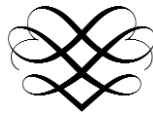


ISRAEL  
*AND*  
PALESTINE:  
RETHINKING  
U.S. STAKES *AND* ROLES



Report of a  
Pacific Council on  
International Policy  
Workshop



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PACIFIC COUNCIL ON  
INTERNATIONAL POLICY

MAY 25, 2005

Dr. Ian O. Lesser,  
Senior Fellow

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PACIFIC COUNCIL ON  
INTERNATIONAL POLICY

**The Pacific Council on International Policy** aims to promote better understanding and more effective action, by private and public sector leaders from the western United States and around the Pacific Rim, in addressing a rapidly changing world. The Council emphasizes the connection between global and local developments as national borders become more porous, traditional concepts of “public” and “private” blur, and what constitutes “policy” itself is changing.



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PACIFIC COUNCIL ON  
INTERNATIONAL POLICY

# PREFACE

**O**n March 2-3, 2005, the Pacific Council brought together some forty experts, Council members and individuals with a special interest in Palestinian-Israeli relations and American policy in the Middle East. The panelists included voices from the region, the U.S. and Europe, bringing perspectives from inside and outside government, and a diversity of views and policy preferences. The discussion was not-for-attribution, and was remarkably open and candid.

The timing for our dialogue could not have been better. When a small group of Council members and staff first met to explore the possibility of a workshop along these lines, and to design terms of reference, there was a sense that Palestinian-Israeli relations had reached a critical stage, and that the Pacific Council should organize a focused discussion on the topic. Since that time, dynamics in the region and the wider foreign policy context have evolved in significant ways. Our workshop took place against a backdrop of historic developments, with critical opportunities for progress and dramatic new challenges. The Iraq war and the fall of Saddam Hussein; the death of Yassir Arafat, the election of Abu Mazen (Mahmoud Abbas) and new policy overtures by the Palestinian Authority; the Sharon government's plan to disengage from Gaza; the reelection of President Bush and the possibility of new American involvement in the peace process; and developments in the broader Middle East, including the emergence of popular political opposition in Lebanon, new pressures on Syria, and continued Western tension with Iran over nuclear and other issues – all point to a changed context for Palestinian-Israeli relations and U.S. policy.

Our workshop had several objectives. First, we sought to explore the contours of the current situation in light of history (actually a variety of historical narratives), previous attempts to address the “core” issues, and the lessons of international engagement – bringing together well-informed and articulate people to compare perspectives and enrich the debate in an “off the record” setting.



*From left to right: Mr. Stanley P. Gold; Dr. Steven L. Speigel; Mr. Kip Hagopian; Dr. Abraham Lowenthal*



*March 2-3, 2005 meeting in Marina Del Rey, California*

Second, we wanted to focus on the specific implications for American interests and strategy. We aimed at encouraging a ground-up discussion of U.S. stakes and policy options, a realistic assessment of the prospects for American engagement and leverage, including some consideration of how the U.S. might hedge against developments over which we have limited influence.

Third, we saw a special opportunity to enhance the quality of debate on Palestinian-Israeli issues in Los Angeles, California, and the American West. The West Coast is home to considerable expertise on the Middle East and American foreign policy, but high-level, “insider” discussions of the peace process tend to be held in Washington, or within the Boston-Washington corridor. We saw an opportunity to convene an expert gathering in Los Angeles that would, among other things, provide an opportunity to brief and engage Council members and others with a special interest in and commitment to the future of Israel, Palestine and the Middle East – in short, to improve the “mental maps” of concerned leaders on the West Coast.

We did not seek consensus among the diverse participants in our discussions – although some lines of agreement certainly emerged – or to push one line of thinking or another. We simply sought fresh, well-informed, and constructive analyses. This account of the proceedings is a rapporteur’s report in the sense that it reflects the substance and flavor of the debate. But it goes a bit further, to reflect on the policy significance of the discussions, and to offer some summary “findings” on key points of consensus or divergence. We are very grateful to Dr. Ian Lesser, Senior Fellow, former Vice President and Director of Studies at the Council, and now President of Mediterranean Advisors, for preparing this report, drawing on our rich discussions.

The Pacific Council workshop on “Israel and Palestine: Rethinking U.S. Stakes and Policies” was made possible by the support of Kip and Mary Ann Hagopian and their foundation, Lawrence and Lee Ramer and their family foundation, the Edgerton Foundation, Jon and Lilian Lovelace, Guilford and Diane Glazer, and Gabriel Brener. We greatly appreciate this important support. We also appreciate the participation of our speakers and other participants, listed in the Appendix.

ABRAHAM F. LOWENTHAL  
President, Pacific Council on International Policy

## HISTORY AND CORE CONCERNS

*How do historical narratives on both sides shape behavior and condition responses to new initiatives? Can revisionist histories lead to policy change? What is the role of religion? What are the core concerns and objectives of both sides?*

Policy-oriented discussions about Israel and Palestine rarely take on the history of the dispute. The usual participants in international dialogue often believe themselves to be all too aware of the competing historical narratives. The history is, in a sense, taken for granted by experts and observers. Additionally, there is often a fear that historical discussions will devolve into mirror-imaging and mutual blame, neither of which are conducive to reasonable dialogue. Debates about the historical experience naturally refer to religion and relations between the faiths, raising issues few secular analysts are comfortable addressing. Moreover, both sides have recently witnessed the rise of revisionist histories, calling into question some of the hallowed images from the past. For a region with so much history, history remains an uncomfortable facet of the Palestinian-Israeli debate.

Yet, a meaningful exploration of today's core concerns is difficult to imagine without some reference to historical narratives. The contemporary issues have tangible historical antecedents, and the debates within Palestinian and Israeli society are closely bound up with the interpretation and reinterpretation of historical experience as seen through religious and secular eyes. History, particularly biblical history, also plays a role in American perceptions about the region. Our discussion suggests that the historical dimension is indeed important, but not necessarily defining or limiting in terms of current policies, or the outlook for agreement on the core issues – Jerusalem, refugees, and the disposition of territory.



