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DEVISING A NEW STRATEGY
FOR RESOLVING THE ISRAELI-PALESTINIAN CONFLICT

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PROCEEDINGS

MR. INDYK: Good afternoon, ladies and gentlemen. Thank you very much for joining us here at the Saban Center for Middle East Policy at the Brookings Institution. We've just finished two and a half days of closed-door -- or discussions behind closed doors with a group of Israelis, Palestinians, and Americans and others.

Part of our Daniel Abraham Israeli-Palestinian Workshop series.

This is the seventh such workshop we've had over the last three years in which we've brought Israelis and Palestinians to Washington for a discussion, not about what they should do but about what we should do, in particular what the U.S. Government should do, to help resolve the Israeli-Palestinian conflict. That's a tall order these days since the conflict seems much farther away from settlement than any time in recent history. But we nevertheless thought it was important, given the elections in the Palestinian arena and in Israel, to consider now what the United States might do about the current situation and, again, how we could be helpful in trying to move the parties towards a settlement of the Israeli-Palestinian conflict.

Amongst the people that we brought for the discussion this time were Palestinians Ziad Abu Amr, who's a Member of the Palestinian Legislative Council from Gaza City who was elected as an independent; Salam Fayyad, also a Member of the Palestinian Legislative Council, the former Finance Minister who was elected as an independent; several people from the Palestinian Negotiations Support Unit; and Khalil Shikaki, the well-known Director of the Palestinian Center for Policy and Survey Research.

On the Israel side, we had Giora Eiland, who is currently the national security advisor in Israel; Avi Gil, the former Director-General of the Foreign Ministry; Eival Gilady, who is the head

of Coordination and Strategy for the prime minister's office; Baruch Spiegel, who is general of the Defense Ministry responsible for dealing with the Palestinians on day-to-day matters, particularly the crossings between Gaza and Israel and the West Bank and Israel; and Amnon Lipkin Shahak, former Israeli Army Chief of Staff, former Deputy Prime Minister in the Israeli government, and currently Chairman of the Board of the TAHAL Group.

Amongst others we were also fortunate to have were Marc Otte, the special envoy of the European Union; and Ezzedine Choukri-Fishere, who is the Egyptian diplomat responsible for Israeli-Palestinian affairs in the Egyptian Foreign Minister's office.

And then we had a group of Americans, former officials like myself -- Daniel Kurtzer and Robert Malley; some current government officials, who shall remain nameless; and a number of Congressional staffers, Senate staffers; and for part of the time Congressman Tom Lantos and Congresswoman Jane Harman.

In terms of the outcomes, I want to say first of all that what I have to say today and what Amnon and Khalil have to say represent our own individual views. There was no attempt to reach agreement on a communiqué or a list of recommendations. Rather, our two and a half days of deliberations were designed to focus on recommendations for U.S. policy, some of which I will outline, but they are my conclusions and should not be taken as conclusions agreed on by the participants in the deliberations. They are, however, formed by the deliberations, and I think that many of them result from a kind of consensus view within the group.

One of the things that I found quite gratifying and in many ways surprising was that in a time of such high tension between Israelis and Palestinians and after more than five years in which the relationship has been characterized more by violence -- violence and terrorism -- than it has been

by negotiations. In fact, throughout these past, more than five years there hadn't been any negotiations.

It was quite extraordinary the extent to which the dialog was positive and constructive and free of a lot of hate that one might expect in an exchange like that when there is so much mistrust and antagonism between the parties. This may be partly a function of the fact that many of these people have known each other and worked with each other for many years, but I think it was also characteristic of a desire that Khalil may -- I'll ask him to address this -- but reflective of a general desire that a strong majority of Palestinians and a strong majority of Israelis who would like to find a way out of the conflicts and who support in strong measure the kinds of compromises that would be necessary to reach an agreement.

It's -- I think the other remarkable thing -- it's not really remarkable but it's worth remarking on -- is that there was a real concern about the dangers of the current situation and the sense of deterioration that was taking place that could well take us even further away from peace, a real concern on both sides that a humanitarian crisis is looming. Some felt that perhaps by the end of the summer we could have a major crisis, particularly in Gaza, a concern that the steady erosion in the Palestinian institutions -- the governance could lead to a collapse there, that civil strife could escalate between Palestinian factions and that the situation could deteriorate between Israel and the Palestinians to the point where the Israeli army could actually reoccupy parts of Gaza and, more extensively, on the West Bank as well.

So, it's that context in which the ideas which we discussed were lent some real urgency.

