

*As prepared for delivery*

**20th Anniversary of the Madrid Peace Conference**  
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Thank you, Dick Solomon, for that generous introduction.

Distinguished guests, ladies and gentlemen.

The Madrid Peace Conference occurred 20 years ago on October 30th, 1991. As President Bush indicated in his remarks, it was a time of historic change around the world. The Berlin Wall had fallen. Germany was unified as a member of NATO. An unprecedented international coalition had ejected Saddam Hussein's forces from Kuwait. And though we didn't know it at the time, the Soviet Union itself would soon cease to exist.

Had anyone told me almost three years prior to Madrid -- when I became Secretary of State -- that I would play a role in bringing together Israel and all of its Arab neighbors for peace talks, my reaction, frankly, would have been one of great skepticism. As Dick Solomon said, from the start of my job at Foggy Bottom, the last thing I wanted to do was get anywhere remotely close to the Arab-Israeli dispute. While there appeared to be historic opportunities in other parts of the world, I saw the Arab-Israeli dispute as a pitfall to be avoided. And if my own instincts were not enough to guide me, I had been warned by some former presidents and secretaries of state who had been burned by their own involvement.

Of course, I recognized that the Middle East was a region vital to American interests and a perpetual tinderbox whose seemingly constant crises had invariably demanded the attention of my predecessors. But face-to-face negotiations between Arabs and Israelis at that time seemed far-fetched. As events unfolded around the world, we sought to manage the delicate and dangerous relationships in the Middle East with what at best could be called a modestly-activist policy. And we did so, I might add, with little success.

But a new dynamic had become apparent by March 9, 1991 -- almost three weeks after the end of Desert Storm -- as I flew over Kuwait's desert landscape that was scarred by hundreds of oil-well fires Saddam Hussein's forces had ignited as they fled. Iraq's retreat in the First Gulf

War, coupled with America's emergence as the pre-eminent global superpower, had changed things. By defeating Iraq's fourth largest army in the world, the United States had simultaneously enhanced Israel's security and strengthened the hand of moderate Arab states like Egypt, Jordan and Saudi Arabia, who now had an even greater respect and gratitude for us. At the same time, the Soviet Union, long a source of patronage for Arab rejectionism, had supported what the United States had done.

In short, events had taken place that might make it possible to unlock diplomatic gates that had blocked Middle East peace for decades. America's power and street credibility were unmatched. Perhaps there was an opportunity now to do some of the things that had not been possible before.

And so, our Administration launched a major effort to bring Arabs and Israelis together in direct negotiations. Our goal was as simple in theory as it would be difficult to accomplish. We wanted to break the historic taboo against face-to-face talks in hopes that they might lead to a comprehensive peace settlement between Israel and the Palestinians and between Israel and all of its Arab neighbors.

And so, we proposed direct talks between Arabs and Israelis in the form of a regional conference co-sponsored by the United States and the Soviet Union. All parties would be represented. We understood that determining the question of who would represent the Palestinians might be the most difficult hurdle we would have to clear. The other major hurdle, of course, would be getting the Arab states, particularly Syria and Saudi Arabia, to change 40 years of policy and agree to meet face-to-face with Israel. For Syria and Saudi Arabia to do so would be tantamount to their recognizing Israel's right to exist -- something those two and other Arab states had been unwilling to do.

The concept of a regional conference was a calculated exercise in creative ambiguity. The Arabs could claim that it was the international conference that they had long sought. Similarly, the Israelis could contend that it was nothing more than the face-to-face discussions they had said they desired for more than 40 years.

There were, of course, a lot of midwives of Madrid -- Saudi King Fahd, Egyptian President Mubarak, Jordan's King Hussein and Israeli Prime Minister Shamir. But one of the most intense periods of diplomacy focused on Damascus and Syrian President Assad.

A key moment came in the spring of 1991, when I presented Assad's foreign minister with a letter from President Bush inviting the Syrian leader into direct negotiations with Israel but with U.S. assurances to both Israel and Syria. The same invitation and letter of assurances went to Jordan, Lebanon and the Palestinians. After further negotiations with Assad over a period of weeks -- and one notable double cross -- he finally agreed on July 14. His response was the real thing. There was no catch. Syria would abandon its policy since 1948 and sit down across the table with Israel.

