

With the advent of the Obama Administration, a new era has come not just for America but also for the world. As domestic policy issues loom large it is likely that the administration's first year-even its first four-will be dominated by economic matters. Unfortunately, the prevailing domestic situation in no way mitigates the urgency of foreign policy issues the world over. Among the many priorities are challenges both old and new, but two issues in particular present unique opportunities for the Administration: the ongoing Israeli-Palestinian conflict and a battered yet salvageable relationship with Iran. If the Obama administration is to fully serve American interests abroad and at home, diplomatic progress must be made on both fronts.

Even before the latest escalation in Gaza, the Israeli-Palestinian conflict should have been one of the administration's top priorities-the current atmosphere only underscores that fact. On the surface of it, resolving the Israeli-Palestinian conflict may not seem to be of chief strategic interest to the United States. Militarily, economically and politically there is little of primary benefit that the US stands to gain from resolving the conflict; rockets are not raining down on America nor are refugees crossing its borders. It is the secondary and tertiary effects then that the Administration must recognize and address to serve America's national interests.

No other issue has caused such anger across the Arab and Muslim worlds nor created such resentment toward the US in the Middle East. While they have been short on action, Middle Eastern governments have been long on words of support for the Palestinian cause-where their true feelings are is a matter for debate. In the Arab Street however, there is no such ambiguity. Whether justified or not, America's position has been a constant source of fodder for extremist groups and inflamed passions across the region.

America's diplomatic efforts have done little to assuage its perceived pro-Israel bias. Indeed, America's response to the conflict has been one of the largest and most prolific failures of US foreign policy in the post-World War II era. Presidents have been slow to move and taken half-hearted steps at that; classic cases of "too little, too late" have been the norm. After the mid-Nineties breakdown of the Oslo Accords, President Clinton waited until 2000 to host his Camp David summit. George W. Bush did not seriously address the issue until the Annapolis Conference in 2007. While it's better that total inaction, attempting to be a forceful and legitimate intermediary with one foot out the door probably did not carry a great deal of weight with either Israel or the Palestinians.

Here-as an impartial and legitimate intermediary- is where the Obama Administration in particular stands to make great progress and serve the national interest. Instead of waiting until the sunset of his administration, President Obama should move quickly on the issue, establishing a clear set of goals and backing them with swift action. There is evidence that this opportunity has not been lost on him; in his inauguration he proclaimed a desire for "a new way forward, based on mutual interest and mutual respect" with the Muslim world. Almost assuredly this cannot be achieved without effective action on the Israeli-Palestinian issue. With the appointment of George Mitchell as envoy during the Administration's first week, Obama has delivered a proven diplomat and negotiator with the influence necessary for such a daunting task.

What specific action to take is more complicated, but making efforts to improve humanitarian conditions in the Palestinian territories, especially Gaza, would be an important first step. By working directly with the United Nations, USAID and various NGOs the Administration would be able to sidestep the fractured and ineffective Palestinian leadership while still delivering much needed aid. Meanwhile, President Obama could use America's influence with Israel to gradually moderate its policy and set the stage for rebuilding in Gaza. By doing so, the US will be able to mollify Arab opinion while relieving domestic political pressure on Middle Eastern governments.

Closer ties to the governments and people of the region will be vital to serving America's interests, both short and long term, and the time is now ripe for a diplomatic offensive. Nothing will be accomplished overnight, but by establishing its credibility on the issue and making real efforts, the

Administration will lay the groundwork for future progress on matters vital to US interests. Among those matters perhaps none is as crucial as Washington's relationship with Iran. America's relations with Iran are at a crossroads and situations developing over the next year will likely determine the tone of the relationship under the Obama Administration.

Just as America ends its electoral season, Iran is preparing to hold its own elections in June 2009. The degree to which Iran's elections will bring about reform in the Islamic Republic is questionable, but even the ostensible change of leadership presents a real opportunity to change the dynamic of US-Iranian relations. To some degree the tensions of the past few years have been on an almost personal level; neither the Bush Administration nor Iranian President Mahmoud Ahmadinejad made any attempt to hide their feelings about each other. This animosity likely contributed to the overall deterioration of relations as both sides jostled to save face. In this respect, the installation of new leadership on both sides presents an opportunity to break with these failed policies. Obama's unique position should also not be underestimated; had John McCain won, any new diplomacy would have been improbable. As such President Obama needs to engage the new Iranian administration *regardless of who takes office* if he is to make any diplomatic inroads.

For all the bluster of the previous few years, little has actually been achieved in regulating Iran's weapons program or slowing Iran's drive for regional hegemony. Unfortunately for Iran, its ambitious attempt to become a larger player on the world stage has cost it not just diplomatically but also financially. Even before the latest collapse in oil prices the Iranian economy was in a fragile state; had oil prices not reached record highs in 2008, Iran's profligate spending would have been exposed much earlier. Despite Iranian statements to the contrary, some projections estimate that Iran now needs an average oil price of \$75 per barrel to sustain its budget; unlikely given the prevailing economic forecast. With few other sources of income and few allies in the region, Iran now finds itself isolated diplomatically and financially. It is into this vacuum that the Obama Administration should step with a new, effective diplomacy.

Although there was some debate during the Bush years regarding the establishment of a diplomatic mission in Iran, the plan was eventually shelved. Now if office, the Obama Administration should revive that plan, even if establishing a formal diplomatic mission in Tehran is years away; official diplomatic relations could also be opened much sooner. Having direct talks-an Obama campaign promise- is still the right path to follow. Iran is far too important a country to be ignored diplomatically if America is to achieve its regional and international goals.

There are a number of sticks and carrots that could be offered in order to do so. As domestic conditions in Iran deteriorate the new Administration will be in a position to offer trade and economic incentives. In exchange, the Obama Administration could request security concessions, namely in the form of a weapons inspection regime. This would serve the interests not only of the United States but also of the moderate Persian Gulf states subject to Iran's saber-rattling. Additionally, the Administration could offer a guarantee that it would not sign off on an Israeli strike inside Iran. An informal Bush Administration policy for some time, formally stating it would give Iran extra assurance and work to quiet tensions between the two nations. While relations with Iran will likely be strained for some time, the new Administration finds itself in a position to reshape the contentious paradigm that has marked US-Iranian relations since the Islamic Republic's inception in 1979. It is without doubt that a failure to act diplomatically will not serve America's interests and could indeed harm them.

Foregoing diplomacy in favor of arms has produced scarcely little in recent years. In addition, the roughshod manner in which American diplomacy has been conducted has often overridden its message and objectives. A serious overhaul of American diplomatic posture will be integral to serving America's vital interests during the first and subsequent years of the Obama Administration. Having appointed a high-profile Secretary of State and said all the right things, it appears the Obama Administration is intent upon protecting America's interests through a more modest and effective

foreign policy. Hopefully these are not simply isolated actions, but instead a blueprint for the conduct of a new American diplomacy.