The other context is, of course, the fact that we have now a Hamas government,

democratically elected, which does not accept the rules of the game as established not only by the international community but by the Palestine Liberation Organization on behalf of the Palestinian people in terms of acceptance of Israel, forswearing of violence, and negotiation, and acceptance of the previous agreements that have governed the Israeli-Palestinian relationships for the last ten years since the signing of the Oslo Accords, and that's on one side.

On the other side we have a newly elected prime minister and a government about to be formed in Israel. That prime minister, Ehud Olmert, has a mandate from his people to implement further withdrawals from the West Bank. Preferably -- it's his preference that it be done through negotiations but, if not -- if that is not possible -- then through a unilateral -- another unilateral move. He calls it a convergence move designed to affect those withdrawals and evacuation of large numbers of settlers and dismantling of a large number of settlements. And those two factors are very much on the minds of American policymakers and will be very much on the mind of the President of the United States in a few weeks, May 21st, when Ehud Olmert will come to town to discuss with the President his initiative.

So, that's the framework in which he had our discussions.

Before I go to some of the recommendations that I think are worth considering, I wanted to, first of all, ask Khalil and then Amnon to give us their sense of what can be done about the current situation.

Khalil.

MR. SHIKAKI: Thank you, Martin.

Well, I think for one thing the current policy, I believe, is likely to fail -- the current policy that this administration is pursuing in meeting the challenge posed by the outcome of the

Palestinian elections. I think within a very short period of time we will either see a collapse of the Palestinian Authority or we will see, as an outcome, not necessarily as a deliberate policy, a strategic realignment taking place within the Palestinian body of politics. Therefore, I believe the U.S. needs to reassess the policy.

First of all it needs to explain to us what the policy is. Most Palestinians believe that the policy is aimed at forcing the crash of Hamas so that Hamas will fail in delivering basic services, hoping that by failing to do so the Palestinian public will reject it and will search for an alternative. It is very clear that this is not working, and I doubt very much that it will work in the future. But even if the objective is something different, that the administration says the objective is to encourage Hamas to moderate its views rather than to bring about its crash, it is still not very clear which one of the two objectives the U.S. government is pursuing. But if it is indeed the second one, then I believe the administration can do it in a much better way than it is doing now by raising difficult conditions, I think impossible conditions, for Hamas to meet.

I think the U.S. government and the international community can say what the Palestinian president should say -- Hamas must come under the umbrella of the PLO. By doing so, the U.S. government and the rest of the international community will come within the consensus of the Palestinian people. Hamas will find it extremely difficult to say no to this kind of consensus. Under the present conditions, the Palestinian people will support and is indeed supporting Hamas' position in rejecting the U.S. conditions.

The Palestinian public is rejecting the U.S. and the international conditions not because the Palestinians are taking a hard-line view on Israeli or the peace process. To the contrary. In fact, Palestinians after the elections of Hamas have in fact demonstrated more moderation than they

have done before. One would have expected that people would take a hard-line view thinking that those people who elected the Hamas take a hard-line view on the peace process, and in fact most Palestinians seem to think the exact opposite. Most Palestinians today tell us that they think Palestinians have moderate views, including on the two-state solution and they need to recognize the State of Israel as a state for the Jewish people. In fact, for the first time we have a majority of Palestinians thinking that a majority of Palestinians support this position. This is after Hamas' victory.

So, the Palestinian public is not being -- is not opposed to the peace process. It is not in principle opposed to the conditions that the international community is putting forward but, rather, opposed to an attempt by the international community to impose these conditions on the Palestinians and on Hamas in the way it is attempting to do. So, I believe that if there is a change, if the U.S. is to send the international (off mike) to simply say that we need to bring Hamas under the umbrella of the PLO, that this will lead to the creation of a broad coalition of nationalists and Islamists who would be able to deal more effectively with issues of state building, dealing with the question of lawlessness, corruption, mismanagement, etc., on the one hand; and, on the other hand, dealing more effectively with the peace process whether it is permanent status or even the Israeli disengagement plan.

MR. INDYK: Okay, Amnon?

MR. SHAHAK: Well, when I was sitting here last year, I think it was February, and I think we were two Palestinians and two Israelis, and Martin of course, and all of us were much more optimistic than we are today unfortunately, and we have to look back what happened last year and to see where we are now and what can be done.

