

THE BROOKINGS INSTITUTION  
Saban Center for Middle East Policy

LUNCHEON REMARKS BY AMI AYALON  
WITH MARTIN S. INDYK, DIRECTOR  
SABAN CENTER FOR MIDDLE EAST POLICY

Washington, D.C.

Wednesday, January 16, 2008

## P R O C E E D I N G S

MR. INDYK: Good afternoon, ladies and gentlemen. Welcome to the Saban Center at Brookings. Happy New Year. We are very glad to have you all back for the start of the season. And we are especially honored to begin our program for 2008 with a presentation by Minister Ami Ayalon. Ami is a minister in the Prime Minister's office of the Israeli government. He became a minister in September of last year. Prior to that he was elected to the Knesset as a member for the Labor Party in 2004 and served on the Knesset Foreign Affairs and Defense Committee. Before that he played a very important and quite unique role as co-chairman of the Peoples Voice, the other co-chairman was Sari Nusseibeh, and during that period from 2003 on, Ami and Sari Nusseibeh formulated a set of principles for Israeli-Palestinian peace and coexistence and then took it to their respective people, mobilizing more than 400,000 people from both sides in support of their agreed principles for settlement.

Prior to that, Ami served with great distinction of the Director of the Shin Bet, the General Security Services, and during that period he played a very important role not only in the period during the Oslo agreements in building relations with the Palestinians on the security level, but also in terms of internal reform within the Shin Bet. He was responsible for instituting an ethical code there. I remember very well one instance in which Ami having retired from the Shin Bet and I as ambassador in Israel met. I was seeking his understanding of what happened with the intifada and what exactly Arafat was up to. He described to me in his usual sharp analytical way that Arafat was now riding a tiger and every new demonstration followed by deaths inflicted on Palestinians by Israeli soldiers was fueling this tiger, pumping adrenalin into it and that the intifada would not end until the tiger exhausted itself. I am not sure at that point, which was in October 2000, if even you expected that it would last for 6 years or so before the tiger became exhausted. But from my years

of working with Ami I gained a great deal of respect for his ability to analyze the situation that Israel found itself in, clearly without bias and prejudice, and for his deep commitment for trying to find a way to resolve the Israeli-Palestinian conflict. I should finish the resume by saying that before he went into the Shin Bet as director, Ami was the head of the Israeli Navy. He was in fact an admiral, and that probably explains more than anything else about him.

I have asked Ami to talk today about the problem of Hamas and what to do about Hamas. I am sure that we will get into a lot of other issues that are related to that question, but I have asked him to begin by addressing that question which has of course great immediacy given the conflict that has taken place and continues to take place across the border between Gaza and Israel proper with a new barrage of rockets yesterday and forays by the Israeli defense forces and the news today in Israel of the expectation that there will be greater conflict there.

Ami, it is great to have you here. Thank

you, and we are very interested in hearing what you have to say.

MR. AYALON: Thank you, Martin. I feel that it is very unfair to start with this question. It is not quite an easy question, but I want to say something about the tiger that you just mentioned that we discussed several years ago when I described Arafat riding on a tiger. What happened to the tiger is he became very confused, not tired. He became confused and in a way he stopped because of the confusion. What confused the tiger was the unilateral withdrawal from Gaza, and this is true. The tiger did not expect to have any political achievement. It was violence that came from humiliation and lack of hope. It started in a very spontaneous way, and after several years suddenly they understood that they brought the Israelis to leave Gaza and they were very surprised and very confused. In a way, the confusion led them to reduce and stop violence.

But what they understood is something very dangerous that relates to the question. They

understood that the way they see us, that we understand only the language of power and the fact that we understand only the language of power is a great victory for Hamas. You have to understand that Hamas is not only a terror organization, but something much wider. Hamas is a way of life. It is a fundamental way of life. It is a movement. Hamas became a political party and a political power. But what separates Hamas from Fatah or the fundamentalists from nationalists among Palestinians is not only the way they see the future, Hamas does not accept the two-state solution, Hamas does not think that anybody has the right to give holy land, the land of Palestine is waqf and nobody has the right to give it to a non-Muslim.

But Hamas' strategy is different from the nationalist Fatah. Fatah in a way during the late 1980s and the beginning of the 1990s accepted the strategy of diplomacy. They came to the conclusion that the violent revolution failed and that if they want to achieve something much less than they

expected, they have to use diplomacy. Hamas never accepted it. Hamas saw jihad in every kind of violence, violence like intifada, violence like terror. This was the strategy.

Finally, the Israeli unilateral resolve became the great victory of the strategy of Hamas. In a way this is what we are facing today. We are facing a situation in which the Palestinian society believes in power, believes in violence. They came to the conclusion that we do not understand, we Israelis or the world, do not understand any other language.