*Dr. Khalil Shikaki and  
Mr. Pete Wilson*



*From left to right:  
Amb. Oded Eran; Dr. Ian O. Lesser;  
Ms. Adrienne Medawar;  
Dr. Doron Kochavi; Mr. Guy Miasnik*

## ISRAELI IMAGES AND CONCERNS

The prevailing Israeli historical narrative has a number of key dimensions, with varying emphasis across the spectrum of secular and religious viewpoints. The Jewish historical narrative is based on the historic “right” of Jews to settle and live in the land of Israel. This can easily imply the denial of the rights of others, but this tendency has moderated over time. There has been a marked

evolution in views about the “other” even against a background of inter-communal struggle, from very reluctant acceptance of the rights of two communities in the 1920s and 1930s, through the 1947-48 experience of war and partition, a period of pronounced doubt about the possibility of coexistence between 1967 and 1973, through Madrid, Oslo, and the gradual acceptance by most Israelis of the *goal* of a two-state solution. Today, the objective of two states living side by side is arguably the prevalent view in Israeli society.

A second prevalent image has been the one described by Abba Eban: that the Palestinians “never missed an opportunity to miss an opportunity.” It is an image imbedded in many, but by no means all, Israeli and American interpretations of what went wrong at Camp David in 2000 (our own discussion of the lessons from recent peace process diplomacy suggested that the image of missed opportunities is far too simplistic as an explanation for repeated failures). Third, many Israelis believe that their presence in the region has not come at the expense of others, and that Israel has actually been a positive force in political and economic terms. Fourth, and perhaps most importantly, there has been a sense of victimization – mutual victimization in the view of many today – reinforced by successive wars and waves of violence. The second *intifada*, launched in September 2000, has strongly underscored this sense of victimization.

These narratives have had a marked influence on perceptions regarding core issues. The refugee “flight” was often assumed to be the product of Arab incitement and over-reaction. This image has been called into serious question by revisionist Israeli analyses, starting in the 1990s. The prevailing Israeli view is now far less clear-cut, with many acknowledging that at least some of the refugee flight was forced. The new narratives are changing views about the circumstances of the Palestinian refugee exodus, but they are unlikely to revolutionize Israeli thinking about the right of return, which most Israelis will continue to oppose for practical reasons. On Jerusalem, surprisingly, the historical narrative may not be so central to the debate, or to the contours of a settlement. Jerusalem was not a key issue for the Zionist movement, and was peripheral prior to 1947-48. The mythology regarding the recapture of Jerusalem dates from 1967, and is a relatively new feature. For this reason, a serious reconsideration of the historical narrative might well encourage movement on the issue of Jerusalem.

The narrative regarding territory has been driven by security and demographic realities since 1967. But even here, the assumptions have changed with changing requirements for strategic depth and the settler movement, which has spurred a contentious debate within Israeli society. Here, pragmatism, rather than historical perception, is likely to shape the outcome.



Looking across these diverse factors, it was suggested that the idea of formally adjusting historical narratives is either too simplistic or too sophisticated an approach – in either case, it is unlikely to be central to a settlement. Practical and external factors will probably weigh more heavily. Certainly, reconciling the narratives will not be sufficient. Eventually, the core issues will have to be addressed head on. That said, the narratives will be a part of the process of political adjustment, even outright conflict, that may be necessary for both sides to move forward. Those committed to a settlement on both sides may, in effect, have to fight and win parallel “civil wars” in order to move forward with the peace process over the next months and years. The prospective Israeli disengagement from Gaza, and the challenges it raises, will put these issues in sharp focus for both sides.

## PALESTINIAN IMAGES AND CONCERNS

From at least one Palestinian perspective, the historical narrative is similarly seen as important, but not necessarily central. It was also argued that the question of narratives and identity should be posed more broadly, to consider where the two sides see themselves in wider historical terms. From this vantage point, Israeli narratives generally emphasize unity with the ancient Hebrews and the biblical context, moving rapidly from the destruction of the second temple and the diaspora to relatively modern experience. The Arab and Muslim experience is largely neglected in this narrative, encouraging the idea (shared by most Westerners) that the Palestinian presence in the region is a post 7<sup>th</sup> century phenomenon, i.e., dating from after the Muslim conquest. The Palestinians, by contrast, tend to lay considerable stress on the long and continuous Arab presence in Palestine, and emphasize the historical cosmopolitanism – one might say multiculturalism – of the region. The ancient history is correspondingly downplayed. The European Jewish presence is seen as an “import.” Taking this perspective, the competition in historical narratives is arrayed along lines of identity and legitimacy – who is indigenous, and who is the interloper?

The mainstream Palestinian narrative highlights a pre-1948 (and especially pre-First World War) history of co-existence, a sort of “pastoral utopia” in which the Israelis are cast as villains from abroad. In terms of modern experience, there is a stark contrast of images: catastrophe, redemption and salvation on the Israeli side; catastrophe and diaspora on the Palestinian side. These images are difficult to reconcile and inevitably influence the worldview of negotiators and publics, especially in the context of the settlement issue. Both sides have been forced to confront the question of which is more important, land or people? Demographic change has only reinforced this dilemma.

## ALTERNATIVE NARRATIVES AND RELIGIOUS RATIONALES

Conditions of heightened tension, as well as periods of greater optimism in Palestinian-Israeli relations, foster alternative narratives on both sides, with quite different implications for the future. The essential competition is between ethno-nationalist narratives on the one hand, and religious narratives on the other. The tension between these orientations is clear on the Palestinian side, and is visible in the cleavage between the mainstream nationalist movement – the Arafat and Fatah legacy – and groups such as Hamas and Palestinian Islamic Jihad. Since the 1990s, the idea of Palestine as a *wakf*, or “religious trust” has become more prominent in the Palestinian and wider Arab and Muslim discourse. This religious, or religio-nationalist outlook is evident in the symbolic labeling of the second *intifada* as the “Al-Aksa” *intifada*. That said, the nationalist dimension retains some force. The next months may be critical, as they offer the possibility of progress before a more extreme religious outlook becomes entrenched.

