

BROOKINGS SABAN CENTER

MIDDLE EAST PEACE

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Good Afternoon. First let me thank Martin Indyk, the Saban Center, and the Brookings Institution for hosting me today. In the nearly seven years since its founding, the Saban Center has made its name as an invaluable forum for dialogue on America's Middle East policy. It's a special honor to be here with Martin, who as America's Ambassador to Israel and a member of President Clinton's Middle East negotiating team, knows firsthand the pitfalls and the promise of making peace.

And that's what I'm here to talk about today. We have reached a new moment in an old conflict - a conflict that has confounded leaders and diplomats for decades and which to many seems more intractable today than at any time in recent memory. I am convinced that despite Palestinian divisions, renewed outbreak of war, continued firing of rockets from Gaza—over a dozen in the past week alone—and Israel's political turns, this can actually be a moment of opportunity.

We all understand that peace will not come to the Middle East overnight or easily. But there is a path forward. And if we are to avoid greater conflict and perpetual confrontation, we must pursue that path now with urgency.

On my recent trip to Egypt, Jordan, Syria, Lebanon, Israel, the West Bank and Gaza, I felt the frustration and hunger of people on all sides who have grown tired of broken promises, tired of peace talks that lead to more war, tired of more war that leads to more desperation and more cynicism. I saw a region made wary by the failures of the past—but also keenly aware of two truths about this particular moment:

On the one hand, the election of not just a new President, but Barack Obama in particular, presents an extraordinary chance to signal a new approach, a new pragmatism, a new

spirit of possibility – and especially a renewed willingness to listen and lead. On the other hand, we have reached a moment of great danger when rising extremism and facts on the ground threaten the basic future viability of the Israeli-Palestinian peace process.

Leadership will determine which side of the ledger we will fall on. Leadership by all – by each state in the troubled region – but above all, leadership by the United States of America. There is a window of opportunity that we must seize by showing, with actions more than words, that it will not just be business as usual in the Middle East.

Our response to this challenge will have major implications for our new President’s foreign policy worldwide. It will either be a cornerstone as we rebuild our moral authority or a millstone that weighs down every effort we make to find partners in the Muslim world and beyond. One thing is clear: what we do will have a profound impact on our security for decades to come.

It also has a profound impact right now, because the failure to make peace translates daily into very real human consequences. Nothing drove this home to me more forcefully than a recent day I spent visiting the southern Israeli village of Sderot and the Gazan town of Izbet Abed Rabo.

In Sderot, which has been the target of thousands of rockets over the last eight years, security officials told me that, from the moment they know a rocket has been fired from Gaza, people have just fifteen seconds to find safety. We learned about children in the second grade who had spent literally every day of their lives never more than fifteen seconds from danger. No child should live that way.

In Izbet Abed Rabo in Gaza, I saw little Palestinian girls playing in rubble where, just months ago, buildings stood. I’m no stranger to war and destruction, but I was moved by the enormity of the humanitarian challenge. I couldn’t help but be impacted standing in front of the ruins of the American school there and seeing the breadth of the damage. But I also saw a glimmer of hope in the faces of average Palestinians determined to carry on with their daily lives.

And I said in Gaza, as I said in Sderot, if terrorists in Quincy, Massachusetts were lobbing rockets into Boston—and it's about the same distance apart—we'd have to put a stop to it just as Israelis were forced to respond. But despite the differences on either side of that narrow strip of land, I was inspired by the determination of everyone who lives with the daily reality of this conflict. If the kids on both sides can hope for themselves, if they can persevere for a better future, then we must help them get there. And we all know what it's going to take: two states living side by side in peace and security.

Given the war in Gaza and a divided Palestinian leadership, given the failure of Israel's unilateral disengagements from Southern Lebanon and Gaza to bring peace, given Hamas' control of Gaza and uncertainty about the next Israeli government's commitment to a two-state solution, some would say the prospects for peace are further away than ever.

So why do I believe we can succeed now where we have failed before?

I believe it because broader trends present an opening to make peace possible. In fact, I see four major causes for hope, which together comprise a case for action.

The first and most important is a tectonic shift in Middle East geopolitics. The rise of Iran has created an unprecedented willingness among the moderate Arab nations to work with Israel. This re-alignment can help lay the groundwork for progress towards peace.