When we ask ourselves what can be done or what should we do, I want to take you back into the 1990s, the time when we were younger, Martin was the ambassador, I was the director of the Israeli Shin Bet, and life in the region was very interesting then as it is today. In fact, it is very interesting during the last 5,000 years, so nothing new in the Middle East.

I became the director of the Israeli Shin Bet during late January of 1996, about 2 months after

the assassination of our Prime Minister Yitzhak Rabin. When I became the director we Israelis lost 57 people and 217 wounded in less than 2 weeks, in the last week of February and the first week of March 1996. Later during the following years, 1997, 1998, 1999, and 2000, we reduced dramatically the level of terror. It was almost a linear line during the 12 months before the intifada. From 1999 through 2000, we lost one Israeli as a result of terror, 12 months, one Israeli. How did we do it? This is one question. And can we repeat this achievement? This is the second question.

It was not because of the Israeli Shin Bet. I was the director so I can confess. We did a great job, but the Israeli Shin Bet did a great job later and we lost 1,300 Israelis during the intifada. We killed 4,000 Palestinians. During the last 2 years, we killed 1,200 Palestinians, 2006 through 2007. We came to the conclusion that victory is not measured by how many Palestinians we kill or how many times we conquer a Palestinian city. The question of how we reduced the level of terror still exists. It was not



because of the Israeli Shin Bet. So what happened?

We saw a very interesting correlation between the level of support of the Palestinian people in polls. Khalil Shikaki ran polls at that time every month. He is still doing it. Very interesting. I met him later, he is a very good friend today, and I think that he was very embarrassed when I told him that for me his polls were a great source of intelligence. Well, he said, this was not my intention. But anyhow, correlation between the level of support of Palestinians in the peace process and the level of terror executed by Hamas. In addition, almost the same correlation, level of support in the peace process and the level at which the Palestinian Authority to fight terror cooperates with us.

Why did it happen? We have to understand what is Hamas. As I said before, Hamas is not al-Qaeda. Hamas is part of the Muslim Brotherhood. It is based on the Palestinian street, Palestinian support. Hamas created a charity infrastructure, an educational system. Hamas cannot act against the

Palestinian street. Hamas will use terror much less if the Palestinian street will not support it. If Palestinians support the peace process, they will not support the terror. Finally Palestinians are looking for the end of occupation, a viable Palestinian State, better education, better economy, less corruption. This is what most Palestinians want. Only between 15 to 18 percent of the Palestinians believe in Hamas's fundamental way of life. The rest who voted for Hamas, between 40 to 45 percent, who brought Hamas into power after the withdrawal from Gaza, did so because they came to believe first Fatah did not deliver, diplomacy does not work, Fatah is corrupted, and Israel understands only the language of power. This was why they elected Hamas. Most of them do not believe in the Hamas way of life, do not accept Hamas ideology. They came to the conclusion that only Hamas can deliver.

We had very good intelligence information on the discussions within the leadership of Hamas when they decided on the terror policy. It was very

interesting to know that Sheikh Yassin - he was the founder of Hamas - asked every time what will be the reaction of the Palestinian street when Hamas will use terror. It was very important for him to know what will be the reaction of the Palestinians because he did not want to act against the will of the Palestinian street. He understood that the power of Hamas comes from the people in the street.

The first correlation was once Palestinians believe in diplomacy, once Palestinians believe that it will bring them what they want, by the way, it was very strange, you can ask and you are right, how come? Do not tell us that they believe Bibi Netanyahu. No, they did not. But at that time they believed Americans and the American president. They said, okay, Bibi Netanyahu will not deliver, but we rely on the American administration. We believe the promises made by the American president. And this was why in a way they influenced Hamas' terror policy. In addition, the second parameter, second correlation, once this was the will of the street, it made it

possible for the security organizations of the Palestinian Authority to fight Hamas without being perceived as our collaborators. I used to meet them every month. I suppose that Martin met them every 2 weeks. But anyhow, I met them every month in order to cooperate, in order to share information, intelligence information. At that time they had more Hamas activists in jail than we had. We interrogated Hamas activists together. We sent Palestinian units to arrest Hamas activists based on our intelligence. I used to meet them every month and they used to tell me, listen, we are not your agents. We are not your collaborators. We are doing it only because we believe that at the end of the road we shall have our Palestinian State and the end of occupation, et cetera. The moment that we shall not believe, forget about us. And if you ask me what happened in summer of 2000, Palestinians stopped to believe. By the way, we saw it in the polls during the end of 1999 and the beginning of 2000 and the second intifada was written on the wall in Arabic, English, Hebrew, you just had

to read it. It was clear that we shall have a second intifada. In our papers we called it a wave of violence at the end of 2000 because this was the time when Ehud Barak promised to have a final agreement.

