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The Center for Public Policy and the Social Sciences

Time for a Change: The Role of the United States in the Israeli-Palestinian Conflict

Task Force Report

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1. Executive Summary

2. Introduction

On October 1, 2015, Naama and Eitam Henkin were driving to their home in Jerusalem with their four children, all under the age of ten. While on the road, a car pulled up next to the Henkins, fired at the driver, and drove off. When the paramedics arrived, it was clear the Henkin children were now the Henkin orphans. Two months earlier, Reham Dawabsheh, a 26-year-old Palestinian mother, passed away after Jewish arsonists lobbed molotov cocktails into her home, but not before first witnessing her 18-month old baby burned to death.¹ Before Ms. Dawabsheh was killed, an Israeli teenage girl was stabbed.² Before her, a Palestinian teenage girl was shot.³ Before her, there was another and another and another.

Welcome to the Israeli-Palestinian conflict. Welcome to a region where the city of Jerusalem has seen 91 stabbings, 34 shootings, and 17 car rammings since the beginning of the recent escalation of violence.⁴ This is a land where children's playgrounds must double as bomb shelters to protect against incoming rocket strikes. This is a land where a single square kilometer—the walled city of Jerusalem—has put two ancient religions at each other's throats.

In past decades, every presidential administration beginning with President Carter has attempted to secure peace for this terror-filled yet tiny land because doing so promises enhanced stability for the greater Middle East region. But despite billions of dollars in foreign aid, countless diplomatic visits, and thousands of man hours, no administration has found the magic formula for a lasting peace. For the past 12 weeks, we have sought to understand not only why past administrations have failed, but also how future administrations can spawn greater success. To this end, we traveled to Israel, the West Bank, and Jordan in order to gain the perspectives of a cross-section of the people on the ground.

After listening to academics, activists, policy makers, practitioners, and tour guides alike, the struggle of two peoples trying to live out their collective narratives in the same space became clearer. The contradictions and chaos of the region began to boil down to gaps in leadership, history, and shared understanding.

Through perspectives like those of a Palestinian activist who felt his childhood had been outlawed, an Israeli soldier who wanted to buy his people more time to flee terrorism, and a diplomat who struggled tirelessly to create change despite the constraints placed on him by his government, it became clear that the Israeli and Palestinian people of today are exhausted. They have hoped for peace for decades but seen nothing delivered. They have elected left-wingers and right-wingers but seen neither prosperity nor security. An entire generation has grown weary of their parents telling them of progress and negotiations and hope. Today, some feel that a stable and peaceful life can exist only as a fantasy.

¹ Al Jazeera and Agencies, "Palestinian Mother Injured in Arson Attack Dies," September 7, 2015.

² Judah Ari Gross, "Teen Girl Among Four Wounded In Stabbing Attack in Kiryat Gat," *The Times of Israel*, November 21, 2015.

³ Al Jazeera and Agencies, "Palestinian Teen Shot Dead After Alleged Stabbing," October 24, 2015.

⁴ Israel Ministry of Foreign Affairs, "Wave of Terror 2015," December 6, 2015.

This attitude breeds a dangerous blindness on both sides. Israelis and Palestinians grow up without knowing the other side at all. They go to their own schools, live in their own neighborhoods, and keep their distance. Most Palestinians only know Israelis as the soldiers at checkpoints or the ones who storm into their homes at night. Most Israelis only know Palestinians as the terrorists on the television or in person. Each side has their own narrative and own truth. Given such a chasm in understanding, how can one expect there to be peace? The answer is because there is no other option. For both sides, the status quo is untenable and the two-state solution is the only solution that can succeed.

Though not reflected in the violence of recent days, hope does exist on the ground. We found hope in the efforts of a former Palestinian prisoner and an Israeli settler working together to create ties between their communities. “Peace is a place for two truths to fit together,”⁵ they said. We found hope in an Israeli settler and Palestinian farmer sitting together to share tea after tilling their respective lands. We found hope in the everyday Israelis and Palestinians who care not for ideology or politics, but for a stable life of opportunity. In some ways, hope will always exist in this region because, as Sari Nusseibeh, former president of Al-Quds University, put it, “this is a land of miracles.”⁶

Based on this study, we conclude that the region does not need more of the same. An alumnus of this course told us, “do not be afraid of change.”⁷ We echo this sentiment. The United States must shake things up. It must reinvigorate the process with new ideas, new investment, and new leadership. This does not mean that the United States should discard the efforts of past administrations. Through multiple rounds of negotiations, officials have formulated solutions for some of the thorniest issues. These ideas must not be forgotten. Instead, the United States must work to build on these past agreements to move the two sides out of hopelessness and toward peace.

To this end, this memorandum begins by presenting the historical context of the conflict and past peace processes. We then discuss the Israeli and Palestinian narratives and key players on both sides before moving to U.S. interests and possible roles the United States can play in the conflict. Finally, this memorandum presents recommendations that aim to promote a two-state solution whereby the states of Israel and Palestine will be able to live side by side in peace. These recommendations can be divided into three main categories: U.S. Parameters and Promises, Actions to Improve the Environment for Peace, and Actions to Take During Peace Talks.

The United States must approach this process with humility and patience. Peace will not happen overnight. It will likely take years. Overall, it continues to be in the best interests of the United States to play an active role in this conflict. It will require strong leadership and willing partners. At the end of the day, peace is possible and the United States must do all that it can to bring it about.

⁵ Shaul Judelman and Ali Abu Awwad. Interview. December 8, 2015.

⁶ Sari Nusseibeh. Interview. December 7, 2015.

⁷ Former student. Interview. December 15, 2015.

2.1 AT A GLANCE: RECOMMENDATIONS

U.S. Parameters and Promises

Parameters and Promises

- The United States should recommend the following parameters:
- *Borders and Settlements*
 - The Israeli-Palestinian border based on the June 4, 1967 line
 - Future borders determined via mutually agreed upon 1:1 land swaps
- *Security*
 - Neither Israel nor a future Palestine will use any force against one another
 - The United States should spearhead the effort to deploy NATO forces in the Jordan River Valley
 - The United States will serve as a final guarantor of regional peace and stability
- *Jerusalem*
 - Jerusalem will become the capital of both states, East Jerusalem as the capital of Palestine and West Jerusalem as the capital of Israel
 - The Old City will be controlled on the basis of demographics at the time of an agreement
 - Special international administrator that will protect access to the city's holy sites
- *Refugees and Right of Return*
 - The right of return to Israel should only exist in a limited capacity, enacted via family reunification for certain Palestinian refugees
 - The United States should lead the establishment of an international fund to compensate and help resettle both Palestinian and Jewish refugees in the region
- *Water Rights*
 - Fair and equitable distribution of water
 - Cooperate to prevent water resource contamination and alleviate future droughts
- *Palestinian Statehood*
 - President should take symbolic actions reaffirming recognition of a future Palestinian state
- *Solidifying Parameters*
 - International recognition of these parameters such as in a UN Security Council Resolution could enhance these parameters going forward

Actions to Improve the Environment for Peace

Improving the Palestinian Economy and Financial Institutions

- To improve the Palestinian economy and financial institutions, the United States should take the following steps:
- *Banking and Credit Accessibility*
 - Establish an international fund to insure Palestinian deposits
 - Provide assistance in the establishment of a national registry for movable property
 - Establish a loan guarantee program
 - Encourage the formation of a comprehensive credit bureau
- *Currency*

- Establish and finance PMA controlled money-changing stations
- *Securities*
 - Prioritize the successful establishment of a robust Palestinian bond market
- *Industrial Development*
 - Support basic laws for corporate protection.
 - Should continue its support of Free Economic Zones (FEZs)
- *Zone C*
 - Encourage Israel to increase Palestinian access to Zone C
- *Transportation*
 - Ensure that continued funding to Palestinian roads
 - Provide low interest funds to members of the transportation industry
 - Fund or provide training programs and infrastructure to allow for the implementation of computerized customs systems.
 - Pressure Israel to honor their commitment and ensure timely delivery of PA revenues and help the Palestinians reevaluate their primary trade routes
 - Encourage Israel to take steps toward reducing restrictions on movement

Improving Palestinian Political Institutions

- To improve Palestinian political institutions, the United States should take the following steps:
- *Palestinian Political Leadership*
 - Pressure Abbas to appoint a vice president or signal his successor.
 - Support pro-democratic movements in Palestinian society by
 - Put the PA on a timeline for elections
 - Increase pressure on Abbas to make a concerted and public effort to remove PA corruption, especially the perception of such corruption
- *Palestinian State Infrastructure*
 - Offer low interest loans or subsidies to begin developing Palestinian utility companies and pay off or restructure Palestinian debts to the IEC
 - Continue to sufficiently train and sustain Palestinian police and security forces
 - Recognize and uphold Palestinian court rulings deemed to be in accordance with international norms and within the Palestinians' Constitutional framework

Education Institutions

- Encourage Israelis and Palestinians to develop a neutral curriculum that teaches Arabs and Israelis about each other
- Support the creation of primary and secondary schools as a means to educate Arabs and Israelis in an environment of coexistence
- Support initiatives to prevent brain drain, while still providing educated Palestinians proper job opportunities

Track II Diplomacy

- Track II diplomacy should be used by the United States to discuss difficult issues and improve relationships with Israel, Hamas, and other Arab States

Gaza Issues

- The United States should take the following steps to help with the Gaza situation:
 - Pursue peace with the PA in the West Bank in hopes of strengthening pro-peace sentiments in Gaza
 - Continue its tight restrictions on Hamas funding sources
 - Remain open to negotiating with Hamas if they renounce terrorism

Settlements

- In order to deal with settlements, the United States should take the following steps:
 - Encourage Israel to stop building on land that could be used in land swaps to accommodate current Israeli settlement blocs
 - Set up an Israeli Evacuation and Compensation Plan for settlers, contingent on a final status agreement

Actions to Take During Peace Talks

Lessons from Past Negotiations

- Negotiations must occur under auspicious political circumstances and by leaders committed to reaching a final settlement
- The United States must prepare extensively for the talks and attain an explicit understanding of the parties' bottom line positions beforehand
- The United States must accept that it cannot serve as the sole third-party mediator
- Third parties must engage decisively and assertively to produce an agreement that unambiguously delineates the terms of implementation for all core issues

Embracing the Quartet and Madrid 2.0

- United States should convene a "Madrid 2.0" conference alongside the Quartet, P5+1 states, regional players, and other relevant actors
- This conference should precisely specify the roles that each third party will play

3. U.S. Interests in the Israeli-Palestinian Conflict - Why Do We Want Peace?

"It is definitely in our national security interest ... [to] facilitate the forging of a two state solution ... a secure and democratic, Jewish Israel and a secure and democratic Palestine, living side by side." - Senior U.S. National Security Advisor⁸

3.1 DEFINING U.S. INTERESTS

U.S. engagement in the Israeli-Palestinian conflict should not be taken for granted. Instead, the United States must consider whether and how it should involve itself. To do so, it is critical to define Washington's enduring foreign policy interests. These include the preservation of national security, economic prosperity, the spread of democratic values, and maintaining its world leadership. U.S. engagement in and resolution of the Israeli-Palestinian conflict could produce several tangible benefits to the United States. These include increased U.S. security, regional and

⁸ Senior U.S. National Security Official. Interview. November 4, 2015.

global stability, improved Middle Eastern alliances, reliable access to oil, the spread of liberal democratic values, and an improved U.S. leadership position in the international system.

Security

“The Israel-Palestine conflict is the Achilles' heel of the Middle East” - Qais Biltaji, Jordanian Diplomat⁹

Above all, the United States seeks to preserve its national security and secure the safety of the American people. Currently, the most pressing threats to national security include terrorism, escalation of regional conflict, nuclear proliferation, climate change, and infectious disease.¹⁰ Any policy that endangers the wellbeing of the United States and its citizens by exposing them to these security threats runs counter to U.S. interests.

A resolution to the Israeli-Palestinian conflict serves to improve security. Hostilities between Arabs and Israelis have been long-burning threats in the Middle East, provoking several crises and wars over the past 50 years. Furthermore, Washington's support for Israel and perceived hostilities toward Arabs and Muslims has produced widespread anti-American sentiment in the Middle East. For example, a Pew Research Center poll found globally a median of 65 percent voice an affirmative opinion of the United States, while only 30 percent do so in the Middle East.¹¹ As a representative for the lobbying group J Street, admitted, “It is undeniable that a lot of the anti-American and anti-Western sentiment is further inflamed by perceptions that the United States is helping Israel to sustain this conflict [against Arabs and Muslims].”¹² If the United States can find a fair, workable resolution to the Israeli-Palestinian conflict, it is possible that Arab and Muslim populations would adopt a more favorable attitude toward the United States. Improved American sentiment in this region could have numerous benefits for American security both at home and abroad by reducing the number of people who perceive the United States as an enemy.

Stability

Stability is of paramount importance to the United States. One senior national security advisor described that it was in the interest of the United States to “create a more stable and secure world.”¹³ Currently, the United States benefits from stability around the world for many reasons, including national security. The quest for stability begins in the Middle East. The Middle East of today is a chaotic, unstable place. Civil wars rage in Syria, Iraq, Libya, and Yemen. Nondemocratic regimes rule in Egypt, Iran and the Persian Gulf states. Terrorist groups flourish across the region. This chaos has the potential to spill across borders and threaten the United States and its allies. This potential is exemplified by recent terrorist attacks inspired by the Islamic State in Paris and San Bernardino, California.

⁹ Qais Biltaji. Interview. December 14, 2015.

¹⁰ The White House, “National Security Strategy,” February, 2015.

¹¹ Pew Research Center, “Global Opposition to U.S. Surveillance and Drones, but Limited Harm to America's Image: Many in Asia Worry about Conflict with China,” July 14, 2014.

¹² Dylan Williams. Interview. November 5, 2015.

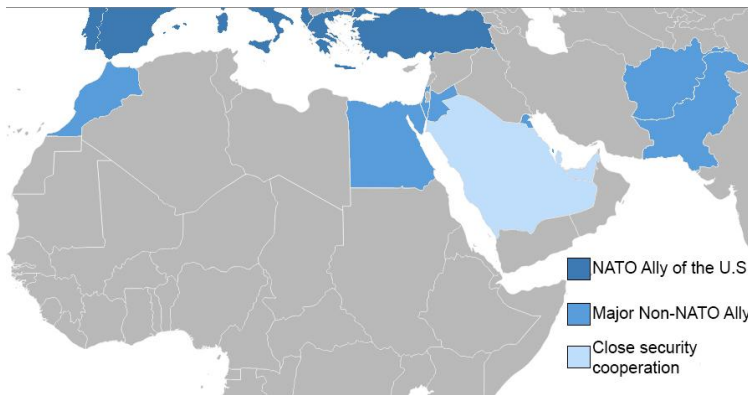
¹³ Senior National Security Official. Interview. November 4, 2015.

There is much the United States can and should do to stabilize the region, keeping it “as calm as possible,” according to Ophir Kariv, an Israeli Foreign Ministry official.¹⁴ Resolving the Israeli-Palestinian conflict would be a major step in promoting stability in the Middle East. For over half a century, this conflict has led to several wars, substantial refugee flows, and antagonistic relations between key players in the Middle East. An Israeli-Palestinian peace would decrease the probability of war in the region, mitigate a major refugee problem, and facilitate regional cooperation on transnational issues.

Alliances in the Middle East

Given the threats present in the Middle East, the United States has found itself actively involved in military conflicts in the region for the past 25 years. During this time, the United States has

Figure 1: U.S. Alliances in the Middle East



Source: The Washington Post

depended on its key Middle Eastern allies as partners in achieving U.S. national security goals. Israel, Jordan, Saudi Arabia, Kuwait, Turkey, and Egypt have been long-standing friends and partners for the United States. These countries have aided the United States by cooperating in military actions, sharing intelligence, hosting U.S. military bases, and fighting terrorism, among other joint ventures. In order to protect these alliances, the United States must work towards Israeli-Palestinian peace. Prolonged conflict between Israel, the Palestinian people, and the

surrounding Arab states endangers the United States’ ability to work cooperatively with each of its partners on the ground to respond to future issues.

Oil

The United States’ economic well-being bolsters its power and security. The free flow of goods and ideas across borders helps secure continued domestic prosperity. Because of its tight connections with foreign markets, the United States has a vested interest in promoting sustained economic growth around the world.

The international economy depends on the free flow of oil from the Middle East. Although the United States relies on the Middle East for around only 20 percent of its oil imports, European and Asian markets are powered by oil exported from the Persian Gulf.¹⁵ The market for oil is global, and any interruptions in the flow of oil from the Middle East impact the domestic oil

¹⁴ Ophir Kariv. Interview. December 6, 2015.

¹⁵ U.S. Energy Information Administration, "How Much Petroleum Does the United States Import and from Where?," *Independent Statistics and Analysis*, September 14, 2015.

market. Conflict in the Middle East can shrink or impede the supply of oil to foreign markets, which in turn can cause domestic economic distress. Because the Israeli-Palestinian conflict has historically caused many crises and wars, resolving this conflict would lessen the risk of interrupted oil flows from the Middle East.

Liberal, Democratic Values

Identified as both a moral and strategic goal, the United States aspires to spread liberal, democratic values across the world. Based on its own history, the United States is often expected to be a leading supporter of democracy and human rights around the world. Strategically, the United States can expect democracies to have an interest in peace and cooperation within the international system, which is in the best interest of the United States.

By creating a free and democratic Palestinian state, the United States can bring liberal values to millions in the Middle East. Repressive regimes with histories of human rights abuses, such as in Syria, Iraq, and Libya, have long been incubators for uprisings and terrorism. Admittedly, bringing these values to the Middle East has proven difficult in the past. Nevertheless, the hope is for a Middle East with democratic governments that protect their constituents' human rights and will be a safer, more stable region than at present.

World Leadership

The United States has a prevailing interest in maintaining its leadership position in the international order. For 25 years, the United States has been able to exercise considerable influence around the world in order to protect its national security, promote free trade and markets, and spread liberal values, because it is the sole superpower. It is in the interest of the United States to maintain its position of global leadership.

Creating Israeli-Palestinian peace would significantly add to the position of the United States as a global leader. In the Middle East, the United States could regain the leverage it has lost as a result of poor policy choices during the Iraq War and the Arab Spring. Former State Department official Daniel Kurtzer predicts that if the United States can bring about Israeli-Palestinian peace, "Our own position in the region would be enhanced enough to provide some additional diplomatic credit," which could be used for tackling future crises.¹⁶ Resolving the Israeli-Palestinian conflict would add to the United States' position as the global hegemon and allow it to act with greater authority in the future.

3.2 THE CASE FOR DISENGAGEMENT

"You Americans you're so naive. You have no idea what's going on, but please don't leave." - American diplomat involved in the peace process on regional sentiment¹⁷

¹⁶ Daniel Kurtzer. Skype interview. October 13, 2015.

¹⁷ American diplomat involved in the peace process. Interview. December 2, 2015.

Despite the numerous potential benefits for the United States from the resolution of the Israeli-Palestinian conflict, some experts advocate for a strategy of disengagement. They posit that the United States has only a finite amount of time and resources that can be devoted to foreign policy. Not every issue abroad can be fixed by the United States. Much has been invested in attempting to resolve the Israeli-Palestinian conflict, with little success. Every president since Nixon has endeavored to bring to peace to the region, producing a situation that is increasingly less stable and more dangerous. Steve Simon, a former national security officer, described the “window for peace” as already closed. He did not believe that it was in the U.S. interests to continue to be involved in the region. Specifically, he described how the Middle East only impacts the security of the United States, when “we poke it” through military involvement.¹⁸ Moreover, the time and energy devoted to the Israeli-Palestinian conflict by a presidential administration, many policy analysts argue, could be refocused on other, possibly more critical foreign policy issues. These include issues such as checking the rise of China, stopping nuclear proliferation, or preventing humanitarian crises.

However, the case for disengagement is not sufficiently compelling to recommend this strategy. For the foreseeable future, the United States will find itself involved in the Middle East, in order to promote its core interests. On the security front, the United States would jeopardize its Middle Eastern alliances, with Israel and Arab supporters of the Palestinians, if it pulled out of mediating the Palestinian-Israeli conflict. Furthermore, the United States would lose its ability to influence the conflict and to push forward a favorable resolution. By failing to engage with this critical issue, the United States would be perceived to have diminished will for involvement across the Middle East, inviting regional powers, such as Saudi Arabia or Iran, to assert themselves. For most American officials, disengagement would fail to serve U.S. interests. A senior national security official predicted that ending U.S. engagement in the conflict would only hurt U.S. interests in the region: “Walking away from the situation entirely doesn’t seem to be an option.” The same security official was adamant on the importance of having Israel as an ally in the region, saying “[Israel’s] democracy gives a certain stability that others in the region lack; we cannot rely to the same extent on the Saudis.” Ultimately she sees it as “definitely in our national security interest ... [to] facilitate the forging a two state solution.”¹⁹ Another American diplomat involved in the peace process commented, “We know that if we leave, more bad things will happen.”²⁰ **We recommend that the United States continue its policy of deep engagement with the Israeli-Palestinian conflict.**

4. History

*“I am asked if we will forever live by the sword—yes.” –Israel Prime Minister Netanyahu.*²¹

4.1 BRIEF HISTORY OF THE CONFLICT

¹⁸ Steve Simon. Interview. September 24, 2015.

¹⁹ Senior National Security Official. Interview. November 4, 2015.

²⁰ American diplomat involved in peace process. Interview. December 2, 2015.

²¹ Barak Ravid. “Netanyahu: I Don’t Want a Binational State, but We Need to Control All the Territory for the Foreseeable Future,” *Haaretz*, October 26, 2015.

Approaching the history of the Israeli–Palestinian conflict first requires a proper contextual understanding of both modern and ancient history. The roots of the conflict and its various and often competing narratives can be understood intuitively through the larger historical processes of the 20th century.²² The history of the conflict is deeply nuanced and contradictory – both sides often interpret the same events in completely different fashions. The following history section will provide a summary of the past century, with a focus on the development of nationalist identity, and how these respective events contributed to and formed the current situation.

Sykes-Picot Agreement, 1916

One of the principal documents outlining Western intentions in the Middle East, the Sykes-Picot Agreement was a secret pact signed by the foreign ministers of England and France agreeing to separate spheres of influence in the region. The two powers agreed that, should the Ottoman Empire collapse following the conclusion of the First World War, France would take control of the Lebanon and Syria region, while England would rule southern Palestine and southern Iraq.²³ Additionally, the powers nominally agreed to support an independent Arab state in greater Syria and “Transjordan” after the fall of Ottoman Empire. The French and British made these promises to Hussein bin Ali, a local leader from Mecca, in return for guarantees of uprisings against Turkish forces.²⁴

Balfour Declaration, 1917

Submitted by the United Kingdom’s foreign secretary Arthur Balfour, and later incorporated into the peace agreement resolving hostilities between the allied powers and the Ottoman Empire, this declaration explicitly outlined allied intent to establish a “national home” for the Jewish people in Palestine. This agreement would run counter to promises made by various British officials, including Lord Kitchner, Sir Henry McMahon, and T.E. Lawrence, to Arab leaders in the region. Though the exact motivations for the incorporation of the declaration are still subject to historical debate, the declaration physically and politically alienated Arab communities in the region.²⁵ Alienation, feelings of betrayal and incursion, and continued Jewish immigration to the region among other factors helped set the stage for patterns of retributive violence over the following decades.

The British Mandate, 1920-1948

After the official adoption of the Balfour Declaration in 1917, the British proceeded to establish administrative control over Palestine. Formally recognized by the League of Nations in the early 1920s, the mandate sought to create a Jewish national homeland in the region and to maintain control until local Arab populations were capable of self rule. Though Britain did not formally facilitate Zionist colonization in the region, their control did abet immigration, which significantly increased during the 1920s.

²² Benny Morris, *One State, Two States* (Yale University Press, 2009), 34-40.

²³ David Fromkin, *A Peace to End All Peace* (Henry Holt and Company, 1989), 195-200.

²⁴ Fromkin, 195.

²⁵ Shlomo Ben-Ami, *Scars of War, Wounds of Peace: The Israeli-Arab Tragedy* (Oxford: Oxford University Press, 2006), 10.

As Jewish emigration and settlement in Palestine continued, resentment among local Arabs flourished and erupted into periodic episodes of violence, primarily due to tensions about access to religious holy sites, particularly the Western Wall, and subsequent misunderstandings about each side's intent. For example, during the 1929 Hebron Massacre, Arabs killed dozens of Jewish settlers over a false rumor that they intended to destroy the Al-Aqsa Mosque. Eruptions of violence like this continued unabated, and helped foster a mentality of victimization and suspicion on either side.

Arab Revolt, 1936-1939

Initially a strike, which later developed into a violent uprising, the Arab Revolt was primarily led by Palestinian lower classes against British rule in the formally established Mandate of Palestine. Stemming from frustration over colonial control, as well as continued Jewish immigration to the country, which first sparked riots in Arab riots in 1933, the violence in this instance was much more universal across the region. First instigated by the Palestinian mufti, the conflict was notably brutal. The British took extreme measures to quell the rebellion, unilaterally exercising force to suppress Palestinian guerilla movements and rioting civilian populations. The British response effectively left the Palestinians "without leaders and representative institutions," as they were either forced into exile or dissolved, like the Arab Higher Committee, as legitimate bodies.²⁶ The British reaction ended the violence, but helped to solidify Palestinian narratives of heroism against colonialist powers and fueled exclusivist nationalist rhetoric.²⁷ Some of the rebel groups could solidify small regions of territorial control, giving some a nominal sense of authority, but relations between British colonial rulers, Jewish settlers, and local Palestinians remained hostile. Despite their success in containing the uprising, the event further compounded British beliefs that long-term control of the region would be untenable.

1948 Arab-Israeli War

Subject to competing definitions and interpretations, the Israelis characterize this war as the first moment of independence and founding of the Israeli state under the leadership of the first Prime Minister Ben-Gurion, while the Palestinians view it as an unmitigated disaster. Wishing to prevent the establishment of a Jewish state, as outlined in the UN plan, forces from Egypt, Jordan, Syria, Iraq, and Lebanon attacked Israel. The Israelis pushed back these forces along all borders, secured a large portion of Jerusalem, and gained large swaths of territorial control in the Negev Desert. However, the Gaza Strip remained under Egyptian control. After Israel achieved military victory, a series of tense armistices were set between Israel and other surrounding nations in 1949, the establishment of the Green Line demarcation zones. The Green Line, which still has political significance in current peace discussions, initially defined boundaries with the West Bank, East Jerusalem, the Golan Heights and the Gaza Strip. Though never intended to serve as more than an armistice boundary, the line has largely been construed and interpreted as the 1967 borders.

²⁶ Shlomo Ben-Ami, *Scars of War, Wounds of Peace: The Israeli-Arab Tragedy* (Oxford: Oxford University Press, 2006), 10.

