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"HAMAS VICTORY RESHAPES MIDDLE EAST PEACE PROCESS"

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AGENDA

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Moderator:

Panelists:

Tamara Cofman Wittes, Research Fellow, Saban Center for Middle East Policy, The Brookings Institution

Robin Wright, Visiting Fellow, Saban Center for Middle East Policy, The Brookings Institution; Diplomatic Correspondent, *The Washington Post*

Ziad Asali, American Task Force on Palestine

Amjad Atallah, Founder and President, Strategic Assessments Initiative

P R O C E E D I N G S

MR. INDYK: [In progress.] —situation, just because it is the Israeli-Palestinian arena, probably the most sensitive political arena, certainly in the Middle East, certainly in the Muslim world, and probably in the whole world.

And so I'd venture to say that we—nobody, not Hamas, not the Palestinian Authority, not Abu Mazen, not anybody else—really has any clear answers yet. It seems that were all groping around in a fog; quite a few of us are engaged in wishful thinking, which seems to be a favorite pastime here in Washington, when things go really wrong.

I'm not sure we can provide answers for you today, but I am sure with the panel that we have assembled, that we will be able to at least clear away the fog, define the terrain, assess what the realistic options are for all of the players, and, in this way, shine some light on the situation.

Every one of the actors involved, whether it be the United States, the international community, Hamas, President Mahmoud Abbas, Israel, or the neighboring Arab states, every one of these actors is faced with some very difficult dilemmas. And we can't resolve them for them, but we will try at least to explain them.

To do so, I'm very glad to have the opportunity to introduce first of all, Robin Wright, who is probably known to all of you. She is

one of America's most distinguished diplomatic correspondents, and now the diplomatic correspondent for *The Washington Post*.

In the past, she's written for *The Los Angeles Times*, *The Sunday Times* of London, and she's also worked for CBS News and *The Christian Science Monitor*.

During that time, she spent five years covering the Middle East. She's written for a number of distinguished journals. She's written a number of distinguished books. She is now, I'm proud to say, a visiting fellow at the Saban Center, where she is completing a book on the new faces of the Middle East.

And she was in the West Bank during the Palestinian elections as part of her research for her book, in which she spent a lot of time talking to a lot of different people around the region.

She will give us some ground truth about what is going on out there.

Following Robin will be Dr. Ziad Asali. He is the founding president of the American Task Force for Palestine; also a past president of the Arab American Antidiscrimination Committee, an astute voice of reason in an unreasonable arena, particularly when it comes to relations between the United States and the Palestinians.

Ziad was a member of the official U.S. delegation to observe the recent Palestinian elections, and he is going to say a few words about

how he sees the next steps for the Palestinians in relation to the United States and the international community.

After him will be Tamara Wittes. Tamara is a fellow at the Saban Center, and she is the director of our Arab Democracy and Development Project; and is currently completing a book on U.S. democracy promotion efforts in the Middle East. She recently edited a recently published book on how Israelis and Palestinians negotiate. She's going to talk about what all this means for America's efforts to promote democracy in the Middle East.

And then, Amjad Atallah will give a short presentation. He is the founding president of the Strategic Assessments Initiative (SAI), which is an NGO that provides advice to parties involved in negotiations in conflict and post-conflict situations. He's been a longtime adviser to the Palestinian Authority and to President Mahmoud Abbas, particularly when it comes to negotiations with Israel. In this capacity, he was heavily involved in the development of the Roadmap, and also in various failed U.S. missions—the failures weren't his fault, of course—such as the Zinni Mission and the Powell Mission, et cetera.

His most recent work is an SAI study on international involvement in the Palestinian security sector. He also had some involvement in the effort to launch some quick start projects in the Palestinian Authority that you may have read about recently. And Amjad

is going to talk about the implications for Palestinian governance of the election results.

And finally, if there's any time left, I'll say a few words about the American and Israeli reactions, and, if there isn't, you can ask me a question about that.

So, Robin, please.

MS. WRIGHT: Thank you, Martin. I think the one thing that we can all agree on is that the Palestinian election was probably the most democratic held in the Arab world. It caps an interesting year, beginning with January 2005 and ending with January 2006, in which we saw three elections in Iraq, two in Egypt, one in Lebanon.

But in all of those elections, there were flaws in—whether it was the skewing of the vote in Lebanon, because of the weighting of the ballots that divides the system between 50 percent Muslims and 50 percent Christians; whether in other places, like Egypt, it was the lack of a totally free press, the harassment by security forces, the limitations on parties or particular candidates; in Iraq, the violence.

In contrast, the election in the Palestinian territories was vibrant, robust, even festive. On the eve of the Super Bowl, I was reminded by many of the cars from the different parties running around the territories that had the little flags, like the Redskins flags they have in Washington, everyone had something—what I called election chic, because of baseball caps; Hamas, with its bright green caps; Fatah, with

its baseball cap made out of the black-and-white *kafiyya*, made famous by Arafat; the PFLP, with white caps and its red logos.

I have two anecdotes, I wanted to share: one that steps back a little bit and looks at what we've seen happen over the last generation, and one from on the ground.

In 1981, I went to the Fatah anniversary on New Year's Eve in the southern suburbs of Beirut, and it was a—Arafat gave a speech, and many of the gunmen fired into the air. And afterwards, he took a couple of those of us who were outsiders down into his bunker, and there were many of the Central Committee members, the people who created that version of the PLO, Abu Jihad, and Abu Eyad. And it was striking: one party and one man prevailed at that time.

Well, fast-forward 25 years later, and three days before the election, I was in Ramallah for a debate. And there, sitting on the stage in the Culture Palace were little desks for each of 11 candidates from 11 parties. It was really, to me, quite striking the diversity of choice and the debate that played out among them.

They argued intently over everything from health policy—and I was struck by the number of people who talked about the handicapped, about jobs, the economy. And yes, the peace process, but that was of all the issues not the dominant one. It was significantly down the list.

The one thing they did all agree on, however, was the fact that the Palestinian Authority had made huge mistakes. And the one word that you probably heard most often during the debate was the word corruption. Even Nabil Sha'ath was almost apologetic in his description of how his party had run the system.

The contrast I thought between the two scenes, from 1981 and 2006, tells a lot about what happened in a generation. Twenty-five years ago, the issue was punishing Israel and creating a state. And this election was all about the Palestinians ruling themselves.

And that leads to my second anecdote: during election day, I ran around to many of the polling stations on the West Bank, and I was struck by the number of people who told me they did not want a religious government. They did not want women to have to wear the *hijab*, or be limited in either their professional or educational opportunities—many who didn't want to cut off negotiations with Israel, and, yet, were voting for Hamas.

However, the United States or the outside world reacted to this election, for the Palestinians, it really was about the politics of genuine choice; and it was in many ways the pivotal issue, one of political and financial greed.

The one word I heard over and over and over in talking to people at the polls was thieves, and this applied not just to the bigwigs,

and the talk of cement monopolies being, you know, and all the other kind of perks that some of the bigwigs had manipulated while in power.

I met a man at a technology store, very secular, and he had voted, like many others, for Fatah or the PFLP or the independents in the past, but he wanted to open his own store, and the local police had come through and asked him for 20 percent, and so he, of course, voted for Fatah. It reminded me in many ways of the old Fatah during the days in exile and the protection rackets they ran.