Why it is important? It is important because the whole idea of fighting Hamas is, yes, we have to use power. Yes, we have to prevent terror. Yes, we have to kill anybody who is trying to kill us if we cannot stop him in a different way. But it will never be enough. In order to win Hamas, we have to separate Hamas from its source of power, from the Palestinian society. And in order to do it we have to create hope for the Palestinians. We have to change the dictionary in which we speak with the Palestinians. We have to persuade ourselves and Palestinians that we speak not only the language of power, that we speak the language of diplomacy. This is what we did during several years during the 1990s and this is what we have to do now.

Since I promised to open just with 10 or 15 minutes, I will close my opening remarks by saying

that I think that the policy when it comes to Hamas, we have to understand what is Hamas as a phenomena, we have to understand that Hamas' support among Palestinians is decreasing. In the last poll by Khalil Shikaki a month ago, is the first time during the last 3 or 4 years that Hamas is weaker than Fatah even in Gaza. We have to understand that once Hamas started to shoot on Palestinians in order to maintain power, it means that it is losing support, it is weaker every week. But it is not enough to create economic pressure and military pressure. In order to succeed we have to show an alternative. We have to show that pragmatism brings results. We have to show that we can fight the people who fight us, but we can speak with the people who speak to us, and we can deliver. We can show achievement on the political process. If we shall do it in parallel, I think that in the near future, a few months, what we shall see is a further decrease in Hamas support among Palestinians, we shall see a split between pragmatic Hamas leaders and more radicals. I can even try to

predict that Ismail Haniyeh inside and Musa Abu Marzouk outside will lead the pragmatic line of Hamas. What will be exactly the scenario is very difficult to predict, very difficult because events like yesterday can destroy everything. But if we shall restrain the use of power, we shall use it as targeted as possible, I think when they will negotiate, and I have to remind you that Hamas and Fatah are negotiating every day, when they will meet, if Abu Mazen will come to this meeting with a political achievement, Abu Mazen will prevail and the pragmatic leadership of Hamas will accept his leadership and will allow him to take the political process forward. Of course, if we shall not show any achievement when it comes to settlements, when it comes to checkpoints, et cetera, Hamas will prevail.

As a final mark, I met Khalil Shikaki I think a month ago. He reminded me of an article that he published in "Foreign Affairs" 10 years ago, in 1997, under the title "Peace Now or Hamas Tomorrow." I do not remember if it is tomorrow or later, but

anyhow it is the same. So it took Hamas 10 years to win elections and to lead the Palestinian society politically. The situation is very similar. When we see the next 10 months, this is our dilemma, whether we shall achieve agreement, a framework of agreement, agreed paper, that define the parameters and in a very clear way the core issues of agreed settlement, or we shall see Hamas and probably even al-Qaeda winning in the West Bank and Gaza. Thank you very much.

MR. INDYK: Thank you, Ami. That was very clear, and I just want to follow-up with what seems to me like a logical corollary to your argument. You said hope is the answer to Hamas, but the strategy that your government and therefore you are pursuing at the moment appears to be aimed at providing hope to West Bank Palestinians and despair to Gaza Palestinians. How does your thesis apply to the specific issue of the Palestinians in Gaza? Are they affected by what happens in the West Bank? Is that the logic of your policy? Or should something else be done to the Palestinians in Gaza to give them greater



hope?

MR. AYALON: No, the way I see it, Palestinians in Gaza are watching us, watching their leaders in the West Bank, and they watch their leaders in Gaza. As long as they will see that their leaders in Gaza do not succeed and cannot deliver, and in addition, when they see television and they read newspapers, they will see that Abu Mazen succeeds and the situation in the West Bank is improving and we are evacuating settlers, they will understand that they have to do something when it comes to their leadership, and this is the whole logic. I do not think that we have to open gates in Gaza. I think that we have to keep military pressure and economic pressure, as long as we do not create a humanitarian disaster. But they have to understand that we understand the language of power, but we understand the language of diplomacy. We fight radicals and we empower pragmatics, and this is the whole idea. I think that they live both scenarios in the same day.

MR. INDYK: Thank you. Let's go to the

audience. The first is George Hishmeh. Please indicate to me if you would like to engage in this conversation.

MR. HISHMEH: I was for a while confused by your position. I thought you are critical of the Israeli government's policy in Gaza. If you are, explain. If you are not, I do not know why you are not because the Palestinian leadership in the West Bank is losing support because of what is happening in Gaza. In fact, they declared three days of mourning in the region. How do you explain that Israeli policy versus the negative reaction on Abbas and his group? Thank you.