Second, the Arab Peace Initiative has emerged as the basis on which to build a Regional Road Map that enlists moderate Arab nations to play a more active role in peacemaking and to paint a clearer picture than ever before of the rewards peace would bring to all parties.

Third, the outlines of a final status agreement are in fact clearer than ever. The challenge is how we get there. I believe the answer is to move simultaneously on capacity-building in the West Bank and final status talks.

Fourth, the Obama Administration presents an extraordinary opportunity for a new beginning where America reclaims the role of an active and creative agent for peace. We can capitalize on this by charting a new path that will empower moderates on all sides who have been lacking political cover and losing political ground.

To start with, we need to fundamentally re-conceptualize the Israeli-Palestinian conflict as a regional problem that demands a regional solution. The challenges we face there – Iran, Iraq, Syria, Lebanon and the Middle East peace process – form an interconnected web that requires an integrated approach.

Over the last decade, the geopolitics of the Arab world have fundamentally shifted. By removing Saddam Hussein, we unwittingly created a power vacuum which Iran has filled. But just as the war in Iraq separated us from many in the Arab world, its winding down now offers an opportunity to strengthen ties and advance the peace process.

Whereas once the Arab world voted unanimously for the “three no’s”—no dialogue with Israel, no recognition of Israel, and no peace with Israel—there are now three very different no’s which dominate many discussions in the region: no Iranian nukes, no Iranian meddling, and no Iranian hegemony.

To Israel, Iran poses both an existential threat and a major obstacle to peace. And it’s easy to understand why. Israel withdrew from Southern Lebanon and Hezbollah wound up with Iranian missiles. Israel withdrew from Gaza and Hamas wound up with Iranian rockets. The Israelis are not about to let the same thing happen in the West Bank. Nor should they.

So there’s a new reality: Moderate Arab countries and Israel alike are actually more worried about Iran than they are about each other. As a result, they are now cooperating in ways that were unimaginable just a couple of years ago.

The truth is that an international initiative to prevent Iran from acquiring a nuclear weapon is an essential building block of stability in the Middle East. If we succeed, Arab moderates will be stronger, and Israel will be much more likely to take risks for peace.

The President is right to open the door to direct engagement with Iran. We all hope that a more productive relationship can emerge by exploring areas of mutual interest such as Afghanistan, where we have worked cooperatively in the past, and by showing the path to greater integration into the international community if Iran changes its behavior. I have long advocated this approach realizing that, even if it fails to achieve our goal, it will establish our own and our allies' bona fides for the tough measures that may have to follow.

Regrettably, the Bush Administration drew red lines it lacked the ability to enforce. The challenge for the Obama Administration will be to choose clear red lines and build coalitions willing to back them up. And at a minimum we need to make an enhanced inspections regime with intrusive verification capacity a top priority.

If a nuclear-armed Iran is indeed unacceptable—and I believe it is—then we must urgently build consensus around the actions necessary to avoid one. The use of force should not be taken off the table. But given the costs and risks, it is imperative that we have a strategy of diplomatic engagement backed by escalating, multilateral sanctions with real teeth. And if we are serious about sanctions, greater Russian and Chinese cooperation must be a top priority in our bilateral relations.

We can also make progress with Iran and progress towards peace by making progress with Syria, and I commend the Administration for initiating dialogue with Damascus. We should have no illusions that Syria will immediately end its ties to Iran, but that shouldn't threaten us as long as their relationship ceases to destabilize the region. It benefits us, it

benefits the region, and it benefits Syria if President Assad looks west for new relationships.

Moving in this direction is not wishful thinking. Remember, when the war broke out in Gaza, the Syrians were talking indirectly to the Israelis through Turkey. This was done over the objections of Iran. Syrian President Bashar al Assad told me recently in Damascus that he is prepared to resume peace negotiations with Israel and embrace the Arab Peace Initiative once again. Syria would like direct American participation in these peace talks, and we should play that role if our presence can move the process forward.

Syria will still try to play both sides of the fence for as long as it can. And we need to make it clear that negotiations will never come at the expense of Lebanon or international justice. But I believe, and I think President Assad understands, that as a secular Arab country with a Sunni majority population, Syria's long-term interests lie not with Iran but with its Sunni neighbors and the West.

