CARNEGIE ENDOWMENT
FOR INTERNATIONAL PEACE

Transcript

FORMER LIBYAN NATIONAL TRANSITIONAL COUNCIL FINANCE MINISTER ALI TARHOUNI

THURSDAY, JANUARY 5, 2012
WASHINGTON, D.C.

WELCOME/MODERATOR:
Marina Ottaway
Senior Associate
Carnegie Endowment for International Peace

SPEAKER:
Ali Tarhouni
Former NTC Finance Minister
Libya

Transcript by Federal News Service
Washington, D.C.

MARINA OTTAWAY: OK, good morning and welcome, once again, to the Carnegie Endowment. I am Marina Ottaway, a senior associate in the democracy in rule of law – in the Middle East project. Sorry, I have moved around in this organization. (Chuckles.)

[00:10:41]

It's my great pleasure this morning to introduce Dr. Ali Tarhouni to this Washington audience. Dr. Tarhouni was minister of finance for the TNC. He is the man who succeeded in essentially keeping the company financially afloat in the early days – in the early days of the uprising. He literally led an initiative, I think, to break through the walls of the central bank – (chuckles) – to liberate some of the money that the country desperately needed. And most importantly, he negotiated with governments in the – all over the world to release some of the funds of the Gadhafi regime, or better, of the Libyan people, so that the movement could keep on financing itself.

Mr. – Dr. Tarhouni was exiled – was forced into exile by Gadhafi early on in his career when he was still a student. He came to the United States where he studied and then he pursued a successful career as a professor of economics at Washington University in – the University of Washington in Seattle. But when the uprising started in Libya, he decided to go back and played a very important role in that uprising.

[00:12:08]

I will let him talk more about what he's doing now. I understand he's working as an adviser to the government, as a special envoy. And we – I told him that I will let him decide how long he wants to talk and then we'll open it up for question and answers. And I'm sure there will be plenty of questions, looking at the audience. Thank you. Dr. Tarhouni.

ALI TARHOUNI: Thank you. Well, good morning and thank you for inviting me here. I'm happy to be here. And I am happy to come from a land that is liberated. Libya is free. Gadhafi's dead. And I am the luckiest man on earth, in a span of about seven, eight months to find myself standing in a podium in my capital, Tripoli, to proclaim it to be a free capital of free Libya. All of that happened in literally six to seven months.

[00:13:34]

So it's been a great and remarkable journey over a very short period of time. I cannot thank the United State enough. I think the United State, both branches – the executive, the legislative, both side of the aisles – they called it right this time. And when I say they called it right, they made the decision at a time when it seems that there is no money in their decision. Specifically, they – the no-fly zone. They could actually have waited, and nobody would blame them. But it was a very courageous and moral stand that the Obama administration took, and that the Senate and the House supported. We will never, as Libyans, forget Susan Rice jumping from one place to the other, counting the votes for the no-fly zone. That memory is etched on the hearts of Libyans, I think, forever.

So I am proud of the United States. And I think – I am hoping that this opens the door to a new different type of experience between the United States and that troubled part of the world. I

think there are a lot of lessons to be learned, and I hope in the next months and years that we will study this remarkable story of Libya and draw lessons from it, because I think the ramification is much bigger than the size of Libya – much bigger than the population of Libya.

[00:15:29]

When I tell you it's remarkable, it's a – when you say a grass root, it means a lot of things to a lot of people. But think of it this way, think of a body – the NTC for example – that is not an elected body. It's the country that Gadhafi made sure that it doesn't have any political parties, so there were none on February 15th, 16th. Gadhafi made sure there are no civic institutions. Anything that was organized was a threat, so he dismantled all of that. There were no leaders because these leaders either were killed, jailed or exiled.

Yet, you look at this organic form of revolution whereby we're not elected, we're more of consensus, and we participated in leading this revolution to its victory without killing each other – us, the leaders. Most of contemporary time experiences that we know of, even if there is an agreed-on leader of a revolution, after few – after challenges, and we faced so many challenges, it starts to splinter. That didn't happen.

[00:17:03]

It's a remarkable story of young men who basically marched to their death knowing that they will – they will die. And they did it not one time, not two, they did it for months. They did it by the hundreds. And this is – it's a remarkable story of bravery that most of us thought that we don't have anymore, because when you're ruled by these dictators for so many years you forget that part of humanity, you forget these virtues of bravery and love of land and love of country.

Yet, it came. And it came from all types: young, old, men, women. You're looking at this volcano whereby this barrier – this psychological fear is broken. So anything could happen and everything happened, because one of the – one of the basic tenets of control in the region that existed – all of these, they're all – they all write – they all read the same textbook, talking about these dictators, these authoritarian regimes. They all control the treasure, security apparatus and the information. And that installed that fear. And that fear persisted over decades. So breaking that was a remarkable story.

[00:18:54]

When we think of the role that the United States played in – and Qatar, and France in particular and later on Italy – I go back to the 18th of March. And when I tell you this is not an elected body, I mean, sometimes we didn't even have phones to communicate with each other. We were leading this revolution. The command center at that time was basically just a one-room that has me and two more – two other people that by chance happened to be there at that moment. And we knew that Gadhafi is marching on Benghazi to slaughter – (inaudible).