MR. AYALON: I do not want to discuss the last 24 hours. I agree, by the way, that every event, every incident, every tragedy can take us to another planet. But I do not criticize our policy in Gaza. I think that Israelis suffer from Palestinian violence in Gaza. We left Gaza I have to remind you, and we do not control Gaza. As long as Palestinian violence will go on, we shall have to react. We shall not only

have to react, we shall have to stop it.

I said that it will never be enough. The use of power is necessary, but it never enough. In parallel we have to create alternative. The alternative is to give Abu Mazen as much as we can. If you ask me why do you not evacuate illegitimate outposts, why do you not release more checkpoints, this is something that I agree that we have to do more, because if we shall not show achievements, if we shall not show progress on the political process between us and Abu Mazen, it will not work.

MR. INDYK: Steve Rosen?

MR. ROSEN: Your central point that when hope goes up violence goes down sounds like a truism, but actually there is a whole political science literature that says the opposite, that the periods of political violence often correlate with periods in which hope is going up and most political violence does not occur when things are at their worst and getting no better but, rather, for example, the famous book by Crane Brinton "The Anatomy of Revolution" but

there are many such studies. Specifically in the Israeli case, in 1999 and 2000, your government, the Barak government, broke with all the red lines on the Israeli side. More than half the ministers in Barak's government resigned in protest. His government was collapsing because of internal opposition. He showed the way that people understand that he was taking a chance, a little bit like Anwar Sadat, when the amount of opposition showed the sincerity of the change. But within months we got the intifada. So can you really say that increased hope reduces violence?

Finally, would Hamas really back off if there really were a diplomatic breakthrough between for example Minister Livni and -- their issues in the conflict, would that really disincentivize leadership from attack or increase the incentive to attack?

MR. AYALON: My advantage is I did not read all these books. I just saw it happening, and I believed what I saw. I saw it happening between 1996 to 2000. I know why it happened. Probably in my next incarnation I will write a book about it, so there

will be another book that contradicts all the other theories.

What I am trying to say is that with all the respect, I think that I am trying to be very sensitive, you are making a mistake because you see their reaction and you do not ask them why act the way they do. You give the Israeli version. If you will ask the average Israeli, he will tell you in Hebrew exactly what you said, well, we gave them everything and they responded in violence and intifada. This is the Israeli version. But unfortunately there is a Palestinian version. If you will ask the Palestinian what happened during the 1990s, he will tell you, listen, they cheated us, all of us, Israelis, Americans, everybody. They promised us that we shall have a Palestinian State, and what did they do? When we started the process in 1993 and 1994, they had 100,000 settlers. By the way, they do not count the settlers in Jerusalem -- the Jewish neighborhoods in Jerusalem because the figures would be much higher. Let's assume we Palestinians gave up the neighborhoods

in Jerusalem. They did not, but the figure outside Jerusalem is 100,000. After 6 years when the process collapsed, they saw 220,000 settlers. So instead of feeling that they are getting more and more state, they feel that they see more and more settlers, more and more checkpoints, more and more settlements, and they feel cheated, and this is the Palestinian version.

When we ask why they behave the way they do, we have to ask them. And even if we do not like their version, we have to listen because otherwise there is a huge gap between the Israeli version and the Palestinian behavior. I still assume that Palestinians behave the way they understand reality and not the way I understand reality. By the way, I am not sure that I accept their version, but I have to listen to it. Every time when we Israelis said this is diplomacy, constructive ambiguity is something great, it was invented here in America, but in the Middle East it does not work. There are many books about it. But in the Middle East, ambiguity creates a

sense of conspiracy. If you do not say it in a clear way, probably you have bad intentions and the whole process that was aimed to create confidence, destroys confidence. This is why it is so important for Tzipi Livni and Abu Ala to succeed now, because finally after 7 years we understand the mistakes of the methodology of the 1990s. Constructive ambiguity will not work. The idea that we shall keep it ambiguous because it is too painful, too sensitive, do not touch it--this is why the whole essence of Annapolis is to accept a different methodology. I said that Tenet will not work, I said that Mitchell will not work, because it was a repetition of what was wrong. The whole idea of Annapolis is to open a new parallel track in parallel to the process for the implementation that will take years, but it is gradual and conditioned. Every stage is conditioned to the other to open a new fast track in which in 8 months we shall agree on the core issues. It will be only a paper, but the importance of this paper is huge. Do you know why? I used to navigate for many years, and

I can tell you in order to navigate it is not enough to have a map. You have to have a clear destination. If you do not know where you want to go, the best map will not serve you. Sailors used to say that for a captain who does not know where he wants to sail, there is no wind on earth that will bring him there. This is the roadmap. If there is nothing said about settlers, refugees, the right of return, Jerusalem, security, as long as we shall not agree on these issues, we shall not have the energy to go forward in this very painful matter.