In Israel, as Martin mentioned, there is a new government -- not only a new prime

minister, it's a new party who was created only a few months ago, won the elections, and are going to lead the next Israeli government and (off mike) , something that is very unusual for Israel. And the main reason for these results is a deep slip of the right wing of the Israeli political parties, mainly the Likud. Ariel Sharon, as the leader of the Likud, found himself as a minority in his own party. Before his decision to evacuate Gaza and northern Samaria, he could manage the internal debate in the Likud, but after the evacuation of Gaza and the northern Samaria, things started to be difficult so he decided to leave the Likud and to establish a new party, and the rest is known to all of us.

The outcome of the elections is that there is a shift among the Israeli population, I would say to the center and the left more than any other elections in the last 20 years that I can remember, not even when Rabin was elected. I believe that the majority of the Israelis, who are now supporting the idea of looking to any agreement with the Palestinians, is bigger than it was in the past since the beginning of the negotiations with the Palestinians. And the new government has a very clear and open mandate to reach whatever is possible, and I think that it was -- (off mike) before the elections that if negotiations is possible, that's what we prefer to do. But there is a big "but," and I'll elaborate a little bit later, that if negotiations is impossible, then Israel is going to continue and do unilateral steps that will enhance the security of the Israeli citizens and, on the other hand, will make it easy in the future to reach a settlement with the Palestinians.

Simultaneously, things happen on the Palestinian side as well, and I'll share with you the view as it is seen from the Israeli side.

In the beginning of 2005, after Abu Mazen was elected as the new president, there were huge expectations, not only because those Israelis who knew Abu Mazen before had respect for the guy but more so because of the one whom he replaced- that had at that time very little credit

among the Israeli citizens, Arafat. And Abu Mazen, for most of the Israelis, was a great hope and a man whom Israel listened to carefully, and before he was elected he was saying the right things about ending violence, the only way is a peaceful solution, and we have -- we Palestinians we have to find a way to sit around the table and settle with the Israelis and not with weapons and suicidal attacks. And he was very strong during the second (off mike) . I think that -- I believe that for any Palestinian leader it was not easy to face the people in the streets and approach and tell them that using weapons and suicidal attacks is the wrong thing to do.

But Abu Mazen, who enjoyed a government occupied only by Fatah, mainly by Fatah members, couldn't really convince the Palestinian people that they should give credit to the same government to go on, and in the last elections in January 2001 -- January 2006, we have a new leading party among the Palestinians elected in a democratic way, and it is the Hamas that we all know what is written in the Hamas charter.

And now we face ourselves with a Palestinian government who doesn't recognize Israel, who ignores all the previous agreements that were reached with the PLO, and with whom we have no common base to start any kind of dialog. And we still have a Palestinian elected president who holds part of the responsibilities but is unable -- he was unable with a Fatah government, and it is much more difficult for him now to bring dramatic changes on the Palestinian side. And I believe that as long as the Palestinian govern, even if tomorrow we are going to see a unity government on the Palestinian side, the only thing between nationalists and Islamists, I believe that Hamas is not going to give its power to any other party, and I believe that the Israeli attitude toward the unity government with the Hamas holding the majority in the Palestinian parliament will be exactly the same as the unified Hamas government.

So, in these circumstances, what I believe can be done or should be done. First of all, there is a threat of serious humanitarian difficulties on the Palestinian side, and I think it's in the interest of everybody, not only Israel but the rest of the world, to prevent such a crisis. I think that Israel should do whatever is possible to make a clear differentiation in our daily behavior and our daily treatment or engagement with Palestinians between Hamas and terror organizations and the rest of the population. It's not easy, because when hundreds or thousands of people are crossing from one place to another and the checkpoint has to search each one of them as if he is a potential suicidal terrorist, they are going to treat all those thousands of people as if they are potential suicidal terrorists. And it's not easy -- not for the soldiers and less for those who are waiting to be checked.

I think we are going to finish to build what we call the security fence - that creates difficulties - but it is needed for security and it turned to be one of the major political decisions in Israel, because the security fence make it very clear that most of the Israelis living east of the fence are not going to stay there. There are tens of thousands of Israelis living east of the fence, that for them now it is very clear that whatever, whenever, and wherever the future border will be, they are behind the future border and they have to rethink what will be the future a year, five or ten years from now once we are going to reach an agreement.

I think that in order to minimize the friction and to create better chances for a normal life for Palestinians and Israelis, there is a mandate to the new Israel government to evacuate more settlements in the West Bank and bring those people back to Israel, and I think that this is what the Israeli government will do as a unilateral decision of the Israeli government.

I think that the government will have to provide solutions for those Israelis who are going to be evacuated. It will need a lot of money, and I don't have the answer yet where this money

is going to come from.