You could see it again at the polling stations. There were not only—most of the parties were neatly lined up outside handing out little cards with the faces or the numbers of their candidates. And then there was another group of kind of the Fatah gangs I called them, the back street boys, not after the musical group, but because they really looked like they came from the back streets. And they were kind of—in many stations, they were kind of an ominous presence; were clearly labeled; they had their scarves, their headbands; and they, frankly, are one of the elements that makes me worry most about what happens next, because they are the ones who have a vested stake in the ones who have access to arms; and are willing to do things. And I think we saw a little bit of that in the aftermath of the election.

I mentioned what I heard at the polling stations, because I think it underscores three key issues in trying to analyze the future.

One is that while Hamas scored a solid minority on its own, it was really the more moderate middle, not necessarily those who are committed to Hamas long-term that put it over the top. And the leaders know that they can't win again without that middle tier of voters. They have to deliver, not just on an uncorrupt or clean government. But they have to deliver on jobs in a society where, you know, the majority are estimated to live below the poverty line.

They have to deliver not just health clinics for their own, but a health system.

The second point is that Hamas certainly will try to redefine priorities, with a heavily social agenda. But it does not have enough seats to change or amend, the basic law, and he does not have enough seats to override a presidential veto.

I think what we have to remember when we look at this election is that the Palestinians went to the polls to elect a second branch of government. The first PLC was very weak. Its powers weren't strengthened until reforms in 2003 that hadn't had much impact.

And the third point is related, and that is that Hamas may have scored a heavy win, but it still has to work in partnership with the first branch of government, which is the president, on both domestic and foreign policy, and there may be some serious policy differences, but I think also that there are moments when Hamas may be useful to President

Abbas, and President Abbas may be useful to Hamas in dealing with issues that it doesn't want to deal with on its own, or at least initially.

On that front, I was struck over and over and over by particularly in the days after the election about the number of people who were talking about the revival of the PLO, which has atrophied under the shadow of the emerging Palestinian Authority.

Hamas, I think, is very well aware that all the serious polls show that the majority and a decisive majority still wants to continue the negotiations and support a two-state solution. And the PLO is one means of providing cover for negotiations.

One final thought, and that's on the kind of bigger picture. The outcomes of all the recent elections over the past year have brought more Islamists to power: Da'wa in Iraq. More Hezbollah in Lebanon. The Muslim Brotherhood in Egypt. I think this is a trend that's likely to continue over the next decade for three reasons:

First, there are few alternatives. Opposition forces, who have been the secular or democratic liberal groups, have been exiled, imprisoned, outlawed. And there's also a limited middle class in many of these countries to support those kinds of liberal Democrats.

The second is I think that the trend feeds into itself. It's the in thing to do now. It's the acceptable choice. The pendulum has swung in that direction and I think there's likely to be a big boost for the Muslim Brotherhood generally, whether it plays out; after all, Hamas is

rooted in the Muslim Brotherhood. And I think it's likely to play out elsewhere in the region, whether it's Syria, Jordan, but I think it's a player.

And finally, I think it's a way that many in the region think that this is—that they can counter the idea of an imposed democracy. This is a means of making a political transition on their own terms, and in ways that will probably frustrate the rest of us in the outside world, because it takes a long time.

MR. INDYK: Thank you, Robin. Ziad?

MR. ASALI: Thank you, Martin. I associate myself with much of what you said, and I will try and eke out some substance with whatever is left.

First off, I want to say that the elections were indeed fair and very transparent and accountable, and it is one of the ironies that the one word that's always associated with the ruling party in Palestine now is that they're corrupt. Well, these corrupt people have run the most clean and transparent operation of elections in the world. They did not—they gave up power. They knew that they were risking power. That has to be kept in mind.

Although the perception of corruption has been a major problem for them, yet, I believe that the vote was more than a rejection of the Palestinian Authority and its Fatah organization.

It is a voice of protest against the life conditions of the Palestinians. They are just miserable. They are opposed to anyone who has been involved in sustaining their misery. That means Fatah. That means the occupation. That means the United States, who is supporting Israel, who sustains the occupation.

When Israel decides to deny Hamas the vote in Jerusalem, a campaign afterwards, we ended up with all the seats, all the seats from Jerusalem were for Hamas. Now, Jerusalem is the most cosmopolitan city in Palestine, and it has really no religious or cultural background, but that's the vote. It has to be understood also in that context.

Now, I don't want to dwell on what contributed to this outcome. Many people have written about it. Much of what I read makes sense and some does not; however, this result has many parents, and they all have to reassess and really, honestly evaluate their own contribution to this outcome, and not just have one answer. It's much more than one single answer.

Now, I want to venture into the more difficult terrain, which is what will happen next in Palestine?

What we have is the emergence of a dual system, a new phenomenon, a dual system of governance, where the president who's been elected by a clear majority—62, 63 percent only a year ago, with a clear mandate to negotiate and to abandon violence and to build up institutions, et cetera, et cetera, he still thinks that he has that mandate,

and he still thinks that he wants to exercise that power. And I would like to dismiss here any notion that he's about to resign. It's just not going to happen.

He will—he has already laid claim to controlling the security apparatus. Now, that's 70,000 people who are already in arms and practically all of them are Fatah, with a certain historical should I say competition or conflict with Hamas. The rank and file of these people will not accept Hamas leadership. It's just a simple matter of their own choice, even if there's a political arrangement between Abu Mazen and Hamas, he still has to deal with very practical problem of his officers not abandoning their authority to Hamas.

The other problem that he would have is the question of finance, simple finance. Between him and Salam Fayad, the former Secretary of Finance, they have the international credibility to keep the money flowing to the Palestinians. With these people's authority limited and in question, it is very hard to see that the financial help that has sustained the Palestinians over the course of the past year at least will be forthcoming. This is something that Hamas needs desperately, and it can only get it through those agents or something very close to them.

There is also the question of institutions. Hamas has no clue how to run institutions of government. You know they run small charity organizations. They hold departments and there are actually departments,

from health to education, et cetera, et cetera, that are run and have been run by Fatah and its agents.

Well, how will this work? How will this mix together?

Now, I have not yet mentioned the major bone of contention between Hamas and Fatah, which is the political line, the commitment that Fatah and its Palestinian Authority has made to the international committee in trying to get a Palestinian state through negotiations, from Madrid to Oslo, to the latest quartet agreement, which is the—

MR. INDYK: Roadmap.

MR. ASALI: —the Roadmap. Yeah. So we have Hamas climbing a very high ladder for years and through this campaign with minor peddling after that to try and say no, you guys have sold out, and you know we have to have some better terms, et cetera, et cetera.

The international committee has made it clear it will not accept their position, and it will not cooperate. And Abu Mazen in his upcoming letter that he is supposed to confer upon whoever is going to be prime minister—it's likely to be a Hamas prime minister—is going to stipulate that we have made commitments to the international community, all these communities that I mentioned and abandoning violence. He will not ask for them to recognize the State of Israel, but he will ask for them to abide by these agreements.

If they turn that down, we will have an instant constitutional crisis. He cannot back down by his mandate. If they don't accept the

climb down so very, very quickly—remember it took the PLO several years, many, many years to climb down from their initial very, very similar positions that Hamas is taking now until they abandoned them in 1988.

So to ask these people to climb down in a few weeks or a couple of months, it is very unlikely.

What will come out of it? It is not clear. There are choices to be made by these two parties. There are choices to be made by the international community, and there are choices to be made by Israel.

The outcome that we have I think more than anything else reflects the simple fact that the Palestinians continued living miserably over the course of the past year. Period. End of discussion.