MR. INDYK: I just want to follow up on that one point and one question. The point is just to add that in 2000 there was one other factor that I think played an important role, and I wonder if you would agree with that, which is that the unilateral withdrawal from Lebanon played into this whole issue in a way that the unilateral withdrawal from Gaza later on as you already pointed out played into the argument that force works. I think it is perhaps a broader point about the way in which what happens not



only between Israelis and Palestinians, but what happens between Israelis and other Arabs in conflict, and even what happens in other parts, if it is between the United States and Iran, it can impact in terms of this argument between violence and diplomacy.

Second, there is just a short follow-up question. You said just now that the purpose is to reach agreement on the core issues. President Bush has now declared a different purpose, at least as I understand him in the language of diplomacy. He says that he believes and his objective is to achieve a peace treaty before he leaves office. So we might not have ambiguity now, we may have rather confusion about objectives. I wonder whether you have a comment on that.

MR. AYALON: I think that we have to achieve an agreed paper which is clear enough in order to create hope. I believe that we can achieve an agreed paper which is a kind of framework for a very detailed peace agreement. I did not hear the president. I think that peace agreements the way I understand a

very detailed, and I do not know how many books when it comes to timetables, to many details when it comes to water issues, security issues, borders, refugees, whatever, it is, I don't know, it seems to me almost impossible. We just discussed it. As you know, I did not vote for Ehud Olmert, I belong to the Labor Party, so we discussed it within the party and we understand that, first of all, implementation will take time. Many years. Whether we shall receive a detailed agreement or a framework agreement, I think that it will be a miracle. But where else do you see miracles but in the Middle East? We saw miracles in the past. I understand that it is very, very difficult, but we should not give it up because we understand, first of all, that today on one hand we are very realistic. I do not use the term peace in my presentations. I think that we abused it during the 1990s. We had too many peace nows, a new Middle East. We are much more realistic and pragmatic today. We are looking for agreement, stability, security, and peace will follow after our lifetimes. But we have to understand, I am

not an historian, probably you can correct me, but I think that this is the first time when we have three leaders who find it, almost depend on it. I am not an American, I do not know how or why the American president changed his policy and became so involved. I am glad that he did. But I know that in the Middle East, two leaders who depend on achievements on this process, Ehud Olmert knows that he will not exist as a political leader if he will not show progress, and it is the same for Abu Mazen.

So it is a very, very powerful factor. I think that leaders before thought that it will be great if they will do it, but they do not depend on it. I think that both leaders came to the conclusion that it is very, very important for their people. Both of them really believe that this is what they owe to their people and that time is running against the concept of two states. In addition, both of them understand that politically they depend on it. Abu Mazen will not survive as a political leader if he will not show process, and it is the same for Ehud

Olmert. So this is probably some optimism to show that if it will be, it will be a miracle, but a miracle with some help from political leaders.

MR. INDYK: We also see miracles in New Hampshire. Melissa?

MS. MAHLE: Melissa Mahle, C&O Resources. As you will remember, I was in the territories from 1996 to 2001 and from my -- in working with the Palestinians, hope did not die in 2000. Hope had a very long and tortured death during that period of time. One of the biggest issues at least in my conversations with Palestinians always was the difference between what was happening in negotiations on the political level and what was happening on the ground. I am struck by your commentary today because you are talking about 5 or 8 months working toward a paper, an agreed document. My question is, the Palestinians having had the experience from their world view that what happens on the ground is actually far more than what happens in the political process, how do you envision a fundamental transformation of

the public view that process will be sufficient with the promise that that agreement will be implemented many years down the line? How do you see that as being the trigger that will really change the hearts and minds of the Palestinians?

MR. AYALON: You are very right. I think that most Palestinians will expect to see something on the ground and if they will not see it, no matter what we shall agree and what paper we shall sign, and this why, I did not mention it, but in Israel I am known by a reputation, not always a good reputation, by the way. We the Labor Party have to make it very clear to the prime minister that we shall support him as long as he is going in this direction. But in addition, we have to freeze totally all the settlements and new construction of settlements, and we have to pass the law of compensation to every settler who wishes to return. I think that politically it is achievable from the Israeli point of view. According to our polls, by the way, more than 30 percent of the settlers who are living on the eastern side of the

fence are ready to come back into the State of Israel the moment that they will be compensated. So if we shall be able to do it, we shall see thousands just moving because they accept the fact that it will not be Israel, some day it will be Palestine. I do not think that we have to uproot legitimate, what we call legitimate, settlements until we shall have agreement with the Palestinians, but we shall have to do it, what I said before, to pass a law immediately.