On the Palestinian side we have no demands from the Hamas. And I think that not -- that we have no demands. We are listening carefully to the Hamas speakers from the inside and from the outside not only what they spoke before the elections, what they are preaching in the last two days. You can hear some new voices, but none of the voices are of a kind that can cause us to look at the Hamas as a potential partner, not with its present ideology.

I think what we would like to see on the Palestinian side is a reorganization of the Palestinian party now opposition, which in my opinion has not yet started. There is no Palestinian opposition to the Hamas at the moment. The Fatah, after the results of the elections, is almost taken apart, and I believe that the Palestinian elections have been democratic elections and we have to respect it.

I think that Fatah, for those Palestinians who believe that there is another way besides the Hamas ideology and what is written in the Hamas charter, has to come and reorganize its forces and start preaching to the Palestinian people and advocating their way in order to gain back the political support that they lost. Otherwise, we are going to be stacked with the Hamas government, maybe with some variations, but with a Palestinian government that will be impossible for any Israeli government to talk with.

I believe that it will be a great mistake if Israel or the international community will push Fatah to reorganize. It has to become from within and it has to be done by Palestinians without external hugs and blessings.

I think that the recent role at the moment for the international community and for the U.S. I think it's an overall interest to prevent the collapse of the Palestinian Authority.

I think that humanitarian aid is needed and much more than in previous years.

I think that there is a way to enforce -- to reinforce all the elements who are not connected to terror or to the Hamas and to send clear messages to the Palestinian people that the U.S. and the world think about them and wait for them to make their decisions, and meanwhile they are willing to help them, but not politically, with the present government.

Thank you.

MR. INDYK: Thank you Amnon and Khalil. I'm going to run very quickly through some of the key recommendations that I got from our discussions and that represent my views, not the views of the other members of the workshop, as I say, based on those discussions, and then we'll move to Q&A.

First of all, the U.S. government cannot by law, and should not as a matter of policy, be funding a Hamas government that does not accept the rules of the game as have been accepted by Palestinian institutions, in particular, the PLO, and the democratic reelected president Mahmoud Abbas. There is some \$450 million in funds that have been appropriated by the Congress that either existed in (off mike) , \$300 million worth in (off mike) , or \$150 million is still -- is to be obligated. All of that has now been suspended in support of the existing principle that I just articulated.

The problem with that is that it's achieving the exact opposite result as we would intend. The intention of Washington in this regard is to send a signal to the Palestinian people that we will not fund their government as long as their government, regardless of it being democratically elected, pursues policies that are antithetical to our interests, and unfortunately that has been used by the Hamas government, as Khalil suggested, by saying it is an attempt to dictate to the Palestinians conditions and to counteract their democratic choice of government.

So, the first thing I think that the U.S. government needs to do is to put that \$450 million into a trust fund. Ideally, the donors in the international community will, in the next few weeks, establish a trust fund, which we should certainly support. Whether we can in fact convince our Congress to put our \$450 million into that fund is another question. But either way, the principle that the money is there and being preserved for the benefit of the Palestinian people when and if their government comes around to support and accept the rules of the game, which the strong majority of Palestinians themselves support and want to see pursued is, I think, a much better way of trying to affect our purpose here of getting the Hamas government to change its approach, particularly to Israel and the peace process.

And that trust fund, in the first instance, should be there and, in the second instance, should be available to fund humanitarian efforts that can be handled through a variety of other mechanisms, other than through the Hamas government. One is through the office of the presidency, through Mahmoud Abbas. Another is through U.N. and other international organizations. And the third is through NGOs and private sector organizations. And we should be actively looking for ways to reroute that money so as to help avert the humanitarian crisis that is now looming.

Should the Hamas government either collapse or prove incapable of paying the salaries of the health care sector, the education sector, and the social welfare sector and should it become clear that those sectors will not be able to function because the Hamas government does not have the funds to pay for that -- and that could well happen within the next six months -- then the trusts should look at a way of paying those salaries, basically taking over the functions of the government, again through the presidency, Abu Mazen, so that it becomes clear that the Palestinian people have a choice between no salaries under the Hamas government and a functioning social sector, education sector, under the

presidency and the trustees of this variety of trust funds.

And the funds that Israel is now withholding from the Palestinian Authority that is collected on its behalf, the revenues, taxes, and so on should be diverted into this trust fund, this international trust fund, and operate in the same way.