We didn't have – we didn't realize the size of the – of the army that is coming toward us, and as the hours drew late the sounds of these armies are getting closer and closer. And we were waiting for the no-fly zone. We were waiting for the French to start bombing, because we had no ability to stop that army from entering Benghazi.

And I remember, almost closer to dawn, that the – our guards, basically, and all of us start taking their guns and going to the outskirt of the city, where the fight had – fight started at the outskirt of the city. And it happened – it happened at – start about 7:00 or thereabout in the morning, that the NATO bombers start shooting at Gadhafi's armies. And that basically saved lives – saved Benghazi. And my way of thinking is, maybe saved the revolution.

So this is a – this is a story of people that nobody gave them credit that they would rise, and they rose. It's – it cement your belief that there is right and there's wrong. We are old and jaded, and we tend to forget, and that's – not only tend to forget, but unfortunately we discount – we discount idealism, and that's a big mistake.

Idealism has its place. The belief that there is something right and something wrong has its place. We don't have to fancy it; we don't have to theorize it; we don't have to strategically explain it; but just the fact that there's something right, and you stand for it, has its place. That's what make us human. I think that's part of this – the Arab Spring. That's what happened in Tunisia, and that's what happened in – happening in Egypt and happening in Syria.

[00:22:08]

And the question now for us is, can we take this experience and move it from the revolution to the state? Can we build this democratic, stable, Muslim country? And notice what I said. I said democratic, stable, Muslim country. And I think, for my money, I would say, yes we can. And here are some of the reasons why.

The first reason that I think the future is bright – doesn't mean it's not challenging – we will talk through your – maybe your questions about the details of the type of challenges that we have, and – but I think the first important reason is, when we think of Libya – and I think that's part of the history of where Libya is located – is the – Libya has the moderate version of Islam. When I say the moderate version of Islam, I'm talking about very basic things. These are people proud of their faith, but basically their outlook always to the future.

[00:23:37]

I keep telling everybody that Libya is a Sunni country, for example. But the most popular name in it is Ali; my name was a Shiite name. So we don't even know if we're a Shiite or Sunni. We celebrate Ashura, for example. We're a Sunni, but we celebrate Ashura. But it's not just that. It's not the fact that it's this moderate version; it's the outlook. The house that I grew up in, the emphasis was always on – the relationship is between you and God. You don't really have to necessarily show it to outside. It's a moderate version.

The role of women is different in Libya than your perception of a place like maybe Saudi Arabia, or of when you think of a Muslim country. There are more women physicians in Libya than men, for example – simple statistic. I think there are equal numbers of lawyers. Women work. Doesn't mean women have the equal rights, no. That's a feature of all of our global community anyway; that's my bias. But nevertheless, there are much room for improvements – much, much.

[00:25:01]

So when we say moderate version is – I think it's an outlook – it's a future outlook, it's a – and I think that second reason is, we don't have these sects, that Shiite, Sunni – we never had that. And that seems to be, in some places, is a – is a source of a problem.

A third reason that I think that – would tell us that we have a better future is, unlike Tunisia, unlike Egypt, Libya is a wealthy country with a very small population. So a lot of the problems that were faced even in democratically elected governments in our neighbors, they are easily resolved in Libya, or somewhat easily resolved.

The fourth reason that I think also – and we have to remind ourself with – that will tell us that maybe Libya can build on this remarkable revolution – transition toward a democratic, stable society – is that Libya actually experimented with a form of democracy before Gadhafi. When Libya took an – it's independent in 1951, we had a monarchy, but we had a constitution, we had parliaments, we had freedom of the press until Gadhafi came. So there is some roots for a political discourse.

[00:26:28]

This idea of tribalism I hear a lot about, regionalism I hear a lot about – but I hear about that a lot when I'm here, not there. (Laughter.) It's the same thing this Islam issue. I always said that publicly. I think that's an issue for the West to resolve, actually. And I hope that they look at it seriously, because when you think of these issues, for example, I think – I think we're trying to work within these parameters. We're trying to build Libya within the parameters of the culture, of the religion. And that model doesn't have to be the U.S. model. Doesn't have to be the British model. As a matter of fact, it not only doesn't have to be, it will not be.

So the measurements or the yardsticks of what is progress, and what is a form of a democratic process, it has to be indigenous. There are universal human values, that that's what we want to be. We want in compliance with these. But the form of government, or the form of how we move, I think these places should be allowed room to create their own version of a modern societies. Shouldn't really measure them with what our experience, no matter how great our experiences are.

[00:27:59]

So all this within my mind tell me that we have a chance. I mean, you can envision on the economic front very quickly here, that Libya can be a stable economically, because Libya has the longest coast on the Mediterranean – one of the most beautiful places, by the way. There's a stretch of – off in the east – of these rolling, beautiful hills that merge into the Mediterranean that will put highway – California Highway 101 to shame. (Laughter.) There are some of the most beautiful ruins, complete ruins, in Libya. So this is another alluring aspect of this society, where it diversify its income – tourism, for example, can be a major.

