligned, I think you would fall on the side of cautious optimism at least. With regards to the military, I would just echo everything Graeme said and add one thing I think we overlook in that there is a very important precedent in that one year ago the SCAF, contrary to expectations at the time, did actually hand over power to a civilian elected president in the person of Mohamed Morsi. All the expectations at that time were…was this was not gonna happen. So I think there is a genuine desire, on the part of the military, to go back to civilian elected democracy.  In terms of the civilian government, I think, well and here we have to go back to your point of departure about what is realistic?  I think what is realistic is that this government, which is technocratic, which is competent, gets to a period that stabilizes the Egyptian economy so that the next elected leadership can engage in the process of deep structural reforms that everybody knows will have to be instituted and have to be implemented. That leaves the Muslim Brotherhood. Now I think Khalil is absolutely right in terms of the need for reconciliation. There is a divide in society, although I go back to what I said initially, the divide is not down the middle, the divide is very much between the Brotherhood and the broad center of Egyptian society that has risen up against the Brotherhood. So when we talk about reconciliation the issue is not the government reconciling with the Brotherhood. I mean if you look at every decision, every milestone in the transition, the government has tried to reach out to the Brotherhood, to invite them to be included in the constituent assembly, which the Brotherhood rejected openly. I think all indications

are that the Freedom and Justice Party will be included in the electoral process, so the problem is not between the government and the Brotherhood. I think the problem is between the Brotherhood and Egyptian society. I think it's incumbent on the Brotherhood to reconcile with the broad majority of Egyptians that have been alienated by the last year of Brotherhood rule. So a lot will depend on them. But I think if you look at where the broad array of actors are aligned, I think they're aligned with completing the roadmap, transition to an elected civilian leadership to stabilizing the economy so that hopefully we can get to a period where we see genuine economic reform moving forward.

David: Okay. So now I wanna turn it to the audience. Are there people with microphones who are wandering about here?  There's one over there and there's one over here, so if you could come over here please. I'm gonna try to go through this crowd. First we'll start with this gentleman here on the left. Right. No question longer than a minute and questions end in a question mark.

[laughter]

Male: Okay good morning everybody my name is (inaudible). Can I add, start with two comments?

David: I…you know I looked at you and I thought by just the way your hand was raised there was…we were gonna have a hard time getting to a question. Go ahead, but keep it very, very…

Male: Just very, very brief comments. On 6/30 the people demand was to get early elections so it wasn't to change the regime though. That's one, number two we always focus on the Muslim Brotherhood and the rest of Egypt. Actually Egypt has more than Islamist parties like Nour Party for example, they reaped a lot of seats in the parliament so we just wanna…we wanna put that in the context of our discussion. The question is will we…in order for Egypt really to get completely our (inaudible) back and get in order, there has to reconciliation and I agree with that, but the question is how are you gonna reconcile when the country is hit by wave of terrorism?  So we need, I guess this is question for the panels. We have Egyptians are being killed everywhere and how are you reconciling that and how are you…will the reconciliation include the people who are inciting for that or how the reconciliation will happen?

David: Okay.

Male: So that's actually my question.

David: All right. Quick, quick responses.

Tarek: So you know I actually don't know how reconciliation happens and how the Islamists or the Muslim Brotherhood more particularly, will be reincorporated into the political system. Particularly if you watch Egyptian television, which you sound like you do, I mean there's a constant kind of 24/7 propagandizing that this group is a terrorist group bent on the destruction of Egypt, which only causes, and I believe you, okay thank you, but now I wanna know why did (inaudible) or Egypt's military ever deal with this organization if we had always known that it was such a terrorist organization. So I actually think the space for incorporation, for inclusion is very small, if nonexistent right now. You're right that there are other Islamic political parties like the Nour Party, of which we have a representative in the front row here, and the big question for us is has just the Muslim Brotherhood been discredited, or is there a broader discrediting of Islamism, and I tend to agree with Khalil that it's the former, not the later, but it may turn out to be the latter as well. Certainly when I talk to Muslim Brotherhood members they…when I say you guys messed everything up, they blame Nader Bakar's party, they blame the Nour Party, they say our problem was that we were looking to our most potent electoral competitors, the hard core Islamists, and so we made all these concessions that made all the non-Islamists unhappy. But I did not answer your question except to say as I've been saying to all of these questions, this is very difficult, I don't see how you get to the reconciliation you're talking about.