In addition, we have to create the situation in which the Palestinian economy will be able to, first, survive, and then to succeed, and the first condition is to reduce dramatically the number of checkpoints between Palestinian cities. If we do it, I think that, first of all, Palestinians will see what they call immediate change because the checkpoints, I think that this is the daily humiliation on one hand, and on the other hand it makes it impossible to create any viable economic model when you cannot transfer goods from place to place. So I agree, I accept your remarks, and we demand them to fight terror and to

create a democratic administration, but it is for us to show that we are capable to deal with the settlements and checkpoints.

MR. INDYK: Ori Nir is next.

MR. NIR: I am trying to seek some optimistic inspiration. I would like to ask you to address three dimensions of the question of irreversibility. There is an argument out there that the situation is irreversible and I would like to ask you to comment on three things that I hear a lot when people talk about this.

One is the situation on the ground but you addressed now but not in a comprehensive manner, not just settlements, but the other elements of Israel's presence on the ground in the West Bank. The other is the issue of the collective Palestinian psyche. There is an argument out there that the Palestinians mind, consciousness, has been branded -- that not only Israelis only understand force, but that Palestinians have to seek revenge. The third element or the third dimension has to do with Israeli public opinion, and

that is what seems to be a total indifference in the Israeli public. The Israelis do not care anymore about the conflict. Can the conflict be resolved when Israelis are so detached?

MR. AYALON: I will tell you a story. You mentioned revenge. I did not plan to go into politics. It was a very strange idea. I did not like the idea. I remember that after I retired from the Israeli Shin Bet, I was not surprised when the intifada started. It was very violent. We met several Palestinians and several Israelis in London, it was several months after the intifada started, to discuss what should be done. As you know, in London everything is more, how do you say, more convenient, more easy. Even the despair is easier. The meeting was okay and we enjoyed it very much, and while at the same time hundreds of people are dying on both sides of the no border in the Middle East. In one of the coffee breaks I remember I prepared myself a cup of coffee and a Palestinian approached me. He is a psychiatrist, Iyad Saraj, from Gaza. He is very sick



now. He comes to me. I met him when I was director of the Israeli Shin Bet because I decided that I have to meet Palestinians, not only agents or people who we interrogate, but Palestinians in order to understand the Palestinian society. So in spite of the fact that he was not a terrorist, I met him. We discussed and we became friends. So he comes to me and he says, Ami, finally we won, we Palestinians. I asked him, Are you crazy? What do you mean you won? You are losing. So many Palestinians are dying every day. You are losing your small pieces of state. You will lose your dream of having an independent state. What is victory for you? He tells me, Ami, after so many years, you do not understand us. Victory for us is to see you suffer. This is all what we want. Finally after 50 years we are not the only ones who suffer in the Middle East. And finally we achieved a balance of terror, of power, your F-16 versus our suicide bomber. As long as we shall suffer, you will suffer. Usually, as you probably know, I have very quick answers. I have to admit that I had no answer. I told him, Go to

hell or something like this. It was not the right answer.

But I remember I came back to the table and I asked Professor Mary Kaldor from the London School of Economics, she was the moderator, to postpone the whole previous agenda and to discuss what is victory in the Middle East today. We had no conclusions, but I found something very sad, that we Israelis are looking for the same. When it is very painful, when we lose people, when you see a bus destroyed and many people dying, all what we want is revenge, and the tragedy of the Middle East during the last decade, we lost the sense, the essence, of victory. We do not understand that victory is not how many Palestinians we kill or how many times we conquer Palestinian cities, as I said before. Victory is how close we are to see Israel as a Jewish democracy. This is something that we have to remind ourselves. It is for the leadership to remind Israelis and Palestinians that victory is not revenge. And sometimes we have to come to our people and to tell them we are not going

to invade Gaza. We are very angry, it is very painful, but we are not going to do it because it will not bring us closer to victory in the sense of to see Israel as a Jewish democracy.

Whether it is too late, it is never too late, and I will tell you why. Too late is a very pessimistic conclusion. People who are saying too late do not come from a new approach that will bring Israel to be Jewish democracy. They just give up. People who tell me that it is too late tell me Israel will not be a Jewish democracy. I am not ready to accept this assumption. No matter how painful it will be, no matter what will be the results, I believe that the whole idea of Zionism is to create a state which is a Jewish democracy and if it is too late, I have nothing to look for in political leadership and this is not something that I am going to accept and that is it.