There is a similar cleavage on the Israeli side, between the religious right and the secular mainstream. One can even identify a parallel division in the U.S., between those who support Israel for reasons of affinity or strategic interest, and the more pointedly religious interest of observant Jews and evangelical Christians. Viewed as a whole, the religious narratives, and the religious content of the contemporary dispute, now play a larger role, across the board. An important, open question for the future is whether this tendency can or should be reversed, or whether it must be acknowledged and dealt with on its own terms. In either case, secular policymakers in the region and in the West will be compelled to take the religious dimension of the dispute more seriously, with at least two key implications for U.S. policy.

First, all three monotheistic religions tend to see their own control of the holy land as God’s ultimate intention. The scriptural evidence, and evolving realities on the ground, are never seen as final. Changes in the territorial order can be seen as implementing or thwarting divine will – it is a matter of interpretation. The religious dimension, for Jews, Muslims and Christians, has ensured that wars over territory have never been simply that; they have also been seen, or interpreted after the fact, as wars of religious irredentism. Secular negotiators have, not surprisingly, tended to avoid the religious dimension as too complicating, too doctrinaire, or too intractable to incorporate in attempts at reconciliation. But the U.S., as a key player in the peace process, is inevitably swept up in this atmosphere of religious friction. To the extent that the religious content of the dispute grows, the U.S. may need to assert a more explicit “religious neutrality,” as distinct from a rigidly secular approach. As one

participant put it, “genteel understatement and discreet elision is neither the Israeli nor the Palestinian style. It must not be the American style either.” Charges of American complicity in one religious vision or another need to be anticipated and refuted. “Religious neutrality is an enormous strength and not a liability for the U.S.... but true neutrality is anything but a default position: it must be actively assumed, strenuously maintained, and carefully explained.”

Second, though Judaists and Islamists are fiercely opposed in their visions of the Palestinian-Israeli dispute, they have a common enemy in doctrinaire secularism. In an environment of waning secularism, it may be a mistake to link the peace process too closely to an unwavering, secular vision. The religious dimension may need to be addressed, and religious dialogue may need to be a more important part of the process. There are text-based and religious arguments for peace, and there are longstanding inter-religious dialogues, both in the region and in the West. An effective approach to mediation under current conditions may require that negotiators take some new risks by broadening the process to engage moderate religious voices and arguments. Religion can be an ally, not just an impediment, in the peace process – but it will require a substantial change in mind-set on the part of policymakers and negotiators. To date, dialogue embracing religious moderates has been more common outside the region (e.g., those sponsored by the Sant’ Egidio Community in Italy).

The growing prominence of the religious dimension, the Judaist and Islamist visions, raises the disturbing possibility that certain underlying aspects of the Palestinian-Israeli dispute may not be amenable to settlement, even if a political accommodation – a settlement – is reached on core issues. The religious conflict may persist, interact with broader regional trends, and make the ultimate goal of “end of conflict” more difficult to achieve.

## EVOLVING NARRATIVES, PRACTICAL CHOICES

Our discussion emphasized the fact that narratives on both sides are flexible, vague and easily manipulated. They are not set in concrete, although narratives about the “other” tend to be more amenable to revision than narratives about oneself. The ability to revise and compromise on historical narratives is a key component of the ability to compromise on practical and technical matters, including the core issues of Jerusalem, territory, and the “right of return.” It was seen as encouraging that a majority of Palestinians are willing to entertain some compromise on these issues, and evidence that the traditional narratives have already evolved considerably. This is also true on the Israeli side, especially with regard to borders. That said, some aspects are getting tougher.

Opinion has clearly hardened on the question of Jerusalem, which has become more central to narratives on both sides. If sovereignty over Jerusalem is made a test of legitimacy for both sides, the outlook is not good. Similarly, the question of the right of return is now clearly bound up with the future legitimacy and identity of the state of Israel. Revisionist histories may have broadened the debate about the origins of the refugee problem, but they cannot eliminate the practical, demographic challenges associated with the right of return. Compromise will be needed on this as on the other core issues.

The impending Israeli withdrawal from Gaza will be a key test on many fronts – a point underlined repeatedly in our discussions. It will strain the ability of both sides to contain, ameliorate, or simply defeat extremist forces, many of whom rely on religious arguments. On the Israeli side, the political and constitutional opposition to disengagement has essentially been exhausted, and those who remain opposed may be pushed into more extreme, even violent tactics. Israeli society will have to choose. There will be similar challenges in the confrontation with extremists and rejectionists on the Palestinian side, where Hamas and Palestinian Islamic Jihad (PIJ) essentially deploy their own armies. Moderates tend to believe that the radicals can be won over or disarmed. In reality, they may have to be defeated. The outcome in Gaza will be critical for both sides, because it will set a precedent for whatever may happen on the West Bank. More broadly, it will establish whether the strategy of disengagement becomes a jointly-managed aspect of the peace process, and a step toward a comprehensive settlement, or simply a unilateral restructuring of the conflict.



# LESSONS OF ENGAGEMENT

*What are the lessons from decades of U.S. and other peace process diplomacy? Has measured, open, step-by-step confidence building run its course? What is the outlook for renewed American and international involvement? How does international engagement in the peace process fit in wider regional strategies?*

Recent months have seen significant changes in leadership, atmosphere and context for the peace process. But it would be misleading to assume that apparently favorable developments will automatically yield a break in the stalemate. In 2005, it is reasonable to hope for a positive disengagement from Gaza, new efforts to revive the Palestinian economy, and discrete discussions on the way forward on core issues. Given this reality, the U.S. (and Europe) will look for new ways to engage in peace process diplomacy and related activity, taking into account the lessons of past experience. This may entail striking a new balance between the perceived over-engagement of the Clinton administration, and the relative disengagement of the Bush Administration to date.



*Mr. Pete Wilson and  
Dr. Steven L. Spiegel*

## LEARNING FROM AMERICAN EXPERIENCE (AND CAMP DAVID, IN PARTICULAR)

In the view of one experienced participant, a number of critical lessons can be derived from the experience of American engagement in the process over the years. First, sustained and visible commitment counts. There is simply no substitute for the personal commitment of the President, and the involvement of an envoy with direct political ties to the White House. Appointing a technocrat is not sufficient. The envoy must be seen to enjoy the full weight and authority of the President. It is not yet clear that President Bush in his second administration has made this kind of commitment to the peace process, although Secretary Rice is well positioned to play this role.