Karim: The gentleman brings up an important point that we didn't' have time to discuss, I mean the recent wave of violence, which most Egyptians would categorize as terrorism. I mean when we have churches being burned, police stations being attacked by RPGs, indiscriminate violence in urban neighborhoods in the center of Cairo, I mean that, for most Egyptians qualifies as terrorism. And yes I think it is a hindering factor for getting to the type of reconciliation that we would like to see. There is a trend I think among pub…amongst public opinion that places the onus on the Brotherhood, that implicates the Brotherhood in this wave of violence, even though they have been very forthright in denouncing these acts of violence, not all of them, but selectively, I would think. That puts a premium on security. Yes, I mean Egyptians do yearn for security, stability. I think once we get to that, that may create the space that would help us in reconciling and getting to the situation that Khalil describes. But you certainly bring up an important point.

David: I think by the way it's worth noting that when you go through periods of upheaval, they're almost inevitably followed by people…periods in which security is at a premium, and this is not an [clears throat] purely an Egyptian condition right now, this is a condition throughout the region where there has been so much uncertainty that the you know every day the security premium rises and you see it in Syria where people are saying okay you know perhaps we shouldn't punish Assad for chemical weapons, perhaps we should cut a deal, what could put a lid on this

thing?  What could allow us to move on?  You see it in a lot of other places as well. Graeme?

Graeme: The problem for any government is you have a plan and the plan is for political reform, but to get to that plan you're faced every day with a security challenge because you can't begin anything until you get security. The next question is we then have to try to do some economic reforms when we're not worried about security issues, and then we get to the political reform. All of these security challenges distract the government from moving forward on the plan. And it's you have no idea unless you've sat in the government's position trying to answer the questions, how I'm gonna handle all of these challenges every day. They're doing a job that is very difficult and the question is will security be able to deflect the government from moving along the other courses?  And we don't know that yet. We have to encourage them to do that, but we're outsiders.

Khalil: Well I think I would (inaudible) another way around them, I would say that I mean you cannot bring security without have it (inaudible) in the first place. In other words, you cannot keep talking about military security at the time that you are putting the seeds of creating more violence and more insecurities, I would say, and I don't want it to get into the this vague and controversy worried about terrorism, how we define terrorism, but I would say the violence has become inured in Egyptian political life after the Revolution. So you can find many people these day adopt violence and violence as the, I would say, it is the other side of the political deadlock. We have violence in the street this means that there is no political dialogue or political process that you have in a place. To talk about reconciliation I would say those who are in power need to show some signs that they are genuine about reconciliation. You cannot ask people, or you cannot ask your opponents that to come to dialogue and you arresting them, crushing them, freezing their assets, going after them, I mean you don't give them any space to breathe, so how they would trust you. And I think this is the main issue in Egypt right now that you need to build trust. You need to give some signs to build confidence that people would believe that you are genuinely seek to have an inclusive process. But what's happening that you have propaganda about security, which indeed feeds the insecurity indirectly, right?  So (inaudible) some signs as the person in power that you are genuine in including those who disagree with you and this is the very idea of democracy, that you bring those who disagree to dialogue. Now there is no common ground between Islamists on the one hand, particularly the Muslim Brotherhood, and between the military, there is no common ground, right?  We have heard, and we have read in the news, that before the dispersal of the (inaudible) there was some initiative of common ground from you…the Americans that the Brotherhood agreed to evacuate the squares, (inaudible) by half and then accept any (inaudible) solution that might come out from the military. But we saw the opposite is happening or it's coming from the military.

So in other words, you cannot talk about reconciliation at the time that you don't give them aside any way out from what's happening.

David: Although you know there's one thing to keep in mind which is, typically there's a stability threshold in any society, and the stability threshold is when the majority of people in the society feel working within the system is better for them than working outside the system. The problem is that sometimes you have groups within society who feel that the trend that works for the interests of everybody doesn't work for them and they continue to work outside the society.

Tarek: I think this is the critical problem of the Egyptian Revolution from day one. So Khalil talked earlier about the Muslim Brotherhood needing to engage in some introspection and Karim also, that they need to change certain features of their ideology or approach, and I think that's true, but I think it's true of every single Egyptian political player, they all have the precise identical disease, which is the exclusion of your opponent. So when the Islamists were ascendant they tried to legislate the exclusion of the representatives of the Mubarak regime. Now that the old regime or some new configuration is ascendant, they are trying to legislate the exclusion of the Islamists. And so what you need is a process that finally (inaudible) you've gotta include all these people, even if you hate them. I'll make a quick point which is that if you, Khalil made a great point about Islamists and their lack of belief now in democracy. And the Middle East's initiatives, (inaudible) wrote a really great article a few months ago where he also pointed out that liberals no longer believed in democracy. There's a famous article by Alaa Al Aswany who said you know maybe we should not have illiterate people voting so there is no constituency for democracy now in Egypt, there is only the constituency for security, and that leads not to the liberal democracy of our (inaudible).