²⁷ *Ibid.*

1967 Arab-Israeli War

Israel's military decisive victory in this war between Israel and the combined forces of Egypt, Jordan, Syria, Iraq, and Lebanon produced Israel's dominant position in the region. Beginning with an devastatingly successful Israeli attack on Egyptian airfields, which resulted in immediate Israeli air superiority, Israel captured and occupied the Sinai Peninsula, Syrian Golan Heights, the Gaza Strip, the West Bank, and the Old City of Jerusalem - all areas previously defined as beyond the Green Line.²⁸ The scale of the victory for the Israelis had extremely important political and geopolitical ramifications, leaving the defeated Arab countries both demoralized and militarily decimated. The war created hundreds of thousands of new Palestinian refugees and brought more than one million West Bank residents under Israeli rule. In response to the war, the United Nations passed Resolution 242, which called for mutual respect for the territorial

sovereignty of every state involved in the conflict, an Israeli withdrawal from occupied lands and a just settlement of the refugee problem caused by the war. Considered a basis for future peace talks, UN Resolution 242 is still valid under accepted international law.

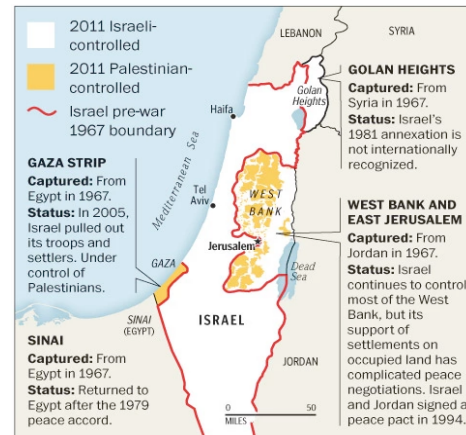
1973 Arab-Israeli War

Beginning with a surprise attack by Syrian and Egyptian forces in October 1973, the Yom Kippur War showed the limits of Israeli military power in the region.²⁹ Though the Israeli Defense Forces (IDF) were quickly able to respond and recapture lost territory in the Sinai and the Golan Heights, they did so at a heavy cost, namely 2,000 casualties and significant losses in terms of military equipment, which shattered the image of Israeli invincibility. UN Resolution 338 called for an immediate ceasefire by all parties, ending the conflict. The motion additionally called for the enactment and reaffirmation of Resolution 248.

First Intifada, 1987-1993

The first significant Palestinian uprising since the 1930s, the Intifada was a collective uprising in the West Bank and the Gaza Strip aimed at ending Israeli occupation and creating an independent state. Responding to increased Israeli security measures and the growth of settlements in the West Bank, Palestinians orchestrated a series of mass riots in 1987. The United

Figure 2: 1967 Borders



Source: The Washington Post

²⁸ William B. Quandt, *Peace Process: American Diplomacy and the Arab-Israeli Conflict Since 1967* (New York: Brookings Institution Press, 1993), 39-45.

²⁹ William B. Quandt, *Peace Process: American Diplomacy and the Arab-Israeli Conflict Since 1967* (New York: Brookings Institution Press, 1993), 125.

States and other international actors quickly called for an end to the violence and urged the PLO to follow the UN guidelines established in resolutions 242 and 338.

Second Intifada (Al-Aqsa Mosque Intifada), 2000-2005

Viewed as an Israeli attempt to assert more control over the Temple Mount, Ariel Sharon's visit sparked Palestinian protests throughout Jerusalem. IDF security forces brutally suppressed these riots. High tensions violence against civilians on either side generally characterized this period. More notably, the frequency of suicide bomber attacks and rocket strikes from Gaza increased dramatically. Israel also took pre-emptive measures including conducting raids in the West Bank as well as security sweeps of Palestinian refugee camps.³⁰ Though Sharon's visit was the spark, the failure of the Camp David accords in 2000 largely caused the Palestinian malaise. After thousands of casualties, the violence generally subsided in 2005, when Prime Minister Ariel Sharon and President Mahmoud Abbas agreed that both sides needed to cease violent activities against the other. Moreover, the cessation of violence helped to secure the beginning of Israel's withdrawal from Gaza as well the dismantling of Israeli settlements in exchange for peace.

Gaza Wars, 2008 and 2014

In 2008, Israel invaded the Gaza Strip in response to continued rocket fire into Israel territories as well as continued Hamas-led weapons smuggling into the country. The short three-week operation was devastating for Hamas belligerents, resulting in nearly a thousand Palestinian casualties.³¹ The conflict weakened Israeli trust in Palestinian leadership, because the PLO could not control Hamas's continued use of violence after agreeing to the Gaza withdrawal plan of 2005.

The summer of 2014 followed a similar pattern to the 2008 Gaza War. Responding again to a series of Hamas rocket attacks, the IDF invaded Gaza with the sole objective of stopping the attacks. In addition to conventional ground forces, the IDF extensively employed airstrikes to neutralize targets throughout the strip. Casualties for the Palestinians by the end of the summer were nearly 2,000, while Israeli forces suffered only 63 losses.³² Though Operation Protective Edge critically weakened Hamas' ability to attack, Israel was widely criticized for employing excessive force.

Current Situation, 2015

Beginning in the summer of 2014 with the kidnapping and eventual murder of three Israeli teenagers by Hamas, tensions have escalated because of a series of reciprocal attacks carried out by both Israelis and Palestinians.³³ The attacks themselves have been individual and random in nature, targeting innocent civilians solely because of their nationalities. The intimate, yet unpredictable nature of these attacks has left the population of Jerusalem, particularly the Old

³⁰ BBC, "Al-Aqsa Intifada Timeline," September 29, 2004.

³¹ The Guardian, "The Israeli Attacks on Gaza" January 19, 2009.

³² The BBC, "Gaza Crisis: Toll of Operations in Gaza," September 1, 2014.

³³ The Associated Press, "Hamas Admits to Kidnapping and Killing Israeli Teens," *NPR*, August 22, 2014.; Jodi Rudoren, "Fears of New Intifada Accompany Surge in Mideast Violence," *The New York Times*, October 6, 2015

City, constantly on edge. Though some have referred to this flair up as the beginnings of a “Third Intifada,” some experts on the matter, particularly Middle East analyst Mouin Rabbani, disagree. Rabbani observes that the situation, though disturbing, does not represent an organized uprising or movement as has been seen in the past.³⁴ As the majority of the assailants are minors, below the age of 18, and since no leadership organ has taken responsibility over the past year, it is not reasonable to attribute these incidents to a larger movement. Though the attacks may not be explicitly organized, they will likely further tighten Israeli security measures, which could result in an even greater frequency of these occurrences. More disturbing is how these attacks have largely been normalized by both populations. Indeed, the select few that were interviewed anticipate or expect continued violence which speaks to the tense nature of the current status quo.

4.2 PAST PEACE PROCESSES

“We’ll fight terror like there’s no peace, and make peace like there’s no terror.” - Israeli Prime Minister Yitzhak Rabin³⁵

Despite the ongoing violence, Israeli and Palestinian leaders have undertaken several serious efforts to negotiate a settlement in the last two decades. With the continuous turnover of leadership on both sides, the parties’ approach to peacemaking has ranged from the underground talks that produced the Oslo Accords to the formalized summit at Camp David under the oversight of President Clinton. While none of these previous peace processes has yielded a conclusive settlement, each attempt illuminates important lessons with respect to the parties’ bottom line positions and the necessary degree of U.S. involvement, which must inform future negotiation efforts.

The Madrid Conference, 1991

The first notable effort to negotiate an Israeli-Palestinian peace agreement took place in the context of a formalized international conference in Madrid. Under the joint chairmanship of U.S. President George H.W. Bush and Soviet President Gorbachev, the conference convened representatives from Israel, Syria, and Lebanon, as well as a joint Jordanian-Palestinian delegation.³⁶ This held particular symbolic significance because the conference authorized the Palestinians to speak on their own behalf for the first time in an official diplomatic setting. The Palestinians agreed to participate primarily because of substantial pressure from the U.S. Secretary of State Baker, who persuaded Palestinian Liberation Organization (PLO) leaders that the conference represented their only viable avenue to halt Israeli settlements.³⁷ While Israel was unwilling to accept the PLO as a satisfactory negotiating partner by itself, Bush and Baker astutely engineered a joint delegation with Jordan that was suitable for all parties.

³⁴ Mouin Rabbani. Interview. December 10, 2015

³⁵ “7 Greatest Quotes by IDF Generals,” *Israeli Defense Forces*, April 29, 2012

³⁶ William Quandt, *Peace Process: American Diplomacy and the Arab-Israeli Conflict Since 1967* (New York: Brookings Institution Press, 1993), 310.

³⁷ Daniel C. Kurtzer, Scott B. Lasensky, and William B. Quandt, *The Peace Puzzle: America’s Quest for Arab-Israeli Peace, 1989-2011* (New York: Cornell University Press, 2013), 26.

The conference itself held value more in its symbolic significance than in the actual substance of the negotiations, which yielded little tangible progress toward peace.³⁸ The discussion did not approach the topic of establishing a territorial basis for Israeli-Palestinian peace, which represents an essential framework for future progress.³⁹ However, the conference succeeded in breaking the taboo of open discussion between Israel and the neighboring Arab states. Moreover, the meeting demonstrated a commitment among the parties to an ongoing negotiation process.⁴⁰ While the United States did not assume a proactive mediator role, it played an essential part in convening the conference and yielding its symbolic achievement. Overall, this achievement stemmed from President Bush and Secretary Baker's resolute leadership and the receptivity of the parties themselves.⁴¹

The Oslo Accords, 1993

Following the Madrid Conference, Israeli-Palestinian negotiations reached a stalemate due to the conflicting approaches to the peace process. Israel wanted to buy time through an interim agreement allowing a more palatable Palestinian negotiating partner to emerge, and the PLO sought recognition as a state as soon as possible.⁴² While President Clinton's Secretary of State Christopher mediated ongoing talks between Israeli and Palestinian representatives in Washington, Israeli Prime Minister Rabin also permitted Israeli negotiators to meet with delegates acting on PLO Chairman Arafat's behalf in Norway.⁴³ With the Washington talks at a standstill, Rabin eventually selected Oslo as an official channel of negotiations. Under the oversight of Norwegian mediators, Rabin and Arafat arrived at a declaration of mutual recognition and produced the Oslo Accords. Although the United States remained generally informed about the status of the negotiations, Clinton expressed little interest in becoming significantly involved.⁴⁴



Source: Getty Images/Associated Press

The Oslo Accords represented the most significant step yet in the Israeli-Palestinian peace process. For the first time, Israel recognized the PLO as the legitimate representative of the Palestinian people and put in place steps to transfer to them jurisdiction over Gaza and parts of

³⁸ Quandt, 312.

³⁹ Kurtzer, 56.

⁴⁰ Kurtzer, 28.

⁴¹ Kurtzer, 29.

⁴² Quandt, 327.

⁴³ Ibid.

⁴⁴ Kurtzer, 42.

the West Bank. Implicitly, these initial land transfers would provide the Palestinians with a small territorial base to begin building their state, although the text did not specifically acknowledge the Palestinians' right to independent nationhood. After a five-year transitional period, the parties were to hold final status negotiations over the contested issues of borders, security, Jerusalem, and the Palestinian refugees' right of return.⁴⁵

While the progress advanced in Oslo painted an auspicious picture for future relations, the agreement ultimately collapsed as the parties struggled to implement its terms to each other's satisfaction. The Accords' text included too many generalities that the parties could interpret ambiguously as they formulated the terms of implementation, resulting in significant dissent. Moreover, the agreement failed to address the most contested issues that fundamentally defined the conflict, fallaciously assuming that the parties would resolve them incrementally in the interim period. The parties' reluctance to confront these deep-rooted controversies limited the extent of feasible progress.

It remains unclear if a more active U.S. role in the negotiations could have served to mitigate these issues. Clinton remained detached due in part to the other channels of negotiation occurring simultaneously, including in Washington, and may have believed that substantive progress could not be made without the indispensable involvement of the United States.⁴⁶ Moreover, Clinton did not regard the PLO as a viable negotiating partner, and perceived the Syrian track of negotiations as a greater priority.⁴⁷ While the presence of a determined third party mediator could have directed the parties to a more decisive resolution, the lack of U.S. involvement at Oslo calls into question its role as the sole indispensable broker of an agreement. However, the agreement's ultimate collapse suggests that sustainable progress cannot be made without a decisive third party.

Wye River, 1998

After a sustained stalemate in the peace process, Clinton sought to re-engage the parties by inviting Netanyahu and Arafat to the Wye River Plantation in Maryland to resume talks. In a reversion to President Carter's summit diplomacy that had yielded success on the Israel-Egypt track, Clinton and his advisors engaged in active back-and-forth mediation to help the parties arrive at a compromise.⁴⁸ This return to a more traditional style of formal diplomacy yielded some degree of progress. While Arafat agreed to bolster security and revoke the section of the PLO charter questioning Israel's right to exist, Israel promised further withdrawal and prisoner release in return. Problems arose primarily in the implementation process; Netanyahu's right-wing government refused to act on withdrawals, claiming that the Palestinians had not complied on security.⁴⁹ These types of setbacks illustrate the effects of contemporary leaders' political

⁴⁵ Quandt, 327.

⁴⁶ Kurtzer, 43.

⁴⁷ Kurtzer, 42.

⁴⁸ Quandt, 354.

⁴⁹ Quandt, 355.

leanings on the dynamics of implementation. In this instance, Netanyahu's opposition to the terms of Oslo informed his unwillingness to enact peacemaking measures as planned.⁵⁰

Camp David II, 2000

At the end of his second term, Clinton devised a final attempt to push the parties toward a conclusive settlement through traditional summit diplomacy, inviting Arafat and the new Israeli Prime Minister Barak to Camp David to debate the contested issues of borders, security, settlements, and the right of return.⁵¹ While Clinton set forward a proposal for borders and settlement withdrawal that seemed palatable to both parties, they ultimately could not overcome the intractable impasse over Jerusalem. Arafat sought Palestinian sovereignty over all of East Jerusalem, but Barak remained unwilling to relinquish certain areas. Although Clinton tried to develop creative solutions such as assigning the Palestinians "limited sovereignty" over the inner neighborhoods. However, Arafat ultimately rejected the final offer, declaring, "If I sign this deal I will get killed."⁵² Following the failure of the talks, Clinton and several of his advisors placed the blame on Arafat's shoulders. Whether or not Arafat is solely to blame remains disputed.

While the Camp David talks represent the most viable peace effort in the conflict's history, a multitude of political and circumstantial factors contributed to their collapse. First, the parties experienced the effects of putting off the most complex issues in Oslo; while they had envisioned an incremental process of partial agreements that facilitated eventual consensus, these issues were simply too intractable for agreement to occur naturally.⁵³ Moreover, Clinton failed to prepare sufficiently for the negotiations themselves; he lacked complete information on the parties' bottom line positions and seemed to improvise as the discussion unfolded, putting off Jerusalem until the summit's final days.⁵⁴

Primarily, however, the negligible substantive basis for discussion about the core issues was the driving force behind the agreement's collapse, as little progress on these disputes had been made in the seven years since Oslo. After the summit, Clinton's decision to blame Arafat had the effect of classifying the summit as an absolute failure; this weakened the sense of trust among the parties and undermined any progress that had been made.⁵⁵ With the outbreak of the second intifada and the end of Clinton's second term, the opportunity for peace seemed to have passed.

Annapolis, 2007

After the Camp David talks, the peace process remained stagnant for the majority of the President George W. Bush's administration. At the end of his second term, however, Bush expressed interest in resuming negotiations. This was due in part due to the Hamas takeover in

⁵⁰ Kurtzer, 109.

⁵¹ Quandt, 366.

⁵² Kurtzer, 143.

⁵³ Quandt, 371.

⁵⁴ Kurtzer, 136.; Quandt, 371.

⁵⁵ Kurtzer, 142, 151.

Gaza in 2007, which emphasized the need for diplomatic intervention.⁵⁶ To inaugurate the renewed effort, Bush assembled Palestinian Authority President Abbas, Israeli Prime Minister Olmert, and representatives from dozens of other nations that supported a two-state solution at an international “meeting” in Annapolis in November 2007. In a manner similar to the Madrid Conference, the meeting represented more of a symbolic diplomatic achievement than a matter of substantive progress. While the parties produced a joint declaration reaffirming their commitment to a two-state solution, the document offered no advancement on the final status issues that had triggered the Camp David impasse. Moreover, Bush exhibited a limited strategic vision beyond simply bringing the parties to the table.⁵⁷

The Annapolis Conference signified the parties’ symbolic commitment to resume the negotiation process. This paved the road for Olmert’s unprecedented peace offer to Abbas in September 2008, after thirty-six secret meetings between the two leaders. Under Olmert’s proposed agreement, Israel would recognize an independent Palestinian state under the pre-1967 border with land swaps, forego its claim to the Temple Mount, surrender Jerusalem’s Old City to international control, and allow for the absorption of 5,000 Palestinian refugees into Israel.⁵⁸ Ultimately, however, Abbas declined the offer, claiming later that he had not been permitted to study the map.⁵⁹ Although Olmert offered truly uncomfortable concessions such as relinquishing Israel’s claim to the Old City of Jerusalem, Abbas did not deem the circumstances of the Palestinian people appropriate to accept the agreement. As Bush left office, the situation quickly reverted to its status quo of stalemate.

Processes between Israel and Other Arab States

In addition to the various efforts discussed above, Israel has engaged in peace talks with other Arab states with whom it was in conflict. While several of these negotiations did include some discussion of the Palestinians, the main focus of these negotiations was usually securing peace between the two states. That being said, we can learn much from the successes and failures of these past processes.

Camp David I, 1978

Due in part to the resolute leadership and initiative of U.S. President Carter, Israel saw greater success negotiating a peace agreement with Egypt. In September 1978, Carter invited Israeli Prime Minister Begin and Egyptian President Sadat to Camp David for thirteen days of secret negotiations. Carter believed that an isolated formalized summit represented the only viable strategy to force a decision on contentious issues and aimed to bridge gaps in the leaders’ positions through his personal role as a mediator.⁶⁰ He intended to negotiate specific details and security arrangements for a finalized Israeli-Egyptian peace treaty, rather than simply reaching

⁵⁶ Kurtzer, 220.

⁵⁷ Kurtzer, 225.

⁵⁸ Avi Isacharoff, “Revealed: Olmert’s 2008 peace offer to Palestinians,” *The Jerusalem Post*, May 24, 2013.

⁵⁹ Josef Federman, “Abbas admits he rejected 2008 peace offer from Olmert,” *The Times of Israel*, November 19, 2015.

⁶⁰ Quandt, 197.

consensus on general principles.⁶¹ To accomplish this, Carter prepared meticulously for the summit, presenting at its start a draft agreement that he had developed from extensive meetings with the parties beforehand.⁶²

Begin and Sadat ultimately managed to produce a viable peace agreement under which Israel withdrew completely from the Sinai Peninsula and normalized relations with Egypt. Although Begin agreed to freeze settlements for the duration of the Israeli-Egyptian peace negotiations, the length of the freeze represented a critical point of contention that threatened the summit's success.⁶³ Nonetheless, the parties arrived at an agreement that the nations continue to recognize today. The negotiations yielded a less ambitious middle ground than the terms to which Carter initially aspired, which demonstrates the limitations that insurmountable points of dissent impose on the process. However, the agreement provides an example of successful summit diplomacy due to the resolve of the leaders involved.

Israel-Jordan Peace Treaty, 1994

Israel also succeeded in negotiating a sustainable peace treaty with Jordan in 1994. Following the signing of the Oslo Accords, Israeli and Jordanian diplomats developed an outline agreement that served as a framework for an eventual peace treaty, which was signed on October 26, 1994.⁶⁴ In comparison to other Israeli-Arab peace processes, Rabin and King Hussein negotiated the treaty with relative ease, because few territorial disputes remained after Hussein rescinded Jordan's claim to the West Bank. Prior to Oslo, the primary obstacle to an Israeli-Jordanian peace had been King Hussein's need for appropriate political circumstances in order to avoid being viewed as a traitor by other Arab countries. Capitalizing on the momentum of Oslo, Hussein and Rabin quickly arrived at peace, with the United States serving a modest facilitator role.

In the case of the Israeli-Jordanian treaty, negotiations proved relatively painless due to the influence of circumstantial factors. Because there existed few disputes regarding territory and legitimacy, a de facto state of peace prevailed to begin with.⁶⁵ Only the diplomatic energy of Oslo was necessary to bring the agreement to fruition.

4.3 WHERE THE LAST ADMINISTRATION LEFT OFF: THE CURRENT STATE OF AFFAIRS

The Kerry Talks, 2013-14

In 2013, U.S. Secretary of State John Kerry launched a revitalized initiative to broker an Israeli-Palestinian settlement, expressing his willingness to invest serious effort in the process. Under Kerry's oversight, Israeli and Palestinian negotiators met in Washington in July 2013, setting April 29, 2014 as the deadline for arriving at an agreement on final status issues.⁶⁶ While both

⁶¹ Quandt, 199.

⁶² Kurtzer, 134.

⁶³ Quandt, 202.

⁶⁴ Quandt, 333.

⁶⁵ Ibid.

⁶⁶ Jodi Rudoren and Isabel Kershner, "Arc of a Failed Deal: How Nine Months of Mideast Talks Ended in Disarray," *The New York Times*, April 28, 2014.

Abbas and Netanyahu declared themselves amenable to resuming negotiations, each side's negotiators refused to concede on their opening maximalist positions. Meanwhile, in an effort to avoid alienating the Israeli far right, Netanyahu continued to approve the construction of new settlements in the West Bank and East Jerusalem over the course of the peace talks. As Abbas publicly condemned the settlements and demanded full Palestinian control over the West Bank, this undermined the process's viability.⁶⁷

When it became clear that reaching an agreement by the April deadline proved infeasible, Kerry attempted to convince both parties to accept a U.S. "framework for negotiations" that delineated parameters on all of the final status issues.⁶⁸ Kerry worked particularly to assuage Netanyahu's concerns about security to persuade him to accept the less palatable criteria, such as the pre-1967 borders. By January, it appeared that Kerry had made progress persuading Netanyahu to accept the U.S. parameters for borders, although he refused to yield with respect to Jerusalem.

When Netanyahu failed to deliver on the agreed-upon release of Palestinian prisoners, Abbas grew increasingly perturbed. As Abbas reasoned, the United States failure to compel Israel to release just a few dozen prisoners would translate to even greater futility in persuading Israel to yield on truly contested issues like East Jerusalem.⁶⁹ Although Kerry offered the release of notorious Israeli spy Jonathan Pollard as an incentive to deliver the prisoners, Netanyahu remained immovably reluctant to anger his allies on the Israeli far right; it appeared that Kerry was trying to force the hand of parties resistant to negotiation. In late April, Hamas and Fatah announced their intention to hold elections for a joint unity government to govern the PA. Unwilling to negotiate with a Palestinian government backed by Hamas, the Israeli Cabinet voted the following day to suspend the peace talks indefinitely and impose economic sanctions on the PA.⁷⁰ The formal negotiation process again reached an impasse, and has not subsequently been resumed.

Iran Nuclear Agreement, 2015

"This is a bad deal - a very bad deal. We're better off without it." - Israeli Prime Minister Benjamin Netanyahu⁷¹

The United States' 2015 nuclear agreement with Iran has weakened the stability of its alliance with Israel, threatening to undermine the transparency of future peacemaking efforts. Spearheaded by President Obama, the agreement lifted international economic sanctions against Iran in exchange for restrictions on its nuclear program. Alongside a bloc of Congressional Republicans, Prime Minister Netanyahu emphatically opposed the agreement, contending that

⁶⁷ Ibid.

⁶⁸ Ben Birnbaum and Amir Tibon, "The Explosive, Inside Story of How John Kerry Built an Israel-Palestine Peace Plan—and Watched It Crumble," *The New Republic*, July 21, 2014.

⁶⁹ Ben Birnbaum and Amir Tibon, "The Explosive, Inside Story of How John Kerry Built an Israel-Palestine Peace Plan—and Watched It Crumble," *The New Republic*, July 21, 2014.

⁷⁰ Attila Somfalvi, "Sanctions and suspended talks – Israel responds to Palestinian reconciliation," *Ynet News*, April 24, 2014.

⁷¹ Krishnadvalamur, "In Speech to Congress, Netanyahu Blasts 'A Very Bad Deal' With Iran," NPR, March 23, 2015.

the removal of sanctions would enable Iran to attain nuclear weapons that would gravely threaten Israel's security.⁷² Despite a high-stakes congressional lobbying campaign by Netanyahu and AIPAC in an attempt to derail the agreement, Congress ultimately did not strike down the agreement.

While the Iran deal has strained Obama's already-fragile relationship with Netanyahu, the president has made a concerted effort to salvage the alliance's stability. The United States released Jonathan Pollard on parole after serving 30 years of a life sentence in the fall of 2015, although Kerry denied the existence of a correlation to the Iran deal.⁷³ More conclusively, Obama and Netanyahu met at the White House in November 2015 in an effort to repair their ruptured alliance. Obama assured the Prime Minister that the United States intends to bolster Israel's security and engage in meticulous contingency planning should Iran violate the agreement's terms.⁷⁴

5. Key Players and Their Interests

5.1 ISRAELI AND PALESTINIAN NARRATIVES

"Two people claim the same land and all of it" - Ophir Kariv, Israeli Foreign Ministry⁷⁵

Although the Israelis identify the United States as their closest ally, the Israeli government complains that the United States meddles without understanding Arab-Israeli issues. As Senior Fellow Charles Freilich of the Harvard Kennedy School explained, "Americans are bordered by two oceans and two friendly allies. They do not know what it is to be surrounded by a sea of instability."⁷⁶ Even former PLO member Ali Abu Awwad lamented that if the United States wanted to help solve the Israeli-Palestinian crisis, it needed to "restudy the situation."⁷⁷

Thus, before forming U.S. policy toward the Israeli-Palestinian conflict, it is important to first absorb the stories of each side—to understand each people's attachment to the land, their way of thinking, their way of living, and their way of governing. To this end, the following section provides an overview of the Israeli and Palestinian narratives. Only after internalizing both sides' stories will the United States be in a position to broker a long-lasting peace agreement.

5.1.1 Israeli Narrative

⁷² Joel Greenberg, "Netanyahu to Continue Campaign Against Iran Nuclear Deal," *The Wall Street Journal*, September 3, 2015.

⁷³ Michael Shear, "Jonathan Pollard, Spy for Israel, to be Released on Parole," *The New York Times*, July 28, 2015.

⁷⁴ Julie Hirschfeld Davis, "Obama and Netanyahu Seek to Move Past Rift Over Iran Nuclear Deal," *The New York Times*, November 9, 2015.

⁷⁵ Ophir Kariv. Interview. December 6, 2015.

⁷⁶ Charles Freilich. Interview. December 3, 2015.

⁷⁷ Ali Abu Awwad. Interview. December 8, 2015.

“We, on the other hand, are always restless, for we live between great fires. We thrive between calamities. That’s why we are so quick and vital and creative. That’s why we are so neurotic and loud and unbearable. We dwell under the looming shadow of a smoking volcano.” - Ari Shavit⁷⁸

To understand Israel is to understand the journey of an ancient people looking for a place of belonging. It is to understand that even when the Jewish people were scattered across the world in Germany, France, Morocco, and Iraq, they still felt rooted in Jerusalem. Secular Jews came to the lands between the Jordan River and the Mediterranean attempting to cease the annihilation first of Jewish culture and then of Jewish people. Religious Jews too fled Nazis, Communists and Fascists alike. However, they saw their journey not only as survival, but also as the fulfillment of a promise they had prayed for each week at Shabbat—that they would return to Jerusalem.

Thus, the creation of an Israeli State should be seen as the homecoming of a persecuted people seeking refuge in the only land they have known to keep them safe. For secular and orthodox Jews alike, land is sacred. To give up land is to give up security and buffer from foreign threats. To give up land is to give up part of the very promise of God.