Secondly, on the political level, I think it is important that the U.S. government look now at ways of supporting two processes. One is the building up of the presidency under Abu Mazen. Now, it's true that he does not have a lot of credibility these days in Washington, or in Jerusalem for that matter, but he is the elected president. He does espouse policies that fit very much with American policies on violence and acceptance of Israel and negotiating peace, and he has begun to show a willingness to act accordingly. He has the powers to do away with the government and to implement a number of other important things that could help him build credibility.

In particular, we should use General Dayton, who is out there to reform the security services, to work, to build the presidential guard, and to have Abu Mazen use the presidential guard for a variety of purposes that could both improve the situation on the ground and help to build his credibility, particularly with the Israelis. The best example of this is the way in which he deployed the presidential guard to the Rafah border crossing point between Gaza and Egypt and, by Israeli admissions, helped to calm the situation.

There's a similar challenge -- the Karni Crossing where most of the goods flow from Israel into Gaza -- if they're going to prevent a humanitarian crisis it's important that that crossing will remain open. Today there was an attack that was thwarted by the Palestinian security services operating there, operating under Abu Mazen's instructions, and that kind of activity is something that we need to encourage in material ways that can have a positive impact in terms of building Abu

Mazen's credibility as a viable negotiating partner.

At the same time as we do those kinds of things, we should be encouraging a national dialog, which has already begun, between the main factions -- particularly between Fatah and Hamas under the guidance of Abu Mazen with the aim of the Palestinians bringing Hamas into acceptance of the rules of the game. And one of the ways that we can encourage them is by making clear that if there is a viable negotiating partner as a result of the consensus formed between the Hamas government and the presidency that the United States will be prepared to be engaged in an effort to try to move this negotiating process forward towards a final resolution of the conflict.

Thirdly, in terms of Israel and the new prime minister's approach to the withdrawal from West Bank territories, Prime Minister Olmert has expressed a preference for negotiations, and therefore we should work with him to see what can be done to get those negotiations going. That will, in particular, depend on what happens on the Palestinian side of the process that I've just described as a way of helping to develop a viable negotiating partner for Prime Minister Olmert. But if that doesn't work over time, if it's not possible to have a partner on the Palestinian side that can control the territory, can prevent violence, and can enter negotiations credibly on behalf of the Palestinians, then we -- we, the United States -- need to look at what should be done with the prime minister's fallback position of a unilateral withdrawal. He doesn't call it that; he calls it consolidation, but it amounts to withdrawal from the West Bank.

And here the President -- our President -- is going to be faced with a dilemma, because when the prime minister comes to town he's basically going to be looking for financial compensation. As Amnon suggested, this is going to require a good deal of money to evacuate the settlers and dismantle the settlements. But he's also explicitly said that he's looking for political legitimization of

Israel's withdrawal, and the equation goes something like this, in my estimation: that the extent of Israel's withdrawal will be equal to the extent to which the United States is prepared to say that in its view the implementation of this withdrawal is implementation of U.N. Resolution 242 in its territorial aspects. That presents a dilemma for the President if it's in fact presented to him in this way, because on the one hand he could, if he were prepared to accept this kind of formula, be the promoter, father of an extensive Israeli withdrawal from the West Bank, and figures that have been used are 90 percent-plus -- 93 percent of the West Bank, including the Arab suburbs of East Jerusalem. And for a President who sees himself as a man of history, that could well be seen by him as a historical development worth the price of legitimizing Israel's withdrawal -- this implementation of 242 in its territorial aspects.

For others, particularly I think on the Palestinian side and on the Arab side, such a move would be seen as preempting the final status negotiations, and even though it would be consistent with U.S. policy from the Rogers Plan in 1969 through the Clinton parameters of minor border rectifications, it would nevertheless be seen as a preemption of negotiations.

And so there are a number of ideas that I think would need to be considered as the administration comes to wrestle with this kind of policy dilemma.

Number one is for the President, in his formulation of acceptance of this move, to include a number of other issues which helped define the end game, that are in a sense parameters for the end game, the most important of which would be the consistence on the principle of territorial swaps, an exchange of territory, such that any territory that Israel would keep -- that is, the settlement blocks along the green line that the President has already said in a letter to Prime Minister Sharon last year should be incorporated into Israel in any final settlement -- that those blocks should be

compensated for with equivalent territory, because the implication of such a statement is that the United States is supporting the concept of a complete and full withdrawal from the territory occupied by Israel in 1967.