And we have financial incentives to offer Syria that have much greater value to them than cost to us. It is telling that, even as global markets are in freefall, Syria is opening a stock market for the first time. Loosening certain sanctions in return for verifiable changes in behavior could actually benefit US businesses. And the sanctions can always be tightened again if Syria backtracks.

Our challenge is to translate these regional dynamics into tangible progress toward peace. We know that among the reasons Camp David failed was a lack of buy-in from Arab states whose support would have given Israel the broader peace it seeks and Palestinians the necessary cover to make difficult decisions. That's a shortfall we can now address.

How do we begin? By building upon the Arab Peace Initiative. This bold step never received the focus it deserved when Saudi King Abdullah proposed it in 2002. We cannot underestimate the importance that, through this initiative, every Arab country has now agreed to the basic formulation of land for peace, recognition of the state of Israel, and normalization of relations.

Now, we need to expand this premise into a Regional Roadmap that fleshes out the promise of the Arab Peace Initiative. Israelis and Palestinians have the Quartet’s Roadmap—but a Regional Roadmap would sign all of the key players onto a series of specific steps and commitments. This will take more than a brief conference: It will require a sustained multilateral effort like the one that followed the first Madrid Conference in 1991. But a Regional Roadmap would formalize the more immediate role that Arab nations must play – and it would provide real accountability.

Egypt, Saudi Arabia and Jordan have already made major contributions to the cause of peace, but all Arab nations must increase their efforts at this critical juncture. The most vital and immediate contribution the Arab community can make right now is to pressure Hamas to stop firing rockets and agree to a Palestinian unity government acceptable to all parties that agrees to the Quartet requirements of ceasing violence, recognizing Israel, and honoring previous agreements.

Going forward, Egypt must do everything possible to prevent the smuggling of weapons across its nine-mile border with Gaza. Jordan can expand upon its role in training Palestinian security forces. And the Saudis need to follow through on a significant commitment to reconstruction in the West Bank. Other Arab states have a role to play as well: Qatar, for example, cannot continue to be an American ally on Monday that sends money to Hamas on Tuesday.

Building on the Arab Peace Initiative requires that we work with Arab nations to create a step-by-step process—not just a final promise—to improve relations with Israel. Right now, the Initiative grants Israel recognition and peace with the Arab world in return for concluding a final deal. That’s not enough. Interim steps on all sides will be needed to build confidence and momentum along the way.

Finally, the Regional Roadmap must include the commitments each country is willing to make in support of an eventual Palestinian state. For our part, we need to be clear on what the United States and the Quartet will provide as well. This would expand the pie and increase the incentives for the parties to make peace. Offering them a clear look at the

benefits at the finish line will help the parties overcome their mistrust after years of conflict, and empower those willing to take the steps necessary to get there.

My third reason for hope is that we have much to build on in crafting a final deal: Negotiations since Annapolis have brought considerable progress on many final status issues. Back in 2000, President Clinton laid out what he thought were the final parameters. The time may well come, sooner rather than later, when President Obama needs to do the same.

Ultimately, however, the decision on a final peace deal belongs to the Israelis and Palestinians themselves. They are the ones who have to sell the final deal to their people. And they are the ones who will ultimately live with the results.

But, as Prime Minister Olmert told me, the agreement should drive the details—not the other way around. The sooner the parties work through the big three issues—borders, right of return, and Jerusalem—the more the pieces will come together. Building security, hammering out the details of governance, attracting investment, building the economy—all of these things will be easier the closer we get to a final deal. And I repeat: we know today, all of us, the essential shape that final deal will take.

Of course, even if the parties can agree on the final boundaries and other key issues, implementation – especially on the security front -- will take place over several years. All of the key elements of building Palestinian ability to actually run their own state, including progress on building security forces, the economy, and institution-building, will take time. That's why it is vital that we move quickly, with the Arab world and the Quartet, to build Palestinian Authority capacity.