The Jewish people faced near extinction in the 20th century—a true existential crisis. In that time of vulnerability, Israel became the last line of defense. Even if all other countries were to turn on the Jewish people, or if they were to be conquered by a foreign oppressor, Israel would be the Jewish people’s safe haven. Today, Israel continues to see itself as the homeland of the Jewish people; a place where all Jews have the right to return. Without the safety and security of Israel, there is no guarantee for the Jewish people. That is why the burden of proof regarding security will always be highest in Israel.

Israeli intelligence and Israeli defense cannot ignore even the smallest of risks. Thus, in peace talks, when assessing whether to accept a particular agreement, what must be proven is that Israel’s security will not be compromised even if everything about the agreement goes wrong. Only when fully assured of its security, can Israel move forward with a two-state solution. The country must think in such doomsday terms, because it has felt the knock of doomsday before.

To understand Israel is to understand too that there is no one homogenous Israel. The country is a hodgepodge of communities that previously existed and developed separately from one another for hundreds of years. Between Arabs and Ashkenazi, orthodox and secular, Russian and Ethiopian, the country’s changing demographics mean that it has multiple personalities. As Shaul Judelman of the Friends of Roots organization put it, the country can be “schizophrenic.”⁷⁹

5.1.2 Palestinian Narrative

⁷⁸ Ari Shavit, *My Promised Land: The Triumph and Tragedy of Israel* (Spiegel & Grau, 2013).

⁷⁹ Shaul Judelman. Interview. December 8, 2015.

“Their deep and abiding sense of injustice instilled in the Arabs of Palestine a belief in entitlement. They were entitled to the land – it was theirs, they had been promised independence over it, they need not surrender it to those coming from the outside.” - Dennis Ross⁸⁰

Any description of the Palestinian narrative must begin with *al-Nakbah*, the Arabic word for “The Catastrophe.” This occurred in the 1948 conflict between the Israelis and Arabs prior to and during the founding of the State of Israel. During *al-Nakbah*, over 700,000 Palestinians were expelled from their homes in what became the State of Israel. This is looked at as the beginning of Israeli aggression against the Palestinian people, who had not yet truly developed into a national movement. Palestinians often cite quotes such as one by Theodore Herzl stating, “spirit the penniless [indigenous Palestinian] population across the border” to support this claim.⁸¹ While there is dispute among historians over how many Palestinians were expelled versus how many left on their own, how many left on their own, even the lowest expulsion estimates are too high for the Palestinian people to tolerate. They view such expulsions as the first sin of Israel against Palestinians.

Further takeover of land in the 1967 War and settlement building in the West Bank continued even following the Oslo Accords continued this trend. To the Palestinians, control over Gaza and the West Bank, restrictions on movement, and intermittent military action further Israeli aggression and occupation. Today, the Palestinians frequently repeat that the key issues preventing a final status agreement are the occupation, the settlement building, the right of return, and the status of Jerusalem. Overall, the important takeaway is that Palestinians view 1948 as the beginning of Israeli aggression that continues today via the settlements and occupation.

In addition, the issue of “Right of Return” stems directly from the Palestinian narrative on *al-Nakbah*. They view the expulsion of all of the Palestinians from their homes as necessitating compensation that should be in the form of allowing Palestinians and their relatives to return to their homes from 1948 based on international law.

The Palestinian people view regaining Jerusalem as a capital and controlling their holy sites as crucial to a peace agreement. Muslims consider Jerusalem’s al-Aqsa Mosque, the Dome of the Rock, and the Haram al-Sharif to be place of great significance. Part of this narrative surrounding the issue of Jerusalem also involves the idea held by some that Jerusalem never contained a Jewish Temple. Mr. Arafat as well as other notable Palestinians have made this claim this in the past.⁸² Jerusalem and the Haram al-Sharif remain an issue today, as 81 percent of Palestinians believe Israel will take some action against the Haram al-Sharif with a whole 50 percent believing that Israel will destroy both Muslim holy sites.⁸³

⁸⁰ Dennis Ross, *The Missing Peace: The Inside Story of the Fight for Middle East Peace* (New York: Farrar Straus and Giroux, 2004), 35.

⁸¹ Nur Masalha, *Expulsion of the Palestinians: The Concept of "transfer" in Zionist Political Thought, 1882-1948* (Washington, D.C.: Institute for Palestine Studies, 1992).

⁸² Dennis Ross. "Dennis Ross on Fox News Sunday." *Fox News*, April 21, 2002.

⁸³ Palestinian Center for Policy and Survey Research, "Palestinian Public Opinion Poll No - 57," September 19, 2015.

Finally, the issue of land and borders remains crucial to any final status agreement. As Dennis Ross puts it, “in Arab eyes, that the land had almost a sacred quality.”⁸⁴ Palestinian resistance to any change in the 1967 borders as part of a final status agreement is an embodiment of this attitude. While a basic formula has been developed surrounding how the borders will likely look following a final status agreement, there is no Palestinian consensus on this issue. However, Palestinians see settlements as just a further infringement on their sovereignty, just like the seizure of land in 1948 and 1967. Furthermore, many claim that building settlements continues to redraw the map, impeding peace. Based on past peace processes, it is imperative that the United States and the negotiators involved understand the Palestinian narrative on these issues.

5.2 ISRAELI AND PALESTINIAN POLITICAL LANDSCAPES

“The biggest problem that exists is the lack of leadership on both sides” - American diplomat involved in the peace process⁸⁵

“If you go to the UN and see a Palestinian and Israeli talk, you will think you have met Mandela and Gandhi in the same room. But on the ground, they are not engaging in peace initiatives in any real way.” - Ali Abu Awwad, Friends of Roots⁸⁶

In order to understand the current stalemate, it is necessary to understand the current Palestinian and Israeli political institutions and key leaders on both sides. Today, both sides suffer from a lack of strong leadership and the Palestinians lack strong political institutions. On both sides, there is the perception that the leaders are not serious about achieving peace. As Richard Juran of the Chicago Jewish Federation of America put it, current Israeli leaders act like “politicians but not statesmen.”⁸⁷ On the Palestinian side, activist Sari Nusseibeh explained how Palestinian institutions are “not comparable to institutions in Israel or developed, democratic countries.”⁸⁸

5.2.1 Israel's Political Institutions

*“There is a gap between the makeup of the parliament and what is thought about on the street.”
- Richard Juran, Chicago Jewish Federation of America⁸⁹*

Israel's system of government reflects the schizophrenia of Israeli society. The Israeli parliamentary system ensures the voices of its pluralistic society are heard by maintaining a low electoral threshold for political parties to gain seats in the Knesset, its parliament. The downside to this, however, is that no one Israeli party has ever been able to command a majority of Knesset seats.⁹⁰ Every Israeli election has resulted in a ruling coalition government made up by at least

⁸⁴ Dennis Ross, *The Missing Peace: The Inside Story of the Fight for Middle East Peace* (New York: Farrar Straus and Giroux, 2004), 31.

⁸⁵ American diplomat involved in the peace process. Interview. December 3, 2015.

⁸⁶ Ali Abu Awwad. Interview. December 8, 2015.

⁸⁷ Richard Juran. Interview. December 8, 2015.

⁸⁸ Sari Nusseibeh. Interview. December 7, 2015.

⁸⁹ Richard Juran. Interview. December 8, 2015.

⁹⁰ Eben Kaplan, "Israel's Political System," *Council on Foreign Relations*, February 11, 2009.

two parties. Even when the threshold was raised from 2 percent to 3.5 percent prior to the last election, the Knesset still ended up consisting of ten political parties.⁹¹

Thus, for the Israeli government to sell a comprehensive peace deal, it must convince each group of its society and, by proxy, each of its coalition parties of the deal's merits. In this way, the fragility of the coalition can be a constraining force for change within Israel. In the current government, for example, if any one of the four parties allied with Prime Minister Netanyahu's Likud were to drop out of the coalition, a new government would need to be formed and new elections would need to be called. Given that at least one of the major Jewish religious parties, Jewish Home, has declared that they do not believe in a two-state solution and even want to annex parts of the West Bank, it would take a tremendous amount of political pressure and leadership to steer the Israeli Knesset toward a peace deal.⁹² As one U.S. diplomat involved in the peace process observed, even if Prime Minister Netanyahu were to attempt to sign a peace deal, he would likely lose his position as members of his own Likud party have pledged to defect if a two-state solution is ever voted on.⁹³

Despite the hawkishness of the government, 74 percent of Israelis polled in a study conducted by the University of Maryland believe it is likely that attacks from the West Bank will resume even after a peace deal is signed, 63 percent of the same Israelis still want their government to seek out such a deal.⁹⁴ However, here, time may be of the essence as changing demographics and preferences are quickly changing the opinions of the Israeli public.

In recent years, Israeli public opinion has prioritized a peace process less and less, favoring domestic issues instead. A Tel Aviv University poll conducted before the March 2015 elections found that 43 percent of the populace rated economic issues as their top concern compared to 34 percent for issues related to security.⁹⁵ In regard to the conflict, a greater number of Israelis still favor a two state solution over other alternatives, 46 percent for vs. 36 percent against.⁹⁶ At the same time, however, 70 percent of the populace does not believe that such negotiations will lead to peace in the next five years.⁹⁷

Additionally, the results of the 2015 election produce a puzzle concerning the stated domestic preferences of Israelis. Prior to the election, a majority of Israelis polled reported that they believed a government headed by the Zionist Union would be better suited to deal with economic issues compared to one led by Prime Minister Netanyahu's Likud party, 52 percent vs. 30 percent. Only in security did Israelis show a preference for Mr. Netanyahu's leadership over the Zionist Union, 58 percent vs. 27 percent.⁹⁸ Thus, the voting patterns of the Israeli populace

⁹¹ Jonathan Lis, "Israel Electoral Threshold to 3.25 Percent," *Haaretz*, March 12, 2014

⁹² American diplomat involved with the peace process. Interview. December 3, 2015.

⁹³ Ibid.

⁹⁴ Telhami and Steven Kull, "Israeli and Palestinian Public Opinion on Negotiating a Final Status Peace Agreement," *University of Maryland*, December 6, 2013.

⁹⁵ Yaar and Tamar Hermann, "Peace Index," *Tel Aviv University*, January, 2015.

⁹⁶ Ibid.

⁹⁷ Ibid.

⁹⁸ Ibid.

suggest that they still tend to vote based on security even if they are most concerned about other issues.

Prime Minister Benjamin “Bibi” Netanyahu

If the peace process were to be a chess game, then Israeli Prime Minister Bibi Netanyahu would most certainly be a king piece—without taking the Prime Minister, there can be no winning. Unfortunately, the challenge of creating a reasonable partner for peace in Mr. Netanyahu provides no easy solutions.

Based on his electoral success, Mr. Netanyahu should have all the trappings of a strong leader. In March of 2015, Prime Minister Netanyahu was elected to a fourth term in office, with his center-right Likud party winning the largest numbers of seats, 30 out of a possible 120, in the Knesset. With his win, Mr. Netanyahu becomes the only prime minister in the nation’s history to be elected three times in a row and ties Israeli founder David Ben-Gurion for the most number of terms served as prime minister. In fact, former New Hampshire Senator Judd Gregg described the Prime Minister as “the closest thing we have to Margaret Thatcher today.”⁹⁹ Despite his legacy of success, however, the United States should not expect the Prime Minister to take on the political risks needed to complete a peace deal as his coalition carries only a one-seat majority over the opposition. In fact, for most of the Prime Minister’s history in office, he has been unwilling to take risks in regard to the peace process.

In 2010, Martin Indyk, former U.S. ambassador to Israel, advised then-Secretary of State Hillary Clinton that much of the Prime Minister’s inertia in regard to the peace process could be traced back to his personality. Indyk characterized Mr. Netanyahu as someone who lacks “a generosity of spirit,” and has a “legendary fear of being seen as a ‘freier’ (sucker) in front of his people.” Indyk also claimed that the Prime Minister should not be taken at face value in his comments on the peace process. “Believing that he is a great negotiator,” Indyk wrote, “and that he is operating in the Middle East bazaar, he inflates his requirements well beyond anything reasonable in the belief that this is the best way to secure the highest price.”¹⁰⁰

Since his most recent reelection, the Prime Minister has called, on a number of occasions, for a resumption of peace negotiations but has maintained that he is willing to come to the table only without preconditions.¹⁰¹ In the past, however, Mr. Netanyahu has often used the condition of no preconditions as cover for stalling the negotiations before they even begin.¹⁰²

Coalition Parties

Despite the cynical views of Mr. Netanyahu toward the peace process, Juran describes the Prime Minister as the most liberal member of his coalition. This is true in the sense that three of the

⁹⁹ Senator Judd Gregg. Interview. October 27, 2015.

¹⁰⁰ William Booth, “What a top U.S. diplomat really thought of Netanyahu — from the Hillary e-mail stash,” *The Washington Post*, September 1, 2015.

¹⁰¹ Jack Moore, “Benjamin Netanyahu 'Ready' to Open Negotiations With Palestinians,” *Newsweek*, September 10, 2015.

¹⁰² Zvi Bar’el, “Only Precondition for Peace Is That Netanyahu Be a Statesman,” *Haaretz*, November 15, 2009.

parties in the current ruling coalition are conservative, religious parties—Jewish Home, United Torah Judaism, and Shas. According to *Haaretz* writer Anshel Pfeffer, and author of an upcoming book on Mr. Netanyahu, if the Prime Minister were to come out tomorrow and agree to make concessions for the peace process, he might be able to still command a majority of the popular opinion. However, he would surely lose his current government and need to call for new elections.¹⁰³ Thus, the frailty of the coalition creates a high barrier cost toward pushing the Israeli government toward peace. That being said, Pfeffer confessed that he doubts the current coalition will get close to serving out its four-year term before new elections are called. Thus, a more pro-peace coalition might not be that far over the horizon.

Opposition Parties

The Zionist Union and the Joint Arab List are the two most notable parties in the current Israeli opposition. The Zionist Union was created by the combination of the center-left Labor party and the center Hatnuah party. Heading into the last election, the party was poised to claim the most number of seats in the Knesset. Both leaders of the party, Tzipi Livni and Isaac Herzog, are likely challengers to Mr. Netanyahu in future elections. The party's stance toward the peace process may be more conducive to creating progress as it encourages negotiations without preconditions. Most analysts agree, however, that the party lacks the security credentials to sell a peace deal to the Israeli people. As the old adage in Israeli politics goes, "Only the right can make peace and only the left can make war."¹⁰⁴

Following a change in the minimum threshold of the popular vote needed to claim seats in parliament, four Arab parties combined to form the Joint List. The first united Arab party in Israeli history claimed a record 14 seats in the Knesset, the third largest among all current parties. According to one of its members, the Joint List will always remain an opposition party in government because of the need to protest the occupation of Israel in the West Bank and the second-class status of Arab-Israeli citizens. The party hopes, however, that they will be able to make it easier for other left-leaning parties to form a minority coalition by serving as a "blocking buddy" of the left against right-wing coalitions.¹⁰⁵

5.2.2 Palestinian Political Institutions

"The PLO's days are over, finished" - Sari Nusseibeh, former President of Al-Quds University¹⁰⁶

"The biggest oxymoron is the Palestinian Authority because it implies that they have authority" - Sam Bahour, Palestinian-American businessman¹⁰⁷

The two main Palestinian political institutions are the PLO and PA. Created in 1964, the PLO served as a kind of umbrella group for Palestinian factions and militias under the guise of the Arab

¹⁰³ Anshel Pfeffer. Interview. December 9, 2015.

¹⁰⁴ Ophir Kariv. Interview. December 6, 2015.

¹⁰⁵ Yousef Jabareen. Interview. December 8, 2015.

¹⁰⁶ Sari Nusseibeh. Interview. December 7, 2015.

¹⁰⁷ Sam Bahour. Interview. December 9, 2015.

League. Only later did Palestinian factions gain power and influence over the organization. In 1969, Yasser Arafat, head of the Fatah faction was elected Chairman of the PLO Executive Committee.¹⁰⁸ Mr. Arafat would lead the PLO until his death in 2004, and his Fatah faction continues to be the dominant faction to this day. In addition to Fatah, the PLO includes nine other Palestinian factions but not Islamist factions such as Hamas and Islamic Jihad. The United States, the United Nations and Israel all recognize the group as the “sole legitimate representative of the Palestinian people”.¹⁰⁹

In this role, the PLO has negotiated all of the settlements with Israel and the United States since President Reagan initiated dialogue in 1988. Even with the establishment of the Palestinian National Authority (PA), the PLO is still the party that is recognized as representing the interests of the Palestinian people and will be the party with whom any final statuses agreement must be reached. Another important distinction between the two entities is that the PLO is the representative of the entire Palestinian people including those outside of historical Palestine whereas the PA represents only those who reside in the Occupied Territories. That being said, the organization has lost a lot of its legitimacy to the PA since its founding. This is reflected in polling that finds that the Palestinian people would rather the PA negotiate on their behalf than the PLO.¹¹⁰

Within the PLO, there are several different committees: the Executive Committee, the Palestinian National Council (PNC), and the Central Council.¹¹¹ The PNC serves as the legislative body for the organization with approximately 700 members representing different groups within the Palestinian people.¹¹² This group elects the Executive Committee and makes changes to the Palestinian National Charter, as occurred in 1996 when the PNC revoked parts of the PLO’s charter.¹¹³ The 18-member Executive Committee manages the PLO, while the 100-member Central Council functions as a go-between for the Executive Committee and the PNC. While required to meet every two years, the PNC has met only twice in past 20 years.¹¹⁴ Recently, the PLO has focused on gaining recognition in the United Nations and other international organizations. Despite U.S. opposition, the PLO is a member of UNESCO and has permanent observer status at the United Nations.¹¹⁵

The Palestinian National Authority, also known as the Palestinian Authority (PA), was founded in 1993 as part of the Declaration of Principles on Interim Self-Government Arrangements (Oslo Accords).¹¹⁶ Agreements between the PLO and the Israeli government formed the basis for this organization.¹¹⁷ The idea for this body was that it would serve as the transitional entity governing over the occupied territories as the Israeli government handed over power to the Palestinian

¹⁰⁸ Mazen Masri, "Memo: Distinction between PLO, PA, PNC, PLC," *Al Jazeera Investigations*, February 5, 2006.

¹⁰⁹ Jim Zanotti, “Palestinians: Background and US Relations,” *DIANE Publishing*, 2010.

¹¹⁰ "Palestinian Public Opinion Poll No - 57," *Palestinian Center for Policy and Survey Research (PSR)*, September 19, 2015.

¹¹¹ Jim Zanotti, “Palestinians: Background and US Relations,” *DIANE Publishing*, 2010.

¹¹² Mazen Masri, "Memo: Distinction between PLO, PA, PNC, PLC," *Al Jazeera Investigations*, February 5, 2006.

¹¹³ Jim Zanotti, “Palestinians: Background and US Relations,” *DIANE Publishing*, 2010.

¹¹⁴ *Ibid.*

¹¹⁵ *Ibid.*

¹¹⁶ Mazen Masri, "Memo: Distinction between PLO, PA, PNC, PLC," *Al Jazeera Investigations*, February 5, 2006.

¹¹⁷ *Ibid.*

people.¹¹⁸ In this way, it does not serve as a representative of the entire Palestinian people, but rather is the entity meant to smooth the transition to a future Palestinian state.¹¹⁹

The Palestinian Legislative Council (PLC) is the de-facto legislative body of the PA. The Basic Law of 2003, intended to serve as the PA's temporary constitution in place of a final status agreement, governs the PLC's activities.¹²⁰ A parliamentary body, the PLC serves to instill confidence in the government formed by the Prime Minister.¹²¹ Unlike with other legislative bodies like the PNC, only Palestinians who live in the occupied territories (including East Jerusalem) can participate in elections for this body.¹²²

Like the PNC, the PLC has struggled to live up to promises surrounding elections and representation. In the most recent 2006 election, Hamas won a decisive victory. Following a brief period of a Hamas government, President Mahmoud Abbas used his emergency powers to disband that government and create a new one.¹²³ Following his election in 2005 with 65 percent support from only 28 percent of the total eligible voters, President Abbas has not called another round of elections.¹²⁴ Despite his four-year term, he has maintained power for over ten years. This hold on power, along with a number of other factors, has led to a steep decline in President Abbas' popularity among the Palestinian people.

Fatah and Hamas

The Fatah faction gained control of the PLO in the 1960s. Originally, Fatah advocated for an armed struggle for Palestinian statehood to advance the interest of the Palestinian people. Due to its control of both the PLO and PA, Fatah nearly became synonymous with those institutions. Fatah also has produced most of the key Palestinian leaders and officials for the past half century including Mr. Arafat and Mr. Abbas. A rarely secular party in Middle East politics, Fatah now represents the "peace camp" for the Palestinians with a focus on achieving peace through negotiations with the Israelis and condemnation of violence.

Founded in the late 1980s at the same time as the beginning of the first Intifada, Hamas is an Islamist faction whose name means, "Islamic Resistance Movement" that has recently challenged Fatah's hold on power.¹²⁵ Labeled as a terrorist group by the United States and Israel, Hamas' charter declares, "There is no solution to the Palestinian problem except by jihad."¹²⁶ Through its affiliated military wing Izz al-Din al-Qassam Brigade, Hamas continues to engage in hostilities with Israel and its leaders are often arrested and imprisoned. By focusing on a message of armed resistance against Israel, Hamas has grown in popularity.

¹¹⁸ Ibid.

¹¹⁹ Ibid.

¹²⁰ "2003 Amended Basic Law," *The Palestinian Basic Law*, March 18, 2003.

¹²¹ Mazen Masri, "Memo: Distinction between PLO, PA, PNC, PLC," *Al Jazeera Investigations*, February 5, 2006.

¹²² Ibid.

¹²³ Ian Fischer and Taghreed El-Khodary, "Fatah, Routed in Gaza, Reinforces Hold on West Bank," *The New York Times*, June 17, 2007.

¹²⁴ "Abbas Triumphs in Palestinian Elections," *BBC News*, January 9, 2015.

¹²⁵ Jim Zanotti, "Palestinians: Background and US Relations," *DIANE Publishing*, 2010.

¹²⁶ "The Charter of the Hamas," *Ariel Center for Policy Research (ACPR)*, 1988.

Due to Palestinian discontent with Fatah's governance, Hamas has grown in popularity by focusing on social services and areas that Fatah has often neglected. These factors spurred Hamas to victory in the 2006 PLC elections, where Hamas won 56 percent of the seats.¹²⁷ However, President Abbas quickly dissolved the Hamas-led unity government, declaring a state of emergency due to fighting between the two factions. President Abbas later appointed Salam Fayyad to form a government, which Fatah dominated. This move sparked outrage among Hamas and their supporters and set off a war between the two factions. The conflict between the two parties boiled over in 2007 when Hamas seized control of Gaza from Fatah, marking an end to Fatah rule.¹²⁸ Since then, the West Bank and Gaza have been operated as essentially separate states with different governance and leaders. The differences between these two regions are discussed in more detail in a section below.

Since 2007, Fatah and Hamas have attempted to form a unity government multiple times. Fatah faced pressure to gain back control of the Gaza, while Hamas faced pressure from burdensome Israeli sanctions and restrictions. The two factions reached an agreement on a unity government on June 2, 2014 that would allow for rule over both Gaza and the West Bank by a single Palestinian government.¹²⁹ While largely dominated by Fatah, the government also included a few Hamas members in influential positions. The two sides remained split over issues such as arrests of Hamas operatives, negotiations with Israel, and responsibility over Gaza. In November 2014, Hamas declared the unity government had ended.¹³⁰ Fatah rejected this claim; instead, the government officially ended in June 2015 when the Prime Minister resigned.¹³¹ Both sides have pledged to work to form a new government in the future and maintain national unity.

Issues with the PLO and PA

As alluded to above, both the PLO and PA have faced significant issues in the recent past, and some Palestinians have lost faith in these institutions. First, there have been inconsistent elections and meetings of both the PLC and PNC. Although the PNC must meet every two years, the body has met only twice in the last 20 years. Similarly, the PLC last held elections in 2006. President Abbas, head of the Fatah party, then disbanded that government led by Hamas. Additionally, President Abbas has remained in power since 2005 despite only winning a four-year term. Taken together, these results have eroded the Palestinian people's confidence in these institutions as being representative of their interests.

Next, the PLO has suffered from rampant corruption. Mr. Arafat died a billionaire and had a well-documented history of bribery and enriching himself and those around him with funds from the PLO.¹³² Mr. Abbas has continued this practice to some extent since he has taken over power. There are multiple reports on his and his son's extraordinary wealth.¹³³ An audit of the PA by the European Union found that there was little control over how nearly 2 billion Euros were spent

¹²⁷ "Palestinian Public Opinion Poll No - 57," *Palestinian Center for Policy and Survey Research (PSR)*, September 19, 2015.

¹²⁸ Ian Fischer and Taghreed El-Khodary, "Fatah, Routed in Gaza, Reinforces Hold on West Bank," *The New York Times*, June 17, 2007.

¹²⁹ Dalia Hatuqa, "Palestinians Form Consensus Government," *Al Jazeera*, June 3, 2014.

¹³⁰ Ariel Ben Solomon, "Hamas Says Unity Government Is over," *The Jerusalem Times*, November 30, 2014.

¹³¹ "Palestinian Unity Government Resigns," *Al Jazeera*, June 17, 2015.

¹³² Tricia McDermott, "Arafat's Billions," *CBS News*, November 7, 2003.

¹³³ "Abbas's Son Highlighted in Palestinian Corruption Claims," *The Times of Israel*. August 13, 2015.

between 2008 and 2012.¹³⁴ This problem is also well known to the public. Based on one recent poll, 79 percent of Palestinians perceive there to be corruption within PA institutions.¹³⁵ That being said, there is some evidence to suggest that corruption has decreased in the past several years under the leadership of individuals such as Salam Fayyad. Steen Jorgensen of the World Bank suggested that much of what is referred to as corruption is in fact a mismanagement of finances.¹³⁶

Finally, leaders in both groups have often been accused of focusing on consolidating and maintaining power instead of advancing the interests of the Palestinian people. Many view the recent resignations by leaders on the PLO Executive Committee as a ploy to consolidate more power in new elections. The PA faces similar issues with its non-elected leadership. Both groups also face complaints over whether or not they are effective at representing the Palestinian people. 52 percent of Palestinians believe that the PLO will remain weak even if the PNC elects new leadership.¹³⁷ In addition, 67 percent believe that the PA does not do all it can to protect Palestinians from Israeli settlers.¹³⁸ Overall, Palestinian leaders do not enjoy much popular support because of perception of widespread corruption and paranoid styles of leadership focused on consolidating power. In fact, over two-thirds of Palestinians want Mr. Abbas to resign as President of the PA.¹³⁹

Future of Palestinian Leadership

In a word, the future of the Palestinian people and their government is uncertain. Mahmoud Abbas is 80 years old and nearing the end of his lengthy tenure in power. However, like Arafat before him, Abbas has consolidated power within the PA and PLO. This process has made it difficult to see who is next in line. The leaders of Hamas are much younger and continue to gain power. While it is at least plausible that Hamas leaders could one day take control, no Hamas leader would be acceptable to the international community until the group renounced terrorism and violence in much the same way the PLO did in the 1980s. Much of the focus is therefore on future potential leaders from Fatah or other secular factions. One analysis mentioned Saeb Erekat, Nabil Sha'ath, Hanan Ashrawi, Mohammad Dahlan, Jibril Rajoub, and Mohammad Shtayyeh as possible successors of Abbas with others mentioned as outsider candidates.¹⁴⁰ Going forward, the United States might be able to play a role in getting the Palestinians to hold elections again, revitalize the PLC, and designate a new leader likely via a silent primary and then general election.