Second, behavior on the ground matters. Commitment to the process aside, the U.S. and the international community cannot ignore the misbehavior of the parties, whether the misbehavior of the weak (terrorism and incitement) or the strong (provocative settlement policies and the inappropriate use of force). Over the long-run, the prospects for a settlement are not enhanced by “looking the other way.”

Third, the U.S. must be in control of its own policy – an obvious point, but a critical one. It may not be able to control the behavior of the parties, but the U.S. can control its own behavior and avoid surrendering the initiative to regional actors. Arguably, this is precisely what happened at Camp David. Barak pressed for a summit meeting, Arafat was resistant, and President Clinton became convinced that it stood a good chance of success, even though the ground was not well-prepared. Peace process policy requires discipline and the ability to be realistic about what is possible. In the case of Camp David, it might have been more effective to hold multiple meetings, rather than staking all on a high-risk summit. The fashionable notion that Camp David failed simply because Arafat was, ultimately, unwilling to sign-up to an agreement, is misleading. The prospects for a break-through were never as good as they have been portrayed in hindsight. In all likelihood, the failure of Camp David contributed significantly to the arms length approach adopted by the Bush Administration.

Fourth, history suggests the need to be wary of interim agreements as well as the rush to permanent status negotiations. The prospects for a durable settlement would be improved by offering a “set of parameters”, a vision of the end game, at the appropriate time. In the end, the parties themselves must reach an agreement. It cannot be imposed (in retrospect, many of the key breakthroughs of the past – most notably Oslo – were achieved without U.S. intervention).<sup>1</sup> For the parties, the conflict is *existential*, and this sets limits to the influence of outside actors.

Fifth, to play an effective role, outside players need to exhibit empathy *and* toughness. It was asserted that only three Americans have ever made a serious difference in Arab-Israeli peacemaking: Henry Kissinger in the 1970s, James Baker via the Madrid process, and Jimmy Carter at Camp David – a harsh critique of American engagement, but an honest one. The three are very different personalities, with very different approaches. But all three projected empathy plus toughness, and as a result they were trusted and taken seriously by the parties.

## PROSPECTS FOR RE-ENGAGEMENT

On paper, the second Bush administration is well positioned to play an active role in the peace process. The administration has great credibility with Israel and is taken seriously by the new Palestinian leadership. The close relationship between the President and the Secretary of State augurs well. Active engagement would be a natural (and necessary?) complement to policy in Iraq. On balance, however, it is still unclear whether the Administration has opted to commit itself to the process, and it has some reasons to be wary.

Historically, American administrations have engaged in the process because they viewed it as a strategic interest, because the president felt a personal sense of commitment to the issue, or because they felt they could succeed. The last point is critical, and probably weighs heavily in the current calculus. With the focus firmly on Iraq, the Bush Administration may be wary of a full-scale commitment to the Palestinian-Israeli issue unless there is an excellent prospect for success. There are clearly some within the Administration who regard the dispute as a “shepherds’ war,” peripheral to the big issues of Iraq, Iranian nuclear ambitions, and the global war on terrorism. Others inside, and outside, the Administration are inclined to see the Palestinian-Israeli dispute as central to the future of the region and U.S. strategy. The question of American re-engagement in the process remains open.

If the Administration opts to re-engage, there will be several near-term priorities, not the least of which will be the question of internal organization for peace process diplomacy. There will be a prompt need to assist with the coordination of the Israeli withdrawal from Gaza, so that it reinforces rather than obstructs the movement toward a comprehensive settlement. And there will be a need to think beyond the August disengagement to next steps. The Administration is likely to cast any new involvement in terms of its democratization and transformation strategy for the “broader” Middle East, an approach that may or may not resonate well with Arab regimes or publics. Certainly, the recent deterioration in attitudes toward the U.S. across the region is a complicating factor. But it may not have a strongly negative effect on America’s ability to play a role on the narrower issue of peace process diplomacy, where American power is still regarded as a key factor.

## A ROLE FOR EUROPE?

What is the role of Europe and the wider international community in this equation? The complexity of the dispute, regional dynamics, and the need for a costly, long-term commitment to reconstruction and security suggest that the U.S. cannot be the only external actor in the process. Europe has played an important role in the past, notably at Oslo, Madrid and Geneva, through EU participation in the “quartet,” and through the provision of very substantial assistance to the Palestinian Authority. That said, the direct European role in facilitating a settlement will almost certainly remain secondary to that of the U.S. As one participant noted, on peace process matters, “the phone rings in Washington, not Brussels.” The U.S. still plays a unique role with regard to peace process diplomacy, and will do so for the foreseeable future, even if it is not precisely an “honest broker” (it is more important to be an “effective” broker and, it was argued, Europe cannot play this role).

The more interesting question concerns the longer-term role of Europe under conditions of a Palestinian-Israeli settlement. In many ways, the natural economic trajectory for Israel and Palestine will be toward closer integration with Europe and European institutions. Even in the security realm, both states, and certainly Israel, may seek new security arrangements with Euro-Atlantic partners, rather than in the unstable and disorganized Middle East. Palestinians value Europe's practical contributions and "more balanced" approach, but they are unconvinced about Europe's political clout. Israel is wary of a more active European role, precisely because it is assumed to be more pro-Palestinian. Yet, the geo-economic importance of Europe is a factor neither party can ignore.

## WIDER LESSONS



*From left to right: Ms. Adrienne Medawar; Dr. Doron Kochavi; Mr. Guy Miasnik*

Among the additional lessons worth noting is the need to avoid regional distractions. During the 1990s, the U.S. (and Israel) adopted a fundamentally flawed "Syria first" strategy. Today, the core challenge is clearly a negotiated settlement of the Palestinian-Israeli problem. Unlike Barak, Sharon evidently understands this reality, including the need to hedge against the possibility of no agreement. This is one of the key lessons of Oslo, where it was made clear that progress on the Palestinian-Israeli track has the power to transform the regional equation (e.g., vis-à-vis Jordan), rather than the other way around.