For years, everyone has talked of the need to give the Israelis a legitimate partner for peace. But the truth is we all failed to do all we could to help President Mahmoud Abbas develop governance capacity and build legitimacy. I remember being in Ramallah the day President Abbas was elected and hearing him lament his lack of resources compared to what Hamas had. But for too long, we did far too little to make up that difference. We

cannot repeat that mistake. We must help the Palestinian Authority deliver for the Palestinian people, and we must do it now. In Gaza, we must ensure that we deliver desperately-needed humanitarian aid and reconstruction assistance without empowering Hamas. Having courted destruction, Hamas and Iran cannot be allowed to take credit for rebuilding, just as Hezbollah did in the wake of the Lebanon War in 2006.

Most importantly, this means strengthening General Dayton's efforts to train Palestinian security forces that can keep order and fight terror. Recent developments have been extremely encouraging: during the invasion of Gaza, Palestinian Security Forces largely succeeded in maintaining calm in the West Bank amidst widespread expectations of civil unrest. But much more remains to be done.

This brings me to my final point. While I believe there must be an enhanced role for the regional players, nothing can substitute for our crucial role as an active and creative agent for peace.

Let's be clear. Israel is one of our closest allies in the world and it always will be. We have a special relationship, unshakable bonds, and an unwavering commitment to Israel's security that will never change. And we are absolutely committed to helping the people of Israel live in peace.

In the past, we came closest to peace when we had American leadership that encouraged everyone to make hard choices and earned credibility with all sides. And after eight years that too often left the parties to their own devices, Israel has been through a second intifada and two wars that have violated Israeli territory. Clearly Israeli's security is strengthened when the United States is actively engaged. George Mitchell's appointment is a promising step in that direction. I'm certain he'll live up to the immense respect in the region he brings to this task.

Even as we work with the international community to provide more support for the Palestinian Authority, we must ask more in return. It's no secret that Fatah lost the 2006 election to Hamas in part because of a widely-held perception that they were corrupt and

inefficient. Prime Minister Fayyad has done a great deal to reform the Palestinian Authority, but they must increase their capacity to govern effectively if they are to earn back the trust of the people they represent. And to earn the trust of the Israelis, the PA security forces must demonstrate that they are willing to crack down on terrorists in a sustained and serious way.

On the Israeli side, nothing will do more to make clear our seriousness about turning the page than demonstrating—with actions rather than words—that we are serious about Israel freezing settlement activity in the West Bank.

For decades, American Presidents, Democrat and Republican alike, have opposed new settlement activity and recognized that the settlements are an obstacle to peace. But in our honest moments we would all acknowledge that this policy has usually existed on paper alone. And as recently as 2007 at the Annapolis Conference, Israel recommitted to implementing its obligations under the Roadmap, which include freezing all settlement activity.

We will defend Israel's security unflinchingly. But the fact is, Israelis themselves decided that the settlements make it more difficult to protect the security of their citizens. They're not just fragmenting a Palestinian state – they fragment what the Israeli Defense Forces have to defend.

None of us can afford to continue on the present course. In the Middle East, nothing stays the same for long. On both sides, facts on the ground are conspiring to make a solution more difficult: A younger and larger population across the Arab world, particularly in Gaza and the West Bank, will make peace impossible if they are left to grow up in a state of perpetual war and disenfranchisement. For the Middle East to avoid living in state of endless conflict, confrontation and outright war—a future, believe it or not, more dangerous than today – we must redouble our commitment to making peace now.

Each day without peace, a Jewish state becomes less Jewish, a mosaic of settlements continues to grow and threaten the possibility of a viable, contiguous Palestinian state; and

radicalism and religious fanaticism grow precisely because there is no agreement. We are all caught in a vicious cycle, spiraling down in the wrong direction, which we can only reverse with courage, leadership, and risk-taking in the peace process.

If we fall back into the same patterns of incomplete, stalled talks and small-bore negotiations, we will fail because we will empower those who don't want peace to veto the process. We will lose for years to come the goodwill and commitment of those Palestinians who have put their lives on the line to stand up for a moderate process, but who are faulted because their promises failed to produce peace, let alone a significant change in the quality of life for their people. No politician can long survive the too frequently dashed hopes of their constituency.

This won't be easy, but what I have presented today is a case for hope, and—more importantly—a plan to translate that hope into action.

We have all witnessed years where moderates have lost strength in the Middle East, and too many have lost faith in making peace. I believe we must make these the years when we restore that strength and revive that faith and finally achieve peace.