5.3 ISRAELI AND PALESTINIAN DEMOGRAPHICS

5.3.1 Israeli Demographics

¹³⁴ Elhanan Miller, "EU Accuses Palestinians of Wasting €2 Billion in Aid," *The Times of Israel*, October 13, 2013.

¹³⁵ "Palestinian Public Opinion Poll No - 57," *Palestinian Center for Policy and Survey Research (PSR)*, September 19, 2015.

¹³⁶ Steen Jorgensen. Interview. December 9, 2015.

¹³⁷ "Palestinian Public Opinion Poll No - 57," *Palestinian Center for Policy and Survey Research (PSR)*, September 19, 2015.

¹³⁸ Ibid

¹³⁹ Ibid.

¹⁴⁰ Grant Rumley, "The Race to Replace Mahmoud Abbas: Understanding and Shaping Palestinian Succession," *Foundation for Defense of Democracies*, September 2015.

The demographic landscape of Israel is one that has transformed during each decade of the country’s existence due to the absorption of massive numbers of immigrant Jews from different parts of the world. As Ari Shavit reflects in *My Promised Land*, “A state designed for one population was populated by another. A state based on one culture was overtaken by another.”¹⁴¹ In the recent past, Israel has experienced three major demographic trends.

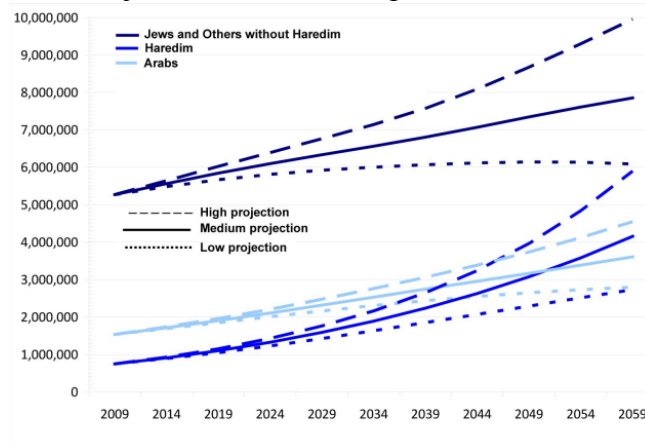
First, Israel, with a population of 8.06 million, took in 1.03 million Russian immigrants since 1990. According to Larissa Remennick, an anthropology professor at Bar-Ilan University, this mass immigration, “contributed to the gradual shifting of the political weight to the center-right” as most Russian Jews oppose ceasing land to Palestinians and are weary of the social-welfare ideas of left and center-left parties.¹⁴²

Next, there has been a significant rise of the ultra-Orthodox community. In the coming years, the Haredi (ultra-Orthodox) community within Israel is projected to grow from 10 percent of the country’s population to 20-30 percent. Such Jews tend to be more convinced by religious claims to the regions of Judea and Samaria and thus tend to vote with conservative religious parties like Shas and Jewish Home.¹⁴³

Last, the Palestinian population growth rate surrounding Israel is currently among the highest in the world. Palestinian growth is currently projected to be 2.6 percent and 3.4 percent for the West Bank and the Gaza Strip, respectively (compared to Israel’s 1.7 percent).¹⁴⁴

This growing Arab population will likely feed into Israel’s already strong sense of being a David surrounded by a sea of Goliaths. Additionally, a growing population means that there will be an even greater fight for the scarce resources of the area including agriculture and water.

Figure 3: Projections of Israeli Population Size, 2009-2059



Source: University of Maryland

¹⁴¹ Ari Shavit, *My Promised Land: The Triumph and Tragedy of Israel* (Spiegel & Grau, 2013)

¹⁴² Judy Maltz, “One, two, three, four—we opened up the Iron Door,” *Haaretz*, February 3, 2015.

¹⁴³ Ari Paltiel, “Estimation of the size and vital rates of the Haredi (Ultra-orthodox) population in Israel for the purpose of long-range population projections,” *Israel Central Bureau of Statistics*, March 10, 2013.

¹⁴⁴ “Population,” *Palestinian Central Bureau of Statistics*, 2011.

5.3.2 Palestinian Demographics

While often grouped together as being part of a future Palestinian state, a deep divide exists between those who live in Gaza and those who live in the West Bank. For all intents and purposes, they currently exist as separate entities with split governments.

From a demographic standpoint, Gaza and the West Bank differ in several ways. Together, Gaza and the West Bank represent over 4.7 million people with 1.9 million living in Gaza and 2.8 million living in the West Bank.¹⁴⁵ While both regions house similar populations, they differ greatly in size. The West Bank measures 5,860 square kilometers while Gaza measures only 360 square kilometers.¹⁴⁶ Gaza also has a younger, faster growing population with 63 percent of its population under the age of 24 compared to the West Bank's 54 percent under the age of 24.

Stark differences in public opinion further reflect these underlying distinctions. Gazans were more likely to support a violent uprising as well as any uprising in general. Support for a Third Intifada came in at 66 percent in Gaza versus 40 percent in the West Bank.¹⁴⁷ Gazans were also far more likely to support calling for the resignation of President Mahmoud Abbas with 55 percent versus 43 percent in the West Bank.¹⁴⁸ On the other hand, Gazans were also far more likely to support returning to negotiations with Israel with 38 percent supporting versus only 12 percent in the West Bank.

5.4 REGIONAL PLAYERS

"If you think Game of Thrones is bloody, you haven't been watching Middle Eastern news."
-Eran Lerman of Bar Ilan University¹⁴⁹

Jordan

"In an area with very few heroes, Jordan comes closest." -Dylan Williams, Vice President of Governmental Affairs, J-Street¹⁵⁰

The Hashemite Kingdom of Jordan has played a historic role in the conflict and has the potential to be a key component in and arbiter of any future peace deal. Jordan is a monarchy currently led by U.S-educated King Abdullah II, identified as "our best single ally in the Middle East," by former U.S. Senator Judd Gregg.¹⁵¹ Jordan is unique in the region because it is a politically stable Arab state that is friendly to the United States, and has a relatively warm relationship with Israel. As Alexandra Taylor of the U.S. Embassy in Jordan characterized, Jordan is a "moderate beacon of stability in an unstable region."¹⁵² In the past, Jordan has served as a key broker of

¹⁴⁵ "CIA World Factbook," *Central Intelligence Agency*, 2015.

¹⁴⁶ Ibid.

¹⁴⁷ Nabil Kukali, "Poll No. 200," *Palestinian Center for Public Opinion*, November 16, 2015.

¹⁴⁸ Ibid.

¹⁴⁹ Eran Lerman. Interview. December 3, 2015.

¹⁵⁰ Dylan Williams. Interview. November 5, 2015.

¹⁵¹ Judd Gregg. Interview. October 27, 2015.

¹⁵² Alexandra Taylor. Interview. December 11, 2015.

peace and a willing contributor to the implementation of “creative solutions” to work around seemingly insurmountable roadblocks in the crisis. For example, in 1991, Jordan agreed to serve as an umbrella and form a joint Palestinian-Jordanian delegation in Madrid to grant the Palestinians the necessary authority to negotiate with Israel. However, recently the relationship has become more tense, as violence surrounding the Jordanian-administered Haram al-Sharif has mounted. In response to perceived Israeli military aggression, the Jordanian Parliament accused Israel of “state terrorism” against the Palestinians in October of 2015.¹⁵³

Since signing their Treaty of Peace in October 1994, Israel and Jordan have enjoyed a positive relationship. Peace has strengthened the Jordanian economy. Qualifying Industrial Zones (QIZ)s, have allowed Jordanian, Israeli, and Palestinian businesses to interact and collaborate in a duty-free trade relationship with the United States.¹⁵⁴ QIZs have increased Jordanian exports from 2.4 million USD to almost 1 billion USD annually and have created more than 24,000 jobs in their first 8 years.¹⁵⁵

Jordan has close ties to the United States, enjoys the benefits of peace with Israel, and currently hosts more than 2 million Palestinian refugee. Each of these factors give Jordan a great stake in motivating peace between the Israelis and Palestinians.¹⁵⁶ The Kingdom of Jordan supports a “two-state solution and the establishment of a viable, independent and geographically contiguous Palestinian state with East Jerusalem as its capital, living in peace alongside Israel, in accordance with UN resolutions and the 2002 Arab Peace Initiative.”¹⁵⁷ Jordan and the Hashemite Monarchy current serve as the stewards of the holy Christian and Muslim sites in Jerusalem. Jordan will transfer control of these holy sites to Palestine after the signing of a final status agreement between the Israelis and the Palestinians. Due to this, Jordan holds a vested interest in maintaining the status quo in Jerusalem and avoiding escalations of violence or tension and the final status agreement regarding Jerusalem.¹⁵⁸

However, Jordan currently must focus much of its attention on the Syrian Civil War, which has caused up to 1.4 million Syrian refugees (corresponding to 21 percent of Jordan’s population) to flee to Jordan.¹⁵⁹ Concerted Jordanian efforts on facilitating Israeli-Palestinian peace may not be possible until the situations in Syria and the Islamic State stabilize.

An integral regional ally, King Abdullah II serves as the reigning monarch of Jordan.¹⁶⁰ He is Western-educated, having attended Deerfield Academy, Georgetown University and Oxford

¹⁵³ Elad Benari, "Jordan's Parliament Accuses Israel of 'Terrorism,'" *Israel National News*, October 11, 2015.

¹⁵⁴ Office of Textiles and Apparel (OTEXA) U.S. Department of Commerce, "Qualifying Industrial Zone (QIZ)." *International Trade Administration*

¹⁵⁵ Joseph Patrick Gaffney, "Jordan's Qualified Industrial Zones: A Qualified Success?," *University of Pennsylvania*, 2005.

¹⁵⁶ Central Intelligence Agency, "World Factbook: Jordan," 2015.

¹⁵⁷ "His Majesty King Abdullah II: Profile," *Kingabdullah.jo*.

¹⁵⁸ Jordanian Ministry of Foreign Affairs. Interview. December 14, 2015.

¹⁵⁹ "Jordan," Syrian Refugees: A SnapShot of the Crisis—The Middle East and Europe; Mazen Homoud, Mazen, "In Jordan, We Understand the Refugee Crisis," *The Telegraph*, September 16, 2015.

¹⁶⁰ "His Majesty King Abdullah II: Profile," *Kingabdullah.jo*.

University. Abdullah inherited a personal commitment to regional peace from his father, King Hussein, who fostered personal ties with Israeli leaders, particularly Yitzhak Rabin.

Saudi Arabia

Saudi Arabia supports the full withdrawal of Israel from Palestinian territory and Jerusalem. In addition, Saudi Arabia has no official diplomatic relationship with Israel.¹⁶¹ In 2014, Saudi Arabia reaffirmed its public support for the Palestinians, stating, “Saudi Arabia in the past, now and in the future will do all it can to support the Palestinian people in their claim for the return of their own land and for self-determination in their own state. The brutality and disproportionality of the Israeli action against the civilian population in Gaza is a crime against humanity.”¹⁶²

However, there have been reports that channels between Saudi Arabia and Israel are opening. Although a boycott persists, Saudi Arabia has lifted its trade ban against Israel. Additionally, the two countries are rumored to share intelligence on Iran. While both nations deny it, Saudi Arabia has also granted Israel permission to use its airspace should it need to launch an attack against Iran.¹⁶³ Demonstrating their interest in the peace process, Saudi leaders collaborated with other Arab states on their own peace proposal in 2002, the Arab Peace Initiative, which the Israelis rejected.¹⁶⁴

The United States considers Saudi Arabia, like Israel, one of its closest allies in the region. Although based on oil, the relationship has lasted more than 70 years. Because the Saudis are invested in maintaining their relationship with the United States, the United States can use this close relationship as leverage to motivate Saudi participation in the Israeli-Palestinian peace process.¹⁶⁵

Syria

In its current state, Syria cannot facilitate peace; instead, its instability presents another obstacle to peace. The Syrian Civil War has killed more than 320,000 people and displaced over 6.6 million refugees across the region and the world.¹⁶⁶ Syria has served as a breeding ground and staging area for ISIL, which has shown its proclivity for acts of terror outside of simply building up its regional caliphate through the Paris Attacks of November 2015 and the downing of a Russian jetliner. Syria is now the target of coalition-led airstrikes.

The situation in Syria has destabilized the region and poses an increased terror threat. Syria and must be stabilized and IS contained in order to provide Israel with the necessary sense of security to make peace possible.

¹⁶¹ Peter Valenti, "A Prince's Olive Branch," *World Press*, May 2002.

¹⁶² "What Are the Official Positions of the Surrounding Arab States, Turkey, and Iran in Relation to Israel and the Palestinian Territories? - Israeli-Palestinian Conflict - ProCon.org.," *ProCon.org Headlines*, May 14, 2015.

¹⁶³ Haaretz Service, "Israel Denies Saudis Gave IDF Airspace Clearance for Iran Strike," *Haaretz*, January 1, 2009.

¹⁶⁴ Peter Valenti, "A Prince's Olive Branch," *World Press*, May, 2002.

¹⁶⁵ Reuters, "The Saudi Peace Plan," *Steffen-Jensen*, March 25, 2002.

¹⁶⁶ World Vision Staff, "What You Need to Know: Crisis in Syria, Refugees, and the Impact on Children," *World Vision*, December 4, 2015.

Egypt

Egypt and Israel have enjoyed a formal peace treaty and close economic ties since 1979. However, the Arab Spring of 2011 changed leadership in Egypt and undermined Israeli confidence in Egypt's security and stability. After thirty years of peace with Egypt under Mubarak, Israel feared that Iran would turn Egypt both Islamist and against Israel. It also feared that, "an Islamist wave [would] wash over the Arab countries, an anti-West, anti-liberal, anti-Israel and ultimately an anti-democratic wave."¹⁶⁷ The rise of the Muslim Brotherhood, which has significant ties to Hamas, following the Arab Spring and the election of their candidate, Mohamed Morsi, provoked these fears. However, when President Abdel Fattah al-Sisi, a former member of the military under Mubarak, staged a coup and outlawed the Muslim Brotherhood, declaring it a terrorist group.¹⁶⁸ Al-Sisi views the Israeli-Palestinian peace process as a "great opportunity" that could "change the face of the region and ... bring about enormous improvement to the situation," and believes that that peace process should include more Arab nations.¹⁶⁹ However, it is unlikely that Egypt will play a significant role in any near-term peace negotiations, as it attempts to recover from the unrest of the Arab Spring.

In October of 2015, Egyptian Foreign Minister condemned Israel for "inflammatory" and "excessive use of force" against Palestinians.¹⁷⁰

Iran

After its 1979 Revolution, Iran became an Islamic republic, led by religious leaders, currently Supreme Leader Ali Khamenei. Due to Iran's stridently anti-Zionist stance, Israel considers Iran its primary security threat. Recently, a former head of IDF intelligence announced that "ISIS is much less dangerous [to the security of Israel] than Iran."¹⁷¹

Iran has become a sticking point in Washington's ability to broker an Israeli-Palestinian peace. The 2015 Iran Nuclear Deal has strained the U.S.-Israeli relationship as it has set Iran on the path to being able to legally obtain a nuclear weapon within 15 years. Israel feels threatened that the United States has jeopardized its safety with this deal. Additionally, many Americans and politicians have found the effort and influence expended by AIPAC, Israel, and Netanyahu, such as addressing Congress without a presidential invitation, off putting. The Iran Deal has put tension on the U.S.-Israeli relationship, and has provided fodder for Israel to claim its stability is jeopardized. Iran necessitates that the United States ensure security for Israel so that they may work toward peace.

¹⁶⁷ Guzansky Yoel and Benedetta Berti, "Is the New Middle East Stuck in Its Sectarian Past? The Unspoken Dimension of the "Arab Spring"," *Orbis* 57, no. 1 (2013): 135-51. doi:10.1016/j.orbis.2012.10.009.

¹⁶⁸ BBC News, "Egypt Profile-Leaders," June 8, 2014.

¹⁶⁹ The Associated Press and Barak Ravid. "Sissi: Egypt's Nearly 40-year Peace With Israel Should Include More Arab Countries," *Haaretz*, September 27, 2015.

¹⁷⁰ Egyptian Streets, "Egypt Condemns Israel's Killing of Seven Palestinian Protesters," October 10, 2015.

¹⁷¹ Yonah Bob, "Former Head of IDF Intelligence: ISIS Is Much Less Dangerous than Iran," *The Jerusalem Post*, December 1, 2015.

International Public Opinion

International public opinion can play a major role in changing behavior on the ground. In recent years, the international perception of Israel has become more negative. Currently, 74 percent of the Spanish population views Israel negatively, as does 65 percent of the French population, and 85 percent of Muslim populations like Egyptians. In fact, the United States is the only western nation to hold a “mostly positive” view of Israel.¹⁷² This makes the United States-Israel relationship all the more important to the Israelis—and, as a result, a more effective lever—and could prove useful in peace talks.

In addition to pressuring Israel, international public opinion can confer legitimacy upon the Palestinians. While the left of many nations have embraced the Palestinian cause and narrative, many view the Palestinians through a blanket lens of ‘terrorists.’ Public image campaigns or hunger strikes could be used to garner further international support.

6. The U.S.’s Role in the Israeli-Palestinian Conflict

“The U.S. is the only actor that can actually take the role of mediator in this.” - Ophir Kariv, Director of Israeli Consulates in the United States¹⁷³

6.1 OVERVIEW

“Have you ever heard all political candidates declaring their emotional love for another state?” - Mouin Rabbani, Institute for Palestine Studies¹⁷⁴

As a third party with an interest in stability in the Middle East, the United States has a unique role to play in resolving the Israeli-Palestinian conflict. Previously, being seen as “Israel’s lawyer” limited its ability to be seen as an honest broker. Former Palestinian Prime Minister Salam Fayyad emphasized that “the United States has to not only be the facilitator, but also the mover.”¹⁷⁵ ¹⁷⁶ However, U.S. policy has suffered from a lack of continuity between administrations. Incoming presidents often seek to dispense with the policies of their predecessor, which inhibits long-term progress in negotiations.

U.S.-led diplomacy in the Israeli-Palestinian crisis is inherently a top-down process; Israeli and Palestinian negotiators have come to expect leadership from the President or the Secretary of State.¹⁷⁷ Past negotiator William Quandt argues that only the U.S. President wields the influence necessary to bring the United States fully into the diplomatic arena.¹⁷⁸ Importantly, coherent presidential policy depends on the harmony between the President and his or her top advisors.

¹⁷² The Jerusalem Post, “BBC Survey Measures Public Opinion on 22 Countries, Places Israel in Company of North Korea, Ahead of Only Iran, Pakistan,” May 17, 2012.

¹⁷³ Ophir Kariv. Interview. December 6, 2015

¹⁷⁴ Mouin Rabbani. Interview. December 10, 2015

¹⁷⁵ Kurtzer, 88.

¹⁷⁶ Salam Fayyad. Interview. December 7, 2015.

¹⁷⁷ Kurtzer, 10.

¹⁷⁸ Quandt, 428.

However, the President also needs to identify the peace process as the administration's top priority. According to former Jordanian Deputy Prime Minister Marwan Muasher, President Obama did not prioritize resolving the conflict, so "Kerry didn't have the needed backing of the White House to make a deal."¹⁷⁹

The Role of the Department of State

The President's State Department has previously served as the main envoy for conveying policy and implementing peace. However, leaders in the region often doubt the power of the Secretary of State to orchestrate the President's policy.¹⁸⁰ Success in negotiations depends on achieving trust with foreign counterparts. Additionally, leaders in the region doubt the credibility of a negotiator who lacks experience with their affairs. For example, Special Envoy to the Middle East Dennis Ross ran the peace process almost unilaterally through much of the Bush and Clinton administrations, which allowed him to gain the trust of both the Israeli and Palestinian negotiators.¹⁸¹

However, the President's choice of negotiator might affect his or her ability to make an impact. Despite his many achievements as Special Envoy, Dennis Ross claims that much criticism was directed at him for political rather than ethnic reasons, stating, "my being Jewish gave Palestinians, and Arabs more generally, a ready-made handle to explain *publicly* why America was not following its "interests" in the Middle East."¹⁸² While the ethnicity of a negotiator is important to an extent, there are more important factors. Chief among these is experience with Middle Eastern issues. One U.S. diplomat involved in the peace process suggested that experience in the Middle East, not the negotiator's ethnicity, is the most important criterion for both sides to view the negotiator as credible.¹⁸³

The Role of Domestic Politics

Given the United States' special relationship with Israel, U.S. domestic politics will play a role in the peace process. The effect of domestic politics manifests itself through the pro-Israel lobby, Congress and U.S. public opinion on the peace process. Historically, the President's leadership has been able to drive the domestic debate, despite the influence of these other groups.

Lobbying Organizations

Within the pro-Israel community, two organizations primarily impact the public debate about the Israeli-Palestinian peace process: the American Israel Public Affairs Committee (AIPAC) and J Street. AIPAC lobbies for the continued relationship between the United States and Israel. It supports a two-state solution arrived at by direct negotiation between the Israelis and Palestinians. While AIPAC does not take specific positions on settlements or putting forward

¹⁷⁹ Marwan Muasher. Interview. December 15, 2015

¹⁸⁰ Daniel Kurtzer. Interview. October 13, 2015.

¹⁸¹ Ross, 7.

¹⁸² Ibid.

¹⁸³ U.S. diplomat involved in the peace process. Interview. December 3, 2015.

parameters, AIPAC believes the United States can play a role in facilitating the peace process.¹⁸⁴ Some criticize AIPAC for taking positions that are not in line with the United States' or Israel's interests. For example, while AIPAC formally endorsed the Oslo Accords, former AIPAC analyst Keith Weissmann (who was fired from AIPAC for allegedly passing secrets to the State of Israel) observed that "AIPAC couldn't act like they were rejecting what the government of Israel did, but the outcry in the organization about Oslo was so great that they found ways to sabotage it."¹⁸⁵ AIPAC primarily lobbies for the passage of the foreign aid bill in Congress, advocating that the United States continue to give 3 billion USD in foreign military financing (FMF) to Israel each year, or 53 percent of the United States' total FMF worldwide.¹⁸⁶ Finally, AIPAC works to educate members of Congress by sponsoring trips to Israel for members.¹⁸⁷ Although AIPAC does not give money to candidates, it wields a tremendous amount of influence through its ability to mobilize its large membership, as well as the relationships its individual members have with policy makers.

Founded in response to AIPAC, J Street characterizes itself as a "pro-Israel, pro-peace" organization. J Street argues that AIPAC often supports policies that fall outside both U.S. and Israeli interests.¹⁸⁸ Due to the perception that disagreeing with AIPAC will impose political costs, J Street works to convince members of Congress that supporting a two-state solution can include disagreeing with U.S. or Israeli policies, or simply disagreeing with AIPAC. Unlike AIPAC, J Street does so with political donations in addition to advocacy. In fact, J Street accounted for 1.8 million USD in donations in 2012, which represented 35 percent of pro-Israel PAC money contributed to federal candidates.¹⁸⁹ However, some criticize J Street's partisan nature, claiming it leans heavily toward the Democratic Party.¹⁹⁰ J Street's 2016 PAC currently endorses 81 Democrat candidates and zero Republicans.¹⁹¹ Nevertheless, J Street primarily seeks to enable the next administration to make the hard decisions necessary to arrive at a two-state solution.¹⁹²

No formal Palestinian lobbying organization exists in the United States. Given the fragmented nature of the Palestinian people, who have dispersed all around the world, they lack the centralized structure to create an effective political lobby. However, Sam Bahour, a Palestinian business owner, argues that the Palestinians should not create a lobbying organization to compete with AIPAC. Instead, Bahour suggests that the Palestinians can leverage the support of minority groups, church communities and business groups. Furthermore, Mary Nazzal-Batayneh, a Jordanian businesswoman and political activist, emphasized that J Street effectively garners support for the Palestinians and reduces AIPAC's influence.

¹⁸⁴ AIPAC, "Our Mission," 2015.

¹⁸⁵ Connie Bruck, "Friends of Israel," *The New Yorker*, September 1, 2014.

¹⁸⁶ AIPAC Representative. Interview. October 21, 2015; Senior U.S. National Security Official. Interview. November 4, 2015; Jeremy Maxwell Sharp, "U.S. Foreign Aid to Israel," *Washington, D.C.: Congressional Research Service, Library of Congress*, 2015.

¹⁸⁷ Daniel Kurtzer. Interview. October 13, 2015.

¹⁸⁸ J Street, "About J Street," 2015.

¹⁸⁹ J Street PAC, "Election 2012 Report," 2012.

¹⁹⁰ Michael Lame, "What's Wrong with J Street?" *Haaretz*, July 10, 2015.

¹⁹¹ J Street PAC, "All Endorsed Candidates," 2015.

¹⁹² Dylan Williams. Interview. November 5, 2015.

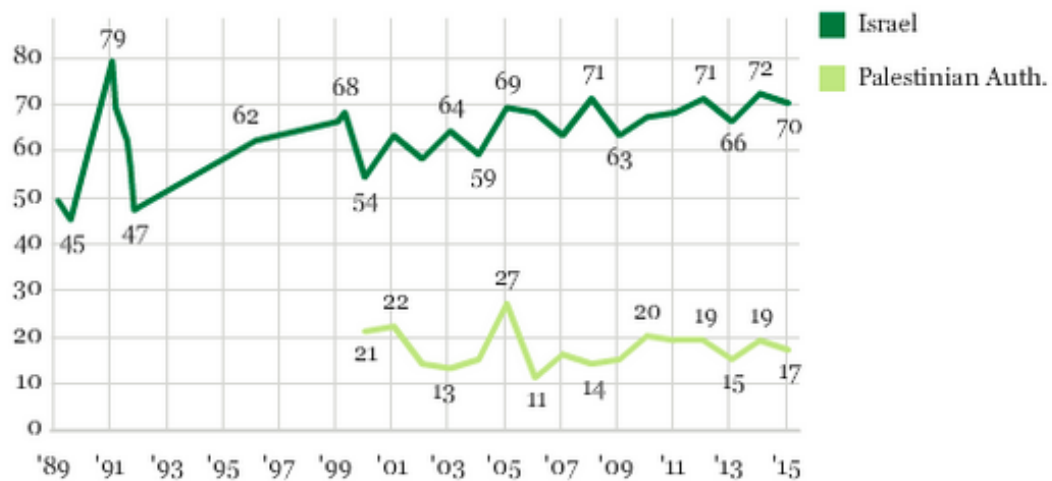
Congress

Members of Congress do not play a large role in the negotiations between the Israelis and Palestinians. Although Congress approves military aid to Israel, the President primarily sets policy. As a result, Congress generally supports the President in his negotiation strategy.¹⁹³ In the past, however, Congress has acted in ways that hindered the peace process. In June 2015, for example, Congress moved to suspend economic aid to the Palestinian Authority after the PA released material to the International Criminal Court accusing the Israelis of war crimes.¹⁹⁴ Suspending this aid might limit the PA's ability to form a viable state. Furthermore, increasing partisanship in the United States may inhibit cooperation between the White House and Congress. While Congress cannot take much of a formal role in peace talks, it can play a symbolic role. For example, Congress can invite Palestinians from groups that promote Israeli-Palestinian dialogue, like Ali Abu Awwad, an activist with the Israeli-Palestinian engagement group Friends of Roots, to legitimize the Palestinian narrative and publicize it among U.S. citizens.