David: Well and also and we get into a big discussion of the definitions of democracy that are at play because elections don't make democracies, what you're getting at, which I think is critical…

Tarek: They're essential to it though.

David: Yes, but elections without pluralism are not democracy, and pluralism is the hard part.

Tarek: Yep absolutely.

David: Let's get a question from over here someplace. This gentleman here two row…three rows back. Well okay that wasn't, but go ahead.

[laughter]

Male: Well a quick question, I think, I think what I…what I heard in terms of the startup of the framing the discussion of the Muslim Brotherhood versus the military, I think that's rather reductionist in view of what has going on. We wouldn't have been having this discussion if it wasn't for January 25th Revolution, and for the Americans on the Panel, I mean we should come to grips with the fact that we don't like the change that we have seen in Egypt. I was the first…I was the person who put the first public panel after the Tunisian Revolution, five days after Ben Ali left, and I had top people from democracy proponents and top foreign policy executives and experts saying that oh what happened in Tunisia was an anomaly, it's not gonna happen.

David: Question.

Male: Almost five days, that was nine days before Egypt erupted…

David: Question.

Male: so the fact that we're talking much about stability that all predates the discussion to the Mubarak era, I mean we could have said all this about…

David: With all respect…with all respect, question.

Male: The question is how come we are excluding so many things that are beyond the Muslim Brotherhood?  This Harar Movement, the Tamara Rudd Movement that actually legitimized the June 30th movement and now is being split and some people, especially in the south, are now going against the military leaders. The people who split from the Muslim Brotherhood, like Egypt Strong Party, like (inaudible), the Egyptian (inaudible) party.

David: Okay I get it, let's…

Male: There are so many other players that have been excluded…

David: Excuse me, I get it, I get it. Let's, let's quickly who have we neglected in this discussion?  Who has been excluded from this discussion that we ought to have included, including the choices here?

Karim: The gentleman brings up an excellent point, I mean what he's describing is this tremendous ferment in Egyptian society, I mean in terms of politics and the social base of protest that we've seen in a very dynamic way over the last two years. We have the youth coalitions that triggered these waves of revolutionary protests. We have ideological diversity, we have socialists, we have nasirists, we have

nationalists, we have Islamists, we have political parties that are attempting to make…to fill this leadership vacuum that you mentioned in the beginning. I think, and all that makes for a very dynamic situation, so I think the starting point of what you mentioned is that yes, we cannot reduce this to a situation of confrontation between the Brotherhood and the military, or the Brotherhood and the regime. Too much has changed since the outbreak of the January 25th Revolution and that just reinforces I think a critical point. The issue is not one of framing this as a confrontation between the Brotherhood and the state, contrary to previous rounds where that has occurred in the 50's, 60's and onwards, this time it's different, this time we do have…the problem is between the Brotherhood and the majority of these political actors that you mentioned. Only one of them is the state, but they have managed I think to alienate the broad spectrum of Egyptian society and this is the problem we have today. It is one of their own intern…almost self-exclusion, if you were. And so the burden is on the Brotherhood to reconcile. I don't think the burden is on the government because the government did actually attempt…

David: Okay…

Karim: to bring in the Brothers into the process.

David: Okay I appreciate…you know we just went from talking about the multiple groups to bringing it back to the government and the Brotherhood  and I you know I in the spirit of the question, I see seven or eight or nine questions. I do want to point out we've got a half an hour and one of the reasons that I'm pressing to get to the questions, is not out of disrespect for you, but trying to respect as many people in the audience as possible. Can we go back a little bit further in the room?  The guy with the microphone henceforth is really the moderator so whoever he picks you know gets…

[laughter]

Tarek: There's a question in the front row too that you should…

David: No I see questions all over the place.

Male: Thank you. My name's (inaudible) I'm with the Brookings Institute. Karim, you talked about, I think everyone sort of echoed a similar theme in terms of the Brotherhood and its very…the need for the Brotherhood to operate within the bounds of law. And as an essentially non-transparent, very secretive organization, that poses a very big problem for any would be democracy. There's another highly untransparent organization that operates more or less outside the bounds of the law, and that is the military. And the question is, is it possible, setting aside the question of whether it's a desirable, but is it even possible to move forward in something

resembling, let's not call it a liberal democracy, but something resembling a um…a reasonable democratic order of some sort, when you have this very powerful, Tarek, you alluded to the resources of the military, is it possible to operate in a…is it possible to have a feasible political environment where you have this secretive organization whose finances are kept secret, whose…essentially its autonomy is written into the law, into the constitution, if not unstated, and kind of imposes a ceiling on the political order as we've seen over the past years, it can intervene at will even though it did seek power in a year ago, it very easily took back that power.