Secondly, vis-à-vis Jerusalem, it would be important for the President to ensure that the implementation of the withdrawal provide for contiguous territorial contact between the West Bank and Jerusalem, particularly through E1, which is that area next to Ma'aleh Adumim, north of Ma'aleh Adumim, that the Israelis can't be contemplating fencing and including in the Ma'aleh Adumim settlement. And so in this way, the United States, if it chooses to endorse this kind of withdrawal, can help to lay the basis for a final settlement that would, rather than preempt the negotiations, actually facilitate the negotiations.

So, there were many other points that emerged and recommendations that emerged that we will be writing up, but those I think are the key ones, and with that we'll be happy for you to address questions particularly to Khalil and Amnon.

Yes, please. Please identify yourself. Wait for the microphone.

SPEAKER: President Mahmoud Abbas called today for an international conference to help the two sides reach an agreement, and they said that Hamas government would not be an obstacle to such a conference. Do you agree that this idea would help advancing the cause of peace in the Middle East?

MR. SHAHAK: There will be no peace without negotiations, but the question is who is going to talk on behalf of the Palestinian people. What is the meaning that the Hamas government will not be an obstacle? It means that they will not participate in the dialog, so we are going to make peace with whom? They are the government. We are not going to make peace with the government

of the Palestinian people. We are not going to make peace with the elected people by the Palestinian people. So, who is representing the Palestinian people? They will have to approve the agreement, but we are reading and you are reading their charter. It's written that they don't recognize the right of Israel to exist. They believe that the only way is by using -- by -- that Jihad is the only way, so how can you, on one hand, say those kinds of things and not be an obstacle when you are ruling the Palestinian people? So, this is an enigma that Abu Mazen personally -- I told you before, I think that many Israelis not only respect Abu Mazen, we trust that Abu Mazen is really behind what he say. But whom -- Abu Mazen at the moment -- he's speaking for whom, the Palestinian government, for the Palestinian people? My answer is no. They make a different choice. They elected -- there are two different heads to the Palestinian people at the moment. One is Abu Mazen, and the other one is the Palestinian government. And there are two different, conflicting voices coming from them, and we have to make peace not with part of the Palestinian people -- we have to make peace with all the Palestinian people, and we need an entity, a government that represents all the Palestinian people, and this is a big obstacle in my opinion at the moment.

MR. SHIKAKI: There is no doubt that an international conference would be a good way to restart the negotiations. I agree with Amnon, however, that it should include all Palestinians, and that means on the Palestinian side I think the Palestinian prime minister should also be part of this conference. It shouldn't be just the Palestinian president. And I think this is doable within the context of what I spoke earlier about, that is, a broad coalition of Palestinian forces, both nationalists and Islamists. I think it is doable and within the -- the idea of international conference would make it even more acceptable to the Islamists to be part of that process.

SPEAKER: There were voices in Israel after the election of Hamas that maybe a

unilateral withdrawal is not appropriate at this time, because the vacuum in the West Bank would be filled by Hamas, and that might be a security problem. I don't know to what extent Prime Minister Olmert is of this opinion or whether he has one opinion or another, but maybe you can shed a little light on this.

MR. SHAHAK: Well, it's true that there have been voices that a unilateral withdrawal is a gift to the Hamas. Not only -- it's a gift not only by evacuating territories that they will fill in, but it encourages Hamas to continue and use violence in order to gain more Israeli withdrawals. It was the same voices before our withdrawal from Lebanon. It was the same voices before the withdrawal from Gaza and the northern Samaria, and I cannot say that our withdrawal from Lebanon did not -- gave some credit to the Hezbollah in Lebanon. Yes, maybe. But when I put on the scale all the outcomes of the withdrawal from Lebanon, I think it was a right political decision, a smart political decision. Also, it has some disadvantages.

One of them is that the Hezbollah transmitted to the Lebanese people that the withdrawal was only because of their resistance and they got much of the credit of this withdrawal from Lebanon and after certain -- it was more or less the same in Gaza where the Hamas claimed that because of their resistance they forced Israel to withdraw from Gaza. But remaining in Gaza, for example, I think it was a mistake, because not only most of the Israelis support the withdrawal from Gaza, there was no future for Israeli presence in Gaza and the daily friction create casualties on both sides, add to the friction, add to bad feelings, and create nothing good. So, again, my personal belief is that the withdrawal from Gaza was the right thing to do. Also, maybe that part of the results was more credit to the Hamas in Gaza, and it's the same situation in certain areas in the West Bank at the moment.

MR. INDYK: I think one of the things I should have said, and perhaps you would agree with Amnon, is that if the Israeli withdrawal is going to take place unilaterally, the United States needs to do a much better job than it did in the case of Gaza of coordinating with Abu Mazen, with the Palestinian president, and part of the purpose of this idea of building up the power of the presidency is to use him to coordinate with these kinds of things so that hopefully he can gain greater benefit than Hamas as a lesson from what happened in Gaza.