If a situation evolves where the Palestinians can reasonably expect that there is a serious political; that there is a serious state at the end of these dark days and are convinced that this is possible, then it is conceivable to come up with a international joint venture to make this process go through. If this doesn't happen, we will be looking at very unpleasant things, including the very possibility of civil strife within the Palestinian community and having the problem clearly identified as way beyond Palestine, as a religious and holy war between the Jews and the Muslims with the Christians somewhere in between, with a long time to come.

I think we are viewing a very, very tense period of time. It is not completely lost yet. It is possible to craft some kind of an understanding that would salvage a two-state solution. It does need cooperation from an Israel that is facing elections in a couple of months on March the 28th, where politicians are not going to make any compromises at least by words for the next couple of months, but, still, they have to see whether they will pursue this unilateral approach that they have or whether they can, indeed, start a serious process of negotiations that will marginalize the role of the Legislative Council in Palestine and give the authority back to the Palestinian Authority.

MR. INDYK: Thank you, Ziad. Tammy?

MS. WITTES: Well, I'm going to take a step back, not having been on the ground last week to watch these elections, and look at the broader implications for democracy in the region and for, as Martin said, U.S. efforts to promote democracy in the Middle East.

And so I'll pick up from the last point that Robin made: this apparent trend of Islamist victories in the various elections that have taken place in the Arab world over the last year in Iraq, in Egypt, in Lebanon, and most recently in Palestine.

And, you know, with the question that if open elections bring Islamists to power, is this a business that the United States should be in.

And as Robin said, I don't think that the strong showing by Islamists in these various elections should be surprising to anyone who's

been watching the region. But I also don't think that it's an obvious forecast of what democracy will bring to the Middle East.

I don't think the triumph of Islamism in the longer term is an inevitability in Arab democracies, and I think, in fact, what you see so far in these early victories or in two cases, early strong showings, but not outright majorities, is, in fact, an artifact of the constraints that are still in place in many places in the region on truly free politics.

And I want to focus there on the first of the three factors that Robin cited for the popularity of Islamist movements, which is the lack of viable alternatives.

The Islamist movements, whether it's in the Palestinian territories, in Egypt, or elsewhere in the region have enjoyed for quite a long time an organizational advantage over other political movements. Where states have repressed or constricted the political sphere, the Islamist movements have always been able to use religious institutions as an infrastructure through which to organize, to talk about politics, to mobilize supporters.

And they've been able to use the language of religion as a cover to talk about politics.

They've been able to build a social welfare network, as was clear in the Palestinian territories and build that credibility into political support at the polls.

So the Islamists have always had the mosque as a place to organize. They've always been able to operate in an environment that's been extremely hostile to other political actors. And so the playing field, whether it's in Egypt or in the Palestinian territories or in Lebanon, where confessionalism is actually institutionalized in the political system, it tilted very much against non-religious or secular political movements that want to introduce themselves to the public and try and make a play for power.

So the regimes in many cases have been able to maintain their control and been able also to maintain the Islamists as the only viable opposition, and this is a nice game for them, because they can then come to Washington and say well, it's either me or these guys. And I think you've seen President Mubarak play that game very successfully up until this year.

Now, this organizational advantage that the Islamists have enjoyed is a problem that obviously takes some time to remedy. But it's also a problem that will become, and I think is becoming more entrenched the longer we don't put policies in place to correct it. And I think that gets to the second two trends that Robin cited, that the language of religion is becoming the hip way to talk about reform, to talk about corruption, to talk about the failings of the existing regimes. But that's a trend that we need to be actively countering. And to correct it, I think the United States government and other governments need to work to

level this tilted playing field and to—and the way to do that I think is to emphasize political rights and political freedoms in our dialogue with governments in the region, with Arab governments.

The longer that we go on applauding reforms that don't involve the expansion of political freedom, like an election in a restricted political environment, the longer we allow the Islamists to entrench themselves in this advantageous position and the stronger the second two trends that Robin cited will become.

Other voices, which are already marginal, will just be crowded out of the political sphere.

So just to put this in a practical context, the United States has not had a lot to say, for example, about political party laws in many countries that restrict the formation of new political parties; certainly not in Egypt over the last year.

Now, this week in the State of the Union, the President told the Egyptian government that it must I believe the quote is "open paths of peaceful opposition that will reduce the appeal of radicalism." I only wish that was a statement he had made last year instead of endorsing a really manipulative electoral reform.

Even the defense by the Administration of Ayman Nour, one liberal alternative candidate in the Egyptian elections, does not really create a level playing field. It's just the selection of one person. It doesn't make an opposition.

Now, in the Palestinian case, you didn't have—and you don't have the active repression of secular political movements that you have elsewhere in the region. There was relative liberty for alternative parties. But the alternatives were not well organized, and they didn't have much support. And this is because, although largely not through direct repression, the PLO did manage and Fatah at the head of the PLO to kind of suck all the oxygen out of the room for other secular political parties so that liberal pragmatists and democrats within the Palestinian territories made the choice to spend their time trying to work within Fatah and within the structure of the Palestinian Authority under Arafat and after Arafat. And they didn't spend a lot of time trying to prepare an alternative and to campaign on a national level against both Fatah and Hamas.

So you did have two independent movements participating in these elections. You had the Third Way movement, which was headed by Salam Fayad and Hanan Ashrawi. Salam Fayad, the former Finance Minister. That was only formed in the last few weeks before the elections.

And then the Independent Palestine Movement, which was headed by Mustafa Barghouthi, who ran against Abu Mazen in the presidential elections last year and that was close to a one-man show.

Now, both of these two parties only ran in the nationalist elections. They didn't run in the districts because they didn't have the

infrastructure. They just couldn't put it together across the West Bank and in Gaza. And despite that, despite the fact that they only ran in essentially half of the race, they managed to get five percent of the vote, which is more than both the PFLP and the coalition of leftists and communist parties.

So I think this suggests that there is a potential for these movements to attract support in the Palestinian territories, but they need help, and they need time.

If they had had better funding, more time, and maybe a little less personality politics, I think they probably could have done much better.

Now the U.S. government, as far as I know, didn't spend a lot of time dealing with or giving attention to these liberal candidates, because they were perceived as marginal, and because the American focus was on supporting Abu Mazen and on supporting Fatah; and that was a mistake

And that brings me to my second point: I said first that we need to focus more on political liberty, because we should always be interested in expanding the menu of political options available to Arab voters.

But the second point is that we always have to hedge our bets on electoral outcome. We care about the process, and we care about the

outcome. But we have to hedge our bets on outcome, especially when we're betting on a ruling party, like Fatah.

We should be strengthening new liberal alternatives, and we should be encouraging dialogue between secular liberals, secular democrats, and Islamists who claim to be interested in democracy, because to the extent that it's possible for these two groups to dialogue and to agree on basic principles for reform, they, first of all can act as a check on each other's illiberal impulses; and, secondly, they can present a much more powerful case for reform to ruling governments.

And where Islamist movements are non-violent, of course, we can and should dialogue with them ourselves, which is not the case unfortunately with Hamas, but which is the case elsewhere in the region.

Now, let me in just a minute address the pothole theory of Islamist politics, which has been referred to several times already, the notion that by virtue of having to govern, radical Islamist parties will moderate.

It's a possibility. In the case of Hamas, I don't think it's a sure one at all. As Ziad said, any such transformation is necessarily going to be slow. But I think what we can hope for is that the process of governance, at whatever level, whether they enter government in a coalition or whether they decide to tackle it on their own, this process will provoke some serious internal debates within the movement; and it is

a diverse movement. And it has a fractured leadership that exists both inside the territories and outside.