David: Okay. But let's go.

Tarek: So I believe (inaudible) that a reasonable democratic order of some sort was actually one of the slogan s of the Revolution, so thanks for reminding us of it. So you're talking about…your question was about the military, that the military sort of sits atop the Egyptian political pyramid and can intervene at will in the Egyptian political process, always to serve its own ends and never to serve democracy, and so how will Egypt ever get to something more decent if you have this military in this position, and I think is not a hard question. In other words, we can think of a lot of regimes that have transitioned to democracy where the military for the…during the interim period or the transitional period, was the first among equals, you know Turkey, Indonesia. The point is you want to carve out a kind of space for democratic politics and pluralism and then eventually that sort of democratic space becomes powerful enough to begin exerting oversight over the military and it's kind of evolutionary as opposed to revolutionary mode. I'm gonna take advantage of your question about the…your statement about the Brotherhood, I don't think with all due respect to Karim, who's a brilliant guy, that the objections of the Muslim Brotherhood is that they were a secretive organization, I mean it's clearly the discourse about them is that they're secretive, etc., but the real issue is they were just way too good at winning elections and nobody else could ever compete with them. And you know the Brothers talked, from the beginning, Mohamed Morsi talked about legalizing the Brothers and subjecting them to the state authority, they….the Brothers set up a civil society organization, that wasn't the issue. They were going in the direction of formalizing their status; the real issue is they were just too good.

David: Okay who would like to ask a question that doesn't have us end up with an answer about the Brotherhood?

[laughter]

Just I mean we're coming at it from all angles and all questions end with the Brotherhood. Let's go in the front row in here.

Male: Thank you very much for giving me the right to speak. I will give you a first question first and then I will give you three pieces of good news.

Tarek: Could you introduce yourself?

Male: My name is (inaudible) I'm the Chairman of the Muslim (inaudible) Newspaper in Cairo; I'm part of the media in Cairo. The question is I haven't heard once from our respected four presenters any word called Sinai because in any way Sinai, a microcosm of the Egyptian struggle today. That's my question for them to reinject Sinai…

David: So the question is what do you think about Sinai?

Male: To inject in the analysis of the situation, who is terrorist and who is not. Who is an Egyptian identified or not, who is collaborating with whom in that kind of an equation?  How that's helping the Egyptian going to …

David: Okay so we'll come to a question about Sinai, you wanna…

Male: That's the question, the three pieces of good news you asked that if the taps, you know that stopped getting water, got water, that's the good news. The good news in Egypt that there is no gas lines. I mean during Morsi 's…

David: Yea they went away surprisingly quickly.

[laughter]

Male: We have, (inaudible) of [laughs] waiting for gas lines. Number two that the government has a program from economic revitalization of the country that has three pieces: physical control…

David: How can…you can't have three pieces of good news and one of them has three pieces.

Male: No, no, no just…

David: Because that's actually pieces of good news.

[laughter]

Male: Physical control you know very well about it in Washington. Number two activation of the economy, number three is social justice in terms of the distribution of wealth. The three…a third good piece of news it has no subtitles in it. It is

Egyptians want to stability, however, Egyptians have changed.  In three years Egyptians became politicized. They kicked out Mubarak, the kicked out SCAF, I mean SCAF was kicked out in the street, and they kicked out Morsi and if somebody else deviated again from the civil, democratic and (inaudible) state, I think he will be kicked out as well.

David: Yea so I mean I do think Egypt faces a challenge, which is getting out the kicking people out stage of its government, and moving towards [laughs] the keeping people in place for a while. Graeme let me turn to you first about Sinai because you haven't spoken recently and…

Graeme: I would like to make one comment (inaudible).

David: You guys are totally out of control, but go ahead.

[laughter]

Graeme: (inaudible) was self-contradictory, and he's my friend. He began by saying that this group is outsiding…outside the law, the army, and then he said it had these constitutional responsibilities under the constitution, because clearly they don't believe that they're operating outside the law.

David: Okay, let's…

Graeme: Now and they're also central to Sinai. Sinai is a…I mean I'm…would not profess to be an expert on Sinai, but clearly after the Revolution, the Sinai became filled with elements from all of Egyptian society that were out of control, that were anti-government and it is essential to get Sinai under control because it has a bad influence, not only for the war with Israel, which we focus on in Washington, but how it impacts upon the heartland of Egypt. And I think that is why you see today the effort by the arm in greater degree than they ever have before to try to get the situation under control there because it's a corrosive effect upon society as a whole.