SPEAKER: I have a proposal that I would like to see if all three of you could respond to, and it's something that in a way would be -- it would be a condition as it were put to Hamas that if they met it, it would in fact strengthen Abu Mazen and qualify him as a negotiating partner. If they didn't meet it, it would be something that would be perceived, in my judgment, by the Palestinian people as a reasonable condition that Hamas did not meet and therefore they, themselves, are responsible for what befalls them. And what it would be would be for the Quartet to take the perspective that the conditions for the support for the Palestinian Authority would be met if the Palestinian Authority agreed that, first of all, which I think they already do on the first point, which is that Abu Mazen in fact, as head of the PLO, is the appropriate negotiating partner, but beyond this rule, what they would have to agree to is that any agreement that he negotiated with the Israelis, that the Hamas government would facilitate a referendum of the Palestinian people on that agreement, and, secondly, that if a referendum on a peace treaty, including one that was an end of conflict agreement, was passed by the Palestinian people that they would abide by that referendum and if they remained in the government that would implement such a treaty.

MR. SHIKAKI: I think this is a good idea. I think that Hamas would most likely agree to it, and I think that most Palestinians would certainly consider this as a legitimate test for

Hamas' willingness to embrace the process that you've described.

MR. INDYK: Look, I think the principle of getting Hamas to accept and observe the rules of the game is an important one. I don't hold that much hope for it, but as somebody who was involved in negotiations before I have a problem with this particular formulation, which I can't quite get my head around and I can't get a Palestinian to give me a good answer to it, which is that inevitably if Abu Mazen is going to negotiate with the government of Israel and reach an agreement which would be taken to a referendum, it has got to be a compromised agreement. The Palestinians are not going to get 100 percent of their demands. There is going to be territorial adjustments; I think there will be swaps as well, but there will be territorial adjustments.

There will not be 100 percent of the actual territory that Israel occupy after June 1967, and there will be compromises on Jerusalem, and there will be compromises on refugees, and Abu Mazen may take this back in a referendum but Hamas is going to oppose such compromises as giving away the rights of the Palestinians, and in that contest Hamas will win, because Palestinians will not feel it's justified regardless of what they get in return in that kind of environment where Abu Mazen will be outflanked by Hamas. And knowing that, he's not going to make any compromises, and therefore we're not going to have an agreement, and therefore the whole idea won't work.

MR. SHAHAK: I agree with Martin. I would add that the Israeli government has to put on the table all what they are going to give, and the Israeli government will take -- and Israel government will take an enormous political risk that once the agreement is rejected, if such an idea would be raised, then this Israeli government has no future. They will be kicked out by the Israeli population saying that you gave everything and you get nothing back. More than that, I believe that some of us are underestimating the ideology of the Hamas.

The Hamas is a very ideological party, and they are very clear in their demands, and I see no -- at the moment -- by the way, the Hamas is not alone; the Hamas is strongly connected to other Islamist parties all around in the region, and there is pressure not only by the Americans, there is pressure also by the other Islam groups who don't want the Hamas to compromise on their ideology, and therefore I think that it sounds very good and very naïve and very nice, but it cannot work.

SPEAKER: First of all, I'd like to commend the Saban Center for undertaking this project at this very difficult time, and I think it's worthwhile to have people from both sides continue to debate the issue honestly and seriously even though things do not great on the ground.

All three of you pointed out an impending humanitarian crisis in Palestine and recommended against allowing that to happen, yet your recommendations seem to be a bit watered down particularly when it comes to the U.S. role in trying to prevent that crisis. In a way, the recommendation was somewhat, if you'll excuse me, wishy-washy in terms of, you know, trust fund and lack of --

MR. INDYK: That's me, what I can I do. I'm a wishy-washy kind of guy.

SPEAKER: Okay, Martin.

Martin is wishy-washy, okay.

It would have been, I think, more straightforward to basically ask the U.S. government not to engage in what some radical Israeli groups are saying -- you know, put the Palestinians on a diet to teach them that they have made the wrong decisions. I mean, the last thing we need right now is this type of crisis that would take the region into a real disastrous level of hatred and violence, and the recommendation should be the U.S. government should do its utmost and not participate in any

punishment of the Palestinian people and contributing to this humanitarian crisis in order to achieve political ends.

Thank you.