U.S. Public Opinion

While still supportive of Israel, U.S. public opinion has also reflected an increase in partisanship (See Figure 5 below). Americans tend to prioritize the peace process, with three in five voters ranking the conflict as one of the top five U.S. foreign policy interests.¹⁹⁵ More Americans view Israel favorably than they view the Palestinian Authority, as shown in Figure 4 below.

Figure 4: Americans' Overall Views of Israel and the Palestinian Authority



Source: Gallup

¹⁹³ Judd Gregg. Interview. October 27, 2015.

¹⁹⁴ Julian Pecquet, "State, Congress Face off over Palestinian Aid," *Al-Monitor*, June 25, 2015.

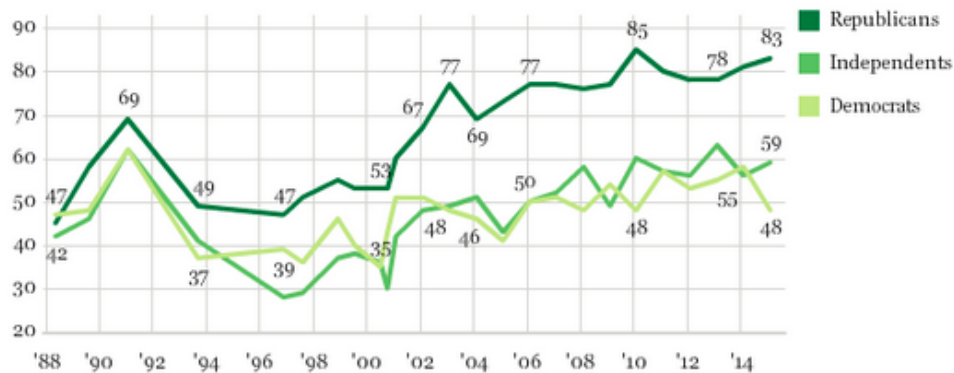
¹⁹⁵ Shibley Telhami, "American Public Attitudes Toward the Israeli-Palestinian Conflict," *Brookings Institution*, December 5, 2014.

American support for Israel has hovered around 65 to 70 percent of voters, with support reaching a 79 percent high after the 1991 Madrid Conference. It is not surprising that American voters carry this pro-Israel bias, given the special relationship between the United States and Israel. The Palestinian Authority has far fewer American supporters, with only about 17 percent of voters viewing the Palestinian Authority very favorably or mostly favorably.

Regarding the Israeli-Palestinian conflict specifically, Americans favor the Israeli side. Despite claims of a deteriorating U.S.-Israel relationship, support for Israel has grown steadily for the last ten years among U.S. voters. However, support for Israel and the Palestinian Authority has grown increasingly polarized.

In terms of finding a solution to the conflict, the majority of Americans favor a two-state or one-state solution. Of the 39 percent of voters who want a two-state solution, 66 percent of those voters would be open to a one-state solution if a two-state solution was not possible. Only 14 percent of Americans prefer the status quo, while eight percent advocate for annexation.¹⁹⁶

Figure 5: Percentage Sympathizing More With the Israelis Than the Palestinians in Mideast Situation (by Party ID)



Trend since 2001 includes only results from annual February World Affairs survey

GALLUP

Source: Gallup

While 83 percent of Republican voters view Israel more favorably, support for the two-state solution is the most divisive it has been in twenty years. Only 31 percent of Republicans support a two-state solution as compared with 41 percent of Democrats.¹⁹⁷

A subset of the U.S. population, evangelical Christians often support Israel because they adhere to a Biblical point of view that characterizes Jewish control over the land of Palestine as

¹⁹⁶ Shibley Telhami, "American Public Attitudes Toward the Israeli-Palestinian Conflict," *Brookings Institution*, December 5, 2014.

¹⁹⁷ Aaron Blake, "Support for Palestinian State Hits Two-decade Low in U.S.," *The Washington Post*, March 31, 2015.

fulfilling scriptural destiny. About 90 million Americans consider their beliefs to be evangelical, but only 9-10 million of those Americans subscribe to this Biblical worldview, or three percent of the U.S. population.¹⁹⁸ Jewish Americans, in comparison, comprise about two percent of the U.S. population.¹⁹⁹ These evangelical voters, 68 percent of whom lean Republican, exert more and more influence over domestic public opinion about Israel.²⁰⁰ For example, 38 percent of Evangelical voters feel a religious or ethnic duty to support Israel, as compared with 24 percent of Jewish American voters. In addition, only 50 percent of evangelicals favor Israel's democracy over its Jewishness. Seventy-one percent of Americans also favor Israel's democracy over its Jewishness, including 61 percent of Jewish Americans.²⁰¹ Overall, evangelical voters may play a larger role in altering the Republican party's views rather than affecting U.S. policy as a whole.

6.2 OVERVIEW OF POTENTIAL U.S. INVOLVEMENT

The United States is the only country with the capability and the willingness to convince both the Palestinians and the Israelis to pursue peace. As the Ophir Kariv, the Director for the Department for Israeli Consulates in U.S stated, "The U.S. is the only actor that can actually take the role of mediator in this."²⁰² The United States has an important role to play at every stage of the peace process. First, the United States should take appropriate steps to convince both players to come to the table in pursuit of peace. Subsequently, the United States should actively pursue strategies that keep the two parties focused on achieving a successful negotiation. Lastly, the United States must take action to ensure the sustainability of any agreement. These roles are discussed in more depth in Section 7.

6.2.1 *Getting the Actors to the Negotiating Table*

As it has done in the past, the United States can employ its influence to utilize levers to persuade both parties that resuming peace negotiations are in their best interests. The United States can pursue two main courses of action. First, the United States can set forth formal parameters for a future final status agreement. By setting out official parameters, the United States conveys its seriousness regarding the issue. The parameters would explain what each side would be required to do to end the conflict. With an official position on these final status issues, the United States and the world could equate the Israeli and Palestinian respective compliance with their commitment to peace. The United States should circulate its official final status agreement parameters and seek international recognition of the parameters in order to garner support for the document and enhance its legitimacy. Next, the United States can also take steps to improve the environment for peace and talks. These steps can include increasing aid to both Israelis and Palestinians, working to improve Palestinian institutions, and focusing on education as a path toward greater cooperation. These small steps will both encourage peace talks to resume as well as set the stage for a long-lasting peace once an agreement is met.

¹⁹⁸ Paul Stanley, "Where Is Israel on Evangelical Christian Voters' List of Priorities?" *JNS*, August 27, 2015.

¹⁹⁹ Laurie Goodstein, "Poll Shows Major Shift in Identity of U.S. Jews," *The New York Times*, October 1, 2013.

²⁰⁰ Pew Research Center, "A Deep Dive Into Party Affiliation," April 7, 2015.

²⁰¹ Shibley Telhami, "American Public Attitudes Toward the Israeli-Palestinian Conflict," *Brookings Institution*, December 5, 2014.

²⁰² Ophir Kariv. Interview. December 6, 2015.

6.2.2 U.S. Role During Peace Talks

Once the two sides are at the table, the United States has an important role to play in the negotiations themselves. While past negotiations have focused on bilateral discussions under the auspices of the United States, future peace talks should include other interested international actors. Together these actors can take on several facilitative roles. At the appropriate time, the United States can and should use carrots and sticks to persuade Israel or the Palestinians to accept final conditions, without which the peace agreement would not be signed. The incentives that only a superpower such as the United States can offer will ease final concessions by both sides.

6.3 PRINCIPLES OF U.S. ROLE

In its role in the peace process, the United States should be careful to exercise evenhandedness and humility, foster negotiation when partners for peace exist on both sides, discourage unilateral action, and encourage bilateral negotiations.

Evenhandedness

To make peace achievable, the United States must remain a fair and honest party prior to negotiations. In the past, the United States conferred with the Israelis prior to presenting peace proposals.²⁰³ Despite the United States' commitment to the "special relationship" with Israel, the United States must generally pursue a policy of evenhandedness in order to bring both parties to the table. In particular, the United States should maintain consistency over time with regard to aid to the two parties and not abruptly defund Palestinian initiatives. A biased approach will only serve to incite the other party, reduce its trust in Washington's third party role and potentially prevent future negotiations. The United States must be willing to take into account the interests of both parties, despite potential domestic pressures to favor Israel. Consistent with the desired role of the United States, the recommendations in this memo try to uphold the value of evenhandedness.

Humility

Though past U.S. involvement in the peace process has brought the parties close to an agreement, every attempt has failed to achieve a two state solution. This lack of success partially stems from Washington's inability to accurately assess which levers it can successfully wield and which options are bound to fail. For example, near the start of the Obama presidency, the president "demanded that Netanyahu cease all building not only in the territories but also in the disputed areas of Jerusalem...not a single brick."²⁰⁴ While Obama's assertive stance on settlements eventually produced a temporary moratorium on settlement building, ultimately the decision distanced the Obama administration from the Netanyahu government, arguably reducing Washington's future leverage during peace talks. Thus, when this administration evaluates its array of potential actions, it must remain humble about what it can and cannot

²⁰³ Ross, 55.

²⁰⁴ Michael B. Oren, *Ally: My Journey Across the American-Israeli Divide* (New York: Random House, 2015), 78.

achieve with a high chance of success. In this way, though the United States has tremendous political, military, economic, and diplomatic leverage at its disposal, the United States ought to be cognizant of some of its own limitations. As George W. Bush once said, “we can't want peace more than the parties themselves.”²⁰⁵

Only negotiating when both sides have a partner for peace

The United States should not act as a full partner throughout the negotiation process, but rather as a facilitative third party. When one or both sides rely too heavily on the United States, the process is more likely to fall apart, because any peace will ultimately be a negotiation between the Israelis and the Palestinians. In order to mitigate the probability that the Palestinians or Israelis do not negotiate in good faith, the United States should not apply leverage to start peace negotiations unless it is evident that both parties are serious about peace.

Discouraging unilateral action

When either the Palestinian or Israeli leaders have the perception that one party is not trustworthy, they will not negotiate in good faith. By discouraging unilateral action on both sides, the United States can avoid situations in which peace talks break down.

Requiring cooperation

The United States should encourage the Palestinians and the Israelis to act in conjunction with each other. Bilateral action will foster a sense of trust that is essential for a peace agreement and lays the groundwork for a lasting peace. The two sides will not be able to achieve peace without working together.

7. U.S. Parameters and Promises

7.1 WHY THE TWO-STATE SOLUTION?

“As far as I’m concerned, there is no other solution. I know what a binational state looks like. They’re called Syria and Iraq.” - Professor Chuck Freilich²⁰⁶

7.1.1 Status Quo

The current status quo and continued violence increases regional instability. Since 2000, 8,166 people have died as a result of the conflict.²⁰⁷ Individuals on both sides continue to lose their lives in almost daily attacks. While Israelis live in fear of terrorist attacks, Palestinians continue to live as neither citizens of Israel nor any other state. Israel continues to closely control their lives and many see little hope. The situation is indeed dark. Many, including Secretary of State

²⁰⁵ Tony Karon, "What If Nobody Came to a U.S. Peace Process?," September 22, 2009.

²⁰⁶ Chuck Freilich. Interview. December 3, 2015.

²⁰⁷ Max Fischer, "This chart shows every person killed in the Israel-Palestine Conflict since 2000," *Vox*, July 14, 2014.

John Kerry, believe that the status quo could eventually result in “a one-state reality.”²⁰⁸ Such a situation remains unacceptable to all sides.

7.1.2 A Binational State

This option refers to the creation of one single secular, democratic Israeli-Palestinian nation that includes all of the current Israeli land and the Palestinian territories. The population of this state would be approximately 13 million and all citizens would likely have equal rights.²⁰⁹ With shifting demographics, an integrated single state with both peoples would not present a viable solution. In a single generation, trends predict that the Jewish people would become a minority in this one state solution.²¹⁰ Israel likely could not accept this solution. Furthermore, it is unlikely that either party would be willing to give up their hopes of their one state. Lastly, historic conflict and current acts of terrorism pose a threat to the success of the two peoples living in the same area of land.

7.1.3 A One State Solution (Greater Israel)

Another possible outcome is a one state solution in which the Israeli Jewish nation governs all of the land that is currently Israel and the West Bank. In this scenario, the Jewish state would operate as a democracy exclusively for Jewish individuals and would seek to transfer populations that do not support the state. The Palestinians living in the West Bank would likely be relocated to other Arab countries or forced to live without full rights.²¹¹ The Palestinians would simply not accept this situation as a solution as it denies them their national ambition as well as their rights.

7.1.4 A Three State Solution

Under this proposed solution, the state of Israel would continue to exist, Egypt would control the Gaza Strip, and parts of the West Bank would be given to Jordan.²¹² The three-state solution is unlikely to be implemented, because the Palestinians would likely be unwilling to give up their hopes of national sovereignty. Additionally, Egypt and Jordan would likely not take on responsibility for additional citizens and increased risks. Neither country has the capacity to take on this role. Overall, this is a non-starter for all parties involved.

7.1.5 The Jordanian Option

This plan calls for the creation of Jordanian-Palestinian confederation following the establishment of a Palestinian state. Joint economic areas, a joint parliament and joint water and

²⁰⁸ John Kerry, "Brookings Institution's 2015 Saban Forum Keynote Address," *U.S. Department of State*, December 5, 2015.

²⁰⁹ Joseph Chamie, "Can't the Israeli-Palestinian Conflict Be Resolved?" *PassBlue Covering the UN*, March 11, 2015.

²¹⁰ *Ibid*

²¹¹ *Ibid*.

²¹² *Ibid*.

energy would likely connect the Palestinian state with Jordan.²¹³ The Jordanian option is unlikely as Jordan relinquished its West Bank claim in 1988, has consistently advocated for an independent Palestinian state, and has no interest in any “Jordanian option.”²¹⁴

7.1.6 *The Two-State Solution*

The two-state solution advocates for an independent Palestinian state next to Israel, to the west of the Jordan River that also incorporates the Gaza Strip. The Palestinian state and Israel would both have secure, recognized borders likely in line with the pre-1967 borders. However, the solution would also likely include mutually agreed upon land swaps to ensure maximum security for both sides. Jerusalem would serve as a shared capital for both Israel and Palestine. For a sustained peace, the agreement would include a solution to the refugee issue.²¹⁵

7.1.7 *Why The Two-State Solution?*

The two-state solution is the most viable option for peace, because it serves the best interests of all parties involved. Through the creation of two independent states, both sides can retain their national ambition and remain a distinct people. Israel gains the peace and security it has sought for years, while the Palestinians finally gain a state of their own. With reduced violence, the two-state solution increases stability, which benefits regional players, the United States, and the world. As Dennis Ross said, “The only answer is two states for two peoples. At the end of the day, the parties must find a way back to this.”²¹⁶

7.2 U.S. PARAMETERS AND PROMISES

In order to bring the parties to the table, we recommend that the United States lay out a comprehensive set of parameters, emphasizing the five major points of contention—borders, security, Jerusalem, refugees, and water—and other compromises necessary to achieving an enduring peace.

7.2.1 *Why Parameters?*

Historical Precedence for Parameters

Shortly before the end of his presidency, after the collapse of Camp David, President Clinton crafted and presented a set of U.S. parameters to help jumpstart negotiations.²¹⁷ Though ultimately the Clinton Parameters “were almost bound to fail because they were put forward just before Clinton left office,” the written guidelines became the most comprehensive vision for

²¹³ Uri Savir, “Could Jordan-Palestine confederation be in the cards?” *Al Monitor The Pulse of the Middle East*, May 10, 2015.

²¹⁴ Elhanan Miller, “Talk of Palestinian-Jordanian confederation irks observers on both sides of the river,” *The Times of Israel*, December 17, 2012.

²¹⁵ Joseph Chamie, “Can’t the Israeli-Palestinian Conflict Be Resolved?” *PassBlue Covering the UN*, March 11, 2015.

²¹⁶ Dennis Ross, “U.S. Policy and the Israeli Palestinian Conflict,” *The Washington Institute*, April 7, 2014.

²¹⁷ Kurtzer, 147

peace that any American administration had developed.²¹⁸ Critically, these parameters represented a series of compromises that the Clinton administration believed were both necessary and possible for a future agreement, including conciliatory positions on the key issues of land, security, refugees, and Jerusalem. However, while the United States released a statement on January 3, 2001 that both the Israelis and Palestinians had accepted the Clinton parameters “with reservations,” Dennis Ross admits that the guidelines were never stated as formal policy and were eventually withdrawn when Clinton left office.²¹⁹

- Despite Clinton’s parameters playing a part in negotiations for a few short months, their legacy still impacts the two-state dialogue today.
- Clinton’s ideas still reflect what many experts believe to be the most tenable path to peace.

For example, when Olmert and Abbas met in 2008 to consummate a deal, records of their policy discussions suggest that the Clinton parameters were used as the basis for negotiation. According to Professor Bernard Avishai, the two leaders “were very close” to a deal, and even agreed to a pragmatic solution to Jerusalem, with Jewish neighborhoods remaining under Israeli sovereignty, Arab neighborhoods governed by a Palestinian state, and an international custodial committee overseeing the “holy basin” in between.²²⁰ All told, while the 2008 talks failed to achieve a lasting solution and the United States did not participate, American ideas and recommendations remained vital to the negotiations due to the legitimacy of the Clinton parameters from nearly a decade earlier.

Parameters as Political Cover

Israeli and Palestinian officials have often shown that they know the compromises necessary to achieving a deal but they cannot “sign the dotted line” in fear for their political, or physical, lives. U.S. parameters would likely produce the perception that any party following Washington’s guidelines would gain U.S. favor while those opposing them would lose it, which provides the justification needed to make hard compromises. This implication also provides a stick that, in combination with the promises discussed below, could help the United States bring the parties to the negotiating table.

- Nevertheless, it is important that the United States not blindside either the Palestinians or the Israelis by publishing parameters before first engaging in discussions with the Israeli government and the Palestinian Authority. While the United States cannot capitulate on its policy preferences for the sake of either party, it also cannot alienate the parties if there is any hope for an eventual resolution.
- Therefore, U.S. policy parameters should be specific enough to provide creative solutions on all final status issues but vague enough to allow room for negotiation when the parties are ready.

²¹⁸ Kurtzer, 148-151

²¹⁹ Dennis Ross, *The Missing Peace: The Inside Story of the Fight for Middle East Peace* (New York: Farrar, Straus and Giroux, 2004), 848.

²²⁰ Bernard Avishai, "A Plan for Peace That Still Could Be," *The New York Times*, February 12, 2011.

Parameters Legitimize U.S. Interest in Peace

Finally, though the parties are likely not yet ready for bilateral negotiations, and while a U.S. framework may only provide a peripheral push toward renewed talks, an official U.S. policy toward a future resolution will have immense consequences once peace talks do resume. Though the parties may not agree with Washington's proposed compromises or care about any specific creative workarounds, public parameters from the world's foremost power (and Israel's greatest ally) will legitimize U.S. preferences in the next round of talks and quite possibly form the basis of peace talks.

7.2.2 What are the Parameters?

Washington's unofficial policy preferences have remained remarkably consistent from administration to administration concerning the ideal solution to the Israeli-Palestinian conflict.

Since the Clinton administration published its parameters in 2000, the circumstances and players have been shuffled but not the game itself. In fact, from Washington's perspective, the specific compromises needed to achieve a viable Palestinian state and a secure and democratic Israel are very much the same today as they were fifteen years ago. With this in mind, U.S. guidelines should address the needs and desires of both parties and provide pragmatic compromises on the five core issues of:

- I. Borders
- II. Security
- III. Jerusalem
- IV. Refugees
- V. Water

7.2.3 Borders

"[Israelis] and the Palestinians cannot become one happy family tomorrow because we are not one, we are not happy, and we are not a family. We are two unhappy families. We need a fair divorce and not a honeymoon." - Amos Oz, Israeli author²²¹

While both sides acknowledge the need to draw a line between Israeli and Palestinian territory, the Israelis and Palestinians dispute the placement of these borders.

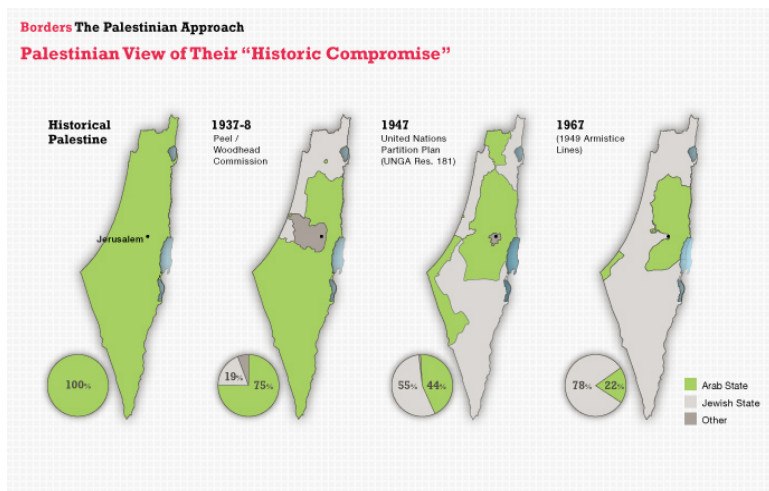
Current Israeli Borders

²²¹ Bernard Avishai, "The Trouble with Israel," *Harper's Magazine*, August 2015.

Since 1948, land under Palestinian control has shrunk significantly. Aside from the Gaza Strip, the 1967 Armistice agreement and Israeli settlement expansion along the Green Line have pushed the border between Israel and the West Bank. Among other benefits of having more land, this has given the Israeli side more leverage with the Palestinians in hopes of negotiating a two-state solution.

Prime Minister Netanyahu currently refuses to recognize the Green Line as a starting point for border talks because of the Israeli settlements lying just beyond it.²²² However, the most tenable outcome that the two sides will agree to is for Israel to keep most of its settlements along the Green Line and to swap other parts of Israel to make up for this loss of land – a total of about 4 percent of the Palestinian territory.²²³

Figure 6:



Source: Studio Aya

Current Palestinian Borders in the West Bank

The Oslo II Accords divided the many communities and territories in the West Bank into three categories: Areas A, B, and C, denoting the level of civil and security controls that Palestinians and Israelis have in the geographical areas. Area A remains entirely under Palestinian control, with no Israeli civilians allowed inside its borders; Area B is under Palestinian civil authority and under Israeli security control; Area C, the vast majority of the land in the West Bank, is under complete Israeli civil and security control and contains all the Israeli settlements in the West Bank.

Principal U.S. Parameters:

- An Israeli withdrawal from the vast majority of the West Bank (and all of the Gaza strip).
- The Israeli-Palestinian border based on the June 4, 1967 line.
- Future borders determined via mutually agreed upon 1:1 land swaps.
- The final agreement must reach a secure, mutually recognized and defensible border with territorial contiguity and viability for both parties.

Settlements

²²² Karen Laub and Mohammed Daraghme, “Abbas Out of Options, Out of Synch With Angry Palestinians,” *Yahoo News*, September 28, 2015.

²²³ American diplomat involved in the peace process. Interview. December 3, 2015.

If Israel wishes to negotiate a peaceful solution, the continued expansion and creation of settlements in Area C cannot persist. Every U.S. president has made this clear, but slaps on the wrist and mild verbal disapprovals by the United States do not prevent settlement expansion. At the 1978 Camp David Summit, Begin agreed to freeze settlements for the duration of the Israeli-Egyptian peace negotiations. However, the intense focus on settlements made the summit much more difficult. During the Kerry talks, Netanyahu approved the construction of 13,000 new settlements in the West Bank and East Jerusalem, which again undermined the viability of the peace process.

Fortunately, the United States can condemn settlements, and Israel has backed off from them in the past. President George H.W. Bush postponed a 10 billion USD loan request from Israel because of settlement expansion in 1991. Prime Minister Ariel Sharon then forcibly removed all Israeli settlements in Gaza in 2005. Recently, anti-settlement sentiment has been building in the United States. J Street is one of the embodiments of this new attitude as Dylan Williams told us, “you can love Israel and its security without supporting its settlements.”²²⁴

U.S. Parameters on Settlements:

- Emphasize the importance of compromise and mutual coordination of settlement policy during negotiations.
- After a mutually agreed timeline for implementation—and a final agreement on borders—is set, most Israeli settlers and all Israeli civilians will be evacuated from the territory of the State of Palestine and the two states will agree upon a transfer of the remaining assets and infrastructure to Palestine in exchange for reasonable compensation.
- As a concession on the Palestinian side, individual Israeli citizens should be allowed to apply for citizenship or residency within the State of Palestine, in accordance with Palestinian laws.²²⁵

7.2.4 Security

“In the eyes of Israelis, Israel is an isolated island of Jews in a sea of Muslim enemies.”
-Col. (ret) Efraim Inbar²²⁶

Israel’s Security as a Starting Point for Peace Talks:

As the world’s preeminent military power, the United States’ security backing is key for a two-state solution. During the 2013-2014 peace talks, Kerry worked to assuage Netanyahu’s concerns about security in order to persuade him to accept the less palatable criteria, such as pre-1967 borders. By January, it appeared that Kerry had made progress persuading Netanyahu to accept the U.S. parameters for borders. In the end, the negotiations fell apart over issues of settlement

²²⁴ Dylan Williams. Interview. November 5, 2015.

²²⁵ Daniel C. Kurtzer, "Parameters: Model Framework for Israeli-Palestinian Negotiations," March 3, 2014.

²²⁶ Col. Efraim Inbar. Interview. December 3, 2015.

building and the Palestinian decision to again focus on gaining statehood through international recognition.²²⁷

U.S. parameters should advocate that the eventual agreement would ensure that:

- Neither Israel nor a future Palestine will use any force against one another, nor take actions that seek to adversely affect the security or political independence of the other.
- The two states will agree to cooperate in preventing and combatting terrorism (both internal and external to each state's borders) and that the agreement provide for international monitors to observe the implementation of accepted security provisions and hold each state accountable to them.
- The future Palestinian state should develop and maintain an internal security force to protect its populace, but must also agree to prevent additional arms, armed forces, or other external implements of war from being stationed or moving within Palestine's borders.²²⁸

Jordan River Valley

Currently, the Jordan River Valley exists as “one of the mostly closely watched frontiers in the world.” In this area, Israel presently employs Israeli Defense Forces, early warning towers, and fences with cameras and radar in order to guard the border between Jordan and Israel. In the event of a two state solution, a permanent Israeli military presence in the Jordan River Valley would simply be unacceptable to the Palestinians. The Israelis have recently insisted that their troops must remain in the Jordan River Valley to defend against militant groups attempting to cross the border.²²⁹

- To satisfy both the Israeli desire for security and the Palestinian desire for an end to occupation, the United States should spearhead the effort to deploy NATO forces in the Jordan River Valley, specifically at the border between Jordan and the West Bank.
- Though Israeli troops should not be positioned on the ground, the IDF should be allowed to place early warning stations (small radar facilities) in key areas of the Jordan River Valley to compensate for any reduction in on-the-ground security

U.S. Security Commitments

Finally, U.S. parameters should reinforce its security commitments to both Israel and a future Palestinian state to help assuage any remaining security concerns of either party.