There is rooms for alternative sources of energy. There is rooms for financial services in that part of the world. So there's all kind of things that you can create in a stable society like Libya. And I think we can. Libya has a – has a population – more than 67 percent of the population are young. And the literacy rate is the highest in – not only in Africa, something like, I don't know,

more than 95 percent. You don't meet anybody who is not educated and have a degree, men or women. Lousy education, yes. But they have a degree.

[00:29:23]

So this type of energy, if it's harnessed and if looked at strategically, I think there is the possibility. And the possibility is alluring, because if we can create this model that doesn't exist yet, of – again, of a democratic, Arab, multicultural – because we have Amazigh – (inaudible) – we have Toubou, we have Tuareg. But a face of it is as a Muslim country; that's very important, that give the world a new outlook. This have ramification on both.

One is on the region itself. So if you can show that within these parameters you can create a democratic society, that have implications on the experience of Yemen and the experience of Syria and the experience of all of these places, but also, and equally important, have ramifications or implication about the relationship between the North and the South – of how you view that world. Because the only face that you know so far is the – is the ugly face, all the al-Qaida and the – these people who are killing, and they hate women, and this backward looking of Islam. And that is imprinted in the West, especially after September 11. So we're hoping that by creating this, if we succeed in that – that's why we needed help in this. Then, as I said, it will show that you can create a small, prosperous, stable society that look to how it contribute to this small global community of ours, rather than to destroy it.

[00:31:12]

The challenges are quite a bit, and we face them every day. Transition will not be easy. One of the main things that I'm devoting my time for now is in building a democratic, centrist coalition in Libya, because one of the things that we don't have. We want to move to a stage whereby political discourse, but we don't have the tools for it. We don't have the parties. We don't have the civil – civic institutions for it. So our goal is, is to see if we can, as I said, build this coalition from the center. And we've been working on this for only few weeks, and it's something that you will hear more about in the future. And I will be happy to talk more about it in terms of the questions and answers.

But I think that a measures of the stabilities are twofold – many, but the central ones are. The first is the building of the national army in Libya. And again, there's a – that's a long discussion as well. But the bottom line is, without a national army, there is a professional army. And that's – this – that terminology is new to the region, when you say professional army, because most armies in the region are, by nature, political armies. They are a killing machine, but also politicized killing men, politicized killing machine. And – because you cannot really have stability without the order. The – and the national army is essential part of that.

Also within the security apparatus is the security apparatus, is the police force. And most police force in that part of the world are basically – are not to provide – protect the civilian – (inaudible). They are to – they are means for the state, so you require rehabilitations, and that's not an easy process, to move a policeman from a tool of oppression to a tool of security for people. One of – people have a problem, they don't call on the police. So we want to go back to that if we can.

[00:33:48]

Also within the security still, I said one – think of that – still one. The third element in that one security is the protection of the borders. That's very important. Libya is a very immense place: There's only a 5 ½ million people on an area almost three, three-and-a-half, three times the size of Texas, just to get a – that's huge. And the south is a – is an unstable part – security, when you look at the future. And so, terms of the protecting the borders, this is also a very important issue of that security.

The second aspect of stability – so we have the army, the security – then the – call it political stability, that you have a big umbrella, centrist – and not an ideological (style ?) – political coalition, that basically bring that political stability. The lack – why is this important? Think of it this way, in short – and I'm – and I'm jumping on things here, because it's – I know the time is short. The lack of this big umbrella that represent the average person needs and intuitions and desires and hopes – what are you left with?

[00:35:23]

The first scenario is, either a small, organized group can affect the – disproportionately the political process, like what happened in Tunisia. When you think of Tunisia – it's a very important experience, by the way – it's the organized groups that basically influenced the political process. The second scenario that is likely, in the absence of this big centrist coalition, is that you have a splinters groups, fragmentations of the same forces – of the same democratic force. Again, same thing that happened in Tunisia.

So we're hoping that, if we succeeded in that – that's a very challenging aspect – there's no manual to do these things. There are experiences, but every experience is different. So I think that if we can succeed in that, I think this transition period would be somewhat easier. We have a very short period of time, five months, six months, to elect the 200 people that would write the constitution – draft the constitution, and then we vote on it. So we're squeezed in terms of time. But I am hopeful. As I said, I'm hopeful – looking back at this great, brave story of my brothers and sisters – give me hope that they can overcome these challenges in the future. Thank you very much.

[00:36:52]

MS. OTTAWAY: Thank you very much. We'll open for questions. Yes – just a moment – (chuckles) – please, wait for the microphone, and make sure that you identify yourself before speaking. Odeh (ph), you are the first one, but – there is one here.

(Off-side conversation.)

Q: Dr. Ali, welcome to Washington. Can you –

MS. OTTAWAY: Can you introduce yourself?

[00:37:25]

Q: Yeah. Odeh Abu Daid (ph), the Capital Trust Group. Can you talk about the transformation of the economic system? How do you make market forces more active, and how do you reduce the role of government?