And that debate is going to be about what the priorities should be, what they're willing to put on the table in order to get things done.

And if that internal debate is indeed provoked, I think that's a good thing for Hamas. I think it's a good thing for a Palestinian democracy. And I think it will help the United States and others outside to discern within this very undifferentiated Islamist movement who is really interested in governing, who is really interested in power, and who is really interested in pursuing an ideological confrontation.

And we've seen in other cases, both in the region and outside that the prospect of gaining political power can provoke these splits within ideological movements. We've seen it in the Basque movement. We've seen it in the IRA. We've even seen it in the Islamist movement in Jordan to some extent.

So we need to be watching for that in Hamas. We need to get a much better handle on what the strains are within the movement, and we need to see where we can provide incentives for moderates within Hamas to make their case inside the movement, to make their argument, and perhaps advance that necessary split. Thank you.

MR. INDYK: Thank you, Tammy. Amjad.

MR. ATALLAH: Well, my anecdote from the elections, because I heard this from several people that I asked who are you going to vote for? And this included several Christians. And the answer was Hamas, and then there would be a litany of and you know because we've got to throw the bums out, and we've got to clean up the act and we need some security on the street, but because everybody who I asked also knew what I had done for a living previously, also then said, and there aren't going to be negotiations anyway; right?

And, of course, my answer was yes, that's probably true regardless of whether Fatah or Hamas wins. There won't be permanent status negotiations.

And in a sense, that's where I want to start. I think that there is actually a potential for a new equilibrium. You may not like it. But there's a potential for a new equilibrium between Palestinians and Israelis. And Palestinian and Israeli society have always been looking for an equilibrium. They've always been looking for that place where they can co-exist without giving up—or with giving up the least on each side.

In the past, we've grown accustomed to looking at Israeli politics and saying that the Israeli public votes for labor when they want peace talks, and they vote for Likud when they want security.

And now, we're beginning to see a mirror image on the Palestinian side. Palestinians have two major parties to choose from.

They choose Fatah when they believe peace talks need to be had, and a polling that was done by Zogby polling just before the election seemed to confirm that even the majority of people voting for Hamas said had there been peace talks, they would have voted for Fatah despite their perceptions of the corruption of the party.

And they'll vote for Hamas when they want internal security. Now, internal security in this case for the Palestinians also includes good governance. There is a perception, whether Hamas can deliver is a completely different issue, but there's a perception that Hamas is going to be able to at least have a better stab at delivering both good governance, as well as internal security for the Palestinians.

Now, this equilibrium couldn't have been reached had not former Prime Minister Sharon introduced a major new element into the discourse, which was unilateralism. The concept of unilateral disengagement.

It's far more profound in its effect on Palestinians I think then people realize. It's emotionally linked to security in Israel. The idea that Israel will unilaterally disengage from the Gaza Strip will improve Israel's security; the idea that Israel will unilaterally disengage from certain areas in the West Bank will increase Israeli security.

Hamas did not want to join the Palestinian Authority. Hamas explicitly rejected even the legitimacy of the Palestinian Authority until

the concept of unilateral disengagement became firmly centered in Israeli politics.

Once that happened, there was a coincidence of interest between Hamas' position and Likud and then later Kadima's position.

Likud or Kadima promises a unilaterally created Palestinian entity without negotiations. Hamas' perspective has been we can provide you with a long-term *hudna* without negotiations. Ironically, even for people who technically reject the two-state solution, as some in the Israeli political spectrum or as some on the Palestinian, including Hamas, there is an actually de facto acceptance of a two-state solution. The difference is that Fatah and Labor promise a two-state solution with end of conflict.

Hamas and Kadima promise a two-state solution and then again conflict. And for the majority of the publics at the moment that sounds like a better deal than the former one.

Now, there are potential positives. You know I understand that for many people this sounds like the Apocalypse, but there are ways—and it goes to Tamara's point about, you know, hedging your bets. There are ways of looking at this as—or looking at ways of turning this into a potentially positive short-term scenario.

The equilibrium that Hamas is looking for is one similar to the one that exists between Lebanon and Israel and Syria and Israel. And they have almost been explicit about it since they have won. They're

looking at a Hezbollah-type model. This is—we have an understanding. This is your side. This is our side. You don't bomb our side. We don't bomb your side. You don't kill our civilians. We don't kill your civilians. You don't come across here. We don't come across there.

And it's a very simple quid pro quo, but that's been proven surprisingly stable vis-à-vis Syria. It's proven surprisingly stable vis-à-vis Lebanon without Hezbollah having to recognize Israel's right to exist, with Lebanon having—without Hezbollah having to give up its right to bear arms.

The advantages for Israel, of course, are that Israel can use this period to consolidate control over those areas of Palestine that it wants to keep. It can further reduce international opposition to aspects of the occupation. It could possibly establish relations with other Muslim and Arab countries, as it has been trying to do with countries like Pakistan. And at the same time, Israel can deflect any pressure for permanent status negotiations, because who would expect Israel to negotiate with Hamas, which doesn't even recognize Israel's right to exist.

From Hamas' perspective—and I would argue from at least a plurality on the Palestinian side's—the public's perspective—the Palestinians can now use this period, this equilibrium period to relaunch a national movement. Hamas did not want the PA at first. Hamas wanted the PLO. Hamas' goal was to renegotiate a deal with Fatah to bring

Hamas into the PLO and create a new, revitalized international Palestinian liberation movement.

It only thought about taking over the PA once two things happened: unilateral disengagement and Arafat's death.

Once that happened, it recognized it could have both. It could use the PA as a launching pad to take over or at least renegotiate and the recreation of Palestine Liberation Organization. In those goals, it also has the support of the reformed wing of Fatah. Marwan Barghouti supports this perspective and a number of people in Fatah, including some you might consider the old guard actually also support the necessity of recreating the PLO.

And it's—with the understanding, and what Hamas is promising right now—and this is why it's going to be hard for them to deliver—is that they're going to be able to relaunch this national movement over the next couple of years, while at the same time building state institutions through the PA. And one might even guess or hint, although it's too early to tell, as Hamas attempts to create the Sinn Fein IRA dichotomy that the PLO could be the IRA, and the PA could end up being Sinn Fein.

Now, under this scenario, the equilibrium would continue only until the Palestinians feel that they're strong enough to again agitate for freedom, or at least for a greater degree of autonomy.

In a sense, it's like a bizarre Oslo period but without the explicit promise of peace. But for this scenario to actually work, it's going to require a tremendous number of things to go right.

It's going to require for one thing a tremendous amount of coordination between two parties who will not recognize each other and Hamas will not recognize Israel at this point, no matter what pressure is put on it. And they will not disarm. They will integrate their 5,000-man militia into the Palestinian Security Services, but it's just hard to imagine them agreeing to disarming at this point.

So how do you coordinate between two parties that want something very similar, but aren't willing to talk to each other. A trusted third party is necessary.

Now, in the—this had already started. Right now, it sounds so odd, because everybody thinks, well, Israel doesn't—how is Israel going to negotiate with Hamas? Well, Israel didn't want to negotiate with Fatah. During the unilateral disengagement from the Gaza Strip, Israel didn't even want to discuss this with Abu Mazen. And so they would use the World Bank. They would use other third party agents as intermediaries in an attempt to work out what the boundaries were going to be; what the understandings were going to be. But they didn't want to negotiate it directly.