- In the event of a two state agreement, the United States will serve as a final guarantor of regional peace and stability in accordance with bilateral military assistance agreements with Israel and Palestine. This will be done in absence of a formal military treaty.

²²⁷ Ben Birnbaum and Amir Tibon, “The Explosive, Inside Story of How John Kerry Built an Israel-Palestine Peace Plan – and Watched It Crumble,” *New Republic*, July 21, 2014.

²²⁸ Daniel C. Kurtzer, "Parameters: Model Framework for Israeli-Palestinian Negotiations," March 3, 2014.

²²⁹ William Booth & Ruth Eglash, “Jordan Valley Emerges As Core Issue In Mideast Peace Talks,” *The Washington Post*, January 25, 2014.

- Following an agreement, the United States will ensure intelligence cooperation in a similar framework to the Israeli- Jordanian agreement. Hence, this will guarantee counterterrorism efforts that will strengthen the PA over radical actors.

7.2.5 Jerusalem

Jerusalem is a highly salient issue in the Israeli-Palestinian conflict because the city holds immense political, social, cultural, symbolic, and religious importance for both sides. Both Israelis and Palestinians view Jerusalem as their rightful capital, and themselves as the steward of its holy places. Sites such as the Dome of the Rock or Temple Mount, Al-Aqsa Mosque, and the Western Wall make Jerusalem of the utmost importance to both Jewish and Muslim people. Additionally, aside from the Palestinian claims, the entire Muslim world considers Jerusalem important, which means Israeli control or conflict could provoke the ire of the surrounding Muslim nations in the region and globally.

Jerusalem also has immensely complex demographics. West Jerusalem remains primarily Jewish, while Arab-Israeli and Palestinian residents largely occupy East Jerusalem, which Israel annexed in 1980 in an effort to reunify the city.

In addition to the disputed claims, any solution or division of Jerusalem would require the displacement of neighbors or families from their ancestral homes, as well as the right of return for those families who have been displaced from their homes in Jerusalem over the course of the conflict. However, according to Daniel Kurtzer, creative plans by several city planners “[have] been done to deal with the complexities of a city that is the capital of two states, parts of which are under different sovereignty, [and] a part of which is administered under a joint agreement without sovereignty.”²³⁰

We therefore recommend the following to be included in U.S. parameters:

- The two parties will agree that, given Jerusalem’s status as a sacred, religious, historic and cultural city, Jerusalem will become the capital of the two states, East Jerusalem as the capital of Palestine and West Jerusalem as the capital of Israel.
- Despite a border line guaranteeing the sovereignty of each capital, the city will remain free of most physical obstacles that impede daily life (including the flow of goods and tourist movement), and the two states will cooperate to develop an agreed plan for the control of entry into and exit from the city and for its security.²³¹
- At a broad level, Jerusalem outside the Old City will be controlled on the basis of demography at present, with Israel controlling presently Jewish neighborhoods and Palestine controlling presently Arab areas.
- Inside the Old City, the parties will agree to a special international administrator that will protect access to the city’s holy sites. Specifically, the U.S. should advocate for the deployment of an international police force, approved by both Palestinians and Israelis, to

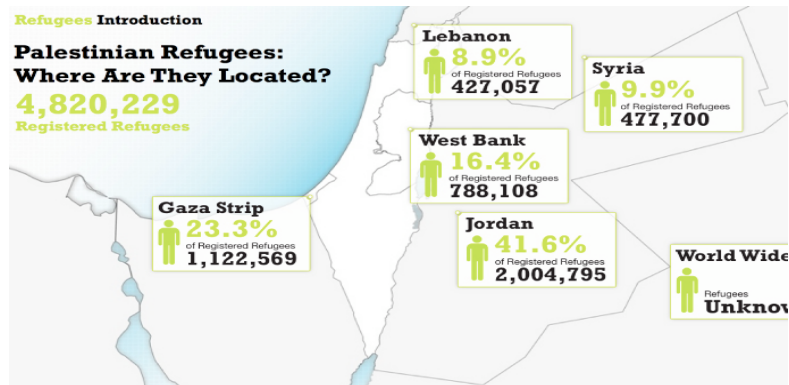
²³⁰ Daniel C. Kurtzer, "Parameters: Model Framework for Israeli-Palestinian Negotiations," March 3, 2014; Studio Aya, "Is Peace Possible? The Core Issue of the Israeli-Palestinian Conflict," 2015.

²³¹ Yehuda Greenfield-Gilat, Karen Lee Bar-Sinai and Chen Farkas, "The Border Regime for Jerusalem in Peace: An Israeli-Palestinian Proposal," *SAYA*, 2010.

both monitor the soon-to-be installed security cameras at the Al-Aqsa Mosque and to keep the peace at all religious sites in the Old City of Jerusalem.²³²

7.2.6 Refugees and Right of Return

Figure 7:



Source: Studio Aya

While meant as a safe haven for the Jewish people, who have historically been refugees, Israel's founding also caused the forced expulsion of hundreds of thousands of Palestinians. Today, many Palestinians maintain that they possess a "right of return" to their former homes and that Israelis need to acknowledge the pain that they caused during *al-Nakbah*. To date, however, it appears that Israel does not intend to apologize for its actions and will only allow for a limited number of Palestinians to return to Israel in any acceptable peace deal.

Given Washington's interest in maintaining Israel as a democratic state and homeland to the Jewish people, and taking into account an increasing willingness by Palestinian leaders to reduce their hardline stance on a full right of return:

- The right of return to Israel should only exist in a limited capacity, enacted via family reunification for certain Palestinian refugees. However, the parameters should also indicate that a resolution stipulate that Palestinian refugees (as defined by UN General Assembly resolution 194) and Israeli-Arabs have the right of the return to the State of Palestine.²³³
- The guidelines should favor an established international fund to compensate and help resettle both Palestinian and Jewish refugees in the region.
- Currently, the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) provides aid and assistance for approximately 5 million Palestinian refugees

²³² Daniel C. Kurtzer, "Parameters: Model Framework for Israeli-Palestinian Negotiations," March 3, 2014.

²³³ Daniel C. Kurtzer, "Parameters: Model Framework for Israeli-Palestinian Negotiations," March 3, 2014.

living in Gaza, the West Bank, Syria, Jordan, and Lebanon.²³⁴ The largest single-country donor to UNRWA, the United States contributed over 400 million USD in 2014.²³⁵ The United States should continue its generous contributions to UNRWA and should encourage its allies to continue or begin funding the agency.

7.2.7 Water Rights

Water rights have long been a contentious issue in the Middle East at large and in the Israeli-Palestinian conflict.²³⁶ The issue first came to a head during the Six Day War, when Israel expanded its territory and gained exclusive control of the waters of the West Bank and Galilee.²³⁷ A precious resource in this region, both states need water to support a population and any form of agricultural economy. In past peace processes, water rights have proven one of the trickiest issues – often delayed until “final status” of the talks.

The Palestinians do not have rights over their own water, and instead often have to purchase water from Israel. The Oslo II Accords limit how much water each side can produce annually—the Israelis are allotted 80 percent, while the Palestinians are allotted only 20 percent. The Palestinians must purchase the difference, making them increasingly more dependent on the Israelis.²³⁸

According to a U.S. diplomat familiar with the peace process, the most recent round of peace negotiations resolved the issue of water rights. However, those details have not been made public.

U.S. parameters should advocate:

- Fair and equitable distribution of water.
- The parties should cooperate to prevent water resource contamination and alleviate future droughts.²³⁹
- An international fund should also be established to assist with desalination and other technological measures to maximize water resources and access in the region, as well as to promote regional cooperation on desalination projects such as Israel, Jordan, and the Palestinian Authority’s Red Sea Dead Sea project.²⁴⁰

²³⁴ United Nations Relief and Works Agency for Palestine Refugees in the Near East, “UNRWA: Who We Are,” 2015.

²³⁵ United Nations Relief and Works Agency for Palestine Refugees in the Near East, “United States Announces New US\$ 13 Million to Support Palestine Refugees Affected by Syria Conflict,” July 23, 2015; United Nations Relief and Works Agency for Palestine Refugees in the Near East, “Funding Trends,” 2015.

²³⁶ Sharif S. Elmusa, “The Water Issue and the Palestinian-Israeli Conflict,” *The Center for Policy Analysis On Palestine*, 1993.

²³⁷ Martin Asser, “Obstacles to Arab-Israeli Peace: Water,” *BBC News*, September 2, 2010.

²³⁸ Amira Hass, “The Israeli ‘Watergate’ Scandal: The Facts About Palestinian Water,” *Haaretz*, February 16, 2014.

²³⁹ Daniel C. Kurtzer, “Parameters: Model Framework for Israeli-Palestinian Negotiations,” March 3, 2014.

²⁴⁰ Red Sea Dead Sea Project, The Hashemite Kingdom of Jordan Ministry of Water and Irrigation, “Red Sea Desalination Project at Aqaba – Phase I,” 2015.

7.2.8 Palestinian Statehood

Alongside these parameters, the United States has stated that it will continue to delay official recognition of a Palestinian state until the signing of a peace agreement. Upon an official agreement, Palestine will be granted full rights of statehood and official participation in the UN. However, the United States can still take symbolic action to generate popular support for these parameters among Palestinians and Arabs.

- We recommend the U.S. president take symbolic actions, like a speech or open letter, reaffirming recognition of a future Palestinian state.
- The president could also travel to the West Bank and meet with PLO leaders, which could be a symbolic, diplomatic action to ensure Palestinians' future, complete U.S. recognition.

7.2.9 How to Solidify Parameters

Despite attempts to integrate these parameters into the State Department's institutional memory, a future U.S. president may still wish to disregard aspects of these parameters. However, the next presidential administration can take certain actions to solidify their longevity and legitimacy as official U.S. policy. The administration can expand the scope of its recommendations by publishing the same or similar guidelines through the United Nations Security Council. Historically, as one of the P-5 powers, the United States has threatened to veto many controversial UNSC resolutions concerning Israel. Although the U.S. has traditionally used this position to protect Israel from undue international criticism and potentially disastrous sanctions or other consequences, the United States can also use its vote as an opportunity. Since Russia, China, France, and the United Kingdom have all shown a willingness to pass resolutions either condemning Israeli actions or promoting the prospects of a future Palestinian state, the U.S. vote can singlehandedly shape any accepted resolution.

Given the United States' significant leverage in the only UN body with binding resolutions, this administration has an opportunity to pull a lever that may both ease the ability of Israeli and Palestinian leaders to renew peace talks despite domestic obstacles and improve the likelihood of a successful future deal by encouraging the parties to start at a position of compromise rather than complete opposition.

Since Israel often distrusts the UN, critics may argue that U.S. parameters may backfire at the international level. However, UNSC resolutions have historically influenced Israeli-Palestinian negotiations more than any other foreign agreement or document. For example, UNSC Resolution 242, unanimously adopted after the 1967 Arab-Israeli War, is still used as the basis of a "land for peace" resolution to the conflict. Resolution 242 called for Israel's withdrawal from territories gained in the war in exchange for peace with its neighbors. The subsequent Egypt-Israel Peace Treaty adopted this method to create a lasting, productive peace between the two countries. However, "land for peace" still forms a vital component of a future two-state agreement between Israel and Palestinian leadership. In addition, other Security Council Resolutions — such as Resolution 181 in 1947 recommending a partition of Palestine into Jewish and Arab states — have historically shaped both the rhetoric and policy prescriptions of

peace negotiations and continued to play an important role in promoting the legitimacy and viability of a future Palestinian state side-by-side with a Jewish and democratic Israel.

Due to the historic significance of UNSC Resolutions and U.S. peace parameters in their ability to bring parties to the table and encourage a productive peace process, we recommend that the United States publish a set of parameters and solidify their significance in a Security Council resolution. Political dynamics between the United States and Israel may force the United States to draft these parameters but ultimately abstain from voting in the Security Council (rather than voting in the affirmative). Either way, the passed resolution will help drive negotiations and secure America's policy interests in a future deal, whether or not Washington plays a vital role in mediating the process. Expanding Washington's parameters to include the international community may require this administration to consider unfavorable recommendations from the French or Russian camp. These could include amendments that attempt to punish Israel for not following the UN parameters or any measures using tactics of the BDS Movement. That being said, Washington's veto power combined with its political capital in the UN should prevent any unfavorable provisions from entering the Security Council resolution. If the United States remains vigilant to the changing views and complexities of the international community, this administration can safely use the UN Security Council as a tool to magnify and legitimize the concurrent U.S. parameters for peace.

8. U.S. Actions to Improve the Environment for Peace

Since the creation of Israel, the United States has provided Israel with over 100 billion USD in economic and military aid.²⁴¹ ²⁴² Similarly, since its establishment, the PA has received over 5 billion USD in financial assistance from the United States.²⁴³ The Palestinian people of the West Bank and Gaza have received an additional amount of almost 5 billion USD in U.S. humanitarian aid.²⁴⁴ The United States should continue providing financial assistance to both Israel and the Palestinian people; however, it should use this aid to promote favorable policy changes on both sides. Removal of U.S. funding is doubly harmful because it harms U.S. perception in the region. Therefore, the below actions presuppose stable U.S. funding for each individual program into the foreseeable future. Overall these recommendations seek to make U.S. funding more targeted and should be accompanied by global aid coordination. The United States must focus on other short-term actions it can to promote peace. These include taking steps to improve Palestinian political institutions and educational institutions on both sides, promoting increased economic cooperation between the two sides, and engaging in Track II diplomacy with all parties. This process of gradualism helps build a stable foundation for peace.

8.1 IMPROVING THE PALESTINIAN ECONOMY AND FINANCIAL INSTITUTIONS

The economy and necessary governmental institutions of the West Bank and Gaza Strip are currently major roadblocks to a successful peace deal. The state of the economy for the

²⁴¹ Moti Bassok, "U.S. Military Aid to Israel Exceeds \$100 Billion," *Haaretz*, August 18, 2014.

²⁴² USAID, "Israel: Country Detail," 2015.

²⁴³ Jim Zanotti, "U.S. Foreign Aid to the Palestinians," *Congressional Research Service*, July 3, 2014.

²⁴⁴ USAID, "USAID: Our Work," November 18, 2015.

Palestinian people is dire. Despite modest economic growth (4.5 percent driven mainly by construction) in the West Bank in 2014, unemployment remains high.²⁴⁵ Currently, foreign aid drives much of this growth, demonstrating the Palestinian economy's unsustainable reliance on aid driven consumption and public sector employment. Neil Kritz referred to the PA as being "an addict addicted to donor aid."²⁴⁶ In recent years, unemployment has remained constant at approximately 22.5 percent, meaning any modest recovery in the West Bank has not created new jobs.²⁴⁷

Gaza faces an even more dire situation. In 2014, driven by continued blockades and high levels of violence, the economy in the Gaza Strip contracted 15 percent. Unemployment in Gaza climbed to 43 percent, while, even more ominously for peace, youth unemployment in Gaza exceeded 60 percent.²⁴⁸ Economic conditions in Palestinian-controlled areas of East Jerusalem are equally unfavorable for peace. Without a robust economy, the prospect of a stable Palestinian state is slim. Many Palestinians blame their economic misfortune on the Israelis and rely on social services provided by Hamas. As a result, the poor economic conditions strengthen the position of individuals opposed to peace. The World Bank estimates that a quarter of Palestinians currently live in poverty, which breeds desperation and extremist actions that can derail the peace process.²⁴⁹ Though some of the Palestinian people's economic troubles result from Israeli actions, the United States can and should help alleviate some of the issues without Israeli concessions. There are also problems that even limited Israeli concessions (perhaps as confidence building measures) could help to solve. These include concessions on freedom of movement and improved economic conditions will result in an improved environment for peace.

Palestinian financial institutions are young and relatively underdeveloped. Established in 1993 after the signing of the Oslo Accords, the Palestinian Monetary Authority (PMA) controls the formal Palestinian financial system.²⁵⁰ In the current environment of political instability and high transit prices, weak financial institutions do not primarily impede economic growth; however, in many ways, they exacerbate the problem. Even with the establishment of political stability, weak credit availability and other financial uncertainties would hamper economic growth.

This situation may seem dire, but Steen Jorgensen of the World Bank cast it in a different light. He told us the story of two shoe salesmen who went to Africa. One turned around immediately saying "this is hopeless; no one is wearing shoes here." The second sent home for more shoes saying, "no one is wearing shoes, this market is enormous." The United States must view the Palestinian economy like the latter shoe salesman. As a large unemployed, well educated labor force located adjacent to a major economy, the Palestinian economy has huge potential.

8.1.1 Banks

²⁴⁵ The World Bank, "West Bank and Gaza, Overview," 2015.

²⁴⁶ Neil Kritz. Interview. December 16, 2015.

²⁴⁷ Index Mundi, "West Bank Unemployment Rate," June 30, 2015.

²⁴⁸ The World Bank, "West Bank and Gaza, Overview," 2015.

²⁴⁹ The World Bank, "Palestinian Economy in Decline and Unemployment Rising to Alarming Levels," September 16, 2014.

²⁵⁰ Finance and Private Sector Group, "West Bank and Gaza Financial Sector Review," *Document of the World Bank*, December 2008.

The United States should seek to improve the Palestinian economy by strengthening the Palestinian banking system. Though no major financial problems have arisen yet, the Palestinian banking sector has several structural instabilities that the United States should seek to stabilize.

Reliance on Israeli Banks

Reliance on Israeli banks exacerbates the effect of political instability on economic stability. In the mid-2000s, Israel threatened to cut off shipments of New Israeli Shekels (NIS) to Gaza, nearly creating a bank run.²⁵¹ Of late, Israel has been substantially more cooperative with the PMA. Prior to the summer of 2014 conflict they authorized substantial PMA shipments of NIS into Gaza to ensure that the banks had sufficient liquidity. However, in April 2014, Israel lowered the Palestinian deposit limit, which forced Palestinian banks to hold excess currency and limited investment.²⁵²

To decrease Palestinian reliance on Israel, the United States should:

- Emphasize and perhaps reward the Israelis for cooperation, because currency issues (see below) ensure that reliance on Israeli monetary infrastructure is unlikely to decline in the near future.

8.1.2 Credit Availability

Credit availability presents a major issue for the Palestinian economy. Thirty-seven percent of firms identify it as a “major or severe” impediment to business.²⁵³ Expanded Palestinian credit could inject life into the West Bank’s anemic private sector and help firms translate economic growth into new jobs. The United States should focus on helping the PMA increase credit availability by targeting the two main causes of conservative lending: control by Jordanian banks and inability to collect collateral. Jordanian banks are unwilling to invest in the West Bank or Gaza because of high levels of uncertainty and their limited knowledge of the region. Though they collect 65 percent of Palestinian bank deposits, Jordanian banks account for less than 36 percent of loans in the West Bank.²⁵⁴ The resultant drain in Palestinian resources makes credit hard to come by for Palestinian businesspeople. To counter this problem, the United States should encourage the development of robust, Palestinian controlled banks.

Lending is not easy in the Occupied Territories. Given the high levels of instability, default risk is very high. Normally, collateral would be used to insure against default. However, cultural norms complicate repossessing homes as a form of collateral, and most Palestinians do not have other forms of collateral whose value is easily assessed.

²⁵¹ Moti Bassok and Avi Bar-Eli, "Israeli Punitive Action Targets Palestinian Banks," *Haaretz*, May 16, 2014.

²⁵² Finance and Private Sector Group, "West Bank and Gaza Financial Sector Review," *Document of the World Bank*, December 2008.

²⁵³ Finance and Private Sector Group, "West Bank and Gaza Financial Sector Review," *Document of the World Bank*, December 2008.

²⁵⁴ Finance and Private Sector Group, "West Bank and Gaza Financial Sector Review," *Document of the World Bank*, December 2008.

To improve credit availability, the United States should target two main causes of conservative lending: control by Jordanian banks and inability to collect collateral. To this end the United States should:

- Establish an international fund to insure Palestinian deposits, which decreases the risk of depositing money in Palestinian banks, and thereby encourage the development of robust, Palestinian controlled banks.
- Provide assistance in the establishment of a national registry for movable property. This will help banks value and collect non-traditional collateral and increase lending
- Establish a loan guarantee program (LGP) similar to the European-Palestinian Loan Guarantee Program (EPLGP). This program would set up a funding pool and underwriters to guarantee up to 60 percent of loans made to creditworthy Palestinian small and medium enterprises (SMEs). A U.S. LGP could draw on experienced U.S. financial underwriting talent as well as less vulnerability to financial fluctuation to provide loan insurance to SMEs with insufficient collateral. The EPLGP has had success in the West Bank cities of Ramallah and Nablus, but the Palestinian economy could greatly benefit from increased scope.²⁵⁵
- Encourage the formation of a comprehensive credit bureau, accessible by non-bank entities who are more likely to be willing to establish subprime lending businesses.

8.1.3 Currency

There are currently three legally accepted currencies in the West Bank and Gaza: the U.S. Dollar, the Jordanian Dinar, and the New Israeli Shekel. Additional currencies are also being used including the Euro. Having to hold deposits in all three currencies increases uncertainty for Palestinian banks surrounding ForEx markets and necessitates larger currency reserves. However, under current conditions, we do not recommend the United States endorse the establishment of a Palestinian currency. Under the Oslo accords, Palestine has the right to establish such a currency. However, without Israeli guarantees that the currency would be honored, the currency would likely provide an additional barrier to Palestinian trade. The PMA also lacks a monetary policy apparatus. To establish a Palestinian currency, the PMA must first set up a responsible Palestinian central bank with sufficient controls to prevent inflation, especially given the PA's excessive reliance on public sector jobs and austerity problems. Without setting up a Palestinian currency, it will be difficult to alleviate currency issues, but the United States can help treat at least one of the symptoms.

Recommendations:

- Help to establish and finance reliable, accessible, and affordable, PMA controlled money-changing stations, especially in the Gaza Strip, where Hamas gained legitimacy by capitalizing on the PA's inability to provide this essential service.²⁵⁶

²⁵⁵ Ibid.

²⁵⁶ Ehud Yaari and Eyal Ofer, "Gaza's Economy: How Hamas Stays in Power," *The Washington Institute*, January 6, 2011.

8.1.4 Securities

In April 2014, the PA issued its first bonds to finance its debt. This move is a first step in decreasing Palestinian reliance on foreign aid.²⁵⁷ The United States should prioritize the successful establishment of a robust Palestinian bond market.

8.1.5 Industrial Development

The Palestinian industrial sector has declined in the past two decades from 19 percent of Palestinian GDP in 1994 to 10 percent in 2011.²⁵⁸ This decline is worrying for a developing nation when those kinds of economies typically advance through export growth. Palestinian economic growth has been primarily driven by aid-financed consumption and construction growth, which are neither sustainable nor job creating. Rebooting the Palestinian industrial sector should be a U.S. priority. According to Steen Jorgensen, Palestinian human capital is relatively high for the region, with strong primary school completion and literacy rates.

Recommendations:

- **The United States should support basic laws for corporate protection.** The PA, for example, currently has no bankruptcy law, which greatly enhances the risk of starting a company.²⁵⁹ The United States should pressure the PA to improve its company laws, despite the difficulty of passing legislation in the current government.
- **The United States should continue its support of Free Economic Zones (FEZs).** FEZs are supported by both the Quartet, Israel, and the PA, but many Palestinians oppose the plan.²⁶⁰ FEZs allow the PA to purchase land from farmers and turn it into manufacturing zones to add value to agricultural products. These zones would not be subject to as stringent Israeli transportation restrictions. Foreign investors could also invest directly without restrictions. The aim of these zones is to limit the effects of Israeli restrictions on Palestinian industrial growth. However, critics argue that the zones perpetuate occupation by making the Palestinian economy contingent on continued Israeli goodwill towards FEZs. Furthermore, they argue that FEZs ship profits out of the West Bank and Gaza while displacing traditional Palestinian agriculture and doing permanent environmental damage. We recommend that the United States continue its support of FEZs with several changes to its policy.
 1. The United States should allocate additional funds to help the PA pay displaced farmers a fair price for their land.
 2. Stronger environmental protection policies should be put in place for FEZs to augment the relatively weak Palestinian laws.

²⁵⁷ Noah Browning, "Palestinian Authority to Issue Debut Government Bonds to Banks to Restructure Debt," *Reuters*, April 8, 2015.

²⁵⁸ UNCTAD Secretariat, "Report on UNCTAD Assistance to the Palestinian People: Developments in the Economy of the Occupied Palestinian Territory," *UNCTAD*, September 2011.

²⁵⁹ Abed Khatib. Interview. December 9, 2015.

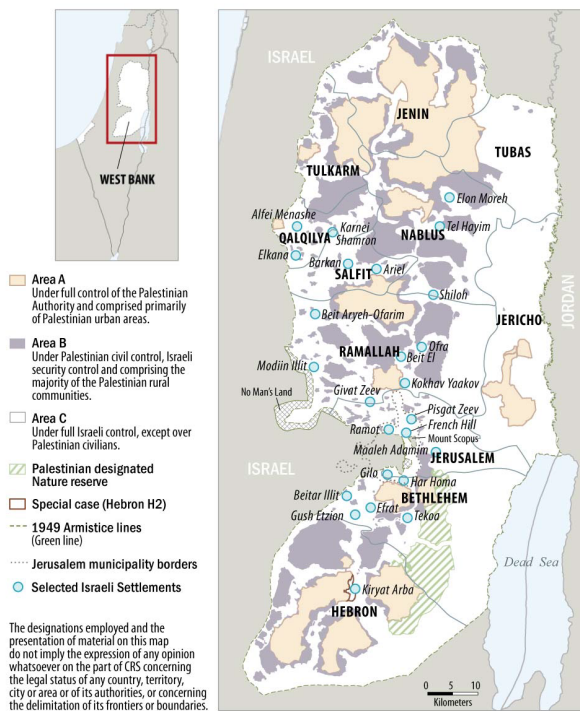
²⁶⁰ Ad-Hoc Liaison Committee Meeting, "Summary of the Palestinian Economic Initiative," *Office of the Quartet Representative Tony Blair*, September 25, 2013; Vivien Sansour, "Palestinian Farmers Lose Land for Failed Economic Zones," *Al Jazeera International*, August 17, 2014.

3. Investment should first be sought from the Palestinian diaspora.

8.1.6 Zone C Access

Area C makes up 61 percent of West Bank territory. According to the terms of the 1995 Interim Agreement, Israel should eventually transition this area to complete Palestinian control.²⁶¹ However it currently remains under both Israeli civilian and military control. The economic benefits of easing Palestinian access to Area C resources would be enormous. Though we recognize the security concerns associated with Area C for the Israeli people, we recommend that the United States push for increased Palestinian Zone C access as an Israeli overture for peace. The Israeli army has recommended this type of action.²⁶² Such concessions could be made in such a way as to minimize Israeli security risk. They would also not require the Israeli military to cede military or civilian control of the region and would, therefore, not substantially weaken the Israeli bargaining position.