U.S.-Israeli relations cannot be taken for granted, especially in the post-September 11<sup>th</sup> environment. The U.S. has acquired deep, independent stakes in security developments across the Middle East. What one participant described as the "iron triangle" of evangelicals, neo-conservatives and the Jewish community ensures an important commitment to Israel's existence, but beyond that there is much room for policy change, especially on the question of settlements (as in the Bush-Baker years).

The U.S. and the international community will need to address the fact that the conflict is a generational one, and will not be "solved" tomorrow. Experience has shown that diplomacy can easily outrun the evolution of social attitudes and education. A key lesson is the need to devote a far greater degree of U.S. and international effort to education and leadership development in support of peace, alongside diplomacy and confidence building at the political level. There is a critical and very challenging grass-roots dimension that must be addressed alongside any new initiatives on the diplomatic front. Inter-religious as well as secular dialogue can play an important role in this context, both as a confidence building measure in times of improving relations, and as a means of mitigating the breakdown of official dialogue in periods of crisis.



# NEW APPROACHES

*What are the new options – trusteeship, international intervention, secret or “fast track” diplomacy, unilateral disengagement, etc. – and what are their prospects for success? Is private diplomacy really private, and what do the Geneva Accords and other initiatives reveal? What are the likely implications of physical barriers? Is end of conflict still a viable goal?*

**B**roadly, three “new” approaches are being pursued or discussed: unilateral measures (disengagement, barriers, cease-fires); international intervention (the “road map,” political reform, and ideas about trusteeship and monitoring); and private, track-two attempts at bilateral agreement, as in Geneva. Each offers opportunities, and each is problematic in its own way.

## THE RISE OF UNILATERALISM

Unilateralism is the fashion of the moment, with the pending Israeli withdrawal from Gaza and return of control over selected areas in the West Bank. It could well be a forerunner of a wider strategy of unilateral disengagement encompassing much of the West Bank. The ceasefires are also part of this equation, and are essentially parallel acts of unilateralism. As one participant noted, the basic problem is that the parties “do not trust each other’s unilateralism.” None of the current unilateral steps being taken by the parties offer a predictable path to settlement of the core issues. Much will depend on how these steps are implemented and reinforced.

The construction of a physical barrier between Israel and the Palestinians, whether described as a “wall” or a “fence,” has almost certainly reduced the level of terrorist violence in Israel, but with obvious human costs. As a strategy in Israeli-Palestinian relations, it is arguably more effective as a concept or a threat, rather than a reality. It remains unclear how, and even whether, it will be completed (fortunately, it was noted, the Israeli contractors are slow). The barrier may also have consequences for political dynamics on the Israeli side, encouraging the closure of exposed settlements beyond the fence, and causing many Israelis to “write-off” large parts of the West Bank, psychologically and strategically. In the view of several participants, the problem is not so much the barrier itself, but how it is routed and what it says about final borders.



*From left to right: Khalil Shikaki; Mr. Pete Wilson; Dr. Steven L. Spiegel; Mr. Ehud Yaari*

The prospective Israeli withdrawal from Gaza was recognized as a potentially transforming development, but it is clear that much will depend on how this disengagement is managed by both sides. It can be made a key element in revived progress toward a comprehensive settlement, or it can become a source of renewed friction and insecurity. Poorly managed, the Gaza withdrawal could also lead to the political collapse of both the Sharon and Abu Mazen governments. The timing is particularly unfortunate, with local Palestinian elections scheduled for May, and parliamentary elections in July 2005. The Islamists are set to do well in these contests, and could cause the resignation of the government or political paralysis. If the Gaza disengagement appears to deepen the crisis in Palestinian society without offering a clearer path to final status, the Islamists and the hard-liners will benefit.

The Palestinian ceasefire and the Israeli commitment to set aside its doctrine of targeted killings are important confidence building measures. But it is a fragile break in hostilities, and raises some new challenges. It presumes that Abu Mazen will have the will and capacity to exert control over the violent groups, groups that constitute potent private armies in the case of Hamas and PIJ. Elements closer to the regime, including the Al-Aksa Martyrs Brigade, are also part of the problem. Indeed, large parts of the Palestinian security force are tainted with involvement in political violence and terrorism – a leading challenge for the Palestinian Authority in its quest for sovereignty (the monopoly on the use of force is a basic measure of state sovereignty, as it was when Ben Gurion disarmed the Irgun and Stern gang in the 1940s). The withdrawal from Gaza will not eliminate, and may even increase the potential for the remilitarization of Palestinian terrorism, with new rocket attacks, etc., and with corresponding pressure on Israel to respond with substantial force.

## CONTOURS OF INTERNATIONAL INTERVENTION

The involvement of the “Quartet” – the U.S., EU, UN and Russia– is not strictly a new approach, nor is the “road-map” a significant departure from past frameworks. But the current discourse on the role of third parties, and the international community generally, has a more forward-leaning and intrusive quality than in the past. This has been evident for some time on the Palestinian side, with growing pressure to increase transparency, rein-in corruption, and reform political and security arrangements within the Palestinian Authority. To the extent that the peace process can be put back on track, these intrusive aspects of international involvement are set to become more prominent, and may also touch on Israeli interests and behavior (e.g., through monitoring and separation efforts, perhaps on the model of

existing arrangements in the Sinai). In the event of an agreement on final status, it is quite possible to imagine the involvement of NATO in a peacekeeping role. Although Israel remains very resistant to the idea of international monitoring and peace-enforcement short of a settlement, attitudes are evolving in this area.

The concept of international trusteeship for Palestine is another example of new thinking in the context of the Palestinian-Israeli dispute. There is little real enthusiasm for this approach on the Israeli side, where it is seen as a potentially complicating factor in Israel's ability to address security risks emanating from the Palestinian areas. On the Palestinian side, it is widely seen as an inadequate half-measure and vaguely insulting in its implication that Palestinians will be unable to organize themselves for full sovereignty and effective governance.