David: Well there's even a bigger issue. I was talking to an Israeli not too long ago who you know speculated about the moment that an RPG leaves Sinai and hits a ship going through the Suez Canal, and how in an instant this will change the way the world deals with this issue. Tarek?

Tarek: Yea I think the question of Sinai as Dr. (inaudible) mentions, is absolutely essential. The think the dysfunctions of Sinai and Egypt's policies towards Sinai have been bad for a very long time. You know the Israelis, when the Israelis controlled Sinai they had very good relations with the Bedouins who lived there because they understood that you pay them and they you know…  The Egyptian

government has never had very good relations, there's always been this kind of stultifying attempt to impose a kind of Egyptian identify on them. During the Mubarak period it was sort of low level neglect, allow the Bedouins to operate their criminal enterprises and uh but you know so this…these problems in the Sinai have been operating for a very long time and I don't see the current Egyptian government having a smart way of dealing with it, except to frame it all as terrorism, as Islamist terrorism, when in fact this violence is a reflection of much deeper problems of the failure of the Egyptian state, over decades, to fully incorporate this place into the state. And that's what you need to address and I don't see how in this moment now of hyper nationalism in Egypt we're actually going to get the conversation you need in Egypt and the policies you need in Egypt to integrate the Sinai into the body politic.

Khalil: Yea I would agree with this absolutely Tarek…Tarek is um…I think again, the current regime is looking at Sinai from a very narrow perspective as a security issue. While Sinai has a very long history of problem in terms of development, economic advantages, I mean they're always underprivileged people, right?  So the more you deal with them from security approach, the more you provoke them to react violently, right. Sinai has been lawless area over the last, I would say three years, and there's no such control from the government in Sinai. At the same time one of the main reasons their angry, that they are angry from the current government is that they believe that Morsi promised them to bring money and plans to develop the Sinai region and the military doesn't want this to happen. That's why they have grievances from the current regime, that's why the use to protest, some people mix between the anger from Sinai people against the military, and the support of Sinai people to the Brotherhood. I would say the majority of them; they don't support the Brotherhood, while they are antigovernment because they believe the government doesn't have any good intention to include them again in the (inaudible).

David: Good. Let's have a question and if we could go back in the room here, where' the microphone on this side of the room?  And how about giving it to this woman in the middle of this row here?  Somehow if you can get around there.

Female: My name is Dina (inaudible), I'm a Fellow with the New America Foundation, I actually just arrived from Egypt a couple days ago, and I find that the discussions about Egypt are always very limited to the Muslim Brotherhood versus the military versus the role of the Nour Party and I think that it's a much more deep rooted problem that is structural, and I don't know how we can pave a path forward politically if we don't really address the fact that we never really had structural reform. We didn't really go back and say when we had a revolution, let's go back and revolutionize our institutions that have been the same for decades. And on the other hand, we can't get political stability without real economic reform and the

creation of jobs and that seems to be completely disappeared from discussions that have been happening. So it would be great to get some comments on that.

Karim: Albuquerque conversation about economic issues, I think the next session (inaudible)?

David: The next session I think's dealing with reconciliation issues, but yes.

Karim: I mean just to echo what you mentioned, I mean we talked about the actors and the responsibility of each of the actors, and you're right there has been a focus on the Brotherhood and the state. There is a burden or an obligation on civilian politics writ large and civilian politicians to enact and put forward, yes, a comprehensive vision for reform. And here it gets back to something Tarek mentioned a moment ago, this dialectic or debate between revolution and reform. I think we've had a lot of revolutionary ferment, I think the impulse that you can somehow tear down the system and start from scratch, I think that was an animating idea behind a lot of the protests. I think for a country the size of Egypt and with the history of Egypt, I don't think that's possible, getting back to what you said. What is possible and what is urgent, is yes, the need for reform. But just to set the expectations clear, I don't think it is the mandate or even the possibility for this government to enact the deep structural reforms that everybody knows that are needed. Those will come after the transition and those need to be backed up by a clear electoral mandate that gives politicians the mandate they need to do these very difficult things. But, yes the urgency is for reform. The legitimacy though, I think is…will have to come from getting back to civilian politics, democratic politics, as quickly as we can.

David: And with, with given that we have just ten or twelve minutes left, I'm gonna ask everybody to keep their responses to 30, 45 seconds and so that we can get enough questions (inaudible).