MR. INDYK: We should end there, but we still have 20 minutes and a lot of people who want to speak. I have just one quick question that your

eloquent remarks just prompted which is can you comment on this whole issue that has now arisen between the Israelis and the Palestinians over the question of whether the Palestinians should recognize Israel as a Jewish state?

MR. AYALON: Israel is a Jewish state whether the Palestinians will accept it or not, that's it, at least if it is not too late. If you ask me whether we should put it as a condition to negotiate with them, no. But if you ask me finally the agreement will start by saying Israel is the state of the Jewish people and Palestine is the state of the Palestinian people. But it should not be a condition in order to start negotiations. Ami, I am going to take two by two.

MR. AYALON: By the way, it was decided in 1947.

MR. INDYK: Right, by partition.

MR. AYALON: Right. A state for the Jewish people and a state for the Arabs no matter, the Palestinian people.

SPEAKER: (inaudible)

MR. AYALON: No, no, no, 181 is not acceptable anymore. You can go back to the paper that we agreed with Professor Nusseibeh. This is the first sentence, Israel will be the state of the Jewish people, Palestine of the Palestinian people.

MR. INDYK: I am going to take two at a time, so if you will take notes. The next two are Paul Pillar and Marvin Feuer.

MR. PILLAR: In your opening comments you have suggested that if there were more hope among the Palestinian people to finally achieve their state, this would exacerbate divisions within Hamas and that more moderate or pragmatic leaders like Haniyeh would sit down and speak with Abu Mazen, and in your words that Abu Mazen would prevail under those circumstances. The question is, could you speculate a little bit more about just what the content of such Palestinian to Palestinian discussions would be? What exactly does Abu Mazen prevailing mean in those circumstances? What would someone like Haniyeh be

signing up or agreeing to? What incentives would Abu Mazen have for getting that agreement? And what political role if any would there still be for someone like Haniyeh?

MR. INDYK: Marvin?

MR. Feuer: I am also reluctant to move away from your eloquent conclusion which could have been the ending of our session, but to come down to a very practical question. If there is to be a Palestinian State, it will have to have institutions that function, and you have had a lot of experience in the past working with Palestinian security institutions. I wonder if you can compare your view today of the status of those institutions and the efforts of Abu Mazen and our own government here to help build those institutions in the West Bank, compare their capabilities today and the hope today in that regard, to what you experienced when you were the head of the Shin Bet a decade ago?

MR. AYALON: In spite of all the violent clashes between Hamas and Fatah activists, and many

other differences between people who are living in Gaza and people who are living in the West Bank, Palestinians see themselves as one people. It is a very, very powerful power that brings them to talk to each other. They do not accept the division between Gaza and the West Bank and both of them are looking for a way to unite. The question is under whose leadership.

In addition, you have to understand, probably it is not seriously something to say, but Palestinians accepted the idea of democracy. We have to remember that Hamas at least in the elections took over by a very democratic system and Hamas understands that violence does not work. Hamas understands it today. Hamas understands it because Hamas sees the decrease in the support of the street, and I said before, for Hamas this is the source of its power.

When they will meet, they will try to discuss whether they can agree or they cannot agree on what they agreed in Riyadh a year ago. What they agreed was that the president is Abu Mazen. He will

lead their negotiated agreement with Israel. Finally, he will have to bring it to a referendum. This is what they agreed a year ago. I can see a scenario in which if Hamas will lose power, Haniyeh will be able to accept again the same agreement. I can see even a different scenario, I cannot measure it, but in certain conditions, we can even see a Palestinian intifada against Hamas in Gaza. I cannot tell you that it will happen, but it is a possible scenario. It is not in our favor, by the way. It is not in our favor because chaos will bring al-Qaeda which is much more radical than Hamas. So I do not think that we Israelis should look for chaos, but we have to be very careful because as I think Martin indicated or in a very polite way said, that the situation in Gaza is not far from being chaotic. Once you start to create pressure, you cannot measure it every day, and this is why it is so sensitive.

What Palestinians are doing from the security point of view today, of course one big disadvantage or change for what I saw during the 1990s



is that Fatah does not exist as a political party. Fatah was destroyed first by Arafat. When he created the Palestinian Authority he thought that a political party is a liability, is not an asset. So in a way he did not help Fatah as a party, and it was destroyed totally during the last 5 years.

On the ground they are trying to do something that 6 months ago I could not imagine. I think that with some help from Europe and America they have some capabilities. For example, I do not think that many of you know that during the month of December they arrested 250 Hamas activists. This is something that you will not see in Israeli papers. They are very active and they get to my understanding good results in law and order, and in the way they fight Hamas mainly in Nablus they still have a way to go to reach the level of the late 1990s, but you see progress and you understand that law and order is the first move and they understand that unless they achieve law and order and fighting Hamas, they will not be able to come to Israel and to ask for opening

checkpoints, et cetera. So there is a lot of effort but still a long way to go in order to reach the level of the late 1990s.