MS. OTTAWAY: OK, let – you have the –

MR. : Yes.

MS. OTTAWAY: Yeah, can you pass it here? I'll take three at a time.

[00:37:48]

Q: OK. Jonathan Broder from Congressional Quarterly. I was wondering if you could talk a little bit about Libya's oil exports and its capacity possibly to make up for some of the oil from Iran that might be taken off the market.

MS. OTTAWAY: OK, and this lady here.

Q: Thank you so much for this presentation, and to Carnegie for making this event possible. My question was also on the oil and the oil sector.

MS. OTTAWAY: Identify yourself .

Q: Sorry. Emira Woods, with the Institute for Policy Studies. Issues around changes, particularly in the oil contracts, as you move from revolution to state, and also instruments for transparency and accountability in the oil sector. And then I had another – since that question was asked – about the African Union and its role, and – particularly now, relationships between Libya and the African Union post-revolution.

[00:38:44]

MS. OTTAWAY: Thank you. Dr. Tarhouni.

MR. TARHOUNI: Yeah. The market forces – this is a – some serious challenge, and the reason is this. Traditionally these government – most of them for – to remain in power, as we said, they control the treasure, the security and the information. And their tools is the government, so the government, notice, always get bigger and bigger under these authoritarian regimes. And in the process, what happen is that the private sector become marginalized. And that's the same experience that we see in Algeria, we see in Libya, we see in Iraq, we see in –

Not only that, but the private sector that's – that survive, for it to survive, it has to be a corrupt private sector. For it to remain afloat, they rely on government as well. So government contracts and kickbacks and. So in the process of attempting to build this coalition, you know, we visited and we talked to just about everybody of the east, west, and we tried to gather some of the most important common denominators.

And one of them is that we wanted the private sector to be a key driver of economic activities in the future. That requires that the role of government gets smaller. The challenge that

we have now, today, is actually that people expect the role of government to get even bigger. So they expect governments to pay even more salaries and provide more services. So in the short-term, it's the question of how much the government would grow, rather how much the private sector would grow.

(In terms of ?) strategically, I think – I think that a rational – and the emphasis on rational – privatization is a key element for the private sector to grow. I think also one of the things that was talked about but never really was developed is that the – taking care of the small and medium-sized type of enterprises. And this is where the international capital comes in. So most of the contracts of the future, by the way, expect them to include some type of partnership. So if a company comes in, want to build something in Libya, then there would be some form of a local partner, a business partner. And that's one tool of enhancing the private sector.

[00:41:25]

I think the one issue is that the poverty laws in Libya are confused, and that's a very important issue in terms of the growth. So enhancing these laws, commercial codes, the property – property rights, laws – all of these are on the books to – or ideas that we need to develop. So basically, I think that's the – so we want the private sector to be, A, the major driver. Now, how do we get there? We have this privatization. We have this issue of partnering with international capital. And we have – the rules of the game have to be clarified, as we tell our students, for capitalism to be – to thrive and enhance.

The second question is the oil. Well, most – my expectation is that most of the contracts will be honored, but all of them would be revisited – the oil contracts. And my expectation, also, is some of these contracts will be disputed, some that have these gross violations, and there are some that do. But in general, my expectation, as I said, most contracts will be honored.

In terms of the transparency, by the time we got – we got out of the government, we instituted a policy for the oil sector, that every contract signed have to be published, even a contract to buy fuel. There are downsides to that. Transparency is not as great as it sound when you're a company that basically vying for contracts. There's confidential elements. There are some rules that govern the confidentiality. But I think that these are small prices that we pay.

[00:43:18]

We publish, for example, talking about transparency, we publish the financial reports from the treasury. Every dime that came in and where is that money spent – all of that is on the Internet. On the Internet, also on the site of the NOC, you go in there, and you find every shipment of oil, where it gone, who bought it, at what price – all of that. But that's a small part of the transparency. The transparency is a much more complicated. You know, you need institutions that basically defend transparency, you need freedom of the press, you need a culture of transparency. And I hope that we will work on that.

[00:44:03]

The relationship between Africa and South Africa are – well, one of the things that is – that we definitely need from South Africa – and we're sending teams, and we will work more on this –

we need to learn from South Africa the experience of the truth and reconciliations. We have similar issues, similar differences. But we need to rely on their experience, and hopefully they'll teach us because I think their experience is successful one. We had differences during the Gadhafi time, but I think these are small differences that we can overcome, or we have already overcame.

MS. OTTAWAY: OK. There is a lady back there who has been very anxious.

[00:44:54]

Q: Thank you very much. My name is Susana Florian. I'm with Parsons. You need to be commended for your fabulous work. And I've also noticed the ambassador from Libya being in the room. He was among the first to show an example how to actually behave in the West. So congratulations to both of you.