The so-called "road map," which remains the organizing framework for the international approach, is problematic in its own right – a point of consensus among Palestinian and Israeli observers in our dialogue. From the Palestinian perspective, the road map presumes the Palestinian Authority will be able to take on and defeat the violent elements in short order. This is most unlikely. Moreover, the road map offers little sense of where the final borders will be drawn, and Palestinians are not inclined to accept interim borders. They would like to know the contours of the Palestinian state. On the Israeli side, there is also little confidence in the road map, hence the preference for unilateral disengagement. It remains unclear whether Israel is willing or able to implement the road map and disengagement simultaneously.

## NEW BILATERAL INITIATIVES

The Geneva Accords were significant as evidence of a continued reservoir of good-will and interest in a settlement, and the willingness to take risks for peace among moderates on both sides. But the Geneva initiative was, in a sense, stillborn. It reached toward an agreement on final status under very unfavorable conditions, and without the necessary degree of public acceptance – a legacy of the Camp David experience and the collapse of the Oslo process. That said, the initiative and the subsequent debate about this kind of approach has spurred thinking about new approaches to Palestinian-Israeli peacemaking, and the relationship as a whole. It could even be argued that Sharon's plan for disengagement in Gaza owes something to the sobering experience of Geneva. There is a sense that private and "track-two" diplomacy is useful, as a means of testing new approaches, and perhaps more importantly, as a means of engaging a wider range of actors in the peace process. Private diplomacy can be valuable – even if it leaks – but it cannot solve all the problems, or compel governments and publics to accept flawed agreements.



*From left to right: Dr. Laurie Brand; Mr. Salam Al-Marayati; Mr. Steven Simon; Dr. Hussein Ibish;*

## LOOKING AHEAD – END OF CONFLICT AND WHAT CAN BE DONE

One approach might be to combine elements of the unilateral, bilateral and international approaches in a more synergistic way, acknowledging the realities of the barrier and the withdrawal from Gaza. Bilateral security arrangements in Gaza and the northern West Bank could be taken in the direction of permanent status arrangements, with international participation sooner rather than later. At the same time, more settlements could be removed while the current Israeli coalition is in place, and consideration of the refugee issue could be incorporated into discussions on disposition of the settlement infrastructure. In this view, further adjustments should be made to the barrier to allow for freer movement of people and, to the extent possible, contiguity of the West Bank and Gaza. The overall thrust would be to create more attributes of Palestinian statehood in the near-term. In the view of the participants, pursuing these objectives would almost certainly require the active participation of international actors; above all, the United States.

An alternative, and not entirely incompatible, view holds that the anarchic situation in the Palestinian territories is the leading obstacle to peace, and also a leading source of risk for Israel. This situation is one of the key legacies of the Arafat leadership, and will not be overcome easily. In this view, the sheer weight of a Palestinian collapse – political as well as economic – is the real threat to Israel, and under current conditions, the disengagement plan is merely “an improvisation without a partner,” leading to semi-sovereignty in Gaza, with no real price on the Palestinian side, but also no real prize.

These conditions suggest the need to “change gears”: envision the macro-objective now, and work toward it. This may mean placing the emphasis on the establishment of a “peaceful Palestinian state”, rather than Palestinian-Israeli peace – and these are not contradictory objectives. There is a pressing need to expand the disengagement arrangements in Gaza into a wider agreement. There may be a useful precedent in the 1949 armistice agreement between Israel and its Arab neighbors. In 1948, military disengagement led to the establishment of the state of Israel. Today, it could lead to the establishment of a Palestinian state, with appropriate boundaries and international guarantees. What is needed is a sub-optimal rather than a maximizing strategy. If there is no Palestinian state in the next two or three years, it was asserted that there may never be one. Looking further ahead, when and if the parties do conclude final status negotiations, they and the international community will need to look to the larger Palestinian geopolitical equation, including Jordan, Israel and a new Palestinian state. Without this larger optic, there may be a

settlement, a state, but no lasting solution to the Palestinian problem, and no “end of conflict.”

Our discussion underscored, in various ways, the difficulty of moving toward final status in the near-term, and the fact that final status itself would not necessarily mean the “end of conflict” sought by Israelis. Restoring confidence in the viability of end of conflict as a goal will almost certainly require broadening and deepening in the peace process: expanding the constituency for peace inside the region, through education and leadership, and widening the range of partners through track-two dialogues, NATO and EU involvement, etc. New attitudes and new geometries will be required to ensure that whatever is achieved at the formal level is durable.

Two additional elements need to be considered: economic development (and reform) and money to support change. In the opinion of several participants, there is now an essential opportunity, easily lost, to bolster Abu Mazen by improving the economic situation in Gaza and the West Bank. There is considerable pressure from below for democratization, reform and an end to corruption ( Hamas clearly benefits from the perception of corruption and cronyism within the P.A.) This needs to be addressed, but it should not stand in the way of funding for badly needed infrastructure and development projects. The Israeli disengagement places this requirement in stark relief. Resources matter, and the secular reformists should be given the money to “compete” with Hamas at the level of education and social programs. The real lever for positive change this year will be economic revival, and the key driver will be freedom of movement. If progress cannot be made in this area, new approaches to the core issues of Jerusalem, territory and refugees may be for nought.<sup>2</sup> If Abu Mazen is unable to show tangible economic improvements in the near term, Hamas will be the leading beneficiary from the disengagement in Gaza, and Israel (and the U.S.) may confront a democratically elected, but not necessarily peaceful Hamas government. This prospect makes very clear the dilemma facing Israel with regard to the closure regime, the trade-off between immediate, operational security risks, and longer-term strategic stability.

Our debate revealed strong consensus on the need for the U.S. and the international community to allocate greater resources, promptly and in a coordinated way, with the objective of improving Palestinian lives, facilitating stable Israeli disengagement from Gaza, and consolidating the cease fire.<sup>3</sup> Investments in infrastructure, good governance, and reasonable “access” will also be necessary to attract investment from the international private sector, something of keen interest to Washington, and an important factor for the future. The

amount of money needed to make a real difference in Palestine is neither trivial nor huge, certainly not by the standards of spending on reconstruction and security in Iraq. Finally, it is worth emphasizing that investments in healthcare, transport, education, water supply, etc., are ultimately investments in security, which will be strongly enhanced by demonstrated success in multiple sectors.