Assad's new position was a key development in reciprocal confidence building. We exploited his participation to cajole other Arab states that they should not only follow suit, but also make new gestures to Israel. Armed with fresh signs of Arab commitment, we could confidently tell Shamir that the Arab countries were indeed willing to engage in direct negotiations. Shamir, of course, was a hard-line Likud leader who once said that Benjamin Netanyahu was too soft. But Shamir's word was good and he never leaked.

Ultimately, after much negotiation and tens of thousands of miles of shuttle diplomacy, our instincts proved correct. The Madrid Conference became a framework for direct negotiations for the first time since Camp David and the Egyptian-Israeli peace treaty. No matter what justification each side wanted to summon up in order to explain why there could not be peace, the one excuse they could no longer use after Madrid was that there was nobody at the other end of the table to talk to.

Madrid revealed the critical importance of the United States as a credible and effective broker. We were reassuring, but also tough and fair. We never made threats or promises that we were not prepared to carry out, and there was a cost imposed on the parties for willfully saying "No."

But Madrid's enduring legacy, I think, is simply that it happened at all. Like the walls of Jericho, those ancient prohibitions against Arabs talking with Israelis came tumbling down. Madrid also allowed Saudi Arabia and other Arab states to participate in the peace process through multi-lateral negotiations on a number of regional issues. Within three years, Israel had signed the Oslo Accords with Palestinians and a peace treaty with Jordan and.

Sadly, the chances for peace in the region have since regressed to the point that today the parties are again unwilling to even meet to talk peace.

There is no useful purpose in pointing fingers about responsibility for the present situation. It is a reality.

In the meantime, the Arab Spring has the potential to rearrange the political and social landscape in the Middle East in unpredictable ways. Increasingly, the opinion of the people in the street will play a role in the calculus of foreign policy by Arab leaders, making it harder for them to engage in peace talks with Israel. In the medium- to long-term, the Arab Spring should benefit the region, particularly if it leads to the spread of democracy, human rights, economic stability and social justice. But the short-term prospects may be quite problematic

Uncertainties abound in Syria, Iraq, Afghanistan, Pakistan, Yemen and Bahrain. And in a region as inner-connected as the Middle East, problems in one country can easily spread, spelling trouble for peace-making and democracy-building. Compounding all of this is the specter of extremist terrorism. Although al Qaeda is on the defensive, its contractors continue to operate and pose a threat to stability in the Middle East. As a result, the United States must carefully balance its interests in regards to the Arab Spring, and do so on a case-by-case and country-by-country basis.

In many ways, we have come full circle since 1989, when I became secretary of state and had hoped to avoid the Arab-Israeli dispute.

However, the good news is that much work has been done since Madrid on big issues such as territory, security, Palestinian refugees, Jerusalem and the normalization of relations with Israel. And, the general outline of an Israeli-Palestinian two-state solution is relatively clear.

Still, we are far from agreement. The peace process may not be dead -- but it's clearly on life-support. It lacks both leadership and will -- particularly, I regret to say, on the part of the United States. And that is not a political comment because the lack of leadership and will has occurred in both Republican and Democratic administrations

There is a pressing need to kick-start the peace process before time runs out on a two-state solution, which remains the only rational approach to ending this costly and dangerous conflict. The window for a two-state solution continues to narrow as settlers keep moving into the occupied territories. With each new settler, it becomes harder for the Israeli government to

make the compromise needed for peace. Correspondingly, Palestinian frustrations mount, increasing the influence of Hamas and even more radical organizations.

Successive U.S. administrations have engaged the parties without arriving at a final settlement. After years of stalemated negotiations, and ever-increasing settlement activity, the Palestinians have now turned to the United Nations in an attempt to level the playing field by enhancing their diplomatic and legal standing vis-à-vis Israel. But I believe you only get peace by negotiating it and a two-state solution must be negotiated as well.