I have been in Tripoli seven different times before the revolution looking for infrastructure-related work. And after seven trips, we decided that it – the corruption was so tremendous that we decided not to pursue work there. I would like to understand – if you can address specifically about construction, how much still is needed – in addition to the immediate fixes in Misrata or places where, actually, things are in shambles, but the big type of works – and how U.S. companies can actually go in there and add value to that market. We have heard that Europeans and Australians have already made trips there and are signing contracts – contracts with whom? There is no elected government yet. Can you shed some light on this please? Thank you.

MS. OTTAWAY: OK. The gentleman way back there.

[00:46:17]

Q: Thanks. Andrew Beatty from the AFP News Agency. I'm wondering if you could talk a little bit about the demobilization of the – (in foreign language) – of the revolutionaries. You still see in Tripoli that there's a lot of brigades from Misrata and from Zintan and so on. Why is the NTC being so slow to disarm them? And what – how do they do it?

MS. OTTAWAY: OK. And I think – (inaudible) – I'll use the prerogative of the chair, and I'll ask the third question myself. And I wonder if you can expand a bit on your statement about the fact – the need to build a democratic centrist coalition nor to – or the country will have the same experience as Tunisia of organized forces – essentially they are playing the leading role. Can you expand on that, please?

[00:47:06]

MR. TARHOUNI: The first question about the construction, I think you should expect two phases. First phase is we said we have this transition period that goes for five months now. And then after that we have the 200 people that draft a constitution, and then people will vote on this. And then we will have voting on whatever the constitution says, for a president or a parliament.

So in this transitional period for construction, for example, I think the general understanding – there might be a few exceptions – that there will be no major decision taken during this transitional period, that most of the major decision related to new oil concessions, major

construction – all of these will be left to – including printing in new currency, for example – these will all be left to the elected government.

What you will see in this transitional period is a type of a caretaker type of a government that will put out fires, if you like. The concentration is on the building of the institutions, the army, for example. And maybe there are some construction projects that are – for example, when I left the government, we signed with the French that we buy some of these fabricated or – places of – (inaudible) – because most of the schools were destroyed. So that – but there aren't really any major construction projects that I know of.

[00:49:01]

The revolutionaries – this is a very challenging – think of it this way, one of the great benefits of this kind of a grassroots revolution is that it doesn't need a lot of organization. It coalesced by itself somehow. This advantage is that's – that organic body is harder to transfer into a state. So that's – these are expected elements that we see. Matter of fact, we were just talking and you should have – not should, but you would expect that you will see more of these acts of out of control vigilante in a place where, literally, there's still no institution control. So it's really remarkable the stability that exists under, again, no elected government, no police force, no army. You know, I was the acting prime minister, and I can issue orders, which I did a lot of them, but executing them is a totally different question. (Laughter.) So it's as I said, it's really remarkable that you – that you see that stability.

Now, the revolutionaries were given two choices. One is either to join the army or join the security apparatus. And I'm not sure that that's really the right way to go about it. It's fine to give them that choice, but keep in mind that most of these revolutionaries are not military people. They're regular citizens that – (inaudible) – carried, you know, the guns like the thousands of people that I knew, carried guns and went and fought for their country, for the liberation of their country. They are teachers. They are, you know, you name it – physicians, workers (there ?).

[00:51:03]

So how to absorb them is a – is a – is a key question. And one option is – because there is a – there is a ministry that is devoted exclusively now for this purpose – is to look at this group in a kind of a(n) integrated approach. What I mean by integrated approach, well, is that you need to look at their needs in terms of jobs, you need to look at question of training them in educational aspects of whatever field that they have. I think it's important that they, just like a veteran association here, that their needs in terms of health care and so on. You need to take care of the family of the martyrs, because that's a very important issue, sensitive issue to these revolutionaries and to the whole of Libya; need take care of the wounded.

But you need to give these young men an outlook to the future, something that they can buy into the future, rather than saying, you know: You join the army or you join the security apparatus. These are the only choice. They need even psychological help, and some of them saw horrors that you cannot imagine. So I think that that – and because that's also associated with disarming these young people. Unless these people found an option, a positive, forward-looking option, most of them will insist on keeping their arms. So it's a – that's what I mean by this integrated way of looking at this – at this issue.

[00:52:49]

Now, the coalition is – so what – who's organized today in Libya? The only organized group is the Muslim Brotherhood. And I – they're a smaller group, very small group actually, as far as we know, but they're well-organized, well-funded. And what is out there if you look at the map – the political map? Nothing, basically. What you have is, you have small attempts here and there. Most are driven by the elite to form some type of parties, some type of civic institution. These are all great.

But as elite type of outcome, they tend to be small, and they tend to be fragmented, and they tend to be – I won't say what I have in mind. So they are not the political force that basically lead to a grassroot movement. Historically, elites like us, we are part of that – is that they come into a movement to enrich it. Theoretically, that's where the elite come in. But it's very hard to see parties that, you know – we have – we have, by the way, I think one last account, something like a hundred parties already registered. We don't have a law for parties or any – OK.