# FUTURE SCENARIOS *AND* U.S. POLICY

*In a five-year frame, what is the range of plausible scenarios for Palestinian-Israeli relations? What sort of demands might these scenarios impose on the U.S.? What are the consequences for American interests of continued stalemate or escalation, and are these the same today as ten or twenty years ago? What new “shaping” and “hedging” strategies are worth pursuing, and what new policy directions can we offer?*

## A CHANGED STRATEGIC CONTEXT

**T**he Middle East is now at the center of American foreign policy, driven by counter-terrorism concerns, commitments in Iraq and possibly elsewhere, and the sense that the future of the region will be instrumental to global security. Washington is engaged in the broader Middle East as a form of “extended homeland defense,” alongside more traditional foreign policy interests. In the past, internal and external dynamics in the region were often treated separately. Today, the U.S. is more inclined to view them together, hence the focus on democratization (although there has been much less willingness to envision some of the potential, unintended consequences of democratization). Even in the absence of democratization, public opinion still counts in the Middle East, and can be critical to the survival of unelected regimes – a reality that accounts for the extraordinary wariness of regional leaders regarding new Arab-Israeli initiatives.

It is attractive to posit grand linkages between the Israeli-Palestinian peace process and other objectives (the “road to Jerusalem goes through Baghdad” – or vice versa), but experience suggests the need for humility in this area. There may indeed be a connection between successful political change in Iraq, Lebanon, Palestine and elsewhere, but the systemic and demonstration effects of developments around the region are not yet clear. The post-September 11<sup>th</sup>, post-Iraq environment has, however, encouraged some moderate Arab regimes to adopt a more positive stance toward the peace process, and especially toward the impending Israeli withdrawal from Gaza. Egypt certainly has its own stakes in the stability of Gaza, but countries such as Egypt and Tunisia are now more inclined to be helpful on the peace process to mollify American opinion and to reduce growing pressure for democratization and human rights.



*From left to right: Mr. Stanley P. Gold; Dr. Steven L. Speigel; Mr. Kip Hagopian*

Anti-Americanism is a significant problem across the region, with potentially damaging long-term implications for U.S. interests and freedom of action. A solution to the Palestinian-Israeli problem will not solve the problem of anti-Americanism, but it will surely reduce the degree of enmity toward the U.S. The key point is that the peace process is worth pursuing in its own right, regardless of its public diplomacy and counter-terrorism value.

Again, Gaza is a near-term priority. Getting the disengagement right will pay dividends, limiting the likelihood of strongly negative scenarios for the region and for U.S. interests. U.S. strategy toward the process will need to include a strong regional component, aimed at securing the support of key Arab states for follow-on negotiations, and an eventual final status agreement. The blueprint after Gaza will need to go beyond the rhetoric of the Saudi plan, to include backing for an approach to the core issues – above all, Jerusalem. Regional actors can also be essential to containing violent opponents of peace. One lesson of recent years is that “violence can overwhelm everything,” and international cooperation will be essential to limit the funding and political support for extremists.

## POST-HEROIC SCENARIOS

Past American engagement in the region has assumed Washington’s ability to steer the parties toward a settlement, or at least to manage the range of possible scenarios. It is no longer clear that the U.S. can play this role, or that the parties themselves will wish to engage in dramatic overtures. As one participant noted, “we have no time and space for illusions anymore.” It is unlikely that the U.S. can control or micro-manage the behavior of the parties, even with much more vigorous forms of economic and political pressure, which few are prepared to discuss. So we should be prepared for a wider set of scenarios, and perhaps give greater weight to “hedging” strategies in the region. Over the next five years, three possible “games” – peace process scenarios – may be played out.

One scenario is a U.S.-brokered two-state solution, on the traditional pattern, with enlightened politicians leading the way. This is very much the “old game,” and is probably a non-starter under the current conditions. A second scenario might be described as the “interim game,” with disengagement from Gaza leading to the consolidation and emergence of a Palestinian state with interim borders (à la President Bush’s June 2002 speech), with whatever accommodations are possible on territory and other issues. This is a relatively hopeful and plausible scenario under the right conditions.



A third scenario could be characterized as the “new game.” This is the default scenario, based on “historic” outcomes, and involves uncoordinated, unilateral disengagement, and the decoupling of the territorial and national aspects of the Palestinian issue (i.e., fostering the emergence of a state without an understanding about future borders, or fixing borders *de facto*, without a trajectory toward statehood). This is a potentially disastrous scenario in which Israeli withdrawal from Gaza, coupled with chaos or growing extremism on the Palestinian side, threaten the viability of the two-state solution. Needless to say, this is also a disastrous scenario from the perspective of American and international security. One of the risks of focusing on the big picture and grand strategy toward the “broader Middle East” is that the critical, near-term challenge in Gaza may not seem a policy priority. Yet the failure to consolidate and extend the disengagement in positive ways will increase the likelihood of highly negative scenarios in the coming years.

## ENSURING A VIABLE PALESTINIAN STATE – AGAINST A BACKGROUND OF INSTABILITY

The U.S. has entered a period of elevated risk and higher stakes in the Middle East, with a heightened potential for miscalculation. Transitions are bad for strategic stability, and the region is experiencing multiple transitions, with many possible “wild cards,” including some that lie outside the Middle East (including the broader evolution of relations between Islam and the West, particularly in Europe).

Many practical challenges surround the emergence of a viable Palestinian state as part of a two-state solution. Palestinian statehood is a key goal, but it is not enough. Regional stability – and U.S. interests – will require the emergence of a *successful* Palestinian state. A failed Palestinian state would impose tremendous costs and imply huge risks for Israel, the region, the U.S. and Europe. In the worst case, Gaza and the West Bank could become zones of chaos, with enormously damaging implications for international counter-terrorism efforts. It follows that a key policy priority for the U.S. and others in the years ahead will be to ensure a viable Palestinian state.