At this point, let me digress a moment to talk about the U.S.-Israeli relationship, because it is obviously absolutely critical to the achievement of peace between Israelis and Palestinians as well as the other Arab states. Our relationship with Israel today is unshakeable whether we are governed by Democrats or Republicans -- and it will remain so. The United States will always be Israel's best friend and totally committed to her security. Furthermore, even beyond the historic and unbreakable ties between the two countries, it is in America's interest to support a like-minded democracy in a region that is undergoing massive change.

However, sometimes in our relationship with Israel there are tensions, disputes and differences that are not unlike family arguments. Whenever those quarrels occur, however, it is important that they be productive ones. Within the context of our close relationship with Israel, we must speak openly and honestly. We must say what we mean and mean what we say. Such candor is what happened during the lead up to Madrid. It helped make Madrid possible and it must happen today and in the future.

And in speaking honestly and openly, we should make it clear that while the United States cannot "deliver" Israel to a peace agreement, the only way Israel -- or the Palestinians, for that matter -- will achieve peace is to negotiate it. And in the long run, it is critical for Israel to do this because there is no other way for her to maintain both her democratic and her Jewish character.

Yes, it is critical that we not allow the two-state solution to expire. But we need to be realistic and pragmatic about the chances of achieving it right now. In my opinion, nothing much can happen between now and the 2012 election. Domestic politics is a reality -- and that applies to Democrats and Republicans alike. So, in my view, there is no chance of a breakthrough on the

Arab-Israeli peace process in the coming year. And the last thing we need right now is another failure.

One lesson of Madrid is that the time must be ripe for any success in the Arab-Israeli dispute. And just getting past the coming U.S. presidential election is probably not enough alone for creating the proper environment. In addition, the Palestinians must be united in supporting negotiations for peace. That means one set of security services, one negotiating position and one authority. Furthermore, the Israeli government must be one that is prepared to lean forward for peace -- as Yitzhak Rabin was. The current Israeli government fails that test. And so, fixing the Hamas-Fatah problem among Palestinians and the emergence of an Israeli government that leans forward for peace are two other things that will have to happen for progress to be made.

However, there are things that can be worked on now so as to prevent the situation from deteriorating. There are three goals that I believe the United States should promote until the time is ripe for a bigger deal:

First, we need to keep Gaza as calm as possible and perhaps, in the wake of Gilad Shalit's release, work with the Israelis to open it up. But above all, it is important that we do everything possible to keep the cease-fire there in place.

Second, we need to make sure that Israeli-Palestinian security cooperation continues at the same time that we promote Palestinian institution-building and economic development.

And third, we must work to maintain the peace agreement between Egypt and Israel. Should it blow up, you can forget about any Israeli-Palestinian agreement.

Eventually, of course, the United States must aggressively lead a push for a process that can move the parties toward to a two-state solution.

How should we do that?

When conditions are right, the President should invite the Prime Minister of Israel and the leader of a unified Palestinian polity to Washington. The United States should then put forward a proposal outlining the framework or general contours of a final status Israeli-Palestinian peace agreement directly linked to a detailed timeline for negotiations on the key issues. The framework should comprehensively and objectively spell out the legitimate interests of both sides. In formulating that framework, the concept of Madrid remains valid -- that is,

direct face-to-face negotiations based on the principle of land for peace and U.N. Security Council Resolutions 242 and 338.

If bold action such as this is not taken at the right time, I fear that the Arab Awakening or Arab Spring may degenerate into an Arab Winter, particularly if popular uprisings shift Arab attention from domestic issues to the Palestinian cause. Should that happen, Israel's isolation inside the region and outside would increase and the United States would shoulder some of the blame.

Ladies and Gentlemen, we all know that United States cannot "create peace" in the Middle East. Only Arabs and Israelis can do that. Our role is to help them -- and in doing so, we must be hands on.

We are approaching another critical time in the region, just as we were in 1991. Then, we seized the opportunities providence presented us. Our task now is to demonstrate similar imagination, initiative and, most of all, political will and determination.

The past shows that we can succeed.

And the future will judge us harshly if we fail.

Thank you.

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