MR. INDYK: And, look, I agree with that as a principle. The question is what do you do about it in practice? And, by the way, it was very clear from our discussions that the Israelis agree with that as well. They do not want a humanitarian crisis. So, I don't think that there's any disagreement in your formulation. The question is -- the devil's in the details, how do you make it happen and yet not fund the government that, you know, is headed by Hamas, which is on our terrorism list? By law we cannot give them a penny. As a matter of policy, we should not. So --

SPEAKER: Thanks. I wanted to ask a similar question. You all have been recognizing that U.S. policy is failing. I wonder if you sense that any U.S. officials are acknowledging that as well, whether you've heard any concerns about that in your meetings, and also what sort of contingency planning should the Bush administration be doing if, as expected, this becomes a humanitarian catastrophe or the PA collapses.

MR. SHIKAKI: I haven't heard any official saying that they see the policy failing. They, in fact -- because of the uncertainty as to what the policy is, some officials believe the policy is to crush Hamas, not moderate Hamas, and so any stop in that direction is seen as positive, so people not paid salary and the humanitarian condition is deteriorating -- that is part of the policy in this case. The attempt to -- there is no effort here to avert a humanitarian disaster.

The idea is how to prepare for one with means of addressing one without; in fact, going back to the roots of the problem, which is how can we change the policy that is leading to it. The best course of action, of course, would be -- is to prevent the humanitarian disaster from taking

place in the first place, for the U.S. to reassess this policy soon. Certainly any effort to try and deal with a humanitarian disaster, impending disaster, by aborting the democratic process, whether this is done through the empowerment of the President -- if it is done beyond the legal limits of the Palestinian constitutional Basic Law would, in fact, add insult to injury, the injury being the humanitarian disaster, the insult being the destruction, the abortion of the Palestinian democratic transition.

MR. INDYK: Look, I don't think it's fair to say that the administration is unaware of this situation or is not planning for it, but they're not going to fund the Hamas government, and I don't think they should, and the law doesn't allow it anyway, and as Khalil pointed out, which is an important point, we weren't doing it before. So, in a sense, it's not -- that's not the issue. The issue is how to use existing mechanisms, and there are such mechanisms, and the Israelis will cooperate with this because, as I said, they don't want a humanitarian crisis either, to try to make sure that these things don't happen, and hopefully we will be able to avert it, because I think there's enough consciousness of the concern here that it will be possible to avert it.

That's different from averting the collapse of the Palestinian Authority, which may come about simply because it has no funds and can't pay salaries and simply is unable to function and at which point you could have a political crisis in which Abu Mazen may have to intervene and change the government, which he has the power to do. As it was pointed out, however, he has the power to do it only for one month before he has to get approval of the Palestinian Legislative Council where Hamas has a majority.

And so after one month he might have to actually use extra legal means to deal with the crisis, and I think that comes back to what Khalil was referring to, the danger in this situation of

doing something that would actually undermine Palestinian democracy in the process. But that -- I think it's important to draw a distinction between a humanitarian crisis, which I think can be averted and should be averted, and a political crisis, which may be coming and which I think the administration is actually seeking to precipitate.

We're going to have to take only one last question, because we all have to get to the airport, get out of here, so -- yes, please.

SPEAKER: Mr. Shikaki, given your experience with surveying public opinion, I just wonder if you can give us a heads up on what's coming. If the convergence plan does indeed go through, what are Palestinians thinking about with respect to the West Bank? Are they (a) expecting that this will happen; and (b) are they viewing this as a sign of the victory of the resistance by Hamas or Al Aqsa, or are they seeing this as a positive step forward by the Israeli government, or something else?

Thank you.

MR. SHIKAKI: Based on the experience from Gaza, this engagement, the majority, overwhelming majority of the public will indeed view any redeployment, any disengagement, unilateral disengagement from the West Bank as victory for violence, and the majority of those will credit Hamas with that. And -- depending on the circumstances of course.

If the disengagement, as most likely it will, includes reconstruction in settlements, in other settlements in the West Bank, moving settlers from one settlement of the West Bank into other settlements in the West Bank, this will -- and, of course, the building of the separation barrier around the E1, for example-- if this engagement is accompanied with steps along these lines, this will also increase threat perception and increase the level of support for violence. So, it will be not only a

victory for Hamas politically, but it will also generate a great deal of demand for violence, which, again, will also generate a greater support for Hamas.

MR. INDYK: Okay, thank you all very much for coming. Thank you, Amnon and Khalil, for your participation today and in the workshop and we'll see you again here at the Saban Center. Thanks very much.

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