[00:54:21]

But my way of thinking is, OK, let's say even one of these – each one of these have a hundred members, but some of them don't, some of them have 10, 15. We're still talking about 10,000 people here. So when I say this – this democratic – this is really from the ground up. Ground up meaning is that we're looking for the average person. So when I go to talk, I go – I spend time talking to the people in the streets, and I go to the tribes. I go – I go to the interiors, and I talk to these people saying, even the form, the structure itself, it's still ambiguous for us how we – how we would do it. But this is – what is it that we agree on? And we said: We got this now, about 17 points that we are distributing – distributing these nationally. These are a kind of agreement of what the center is. And then the idea is, can you help with this process?

So even the form itself still not clear, because we want these people to be part of this process. We don't want hundreds. We're hoping for hundreds of thousands. It's a party similar to the experience of the Democratic, the Republican Party. It's not an ideological one, even though within this party there is always the ideologue. It's not a party whereby the membership is mandatory; you can walk in or out of it anytime you want. Because most parties traditionally, in that part of the world, ideological membership is for life. You can't – you got a membership in that party, you can't leave.

[00:56:00]

So it's a very loose type of a coalition that is based on these principles of stability, taking care of the private sector, taking care of – it's a constitutional democracy that we want, that it's a – it's a Muslim moderate country. And that's a very challenging to build something like this, especially that we don't have any experience for. But in the absence of this big umbrella, this – I had – my fear is that we – either the small organized group who can influence us, and/or you end up with these small splinter groups that basically, in the experience of Tunisia, if you look, they had more votes in terms of numbers, but they split the votes among themself, and they end up losing in terms of the structure of how the vote went in Tunisia.

We've talked to the revolutionaries. We want them to be part of this. We've talked to – so what – we're casting a kind of a wide net there, and we'll see what happens. But we want to talk to you. You have a lot of experience in rebuilding of these – of these political parties, and hopefully we'll benefit from that.

[00:57:17]

MS. OTTAWAY: OK. (Chuckles.) There is an embarrassment of choices. Back – yes. You, yes.

Q: Thank you, Ali. I just came back from Libya, from a similar also exile. Sorry. (Name inaudible) – with the World Bank. I've been away from Libya for about 31 years, and I just came back last week from Tripoli. The trouble I was thinking about with these armed groups is that at one point, you're going to end up where the table of political negotiations where some of these groups have guns, and intellectuals and others don't, which will create a real lopsided political future, I think. So that's the trouble I have with these militias – not necessarily the security element alone, but the influence they may have on the political future of the country. I want to see if Ali can comment on that.

MS. OTTAWAY: (Off mic.)

[00:58:26]

Q: Yeah. Thank you. Jim Berger from Washington Trade Daily. I'd just like to approach everything from the economic trade side. (Chuckles.) But to say the least, what's happened in your country and the Middle East has been tremendous, the full extent of the word, yet the U.S. seems to have a policy now of noninvolvement, of a hands-off. Is that wise? Or is something – is it – can the United States be more involved in the changes there?

MS. OTTAWAY: Yes. You had your hand up.

Q: Ken Meyer (ph) – (inaudible.) On a sort of related question, you've painted a very rosy picture, but just this week the head of the NTC said there's a danger of Libya slipping into civil war. Should that occur, would the faction you collaborate with request NATO to intervene once again?

[00:59:27]

MR. TARHOUNI: OK. So I think – I think there is a danger of that, that if you – if these militias group remain intact and have their guns with them, then the dialogue between them and the rest of us will be, as you said, lopsided. I think most groups that I know of, they are looking for a way out, most of these people. When I say that I know – I know them all in Tripoli, and we put them all, in – at one time, if you remember, in this National Security Committee. And most people want to go back to their normal lives. The question is, there is no alternative for them. So if the people of Misrata lay down their guns, they are afraid that the people – (inaudible) – lay their guns the same – (inaudible).

And that's a question of – that's why the government, this transitional government, even though it's a transition for five, six months, it has to be very strong; it has to be supportive, because unless it's strengthened its grip a little bit, and in particular that we see some aspect of this national

army, these are the two elements that would make it easier for most of these – (inaudible) – to give up their arms.

But if the status quo remain – because that's really similar to the third question that he's talking about – then you don't have, if you look down the road a year or two, in a similar status – all of the – (inaudible) – have their guns – obviously that's not a source of stability.

[01:01:08]

Would that lead to a civil war? Never ever. And the reason it's never ever is because if we had to have a civil war, we could have had it in these last 10 months. I cannot tell you how many times I've heard this. I go to Rome and I go to every place and the first I was told or somebody will tell me: You will have a war. The country will split. No, the country will not split. And the reason it will not split is, because these people who vote, who -- fought this war. And I hope I'm as a realistic as I can, because we lived this – we lived it day in and day out. They fought it to –not to – not to split the country, they fought it to get rid of Gadhafi.

[01:01:58]

And when you talk about splitting the country into regions, the reason that this is not in the cards is there no way of splitting Libya. Let me be specific. I am from a place called Tarhunah, which is in the west. That's about 80 miles south of Tripoli. That's where my ancestors are; it's where my cousins are, still are. I was born 1,100 kilometers away in the heart of the Bedouin tribes in the east, in a city called Mesh (ph). My mother is from a tribe called Laria (ph), which is in the west. Her mom is from a tribe called Gaban (ph), which is all the way from the east, from Tripoli.