Tarek: Just very quickly, Dina, that's a great question. Remember Egypt is now trying to engage in two reforms, right? Let's…the one is the move towards democracy and the other is to finally reform some of these entitlements that Egypt is not able to fund. And you know democracy is not a good environment for doing the economic reforms you talk about. You need to shift resources from consumption to investment, while at the same time giving voice to all these people who want more consumption. And so I don't see the you know and Karim is saying the reform will come after elections and I think that makes it more difficult because what people want is further consumption. So all of which is to say I think this is…this is the critical issue and Egypt has the most difficult task that a polity can have, which is to reform its economy and its polity at the same time. Good luck.

David: Graeme.

Graeme: I think the challenges on the economy of Egypt are so great that any reform is extremely difficult. In the Mubarak years reform was the key word. They denationalized industries, they got the gold star of approval of IMF and the World Bank for being the best economy in the world, they're doing all these things, and it was disaster for the Egyptian people on the street. So this is the problem, you have too many people, too few resources and how you do economic reform in that condition will be a challenge to everybody.

David: Well let me say one thing, you know there's a long history, particularly in the sort of post-colonial period around the world, people coming and having this discussion, democracy first or economic reform first, and largely the American kind of proto-capitalist view was let's get stability, we'll do the economic thing, the growth will make people happy, they'll be better educated and then they can be democratic. And largely that was seen as oppressive and it didn't work terribly well. What is really necessary, you can't choose between the two of them. What's really necessary is with every step of political reform you have to provide some economic result. Because if there is no economic progress, there won't be support for the next stage of political reform and it's really a timing and a balancing act. It's not easy, but one can make…you know you can build a road, you can build a bridge, you can build you know IT infrastructure; you can create jobs in steps. And that balancing act and timing act is key. Yes sir over here. And again, we have a limited amount of time so brief questions and brief answers.

Male: My name is Mohamed (inaudible) from the Voice of America. What role do you envision for the political Islam in the coming month, and do you expect differences over drafting the constitution to be a spoiler for the roadmap?  Thanks.

Khalil: Well I think the future of the political is very uncertain now. As I said in the beginning, what's happened with the Brotherhood is…was very fundamental in terms of this is a turning point in the course of political Islam over the last century I would say. This is the second political defeat for political Islam after what happened in July, 199. So the question is to what extent Islamists might learn to listen from what's happened now.  That they need to think that they made mistakes and these mistakes indeed led to what's happened. The question is can they do that now?  I mean what I mean does the environment tell them to do that, to do that now, I don't think so. Again, to push them to have revisions, or to make revisions to their ideology under this force and their strategy, you need to give them some stakes, sorry, some carrots, not all of stake, I mean not only through repression and through crushing them and pushing them to the wall. So I think the future of political Islam might have two different courses or scenarios. The first one that you can find some divisions within the main political Islam movement, which is the Brotherhood that the

young generation might rethink its position by saying that we need to abandon the leadership and to move away from them and to revise their mistakes, or you can find other faction which might say that no, we lost hope in the future, we lost hope in politics, and the only way to deal with this is through using force. And I would say this is the…a small faction. I would say the majority of young Islamists; they believe that the only way to move forward is through peaceful protesting and peaceful pressure on the current regime.

Karim: Very quickly you tie the question of the future of political Islam to the constitution. On the constriction, I think there will be a genuine debate, and I think a healthy debate, over the role of religion in politics and over these specific clauses in question in the constitution. But I would echo what Khalil is saying, I think the question of what future for political Islam in Egypt transcends the constitution and it really does go back to this debate within, essentially the Brotherhood, but broadly within the spectrum of political Islam, about re-engaging in the political process. And Khalil sort of summarizes I think both sides of the debate. I would add one thing though, that if the Brotherhood chooses to work outside of the political process, I think they will be the biggest losers because I think that only puts them on the path of political suicide. They will re-enforce the perception that they are in confrontation with, not just the state, but society, and I think the loss essentially will be for the Brotherhood.

David: All right. Question over here.

Cynthia: Cynthia Schneider, Georgetown University. Back to the economic reform, is that possible and how is that possible with somewhere 15% and 40% of the economy controlled by the military, and now the country controlled by the military? Can there be economic reform without getting at this fundamental issue, and not to be too much of a pessimist, I agree with what was said about the Brotherhood friends, moderate Brotherhood friends in Egypt, that they're leaving the country because they sense the balance is tipping the other way towards violence.

David: I…anybody wanna take on both halves of the question?

Karim: I'll take the first half of the question and tie it to (inaudible)'s earlier point about the military because I feel I owe him an answer. So on the issue of the military, I think one of the key themes to emerge, especially in the earlier 2011 revolution, was this issue of civil military relations. I think going back to what Tarek said; that issue will be debated, and I don't think there…we can detract from the aspiration, the general aspiration to normalize the status of the military to have a more normal civil military relationship in Egypt, that will take time. In Latin America it took the better part of ten years, in a country like Turkey it took, it took decades for…

David: Yea but I should say in all of those countries democratic reform didn't really happen until you had civilian control of the military.