Recent analysis of this problem suggests that contiguity (i.e., contiguity between Gaza and Palestinian territories on the West Bank) will be critical to the viability of a Palestinian state across diverse sectors.<sup>4</sup> Palestinian recovery is highly dependent on contiguity, and no amount of outside investment is likely to alter this reality. It is critical to economic development, healthcare, infrastructure, and access to resources. It will also be critical to the stable political development of the state. The U.S. and

international partners will need to do a great deal of imaginative thinking about how to create and maintain contiguity in Palestine, either in direct territorial terms, or through new infrastructure initiatives (the idea of a sophisticated, multi-function “fly-over” was discussed). As a rough estimate, an investment of \$30 billion over ten years might be needed to support a multi-sector strategy for Palestinian development – substantial sum, to be sure, but how should one reckon the cost of long-term failure?

## THE ENDURING IMPORTANCE OF LEADERSHIP

Opinion varies on the extent of the opening for progress on the Palestinian-Israeli issue offered by recent leadership changes and shifts in the geopolitical environment. Few, if any, of the participants in our discussion characterized the conflict as intractable. Virtually all emphasized, in one way or another, the need for political leadership. Breakthroughs in Arab-Israeli peace have always required this element, and the current situation is equally demanding in this regard, even if the scope for “heroic” initiatives is much reduced.

Peace-process insiders and seasoned observers naturally focus on the technical and strategic aspects of the dispute and the negotiating history. But personalities matter at the leadership level, and the conflict is, above all, a conflict among people. The public on both sides is most deeply affected by the lack of progress, insecurity and political and economic isolation imposed by the failure to reach a settlement. The human dimension should not be lost amid the avalanche of conceptual and technical issues. Nor should we forget that both sides have come an enormous way over the past decade, to the point where the parameters of a settlement are not mysterious to either side. Despite many foreign and security policy distractions, and limited leverage over the parties, the U.S. retains important assets in relation to the peace process, and a critical stake in its outcome. American engagement remains a strategic imperative.



# OVERALL OBSERVATIONS AND CONCLUSIONS

*Some significant elements of convergence, if not consensus, emerged over the course of our two-day dialogue:*

**Historical narratives matter – but they are not monolithic, and are subject to constant evolution and reassessment.** Revisionist histories have encouraged a wider debate about identity, legitimacy and the rights of the “other.” Ultimately, a resolution of the dispute will turn on political leadership, and agreement on the core issues of Jerusalem, borders and refugees. Historical images inform the debate on these matters, but are not an overwhelming impediment to progress.

**The death of Arafat and the prospective Israeli disengagement from Gaza have changed the landscape, but renewed progress toward a settlement is far from automatic.** The more optimistic assessment focuses on wider trends in the region, and the opportunity opened by the withdrawal from Gaza. A gloomier assessment highlights the unilateral and risk-prone nature of the disengagement, looming political struggles on both sides, and the tenuous nature of the cease-fire. Our discussion underscored the significance of near term risks, as well as opportunities for progress.

**Religion and religious politics are becoming more central to the conflict.** The struggle between religious and nationalist/secular approaches is intensifying, and the outcome will shape both near and longer-term prospects for the peace process. As a corollary, external actors, including the United States, may face a growing need to anticipate and address religious as well as secular facets of the dispute.

**Decades of peace process diplomacy suggest that American engagement is extremely important, but it is not sufficient.** The conflict is an existential one for the parties, and only the parties can produce a settlement. External leverage in the dispute is probably declining, with the rise of unilateral initiatives and with secular politics under siege. Europe is more likely to play a central role in post-settlement strategy than in final status negotiations – American power and credibility still give Washington a unique role in the eyes of the parties.

**By many measures, the second Bush Administration is well placed to re-engage in the peace process, but has not yet clearly committed to doing so.** Foreign and security policy distractions elsewhere, including elsewhere in the region, and the uncertain



*From left to right: Dr. Jack Miles; Dr. George F. Regas; Rabbi Leonard Beerman; Dr. Abraham Lowenthal; Mr. Stanley P. Gold*

prospects for success, are inhibiting factors. If the U.S. opts to re-engage, high-level political commitment rather than expert participation will be the key to effectiveness – along with empathy and toughness, in equal measure.

**The range of scenarios for Palestinian-Israeli relations is now much wider.** The old “heroic” scenario of a path-breaking bilateral deal, negotiated with American assistance, leading to final status and a two-state solution is now less likely. Interim, half-measures are more likely in the current environment, and unstable, unilateral outcomes well short of a two-state solution are a distinct possibility.

**Ensuring the viability of a Palestinian state is a key priority, with near term policy implications.** The U.S. (and Israel) have a strong foreign and security policy stake in assuring that Palestine does not become a failed state or a zone of chaos. Substantial international funding and, above all, contiguity of Palestinian territory, will be essential to success across key sectors, from education and health to governance and security. Planning to meet these needs should start now.

**Disengagement from Gaza is a potentially transforming opportunity, but also a source of great risk if mismanaged or uncoordinated.** Assuring that disengagement does not strengthen the hand of extremists, and encourages rather than impedes movement toward final status negotiations, should be the leading near-term policy priority for the parties – and for the U.S. in its regional policy. Security arrangements are part of the equation, but prompt assistance to revive the Palestinian economy will be equally critical.



# APPENDIX: LIST OF PARTICIPANTS AND SPEAKERS

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<sup>1</sup> At least one participant disagreed, noting that with the important exception of the 1993 declaration of principles, all of the key breakthroughs have come as a result of American intervention.

<sup>2</sup> It was noted that prior to the second *intifada*, roughly one-third of the Palestinian gross national product was dependent on activity in Israel, or exports to the Israeli market. Most of this has been lost in recent years, and per capita income is now half of what it was in 2000. New infrastructure projects in Gaza alone could generate 25-50,000 Palestinian jobs.

<sup>3</sup> At least one participant disagreed with the idea that money is the answer to near-term needs, noting that more international funding may simply fuel corruption and produce more votes for Hamas – a development that would work against the interest in security and peace. Another participant noted that some of this increased funding might usefully be devoted to paying-off violent or intransigent actors.

<sup>4</sup> Many would argue that contiguity is also an imperative for future arrangements in the West Bank.













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