Hamas agrees perfectly. Hamas agrees a hundred percent. Unlike Fatah, unlike Abu Mazen, Hamas is not going to be asking and

begging to be involved in those negotiations directly with Israel. It's saying that's fine. Let's use a third party, and let's have a third party just like Hezbollah used a third party—used the Germans to negotiate prisoner releases between Israel and Hezbollah; used other parties—the French, and the Americans and the Syrians—to negotiate the status of the conflict between—when Israel was still in Lebanon. But you're going to need a third party. Hamas thought that the third party for it in this case was going to be Fatah. Hamas thought Fatah was going to win and that they were going to be able to use Fatah in order to maintain those relations with the international community and with Israel while Hamas could maintain its ideological purity, but still negotiate those positions. And Fatah at the moment, and I think for the moment we could have—Fatah is so divided at the moment that it's hard to tell what might happen over the next couple of weeks.

But for the moment, Fatah is saying we don't want to be that—we don't want to be in that position. We don't want to give Hamas everything, and end up taking the blame for being the front man who has to actually be humiliated by understandably complex negotiations that have nothing to do with permanent status.

So the international community might have a benefit here in providing a third-party role, and it can't be the United States now, of course, but it has to be including the United States. So again, one might potentially imagine Jim Wolfensohn having a potentially expanded role if

there was an agreement that you are going to try to stabilize that equilibrium. If not him, somebody else. There are actually different countries that have been involved tangentially that can be involved more directly now—the Egyptians, for example, or the South Africans, for example, who if you have—could provide tremendous trust and expertise to the Palestinian side, particularly as Hamas has been desperate for South Africa's advice, as well as I think advice from Ireland on how to become a political party.

But you'll also need a method of communicating and resolving problems, like you had between Hezbollah and Israel. You'll need something that can—because this is actually very complex. It's not simple at all to determine—you have a general idea of what you want. You have a general idea that neither of you want peace talks, neither of you want permanent status negotiations, but at the same time, you've got to figure out how to separate and to what extent you're going to separate. And there may be misunderstanding, miscommunications, so there has to be a conflict resolution mechanism that can assist the parties in not allowing that to spiral out of control.

There will also need to be a limit to the demonization of both parties. Too much can be destabilizing. A little is necessary. Israel will need to continue to demonize Hamas. It's necessary in order to keep the international community off balance. You don't want the international community normalizing relations with the Palestinians. You don't want

people thinking that there's a chance for peace talks, so—and Hamas has enough in its history to give Israel 10 years of demonization literature to work with.

At the same time, Hamas needs to demonize the Israeli position, and needs to continue demonizing it that permanent status talks are impossible with this government; permanent status talks cannot be made with this government.

However, if you go too far with the demonization, then you end up not being able to work out the equilibrium that you actually both seek.

Then there's the problem of overreach. Sometimes you can misjudge your own strength, and you may think that you can get more than you actually can get. After the disengagement, there was an expectation that the Israelis were actually going to open up the Gaza Strip. They were actually going to attempt to improve the living conditions of Palestinians in the Gaza Strip. And, in fact, depending on which Israeli you spoke with, in fact, there was a definite desire to improve the conditions of Palestinians in the Gaza Strip.

However, there was also a desire by a different wing inside the Israeli government to punish the Palestinians. We've got to make sure they don't recognize—they don't see this as a victory. We've got to make sure that they suffer. They've got to understand they lost. They

have to see the disengagement as a second *nakba*, which I think was attributed to Sharon. But the idea was they've got to pay.

And those two conflicting trends led the Israelis, in many cases, to actually sort of rub the Palestinian nose in the ground, thereby increasing Hamas' popularity. And it didn't at all detract from Hamas' ability to say that Israel got out of Gaza because of us. But for those who were trying to negotiate with Israel—Fatah and Abu Mazen—it just made them look more humiliating—they became more humiliated.

And finally, there's the necessity of Fatah's willingness to play along with this game. Fatah obviously is still arguing for permanent status negotiations. How it can continue to argue for permanent status negotiations when the dominant political party in Palestine and the dominant political party in Israel, whether it's Likud or Kadima do not want permanent status negotiations is going to be a hard one.

And I'll end by saying this is hardly inspirational. It's not—it does nothing for reconciliation. It does nothing for freedom and security that comes with peace. But that does not seem to be an international goal at the moment.

So under those circumstances, the equilibrium may be the best we can do.

MR. INDYK: The best we can do indeed, but probably won't work, given the complexities of it—

MR. ATALLAH: Why not?

MR. INDYK: —and the requirements of all the parties to behave in ways that they're not inclined to behave unfortunately.

I think for the United States and Israel, they both face some very severe dilemmas as a result of the circumstances that have now been created, and they both played a role in helping to create these circumstances. We shouldn't forget that.

The American dilemma, policy dilemma, is one between on the one hand feeling the need to change Hamas' position, or as Ziad suggested, forcing Hamas to make a quick decision to change its position, avowed position, of seeking the destruction of Israel and using terrorism to achieve that objective, needing to try to force that decision and basically with Congress already moving to cut off aid, using aid, not only American aid, but international aid as a lever to try to produce that decision.

On the other hand recognizing that it probably won't work and the consequence of cutting off aid could be the very failed terrorist state that democracy was supposed to avoid. And that dilemma doesn't lead itself to an easy solution. The Administration at the moment is trying to buy some time. You'll see talk about extending the life of the interim government for few more months. This seems to be the kind of international consensus as way to try to sort this out and in the meantime continue the aid.

Israel's dilemma really relates to something that Amjad was talking about and that is the Kadima Party, which today in the polls continues to enjoy strong support, some 42 seats predicted, which is the same as it was last week; that is, it is unaffected by the Hamas victory. But this party, Sharon's party and Sharon's way is way of unilateralism, notwithstanding statements to the contrary before the elections. And that's why it has enjoyed such support.

And unilateralism today has a stronger justification since there's no partner on the Palestinian side, since Hamas is committed to Israel's destruction.

On the other hand, to go the way of unilateralism today, to take another step to evacuate settlements and settlers in the West Bank, which will be very strongly opposed, as we saw by extremist settlers yesterday or the day before yesterday in one of these illegal outposts, to go ahead and do that will be to hand Hamas a victory for nothing, for no price at all.

It's one thing to do that in Gaza when Hamas is not in government. It's another thing entirely to do it in the West Bank when Hamas is the government.

And so the Israelis I think at this point, the Kadima Party leadership has—is going to have to rethink exactly how it's going to resolve this dilemma.

I think that where everybody kind of comes out in this—the United States, Israel, the international community—is actually in the interim to pursue a policy that Ziad mentioned in one sentence at the end, but I think is the kernel of the approach that will emerge, which is to attempt to build up the authority of the elected president Mahmoud Abbas, and marginalize the role of the Legislative Council and with Hamas' majority there, and to use the fact that Abu Mazen has a mandate to make peace with Israel and to stop the violence, to try to deal with him and have him force Hamas either to change its position or to marginalize them and to try to channel the aid and support, both political and economic, to Abu Mazen.

This, of course, is one of the many ironies of this situation, which the international community pressed a previous Palestinian president named Yasser Arafat to give powers to the Legislative Council and the prime minister in order to weaken the authority of the president.

Okay. Let's go to questions, please.

MR. HAROLD: Scott Harold, Brookings. For years, some conservative analysts have called for the Fatah movement to essentially launch a civil war against Hamas. I wonder if you can comment on the likelihood of that now and also maybe a word on what the recent elections augur for Jordan. Thank you.