Karim: And that's not the question.

David: Right, I'm just saying that's a…

Karim: But it's an evolutionary process…

David: that's a vital, true; I'm just saying it's a vital step along the way, right?

Tarek: It may not be step one.

Karim: It's hard to be realistic that it would happen tomorrow, but yes, I mean I think it…will this be an issue of debate moving forward?  I think yes.

David: Anybody wanna tackle the economic side of that question?

Tarek: I mean I just think you know it's time we put to rest this figure of  40%, that the military controls 40% of the Egyptian economy, like you're basically saying that one in every two Egyptians works for the military, which is sort of implausible to me. I mean they control a lot of the economy, but I don't think that is the primary barrier to economic reform in that country.

Khalil: I think the corruption is the main problem now in Egypt, that how can you fight corruption?  And (inaudible) the question is, is there any corruption within the military itself or not?  And that's a big question. No one knows, I mean military has a black box, we don't know anything about the military. So fight of corruption should extend to cover (inaudible).

Tarek: Although you know I…look so Khalil point, as always, is the morally correct point, but politically if you wanna get this very powerful actor that (inaudible) has talked about as sort of constantly being suspicious of democracy and intervening to retard democracy, maybe you don't spook them at this stage. So you wanna continue being corrupt, (inaudible) continue being corrupt…

[laughter]

Just allow us to have some more, slightly increasing, democratic space.

Khalil: But here you are implicating the same issue that used to be under Mubarak that you are talking about the whole time economic growth, and the same time the distribution of vested growth goes only to a few people in the country, and this was

the underlife that spawned revolution, so you are going back to the same problem again, the same cycle that you have…
[talks over him]

David: It works here.

Karim: Okay.

[laughter]

[crosstalk]

Graeme: On the um…I think there's a misperception here about the wealth of the military and I think this is important. Yes the military has its industries, yes it takes care of itself, but when you talked about wealth in Egypt and one of the things that struck any of us who are regular visitors, was over the last decade and a half, the growth of wealth in Egypt of a class of people. That class of people was not the military; the military officers continue to live in apartments, not villas. It was the business class who benefited from the economic reform who lived in the large gated communities on the outside, it was not the military. So I think there's an error to give…to say that the military has been the one who's benefited from all the economic growth, no they have kept a comfortable life, it's a good life, but it's not ostentatious, certainly not ostentatious by any western standard. While the gating communities were ostentatious by anybody's standard.

David: Yea but let's be you know clear with ourselves here. In most societies like this that are at similar stages of development, there is a very neat condominium between the people who are making the political military decisions and those who are in the economic sphere and it's hard to draw the distinction even where the gates are.

Karim: Yes, but I think the outgrowth of what Graeme mentioned was the emergence of a critical middle class that, I think it's important to remember, were the driving force behind the 2011 and the 2013 revolution. I mean these were people that were educated in Egypt, made their incomes in Egypt, had very successful businesses in Egypt. There were the ones that we found in Tahrir Square, so I think they are the drivers of, or at least they house…they have the aspiration for a better future. And I think that would be the driver for a lot of the reform that we can expect…

David: Okay I'm gonna have to cut you off, we've got one last question here in the middle, this gentleman here, and then we're gonna have to…I'm gonna let each one of you answer it and use this as your wrap up. So keep the question quite crisp though.

Male: My name is (inaudible) from Egyptians Americans for Democracy &Human Rights, and my question to thank you very much for this great panel…

David: Pro or anti-coup?  Just quickly.

Male: Me?

David: Yea.

Male: You will see.

[laughter]

Male: My question quickly can…

David: I said no statements, also no merchandising at the meeting.

[laughter]

David: Okay, just…

[laughter]

[crosstalk]

David: Okay, okay thank you.

Male: We just wanna remember those that have been killed and (inaudible).

David: Okay, 30 seconds.

Male: Sure. Can you highlight, in a comparative way, the behaviors, the plans and outcomes of military SCAF, we don't talk about the military, Egyptian military, the military SCAF, all right?  During several periods, and I would say in terms of financial aspect, terms of political aspect, terms of freedom, terms of human rights…

David: You realize we have one minute left, right?