When you look at our descendants now, our cousins, every city, every tribe is part of my family. So there's no way of carving this into pieces. The risk of instability is not a civil war. It's basically these type of events that happened last week, that you'll start seeing more of those, these vigilante groups that are basically fighting themselves. That will be a risk, if indeed the governments remain weak and if indeed we couldn't find a way to disarm these militias.

With the U.S., should the U.S. be more involved? I think – I think the United States did it right. I think this is a very important question, because that question is asked everywhere, by the way: Why is the United States not acting more or not involved more? Well, actually, they are involved.

[01:04:05]

Let me digress a little bit. So look at the Iraqi experience and look at the Libyan experience. One of the success of the Libyan experience is that for people like me to go there and in a week integrate myself so easily with the population that I've been away 30 years is that I have no connection to the U.S. government. That's a different – (inaudible) – example and the – (inaudible) – example. So that – basically here you're looking at what – you're looking at the question of the integrity here.

Now, this is a person who basically is not a pro-U.S. or a pro- or made by the French or made by the British. So I think that was a good call by the U.S. government, is basically to keep their hands off from these people who are even educated in the United States, because actually that would harm these people more than help them.

[01:05:12]

I think the other aspect – so they are very respectful of this distance. And I think that's a smart move. I think the other aspect that the administration I know consciously did – and I'm not sure I disagree with that – is that maybe they are – they – thee outlook – I don't know they will face it this way – but maybe it's a look – it's a more for a strategic look they look at Libya. And I hope that's what they are doing.

So they're not coming in – this is taped, right? (Laughter.) So there are countries, OK – there are countries that basically didn't have that outlook, that future outlook, that were looking into building a relationship over the next decades. And that's – and that's the way it should, because most of the wealth (is ?) to be created in the future, not now. They are coming in today and they're trying to capture whatever existed there.

[01:06:20]

The other – on the other hand, I think the United States is looking at it maybe a little bit differently, and I think that's a smart way of doing it.

A third reason is, there is a model that the United States did – different models in the region. And I think they distinguished that in Libya, that if they look like – and to make it very simple, is that they look like they're actually walking the walk; they are not there for the oil. They are there to support freedom.

I know for some people that sounds theoretical and so ideal talk, but I hope that you will embrace that idealism, because that actually is the most business-like benefit that you can gain in your lifetime. So if you look at this term as a (strategic/strategy ?) of this idealism, you'll be the winner economically. They don't – they don't – they're not mutually exclusive. And part of the fallacy in the history of the relationship between the United States and not only Libya or the Arab world, the rest of the world, is that these two became mutually exclusive. They are to support the freedom and all of this democratic, dah, dah, dah, that basically we're not going to make money out of it. No, actually, you can make a lot more money, but it takes a little bit longer to – (inaudible).

[01:07:36]

So I think these are the differences, and I think that's the thinking of the United States. And I think there is some people that I know in the United States, they think that way. I think that's a smart move. And I think actually – I keep telling everybody that if you go today to Libya and think of it in a span of seven, eight months, this is to be the great Satan in Tripoli, and now you go there and you see American flags – not the government of the U.S. is raising them; it's the population. It's the people are raising these flags. They will embrace you if you are American. You are – you are – don't worry about your safety if you are an American or if you are French, for that matter – especially if your name is Sarkozy, by the way. (Laughter.) He is by far – by far the most popular.

I mean, it's so ridiculous. They're calling – the families are calling their kids Sarkozy. (Laughter.) And in Arabic, it doesn't rhyme, Sarkozy Tarhouni (ph). (Laughter.) They don't go together.

[01:08:33]

But anyway, so I think this is – this is the different landscape that we're looking at. And I hope that the intellectuals, the elites, the people who have this intellectual power in the West, that they start looking seriously at these lessons, because there's a lot to learn from it. Some of it we still ourselves don't know. But I think – and that – and that maybe paved the way for the political apparatus here to maybe start having a much wiser outlook to the region, because that's a troubled region, and it needs all the help it can get.

MS. OTTAWAY: OK, this is probably the last one. Yes, sir.

Q: Christopher Bligha (ph) from the Congressional Research Service. I was hoping you could reflect a bit on the design of the electoral system for the upcoming constitutional assembly, but also on the potential outcome of the constitutional drafting process. What are ways to reinforce the sort of fabric that you talked about in Libya, rather than reinforcing some of the more divisive trends that might exist in society.

MS. OTTAWAY: The lady here.

Q: Thank you. Susan George (sp), International Monetary Fund. Thank you, Minister Tarhouni, for your presentation. Very informative. Two questions. Now that the assets have been unfrozen, what do you see as key elements of a framework that is required now in Libya in terms of to create accountability and transparency for how this money is used?

And second question: How do you see these international organizations – like the IMF, the World Bank, the IFIs (ph) – how can we be most useful? Thank you.