MR. INDYK: Thank you. Next is Saad Arikat and (inaudible)

MR. ARIKAT: Knowing what you know and saying what you said, one gets the impression that you feel that time is running out on the viability of the two-state solution. How and when calendar-wise do you think that time will completely run out on the viability of the two-state solution?

MR. AYALON: Not in my lifetime.

QUESTION: Mister Minister, thank you very much for your comments today. I have a question and a comment. First, I wonder if you could frame the broad strategic issues that are related to Hamas, in particular, the role of Syria, Hizballah, and Iran. Second, I wonder if you could share with us how you reconcile a nation-state describing it self in terms that it excludes some significant portion of its population, i.e., the Arab non-Jewish state citizens

of the State of Israel, the Zionist dream, how does it appeal to them, because it seems on the basis of what I have read from Israeli scholars who are either post-Zionists or non-Zionists that a citizen of the State of Israel should expect his or her government to advocate on their behalf irrespective of their particular religious faith, so therefore, citizens would hope for a state of all of the people of Israel and not simply for the Jews.

MR. AYALON: For the first question, I cannot give you an answer because for me it is a kind of paradigm. I do not accept that it is too late or it will be too late. The only option for me to accept it is if somebody will come to me and will show me how to see Israel as a Jewish democracy based on a different concept. Until now nobody did it, so as I said, the implications of knowing that it is too late, I cannot accept it.

As for Hamas, I think that we exaggerate. When we claim that the influence of Syria, Hizballah, or Iran, I think that Hamas is not influenced.

Sometimes it is financed. Relations between Hamas, Hizballah, Syria, and Iran, are very instrumental. Hamas is part of the Muslim Brotherhood. Hamas cannot accept any superiority of a Shia way of thinking so it will never see itself as a follower, support, or whatever of Hizballah or Iran. Of course, Hamas is influenced when they see that are running away in Lebanon, so of course they learned something, but it is very instrumental. It is not influenced. Ideology plays a very important role in Hamas policy and in Hamas activity and ideology is not influenced, nor by Hizballah, nor by Iran or Syria.

What is the meaning of a Jewish democracy when between 15 to 20 percent of the citizens are not Jews? It is a great question. What I say is that let's talk about it. The problem of the Israelis is that we do not talk about it. We postpone it. We suppress it. We are running away from the question. What I say is that in order for this debate to be open, this is the Israeli debate, this is the Israeli debate. We are not doing it during the last 60 years.

In order to open it, we have to agree on the two-state concept. Why? Because to my understanding, it will not be easy, but it will be easier for an Israeli Arab to accept the fact that he is a citizen in the state of the Jewish people as long as he knows that on the other side of the border there is a Palestinian state that gives meaning to his national aspirations in which the calendar, the flag, the symbols, the way they celebrate their holy days, and the stories that they tell in the schools, is the Palestinian version. It will not be easy, but it will be easier. This is why it is so important to achieve this concept. Once we achieve it, it will still be very difficult. We shall have to give civil equal rights to every citizen, something that we did not do enough during the last 60 years. As part of my duty in the prime minister's office, I lead the initiative and the concept of civil service. We are not going to demand from Israeli Arabs to serve in the military, but we are going to first open and to give them the possibility to volunteer to a kind of civil service in

hospitals, in local communities, in schools, because the idea of a partnership and citizenship should be based on the idea of service.

If you ask me, this is exactly the discussion and it will by the way very painful among Jews. If you ask me, I think it depends when do you ask me whether Israel should more Jewish or more democratic. If you ask me on Yom Kippur, I want Israel to be much more Jewish than democratic. If you ask me in the middle of the week, I do not want Israel to be Jewish in the street. I want to see total equality. And if you ask me on Saturday, let's talk about it. I lost many voters because I said that businesses should be closed on Saturday. As you understand, many kibbutzes are making a lot of money during the weekend, but this is exactly what we have to agree to.

MR. INDYK: I am torn. We have 2 minutes left and two questions, which makes it impossible. So I think with apologies to the last two --

MR. AYALON: We will have questions without

answers.

MR. INDYK: That is too Jewish for me.

MR. AYALON: Sometimes the person wants to ask the question.

MR. INDYK: Right. We have no use with 2 minutes. With apologies to those who I was going to call on, I want to just close by saying to Ami, thank you for a fascinating analysis and a lot of provocative thoughts, and we are grateful to you and may you go from strength to strength.

MR. AYALON: Thank you very much. Thank you, Martin. Thank you very much.

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