Male: The 30, the 30 years of the Mubarak I know, it just highlighting, raising the question, during the second period which from February 11 until June 30th of 2012, the election of Morsi, and the third one is during the one year of Morsi when he was elected, and finally after the deposing of the Morsi from July 3rd until today. That's a question I know this like a full day…

David: So this is a long conference, you can answer that question; you can summarize 5000 years of Egyptian history, which may take less time…

[laughter]

Or you may offer a 30 second wrap up of your own choosing, but we only have 30 seconds each.

Tarek: I actually will answer your question. So you know though we want, everybody wants adherence to democratic procedure and constitutionalism, and you're right that the military has been this kind of overbearing power in Egyptian political life, it is worth noting that Mohamed Morsi did absolutely nothing to attain that. And if you look at Mohamed Morsi's last speeches, they're almost painful in the way that he praises the military, (inaudible) and we must you know, and so I have less sympathy now for the discourse that we're hearing from you know the pro Morsi side about this terrible military, when in fact Morsi and the Muslim Brotherhood did everything possible to assure the military that it would retain its position atop the political pyramid. I think, look let me just, I was the voice of pessimism, let me just say one thing that's potentially optimistic. If we can get to the elections that Karim is talking about we are in a unique moment in Egypt because for the first time in the last 60 years we don't know really who would an election in Egypt, right? In the Mubarak era it was the NDP, and after Mubarak everybody said it was the MB and they were right. Now we really don't know and so there is this fundamental uncertainty, which is a key part of the chemistry of democracy that if everything else goes right, could actually mean that this coup is not a regression to Egypt's bitter authoritarian mean, but actually the kind of reset that it needed.

David: Okay, Khalil.

Karim: Egypt is changing and I think because of that I think the remarkable thing that stands out in the debate is how much we've gotten wrong about Egypt and a lot of the assumptions that we started with from January 2011 onwards, have to be revisited. I mean the assumption of the inherent strength and mobilization power of the Islamists. The strength of the deep state that everybody now fears is coming back, whereas we saw the deep state really being undermined because of these revolutionary ways. All of the doomsday scenarios that we've heard in the wake of the ouster of President Morsi and the June 30th revolution, about an Algeria scenario for Egypt or the prospects of economic collapse, difficult of course as the economic situation is, I mean all of these I think we have not come to bear. I think there is room for siding with the sense of cautious optimism. There is a moment here, yes. And I think if we can get back quickly and in a way that enshrines a new legitimacy for Egypt, one that is constitutionally guaranteed to protect freedoms, to protect

pluralism, to ensure against the abuse by political majorities, irrespective of who holds the majority at any given time. Then we have a moment on which Egyptians can at least capitalize in the future to build a new system.

David: Okay Graeme.

Graeme: Well I will go along with this optimistic note. I think Egypt is a very different country today than it was two and a half years ago, before the revolution. Everything is going to change in Egypt; everything is changing, including the military and all national institutions. They will not be the same at the end of the process as they were at the start, and that's a very good thing for Egypt. We who sit on the outside can only look in, this will be an Egyptian decision, this will not be foreigners getting involved in it. The Egyptian people will have to make these decisions; we have to be supportive, but not interfering.

Khalil: I would say the challenge now is how to move away from the discourse about stability and (inaudible) of freedoms. I would say if the military or the state continues in having such discourse that the main priority has to keep stability at the expense of our freedoms, I would say democracy would be farfetched from happening in Egypt in the near future.

David: Thank you. You know I…there was no expectation in my mind that we were gonna answer all of the questions of the day in the first session, but I think what we have done rather successfully is frame some of the big issues that need to be discussed today. You've got panels coming up on reconciliation, on what do the people need, which is an economic theme. You've got a panel coming up at then end on the international component of this, which is extremely, uh extremely important. But there were a couple of surprises I think in this discussion, even for those of you who are following it closely. I think one of them is the undercurrent of optimism. Now you may say Egypt has broken our heart a few times in terms of optimism. Our spirits have been lifted and brought down by reality periodically, but I think when you come out of a period of two or three years of upheaval and you look at a situation that's gone back and forth and up and down, and you say I can vaguely see the issues, I can vaguely see a path forward, I can vaguely see the lines, I don't have all the solutions, but there is an opportunity here, and that opportunity may manifest itself in a constitutions process or an election process, and none of these things will be perfect, but they may well be a step forward from where we are, and indeed where we are may well be a step forward from where we were. That's a rather unusual tenor for a conversation about anywhere in the Middle East. And so even as you go and you grapple with the very tough issues that underlie this and you stipulate that big problems lie ahead and resolving those issues and many frustrations await, I hope that one of the things you'll take away is the innate

hopefulness founded in fact from this extremely well qualified and terrific opening panel. Please join me in thanking them for a great job.

[applause]

**Panel ends**