MR. INDYK: Ziad.

MR. ASALI: Well, obviously, the Palestinians have been fighting for their freedom and independence for at least half a century, and they have been through so many experiences; and they've been through some internal strife in Lebanon before. The very last thing, the very last thing on earth that the Palestinians ever want is to get involved in a civil war.

I think that is going to be really the very last thing. There is no question in my mind that all kinds of people are talking to each other all the time in order to avoid that very fate. It is also part of the equation that once the Palestinians decide to either work together or to separate, that will be part of an international dialogue—the—Israel, the United States, and the quartet are party to these discussions, to these internal Palestinian discussions. So if somebody is going to give up something or somebody is going to make a move, it has to be part of an unfolding plan. You can imagine that there will probably be a lot of discussion about these points at the present time.

MS. WRIGHT: If I can just add briefly to that. While I agree with Ziad's analysis at the level of leadership, there's also a problem in the streets, which is that you have lot of cadres with their own weapons, with their own neighborhood protection rackets, as Ziad pointed out, and with absolutely no intention of cooperating, no matter what their leadership may work out.

And I think there is the possibility—and we have to keep this in mind—that whatever accommodations we may reach at the international level or through mediated talks in Cairo between the factions, it doesn't take more than one or two little incidents on the ground to touch off a civil conflict, which is not directed from the top down, but which could very well spin out of control.

MR. ASALI: The leadership would almost have to condone escalating for this to continue happening.

MR. INDYK: Just on Jordan quickly. Jordan and Egypt face a similar dilemma, which is different from everybody else's. If Hamas succeeds in government, this sets a very bad example for their own Islamic Muslim Brotherhood parties to point to in terms of Islamic control—outreach into Jordan, which is threatening to both regimes. But if a Hamas-led government fails, then they have a failed state, run by a terrorist organization on their border. So they're in a kind of lose-lose situation in Jordan in particular facing an Islamist insurgency on its eastern border and now the potential for an Islamist state on its western border, with a hostile Syria on its northern border is I think facing the kind of nightmare. Khalid.

Can you identify yourself?

MR. DAWOUD: Khalid Dawoud, *Al Ahram Newspaper*. I'd like to follow up on the idea you mentioned of strengthening, Ambassador Indyk, strengthening Abbas while keeping a government led

by Hamas in power, taking care of day-to-day politics. Is this practically possible? It's to all the panelists. I mean is this possible that Abbas would be there taking the money and dealing in negotiations, and Hamas just being a municipal government, sort of.

MR. INDYK: First of all, maybe, Amjad and Ziad, can you just tell us what the constitutional situation is; the powers of the presidency versus the powers of the government?

MR. ATALLAH: You have to remember that the United States spent a great deal of political capital and energy making sure that it got at the presidency. And it worked very hard—and the Palestinian Parliament we should say was not unwilling. There was—the United States could not have succeeded had the Palestinian Parliament not felt that Arafat's powers were too strong and too autocratic, and there was a shift in the basic law to the prime minister's position. So, for example, the Ministry of Finance and the Ministry of Interior, the two things that you just talked about, money and arms, those things are in the cabinet. Those things are under the prime minister, and the prime minister is responsible to, with the cabinet, is responsible to the parliament.

Hamas has just recently reminded Abu Mazen that he was prepared to resign as prime minister when Arafat attempted to split the security services and keep part of the security services with him, while Abu Mazen would have part of the security services.

However, at the moment, the president is—the current president is arguing for the same thing in order to keep some measure of a Fatah militia type element in the security services.

I would just—so I'm not—I think, yes, you can have a strong presidency or you can have a stronger presidency than otherwise is constitutionally allowed by just looking for the grey area and expanding the grey area. But I think that there's a danger of attempting to de-democratize Palestine because of the result of a democratic election.

If—the worst thing that could happen is if Hamas' inability to govern can be blamed easily on external interference; the best thing that could happen is if Hamas struggles with actual governance issues and finds that it can't deliver on a number of things and recognizes it needs international support; it needs help; it needs, et cetera; but not if it can actually say, well, look, I mean here we have—we won the election fair and square and now they're trying to have a soft coup d'état and try to move all the power out from the parliament. The parliament, which is now—I mean whatever—the 60 percent for Abu Mazen mandate does not mean that the parliament is less—has a lesser mandate today after this election.

So I think it's got to be done very carefully, and it's got to be done democratically, and it's got to be done within the boundaries of the system that exists.

If there is an attempt to change those boundaries in response to the election, you're undermining—it will backfire. There will be blowback.

MR. INDYK: Ziad?

MR. ASALI: Two comments. One is that the president is the commander in chief of the security forces. That is a position he holds, and the other is that he does have the power, the sole power to appoint a prime minister, and the prime minister's cabinet or dismiss the prime minister and his cabinet. Therein lies this question of having a mandate to the prime minister-designate as to what parameters or what mandate he would have.

MR. INDYK: In other words, it's a very unclear situation. Yes, down there. The second.

MR. MARWANI: Samir Marwani [ph.] from the New America Foundation. This question is primarily for Amjad, but you can comment on it.

I'm wondering in light of the unilateralism that you're describing, what happens to the economic relations or I guess de facto economic relations, not just in terms of aid but labor movement, trade, and does it default to pre-existing, you know, protocols or economic relations or what happens there?

MR. ATALLAH: Well, this goes to what Ziad said. I mean Hamas does have a—Hamas—when Likud—everybody in Likud, for

example, voted against peace with—or many of them voted against peace, not everyone. But many of them like Benjamin Netanyahu, Ariel Sharon, I think even Olmert voted against peace with Egypt or peace with—some of—and Sharon voted against peace with Jordan.

But then, when they became in government, they had to accept the existing treaties and agreements that had been signed by the government, and so even though they had voted against peace, once they were in power, they had to accept that previous government had made peace.

Hamas I think is in the same position, as Ziad suggested. It has to decide whether it's going to accept the pre-existing agreements that have been made. And if it does, I think it will find it to its advantage, because the economic terms that currently exist at least can continue.

Now, Israel may, at some point, and I expect them to get rid of the Paris Protocol and stop applying it vis-à-vis the Gaza Strip perhaps as another unilateral step towards whatever ultimate unilateral goal it has, and then that would require a new understanding to be created. But in the short term, I think it would be in Hamas' interest or in the ruling government's—we can stop saying Hamas and Fatah, and we can actually say PA now—it would be in the PA's interest that it actually continue the protocols and the agreements that have been recognized by the previous government.

MR. INDYK: I've got a question for Robin. It relates to the broader Arab and Muslim world here: the contest for Palestine, as it were, as the symbolic issue within that broader context. That part, the Palestine part, is in the hands of the nationalists, and Fatah—it was dealing with Israel and making peace with Israel. And it was not in the hands of the Islamists.

What does it mean now for Ahmedinejad in Iran or Osama bin Laden, have they gained something that they would see as a victory now? Do they have the Palestinian [inaudible] as a result of this?

MS. WRIGHT: Although who would try to play it, and it's going to be very interesting to deal with the issue of aid. Who, you know, steps in if the West steps out? One of the things we forget is that for the past decade the Palestinians have basically been in a western orbit, and if aid doesn't come through from the European Union and the United States, then and it does from Iran or it does from the Saudis and others, then, you know, that begins to shift the weight and the thinking and the influence and when it comes to the issues.