Figure 8:



Source: Congressional Research Services

Increased Palestinian access to Zone C would have three important benefits for the Palestinian economy: 1) Zone C holds the bulk of Palestinian natural resources; 2) Zone C is contiguous and increased access to the area could dramatically decrease Palestinian transport costs between developed economic regions; 3) Palestinians living in Zone C have limited access to education substantially limiting their human capital and increasing their potential for radicalization. The World Bank recently estimated that opening Zone C to Palestinian economic development would have direct benefits of approximately 2.2 billion USD per year primarily through growth in agriculture and Dead Sea minerals.²⁶³ When the estimate incorporated indirect benefits like decreased transportation and increased human capital, the World Bank concluded that opening Zone C could result in a sustainable 35 percent GDP increase.²⁶⁴

Given the size of potential gains in Zone C, even marginally easing Israeli restrictions could produce material gains for the Palestinian

²⁶¹ Orhan Niksic, Nur Nasser Eddin, and Massimiliano Cali, "Area C and the Future of the Palestinian Economy," *The World Bank*, July 2014.

²⁶² Gili Cohen, "Prior to Terror Wave, Israeli Military Recommended Easing Restrictions on Palestinians," *Haaretz*, November 25, 2015.

²⁶³ Orhan Niksic, Nur Nasser Eddin, and Massimiliano Cali, "Area C and the Future of the Palestinian Economy," *The World Bank*, July 2014.

²⁶⁴ Orhan Niksic, Nur Nasser Eddin, and Massimiliano Cali, "Area C and the Future of the Palestinian Economy," *The World Bank*, July 2014.

economy. The application process for Palestinian development has been found to be hampered by “ambiguity, complexity, and high cost.”²⁶⁵ All of these issues could be alleviated without material impact on Israeli security and would provide a tangible good will gesture by the Israeli government that could be felt materially by the Palestinian people. More substantial reductions in checkpoints, building, and legal paperwork would have similar effects.

8.1.7 Transportation

Although roadblocks within the West Bank have declined substantially in the past several years, high transport costs out of the West Bank have handcuffed Palestinian businesses and prevented the development of an export based economy. Currently, 400 roadblocks still exist in the West Bank alone.²⁶⁶ Along with other administrative measures, these roadblocks hamper businessmen such as Sam Bahour. As an American citizen with Palestinian residency, Bahour is subjected to difficulties and delays in traveling around the areas of the West Bank and East Jerusalem. Despite his status as an American citizen, he must fill out a form each time, pay a fee, and the pass is good for just one day. He terms this the “administrative costs of occupation,” which are just as humiliating and harmful as the overt costs of occupation.²⁶⁷

The United States can help to alleviate this problem bilaterally without any Israeli concessions or decreases in security by:

- Ensuring that continued funding to Palestinian roads remains a priority. Currently, all goods are transported within the country by truck. Palestinian road density per capita is below other countries in the region and the roads are generally in poor condition, though improving. The entire trucking industry is privately owned, but vehicles tend to be old and are deteriorating rapidly, increasing uncertainty associated with shipping.²⁶⁸
- Providing low interest funds to help members of the transportation industry update their capital.
- Encouraging sponsorship of larger transportation companies which will be better able to recognize economies of scale and maintain their fleets. This would pay strong dividends for the Palestinian economy in terms of increased certainty for businesses.
- Funding or providing training programs and infrastructure to allow for the implementation of computerized customs systems. Given the constraints placed on Palestinian trade by Israeli security demands it is important that all other aspects of trade, including customs, function as smoothly as possible.
- Funding training programs to improve Palestinian transportation. Commercial banks and insurance companies should be educated in the coverage plans to help smooth the increased uncertainty associated with Palestinian transportation.

²⁶⁵ Ibid.

²⁶⁶ Middle East Monitor, "More than 400 Israeli Roadblocks Divide the West Bank and Jerusalem," December 10, 2015.

²⁶⁷ Sam Bahour. Interview. December 9, 2015.

²⁶⁸ United Nations Council on Trade and Development, "Transit Trade and Maritime Transport Facilitation for the Rehabilitation and Development of the Palestinian Economy," 2004.

In the long run, the United States should remember that the primary handicap to Palestinian trade is Israeli restrictions. Numerous security measures make Palestinian trade with the rest of the world passing through Israel prohibitively expensive. The PA is faced with many difficulties surrounding customs collection on goods imported through Israel, which is conducted by the Israelis. The Israelis, who must pay out tariffs collected for Palestinians monthly, often withhold this important PA revenue stream. This has led the PA to fail to pay government employees in the past.²⁶⁹ Further hampering the PA, an estimated 24 percent of Palestinian imports come to Palestine as “indirect-imports”.²⁷⁰ This means that the products are imported to Israel and then sold in Palestine, depriving the PA of further revenue.

- The United States should pressure Israel to honor their commitment and ensure timely delivery of PA revenues. In the meantime, alternative trade routes should be investigated.
- Given the situation in Gaza, a Palestinian seaport does not seem viable in the near future. However, a study conducted by UNCTAD in in 2004 found that importing Palestinian goods through Port Said in Egypt or Aqaba Port in Jordan would be marginally more expensive than importing through Israel, but a 15 percent decrease in overland transport prices would make either of these ports more viable.²⁷¹ Given technological increases at both of these ports and the unpredictability of Israeli custom collection, the United States should help the Palestinians reevaluate their primary trade routes.

Israeli restrictions on movement in and out of the West Bank are harmful both in terms of economics and human cost. One Palestinian we spoke with described the intense psychological effects of checkpoints. He told the story of trying to visit his grandmother in Nablus. After waiting in line all day, he was granted a three-day permit. By the time he received it, he could only see his grandmother for two days. Before he could visit his grandmother again, she had died.²⁷² This dehumanizing treatment turns Palestinians against Israelis. Some checkpoints are justified and necessary for security reasons, but they are also obstacles to peace.

- The United States should encourage Israel to take small easily reversible steps toward reducing restrictions on movement. These steps would simultaneously increase mobility and discourage violence by giving Palestinians something to lose.

8.1.8 The United States Does Not Support Boycott, Divestment, and Sanctions Movement

Since the early 2000s, the Boycott, Divestment, and Sanctions (BDS) Movement has come to prominence with a three central goals. These are: 1) ending its occupation, 2) recognizing the rights of the Arab-Palestinian citizens of Israel, and 3) respecting the right of return of Palestinian refugees. Based on these parameters, the movement will not end with a political solution. Indeed, the boycott is not regarding settlements or the occupied territories but all of Israel. The movement has experienced recent success with the decision of the European Union to

²⁶⁹ United Nations Council on Trade and Development, "Transit Trade and Maritime Transport Facilitation for the Rehabilitation and Development of the Palestinian Economy," 2004.

²⁷⁰ Ibid.

²⁷¹ Ibid.

²⁷² Abed Khatib. Interview. December 9, 2015.

recommend labelling of products made in the West Bank.²⁷³ The Israeli government condemned this move as politically motivated and inspired by a boycott movement that seeks to harm the Israeli economy above all else. Estimates place the cost of this program to the Israeli economy at approximately 50 million USD annually. For comparison, Israeli exports to the EU was about 14 billion USD in 2014.²⁷⁴ While a small part of Israel's trade with the EU, Israel fears that this action could become part of large economic action as is prescribed by the BDS goals. We see this movement and its calls for boycotts of Israeli goods as counterproductive. While the initial cost to the economy from this movement might be small, any further disruptive action could prove extremely harmful to the Israeli and closely-related Palestinian economies. Based on its goals, such actions would not end with a negotiated political solution. It might even impede such a resolution.

- While it shows promise in promoting a new generation of Palestinian leadership rooted in nonviolence, the United States government should not be involved in anyway with this movement.

8.1.9 International Aid Coordination

The United States provides significant aid to the PA as a donor state. One of the major issues with donor aid is that the United States generally tends to act without cooperation with other donor states. According to the Office of the Quartet, this lack of coordination is a major impediment to reform within the PA.

- The United States should develop a committee for international aid coordination.
- This committee should include the United States, the EU, and the Gulf States, who are the primary providers of aid. The chief purpose of this group is to ensure the optimal allocation of funds by the PA.

8.2 IMPROVING PALESTINIAN POLITICAL INSTITUTIONS

8.2.1 Palestinian Political Leadership

“People don't hate Abbas; they are fed up with him” -Ahmad ‘Azem Hamad, Director of Arabic Studies at Birzeit University²⁷⁵

Closely tied with the Palestinian economic issue is the fragility of Palestinian institutions. American actions should be instrumental in improving Palestinian institutions in order to generate improved conditions for peace. Well functioning governments and strong financial institutions are essential to robust economic growth. Lingering corruption and perceptions of corruption in the PA have hampered the establishment of strong Palestinian businesses. The largest institutional issue is the legitimacy of the PA, both as a peace making entity and to support economic growth. Because of its corruption and lack of democratic authority, the

²⁷³ Jodi Rudoren and Sewell Chan, "E.U. Move to Label Israeli Settlement Goods Strains Ties," *New York Times*, November 11, 2015.

²⁷⁴ Ibid.

²⁷⁵ Ahmad ‘Azem Hamad. Interview. December 9, 2015.

legitimacy of the PA as a representative of the Palestinian people remains dubious. The weakness of PA leadership will become a critical issue when it comes to Abbas's succession. The United States should take actions to ensure the PA's peaceful transition to a viable partner for peace. Intricately tied, the Palestinian economy and Palestinian institutions are essential features to create a viable environment for peace.

The lack of legitimacy of the Palestinian Authority and its important counterparts, Fatah and the PLO, represent a major obstacle to peace. The looming succession crisis that may ensue when 80-year-old PA president Mahmoud Abbas inevitably resigns or dies further complicates the crisis. The United States should take immediate steps to help further the legitimacy of the Palestinian government and head off the looming succession crisis which threatens to dramatically destabilize the West Bank.

Mahmoud Abbas, who is currently in the tenth year of a four-year term as PA president, shows no sign of holding democratic elections in the near future. All rumors that he is planning to step down have so far proved unfounded, which means that succession will likely to take place after his inevitable death. Unfortunately, Abbas has spent the last ten years consolidating power. He is loath to delegate responsibilities, political constituencies, or political capital to those around him. As a result, he will leave behind a substantial power vacuum at the top of Palestinian politics. The Palestinian leadership also suffers from a political divide between the "old guard" who grew up in exile and the "new guard" politicians who grew up in Gaza and the West Bank and were active in the intifadas. Palestinian Basic Law requires that in the event of the President's death the speaker of the PLC take over and hold elections within 60 days. Given Hamas control of the PLC and PA and PLO leaders' lack of democratic support, this is unlikely to happen. The most likely situation is a "silent primary" similar to the one that occurred after Arafat's death. Though there is a relatively good possibility that power will be passed down to one of a handful of remaining Palestinian political aristocracy, lack of a clear favorite could also lead to a free for all. This would be disastrous for the peace process because Israel would lack a legitimate negotiating power and Hamas would likely capitalize on political instability to seek power in the West Bank. In order to ensure a smooth transition, the United States should immediately take several actions:

- **The United States should pressure Abbas to appoint a vice president.** This action will help whomever he appoints to consolidate political power among the Palestinian elite in an effort to increase the chances of a smooth transition. The United States should apply additional pressure to encourage Abbas to make sure that this appointment is not merely nominal. Abbas should begin delegating real responsibilities to his vice president as well as other Palestinian political elites to help clarify and legitimize the PA's political future and allow for the consolidation of political constituencies and responsibilities. The appointment of a vice president would be undemocratic, but, given the impossibility of a democratic transition, it provides the best chance of a smooth transition. However, Abbas could appoint Saeb Erekat, a lead Palestinian negotiator who has consistently frustrated the United States in the past.²⁷⁶

²⁷⁶ Grant Rumley, "The Race to Replace Mahmoud Abbas," *Foundation for the Defense of Democracy*, September 2015.

- **The United States should support pro-democratic movements in Palestinian society by:**
 1. Applying pressure on Abbas to halt the practice of arresting labor leaders or members of the press who criticize the Palestinian government.
 2. Providing funding for the existing Palestinian NGOs focused on political participation and civic empowerment.
 3. Supporting the reformation of a Palestinian student union to develop leadership potential and robust civic engagement among the youth.
 4. Encouraging U.S. universities to form partnerships with their Palestinian counterparts to educate future leaders.
- **The United States should put the PA on a timeline for elections.** Though setting a date for elections at this time is not feasible, the United States should empower the Central Elections Committee (CEC) to develop a set of guidelines parties must meet to participate in future elections. This platform should include acceptance of the two-state solution, renunciation of terror, and respect of the elected PA's legitimacy. Establishing such a platform would encourage parties who are legitimate partners for peace and make elections a possibility in the future. As part of these reforms, the PLC should be empowered as a legislative check on the executive branch of the PA with the power to enforce term limits and rule of law.
- **The United States should increase pressure on Abbas to make a concerted and public effort to remove PA corruption.** The PA is notorious for corruption. In 2012, an EU audit found that, between 2008 and 2012, 2 billion Euros in aid were lost. Experts we spoke with explained that actual corruption has decreased substantially in the past half decade. That being said, the perception and actual corruption still exist. Appointing a U.S. auditor to identify and condemn individual cases of corruption especially as it relates to U.S. aid could encourage transparency and good governance. Corruption poisons the PA's legitimacy both among its own people and abroad. Controlling widespread corruption is not an easy task, but building the public perception that the PA elite is attempting to control it should begin to build legitimacy.

These four actions should help legitimize the PA and allow them participate in a future peace deal. Unstable leaders are more likely to maintain the status quo and feel threatened by radical populations within their society. These actions will also improve U.S. public opinion in the West Bank and Gaza. The PA must develop legitimacy in Gaza if it is to deliver a comprehensive peace deal. These actions will not be sufficient to accomplish this, however they are necessary to develop the prerequisite legitimacy required to regain control in Gaza.

8.2.2 Improving Palestinian State Infrastructure

“A state does not happen on the strength of a piece of paper...a state will happen on the strength of it actually being built” - Former Prime Minister Salam Fayyad²⁷⁷

Water and Electricity

²⁷⁷ Ibid.

Israeli companies currently provide Palestinian water and electricity services. Within the past year, tensions have mounted over Palestinian power debt, which has reached a staggering 430 million USD.²⁷⁸ This has caused the Israelis to further withhold taxes collected for the PA. In February 2014, the Israeli Electric Company (IEC) cut power in several West Bank districts. Water is also a point of contention. It is unclear how this situation can be resolved. Despite strict austerity measures, the PA has been unable to pay its government payroll in recent years and relies heavily on foreign aid.

Palestinians must pay more than Israeli settlers for their water. In Gaza, overuse of the coastal aquifer severely risks permanently damaging it. Lack of sanitation plants in the West Bank are a health issue that leads to large amounts of wasted potential irrigation water. The plan laid out in the PEI to channel investments to a major Gazan desalination plant and significant sewage treatment infrastructure in the West Bank are good starts. The United States should also:

- Offer low interest loans or subsidies to begin developing Palestinian utility companies. A viable future Palestinian State would require this infrastructure; however, care must be taken to avoid losing large amounts of these subsidies to corruption.
- Pay off or restructure Palestinian debts to the IEC. The United States should tie this restructuring to further Palestinian austerity measures. Job creation from the necessary utility projects would offset job loss from removal of wasteful public positions.
- Provide and obtain the private funding promised to build a Palestinian sewage treatment plant in the West Bank and desalination plant in Gaza.

Security

Office of Quartet representative, Neil Kritz stated, “The United States has played a sufficient role in training Palestinian security forces.”²⁷⁹ Palestinian police stations are continually being built and improved to ensure institutional viability.

Additionally, there exists significant Israeli and Palestinian security cooperation, particularly in antiterrorism, throughout the West Bank. This insures an environment of law and order in the West Bank. Although this cooperation does receive popular support, particularly among Palestinians, Abbas has assured continuous cooperation to ensure institutional stability.²⁸⁰

- The United States should continue to sufficiently train and sustain Palestinian police and security forces. Consequently, the United States should assure continuous funding to the United States Security Coordinator for Israel and the Palestinian Authority (USSC), which is primarily responsible for previous, successful efforts.

Judicial

²⁷⁸ Diaa Hadid, “Palestinians’ Unpaid Electric Bills in the West Bank Thicken Tension With Israel,” *The New York Times*, May 5, 2015.

²⁷⁹ Neil Kritz. Interview. December 16, 2015.

²⁸⁰ Ghaith Al-Omari, “Preserving Israeli- Palestinian Security Cooperation,” *Washington Institute*, April 2015.

“Judicial institutions do not require money but commitment.” - Former Prime Minister Salam Fayyad²⁸¹

Unlike other state building efforts within Palestinian territories, judicial institutional building is relatively complete. Palestinian courts have maintained a sense of law and order throughout the West Bank. The number of cases in Palestinian courts have continued to rise each year, indicating a popular sense of legitimacy.²⁸² Additionally, the court recently ruled against the government in regards to the illegitimate appointment of a chief justice by President Abbas. This indicates the independence of the court in deciding matters of justice. Hence, at this point there is little else the United States can do.

- The United States should recognize and uphold Palestinian court rulings deemed to be in accordance with international norms and within the Palestinians’ Constitutional framework. The United States can recognize the legitimacy of courts as an “act of friendship.” This recognition does not need to be done through formal channels, but rather leaders can provide support through symbolic statements.
- The United States reserves the right to condemn rulings that do not abide by international norms.
- The United States should also consider providing educational scholarships to promote judicial Palestinian leadership.

Tourism

“If there are open borders to Jordan and tomorrow every Israeli can go to Petra, 450,000 Israelis will get up Friday morning and take their cars and head for Petra and create the biggest travel snarl in all the history of the Middle East! This is not wild imagination. Many thousands of people from Amman will want to go to Tel Aviv, which is a much shorter ride to see the sea and to show the sea to their kids. Or they will come to the zoos in Israel and all the zoos will be packed with Jordanian children. This is a reality that can happen.” - Mordechai Benari, Israeli Minister of Tourism²⁸³

According to Louis D’Amore, “international travel can play a role in promoting understanding and trust among people of different cultures.” The United States recognizes travel efforts as a legitimate form of grassroots, or Track II Diplomacy. This principle is guided by the belief that travel increases “environmental awareness, poverty reduction and the promotion of ethical tourism practices.”²⁸⁴ Through common travel, both sides could overcome the barriers of shared attachment to land without negation of important psychological and religious identities.

- The United States should be amenable to supporting businesses by encouraging private investors to finance cross border investment. This policy would mimic a previous

²⁸¹ Salam Fayyad. Interview. December 7, 2015.

²⁸² Neil Kritz. Interview. December 16, 2015.

²⁸³ Waleed Hazbun, “Itineraries of Peace Through Tourism: Excavating Territorial Attachments Across the Arab/Israeli Frontier,” *Peace & Change*, January 2012. 5.

²⁸⁴ Ibid.

initiative taken in 1993 with the signing of the Oslo Accords in which the United States sponsored international economic summits promoting regional development.²⁸⁵

- In order for increased travel between Israel, a Palestinian state and the surrounding Arab States, the United States should help to create an environment with freer borders. For example, opening the Wadi Araba border increased travel to Petra. Tour operators, airlines, and tourism ministries launched marketing campaigns to promote regional Middle East tourism and travel to Jordan. As a result, between 1993 and 1995, European and American arrivals to Jordan grew by 75 percent from 204,000 to 359,000. The number of Israeli tourists exploded from officially zero in 1993 to about 10,000 in November and December of 1994 to over 100,000 in 1995.²⁸⁶
- The United States should continue to support Fulbright Scholarships and other programs that enable Americans to travel to and better understand the region, particularly the Arab narrative.

8.3 IMPROVING EDUCATIONAL INSTITUTIONS

“Education plays a critical role in preparing communities for change and has made important contributions to post-conflict reconciliation in numerous war-torn societies, yet education issues have largely been excluded from past efforts to resolve the Israeli-Palestinian conflict.”
— United States Institute of Peace²⁸⁷

The United States should approach education for Palestinians from two different angles. First, the administration needs to consider the state of education within the West Bank – i.e. educational institutions governed by the Palestinian authority. Second, the administration needs to consider the situation of Arabs who identify with the Palestinian narrative and currently live within the boundaries of the Israeli State. The latter live in isolated communities from Israelis and consequently, educational institutions are not to par with Israelis.²⁸⁸ This problem is three-fold:

1. Arabs cannot determine the content or curriculum within the schools. As a result, there is little mention of the Palestinian narrative of the conflict.
2. The allocation of resources for Israeli and Arab schools within Israel is unequal.
3. The Ministry of Education lacks Arab influence.

Although it is not in the United States’ interests to reconstruct institutions or infringe on Israeli sovereignty, the United States can improve the current situation. Particularly, educational initiatives are crucial to this conflict as Israelis and Palestinians grapple with mutually exclusive collective narratives and contrasting (yet symmetrical) beliefs such as "We are right and they are wrong," or "We are the victims while they are the perpetrators". Particularly within Israel, providing an environment where Israelis and Arabs can intermingle at a young age can prevent dehumanization. The United States also recognizes the importance of education as a tool to

²⁸⁵ Ibid.

²⁸⁶ Ibid.

²⁸⁷ Barbara Zasloff, Adina Shapiro and A. Heather Coyne, “An Education Track for the Israeli- Palestinian Peace Process,” *United States Institute of Peace*, September 1, 2009.

²⁸⁸ Yusef Jabareen. Interview. December 8, 2015.

combat racial, religious and ethnic hatred. Thus, education can foster positive changes in social values necessary to overcome painful years of conflict between Palestinians and Israelis. Indeed, education has made an important impact in reconciliation processes in Northern Ireland, South Africa and France and Germany after WWII.²⁸⁹ Thus, education has the power to create an environment amenable to peace and sustain peace for future generations.

8.3.1 Educational Efforts within the State of Israel

“When you do not have pluralism, you open up the gates to despotism.” Adnan S. Abu Odeh, Advisor to King Abdullah²⁹⁰

- The United States should encourage Israel to develop a neutral curriculum that teaches Arabs and Israelis about each other—this would include learning about shared history and cultural practices. In addition, increasing Arabic language exposure at earlier ages can promote opportunities for future dialogue. Further, curriculums and academic initiatives should be made more transparent (by posting them on the internet) to serve as a means for learning, dialogue, suggestions and reform.
- The United States should support the creation of primary and secondary schools as a means to educate Arabs and Israelis in an environment of coexistence. In order to promote such an environment, the United States can take similar initiatives to “The World Schools Initiative” near Tel Aviv, which teaches students through the International Baccalaureate Curriculum as opposed to Israeli or Palestinian curriculums. The United States can support such efforts by allocating funds to such initiatives.
- Additionally, the United States should create a series of magnet schools to bridge divisions between Israeli and Palestinian children.

8.3.2 Educational Efforts within Palestinian Territories

Both the United States and other international bodies have organized education ministries. Indeed, these institutions are developed, but not to the level where Palestinians “can proudly say are completed.”²⁹¹ Currently, the Palestinian Ministry of Education and Higher Education (MoEHE) runs 76 percent of all schools in the Palestinian territories. The United Nations Relief and Works Agency for Palestinian Refugees (UNRWA) run 12.3 percent of the schools, including all kindergartens. The private sector runs 11.7 percent. The United States can work with all three sectors to improve the state of education in Palestine. Through the help of international organizations as well as strategic domestic planning, Palestinians have made great strides since 1994 to develop education. Particularly, the Palestinian education system boasts a unified national curriculum, universal enrollment in basic or primary education, a 78 percent enrolment in secondary education and the highest adult literacy rate in the MENA region of 94 percent.²⁹² Significantly, USAID can play a large role in promoting educational success. The

²⁸⁹ Barbara Zasloff, Adina Shapiro and A. Heather Coyne, “An Education Track for the Israeli- Palestinian Peace Process,” *United States Institute of Peace*, September 1, 2009.

²⁹⁰ Adnan S. Abu Odeh, Interview, December 14, 2015.

²⁹¹ Sari Nusseibeh. Interview. December 7, 2015.

²⁹² Barbara Zasloff, Adina Shapiro and A. Heather Coyne, “An Education Track for the Israeli- Palestinian Peace Process,” *United States Institute of Peace*, September 1, 2009.

largest single donor to the Palestinians, USAID has provided over 4 billion USD since 1994, averaging approximately 400 million USD per year since 2004.²⁹³

- Through the Ministry of Education, the United States can encourage Palestinians of the West Bank to develop a neutral curriculum that teaches Palestinians about Israelis, including learning about shared histories and cultural practices. In addition, increased Hebrew language exposure at earlier ages can promote opportunities for future dialogue. Furthermore, making curriculums and academic initiatives more transparent (by posting them on the internet) serves as a means for learning, dialogue, suggestions and reform.
- The United States needs to politically and economically support existing Palestinian educational institutions working to create the next generation of viable, trained workers and leaders. For example, the United States has taken efforts to help Sari Nusseibeh's Al-Quds University.²⁹⁴ Particularly, the United States has enough political leverage to prevent Israeli borders from encroaching upon and or dividing campuses in Jerusalem.
- The United States should also continue to support USAID initiatives that support the MoEHE. These initiatives prepare Palestinians for work opportunities. While the United States government does not engage directly in the region, it does fund many NGOs. Examples of these programs include:
 - **The Palestinian Faculty Development Program**, which provides scholarships for Palestinians to pursue graduate degrees of studies in the United States. The United States should renew and increase the aid allocated to this program. The United States should also remain open to continuing efforts with AMIDEAST, the NGO that organizes these efforts.²⁹⁵
 - **The School Improvement Program** works with schools in the West Bank and East Jerusalem and has upgraded classroom facilities in at least 50 schools. AMIDEAST also directs this program. The United States should continuously fund this program and perhaps allocate a higher budget to create a school environment more hospitable to computer technology.²⁹⁶
 - **Partnerships with Youth Programs** provides diverse trainings and partners with Cisco, Microsoft, and Intel to promote information technology (IT) skills among youth.²⁹⁷
- Despite the successes of the Palestinian universities, many students leave the Occupied Territories due to the scarcity of employment opportunities. For example, 50 percent of engineering graduates leave the Palestinian territories to seek employment elsewhere, particularly Saudi Arabia, to which over 70 percent of graduates emigrate.²⁹⁸ The United States should support initiatives to prevent brain drain, while still providing educated Palestinians proper job opportunities. The United States should support outsourcing initiatives to provide graduates with proper job opportunities in computer, structural, and

²⁹³ Ibid.

²⁹⁴ Sari Nusseibeh. Interview. December 7, 2015.

²⁹⁵ USAID, "West Bank/Gaza Fact Sheet," January 31, 2014.

²⁹⁶ Ibid.

²⁹⁷ Ibid.

²⁹⁸ Riyad Abdel-Karim and Samir H. Helou "The Future of Engineering Education in Palestine," *Procedia – Social and Behavioral Sciences*, Vol. 102, November 22, 2013.

architectural engineering, potentially as an extension of the Partnerships with Youth Program.