Q: Good morning. I just – Tamin Bayi (ph), a Libyan American. I just returned from Libya. And I believe there is a missed opportunity right now by the NTC and the – and the transitional government. Libyans are hungry for the opportunity to express themselves. And I think – I'm sure you know this – there is hundreds of civic society organizations that have – got created by regular Libyans. I think the missed opportunity is that in these organizations, they're rather limited in their ability to be able to express themselves. They don't have the funding. They don't have the tools. They don't have the ability to organize and be able to carry on their tasks and their – and their committed causes that they would like to take out. The missed opportunities is that the government needs the support from the people to be able to battle issues, potentially of risk from militias, et cetera, et cetera. These people, if they don't find the venue and the ability to be able to express themselves in an organized manner, they – that may cause more problems for the country.

[01:11:52]

Secondly, if we are really interested in wanting to build civil society, this is a great way to be able to bolster that. In the absence of a private sector in Libya, which usually would fund these types of organizations, I think the government has to step up and be able to find ways to support these kind of organizations. So I'd love to hear your comments on that.

MR. TARHOUNI : In terms of the election, as I said, everything is quite vague at this moment. The only thing that we know is that there are 200 people that will be elected six months from now, most likely June. They will draft a constitution. We vote on it yea or nay, and require two-third. And if nay, they have thirty days to go back, fix it. But just to show we – it's still a

debate, we don't even have the mechanism in place to – insofar as to say, OK, they said no, (but ?) why? So even when you go back to fix it, you fix what? So all of this now, they're working on it.

The – how many regions, how the voting will take place, they're working on this as we speak. They start showing some drafts, some issues outside. But all of these are just ideas.

[01:13:18]

I personally prefer a presidential system, and a strong one. It's very hard to think of a parliamentary system that works in that part of the world. It's cumbersome. It require a much more advanced political process and political parties. So a presidential system with checks and balances similar to the United States might be a better one at least for now.

The – the question of safety, of transparency, this is – I mean, we're talking – we talked about the positive things, but there are so many challenges not only in the transition period but afterward. For my money, I don't think transparency is a question of laws. It's much more cumbersome, as you know, than that. It requires an institution that basically define and defend and monitor. It require laws. It require freedom of the press. There are – it's a whole integrated process. And that is an outcome; it's a cultural outcome. It takes time for people to move away from corruption as the way (of ?) the normal.

[01:14:46]

A lot of people grow in that part of the would not because they're bad. That's – to have anything done, you need to pay a kickback. That's a cultural thing. But – so when you talk about the – you know, there are – (inaudible) – in place. And one thing that is good – you know, there's all kind of negative of – from this organic revolution, which is the mess that we have now, right? It's very disorganized.

But on the other hand, one of it is that the amount of – I don't have statistics, but my feeling is that the level of corruption is a lot lower now, because if you are a clerk in a government, it used to be that if a citizen wants services, he needs to pay you a kickback for this, whatever it is. Now that citizen have a gun. He cannot ask him for a kickback – (laughter) – so I think – I think – by definition, I think that kind of a limiting effect on some of these visible parts of the corruption. You don't see it – by the way, you don't see – that's the remarkable thing, is you don't see a lot of crime. The – I was told there was a level of crime before, a level of crime now – I'm talking about the crime, the thievery, the stealing, the killing.

[01:16:04]

The – but anyway, so talking about this – the funds, I don't really have – I am not worried about the misuse of these assets that we unfrozen. As I said, I'm worried about – more about the process itself: Can we actually move it forward, and three, four, five years from now, I can sit in front of you and comfortably say, yes, we have something in place that actually guard the transparency and the integrity of the public treasure? That we don't have.

How the IMF – and they're already helping us out. They were there. I met with them at least two or three times when they were there. And they're helping us, and they're meeting with the central bank.

And now, there – I agree with you. The issue that we have is, we don't have – so we're talking about the elections. We don't really have a good picture of it. We don't have a good picture of even the laws for – that govern political parties – so who you even support and who we don't.

[01:17:16]

And up to now, up to this moment, the government doesn't have the resources to support these parties or these civil or civic institutions. They don't – they actually didn't have the resources. And then becomes the question: Who do you pick and who do you choose?

But I agree with you. I mean, that's one of the interesting things – we were talking about this in the car. We have a chance to form a – an election law that maybe, for example, embrace public finance, for example. Because we're creating everything almost from ground zero. But that require that we know what a public financing is. And that's a bit – it goes along to what you were saying, (but ?) can you support these civic institutions now? Because you're missing an opportunity. I think – I agree with you. I think we're missing. I'm just talking about the processes of, you know, how to effectively do it.

But, you know, at the end of the day, as I said, the way I look at is, eight months ago I was – nine months ago I was in Seattle and my wings was broken, as we translate from Arabic. I didn't have – I didn't really believe that the revolution will take place. And here we are. I'm talking to you as a former acting prime minister of a revolution. Libya's free. Gadhafi is dead. His son is in prison. And that gives me hope that all of these challenges – and there will be a lot more challenges – I'm hoping that we overcome them, but I hope that we overcome them peacefully.

Thank you very much. (Applause.)

(END)