The interesting thing is I actually have talked to Hamas people in Tehran, and they have complained mightily that the Iranians actually have pledged all kinds of things and never come through. It reminded me of the days when Arafat would go to Libya and Qaddafi would offer, you know, all kinds of money, and the Palestinians would say, yes, given its assent, yet we don't expect it to come through. But,

you know, you can always hope; that when you look at what's happened in Iraq with aid, there are many of the Arabs who pledged money and that still haven't delivered and have a vested interest in seeing stability in Iraq as well, including the Saudis. You know, the question is, will Iran be willing to ante up? It's heavily invested in neighboring Iraq right now. Is it willing on a long-term basis to provide the kind of resources that the Palestinians are going to need with no return likely?

I mean—

MR. INDYK: That would be another irony, of course, that the Arab states that didn't provide funding before will now provide funding for fear that Iran would do it instead.

Tammy?

MS. WITTES: That's right, and there's one element of this that has specific implications for the broader war on terrorism as well. Khalid Mishal, a Hamas leader, had an op-ed in *the Guardian* earlier this week, and one of the sections in that op-ed was addressed to the Arab world and to Arab governments asking them to lift the restrictions they've put on charitable fundraising for Hamas within their countries. And these are restrictions that the U.S. and the Gulf governments put in place after 9/11 to restrict fundraising for terrorism. So Hamas is—obviously, it has its own special interest in this, but I think that's precisely why the Arab governments are saying well, we're not going to let you raise private money, but we'll give you our own money.

MR. ASALI: Martin, can I make a comment about al-Qa'ida?

MR. INDYK: Yes, please.

MR. ASALI: The interesting thing with al-Qa'ida and Hamas is that Hamas has actually tried to squeeze out al-Qa'ida from the conflict. Fatah has, of course, tried to do the same. But Fatah hasn't had as much influence or hasn't had the command and control structures in place that would make it as easy for them to do so.

And, in a sense, you see the same thing in Lebanon. Hezbollah definitely wants to freeze out al-Qa'ida from operating from southern Lebanon. And Hamas' emphasis that it's a nationalist Islamist struggle is in direct contradiction to al-Qa'ida's pan-Islamist non-nationalistic attitude. And so I think in the sense whereas some countries may be able to try to leverage, like Iran, may be able to take credit and try to leverage their own politics and their own disputes with the international community vis-à-vis the election in Palestine. I think that groups like al-Qa'ida will find that actually—and even Islamic Jihad—will find it much harder to operate, and you'll have less room to maneuver with this new government than with the last one.

MR. INDYK: Right up the back, please.

MR. ALBARAZI: My name is Tammam Al Barazi from *Alwatan Alarabi* Magazine.

What about the Syrians? I mean the Syrian regime had a lot of pressure from the Americans to get rid of Hamas and others. Now, you know, Hamas Khalid [inaudible] Abu Marzu, all of them reside in Damascus and so on.

Will the Syrians play the Hamas card or the Hamas will play the Syrian card. I don't understand.

And secondly, on South Africa. I mean Hamas always criticized Arafat, always, since the '80s and '70s and '90s that ANC did not give the—I mean the resistance or what they call the violence of terrorism. They did not even call it terrorism, while, you know, Fatah, or Arafat said, yeah, we denounce terrorism and so on in '88. Hamas does not. They think that it should, you know, go in tandem; that negotiation and the resistance.

MR. INDYK: Does somebody want to answer on Syria? Robin?

MS. WRIGHT: You know the Syrians are in a position. They're going to use—what—exploit whatever political asset they have, and Hamas, given what—depending on what the outside world says will use whatever it has. You know it's an important base. It's arguably the most important base outside the territories. Will it make a huge difference short term? I'm not sure. I mean there was even talk about at one point pressing for Khalid Mishal to be allowed to come back. I don't know that that's going to be a huge dynamic thing.

MR. INDYK: I think it was a big deal for Damascus that Khalid Mishal could claim victory from Damascus, and this, together with what appears for the moment to be a stumbling of the investigation of the Hariri assassination, and the Security Council not taking such a very strong role against Syria at the moment leads—I think leads President Bashar al-Assad to think that he's dodged a bullet here and basically the flow of history is moving back in his direction and in the direction of Iran and what's happening with the failure of the international community to stop Iran's nuclear programs also adds to this sense that things are moving in his direction again, which is a very big change from an earlier period.

Does somebody want to answer about South Africa?

MR. ATALLAH: Well, I'm not sure exactly what the comment—I don't know exactly what you were trying to get at with the—

MS. WRIGHT: The ANC never had to renounce its arms.

MR. ATALLAH: Right. That's exactly why Hamas would be interested in talking to the South Africans and having the South Africans help them in determining how they can be a political party without making the compromises that Fatah made without getting—ultimately, from Hamas' perspective, without receiving gains.

MR. INDYK: Gary?

MR. MITCHELL: Thanks. Gary Mitchell from the Mitchell Report. I want to ask a question of I guess Ziad and Amjad and that is if

at the conclusion of this panel you were headed under cover to 1600 Pennsylvania Avenue to provide counsel, what would your recommendations be to the Administration short term, meaning next 30 days, longer term, meaning next six months, on what its role could be and what its role should be. And I also want to sort of tag onto that whether this is a moment to follow that great advice of Ronald Reagan: Don't just do something. Stand there. Or is there a course of action?

MR. ASALI: Well, if I were to go to 1600 Pennsylvania Avenue under cover, you can be certain I will not announce what my advice would be here.

However, I would say this: at some point in time, there has to be a policy developed so that a Palestinian or a Palestinian group or a Palestinian line of thinking, or a group of Palestinians is genuinely acceptable and empowered and dealt with positively. We have witnessed for ages how the Palestinians, whoever is in charge at the moment, somehow is discredited, disqualified, and not given enough. They're just given enough subsidy. We've had a decade now of the nationalists in charge in Palestine. Okay? But other than the subsistence level that they had and really in many ways having a corrupt regime running amok, positive things have not flowed to the Palestinian people. I think at some point in time, there has to be a connection with the Palestinian representation on the ground right there, that would be credible and in power. The Palestinians can never get out of the mess that they are in

now alone, by their own devices. That's it. There is no combination of Palestinian power that can resolve their predicament now. And this has been true for some time.

Others have to be party to this solution. The White House would certainly be a great start.

MR. INDYK: Amjad?

MR. ATALLAH: I was visiting—a long time ago, I remember I was visiting a friend's house, and they had a little boy, and I forget how old he was, but the mom was yelling at him because he did something, and he ran away and he sat under the table and covered his eyes, and then he relaxed and he smiled, because he assumed his mother couldn't see him anymore.

That policy doesn't work, though, at the level of real politics, so my advice would be that the United States should first determine its strategic goal for Palestine and Israel. And they have two options—and one—three. Actually one is do nothing and continue conflict and instability. Two is seeking that equilibrium point, whatever it might be and delaying the conflict for the next Administration to deal with. Or three, working for a peace agreement for permanent status.

I would, of course, argue for the first, but I also recognize that the first would require the greatest level of engagement. The other two, though—the do nothing one aside, equilibrium or permanent status requires engagement. And engagement by the United States in a very

direct way, with a clear mandate, with its funding for its envoys, with—and we need an envoy that can stay in the region for more than six months. Okay. We need an envoy who, when General Zinni and Martin was kind when he said, yes, I have been involved with every failed American mission during the peace process.