8.3.3 Joint Israeli-Palestinian Educational Efforts

At this point, Israeli-Palestinian peace agreements have directly addressed education as a means of conflict resolution or what educational systems would look like post-agreement.²⁹⁹ However, Palestinian and Israeli Ministries of Education have not formally met to discuss and negotiate. Consequently, educational leaders “have not been asked to prepare for the necessary shifts in curriculum, textbooks, and programs to ready youth, educators and communities for a time of peace.”³⁰⁰

- The United States should recommend beginning non-formal negotiations between Israeli and Palestinian Ministries. The United States can encourage these parties to review the differences in educational systems to create an environment of mutual understanding. The United States can agree to mediate these negotiations as a third party; however, the United States should not act as a mediator without the approval and acceptance of both Israelis and Palestinians.
- The United States special envoy to the Israelis and Palestinians can also make education an initiative in future peace agreements. During future peace discussions, the envoy can also promote regular interactions between the Ministries of Education in Israel and Palestine, the United Nations Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA) and religious authorities within Israel, West Bank and Gaza.
- The United States should create a program modeled after the established Young African Leaders Initiative (YALI) for promising Palestinian and Israeli leaders. An initiative started by President Obama in 2010, YALI brings 500 African leaders between the ages of 25 and 35 to the United States for six weeks of leadership training and mentorship programs focused on business and entrepreneurship, civic engagement and public administration. Following the training, the program provides the leaders with eight week internships with governmental organizations, NGOs, and private companies in the United States. The program participants have continued mentorship opportunities when they return to their home country.³⁰¹ Establishing a program similar to YALI for Palestinian and Israeli leaders would benefit the education of Palestinians and Israelis and relations amongst Palestinians, Israelis, and Americans.

8.4 TRACK II DIPLOMACY

Outside of formal negotiations, the United States can pursue avenues of Track II Diplomacy, which consists of informal conversations between non-government or former government officials and negotiating parties.³⁰² While these conversations may not produce diplomatic

²⁹⁹ Barbara Zasloff, Adina Shapiro and A. Heather Coyne, “An Education Track for the Israeli- Palestinian Peace Process,” *United States Institute of Peace*, September 1, 2009.

³⁰⁰ Ibid.

³⁰¹ U.S. State Department, Young African Leaders Initiative “YALI & Africa,” 2015.

³⁰² Dalia Dassa Kaye, “Talking to the Enemy: Track Two Diplomacy in the Middle East and South Asia,” *Choice Reviews Online* 45, no. 09, 2008.

breakthroughs, they help to socialize the Israeli and Palestinian leadership to think in cooperative ways. Consistent Track II diplomatic efforts can help to slowly bring the leadership closer to successful negotiations.

8.4.1 The United States and Israel

Palestinian author Sari Nusseibeh stated that there are limits to the United States' ability to push Israel to make policy changes and concessions. Instead, the United States needs to figure out how to influence Israel to carry out the policies it desires. Nusseibeh posed the question, "How can you put these ideas into the heads of Israelis?"³⁰³ Through a process of careful Track II Diplomacy, the United States could slowly move the Israeli leadership toward the Palestinian side. For example, former President Bill Clinton could contribute to Track II Diplomacy. During his presidency, he developed strong relationships with both sides and put forward the Clinton Parameters. His influence could provide a strong back channel to aid the progress of peace talks. In addition, key actors from previous administrations, such as Dennis Ross or Secretary of State John Kerry, could participate in track II initiatives given their existing relationships with the negotiating parties.

8.4.2 The United States and Hamas

The United States should use Track II talks to explore the possibility of a "PLO 2.0" that would recognize Hamas if it would take many of the same steps the PLO took in the past. These would have to include:

- The renouncement of terrorism and violence
- Acceptance of the State of Israel
- A long-term ceasefire with the State of Israel. However, just like the PLO in the 1970s and 1980s, it will be impossible to reach this agreement without any kind of discussion. Track II can play a valuable role in bringing about this kind of change.

8.4.3 The United States and Arab States

"[We need] to find a way to make it clear to the Israeli people that the Arabs don't reject or despise them. But the Arab people do reject what their leadership is now doing to the Palestinians, which is inhumane and oppressive. And I thought of this as a possible signal to the Israeli people." - Saudi Crown Prince Abdullah³⁰⁴

Any U.S. administration should remember that the Israelis and Palestinians do not exist in isolation within the region. Many other actors have intervened in the past, and continue to assert their ability to influence the conflict. Because of political, strategic and economic interests, the Arab states have expressed interest in creating peace in the region. Indeed, this may be optimal time to further the peace initiative because of Saudi Arabia's hegemonic interests and the need to balance against Iran. Furthermore, the Arab States have collectively advocated for peace as

³⁰³ Sari Nusseibeh. Interview. December 7, 2015.

³⁰⁴ Thomas Friedman. "An Intriguing Signal From Saudi Crown Prince," *The New York Times*, February 17, 2002.

opposed to militarily solutions to the conflict. Specifically, the Arab Peace Initiative (API) begins by stating: “Emanating from the conviction of the Arab countries that a military solution to the conflict will not achieve peace or provide security for the parties.” The Arab States, led by Saudi Arabia and including Jordan and Egypt, have repeatedly expressed their will to recognize Israel and establish full peace and normal relations upon:

- Israeli acceptance to withdraw from the Palestinian territories occupied in 1967;
- Israel enabling the creation of an independent sovereign Palestinian state alongside the state of Israel;
- Arab East Jerusalem as the capital of the independent, Palestinian state;
- An agreed-upon solution to the Palestinian refugee problem.

The Arab states outlined the principles in 2002 and reaffirmed them at the Arab League Summit in Riyadh in 2007. The regional hegemon, Saudi Arabia played a strong role by organizing the initiative, which convinced 22 Arab countries to accept its demands for an end to the conflict. Yet these seemingly stringent demands may be compromisable. Particularly, President George W. Bush invited Abdullah to his ranch in Texas where the Saudi prince offered a modified version of the peace plan. The new proposal was "friendlier" to the United States and Israel; it did not mention the refugee problem and did not mandate Israeli withdrawal to the 1967 borders.

The next administration should carry out these talks with the Saudis who have leverage to unite the Arab states in agreement for peace.

Given Jordan’s share of Palestinian refugees and custodianship over Al-Aqsa mosque, the United States should pursue Track II diplomacy with Jordan. The United States recently signed a 3 billion USD framework agreement to support Jordanian development.³⁰⁵ Consequently, the United States has much leverage and a strong relationship with the Jordanian government. Jordan has also agreed to relinquish custodianship over Al-Aqsa in the event of a future peace deal.³⁰⁶

- The United States should ensure that Jordanian diplomats stay updated on the process of future agreements and work to resolve differences on Jerusalem and refugees.

8.5 GAZA ISSUES

“It’s hard to be from Gaza.” - Senior U.S. National Security Official³⁰⁷

Largely undiscussed in the above recommendations, the Hamas controlled Gaza Strip presents a major obstacle to peace. As a designated terrorist organization, the United States cannot negotiate with Hamas outside of Track II initiatives. The inability of U.S. government and citizen employees to enter the Gaza Strip also hinders humanitarian efforts.³⁰⁸ Given the United

³⁰⁵ Petra News Agency, The Embassy of the Hashemite Kingdom of Jordan. “Government Approves \$3 Billion Agreement,” July 22, 2015.

³⁰⁶ Leena Al-Hadid. Interview. December 14, 2015.

³⁰⁷ Senior U.S. National Security Official. Interview. November 4, 2015.

³⁰⁸ U.S. Passports & International Travel, U.S. Department of State, “Israel, The West Bank and Gaza Travel Warning,” February 18, 2015.

States' constrained options in the Gaza Strip, the United States can take very few substantive policy actions to improve the prospects for peace in Gaza. This does not mean that all hope is lost.

- **The United States should pursue peace with the PA in the West Bank in hopes of strengthening pro-peace sentiments in Gaza.** Because the United States can do little with respect to the Hamas controlled Gaza Strip, we recommend a policy of peace negotiations focused on the West Bank. This does not preclude peace in Gaza, but rather strengthens pro-peace factions. Multiple Palestinian leaders assert that the unilateral Israeli withdrawal from Gaza strengthened Hamas because it allowed them to claim the effectiveness of military action. A negotiated peace with the West Bank would produce the opposite effect, showing the efficacy of the diplomatic process. In the words of Sari Nusseibeh, “when you are thinking about labels like Hamas it is important to remember that at the end of the day we are all human beings with basic needs.” This statement suggests the Gazan street focuses more on day to day issues like food and water than their political party or ideology. A negotiated peace in the West Bank will create demand for a similar settlement in Gaza.
- **The United States should continue its tight restrictions on Hamas funding sources.** Hamas recently announced that they will begin paying some employees with land.³⁰⁹ Restrictions on Hamas have successfully constrained Hamas's operating budget. Hamas also derived a significant portion of its revenue from the Egyptian tunnel trade which has been cut off.³¹⁰ Without money to pay salaries, Hamas may face an impending internal revolt even in the absence of peace talks.
- **The United States should remain open to negotiating with Hamas if they renounce terrorism.** A negotiated peace with the PA in the West Bank would put Hamas in a position where it must display their true position with regard to Israel. Either Hamas risks losing the public or reveals, as Mouin Rabbani believes, that it has “reconciled itself to a two state solution.”³¹¹ In the later situation, the United States should not hesitate to negotiate with Hamas.

Though Hamas's control in Gaza presents a significant obstacle to a longstanding Israeli-Palestinian peace, separately pursuing peace with the PA in the West Bank helps mitigate Hamas' impact.

8.6 SETTLEMENTS

The Palestinians identify Israeli settlements in the West Bank as a major obstacle to peace because they continually change the facts on the ground and shrink the territory of the future

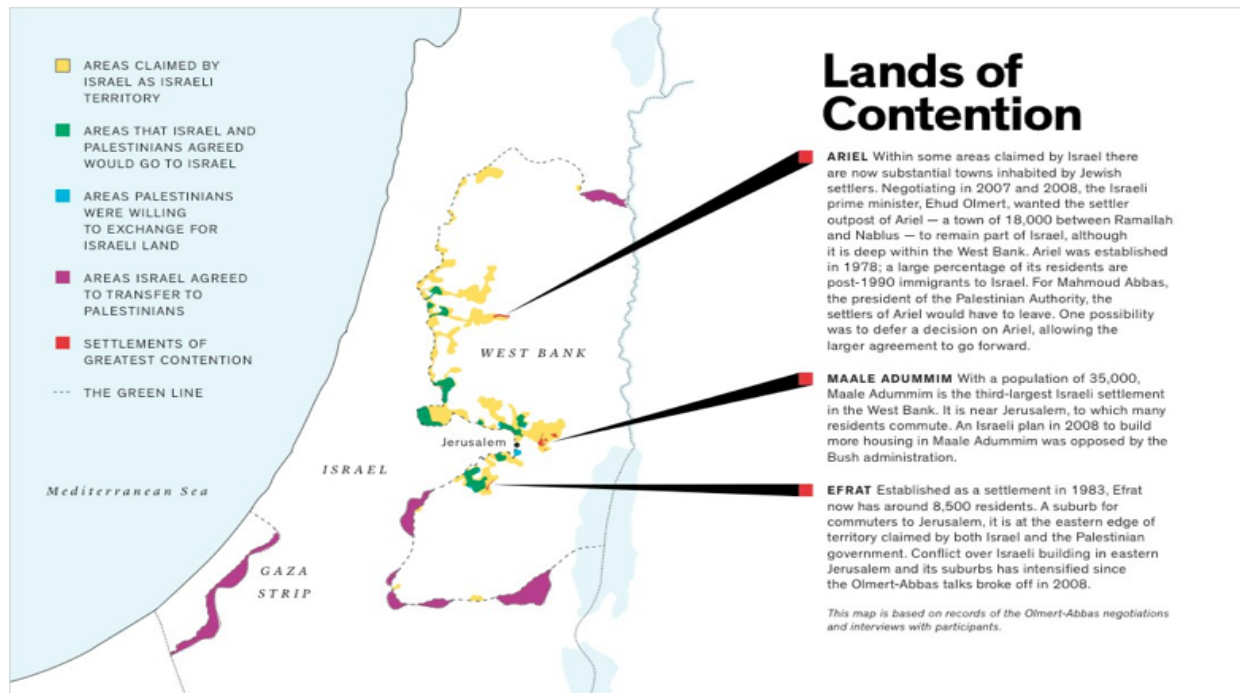
Figure 9:

³⁰⁹ Adnan Abu Amer, “Will Gaza's Public Employees Accept Land in Lieu of Salaries?” *Al-Monitor*, November 25, 2015.

³¹⁰ Ehud Yaari and Eyal Ofer, “Gaza's Economy: How Hamas Stays in Power,” *The Washington Institute*, January 6, 2011.

³¹¹ Mouin Rabbani. Interview. December 10, 2015.

Palestinian state. While both the Israelis and Palestinians acknowledge that any peace settlement will likely include the largest Israeli settlement blocs along the Green Line, about 160,000



Source: The Washington Post

settlers live outside these proposed lines.³¹² The organization Blue White Future, an NGO dedicated to keeping Israel Jewish and Democratic, argues that Israel cannot think seriously about a two-state solution without thinking seriously about settler relocation and compensation.³¹³ In a survey conducted in 2014, 30 percent of Israeli settlers located outside of the major settlement blocs indicated that they would voluntarily evacuate even before a final status agreement.³¹⁴ Since these settlements make the status quo more dynamic and unstable, the United States can take several actions to motivate Israel to reduce the impact of settlements and settlement expansion. We recommend the following:

- **The United States should encourage Israel to stop building on land that could be used in land swaps (see Figure 9 for land swap areas proposed in the Olmert-Abbas discussion) to accommodate current Israeli settlement blocs.** This move would help keep the hope of a two-state solution alive by preserving a more static status quo. While not necessarily a settlement freeze, it signals Israel’s commitment to a two-state solution.
- **The United States should also set up an Israeli Evacuation and Compensation Plan for settlers, contingent on a final status agreement.** With contributions from the European Union and the Gulf States, this fund would compensate settlers for their relocation back to Israeli territory once a final status agreement is reached.³¹⁵ Moreover,

³¹² Ofer Zalberg. Interview. December 15, 2015.

³¹³ Sandra Wijnberg. Interview. December 16, 2015.

³¹⁴ Blue White Future, “Voluntary Evacuation Survey,” March 2014.

³¹⁵ Ofer Zalberg. Interview. December 15, 2015.

50 percent of Israeli settlers located outside of the major settlement blocs stated that they would be willing to relocate with compensation after a final status agreement.³¹⁶ This action signals the seriousness of the United States on this issue and provides political cover for the Israelis to evacuate settlements.

By taking these actions, the United States can show both the Israelis and Palestinians that it is serious about peace. The formation of a compensation plan for settlers will also reward Israel for reaching an agreement and help to offset the cost of relocating Israeli settlers.

9. U.S. Actions to Take During Peace Talks

9.1 LESSONS FROM PAST NEGOTIATIONS

In the event of future negotiations, the parties should take into account lessons from previous rounds of talks in order to maximize their effectiveness.

- **Negotiations must occur under auspicious political circumstances and by leaders committed to reaching a final settlement.** The United States should not push Israeli and Palestinian negotiators to the table until presented with leadership on both sides committed to reaching a decisive settlement. Initiating talks when either party fears political backlash or displays reluctance to engage will needlessly expend U.S. political capital.
- **The United States must prepare extensively for the talks and attain an explicit understanding of the parties' bottom line positions beforehand.** While Clinton cannot justifiably be blamed for the full extent of Camp David's failure, his lack of preparation before the summit inhibited its efficacy as the talks unfolded. Because Clinton was unaware of Barak and Arafat's bottom line positions on the most intractable issues like Jerusalem, debate over these matters led to steep transaction costs that exacerbated animosity between the parties.
- **The United States must accept the idea that it cannot serve as the sole third-party mediator.** A critical weakness of Oslo lay in the generality of its terms of agreement, which allowed the parties to interpret them ambiguously and produced dissent in their implementation. Moreover, the agreement's failure to address the core issues of refugees, borders, security, and Jerusalem limited its capacity for efficacy by perpetuating the ideological gap between the two parties.
- **In a new round of negotiations, third parties must engage decisively and assertively to produce an agreement that unambiguously delineates the terms of implementation for all core issues.**

9.2 WINDOWS FOR PEACE

"I don't know what the secretary was smoking at the time, but it wasn't going to work" - Chuck Freilich, Senior Fellow at the Harvard Kennedy School in reference to the Kerry peace talks³¹⁷

³¹⁶ Blue White Future, "Voluntary Evacuation Survey," March 2014.

³¹⁷ Chuck Freilich. Interview. December 3, 2015.

As of December 2015, the political situation for both the Israelis and Palestinians is not conducive to negotiations. The United States should not “force” negotiations when the political reality dictates that they will not succeed. Actors on both sides of the conflict criticized the recent round of Kerry talks as doomed to fail and therefore doing more harm than good. Successful negotiations in Egypt and Jordan took part between actors willing to make concessions to achieve peace. U.S. parameters would bolster pro-peace players and narratives on both sides and help bring parties who are genuinely committed to peace to the table.

9.3 EMBRACING THE QUARTET AND MADRID 2.0

*“Any effort at peacemaking must be premised on a strong U.S.-Israeli relationship. Israel, given its small size and vulnerability, must feel secure if it was to make concessions for peace.” -
Dennis Ross³¹⁸*

After identifying the best windows for peace and determining that the coming weeks, months, or years will be ripe for potential negotiation, the United States must understand that it cannot stand alone. As previous negotiations have proven, America has been quite successful in mediating between Israeli and Palestinian interests, and in particular taking Israeli ideas or “ideas that Israelis could live with” and selling them to the Arabs (while simultaneously getting Palestinians to “scale back their expectations.”³¹⁹ Nevertheless, this policy of being “Israel’s lawyer” has not successfully produced a viable solution to the Israeli-Palestinian conflict. It prevents Washington from also taking on additional necessary roles such as an honest broker, a third-party mediator, a disinterested arbitrator, and so on.³²⁰ In this way, the next time the region is ripe for negotiations, this administration must be ready to engage with additional third party partners to help establish actors who can play mediation roles that the United States cannot.

During the administration of George W. Bush, Secretary of State Colin Powell helped develop the Quartet on the Middle East, an organization built around multilateral coordination composed of the United States, the European Union, Russia, and the United Nations. At the time of its creation, the Quartet was intended to be the “primary vehicle for coordinating international policy on the Arab-Israeli issue.”³²¹ Though the early meetings of the Quartet only achieved a set of abortive initiatives and one prospective international conference (that Powell began to plan without the support of his administration), eventually the organization was used to successfully implement a ceasefire during the Second Intifada and as a tool to engage in Track I and Track II diplomacy.³²² According to the official website of the Quartet, the organization uses a combination of regular meetings and special envoys to accomplish its mandate to “help mediate Middle East peace negotiations and to support Palestinian economic development and institution-building in preparation for eventual statehood.”³²³ While the organization’s “Office of

³¹⁸ Ross, 6-7.

³¹⁹ Ross, 55.

³²⁰ Kurtzer, 131.

³²¹ Kurtzer, 168.

³²² Kurtzer, 169-173.

³²³ The Office of the Quartet, “Who We Are: The Office of the Quartet,” 2015.

the Quartet” largely consists of promoting foreign investment in Palestinian enterprise, helping the PLO build state institutions capable of sustaining a future state, and offering humanitarian assistance to Gaza, the Quartet itself remains deeply involved in mediating the peace process. According to the Office of Quartet Representative’s Deputy Head of Mission Sandra Wijnberg, the organization’s current envoys have recently held meetings in Egypt, Jordan, and Saudi Arabia to bring in additional peace partners.³²⁴ As such, the Quartet has the capacity to play a much larger role during the next round of Israeli-Palestinian negotiations.

According to Professor Michael Watkins and Susan Rosegrant, leading experts on the art of international negotiations, third-party negotiating teams often take on one or more leadership roles that often influence the outcome of the negotiation. At the conceptual level, Watkins and Rosegrant offered the “Intervention Role Grid” to examine three specific roles that outsiders can take during disputes.

- First, the “mediator” is often a third party that acts as an impartial, mutually acceptable actor who uses facilitative power to help both parties resolve their dispute without biased influence; the mediator is often a “facilitator” that seeks to break down perceptual barriers between parties that prevent transparent communication and confidence building.
- Second, the “negotiator” is a partisan actor who has an established interest in the outcome of the dispute; the negotiator can also be a “guardian” to one party or another, meaning that they “have established credibility as protectors” of one of the parties with the ability to manage that side’s interest and walk-away points.
- Third, the “arbitrator” is an impartial third party who has coercive power to impose rules or punishments on the disputants, depending on the outcome of the arbitration.³²⁵

Though a future two-state negotiation will not likely be an arbitration given Israel’s unwillingness to accept an international or third-party imposition (so we can ignore the “arbitrator” role), history has shown that most successful negotiations have included actors who have taken on the “mediator” position in addition to actors who have been “negotiators.”

During past negotiations, the United States has attempted to be the sole mediator, facilitator, negotiator, and guardian; it has brought all parties to the table, acted as “Israel’s lawyer” while rhetorically claiming to be an honest broker. Though we can point to many reasons peace talks have failed, Washington’s inability to act as a genuinely unbiased mediator is certainly one of them.

Since the United States has not effectively juggled its numerous roles, we recommend that the next round of negotiations utilize the Quartet (alongside a potential combination of P5+1 states and other parties) to ensure that every much-needed role is filled, such as the mediator and negotiator, without alienating any party or adding additional obstacles to peace talks. Given the limitations of the international status quo, this recommendation still produces tough decisions for the United States. While the EU, UN and Russia all favor of two-state solution, only the United States has the trust and legitimacy to act as Israel’s guardian. While perhaps the EU or Middle

³²⁴ Sandra Wijnberg. Interview. December 16, 2015.

³²⁵ Watkins, Michael and Rosegrant, Susan, *Breakthrough International Negotiation: How Great Negotiators Transformed the World's Toughest Post-Cold War Conflicts* (Hoboken: Jossey-Bass, 2001).

Eastern states can advocate on the PLO's behalf, finding an ideal mediator may prove a difficult task. Finally, though the UN may want to serve as a facilitative power between the two parties, it would take a great deal of convincing (and likely a combination of carrots and perceived sticks) to make the international body an acceptable mediator from Israel's perspective.

Nevertheless, if the United States establishes itself as Israel's negotiator (in addition to joining a mediating coalition), this administration will consequently have the leverage to ensure that Israel accepts our preferred multilateral process. As former Israeli ambassador to the United States, Michael Oren has stated, "Israel needs America...preserving and strengthening [the U.S.-Israeli] unity is a supreme Israeli interest...[and] Israeli leaders must always take into account the impact of [their] choices on the United States."³²⁶ In a future round of peace talks where Washington is publically working with the international community to find the best deal possible, Israel will likely feel supported enough to take the risks necessary for peace, including accepting the legitimacy of the Quartet or other body of states as a mediating body.

When the time is right, we recommend the following:

- The United States should convene a "Madrid 2.0" conference, in which it invites Israeli and Palestinian leaders — alongside the Quartet, P5+1 states, regional players, such as Jordan and Egypt, and other relevant actors such as NGOs or policy experts — to ignite a new style of peace talks.
- This conference should precisely specify the roles that each third party will play. Ideally, the United States will act as a negotiator with the Israeli team, regional players will advocate on the Palestinian team's behalf, and an international committee, including the Quartet and P5+1, will take on a facilitative and mediation role.

9.4 INCORPORATING REGIONAL ACTORS

During Madrid I, Arab states understood that that they would maintain a united front to preserve the interests of Palestinians, as opposed to negotiating on the basis of its own interest.³²⁷ Consequently, Madrid I allowed a medium for bilateral negotiations between Syria, Egypt, Jordan, the Palestinians, Lebanon and Israel. However, Madrid I eventually led to back channel negotiations solely between Israel and the Palestinians. Maintaining this open channel to the other Arab actors can prevent a similar situation to Oslo, where Arafat did not inform Jordanians and Syrians of the back channel negotiations with Israel. In the end, these actions broke external Arab involvement and support of the peace process.

Despite the Arab Spring and the Rise of ISIL, unified consensus of normalizing relations with Israel following a peace agreement still exists within major Arab power players, including the Gulf States and Jordan. Though the Arab Peace Initiative has unravelled, incorporating Arab actors in peace talks would provide Palestinians much needed support and Israel regional stability following a peace deal.

³²⁶ Oren, *Ally: My Journey Across the American-Israeli Divide*. 414-415.

³²⁷ King Abdullah II of Jordan, *Our Last Best Chance: The Pursuit of Peace in A Time of Peril* (London: Penguin Books, 2013), 74.

- Consequently, in Madrid II, multiple, open channels among all parties must exist so that the agreement is maintained among many actors so as to create a lasting environment for regional peace.

10. Conclusion

As the United States looks to its role as a global superpower in the coming decade, the idea of stability in the Middle East may seem naive; and to some extent it is. Only in light of the intractability of the neighboring conflicts would the Israeli-Palestinian conflict seem manageable, but, as the Israelis we met were fond of saying, they “live in a dangerous neighborhood.”

It is precisely because the neighborhood is so dangerous that the United States must address the Israeli-Palestinian conflict. Whether one buys the argument that the Israeli-Palestinian conflict breeds further unrest or not, it is impossible to deny that it is causing one of our few footholds of stability in the region to descend towards chaos. In the words of one U.S. diplomat, “this isn’t something we are giving up on, because frankly we can’t.”³²⁸

During our trip throughout the region we have met many extremely intelligent, thoughtful and passionate people. We have shared conversations with Palestinian academics, Jordanian political advisors and Israeli strategists. One of the consistent observations of our group about these individuals, who are mired in the everyday realities of the conflict, was their critical inability to see, conceptualize and understand the reality and humanity of other people who are just like them. In the span of a few days we were welcomed into homes on Shabbat and were shown hospitality and warm embrace from complete strangers. Similarly, an East Jerusalemite eagerly welcomed us to her home for tea, fruit and cake. Yet, we could not help but realize a strange dichotomy. We, American strangers, were shown so much warmth and compassion, however, people so geographically close and emotionally similar could express such cold ambivalence and distrust towards each other. For us travelers, the most visceral tragedy of the conflict is that those with whom we met – from policy leaders to average people just living their lives – will never have the chance to talk honestly with each other like we did with them.

This conflict suffers from a collective blindness. The Israelis are blind to the Palestinian narrative and the Palestinians fail to see the narrative of the Israelis. Fear, humiliation, and physical separation obscure the humanity of the other side. The United States is not immune to this blindness. For our part, we have failed to see the limitations of our power. Humility does not come easily to global superpowers. It is time for a change in method. We cannot force peace; we can only help to diminish the obscurity that prevents it.

Chuck Freilich, Senior Fellow at the Harvard Kennedy School, told us that, “if anyone tells you they understand the Middle East, take it with a grain of salt.”³²⁹ With this in mind we lay out our recommendations with a sense of great humility. We cannot hope to understand the Middle East in a lifetime, let alone two weeks. If this class has taught us one thing, it is how little we know.

³²⁸ American diplomat involved in the peace process. Interview. December 3, 2015.

³²⁹ Chuck Freilich. Interview. December 3, 2015.

Our recommendations follow from this understanding. The United States, too, cannot hope to fully understand the narratives of each party nor completely empathize with the sufferings of each people. Nevertheless, it is in Washington's interest and its moral obligation to continuously try to empathize and maintain a human element in approaching this conflict.

In this way, our immediate action recommendations consist of policies that will decrease fear, humiliation, and separation allowing each to see the humanity of the other. Our parameters strip away the ability to hide necessary concessions from plain sight. Our recommendations force negotiations to reflect a new vision of the United States' shortcomings. The United States can never hope to make Israelis and Palestinians see eye-to-eye, but maybe we can make them see just enough to achieve the peace they so desperately need. "My sense is what the people really want is peace," Sari Nusseibeh told us.³³⁰ We must proceed with this assumption; without it there is no hope.

³³⁰ Sari Nusseibeh. Interview. December 7, 2015.