General Zinni the first time he sat with the Palestinians and sat across from us and said my instructions from the president of the United States are to stay here until there's a Palestinian state. And every talking point that the Palestinians had produced, every single talking point they produced, they just threw over their shoulders and they said, are you serious? And he said, I'm serious. That's what the president has told me. That's what I'm going to do. You need to stop the violence first, and then let's get back onto the permanent status talks and let's do this quickly.

And then Dahlan and Rijoub took over the conversation, leaned forward, and said, okay, well this is—let's talk about this. Let's talk about the nitty-gritty of this. He was gone in a couple of weeks.

Now, the important thing is to have a consistent—first to have a strategic goal and then to make sure your tactic achieves that strategic goal. That means a permanent, semi-permanent envoy with a mandate and budget to have a staff that can maintain a full-time presence on the ground in order to achieve whatever strategic goals you chose, but you got to chose one.

MR. INDYK: Yes, please.

MS. WITTES: I actually think that they have already made their strategic choice. I just think that it's one many of us find unpalatable. And I think if you listen to the President and took him at his word, which I think we should have learned to do by now, on Tuesday night, he really does see this democracy thing as a long-term thing. And he understands that there are going to be times when democracy promotion bumps up against our other interests, and this is probably the first, clearest confrontation between the strategic goal of democracy promotion and another major American strategic goal, which is the peace process. And he made his choice. He was willing to contemplate a Hamas victory, although when he made the choice, we didn't think it was necessarily likely, but we knew it was a possibility. And he made that choice.

This is the same president who was willing to spend the first four years of his Administration disengaged from the peace process and the Palestinian Authority, and I think he sees no problem with disengaging from the Palestinian Authority, if necessary, for the rest of his term in office, while letting them take however long it may take them to work out their internal problems and eventually settle on an authoritative, legitimate spokesman who can possibly negotiate with Israel. So I think he's done it. He's there. We just may not like it.

MR. INDYK: Okay.

MR. PHELPS: I'm Tim Phelps from *Newsday*. I wonder if Ziad and Amjad could talk a little bit more about the military security situation between Hamas and Fatah. Ziad, you said that the rank and file of Fatah are clearly on that side. But I wasn't clear. You said something about the officer corps and whether their loyalties were open to question.

What happens militarily and security wise on the ground now?

MR. ASALI: This is a practical question that perhaps has not received enough attention. There are probably around 70,000 members of the collectivity of the security forces under the Authority, and they are pretty much all with Fatah, although some of them voted against the PA, a certain percentage.

This is a loyalty thing. These are Boy Scouts. These people have been raised for now a couple of generations on this loyalty, and to them it's entirely the team to beat. And they don't hold them in high regard. I mean as the new kids on the block, they're questioning their manhood and their loyalty to Palestine and all that. So to have them concede readily to receive orders from new top leadership is a bit of a problem.

Hamas has around 5,000 people who have at least credible equipment and guns. So it is entirely a mismatch from a power point of view. There is a great deal of resentment now within this organization and the Palestinian establishment of Fatah against the political authority

of Fatah. How did you let this happen? How did you allow this to happen? It can only be contained obviously by, you know, a promise to redress the situation, so that's one of the problems here.

MR. INDYK: Let me just throw in a related question here, and perhaps Amjad is the best person to answer it, because you talk about this notion of an equilibrium. An equilibrium can only be maintained if there's a party that's going to be ensuring order on the Palestinian side. Now, the terrorist attacks over the last year have not been conducted by Hamas. But Hamas has been quite happy to allow Palestinian Islamic Jihad, under Iranian orders, to conduct all of the terrorist attacks that have occurred in the last year, some of them quite spectacular and damaging.

Now, what happens when Islamic Jihad goes off and launches another terrorist attack? Is Hamas going to bring them under control?

MR. ATALLAH: Obviously, I don' know the answer to that, but I think the answer should be that they should want to. It's in their best interest. It was—when Jihad was committing terrorist attacks when Fatah was in charge, the blowback was against Fatah. The blowback was against the PA, not against Hamas. And so the—it's a completely different situation now. And so Hamas is—Hamas is all of a sudden about to find out just how miserable it was to be the leader of the revolution. And I think that—you know you're absolutely right. And I think what Hamas' implicit messaging is right now is that they will be

able to provide that security much better than it was. Whether they can do it or not remains entirely to be seen.

And going to this question of how to—the real question you have now is whether there's going to be an attempt—Hamas has said for the record that what it wants is to integrate forces. It wants to create one Palestinian army. It wants one Palestinian force. But now, there's—Fatah obviously is trying to consider a bifurcated system, where there's a Fatah force and another force, and which, in effect was Hamas' position before. And the international community may be inclined to actually, for political reasons, to support that. But from a security perspective and from the maintenance of the security perspective, the Hamas at least announced desire of a unified army is actually the preferable one. It's that system where you can create a command and control structure in which you can hold people accountable and in which you can ensure that instructions that are given at the top are handed down down the line and are enforced at the district level, at the local community level, and at the village level.

And so the politics of it and looking ahead to the goal of quiet that may go against the political ambition of trying to keep Fatah and Hamas separate.

MR. INDYK: Okay. We have one last question, I'm sorry to say. Let's do it over there, please.

MR. SWEDBURY: Jeff Swedbury [ph.] with the Academy for Educational Development. The U.S. government provided about $400 million in economic aid in the last year and about $2 million we learned in direct political assistance to Fatah during the elections. And I'm curious from those that were in the area during the elections if you can tell us did that make any difference, one way or the other?

MR. ATALLAH: Since I'm implicated in that question, let me answer it directly. The United States did not provide $2 million in aid to Fatah or in economic aid for campaigns for Fatah. The article that was in *the Washington Post* implied that certainly, and unfortunately we weren't allowed to rebut the message to *the Washington Post* reporters, because Washington, D.C. [inaudible] thought it had a handle on the story. The economic aid that was done through the president's office and that the president implemented was actually done strictly in a manner to ensure that it didn't engage itself in the elections or assist any particular candidate or party. And that's because Abu Mazen himself took his—he has a regulation as president that can't engage in the election process during the election period.

Not only did he take that seriously, as far as many Fatah activists are concerned he went out of his way to not campaign for Fatah. None of the economic projects had Fatah Party members attending them. None had—and they weren't all done in Fatah municipalities either. So did they help Fatah candidates or have an impact on the election? No.

Did *the Washington Post* report help boost Hamas in the last days before the election because it implied the opposite? Yes.

MR. INDYK: Robin?

MS. WRIGHT: Well, I was not involved in writing the story, but I will say—I'll just give you one little anecdote. I was in Gaza in November, and the one thing that strikes you when you drive through Gaza City are these big billboards and they're Hamas martyrs on one and USAID Projects on the other. And they're kind of all across from each other, and it kind of underscored for me the contrast.

MR. INDYK: Let me finish this one question. Does Ahmedinejad looking at this situation, tell Islamic Jihad go ahead with more terrorist attacks or to cool it?

MS. WRIGHT: You know that's a very good question, and I don't have the answer. He's a fairly unpredictable character, as we've all learned. You know it depends on—to a certain degree if there is any movement on the peace process, if there is—you know if there's uncertitude between the parties, if there's unrest, if there's no movement, he may find if Hamas turns to Iran and does get some kind of aid that he has a vested interest in seeing Hamas work. It really depends a lot on what government is formed and what movement there is. I think that's [inaudible].

MR. INDYK: Okay. Thank you all to the panelists. Thank you all for coming.